

NIKO SEMICONDUCTOR CO., LTD.

Internal Audit

NIKO-SEM's Internal Audit function is an independent unit that reports to the Board of Director directly. There is one full time employee dedicated to Internal Audit.

The purposes of Internal Audit are to assist the Board of Directors and management to review the weakness of internal control system, the effectiveness and efficiency of company processes, the reliability of financial reports, as well as the compliance of relative laws. Internal Audit provides timely improvement suggestions to ensure the internal control system has been implemented effectively.

The most of audit activities are conducted according to an annual plan, which has to be approved by the Board of Directors. The audit plan takes into account the identified risks and results of self-assessments of all parts of the company and its subsidiaries; furthermore, the special audits or projects are executed as needed.

The combination of above audit activities provides the management good comprehension about internal control system; it gives an additional channel for the management to realize the existing and potential weaknesses.