



Subject: Other SEC Forms, Reports and Requirements

From: no-reply@pse.com.ph

To: aeresguerra@yahoo.com; arcy1216@gmail.com; del_duenas@yahoo.com; disclosure@pse.com.ph

Date: Thursday, June 15, 2017, 2:31:02 PM GMT+8

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Imperial Resources, Inc.

Reference Number: 0019830-2017

Date and Time: Thursday, June 15, 2017 14:17 PM

Template Name: Other SEC Forms, Reports and Requirements

Report Number: CR04526-2017

Best Regards,

PSE EDGE

This message contains confidential information and is intended only for the named addressee. If you are not the named addressee you should not copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system.

E-mail transmission cannot be guaranteed to be secured or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission.

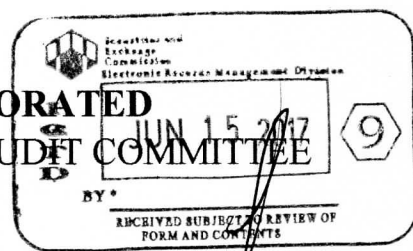
If verification is required please request a hard-copy version.

Philippine Stock Exchange, PSE Plaza, Ayala Avenue, Makati City.

IMPERIAL RESOURCES, INCORPORATED

ASSESSMENT OF THE PERFORMANCE OF AUDIT COMMITTEE

June 15, 2017



KEY PRINCIPLES OF EFFECTIVE AUDIT COMMITTEE	Part of Audit		Comments/Follow-up Actions	Score
	Charter? Yes/No	Implemented? (Reference Doc)		
1. Committee Structure and Operations				
a. Composition and independence requirement.	Yes	Audit Charter		8
<p>The Committee is composed of three director-members. One member is an independent director who is also the head of the Committee.</p>				
b. Qualifications	Yes	Audit Charter		8
<p>All members have, aside from integrity and trustworthiness, adequate accounting and/or financial management knowledge.</p>				
c. Succession Plan	Yes	Audit Committee		8
<p>Term of members is one (1) year. Election, replacement and filling up of vacancy is done by majority of the members of the Board.</p>				
d. Meetings	Yes	Audit Charter		7
<p>Audit Committee members shall meet at least twice a year. However, as circumstances warrant the Chair may call special meetings.</p>			<p>All members of the Audit Committee were given a copy of the engagement proposal submitted by the external auditor for review. All the members recommended approval of the same to management. A Committee meeting was held where the financial statements for the year 2016 were received and</p>	

discussed with the external auditor and management. Subsequently, the Committee members approved the same and submitted to the Board of Directors for approval.

e. Reports to the Board Yes Audit Charter 9

The members of the Audit Committee met with the external auditors reviewed and discussed the financial statements, including financial reporting issues and judgments used in the preparation of the financial statements, approved and submitted the same to the Board of Directors for approval and authority for issue.

f. Evaluation Yes Audit Charter 8

The Audit Committee evaluated and assessed its performance for one (1) year through a self-assessment worksheet based on SEC guidelines with a defined quantitative rating and corresponding qualitative description for such rating.

g. Resources and Access outside advisors. Yes Audit Charter 7

The Audit Committee may during its meetings invite management and others like the company's legal counsel who can provide pertinent informations needed including its external auditors regarding issues pertaining to the systems of internal accounting and financial controls. So far the Audit Committee has met only with the external auditors.

h. Training and education Yes Audit Charter 8

The company allows the members of the Audit Committee

All members of the Audit Committee

to attend seminars, training programs including courses like updates on corporate governance, taxation, accounting and other areas related to its business at company's expense.

have attended the course on corporate governance given by Securities and Exchange Commission accredited organization.

2. Oversight on Financial Reporting and Disclosures.

- | | | | |
|---|-----|---------------|---|
| a. Understanding of company's business. | Yes | Audit Charter | 8 |
|---|-----|---------------|---|

One of the qualifications required of a member of the Audit Committee is to have a knowledge and understanding of the kind of business the company is into including the industry in which it operates. This was observed.

- | | | | |
|---|-----|---------------|---|
| b. Compliance with financial reporting regulations. | Yes | Audit Charter | 8 |
|---|-----|---------------|---|

It is not the duty of the Audit Committee to determine that the company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. This is management's primary responsibility. However, the Audit Committee monitors compliance with financial reporting regulations of SEC and PSE. One audit committee member reviewed interim financial statements before submission with the SEC and PSE.

- | | | | |
|---|-----|---------------|---|
| c. Appropriateness of accounting policies adopted by management. These were reviewed and discussed with management and the external auditors. | Yes | Audit Charter | 8 |
|---|-----|---------------|---|

d. Reasonableness of estimates, assumptions, and judgments used in the preparation of financial statements.	Yes	Audit Charter	8
<p>These were reviewed and discussed with management and the external auditors.</p>			
e. Identification of material errors and fraud and measures to be taken including sufficiency of risk controls.	Yes	Audit Charter	8
<p>These were reviewed and discussed with management and the external auditors.</p>			
<p>While there were no material errors or fraud found by the external auditors pertaining to the 2016 financial statements their suggestions for improving internal control on some areas have been noted and subsequently implemented by management.</p>			
f. Review of unusual or complex transactions including related party transactions.	Yes	Audit Charter	8
<p>These were reviewed and discussed with the external auditors. There were no unusual transactions noted and all related party transactions were fully disclosed by the external auditors in the financial statements.</p>			
g. Determination of impact of new accounting standards and interpretations.	Yes	Audit Charter	8
<p>These were reviewed and discussed with management and the external auditors. Those that have impact on the 2016 financial statements were implemented and disclosed.</p>			

h. Assessment of financial annual reports as to completeness, clarity, consistency and accuracy of disclosures of material information including subsequent events.	Yes	Audit Charter	8
---	-----	---------------	---

The financial statements were discussed with management and the external auditors. The Audit Committee made a fair and balanced review of the same. As regards the interim financial statements these were reviewed by one member of the audit committee before submission to SEC and PSE.

i. Review and approval of management representation letter before submission to external auditors.	Yes	Audit Charter	9
--	-----	---------------	---

Such was reviewed by the Audit Committee.

j. Communication of the Audit Committee with legal counsel covering litigation, claims and other significant legal issues.	Yes	Audit Charter	9
--	-----	---------------	---

A member of the Audit Committee coordinated with the legal counsel, reviewed the reports and facilitated the submission to the external auditors for proper disclosure in the financial statements.

k. Assessment of correspondence between the company and regulators regarding the filing of financial statements and disclosures.	Yes	Audit Charter	9
--	-----	---------------	---

During the period covered by this report the Company did not receive any correspondence from regulators regarding the filing of financial statements and disclosures.

3. Oversight on Risk Management and Internal Controls, Internal Audit and Management.

a. Evaluation of internal control issues raised by external auditor.	Yes	Audit Charter	8
<p>The Audit Committee has a sufficient discussion with the external auditors and management about the audit findings as a result of the annual audit conducted. The Audit Committee was satisfied with the clarifications made by management regarding the issues raised by the external auditors.</p>			<p>While the issues raised by the external auditors were of minor importance suggestions made to enhance the system of internal control have been noted and subsequently implemented by management.</p>
b. Internal Audit, Internal Controls and Risk Management.	Yes	Audit Charter	7
<p>The Company does not have an internal audit department because of its present accounting set-up, manpower and financial resources. However, the accounting system in place has a built-in financial and accounting internal controls to ensure that all transactions are duly and correctly recorded, all assets are safeguarded and all liabilities are taken up and commission of errors and fraud are prevented and detected.</p>			<p>When the volume of transactions, financial resources and manpower warrant the setting up of separate internal audit department, the company will create one.</p>
c. Framework for fraud prevention and detection including whistle-blower program.	Yes	Audit Charter	7
<p>The internal accounting control system was discussed and reviewed with the external auditors. However, there is no whistle-blower program in place as yet.</p>			<p>Presently, the Company does not have a whistle-blower program. It will continue to assess the need for it.</p>
d. Deliberation on findings of weaknesses in controls and reporting process.	Yes	Audit Charter	8
<p>This was done with the external auditors and the suggestions made were noted and implemented.</p>			
e. Understanding and assessment			

of identified risks.	Yes	Audit Charter	8
<p>A discussion of the financial risk management objectives and policies were taken and such were disclosed by the external auditors in the financial statements which were approved by the Audit Committee.</p>			
f. Evaluation of sufficiency and effectiveness of risk management processes and policies including promotion of risk awareness.	Yes	Audit Charter	7
<p>This aspect was discussed in passing when the financial statements were reviewed with the external auditors.</p>			
g. Preparation and implementation of a Business Continuity Plan.	No	This is not included in the Audit Charter	
4. Oversight on External Audit			
a. Assessment of independence and professional qualifications and competence of external auditors.	Yes	Audit Charter	9
<p>The members of the Audit Committee find the external auditors to be professionally qualified, competent and exercise independence.</p>			
b. Engagement and rotation process of external auditors.	Yes	Audit Charter	9
<p>The Audit Committee is aware of the requirement about the five-year signing authority of the partners of the external auditors. This has been observed by the external auditors.</p>			
c. Review and approval of the scope of work and fees of external auditors.	Yes	Audit Charter	8
<p>A copy of the audit engagement proposal submitted by the external</p>			

auditors was given to each member of the Committee. This was reviewed by all members who approved the same and subsequently submitted to management for approval.

d. Assessment of non-audit services Yes Audit Charter 9

While the Audit Committee is empowered to review and assess non-audit services, the current external auditors were not engaged by the company to perform non-audit services.

e. Understanding disagreements between the auditor and management. Yes Audit Charter 9

The Audit Committee discussed and reviewed the financial statements with the external auditors with the participation of management and so far there were no disagreements noted between the management and the external auditors.

f. Actions on the findings of the external auditors. Yes Audit Charter 8

The Audit Committee monitored the implementation by management of the corrective measures and suggestions made by the external auditors regarding their audit findings.

g. Management's competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions. Yes Audit Charter 8

So far the Audit Committee perceives management to be doing its best with its current set-up and manpower to perform its reporting responsibilities.

h. Evaluaiton of performance of

The Audit Committee finds the performance of the external auditors to be very satisfactory and is inclined to recommend to the Board of Directors for re-appointment.

- i. Compliance of external auditor with auditing standards.

Yes

Audit Charter

8

The Audit Committee feels that the external auditors compliance of auditing standards was very satisfactory.

- j. Completeness and timeliness of auditor as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on audit work set by management, and other material issues that affect the audit and financial reporting.

Yes

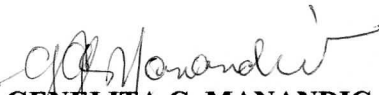
Audit Charter

8

The Audit Committee noted completeness and timeliness of communication with external auditors during course of audit so much so that all material requirements needed from management for the preparation of the financial statement were made available including unrestricted access to company records.

QUANTITATIVE RATING USED - 1 TO 10

Poor	1 - 4
Satisfactory	5 - 7
Very Satisfactory	8 - 10


GENELITA G. MANANDIC
 Chairperson - Audit Committee


JESUS VICENTE B. CAPELLAN
 Corporate Secretary

Date: June 15, 2017