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Serba Dinamik mulls to remove KPMG

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by LYDIA NATHAN

SERBA Dinamik Holdings Bhd's management will move forward with a call by a major shareholder to remove its external auditor, KPMG PLT, which has stopped its audit process and flagged audit issues totalling RM3 billion.

Despite reputational risks involved, Serba Dinamik's management on Saturday said the company will do so as the shareholder has the right to propose the action and Serba Dinamik's management feels they have not been given a fair say by KPMG.

"The company has responded to emails and given our full cooperation to KPMG after three days of having issues raised on May 3, 2021, but we have not heard back from them yet," Serba Dinamik's group MD and CEO Datuk Dr Mohd Abdul Karim Abdullah said in a press conference on Saturday.

KPMG's audit so far has raised issues on Serba Dinamik's sales transactions, trade receivables, payables and material on-site balances worth some RM3 billion in value for financial year 2020.

The sizeable value of the receivable and proposed move by Serba Dinamik's non-independent non-ED Datuk Abdul Kadier Sahib to propose for an EGM with an aim to remove KPMG as the company's auditor to be replaced with BDO PLT has been opposed



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by the Minority Shareholder Watchdog Group (MSWG) which has advised minority shareholders vote against the proposal.

In a statement on Saturday, the MSWG said external auditors are appointed by shareholders to provide an independent opinion on whether a company's financial statements present a true and fair view.

"As part of good governance, KPMG should be allowed to complete their work and report to Serba Dinamik's shareholders at the forthcoming AGM. Since the company is setting up a special independent review by appointing an independent firm to assess the veracity and accuracy of the matters brought up by the external

auditors, the external auditor should be around to defend their findings and explain themselves," it said.

MSWG reiterated there is no urgency to remove the auditor at this juncture as every company's financial statements are presented during its AGM and external auditors are present to address any queries shareholders may have.

Abdul Kadier holds a 15.96% stake in Serba Dinamik, but a vote was taken for this decision.

"This is not an attempt to silence KPMG but to ensure that the main agenda for us to maintain day-to-day operations is not interrupted. It needs to be done on time," Serba Dinamik officials said.

The year-end for the company has been extended to the end of June to complete the audit process, which now is in question as well.

The process of replacing the auditor will need a simple majority vote of 50%+1 and by timeline the existing auditors are likely to be replaced by the end of June.

According to its Bursa Malaysia filings last Friday, Serba Dinamik said the KPMG has issues raised involving 11 parties, accounting for total sales transactions of RM2.32 billion, trade receivables balance of RM652 million and materials on site balance of RM569 million.

KPMG raised concerns about the financial strength of certain business parties.

Serba Dinamik shares which have been suspended since last week, will likely resume trading today. The shares last closed at RM1.61.