

# AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the “audit committee”) takes pleasure in presenting its report for the year ended 31 March 2017.

## 1. Terms of reference

The audit committee is a formal committee of the board of the company and its subsidiaries and has adopted written terms of reference. These terms of reference include the statutory requirements of the Companies Act of South Africa (“the Act”), the recommendations of the King Code on Governance (“King III”) and certain responsibilities delegated by the board.

The main responsibilities of the audit committee include:

- Reviewing the ongoing effectiveness of the internal financial controls
- Reviewing the interim and preliminary results, the annual financial statements and other content in the integrated annual report, and making a formal recommendation to the board to adopt the same
- Ensuring compliance with IFRS and the relevant requirements of the Act and the Johannesburg Stock Exchange (“JSE”) with respect to financial reporting
- Overseeing the appointment and independence of the external auditors and reviewing their external audit reports
- Determining a policy for the provision of non-audit services by the external auditors
- Monitoring the risk management framework adopted by the company and its subsidiaries (“group”) and reviewing any risk management reports in this regard
- Reviewing management’s assessment of the group and company to continue as a going concern

The audit committee confirms that it has fulfilled all its statutory obligations as well as its terms of reference for the year under review.

## 2. Members of the committee, attendance of meetings and evaluation

The audit committee comprises the three independent non-executive directors as detailed in the corporate governance report and is chaired by Gareth Fox CA(SA). Meetings and attendance are also detailed in the corporate governance report. Certain executive directors as well as the external auditors attended audit committee meetings by invitation.

The terms of reference require an annual evaluation of the performance of the audit committee and its members as well as confirmation of the members’ independence in terms of King III and the Act. The evaluation performed covers the year ended 31 March 2017. The outcome of the evaluation performed on 9 June 2017 was satisfactory.

The JSE Listing Requirements application and implementation date of King IV<sup>TM</sup> is 1 October 2017. The terms of reference of the audit committee for the year ending 31 March 2018 will be evaluated in terms of King IV<sup>TM</sup>.

## 3. External auditors

The audit committee nominated KPMG Inc. as external auditors for the current year, having satisfied itself that they are independent of the group. The audit committee noted Gary Pickering as the designated auditor and confirmed that both he and KPMG Inc. are accredited with the JSE as required. The external auditors have unrestricted access to the audit committee.

The audit committee approved the terms of the auditors’ engagement letter, their audit plan and budgeted audit fees for the audit of the group and company annual financial statements for the year ended 31 March 2017.

The audit committee adopted a formal framework for the pre-approval of allowable non-audit services above certain pre-determined thresholds.

**4. Internal audit**

The audit committee has satisfied itself that the size and complexity of the group does not warrant an internal audit function.

**5. Financial director**

In terms of JSE Listings Requirement paragraph 3.84 (h), the audit committee has considered the expertise and experience of the financial director, Stephen Lucas CA(SA), and is satisfied that they are appropriate for his role.

**6. Internal financial controls**

The audit committee reviewed the risk management and internal control framework presented by management and matters raised by the external auditors report as to the efficiency of the group's internal financial controls.

The audit committee confirms that no material breakdown of internal financial controls was identified during the current financial year.

**7. Approval of annual financial statements**

The audit committee confirms that it formally recommended the adoption of the group and company annual financial statements to the board of directors.



**GBH Fox** CA(SA)  
Audit and risk committee Chairman  
12 June 2017