

Audit committee report

The Deneb audit committee was constituted on 10 October 2014, is a formal committee of the board and functions within its documented terms of reference. This report is presented to shareholders and constitutes the report of the audit committee in respect of the past financial year as required by section 94 of the Companies Act 2008 (the Companies Act).

Primary role and responsibility of the committee

The audit committee fulfils an independent oversight role regarding the Group's consolidated financial statements and the reporting process, including the system of internal financial control, with accountability to both the board and to shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King III and additional responsibilities assigned by the board.

Composition of the audit committee and meetings

The committee comprises three independent, non-executive directors – Mr M Ahmed (chairman), Ms R Watson and Ms N Jappie. The members were appointed by the board on 10 October 2014 and are proposed to shareholders for election to the committee at the forthcoming annual general meeting. By invitation, the chief executive officer, the financial director, KPMG Inc., external auditors of the Group, and the Group's head of internal audit have attended all the committee meetings.

Each committee meeting includes a confidential discussion between the members, internal auditors and the external auditors, without members of executive management being present.

The committee meets twice annually, with special meetings called as required. The committee held one meeting during the financial year under review and a further meeting subsequent to year-end. The attendance was as follows:

	14/05/2015	10/11/2014
M H Ahmed	√	√
R D Watson	√	√
N Jappie	√	√

√ In attendance.

Audit committee fees

Fees paid to the committee members are disclosed in the Remuneration Report.

Evaluation of committee

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process and the chairman of the committee attends all statutory shareholder meetings to answer any questions on the committee's activities.

Functions and responsibilities of the audit committee

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

Reporting

- Reviewed the interim report, preliminary results announcement, annual financial statements and integrated report, culminating in a recommendation to the board to adopt them
- Reviewed and approved the appropriateness of the accounting policies and practices
- Ensured compliance with International Financial Reporting Standards, including consistent application to all periods as presented in the consolidated financial statements
- Evaluated and determined the effectiveness of the Group's internal control systems
- Reviewed legal matters that could have a significant impact on the Group's consolidated financial statements
- Reviewed the requirements of King III and instances where the King III requirements have not been applied, have been explained in the Corporate Governance Report

External audit

- Reviewed the external audit reports on the consolidated financial statements
- Nominated the external auditor for appointment by the shareholders
- Monitored and reported on the independence of the external auditor

- Approved the budgeted audit fees, audit plan and engagement terms of the external auditor
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor
- Determined that the audit firm and designated auditor is accredited as such on the JSE list of auditors and advisers

Finance function

- Considered the expertise and resources of the finance function, as well as the experience of the senior members of management responsible for the financial function
- Considered the expertise and experience of the Group financial director

Internal audit

- Oversaw the functioning of the internal audit department and performance assessment of the head of internal audit
- Approved the annual internal audit plan and monitored the progress thereof

External audit

The audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the expertise and objectivity of KPMG Inc. as the external auditor and noted the appointment of Mr Pierre Conradie as the designated auditor. The external auditor has unrestricted access to the Group's records and management and furnishes a written report to the committee on significant findings arising from the annual audit. The committee is satisfied that the external auditor is independent of the Group.

Internal audit and internal control

The internal audit function is an independent and objective assurance and consulting function that adds value and improves the operations of the Group. It helps to accomplish Group objectives by evaluating and improving the adequacy and effectiveness of risk management, internal control and governance processes. The internal audit function reports functionally to the chairman of the audit committee, but administratively to the Group financial director.

A risk-based approach has been applied to develop the annual internal audit plan. The internal audit plan:

- Is formally approved by the audit committee
- Is formulated by considering key risk factors as identified through ongoing risk assessments, but also incorporating any additional matters identified by management and the audit committee
- Considers the evaluation of governance processes, operational and financial processes and associated controls in accordance with the combined assurance model
- Assesses the Group's internal financial controls
- Is reviewed to consider new risk areas as the business evolves

Any material or significant control weaknesses are brought to the attention of management and the audit committee.

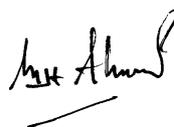
Expertise and financial experience of financial director and finance function

The audit committee is satisfied that the expertise and experience of the Group financial director is appropriate to meet the responsibilities of the position. This is based on the qualifications, continuing professional education and the committee's assessment of the financial knowledge and levels of experience of the Group financial director.

The committee has reviewed the resources of the finance function, the experience of the senior members of management responsible for the financial function and has concluded that the function is performing adequately in terms of the requirements of the audit committee.

Approval of the Audit Committee Report

The committee confirms that it has functioned in accordance with its terms of reference for the 2015 financial year and complied with all statutory and regulatory responsibilities.



M Ahmed
Chairman

Cape Town
22 September 2015