

AUDIT AND RISK COMMITTEE REPORT

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the audit and risk committee are all independent non-executive directors of the Group and include:

Name	Qualification	Date of appointments/ resignation
I Amod	National Diploma in civil engineering and extensive board – level experience	23 January 2019 (appointed)
JM Gaomab	Extensive board-level experience	18 January 2019 (resigned)
TT Hove	BCom Hons Accounting (Nelson Mandela Metropolitan University), CA(SA), ACMA, CGMA	18 January 2019 (resigned)
AB Amod	Extensive board-level experience	22 April 2019 (resigned)
Adv Dr NA Ramathodi	BA Law and LLB (National University of Lesotho), MSc in International Relations (University of Zimbabwe), admitted to the Bar of Lesotho and South Africa as an Advocate, Honorary Doctor of Law Degree (University of Limpopo)	04 May 2018 (appointed)
G Colbie	BTech Cost Accounting	30 August 2019 (appointed)
J Van Wyk	BAcc Hons, CA(SA), Bcom (Stellenbosch University), SAICA Independent reviewer Certificate	23 September 2019 (appointed)

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act, 2008 (No.71 of 2008), as amended (the Companies Act) and regulation 42 of the Companies Regulations, 2011.

The committee operates in terms of a board-approved charter. It conducts its affairs in compliance with, and discharged its responsibilities in terms of its charter for the year ended 31 August 2019.

2. MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The audit and risk committee performs the duties laid upon it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The committee held one formal and one informal meeting during 2019.

3. EXTERNAL AUDITOR

The audit and risk committee undertook a review of the cost and scope of the audit function performed by the independent auditors of the Group. BDO South Africa Incorporated (“BDO”) formerly BDO Cape Incorporated was appointed as the Group’s auditors for the 2019 reporting period. Mr I Hashim was appointed as the designated auditor for the 2019 financial reporting period. The committee has reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listings Requirements.

The committee satisfied itself through enquiry that the external auditors is independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 that internal governance processes within the Group support and demonstrate the claim to independence.

The audit and risk committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit was considered and approved taking into consideration such factors as the qualifications of the auditors, the timing of the audit, the extent of the work required and the scope.

The audit and risk committee considered and pre-approved all non-audit services provided by the external auditors and the fees relative thereto so as to ensure the independence of the external auditors is maintained.

BDO informed the Group that it will not be seeking re-appointment as the auditors of the Group, at the next annual general meeting (“AGM”) of AEEI. The Group is in the process of appointing new auditors for election at the AGM.

AUDIT AND RISK COMMITTEE REPORT (continued)

4. ANNUAL FINANCIAL STATEMENTS

Following the review of the Annual Financial statements and the abridged Integrated Report, the audit and risk committee recommend to the Board approval thereof.

5. EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

As required by the JSE Listings Requirements paragraph 3.84(h), the audit and risk committee assessed the competence and performance of the chief financial officer and is satisfied that she has the appropriate expertise and experience. The committee is satisfied with the expertise and adequacy of the resources within the finance department and the experience of the finance staff.

6. DUTIES OF THE AUDIT AND RISK COMMITTEE

The committee's role is to assist the Board in carrying out its duties relating to accounting policies, internal controls, financial reporting practices and identification of significant risk exposure. The main purpose of the audit and risk committee is to ensure the integrity of the financial statements and to oversee the effectiveness of the internal financial controls and the external and internal audit functions.

7. INTERNAL AUDIT AND OBJECTIVE AND SCOPE OF THE AUDIT

For further information on the activities of the internal audit function and the objectives and scope of the audit conducted during the year under review, kindly refer to the corporate governance report for a full report of the audit and risk committee.

On behalf of the audit and risk committee



JS Van Wyk
Chairman of the audit and risk committee
Cape Town
31 January 2020