

Report of the Audit Committee

The audit committee is pleased to present its report for the financial year ended 31 March 2008.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

The audit committee consists of the members listed hereunder and meets at least 2 times per annum as per its approved terms of reference. During the current year 4 meetings were held.

Name of Member	Number of Meetings Attended
ZP Manase (Chairperson)	4
I Mackay Langa	4
M Vuso	4
G Mampone	1
L Lloyd	3
A Fourie	0
L Maasdorp	1

AUDIT COMMITTEE RESPONSIBILITY

The audit committee has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with

assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported. Accordingly, it can be reported that the system of internal control for the period under review was effective and efficient.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has

- Reviewed and discussed the

Annual Financial Statements to be included in the annual report with the Auditor General and the Accounting Officer;

- Reviewed the Auditor-General's management letter and management's response thereto
- The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



ZP Manase

Chairperson of the Audit Committee

24 July 2008