

Dear Valued Client

ENGAGEMENT LETTER FOR THE PROVISION OF ASSURANCE SERVICES

[The objective and scope of the audit]

You have requested that we audit the financial statements, which comprise the statement of financial position as at the date of your Financial Year End and the statement of comprehensive income, statement of changes in equity and statement of cash flows and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and understanding of this engagement as auditors.

This letter sets forth our understanding of the terms and objectives of our engagement, and the nature and scope of the services we will provide as well as both the responsibilities we have and the areas where you as the client retain responsibility. The issue of this letter of engagement is recommended practice by the International Federation of Accountants. It does not seek to limit our professional responsibilities below the standards that are expected of our profession.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

[The responsibilities of the auditor]

We will conduct our audit in accordance with International Standards on Auditing ('ISAs'). Those Standards require that we comply with ethical requirements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs.

[The responsibilities of management]

Our audit will be conducted on the basis that [management and, where appropriate, those charged with governance] acknowledge and understand that they have the responsibility for:

- The preparation and fair presentation of the financial statements in accordance with [International Financial Reporting Standards OR the International Financial Reporting Standard for Small and Medium sized Entities] and the Companies Act 71 of 2008, including:
 - The preparation of the financial statements on a going concern basis unless it is inappropriate, in which case the necessary disclosures have to be made;
 - The adjustment of the financial statements to correct material misstatements as identified by the auditors;
 - The selection and consistent application of accounting policies;
- For such internal control as [management] determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- Providing us with:
 - Access to all information of which [management] is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that we may request from [management] for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

ONLY THE ABOVE ITEMS ARE REQUIRED AS PER ISA 210. YOU CAN ADD OTHER ITEMS YOU WISH TO INDICATE TO MANAGEMENT AS THEIR RESPONSIBILITY, INCLUDING:

- The management, conduct and operation of your business and affairs;
- Any representations made by you or the entity to third parties, including published information;
- The maintenance of the accounting records that fairly represents the state of affairs and business of entity;
- The safeguarding of assets;

- The use of, extent of reliance on, or implementation of advice or recommendation supplied by us or other services;
- Ensuring that all arrangements are made for access, security procedures, virus checks, facilities, licenses and/or consents (without any to us), where you require us to do so, or the nature of the services is such that it is likely to be more efficient for us to perform work at your premises or use your computer systems or telephone networks;
- Informing us of all directors, management and committee meetings, and all other meetings owners are entitled to attend. We are entitled to be heard at any such meetings on any matters that concern us as auditors;

If we have any comments affecting the form and contents of the annual financial statements, we will discuss these with the directors.

Any withholding of information could be considered as a limitation of the scope of our audit and may prevent us from expressing an opinion on the financial statements, cause us to alter the form of the report we may issue or affect our ability to continue as the entity's independent auditor.

As part of our normal audit procedures, we will request you to provide written confirmation of facts or judgements which are not themselves recorded in the accounting records and any other oral representations that we have received from management during the course of our audit that are considered to have a material effect on the financial statements.

This letter will also confirm that all important and relevant information has been brought to our attention.

In addition, we shall include in or attach to the representation letter a summary of unadjusted audit differences and request that management acknowledges that it has considered the financial statement misstatements brought to its attention by us and has concluded that any unrecorded misstatements are not material to the financial statements taken as a whole.

We look forward to full cooperation from your staff during our audit.

[Other relevant information]

Detection of fraud, error and non-compliance with laws and regulations

The primary responsibility for safeguarding the assets of the entity and the prevention and detection of fraud, error and non-compliance with laws or regulations rests with the directors and management.

It is the responsibility of the management of the entity through oversight of the directors to ensure that the company establishes and maintains internal control to provide reasonable assurance with regard to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is the responsibility of the management to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the business.

Our audit is planned and performed so that we have reasonable, but not absolute, assurance of detecting material misstatements in the financial statements or accounting records, including any material misstatements resulting from fraud, error, irregularities or non-compliance with laws or regulations.

Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement to the financial statements. Our audit is designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements. However, there are inherent limitations in an audit; for example:

- We do not examine evidence supporting every transaction, and
- Although we obtain an understanding of the accounting systems and related controls to assist us in designing our audit, we only study and evaluate those controls on which we intend to rely.

Due to these inherent limitations, and the inherent limitations of any accounting and internal control system, an unavoidable risk remains that some misstatements may remain unresolved, if they exist. Moreover, because of the characteristics of error, fraud or other irregularities, including concealment through collusion or fraud, a properly designed and executed audit may not necessarily detect a significant irregularity.

We will communicate any illegal acts, material errors, identified fraud or information that indicates that a fraud may exist, that we may have identified during our audit, to the appropriate level of management as soon as practicable.

Professional obligation to respond to non-compliance with laws and regulations in terms of the IRBA Code of Professional Conduct (the Code)

All partners and professional employees of our firm have a professional obligation to act in the public interest, and to act in order to:

- Enable you the client to rectify, remediate or mitigate the consequences of any identified or suspected non-compliance with law or regulation; or
- Deter the commission of the non-compliance or suspected non-compliance with law or regulation where it has not yet occurred.

Non-compliance with laws or regulations refers to an act of omission or commission, intentional or unintentional, committed by a client, or by those charged with governance, by management or by other individuals working for or under the direction of a client which are contrary to a prevailing law or regulation.

Where we encounter non-compliance or suspected non-compliance we will seek to obtain an understanding of the matter and where appropriate will discuss the matter with the appropriate people, or those charged with governance of the company in order that such people can take appropriate action to rectify, remediate or mitigate the consequences of the non-compliance, deter the commission of non-compliance where it has not yet occurred or disclose the matter to appropriate authority where required by law or regulation or where considered necessary in the public interest.

We, in encountering non-compliance or suspected non-compliance, are also obliged to comply with applicable legislation or professional standards, which may require us to disclose the matter to an appropriate authority.

We also have a professional responsibility to consider whether your response to the instance of non-compliance or suspected non-compliance is adequate and may determine that further action is necessary. Such further action may include, amongst other actions, the disclosure of the matter to an appropriate authority. We will disclose the matter to an appropriate authority only where, in the

professional judgment of the engagement partner, the extent of the actual or potential harm that is or may be caused to investors, creditors or employees or the general public is sufficient to justify the disclosure.

In exceptional circumstances, we may be required to immediately disclose the matter to an appropriate authority where we have become aware of actual or intended conduct that we have reason to believe would constitute an imminent breach of law or regulation that would cause substantial harm to investors, creditors, employees or the general public. In such circumstances we will discuss the matter with management or those charged with governance of Starburst Vitamins Proprietary Limited where it is appropriate to do so.

Financial Intelligence Centre Act

In terms of Section 29 of the Financial Intelligence Centre Act we are required by law to report to the Financial Intelligence Centre certain suspicious or unusual transactions of which we become aware, such as those which may involve money laundering, which have no apparent business or lawful purpose, or which may be relevant to an investigation of evasion or attempted evasion of tax. This statutory requirement, which applies to both prospective clients and existing clients, overrides the professional ethics rules of confidentiality, which we observe.

Reportable irregularities

A reportable irregularity in terms of the Auditing Profession Act 2005 is any unlawful act or omission committed by any person responsible for the management of an entity, which:

- Has caused or is likely to cause material financial loss to the entity or to any partner, member, shareholder, creditor or investor of the entity in respect of his, her or its dealings with that entity; or
- Is fraudulent or amounts to theft; or
- Represents a material breach of any fiduciary duty owed by such person to the entity or any partner, member, shareholder, creditor or investor of the entity under any law applying to the entity or the conduct or management thereof.

In relation to companies the management board usually comprises:

- The board of directors of the company (including 'shadow' directors) and holding companies in group situations; and
- Any person who in the affairs of the company exercises executive control which reflects the general policy of the company for the time being or which is related to the general administration of the company.

In considering whether a person is responsible for managing an entity, an auditor will have due regard both to the published details of the management structure thereof and to the de facto exercise of the requisite characteristics of control and management.

We are required by the Auditing Profession Act 2005 to send a written report to the Independent Regulatory Board for Auditors (IRBA) if we are satisfied or have reason to believe that a reportable irregularity (as defined in the Auditing Profession Act 2005) has taken place or is taking place.

We undertake to notify the management of such action within three days of sending a report to the IRBA. We will subsequently take all reasonable steps to discuss the report with the management who will be afforded the opportunity to make representations in respect thereof.

We are also required to send a second report to the IRBA, within 30 days from the date on which the initial report was sent, which should contain a statement that we are of the opinion that:

- No reportable irregularity has taken place; or
- The suspected reportable irregularity is no longer taking place and that adequate steps have been taken for the prevention or recovery of any loss as a result thereof, if relevant; or
- The reportable irregularity is continuing.

If the IRBA receives a report that a reportable irregularity is continuing, they must notify any appropriate regulator of the details of the reportable irregularity to which the report relates and provide it with a copy of the report.

Should a reportable irregularity have taken place or be taking place our audit report on the financial statements is required to be appropriately modified.

The firm requires its staff to report any suspected reportable irregularity to the engagement partner immediately, without delay. Should an employee fail to adhere to this requirement they will face a disciplinary hearing and possible termination of their training contract and/or dismissal.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material irregularities may remain undiscovered.

Reporting to management

We shall report to the management, normally in writing, any significant weaknesses in, or our observations on, the internal control structure and other areas that comes to our attention during the course of our normal audit work and which, in our view, require their attention.

No such report may be provided to a third party without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the entity in mind and that we accept no duty or responsibility to any other party.

Communication with directors

Audit matters of governance interest are those matters that arise from the audit of financial statements and, in our opinion, are both important and relevant to the directors in overseeing the financial reporting and disclosure process. Audit matters of governance interest will be communicated to the directors.

We will communicate only those matters of governance interest that come to our attention as a result of the performance of the audit. We are not required to design procedures for the specific purpose of identifying matters of governance interest.

Staff

Our staff members undergo periodic training and this, together with the taking of annual leave, may lead to staff turnover and lack of continuity. We will use our best endeavours to avoid any disruption to an engagement's progress.

Save as envisaged below, you agree not to make any offer of employment or to otherwise interfere with or entice away from the employment of any persons employed by us. You further agree not to

use such person's services as an independent consultant or via a third party for a period of 12 months following the end of such person's involvement, without the prior written consent of the firm.

Should you make any offer of employment to any person currently employed by us or who was employed by us for the immediately preceding 12-month period from the date of such offer of employment, you will be liable for and will pay to a placement fee equal to 10% of such employee's total annual cost to company, excluding VAT.

Information

To enable us to perform the services, you will use your best endeavours to procure and to supply promptly all information and assistance, and all access to documentation in your possession, custody, or under your control, and to personnel under your control, where required by us. Where such information and/or documentation is not in your possession or custody, or under your control, you will use your best endeavours to procure the supply of the information, assistance and/or access to all the documentation.

We may rely on any instructions or requests made or notices given, or information supplied, whether orally or in writing, by any person whom we know to be or reasonably believe to be authorised by you to communicate with us for such purposes ("an authorised person").

We may receive information from you or from other sources in the course of delivering the services and:

- We will consider the consistency and quality of information received by us;
- We will not seek to establish the reliability of information received from you or any other information source. Accordingly, we assume no responsibility and make no representations with respect to the accuracy, reliability or completeness of any information provided to us; and
- We will not be liable for any loss or damage suffered by you arising from fraud, misrepresentation, withholding of information material to the services, or other default relating to such material information, whether on your part or that of the other information sources.

You undertake to supply information in response to our enquiries to enable us to comply with our statutory obligations relating to the Financial Intelligence Centre Act, No 38 of 2001 and the Prevention of Organised Crime Act, No 121 of 1998.

Meetings

To provide an opportunity for us and the management to discuss the matters raised in our various reports, we expect to attend the management meetings prior to the commencement of our audit and before the announcement of interim and annual results. We are also entitled to attend all general meetings of the entity and to receive notice of all such meetings.

Documents issued with the financial statements

To assist us with our audit of your financial statements, we shall request sight of all documents or statements, and reports which are to be issued with the financial statements.

The International auditing standards require that we read any annual report and other document that contains our audit opinion. The purpose of this procedure is to consider whether other

information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to verify such other information as part of our audit.

Once we have issued our report, we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and the date of issue of the financial statements which may affect the financial statements.

Preparation of financial statements

Assistance with the preparation of financial statements does not form part of the audit function, but we shall discuss the company's accounting principles with you, particularly in any problem areas, and we may propose adjusting entries for your consideration.

Future use of the audit opinion

Any agreement to perform work in connection with an offering, including an agreement to provide such permission or consent, will be a separate engagement and subject to a separate engagement contract. You agree that our audit report, or reference to us, will not be included in any such offering document without our prior written permission or consent.

Additional deliverables

The work we undertake to support any conclusions reached in additional deliverables that we have agreed to, will be limited to the work we undertake for reaching our opinion. Any advice and recommendations will therefore be limited by the scope of our work and may not cover all issues which might arise from a specific in-depth review. Any use made of our advice and recommendations should be viewed in this light.

Any product of the services released to you in any form or medium will be supplied by us on the basis that it is for your benefit and information only and that it may not be copied, referred to or disclosed, in whole or in part (save for your own internal purposes), without our prior written consent. The services will be delivered on the basis that you may not quote our name or reproduce our logo in any form or medium without our prior written consent. You may disclose in whole any product of the services to your bankers and legal and other professional advisers for the purposes of your seeking advice in relation to the services, provided that when doing so you inform them of:

- Disclosure by them (save for their own internal purposes) is not permitted without our prior written consent; and
- We accept no responsibility or liability whatsoever and neither do we owe any duty of care to them in connection with the services.

Third party rights

The service contract will not create or give rise to, nor will it be intended to create or give rise to, any third party rights.

Reporting to third parties

Our audit opinion is intended for the benefit of those to whom it is addressed. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed

and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

There may be situations for example in relation to loan agreements, where a third party seeks to request us, in our capacity as auditors, to report to them.

Any contractual arrangements between you and a third party which seeks to impose such requirements upon us will not, as a matter of law, be binding on us. The entity agrees that it will not seek us to commit to providing reports to third parties unless we have consented to do so in advance. We may decline to provide reports to third parties, save for those reports required by law or regulations. We will stipulate the terms upon which those reports will be provided should we agree to provide such reports in a capacity other than being your auditor. The entity will assist us in agreeing the terms upon which we will report to third parties. Any such possible requirements must be discussed with us at the earliest opportunity and well before the agreement or other arrangement is finalised. In this regard, however, it is our policy not to extend our duty of care in respect of our report in the financial statements.

Where we agree to provide reports to third parties, it remains the entity's responsibility to provide us with copies of the relevant contract documents and with any further information or explanations we may require, enabling us to prepare our report.

We will not, in giving our opinion, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which our report may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our report save where they have obtained our prior written consent that they may do so. If we have to accept responsibility to the third party, we will require their acceptance of limitation of liability as a condition of providing a report to them and reserve the right to charge additional fees.

You will indemnify us and hold us harmless against any loss, damage, expense or liability incurred by the parties and/or persons as a result of, arising from, or in connection with a combination of the following two circumstances:

- Any breach by you of your obligations under the service contract; and
- Any claim made by a third party or any other beneficiaries which results from or arises from or is connected with any such breach.

Responsibility relating to electronic distribution of our opinion

We acknowledge that you may wish to publish financial statements and the auditor's report on the entity's website or distribute them to the shareholders by means such as e mail. Your responsibilities concerning the preparation, dissemination and signing of the financial statements do not change because the financial statements are reproduced or distributed electronically. It is your responsibility to ensure that any such publication properly presents the financial information and any auditor's report. We request that you advise us of any intended electronic publication before it occurs. Where our audit report is reproduced in any medium, the complete financial statements, including notes, must also be presented.

By giving our consent to the issue of our opinion with the financial statements on the website we do not accept any duty of care and deny any liability beyond our statutory duties as auditors. As auditors, we will review the process by which the financial statements to be published electronically are derived from the financial information contained in the manually signed financial statements,

ensure that the proposed electronic version is identical in content with the manually signed financial statements and ensure that the conversion of the manually signed financial statements into an electronic format has not distorted the overall presentation of the financial information, for example by highlighting certain information so as to give it greater prominence.

You are responsible for the controls over, and the security of, the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information. We remind you that the examination of controls over the maintenance and integrity of the entity's website is beyond the scope of the audit of the financial statements and if your responsibilities statements do not include reference to this, we will include it as a note at the end of the electronic version of our audit report. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. However, if we do become aware of any subsequent amendments, we will notify the directors that the financial statements no longer correspond with the manually signed financial statements.

Uncertainty regarding legal requirements is compounded as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements and if the responsibilities statement does not refer to this, or if we otherwise consider it appropriate, we will include a note describing this uncertainty at the end of the electronic version of our audit report.

We reserve the right to withhold consent to the electronic publication of our report if the audited financial statements or the auditor's report are to be published in an inappropriate manner or to request amendments to the electronic auditor's report if we are not satisfied with the proposed wording or its presentation in the context of the financial statements.

Electronic communications

We may choose to communicate with you by electronic mail or internet where an authorised person wishes us to do so, on the basis that in consenting to this method of communication, you accept the inherent risks of such communications (including the security risks of interception of or unauthorised access to such communications, the risks of corruption of such communications, the risk of errors or loss of information and the risks of viruses or other harmful devices) and that you will perform virus checks. We will use commercially reasonable procedures to check for the most commonly known viruses before sending information electronically.

We recognise that systems and procedures cannot be a guarantee that transmissions will be unaffected by such hazards.

We confirm that we each accept the risks of and authorise electronic communications between us. We each agree to use commercially reasonable procedures to check for the then most commonly known viruses before sending information electronically and to safeguard the security and confidentiality of the information transmitted, but we cannot guarantee that the transmission will be free of infection nor its security and confidentiality. We shall each be responsible for protecting our own systems and interests in relation to electronic communications and the entity and (in each case including our respective partners/directors, employees or agents) shall have no liability to each other on any basis, whether in contract, delict (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us and our reliance on such information.

The exclusion of liability in the previous clause shall not apply to the extent that any liability arises out of acts, omissions or misrepresentations which are in any case criminal, dishonest or fraudulent on the part of our respective partners/directors, employees, or agents.

If our communication relates to a matter of significance on which you wish to rely and you are concerned about the possible effects of electronic transmission, you should request a hard copy of such transmission from us. If you wish us to password protect all or certain documents transmitted, you may request us to do so.

Use of our software

We may develop software, including spread sheets, documents, databases and other electronic tools to assist us with our engagement. In some cases, these aids may be provided to you upon request. As these tools were developed specifically for our purposes and without consideration of any purpose for which you might use them, they are made available on an “as is” basis for your use only and should not be distributed to or shared with any third party. Further, we make no representations or warranties as to the sufficiency or appropriateness of the software tools for any purpose for which you may use them. Any software tools developed specifically for you will be covered under a separate engagement letter.

Ownership of and access to audit files

The working papers and files for this engagement created by us during the course of the audit, including electronic documents and files, are the sole property of NEWTONS and you have no right to access them. We may decide in our own sole discretion to grant access to you to our working papers, should you wish to.

We have set quality control policies for the retention of documentation, after which time we will commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement; those documents will be returned to you promptly upon completion of the engagement.

Any and all reports created during the engagement, remains the property of NEWTONS until such time as the fee has been settled as agreed upon. We have the right to withhold the audit report produced as part of this engagement until adequate settlement of fees as agreed upon.

We will retain ownership of the copyright and all other intellectual property rights in the product of the services, whether oral or tangible, including written advice, methodologies, software, systems know how and working papers. For the purposes of delivering services to you or other clients, we will be entitled to use or develop knowledge, experience and skills of general application gained through performing the services. You agree to keep confidential any methodologies and technology used by us to carry out our services.

We have the right to use your name as a reference in proposals or other similar submissions to other prospective clients, unless you specifically withhold permission for such disclosure. If we wish to use details of the work done for you for reference purposes, we will obtain your permission in advance.

Circumstances beyond our or your control

Neither of us will be in breach of our contractual obligations, nor will either of us incur any liability to the other, if we or you are unable to comply with the services contract as a result of any cause beyond our or your reasonable control. In the event of any such occurrence affecting one of us, that one shall be obliged as soon as reasonably practicable to notify the other, who will have the option

of suspending or terminating the operation of the services contract on notice, which notice will take effect immediately on delivery thereof.

Waiver, assignment and sub-contractors

Failure by any one of us to exercise or enforce any rights available to us shall not amount to a waiver of any rights available to either of us. However, neither party should be liable in any way for failure to perform, or delay in performing, our respective obligations under this engagement if the failure or delay is caused outside reasonable control of the failing party.

Neither of us will have the right to assign the benefit or burden of the services contract without the written consent of the other.

We will have the right to appoint sub-contractors to assist us in delivering the services.

Exclusions and limitations on our liability

Save for any exclusions provided for in Auditing Profession Act 2005 the maximum liability of or any individual partner/director, member or employee, as the case may be, of the contracting party in respect of direct economic loss or damage suffered by you or by other beneficiaries arising out of or in connection with the services shall be limited to two times the fees charged and paid for these services. The maximum liability will be an aggregate liability for all claims arising, whether by contract, delict, negligence or otherwise.

In the particular circumstances of the services set out in the engagement letter, the liability to you and to other beneficiaries of each and all persons in contract or delict or under Companies Act 71 of 2008 or otherwise, for any indirect or consequential loss or damage (including loss of profits) suffered by you (or by any such other party) arising from or in connection with the services, however the indirect or consequential loss or damage is caused, excluding our wilful misconduct, shall be excluded to the extent that such limitation is permitted by law.

Our liability to you will in no circumstances exceed the lower of the amount determined by the application of the monetary limit based upon fees charged to, and recovered from, you and the amount determined by the apportionment of responsibility, as the case may be.

You and other beneficiaries may not bring any claim personally against any individual partner/director, member, employee or agent, as the case may be, of the contracting party or of anybody or entity controlled by us or owned by us or associated with us in respect of loss or damage suffered by you or by other beneficiaries arising out of or in connection with the services. You agree that any claim of any sort whatsoever arising out of or in connection with this engagement shall be brought only against. This restriction shall not operate to limit or exclude the liability of the contracting party for the acts or omissions of its partners, directors, members, employees and agents. Any claim by you or other beneficiaries must be made (for these purposes a claim shall be made when court or other dispute resolution proceedings are commenced) within two years of the date on which you or they became aware, or ought reasonably to have become aware, of circumstances giving rise to a claim or potential claim against us.

Timetable

We will agree on a timetable to enable you to meet your statutory obligations to issue annual financial statements and to meet any other deadlines you have brought to our attention. However, any such timetable will be based on the assumption that we will receive the appropriate co-operation and assistance to perform an effective and efficient audit.

Fees

Our fees are based on the time required by the resources assigned to the engagement. The fees billed are based on the degree of responsibility involved, as well as the level of experience, knowledge and skill required.

Our fees, together with disbursements, will be billed as work progresses, and settlement is due on presentation of our invoices.

Notwithstanding anything to the contrary contained herein, should our accrued fees reach a level which we consider to be material, such accrued fees will become due and payable immediately upon presentation of our invoice, failing which, the rendering of all further professional services will be suspended pending receipt of payment.

In the event of your appointing an alternative firm in our stead, or otherwise terminating our mandate, we will be entitled to raise a fee upon receipt of such notification for an amount adequate to cover all work done to date and not yet billed, at our standard charge out rates, including disbursements incurred. In such event you undertake to settle our account in full prior to our handing over of books and records to you or to our successor.

Our fees will be inclusive of Value Added Tax which will rank for deduction as input tax by registered vendors.

Subject to the foregoing, our fees are payable on presentation. We will be entitled to charge interest on all amounts outstanding, for whatsoever reason, for more than 30 days from the date of presentation of our invoice at the maximum rate allowed by law. Such interest will be calculated on a monthly basis. All payments will be allocated first as to interest, then as to outlays, then to the longest outstanding fee.

In the event that invoices are not settled within 30 days of presentation, we reserve the right to charge compound interest monthly as provided for in the National Credit Act.

Without prejudice to any other rights that we may have in law, we reserve the right to suspend or terminate the performance of the services or any part thereof to you immediately, at any time, with or without notice, should payment of any of our fees become overdue.

The fees will be subject to review by us each year and will vary with a number of factors, including the extent of the assistance we receive from members of staff in preparing routine schedules and analyses.

It is our usual practice to provide estimates of our fees in advance of the work commencing and we shall require payments on account as our work progresses.

Quality of service

We will seek to ensure that our service is satisfactory at all times and delivered with reasonable skill and care. If at any time you would like to discuss with us how the service can be improved, you are invited to contact us.

A requirement of the IRBA is to provide excellent quality audit work, in order to achieve this, we are required to review certain of our files internally. Independent third-party reviewers may be utilised to facilitate this process. The person or institution that will be selected by us will be required by us to sign a confidentiality agreement and will treat all information inspected with the strictest of confidence.

Future years

We propose that the engagement letter will be in place until replaced. If circumstances change, we will issue a new engagement letter. Until such time, this letter will be in force even where there is a change in group structure.

Our Reporting

At the conclusion of our audit, we will express an opinion as to whether or not the financial statements fairly present the financial position, results of operations and cash flow information of the entity, in conformity with the International Financial Reporting Standard for Small and Medium sized Entities, and in the manner required by the Companies Act 71 of 2008.

The form and content of our report may need to be amended in the light of our audit findings.

Our report may also include certain key audit matters that required significant attention in performing the audit. We will identify key audit matters from matters communicated to directors, having taken into account:

- Areas of higher assessed risk of material misstatement or significant risks identified.
- Significant judgements relating to areas in the financials, including accounting estimates that have high estimation uncertainty.
- The effect of significant events or transactions that occurred during the period.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities. If there is anything that you do not agree with or wish to amend, please contact us.

This engagement letter is contractual in nature; however, the agreement is also subject to the standard terms and conditions as provided separately. These terms will govern the engagement for which it has been prepared. These terms supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.