

Report of the audit and risk committee

for the year ended 31 March 2015

Committee mandate and terms of reference

In terms of the Companies Act of South Africa, the committee reports that it has adopted formal terms of reference, and that it has discharged all of its responsibilities for the year in compliance with the terms of reference.

Statutory duties

The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit and risk committee, including as set out in section 94 of the Companies Act of South Africa and in terms of the committee's terms of reference and as set out in the corporate governance report. In this connection, and with specific regard to the preparation of the annual financial statements, the committee has:

- ❖ evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc., and is satisfied that the external auditors are independent of the group having given due consideration to the parameters enumerated under section 92 of the Companies Act of South Africa. The committee accordingly nominates PricewaterhouseCoopers Inc. as independent auditors to continue in office. P Calicchio is the individual registered auditor and member of the foregoing firm who undertakes the audit;
- ❖ ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS adviser are in compliance with the Companies Act of South Africa, the Auditing Profession Act, 2005 and the Listings Requirements of the JSE;
- ❖ considered and pre-approved all audit and non-audit services provided by the external auditors, ensuring that the independence of the external auditors is not compromised;
- ❖ reviewed and assessed the group's risk identification, measurement and control systems and their implementation;
- ❖ reviewed and approved the group accounting policies (refer note 1 to the annual financial statements);
- ❖ reviewed the written assessment of internal audit on the design, implementation and effectiveness of the internal financial controls, in addition to the findings noted by the external auditors during the course of their annual audit in support of their annual audit opinion. Based on these results the committee is of the opinion that the internal financial controls provide reasonable assurance that financial records may be relied upon for the preparation of reliable annual financial statements; and
- ❖ dealt with concerns or complaints relating to accounting practices and internal audit of the group, the content or auditing of the company's financial statements, the internal financial controls of the group, or any other related matter.

Competence of the Chief Financial Officer

The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the Chief Financial Officer, Mr RB Huddy.

Recommendation of the annual financial statements

The committee has evaluated the annual financial statements of Tsogo Sun Holdings Limited and the group for the year ended 31 March 2015 and based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.



RG Tomlinson

Chairperson: Audit and risk committee

30 July 2015