

REPORT OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee is formally established as an independent statutory committee in terms of section 94 (2) of the Companies Act 71 of 2008, as amended (the "Act"). The committee oversees audit and risk matters for all the subsidiaries of eMedia Holdings, as permitted by section 94 (2)(a) of the Companies Act.

The audit and risk committee's terms of reference is formalised in a charter which is reviewed annually.

During the year under review, the audit and risk committee conducted its affairs in accordance with the charter and discharged its responsibilities as required by the charter, the Companies Act and the material requirements of King IV.

The audit and risk committee has pleasure in submitting this report in respect of the past financial year of the Group, as required by section 94 of the Companies Act.

AUDIT AND RISK COMMITTEE MEMBERS AND MEETING ATTENDANCE

The audit and risk committee consists of three independent non-executive directors, elected by the shareholders of eMedia Holdings.

Audit and risk committee meetings are held at least four times a year as required by the charter.

The financial director and the Group financial manager attend the meetings as permanent invitees, along with external audit and the outsourced internal audit. Other directors and members of management attend as required.

AUDIT AND RISK COMMITTEE EVALUATION

As part of the annual evaluation, the performance of the audit and risk committee and its members was assessed and found to be satisfactory. In addition, members were assessed in terms of the independence requirements of King IV and the Companies Act. All members of the committee continue to meet the independence requirements.

FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee fulfils an independent oversight role regarding the Group's 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 IV and additional responsibilities assigned by the board.

The committee is satisfied that, in respect of the financial period under review, it has performed all the functions required by law

to be performed by an audit committee, including as set out by sections 94 of the Act and in terms of the committee's terms of reference and as more fully set out in the corporate governance report. In this connection the committee has:

- reviewed the interim, provisional and year-end financial statements, culminating in a recommendation to the board to adopt them;
- reviewed legal matters that could have a significant impact on the Group's financial statements;
- reviewed the external audit reports on the annual financial statements;
- verified the independence of the external auditor as per section 92 of the act and accordingly nominates Grant Thornton Johannesburg Partnership to continue in office as the independent auditor and noted the appointment of Garron Chaitowitz as the designated auditor for 2018;
- approved the audit fees and engagement terms of the external auditor; and
- 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.

The committee has satisfied itself that Grant Thornton Johannesburg Partnership, the external auditor, and Garron Chaitowitz the designated auditor, are independent of the company and of the Group.

The Audit Committee has reviewed sections 3, 8, 13, 15 and 22 and Schedule 8 of the JSE Listings Requirements and confirm that based on the amended requirements of the JSE-accreditation of Auditors, effective 15 October 2017, we are satisfied that:

- i. the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;
- ii. the auditors have provided to the audit committee, the required IRBA inspection decision letters, findings report and proposed remedial action to address the findings, both at the audit firm and the individual auditor level; and
- iii. both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

The audit committee fulfils an oversight role regarding the Group's financial statements and the reporting process, including the system of internal financial control.

CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between the committee members and the external auditors which are regularly held.

EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR

As required by JSE Listings Requirement 3.8(h), the committee reviewed the financial director of the Group, Antonio Lee, and considers his expertise and experience appropriate.

The committee is also satisfied that the expertise, resources and experience of the finance function is adequate.

INTERNAL AUDIT

The Group has appointed its holding company HCI's internal audit department to perform the internal audit function. Where appropriate, subsidiaries and or departments are assessed, with quarterly reports made available and discussed at the eMedia Holdings' audit and risk committee meetings.

RISK MANAGEMENT AND INTERNAL CONTROL

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the Group.

The Group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the Group's key operating subsidiaries and associated company levels for ensuring adherence to the various Acts and Codes that govern the day-to-day operations. Each of the Group's companies has its own board of directors responsible for the management, including risk management and internal control, of that company and its business.

The financial director, Antonio Lee CA (SA), oversees risk management for eMedia Holdings. Given the changing landscape of broadcasting and media in South Africa, eMedia Holdings realises that enterprise-wide risk management adds value to the robustness and sustainability of an organisation. It improves communication, enhances risk awareness as well as risk mitigation processes.

The Group utilises the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") risk management methodology to assess the Group's risk appetite versus the cost of risks. The COSO framework allows organisations to develop cost-effective systems of internal control to achieve important business objectives. At least four times a year, the audit committee

documents and reports risks that are apparent and arising.

Through thorough consultation with the board, the risk appetite and risk-bearing capacity for eMedia Holdings is defined.

A full risk assessment is conducted annually with quarterly updates and reports to the audit committee. eMedia Holdings finds it imperative to ensure that risk management becomes inducted into daily activities which lead to a sustainable risk-aware culture.

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The committee has evaluated the annual report of eMedia Holdings Limited and the Group for the period ended 31 March 2018 and based on the information provided to the committee, it recommends the adoption of the Integrated Annual Report by the board.

L Govender

Chairman: Audit and risk committee

Cape Town

25 July 2018