

# GROUP AUDIT COMMITTEE REPORT

The Group Audit Committee is a committee of the shareholders which has specific statutory responsibilities to the shareholders in terms of the Companies Act. In addition, it assists the Board through advising and making recommendations on financial reporting, internal financial controls, external and internal audit functions and statutory and regulatory compliance of the Group.

## Terms of reference

The Group Audit Committee executes its responsibilities according to a Board approved formal terms of reference and these terms of reference are regularly reviewed and updated where necessary. The terms of reference are set out in the Committee charter and ensure that the Committee performs its duties in terms of the Companies Act and King IV. The Group Audit Committee has executed its duties during the past financial year in accordance with these terms of reference.

## Composition

At 30 June 2017, the Group Audit Committee comprised three independent non-executive directors namely, Messrs David Rose (Chairman), Mariam Cassim and Enos Banda, all of whom were elected by shareholders of Super Group to the Committee at the AGM held on 22 November 2016.

## Meetings

The Group Audit Committee held four meetings during the year. All members attended all the meetings of the Committee during the year.

## Statutory duties

In execution of its statutory duties, the Group Audit Committee:

- Nominated the reappointment of KPMG Inc. as external auditors and Mr Dwight Thompson as the individual designated auditor, after satisfying itself through enquiry that KPMG Inc. is independent as defined in terms of the Companies Act.
- Determined the terms of engagement and the fees to be paid to KPMG Inc. as disclosed in note 22.3 on page 48 of the Annual Financial Statements.
- Approved a Non-Audit Services Policy which determines the nature and extent of any non-audit services which KPMG Inc. may provide to the Group.
- Pre-approved any proposed contract with KPMG Inc. for the provision of non-audit services to the Group. An annual approval is made for certain services that are requested by management. The services rendered against this approval are reviewed at each meeting of the Committee. All other services are specifically approved by the Committee when requested.
- Received no complaints relating to the accounting practices of the Group, the content or auditing of its financial statements, the internal financial controls of the Group, nor any other related matters.
- Reviewed the Integrated Report, the Annual Financial Statements, the preliminary profit announcement and interim statements.
- Met with the external auditors to discuss the Annual Financial Statements prior to their approval by the Board.
- Reviewed the valuation of goodwill before recommending any impairment to the Board for approval.
- Made submissions to the Board on matters concerning the Group's accounting policies, financial control, records and reporting.
- Concurred that the adoption of the going concern premise in the preparation of the Annual Financial Statements was appropriate.

## Oversight of risk management

The Group Audit Committee has satisfied itself that the following areas have been appropriately addressed:

- Financial reporting risks
- Internal financial controls
- Fraud risks as they relate to financial reporting
- IT risks as they relate to financial reporting
- Tax and technology risks, in particular how they are managed

David Rose, Mariam Cassim and Enos Banda are members of the Group Risk Committee, ensuring that the Group Audit Committee is an integral component of the risk management process.

## Internal financial controls

The Group Audit Committee has:

- reviewed the effectiveness of the Group's system of internal financial controls including receiving assurance from management and internal audit;
- reviewed significant issues raised by the external auditors in their reports; and
- reviewed policies and procedures for preventing and detecting fraud.

Based on the processes and assurances obtained, the Group Audit Committee believes that the significant internal financial controls are effective.

## Regulatory compliance

The Group Audit Committee has complied with all applicable legal and regulatory responsibilities.

## External audit

Based on processes followed and assurances received, the Group Audit Committee has no concerns regarding the external auditor's independence.

Description of fees	30 June 2017	
	R'000	% of total
Audit fees	22 436	60.0
Non-audit fees	14 413	38.5
Expenses	550	1.5
<b>Total fees</b>	<b>37 399</b>	<b>100.0</b>

The Board, including members of the Group Audit Committee, has had several meetings with KPMG SA. In addition, the Chairman of the Group, the Chairman of the Group Audit Committee, the Group CEO and the Group CFO met with a senior executive from KPMG International.

The Group has been advised that KPMG is committed to the implementation of an independent investigation into the several serious issues concerning KPMG's activities in South Africa.

KPMG have also assured Super Group that there was no corruption or collusion within KPMG.

Super Group considers it fair and in the interests of justice to review the reappointment of KPMG as the Group's auditors after the outcome of the independent enquiry, in order to afford KPMG the opportunity to defend itself against the serious allegations that have been levied against it.

The Committee has recommended to the Board the reappointment of KPMG Inc.

## Internal audit

Super Group has a full Internal Audit Department consisting of four employees. The Head of Group Audit Services is Reyaaz Mahmood. The Group Audit Committee approves the Internal Audit Plan and any variation thereof. The chairman of the Group Audit Committee meets with the Head of Group Audit Services on a regular basis and the Head of Group Audit Services has unfettered access to all members of the Committee.

## Chief Financial Officer

The Committee is satisfied that Colin Brown has the appropriate expertise and experience to meet the responsibilities of his appointed position as CFO as required by the JSE.

The Committee is satisfied:

- with the expertise and experience of the Group Financial Controller, Zack Sieberhagen;
- with the expertise and experience of the Group Financial Manager, Elton Biljon; and
- that the resources within the finance function are adequate to provide the necessary support to the CFO.

In making these assessments, the Committee has obtained feedback from the external auditors.

Based on the processes and assurances obtained, the Committee believes that the accounting practices are effective.

## Annual Financial Statements

The Committee has evaluated the Annual Financial Statements of the company and the Group for the year ended 30 June 2017, and based on the information provided to the Group Audit Committee, considers that the Group complies in all material respects, with the requirements of the Companies Act and IFRS. The Committee has recommended the Annual Financial Statements to the Board for approval.

On behalf of the Group Audit Committee

### David Rose

*Group Audit Committee Chairman*

20 September 2017