INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Super Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Super Group Limited and its subsidiaries ("the group and company"), set out on pages 10 to 82 which comprise the consolidated and separate statement of financial position as at 30 June 2017, and the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of Super Group Limited as at 30 June 2017, its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for *Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. No key audit matters were identified in respect of our audit of the separate financial statements. The key audit matters below relates to our audit of the consolidated financial statements.

Valuation of Goodwill

Refer to page 16 relating to the accounting policy of goodwill and note 6 of the financial statements.

The key audit matter	How the matter was addressed in our audit

Included in the consolidated financial statements is goodwill amounting to R6.9 billion. Goodwill acquired through business combinations has been attributed to individual cash-generating units.
 	
The carrying amount of goodwill is subject to annual impairment tests using the value-in-use method.
 	
There is inherent uncertainty and significant judgement applied by the directors in preparing future cash flow forecasts, the discount rate and revenue growth rate used in the value-in-use method for each individual cash-generating unit.
 	
Due to the significant judgement involved in the determination of potential impairment resulting in significant work effort from the audit team, the valuation of goodwill is considered a key audit matter.
	Our audit procedures included, amongst others, the following:
	
	• Assessing the appropriateness of the disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework;
	• Challenging the assumptions in the Group's impairment testing by:
	  • Evaluating the consistency and appropriateness of assumptions and methodologies used by the Group, in particular those relating to revenue growth rate and the discount rate applied to the forecasted cash flows in the value-in-use method;
	  • We compared the Group's assumptions with our own assessment in inclusion to key inputs into the model.
	• Comparing the sensitivity analysis performed by the directors to our own sensitivity analysis in relation to the key assumptions.

Revenue recognition

Refer to pages 24 to 25 relating to the accounting policy of revenue recognition and note 20 of the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognised before the risks and rewards have been transferred, resulting in a significant risk associated with revenue from an audit perspective. Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter.	Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in accordance with the applicable financial reporting framework. Control testing over the point of transfer of risk and rewards was supported by substantive audit procedures including, amongst others: • Performing predictive analytical tests on the different revenue streams; • Testing a sample of sales transactions around year end to ensure inclusion in the correct period; • Testing of a sample of sales and trade receivables at year end by agreeing a sample of open invoices at year end to subsequent receipts from customers.

Business combinations

Refer to pages 15 to 16 related to the accounting policy of business combinations and note 29 and 37 of the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has made five key acquisitions during the period as follows: • Fleet Hire Holdings Limited (Fleet Hire) • Western Cape Dealerships • ABF Legend Logistics Proprietary Limited (Legend) • Motiva Group Limited (Motiva) • Essex Auto Group Limited (EAG) The Group performed a purchase price allocation (PPA) exercise for each acquisition separately, resulting in various intangible assets being separately valued. The Group used projected financial information in the PPA exercise. Management use their best knowledge to make estimates when utilising the Group's valuation methodologies. In order to determine the fair value of the separately identifiable intangible assets on a business combination, the valuation methodologies require input based on assumptions about the future and use discounted cash flows and free cash flow forecasts. Due the Group's estimation process in the PPA exercise and the work effort from the audit team, business combinations is considered a key audit matter.	Our procedures included the following, amongst others: • Assessing whether the acquisitions during the year met the criteria of a business combination in accordance with the relevant accounting standard; • Determining whether the date of acquisition was correctly determined by reading the key transaction documents to understand key terms and conditions; • Assessing the fair value of assets and liabilities recorded in the purchase price allocation, by performing procedures including, amongst others, independently confirming cash balances acquired and agreeing the lease receivables to the acquiree's leasing system reports, on the closing balance sheets as at respective acquisition dates; • Working with our corporate finance specialists, we used our knowledge of the acquired businesses, and their industry, to assess the cash flow forecasts used to determine the value of intangible assets recognised on date of acquisition. We challenged the key assumptions used to determine the value of intangible assets, including those relating to growth rates and discount rates; and • Assessing the Group's disclosures in respect of business combinations with reference to the relevant financial reporting framework.

Determination of residual values of rental and transport fleet

Refer to pages 16 to 17 accounting policy and notes 2, 18 and 37 of the financial statements.

The key audit matter	How the matter was addressed in our audit
Included in property, plant and equipment is rental and transport fleet amounting R1.5 billion (motor vehicles and full maintenance lease vehicles). The residual values of motor vehicles and full maintenance lease vehicles are considered significant. The estimation of the useful lives is based on historic performance as well as expectation about future use and therefore requires a degree of judgement to be applied by management. Residual values are determined taking into account generally accepted industry-based market forecasts adjusted where necessary to take into account factors specific to the asset. Note 37 provides key assumptions used in calculation the residual values. Due to the level of judgement required in the residual values calculation the determination of residual values of rental and transport fleet is considered a key audit matter.	Our audit procedures included, amongst others, the following: • Assessing the appropriateness of the disclosures made in the financial statements; • Interrogating the Group's assessment of residual values by evaluating the consistency and appropriateness of key assumptions and methodologies used by the Group by comparing the market conditions, environmental factors and macroeconomic factors underpinning the Group's determination of the residual risk provision against our understanding of the business, industry and economy; • Assessing the Group's ability to accurately value assets at the end of the lease term by comparing the historical residual valuation of a sample of vehicles to the actual sale proceeds received from previous disposals from comparable vehicle classes.

Other Information

The directors are responsible for the other information. The other information comprises the Group Company Secretary's Certificate, the Group Audit Committee's Report and the Directors' Report, as required by the Companies Act of South Africa and all other information included in the annual financial statements and the Annual Report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 for 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 group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and 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 consolidated and separate 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 group and/ or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Super Group Limited for 27 years.

KPMG Inc.
Registered Auditor

Per **D Thompson**
Chartered Accountant CA (SA)
Registered Auditor
Director

KPMG Crescent
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Parktown
Johannesburg

20 September 2017