

SEPARATE STATEMENT OF FINANCIAL POSITION – SUPER GROUP LIMITED

at 30 June 2017

	Note	30 June 2017 R'000	30 June 2016 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	1	3 717 605	3 355 854
Amounts owing by subsidiaries	1	19 910	153 853
Long-term receivable		8 675	–
Deferred tax asset	2	9 833	19 960
		3 756 023	3 529 667
Current assets			
Amounts owing by subsidiaries	1	1 910 611	2 305 404
Trade and other receivables		37	15
Cash and cash equivalents		332	3 059
		1 910 980	2 308 478
Total assets		5 667 003	5 838 145
EQUITY AND LIABILITIES			
Capital and reserves attributable to the equity holders of Super Group Limited	3	5 448 794	5 346 556
Non-current liability			
Interest-bearing borrowings	4	204 000	–
Current liabilities			
Short-term portion of interest-bearing borrowings	4	2 881	478 398
Amounts owing to subsidiaries	1	–	–
Trade and other payables		5 834	5 656
Income tax payable		594	1 035
Provisions	5	4 900	6 500
		14 209	491 589
Total equity and liabilities		5 667 003	5 838 145

SEPARATE STATEMENT OF COMPREHENSIVE INCOME – SUPER GROUP LIMITED

for the year ended 30 June 2017

	Note	30 June 2017 R'000	30 June 2016 R'000
Corporate management and guarantees fees from subsidiaries		36 398	31 680
Recovery of share options exercised from subsidiaries		27 270	23 505
Dividends received from subsidiaries		238 117	107 520
Net operating expenditure	6	(140 799)	(22 850)
Finance costs	7	(28 137)	(39 820)
Investment income	7	51 008	57 557
Profit before income tax		183 857	157 592
Income tax expense	8	(14 218)	(14 982)
Profit for the year		169 639	142 610
Total comprehensive income		169 639	142 610

SEPARATE STATEMENT OF CASH FLOWS – SUPER GROUP LIMITED

for the year ended 30 June 2017

	Note	30 June 2017 R'000	30 June 2016 R'000
Cash flows from operating activities			
Cash generated by operations	9	243 214	125 861
Investment income		51 008	57 557
Finance costs paid		(32 654)	(38 756)
Income tax paid	10	(9 144)	(9 503)
Net cash inflow from operating activities		252 424	135 159
Cash flows from investing activities			
Additional investment in an existing subsidiary		(335 000)	(1 170 352)
Amounts repaid by/(advanced to) subsidiaries		346 849	(147 250)
Net cash inflow/(outflow) from investing activities		11 849	(1 317 602)
Cash flows from financing activities			
Share issues net of expenses		–	1 185 102
Corporate bond repaid		(471 000)	–
Corporate bond raised		204 000	–
Net cash (outflow)/inflow from financing activities		(267 000)	1 185 102
Net (decrease)/increase in cash and cash equivalents		(2 727)	2 659
Cash and cash equivalents at beginning of year		3 059	400
Cash and cash equivalents at end of year		332	3 059

COMPANY STATEMENT OF CHANGES IN EQUITY – SUPER GROUP LIMITED

for the year ended 30 June 2017

	Stated share capital R'000	Ordinary share capital R'000	Share premium R'000	Retained earnings R'000	General reserve R'000	Capital redemption reserve fund R'000	Total equity R'000
Balance at 30 June 2015	–	315 334	1 746 798	1 721 970	287 776	5 486	4 077 364
Total comprehensive income	–	–	–	142 610	–	–	142 610
Shares repurchased from subsidiary	–	–	–	–	(41 848)	–	(41 848)
Shares issued for cash	–	33 751	833 658	–	32 591	–	900 000
Share issue expenses – rights offer	–	–	(29 562)	–	–	–	(29 562)
Transfer to stated capital	2 899 979	(349 085)	(2 550 894)	–	–	–	–
Bookbuild share issued for cash ¹	360 000	–	–	–	–	–	360 000
Share issue expenses – bookbuild	(3 488)	–	–	–	–	–	(3 488)
Share-based payment reserve movement ²	–	–	–	33 973	–	–	33 973
Options exercised	–	–	–	(104 911)	–	–	(104 911)
Movement on deferred tax on unexercised options	–	–	–	12 418	–	–	12 418
Balance at 30 June 2016	3 256 491	–	–	1 806 060	278 519	5 486	5 346 556
Total comprehensive income	–	–	–	169 639	–	–	169 639
Share-based payment reserve movement ²	–	–	–	34 916	–	–	34 916
Options exercised	–	–	–	(97 705)	–	–	(97 705)
Movement on deferred tax on unexercised options	–	–	–	(4 612)	–	–	(4 612)
Balance at 30 June 2017	3 256 491	–	–	1 908 298	278 519	5 486	5 448 794

¹ A bookbuild is an offer of shares to selected investors of the company.

² Included in the share-based payment reserve movement is an amount of R25 556 000 (2016: R24 781 000) which was capitalised to investment in subsidiaries.

SEPARATE NOTES TO THE FINANCIAL STATEMENTS – SUPER GROUP LIMITED

	Investment in subsidiaries R'000	Amounts owing by subsidiaries (interest-free) R'000	Amounts owing by subsidiaries (interest-bearing) R'000
1. INVESTMENT IN AND AMOUNTS OWING BY SUBSIDIARIES			
30 June 2017			
Cost	3 826 866	1 565 426	365 095
Accumulated impairment recognised	(109 261)	–	–
	3 717 605	1 565 426	365 095
30 June 2016			
Cost	3 359 604	1 610 708	848 549
Accumulated impairment recognised	(3 750)	–	–
	3 355 854	1 610 708	848 549

The amounts owing by subsidiaries (interest-bearing) are unsecured, bear interest at 680 basis points, three-month JIBAR plus 225 basis points and three-month JIBAR plus 230 basis points (2016: 680 basis points and three month JIBAR plus 180 basis points).

The long-term portion of the amounts owing by subsidiaries relates to the liability in respect of share options that will vest in periods after 1 July 2018. All other amounts owing between the Company and subsidiaries are unsecured and have no fixed repayment terms.

The investment in Emerald Insurance Company Limited was impaired to the recoverable amount which represents the net asset value of the investment.

	30 June 2017 R'000	30 June 2016 R'000
2. DEFERRED TAX ASSET		
Balance at beginning of year	19 960	11 449
Current year profit or loss charge	(5 515)	(3 907)
Amount charged directly to equity	(4 612)	12 418
Balance at end of year	9 833	19 960
Analysis of closing balances at end of year		
Discounting of loans and deferred tax resulting from share-based payment reserve	7 946	17 573
Working capital and provisions	1 887	2 387
	9 833	19 960
3. CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF SUPER GROUP LIMITED		
Stated share capital	3 256 491	3 256 491
Retained earnings	1 908 298	1 806 060
General reserves	278 519	278 519
Capital redemption reserve fund	5 486	5 486
	5 448 794	5 346 556
Ordinary share capital		
<i>Authorised</i>		
700 000 000 (2016: 700 000 000) ordinary shares with no par value		
54 857 377 (2016: 54 857 377) redeemable preference shares with no par value		
<i>Issued</i>		
359 085 434 (2016: 359 085 434) ordinary shares of no par value	3 256 491	3 256 491

Rights and restrictions related to share capital

All shares rank equally with regard to the Company's residual assets. Unissued preference shares do not participate.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. In respect to the Company's shares that are held by the Group as treasury shares, all rights are suspended until those shares are reissued.

	30 June 2017 R'000	30 June 2016 R'000
4. INTEREST-BEARING BORROWINGS		
Corporate bond		
The Corporate bond is unsecured and bears interest at three-month JIBAR plus 225 basis points and three month JIBAR plus 230 basis points (2016: three-month JIBAR plus 180 basis points). Interest repayment occurs quarterly. This liability matures on 9 September 2019 (R50 291 000) and on 31 October 2019 (R156 590 000).	206 881	478 398
Short-term portion reflected under current liabilities	(2 881)	(478 398)
	204 000	–
Repayment terms		
Year one	2 881	478 398
Year two to five	204 000	–
	206 881	478 398
Currency analysis		
Rand	206 881	478 398
5. PROVISIONS		
Employee-related provisions		
Balance at beginning of year	6 500	6 006
Increase in and additional provisions	8 830	10 379
Payments against provisions	(10 430)	(9 885)
Balance at end of year	4 900	6 500
Employee-related provisions relate to bonuses. The bonus provision is estimated based on the expected payment which will be made in respect of the services provided in the current financial year.		
6. NET OPERATING EXPENDITURE		
Operating profit is arrived at after taking the following into account:		
Audit fees	(501)	(480)
Directors' emoluments ¹		
Executive directors' emoluments	(20 675)	(19 586)
– Basic remuneration	(7 916)	(7 135)
– Performance bonus	(10 430)	(9 885)
– Other benefits	(1 636)	(1 629)
– Employee contributions to defined contribution funds	(693)	(937)
Executive directors fees paid by subsidiary	1 200	1 121
Non-executive directors – for services as directors	(3 808)	(3 692)
– Chairman's fees	(652)	(544)
– Directors' fees	(3 156)	(3 148)
Share-based payment expense	(9 360)	(9 192)
Forex gain	–	16 449
Loss on sale of subsidiary ²	(4 746)	–
Profit on sale of sale of shares ³	8 675	–
Impairment of Investment in subsidiary ⁴	(105 511)	–

¹ Refer to directors remuneration report on pages 69 to 71 for further detail.

² Transport Brokers Proprietary Limited was sold for R1 in June 2017.

³ The Company sold 900 000 shares in SG Tsogo Proprietary Limited for R8 675 200.

⁴ The investment in Emerald Insurance Company Limited was impaired to the recoverable amount which represents the net asset value of the investment.

SEPARATE NOTES TO THE FINANCIAL STATEMENTS – SUPER GROUP LIMITED > CONTINUED

	30 June 2017 R'000	30 June 2016 R'000
7. (FINANCE COSTS)/INVESTMENT INCOME		
Finance costs	(28 137)	(39 820)
– Corporate bond	(28 137)	(39 820)
Investment income	51 008	57 557
– Interest received from subsidiaries	50 406	42 971
– Interest received from banks	588	14 496
– Other interest received	14	90
	22 871	17 737
8. INCOME TAX EXPENSE		
Income tax comprises:		
South African normal tax		
– Current	8 993	11 011
– Deferred	5 515	3 907
– Prior year current tax	(290)	64
	14 218	14 982
Reconciliation of income tax expense:	%	%
The reconciliation of the rate of tax is based on profit before tax		
Statutory tax rate	28.0	28.0
Non-deductible expenses – Including impairment of subsidiary	17.4	0.4
Non taxable income – Dividends received	(36.3)	(19.1)
Tax deduction with no profit or loss effect	(3.1)	(4.3)
Deferred tax charged on options exercised	3.1	4.3
Profit on sale of shares and other	(1.4)	0.2
Effective tax rate	7.7	9.5
9. CASH GENERATED BY OPERATIONS	30 June 2017 R'000	30 June 2016 R'000
Reconciliation of profit before income tax to cash generated from operations:		
Profit before income tax	183 857	157 592
Finance costs	28 137	39 820
Investment income	(51 008)	(57 557)
Operating profit	160 986	139 855
Adjustments for:		
Share-based payment expense	9 360	9 192
Loss on sale of subsidiary	4 746	–
Profit on sale of sale of shares	(8 675)	–
Impairment of Investment in subsidiary	105 511	–
(Decrease)/increase in provisions	(1 600)	494
Options exercised	(27 270)	(23 505)
Operating cash flow	243 058	126 036
Working capital changes	156	(175)
– (Increase)/decrease in trade and other receivables	(22)	139
– Increase/(decrease) in trade and other payables	178	(314)
	243 214	125 861

	30 June 2017 R'000	30 June 2016 R'000
10. INCOME TAX PAID		
Balance at beginning of year	(1 035)	537
Current year charge	(8 703)	(11 075)
Balance at end of year	594	1 035
Tax paid	(9 144)	(9 503)

11. RELATED PARTIES

Subsidiary companies

Related party transactions occur between the Company and its subsidiaries. All transactions are concluded at arm's length. The Company has however entered into borrowing transactions at 0% interest. These loans are seen as equity transactions with its subsidiaries.

The Company received corporate management and guarantee fees of R36 398 000 (2016: R31 680 000), recovered costs of share options exercised of R27 270 000 (2016: R23 505 000) and interest income of R50 406 000 (2016: R42 971 000) from subsidiaries during the year under review.

Dividends of R100 000 000 (2016: R105 000 000) were received from Bluefin Investments Limited, R3 090 000 (2016: R2 520 000) from SG Tsogo Proprietary Limited, R117 000 000 (2016: Rnil) from Emerald Insurance Company Limited and R18 027 000 (2016: Rnil) from Transport Brokers Proprietary Limited.

Refer to pages 69 to 71 for directors remuneration.

The Company has issued guarantees on behalf of subsidiary companies (refer to note 12). Refer to page 82 for detailed disclosure of investments in and amounts owing by and to subsidiaries.

12. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The Company, by the nature of its activities, will be involved in litigation from time to time to protect its business interests. No significant legal matters were pending at year-end.

The Company has issued guarantees of R680 000 000 (2016: R680 000 000) to financial institutions in respect of the continuing payment obligations of its South African full maintenance lease borrowings.

The Company has issued limited guarantees to a total of R2 412 973 000 (2016: R1 275 186 000) to financial institutions in respect of vehicle floor plan financing.

The Company has issued guarantees amounting to R2 471 414 000 (2016: R2 070 814 000) to financial institutions in respect of asset-based borrowings.

The Company has issued guarantees and indemnified the security SPV, Mainstreet 728 Proprietary Limited, up to the current facility of R95 000 000 (2016: R95 000 000).

The Company has issued a limited guarantee of R385 278 000 (2016: R410 113 000) to a financial institution in respect of its Mauritian subsidiaries and operations.

The Company has issued a guarantee of R712 095 000 (2016: R466 667 000) to a financial institution in respect of the acquisition funding of Allen Ford (UK) Limited.

The Company has issued a guarantee of R250 000 000 (2016: R250 000 000) to a financial institution in respect of a revolving credit facility.

The Company has issued guarantees and suretyships to various landlords for rental obligations related to properties including properties previously sold under sale and leaseback agreements.