

## Overview

The year under review was characterised by extraordinary economic and business challenges for Super Group. Amongst the many issues faced by the Group were tough trading conditions, major managerial and operational changes, business disposals as well as the implementation of a restructuring plan aimed at streamlining Super Group back to its core businesses and competencies.

The financial consequences of the poor operational performance and subsequent restructuring of the Group have significantly impacted the financial results for the year ended 30 June 2009. Significant fair value provisions related to the non-core businesses had to be made to bring their carrying values in line with market related values and the Group incurred once-off costs associated with rationalising and consolidating certain support functions.

The trading losses from discontinued operations and the once-off and exceptional costs referred to above, have resulted in a financial performance significantly below that recorded last year. However, continuing operations are trading profitably. Super Group's recapitalisation process will put the Group on a firm financial footing.

## Financial results

Revenue generated by continuing operations reduced by 8,4% from R7,8 billion in 2008 to R7,1 billion, mainly as a result of certain low margin contracts not renewed within the Supply Chain South Africa operations during 2008 and a weaker sales performance by the Dealership business. Total revenue for the Group decreased by 9,2% from R12,4 billion to R11,3 billion as the slowdown in economic activities and stricter bank lending criteria impacted all of the Group's businesses.

Trading profit from continuing operations decreased by 17,8% to R604,7 million from R735,2 million in 2008, which resulted in the trading profit margin for these operations dropping from 9,4% to 8,5%. The drop in the trading profit and margin is largely attributable to lower sales volumes across the sectors in which the Group operates as well as the effect of restructuring and severance costs. In addition, the strengthening of the rand resulted in lower translated earnings from foreign operations. The total trading loss for the Group amounted to R169,7 million for the year ended 30 June 2009 compared to a trading profit of R581,7 million for the corresponding prior period. The significant trading loss reported by the discontinued operations is largely attributable to closure costs, working capital impairments, provision for onerous leases, unusually large claims received by Emerald Insurance and slower consumer spending in the retail businesses.

An operating profit from continuing operations of R473,8 million and an operating loss from discontinued operations of R1,2 billion, resulted in a total operating loss for the Group of R741,7 million compared to an operating profit for 2008 of R523,2 million. The difference between trading profit and operating profit is due to the once-off and exceptional capital items. The most significant capital items relate to non-current asset impairments for property, plant and equipment, intangible assets, foreign investments and fair value adjustments after taking into account expected proceeds from disposals compared to their carrying values.

Net finance charges for continuing operations increased by 22% to R431,1 million from R353,4 million in 2008. The increase is largely attributable to the adverse mark-to-market fair value adjustments related to interest rate swaps of R47,9 million compared to a positive amount of R16,8 million for 2008.

Losses attributable to equity holders of the Group increased from 4,5 cents per share in 2008 to 29¢, 1 cent per share for 2009. Earnings from continuing operations dropped from 69,7 cents per share reported in 2008 to 6,4 cents per share for the year ended 30 June 2009. Headline earnings per share amounted to 11,9 cents in 2008 compared to the headline loss for 2009 of 170,9 cents per share. Headline earnings per share from continuing operations have declined from 82,3 cents to 35,0 cents. The cash generated from operations together with the proceeds of the rights issue reduced debt by R769 million mainly through the repayment of full maintenance lease borrowings and short-term bridging debt.

The Group converted its operating results into cash of R1 089 million before working capital movements. A strong focus on working capital management resulted in a R100 million reduction in working capital levels.

## Divisional overview of continuing operations

### Supply Chain Division

The **Supply Chain** Division performed well and will constitute the core business of Super Group in the future. Total revenue for this division decreased by 4,2% to R2,754 billion (2008: R2,875 billion) mainly as a result of certain low margin contracts not being renewed in 2008. The trading profit of the Supply Chain Division dropped by 14,2% to R313,4 million from R365,3 million in 2008.

The **South African business**, despite the loss of certain low margin contracts in 2008, produced an overall satisfactory performance. The automotive business had a good year despite the industry being impacted by lower vehicle sales. The FMCG business experienced a marked decline in volumes as a result of the overall economic environment. Substantially reduced overheads achieved by amalgamating divisional functionalities have helped to offset the business performance of FMCG.

Hala Supply Chain Company (Hala) was established to distribute post boxes and RFID tags throughout Saudi on behalf of Saudi Post. Super Group has a 33% stake in Hala. An impairment of R67 million was raised against Hala as a result of difficulties with collections of amounts due from Saudi Post. This impairment resulted in an adverse movement on the division's operating profit compared to the prior year.

The **African Logistics** business reported an impressive revenue growth of 56,6%. Significantly improved volumes from the mining industry together with additional aid programmes in the first half of the year produced excellent results. Softening commodity prices, which resulted in a significant decrease in mining activity, as well as a decline in aid programmes in the second half of the year, did moderate the overall results. Benefits derived from the improvement in cost structures, especially in Malawi and Zambia, were off-set by the strengthening of the rand. Trading profit increased by a satisfactory 24,9%, over 2008.

### Automotive Division – Dealerships

Continued deterioration in the vehicle market resulted in the Dealership business reporting a drop in revenue of 22,5% to R2,629 billion (2008: R3,390 billion). Despite the tough trading conditions, the business outperformed the market in the second half of the current year. Closure costs and early lease termination costs of R11,5 million were incurred as a result of the closure of underperforming dealerships and contributed to a decline in trading profit for the year of 91,6% to R4,5 million (2008: R53,4 million). Major cost cutting initiatives in areas such as headcount (reduction of 16%), demonstration vehicles and other significant variable costs have been implemented. The executive team has been restructured to optimise personnel as well as expertise, thereby further reducing the overhead structure. The entire division has undergone additional streamlining to ensure that continuing dealerships are well placed to generate positive results in the new financial year.

### Fleet Solutions Division

The Fleet Solutions Division reported revenue growth of 14,1% to R1,743 billion from R1,527 billion, translating into the trading profit increasing marginally to R300,5 million for 2009 compared to R299,6 million in 2008.

The **FleetAfrica business**, under new management since November 2008, embarked on an extensive restructuring and cost saving initiatives. Increases in depreciation have resulted in significantly reduced residual value risk in the business. An improved vehicle disposal strategy was implemented during the year which resulted in improved disposal realisations. Revenue increased by 8,5% from R953,2 million in 2008 to R1 034,4 million in 2009. Trading profit was also marginally up by 0,5% to R206,6 million from R205,6 million reported in 2008. The Eastern Cape Provincial Government contract has been extended to the end of January 2010.

The **sgfleet** business in Australia had a successful year which included the renewal of several customer contracts as well as being awarded a large Australian State Government contract. The business secured a new off-balance sheet funding structure for its UK subsidiary. The business reported revenue of R708,2 million, an increase of 23,5% from R573,4 million posted in 2008. Trading profit remained constant at approximately R93,9 million, predominantly due to the adoption of a more conservative approach to residual value provisioning. The business was able to gain market share during the year despite economic challenges such as increased fuel prices in the first half of the year and the decline in mining activity since November 2008.

## Divisional overview of discontinued operations

### Retail Supply Chain Division

This division, which includes AutoZone and Mica, delivered extremely disappointing results. The division's overall performance saw revenue decreasing by 5,8% to R2,569 billion (2008: R2,727 billion) and trading profit dropping from R135,0 million in 2008 to a trading loss of R219,6 million in the current year.

**AutoZone** revenue increased by 5,2% from R1,650 billion to R1,735 billion. However, as a result of a competitive trading environment, margin pressure translated into a reduction of trading profit of approximately R21 million. Once-off restructuring costs, an increase in depreciation and the stronger rand further impacted results. The closure of SABEX, the ABS brake business, resulted in a trading loss of R8 million. All these factors contributed to the trading profit decreasing by 79,3% from R84,6 million in 2008 to R17,5 million in 2009. A fair value provision of R129 million was raised on discontinuance of the business.

**Mica** was severely impacted by the demise of the drop-shipment model, which, under the poor market conditions resulted in member purchasing loyalty reaching an all time low, as well as the widely reported downturn in the residential property market. In addition, Mica faced significant managerial and operational challenges. As a result, revenue decreased by 22,6% to R833,5 million (2008: R1 076,7 million) and trading profit dropped to a loss position of R237,1 million from a profit of R50,4 million in 2008. The operational challenges faced by Mica included significant losses from associates, high finance costs, onerous leases for closed businesses, increased bad debt and redundant inventory provisions and stock losses, impairments of goodwill and trademarks as well as restructuring and closure costs. Impairments of R154 million were raised on the discontinuance of the business.

### Automotive Division – Super Group Industrial Products (SGIP)

As previously reported, a decision was taken in mid December 2008 to dispose of the businesses within SGIP. The businesses being disposed of include Powerstar, Herman's Truck Accident Repairs and MMS Cranes. As at 30 June 2009 both Herman's and MMS Cranes had been sold. Operations were consolidated and certain functions centralised to further reduce overhead costs. Revenue generated by SGIP for the year ended 30 June 2009 was down 40,1% to R872,0 million compared to the previous year with a reported trading loss of R456,5 million. A fair value provision of R145 million was raised on the discontinuance of the business.

## Corporate actions and post balance sheet events

During July and September 2009, the Group issued a number of cautionary announcements pertaining to the following transactions:

### Recapitalisation of the Group

On 30 July 2009 shareholders were informed that restructuring agreements between Super Group and its funders setting out the key terms of the equity recapitalisation and debt restructuring had been signed. Super Group may now proceed to prepare for the proposed rights offer of 41 new rights offer shares for every 10 Super Group ordinary shares held at the close of business on the record date. Further details regarding the proposed rights offer, the terms of the proposed restructuring, salient dates and processes to be followed would be included in a rights offer circular and released on SENS.

### Alternative Recapitalisation Proposal

During the finalisation of the proposed rights offer, Super Group was approached by a strategic investor, regarding an alternative recapitalisation proposal pursuant to which the investor would become the controlling shareholder of the Group. The alternative recapitalisation proposal contemplates an inter-company issue of shares for cash, a claw back offer and a loan as set out in the SENS announcement dated 30 July 2009.

Shareholders are advised that discussions with the investor are still ongoing. Should an agreement between the parties be reached, a further detailed announcement will be released on SENS and published in the press.

### Disposal of Emerald Insurance

An offer by Santam Limited for Emerald Insurance Company Limited for a total consideration equal to the tangible net asset value at the effective date, estimated at R100 million as set out in detail in the SENS announcement dated 10 July 2009, has been accepted. The conditions precedent are approvals by shareholders, the Registrar of Short Term Insurance, JSE Limited, Securities Regulation Panel and Competition Commission. A circular providing information on the transaction will be posted to shareholders in due course.

### Disposal of AutoZone

An offer by RMB Corvest for a total consideration of R435 million, of which R35 million is deferred, was accepted subject to the approval by Super Group shareholders and the Competition Commission. A circular providing information on the transaction will be posted to shareholders in due course.

### Disposal of Mica

The sale of Mica is being completed through various transactions. The Mica brand and certain Mica stores are being sold to various third parties. Shareholders are referred to the SENS announcement released on 4 September 2009 setting out the disposal of three corporate stores to Builder's Express, a subsidiary of Mashmart. The transaction is a Category 2 transaction in terms of the JSE Limited Listings Requirements and no shareholder approval is required.

### Disposal of Powerstar

Shareholders are referred to the SENS announcement released on 10 September 2009 setting out the disposal of the Equipment and Commercial Vehicle businesses housed in SGIP. A business co-operation agreement has been reached with China North Vehicle Corporation Limited (Norinco) to form a new Vehicle Assembly and Distribution Entity (CVADE). China Construction Bank (Johannesburg Branch) has agreed to provide bridging finance to CVADE. The transaction is a Category 1 transaction in terms of the JSE Limited Listings Requirements and a circular providing information on the transaction will be posted to shareholders in due course.

## Prospects

Super Group has implemented an intensive restructuring strategy which is set to continue into 2010. The strategy is primarily focused on the recapitalisation of the Group and the implementation of the realigned business strategy. The proposed recapitalisation of the Group together with the debt restructuring package will ease liquidity pressure and create the financial scope to allow the implementation of a value-maximising strategy.

Further focus areas include the recovery and growth effort within Super Group's area of core competence being supply chain and maximising value from medium-term disposal opportunities. Tough economic trading conditions are expected to prevail in the year ahead and all indications are that consumer spending will remain under pressure as a result of local and global economic conditions.

Despite the prevailing economic environment, the Group's core businesses are expected to show improved profitability and with the initiatives already being implemented across the Group, Super Group is positioned to improve market share.

On behalf of the Board

P Malungani  
 Non-Executive Chairman

Sandton

15 September 2009

P Mountford  
 Chief Executive Officer

## Consolidated balance sheets

	30 June 2009 Reviewed R'000	30 June 2008 Audited R'000
<b>ASSETS</b>		
Property, plant and equipment	1 242 208	957 295
Full maintenance lease assets	1 693 351	2 026 724
Intangible assets	125 130	251 315
Goodwill	1 286 038	1 574 797
Investments in associates	42 719	70 022
Investments and other non-current assets	44 776	230 373
Deferred tax assets	229 776	177 890
Current assets	4 163 927	5 441 193
Assets held for sale	2 285 339	668 381
Inventories	3 89 950	1 310 579
Trade and other receivables	1 304 498	2 273 582
Insurance related assets	—	345 590
Cash and cash equivalents	184 140	843 061
<b>Total assets</b>	<b>8 827 925</b>	<b>10 729 609</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Capital and reserves attributable to equity holders of Super Group Limited	994 047	2 007 161
Minority interest	194 196	257 777
Total equity	1 188 243	2 264 938
<b>Liabilities</b>		
Fund reserves	268 939	342 201
Deferred tax liabilities	188 143	209 186
Full maintenance lease borrowings (including Australia)	1 433 261	1 796 535
Non-current	893 725	1 122 669
Current	539 536	673 866
Interest-bearing borrowings	1 960 744	2 336 799
Non-current	1 523 365	1 278 933
Current	437 379	1 057 866
Insurance related liabilities	—	501 734
Interest bearing property borrowings associated with assets held for sale	—	428 818
Other liabilities directly associated with assets held for sale	1 942 184	56 351
Other current liabilities	1 846 411	2 793 047
<b>Total equity and liabilities</b>	<b>8 827 925</b>	<b>10 729 609</b>

## Consolidated income statements

	Year ended 30 June 2009 Reviewed R'000	Year ended 30 June 2008 Audited R'000
<b>Revenue</b>	<b>7 138 572</b>	<b>7 794 094</b>
<b>Trading profit before depreciation, amortisation and recoupments</b>	<b>1 160 016</b>	<b>1 119 051</b>
Depreciation, amortisation and recoupments	(555 340)	(383 810)
<b>Trading profit</b>	<b>604 676</b>	<b>735 241</b>
Capital items	(130 846)	(44 834)
<b>Operating profit</b>	<b>473 830</b>	<b>690 407</b>
Net finance charges	(431 074)	(353 374)
<b>Profit before taxation</b>	<b>42 756</b>	<b>337 033</b>
Income tax expense	1 490	(72 569)
<b>Profit for the year from continuing operations</b>	<b>44 246</b>	<b>264 464</b>
<b>Total loss for the year from discontinuing operations</b>	<b>(1 384 917)</b>	<b>(258 173)</b>
Loss for the year from discontinuing operations	(943 848)	(244 503)
Fair value loss on discontinuation (including impairment of goodwill)	(441 069)	(13 670)
<b>(Loss)/profit for the year</b>	<b>(1 340 671)</b>	<b>6 291</b>
Attributable to minority shareholders – continuing	15 050	15 544
Attributable to minority shareholders – discontinuing	(2 743)	6 900
Attributable to equity holders of Super Group Limited – continuing	29 196	248 920
Attributable to equity holders of Super Group Limited – discontinuing	(1 382 174)	(265 073)
<b>(1 340 671)</b>	<b>6 291</b>	
<b>RECONCILIATION OF HEADLINE EARNINGS</b>		
<b>Profit attributable to equity holders of Super Group Limited</b>	<b>(1 352 978)</b>	<b>(16 153)</b>
<b>Capital items (continuing operations)</b>	<b>130 846</b>	<b>44 834</b>
Closure costs	—	6 506
Profit on sale of property	(4 956)	—
Costs incurred on unsuccessful business combination	—	3 438
Impairment of investments in associates	69 052	—
Impairment of goodwill	6 498	13 351
Loss on sale of businesses	4 499	—
Impairment of intangible assets excluding goodwill	46 521	18 714
Impairment of property, plant and equipment	9 232	2 825
<b>Capital items (discontinuing operations)</b>		
Impairment of goodwill	192 450	13 670
Other fair value loss on discontinuation	248 619	—
<b>Headline earnings for the year</b>	<b>(781 063)</b>	<b>42 351</b>
Loss for the year from discontinuing operations	943 848	244 503
Profit attributable to minority shareholders – discontinuing	(2 743)	6 900
<b>Adjusted headline earnings for the year – continuing</b>	<b>160 042</b>	<b>293 754</b>
<b>Cents</b>	<b>Cents</b>	
Basic earnings per share	(296,1)	(4,5)
Adjusted basic earnings per share (continuing operations)	6,4	69,7
Diluted earnings per share	(296,1)	(4,3)
Adjusted diluted earnings per share (continuing operations)	6,4	66,4
Headline earnings per share	(170,9)	11,9
Adjusted headline earnings per share (continuing operations)	35,0	82,3
Diluted headline earnings per share	(170,9)	11,3
Adjusted diluted headline earnings per share (continuing operations)	35,0	78,4

	Year ended 30 June 2009 Reviewed R'000	Year ended 30 June 2008 Audited R'000
<b>1 Interest-bearing borrowings comprise:</b>		
Australia ring-fenced borrowings	434 334	575 744
Corporate Bond	411 997	413 846
Securitisation	258 033	255 890
Property borrowings	425 312	428 818
Other borrowings	333 153	529 406
Bank overdraft	317 866	618 264
Interest-bearing borrowings before reallocation to held for sale	2 180 695	2 821 968
Interest-bearing property borrowings associated with the assets held for sale	—	( 428 818)
Other interest bearing borrowings directly associated with assets held for sale	(219 951)	( 56 351)
	<b>1 960 744</b>	<b>2 336 799</b>
<b>2 Share statistics</b>		
Total issued shares less treasury shares ('000)	497 950	357 276
Weighted ('000)	457 002	357 085
Diluted ('000)	457 002	374 756
Net asset value per share (cents)	199,6	561,8
Net asset value per share excluding goodwill (cents)	( 58,6)	121,0
<b>3 Capital commitments</b>		
Authorised, but not yet contracted for capital commitments, excluding, full maintenance lease assets	13 960	167 123
Capital commitments will be funded from normal operating cash flows and the utilisation of existing borrowing facilities.		
During the year the group disposed of various properties under sales and leaseback agreements and entered into various vehicle operating rental arrangements. The rental and other commitments and contingent liabilities will be disclosed in the 2009 annual financial statements.		
<b>4 Related party transactions</b>		
The group, in the ordinary course of business, entered into various sales and purchase transactions on an arms length basis with the related parties.		
<b>5 Subsequent events</b>		
Other than the matters disclosed, the directors are not aware of any matter or circumstance arising subsequent to the balance sheet date up to the date of this report.		

## Basis of preparation and accounting policies

The condensed consolidated preliminary financial statements for the year ended 30 June 2009 have been prepared in compliance with International Financial Reporting Standards ("IFRS") (in particular the presentation and disclosure requirements of International Accounting Standard ("IAS") 34 Interim Financial Reporting), the Listings Requirements of the JSE Limited, and the South African Companies Act, 1973, as amended. The accounting policies applied in the presentation of the condensed consolidated financial statements are consistent with those applied for the year ended 30 June 2008. The condensed consolidated financial statements have been prepared in accordance with the historic cost convention except for certain financial assets and liabilities (including derivative instruments), available-for-sale financial assets and land and buildings which are stated at fair value. The condensed consolidated financial statements are presented in Rand, which is Super Group's functional and presentation currency.

The 2009 annual report containing a detailed review of operations of the group together with the audited financial statements will be posted to shareholders towards the end of October 2009.

## Independent review by the auditors

The consolidated balance sheet at 30 June 2009 and the related consolidated income statement, statements of changes in equity and cash flows for the year then ended have been reviewed by KPMG Inc. Their unmodified review report is available for inspection at the registered office of the company.

**Directors: Executive:** P Mountford (Chief Executive Officer), J Jankovich-Besan (Chief Financial Officer) **Non-Executive:** P Malungani (Independent Non-Executive Chairman), P Vallet\* (Non-Executive Deputy Chairman), S Abrahams (Independent Non-Executive Director), B Tshili (Independent Non-Executive Director), V Chitalu (Independent Non-Executive Director) and D Rose (Independent Non-Executive Director) (\*P Vallet acted as interim CEO for the period 20 April to 29 July 2009) **Company Secretary:** D de Quinlat  
**Registered Office:** 27 Impala Road, Chislehurst, Sandton, 2195. **Transfer Secretaries:** Computershare Investor Services (Pty) Limited (Registration number 2000/007239/07, 70 Marshall Street, Johannesburg, 2001. PO Box 61051, Marshalltown, 2107  
**Sponsor:** Deutsche Securities (SA) (Proprietary) Limited

