Independent auditor's report

To the Shareholders of CA Sales Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of CA Sales Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2018, and its consolidated and separate financial performance and its 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.

What we have audited

CA Sales Holdings Limited's consolidated and separate financial statements set out on pages 10 to 67 comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We 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.

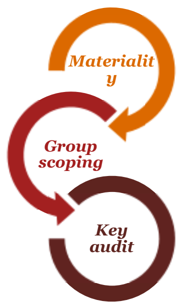
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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).

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R13.8m which represents 5% of consolidated profit before tax, adjusted for once off Goodwill impairments to the value of R27m

Group audit scope

- We have performed full scope audits over the 6 financially significant components.

Key audit matters

- Impairment assessment of Goodwill

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R13.8m
How we determined it	5% of consolidated profit before tax, adjusted for once off Goodwill impairments to the value of R27m
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Each of the 6 financially significant components was subject to a full scope audit of its financial reporting information submitted to the Group. These component audits and materiality were aligned to their statutory work to avoid duplication of audit effort. In aggregate these full scope audits account for more than 90% of the consolidated revenue, consolidated profit before tax and consolidated total assets of the Group.

The group engagement team met with the component auditors of each of the 6 financially significant components and inspected their working papers and required reporting documents which included a comprehensive memorandum of work performed. In order to obtain audit evidence in respect of insignificant components, the group engagement team inspected the management accounts and performed analytical review procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

We communicate the key audit matter that relates to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	*How our audit addressed the key audit matter*
Impairment assessment of Goodwill *Refer to Note 4 to the consolidated financial statements: Intangible Assets* IAS 36: *Impairment of Assets* requires Goodwill to be tested annually for impairment, or more frequently if impairment indicators are identified. As at year end, the	Our audit procedures included, among others, testing of the principles and integrity of management's value in use calculation. We tested the accuracy of management's calculation by: ● Challenging and testing the reasonability of the key assumptions used by management in the calculations, which included future revenue growth rates, gross margin, operating cost increases, long-term growth rate and the discount rate. We compared these key assumptions to industry benchmarks and future market volume forecasts. We found management's key assumptions to be reasonable. We compared the process followed by management in determining these cash flow forecasts to past practice and found the process to be consistent with past practice.

Group had goodwill amounting to R556m. Management applied the value in use method to determine the recoverable amount of each CGU to which goodwill has been allocated. In determining the value in use of the CGUs, management makes key assumptions and significant estimates. These include future revenue growth rates, gross margin, operating cost increases, the long-term growth rate and the discount rate. We considered this to be matter of most significance to our current year audit due to the following: • estimates and judgments applied by management in assessing whether the carrying value of goodwill allocated to the CGUs are impaired; and • the magnitude of the goodwill impairment recognised by management which amounted to R27m.	We then considered the historical accuracy of forecasts by comparing the 2017 and 2018 actual results to the forecasts for those years. Where variances were noted, we followed up with management and assessed the reasonability of the variances. We found management's forecasts to be reasonable. We made use of our valuation expertise to test the appropriateness and reasonability of the discount rate by independently calculating the discount rates, taking into account independently obtained data. We found the discount rates used by management to be within a reasonable range. We compared the long term growth rates used by management to economic and industry forecasts in South Africa and found the long term growth rates to be within a reasonable range. We tested the mathematical accuracy of management's valuation model and made use of our valuation expertise to assess whether the valuation methodology applied by management was consistent with industry practice. We found management's valuation model to be in line with industry practice and no material differences were noted. We performed independent sensitivity calculations on the impairment assessments in order to determine the degree by which the key assumptions needed to change in order to trigger an impairment. We discussed these with management and considered the likelihood of such changes occurring. In two of the CGUs where the carrying value of the CGU exceeded the recoverable amount, we concurred with management's conclusion that a portion of goodwill in these CGUs should be impaired.

Other information

The directors are responsible for the other information. The other information comprises the information included in the *CA Sales Holdings Consolidated Financial Statements* for the year ended 31 December *2018* , which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certificate by Company Secretary as required by the Companies Act of South Africa, and the *CA Sales Holdings Limited Annual Report 2018*, which is expected to be made available to us after that date. 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 and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 and the 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 the 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 the 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 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 PricewaterhouseCoopers Inc. has been the auditor of CA Sales Holdings Limited for 6 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
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17 March 2019