AUDITED ANNUAL FINANCIAL STATEMENTS

FEBRUARY **2018**

INNOVATIVE SOLUTIONS • ENDLESS POSSIBILITIES

Contents

Approval of the Annual Financial Statements

for the year ended 28 February 2018

The directors of Santova Limited have the pleasure of presenting the consolidated Annual Financial Statements for the year ended 28 February 2018.

In terms of the South African Companies Act 71 of 2008, the directors are required to prepare the consolidated Annual Financial Statements that fairly present the state of affairs and business of the Group at the end of the financial year and of the profit or loss for that year. To achieve the highest standards of financial reporting, these consolidated Annual Financial Statements have been drawn up to comply with International Financial Reporting Standards.

On the recommendation by the Audit and Risk Committee, the directors considered and are satisfied that the internal controls, systems and procedures in operation provide reasonable assurance that all assets are safeguarded, that transactions are properly executed and recorded and that the possibility of material loss or misstatement is minimised. The directors have reviewed the appropriateness of the accounting policies and concluded that estimates and judgements are prudent. They are of the opinion that the Annual Financial Statements fairly present, in all material respects, the state of affairs and business of the Group as at the 28 February 2018 and of the profit for the year to that date.

In addition, the Directors believe that the Santova Limited Group of Companies has adequate resources to continue in operation for the foreseeable future. Accordingly, the Annual Financial Statements have been prepared on a going concern basis.

PREPARER OF ANNUAL OF FINANCIAL STATEMENTS

The preparation of the consolidated Annual Financial Statements for the year ended 28 February 2018 has been supervised by the Group Financial Director of Santova Limited, Mr DC Edley CA (SA).

APROVAL OF THE ANNUAL OF FINANCIAL STATEMENTS

The consolidated Annual Financial Statements were approved by the board of directors and were signed on their behalf by:

WA Lombard
Chairman

GH Gerber
Chief Executive Officer

Durban
16 May 2018

Compliance Statement by the Company Secretary

The Group Company Secretary of Santova Limited hereby certifies that in terms of section 88(2) of the Companies Act No. 71 of 2008, the Company has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company and that all such returns are true, correct and up to date in respect of the financial year ended 28 February 2018.

JA Lupton FCIS
Chairman of the company
Highway Corporate Services (Pty) Ltd
Practice number: PPG00290
Durban
16 May 2018

Report of the Audit and Risk Committee

We are pleased to present our report for the financial year ended 28 February 2018.

In compiling this report cognizance has been taken of King IV Principle 8 and the reporting disclosure recommendations contained in Practice 59 have been applied.

ROLE AND RESPONSIBILITIES

The Audit and Risk Committee is an independent statutory committee appointed by the shareholders and its statutory duties are set down in Section 94(7) of the Companies Act. The Board of Directors of Santova Limited has delegated the monitoring of risk management to the Committee and the Company has applied the principles of King IV where Audit and Risk Committees are concerned. This report covers all these duties and responsibilities.

AUDIT AND RISK COMMITTEE CHARTER

The Audit and Risk Committee has adopted formal terms of reference contained in a Charter that has been approved by the Board of Directors. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. The Charter is reviewed annually by the Committee and updated as necessary. A copy of the Charter is available on the Company's website. The business of the Committee is set out in an annual work plan that is aligned to the Committee Charter.

COMPOSITION OF COMMITTEE AND ATTENDANCE

The membership of the Committee comprises three independent non-executive directors and the Chairman of the Committee is AD Dixon. The Committee met four times during the year and every Committee member attended all four meetings.

The Chief Executive Officer and Group Financial Director are permanent invitees to Committee meetings and the Group External Auditors attend by invitation when appropriate. In the current financial year, the only two directors who do not attend the Audit and Risk Committee, EM Ngubo and AL van Zyl, have been made permanent invitees in order for them to gain broader experience of the financial and risk aspects of the business.

GROUP EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The Audit and Risk Committee has carried out an assessment to assure itself that the Group External Auditor is independent of the Company, as required by Section 94(8) of the Companies Act and the guidance contained in King IV. This assessment included consideration of:

- Internal independence processes within the external audit firm;
- Periodic internal quality reviews, as well as those conducted by IRBA;
- The rotation of the Group audit partner and key component audit partners at least every five years; and
- Independence audits on all partners.

As a result of this assessment, the Audit and Risk Committee is satisfied that the Group External Auditor is independent of the Group, has demonstrated the requisite institutional knowledge, expertise and experience and that their independence has not been impacted by tenure due to the recent rotation of the audit partner.

The Committee approved a Policy on Non-Audit Services during the year and in line with that policy the Group External Auditor is not considered for non-audit services in South Africa. However, each of the Group's overseas entities has its own independent external auditor and the Group External Auditor may provide such services to these subsidiaries.

The Committee ensured that the appointment of the Group External Auditor complied with the Companies Act and any other legislation relating to the appointment of auditors.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2019 financial year.

During the year under review, the Committee met with the Group External Auditor without management being present and met with management without the Group External Auditor being present. No issues of any significance were raised by either the Group External Auditor or management at these meetings.

The Committee has nominated for re-election at the Annual General Meeting, Deloitte & Touche as the Group External Auditor, who has served in this capacity for the last 11 years and A Kilpatrick as the designated auditor responsible for performing the functions of auditor for the 2019 financial year. The Committee has satisfied itself that the audit firm is accredited as such on the JSE Limited list of auditors and their advisors.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit and Risk Committee has reviewed the accounting policies and the financial statements of the Company and the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

An Audit and Risk Committee process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the Company. No matters of significance have been raised in the past financial year.

Report of the Audit and Risk Committee continued

INTERNAL FINANCIAL CONTROLS

The Audit and Risk Committee has overseen a process by which it has assured itself of the effectiveness of the Company's system of internal controls and risk management, including internal financial controls through assurance received from formal financial, legal, IT and customs reports provided by management and external and internal assurance providers. Based on this assurance, the Audit and Risk Committee made a recommendation to the Board in order for the Board to report thereon. The Board report referring to the effectiveness of the system of internal controls is included in the Directors' Approval Statement on page 2 of the Annual Financial Statements. The Audit and Risk Committee supports the opinion of the Board in this regard.

DUTIES ASSIGNED BY THE BOARD

In addition to the statutory duties of the Audit and Risk Committee as reported above, and in accordance with the provisions of the Companies Act, the Board of Directors has determined further functions for the Audit and Risk Committee to perform, which are set out in the Audit and Risk Committee's Charter. These functions include the following:

Integrated reporting and combined assurance

The Audit and Risk Committee fulfils an oversight role regarding the Company's integrated report and the reporting process.

The Audit and Risk Committee considered the Company's sustainability information as disclosed in the integrated report and has assessed its consistency with operational and other information known to Audit and Risk Committee members and for consistency with the Annual Financial Statements. The Audit and Risk Committee discussed the sustainability information as contained in the Social and Environment Report with management. The Group's detailed Social and Environment report can be found on its website at www.santova.com.

Significant areas of judgment

In arriving at the figures disclosed in the Annual Financial Statements there are areas where judgement is needed. These are outlined in note 1.24 to the Annual Financial Statements. The Audit and Risk Committee has considered the quantum of the assets and liabilities on the statement of financial position and other items that require significant judgement and has identified the following as the most material:

Significant judgements:

- Valuation of goodwill arising from business combinations.

Other judgmental areas:

- Valuation of trade receivables;

In making an assessment in each of the above areas the Audit and Risk Committee reviewed managements' calculations, questioned their assumptions and ensured adequate disclosure has been made in the notes to the Annual Financial Statements describing the basis of valuation in each case.

Going concern

The Audit and Risk Committee has reviewed a documented assessment, including key assumptions, prepared by management of the going concern status of the Company and the Group and has made recommendations to the Board. The Board's statement on the going concern status of the Company and the Group, as supported by the Audit and Risk Committee, may be found in the Directors' Approval Statement on page 2 of the audited Annual Financial Statements.

Governance of risk

The Board has assigned oversight of the Group's risk management function to the Audit and Risk Committee. The Committee is assisted in this task by the internal Risk Management Committee and the IT Risk Management Steering Committee, as well as the Social and Ethics Committee, where appropriate. The Group Legal Advisor presents a full legal and risk report at each Committee meeting.

Further detailed information on the governance of risk and members of the relevant sub-committees can be found in the Risk Management Report on pages 12 and 17 of the Annual Integrated Report.

The Audit and Risk Committee members are of the opinion that all material identified risks to the business are being well managed by the management team.

Internal audit

The Company does not have an internal audit department as the Board of Directors does not believe that, at this stage in the Group's lifecycle, a fully fledged independent internal audit function is justified.

Management, the Board and the Audit and Risk Committee have taken responsibility for ensuring an appropriate internal control environment by properly identifying all material risks, both financial and other, and mitigating those through the implementation of appropriate controls and action plans.

Whilst there is not a specifically designated internal audit department, there are a number of specialised individuals, divisions and committees within the Group who review high risk areas on a continuous basis. These include role players who are independent of the subsidiaries and business units that they review and audit. Furthermore, there is a specialised network of independent suppliers whose role assists in the audit of risk within the Group. In addition, the Group Exco members team, during their visits to subsidiary companies, regularly review the internal controls adopted at subsidiary level for both adequacy and effectiveness. These assurances are now documented and collated in an Internal Audit Evidence Index, which is reviewed by the Audit and Risk Committee at every meeting.

The Audit and Risk Committee oversees the adequacy and effectiveness of controls through a process of robust and regular feedback from management, including quarterly risk

Report of the Audit and Risk Committee continued

reports from the Group Financial Director and Group Legal Advisor. The external audit function, as well as other external assurances (auditing areas such as tax, customs, IT, training and development, quality assurance, B-BBEE and Employment Equity to name a few), also provide a degree of comfort in that certain controls are reviewed during these audits and any shortcomings identified are reported to the Audit and Risk Committee. The Committee, together with management, ensures implementation of programmes for corrective action where necessary.

The Committee can affirm that nothing has come to its attention that would indicate any material breakdown in the adequacy or effectiveness of the internal controls of the Group during the financial year.

The Audit and Risk Committee is satisfied that it has complied with its legal, regulatory or other responsibilities.

Evaluation of the expertise and experience of the financial director and finance function

The Audit and Risk Committee has satisfied itself that the Group Financial Director for the period under review and up to the date of this report, possessed the appropriate experience and expertise to meet his responsibilities in that position.
The Audit and Risk Committee has considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

Approval of Annual Integrated Report and Annual Financial Statements

The Committee reviewed this Annual Integrated Report and the audited Annual Financial Statements for the year ended 28 February 2018 and recommended them to the Board for approval.

AD Dixon
Chairman

16 May 2018

Social and Ethics Committee Report

The Social and Ethics Committee is constituted as a statutory committee of Santova Limited in respect of its statutory duties in terms of section 72(4), read with regulation 43(5), of the Companies Act, 2008 and as a committee of the Board in respect of all other duties assigned to it by the Board, which are set out in the Committee's Charter. A copy of the Charter may be found on the Group's website at www.santova.com.

The Committee is an advisory committee and not an executive committee. As such it does not perform any management functions nor assume any management responsibilities and has an objective, independent role. The Committee reviews its performance and is also subject to an annual Board evaluation and review.

COMPOSITION AND DUTIES OF THE COMMITTEE

The Committee is comprised of four independent non-executive directors and the Group Legal Advisor. Collectively, they hold sufficient qualifications, skills and experience in the relevant areas to fulfill their duties. The Committee met once during the financial year with the subsequent meeting falling within the new financial year. There was 100% attendance by all members at the meeting in the period.

Committee Members	July 2017
AD Dixon (Chairman)	•
ESC Garner	•
EM Ngubo	•
AKG Lewis	•
WA Lombard	•

The duties of the Social and Ethics Committee are as follows:

- To monitor the Group's activities with regards to:
  - Social and economic development, including the Group's standing in terms of:
    - the ten principles set out in the United Nations Global Compact;
    - the OECD recommendations regarding corruption;
    - The Employment Equity Act; and
    - The Broad-Based Black Economic Empowerment Act.
  - Good corporate citizenship, including the Group's:
    - promotion of equality, prevention of unfair discrimination and reduction of corruption;
    - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;
    - record of sponsorship, donations and charitable giving.
  - The environment, health and public safety, including the impact of the Group's activities and of its products or services;
  - Consumer relations, including the Group's advertising, public relations and compliance with consumer protection laws; and
  - Labour and employment, including;
    - the Group's standing in terms of the International Labour Organisation protocol on decent work and working conditions;
    - the Group's employment relationships and its contribution toward the educational development of its employees.
- Report to the shareholders at Annual General Meetings on matters within its mandate.
- Draw matters within its mandate to the attention of the Board as required.

In doing so the Committee must consider the legal and regulatory requirements to the extent that they may have an impact on its duties.

FUNCTIONING OF THE COMMITTEE

The overall function of the Committee is to assist the directors in discharging their responsibilities relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relations, labour and employment and ethical and reputational issues. The Committee undertakes this function on behalf of the entire Santova Group of Companies.

The Committee works to a formal work plan in line with the Committee Charter and which is reviewed on an annual basis. This work plan has separated the operational, statutory and other duties of the Committee into various risk categories. The Committee receives reports, statistics and graphs from management (as the Committee deems necessary) for each of these risk categories which includes a report from the Group Legal Advisor.

The Committee also monitors, and reviews annually, all of the Group's policies and procedures that are relevant to its duties and the various risk categories. The Committee also utilises its Social and Ethics Register, described more fully below, to guide its assessment and interrogation of applicable risk categories and the overall functioning of the Committee.

Social and Ethics Committee Report continued

NEW DEVELOPMENTS

The following areas were new developments for the Committee in the period:

- With this Committee having now been in existence since 2012, a considerable amount of work has been done over the years between management and the Committee to streamline the information provided to the Committee to provide the right balance of information for the Committee to fulfill its duties. The 2018 financial year was no exception with further progress made in this regard;
- Broad-based black economic empowerment, employment equity and training and skills development have continued to dominate the areas of development in the period;
- The Committee has remained active in its oversight and approval of policies and procedures with nine key documents being reviewed and approved in the period;
- The Committee's Social and Ethics Register [which is a summarised register of every element and sub-element making up the broad collection of laws, protocols and codes, referred to in Section 72(4) of the Companies Act read with Regulation 43(5)(a), relative to the Group's activities] was completed in the last financial year and sorted into seven categories:
  - Anti-corruption
  - Consumer
  - Corporate Social Development
  - Environment
  - Health and Safety
  - Human Rights
  - Labour

The Committee conducted an exercise during the year to establish a level of compliance for each of these categories, with half of the categories being considered at the July meeting and the balance to be finalised early in the new financial year. This exercise will enable the Committee to ascertain, in some detail, the Group's exact performance against the Companies Act requirements.

Notably absent in the Companies Act requirements is the category of ethics. The second principle of King IV states that the governing body should assume responsibly for the governance of ethics by setting the direction for how ethics should be approached and addressed in the organisation. As a result of the mandate, the Committee has, since its inception, concerned itself with the oversight of ethics within the Group and is in the process of formally including the relevant King IV principles into its Social and Ethics Register.

AD Dixon
Chairman of the Social and Ethics Committee
Durban
16 May 2018

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SANTOVA LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Santova Limited (the Group) set out on pages 14 to 72, which comprise the statements of financial position as at 28 February 2018, and statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and 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 the Group as at 28 February 2018, and 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 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The below key audit matter applies to the consolidated financial statements. There are no key audit matters for the separate financial statements.

Independent Auditor's Report continued

Key Audit Matter	How the matter was addressed in the audit
Valuation of Goodwill (Consolidated Financial Statements)	
Intangible assets which consist of goodwill and software and trademarks, comprise 19% of the total assets of the Group. Included therein is goodwill to the value of R173.4 million. The goodwill has been recognised in the consolidated statement of financial position as a consequence of IFRS 3: Business Combinations. Included in the goodwill balance above, is goodwill pertaining to a cash generating unit that is significant to the group's Statement of Financial Position as a whole and subject to potentially sensitive assumptions that could result in an impairment of relevant cash generating unit. As required by IAS 36: Impairment of Assets (IAS 36), the directors conducted an annual impairment test on the above goodwill balance to assess the recoverability of the carrying value of this goodwill. This impairment assessment was performed using a discounted cash flow model. There are a number of key assumptions made in determining the inputs into the valuation model which include: › Gross billings growth (including market share and volume growth) that ultimately affects the revenue of the entity; › Expense growth; › Operating margins; › Terminal value growth rates and › The discount rate (weighted average cost of capital) applied to the projected future cash flows. As a result of the significant judgements made, the valuation of this goodwill is considered to be a key audit matter. Goodwill is disclosed in note 3 of the consolidated financial statements.	In evaluating the valuation of goodwill of the cash-generating unit aligned to this Key Audit Matter, we audited the value in use calculation prepared by the directors, with a particular focus on future cash flows, growth rate and discount rate. We performed various procedures, including the following: › Testing the design of the entity's relevant controls relating to the preparation of the cash flow forecasts and the goodwill impairment assessment process; › Subjecting the key judgements to sensitivity analyses; › Comparing the growth rates used to historical data regarding economic growth rates included in the relevant cash-generating units; › Testing of inputs into the cash flow forecast against historical performance and in comparison to the directors' strategic plans in respect of each cash-generating unit; › Recomputation of the value in use of the cash-generating unit; › Engaging with internal specialists to validate certain key assumptions used in determining the discount rate; and › We performed an independent assessment of the value-in-use of the cash generating unit. The results of our procedures and independent value-in-use assessments concurred with the conclusions reached by management for the relevant cash generating units. We consider the disclosure of the goodwill to be appropriate.

Independent Auditor’s Report continued

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, the Report of the Audit and Risk Committee, the Compliance Statement by the Company Secretary’s as required by the Companies Act of South Africa and the Social and Ethics Committee report, which we obtained prior to the date of this report, and the Annual Integrated Report, which is expected to be made available to us after that date. The 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 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 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’s 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 the Company to cease to continue as a going concern.

Independent Auditor's Report continued

- 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 Deloitte & Touche has been the auditor of Santova Limited for 11 years.

Deloitte & Touche
Registered Auditor
Per: **Andrew Kilpatrick**
Partner
16 May 2018

2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia 4051
Docex 3
Durban

Report of the Directors

for the year ended 28 February 2018

The directors have the pleasure of presenting their annual report for the year ended 28 February 2018, which forms part of the audited Annual Financial Statements.

1. NATURE OF BUSINESS

The principal business of the Group is the supply of innovative global logistics solutions for international and domestic clients, which entails taking responsibility for the entire supply chain, moving goods by sea, air, road and rail from supplier to consumer internationally. This includes the provision of other value-added services to clients such as supply chain analysis, procurement, courier, financial services and information technology systems.

2. GROUP RESULTS

The profit for the year attributable to equity holders of the parent amounted to R71, 252 million (2017: R62,791 million), which represents basic earnings per share of 44.87 cents (2017: 39.87 cents).

The financial results of the Group, including its financial position, results of its operations for the period under review and detailed notes thereto, are set out in the attached Annual Financial Statements on pages 14 to 72.

3. DIVIDENDS

The directors have declared a final dividend of 7.00 cents (2017: 6.25 cents) per ordinary share payable in cash to shareholders as follows:

Date of declaration:	16 May 2018
Last day to trade cum-dividend:	26 June 2018
Trading ex-dividend commences:	27 June 2018
Record date:	29 June 2018
Payment date:	2 July 2018

4. SHARE CAPITAL

During the year under review there were no changes to the authorised share capital of the Company but the Company issued a further 769 000 shares through the exercise of their share options by seven beneficiaries of the Santova Share Option Scheme and 1 211 549 shares in terms of the Scrip dividend on 3 July 2017.

The total issued shares in the Company as at financial year end amounted to 160 228 045 ordinary shares of no par value (2017: 158 247 496).

5. CONTROLLING AND MAJOR SHAREHOLDERS

As at financial year end there were 4 598 (2017: 4 514) shareholders in the Company and controlling and major shareholders holding in excess of 3% of the Company's share capital are detailed on page 44 of the Annual Integrated Report.

6. SUBSEQUENT EVENTS

No material fact or circumstance has occurred between year-end and the date of this report that has a material impact on the financial position of the company or Group.

7. SUBSIDIARY COMPANIES

Full details of the Company's subsidiaries and investments therein, as at year end, are listed in note 4 contained on page 40 to the attached Annual Financial Statements.

8. SPECIAL RESOLUTIONS

The following special resolutions were passed by the holding company and its subsidiaries in the year under review:

Holding company

- Approval of non-executive directors' remuneration: 2017/2018: 24 July 2017;
- General authority to provide financial assistance in terms of Section 44 of the Companies Act: 24 July 2017;
- General authority to provide financial assistance in terms of Section 45 of the Companies Act: 24 July 2017; and
- General authority to buy own shares: 24 July 2017.

Santova Logistics (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 17 May 2017.

Santova International Holdings (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 17 May 2017

Santova Corporate Services (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 17 May 2017

Report of the Directors

for the year ended 28 February 2018

Santova International Trade Solutions (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 17 May 2017; and

9. DIRECTORS

The directors of the Company during the financial year and at the date of this report were as follows:

Non-Executive	**Executive**
WA Lombard, *Chairman*	GH Gerber, *Chief Executive Officer*
ESC Garner	DC Edley, *Group Financial Director*
AD Dixon	AL van Zyl
EM Ngubo	

Details of the policy for the appointment of directors and a brief CV of each director is contained within the Annual Integrated Report.

10. DIRECTORS' INTERESTS

Details of the direct and indirect beneficial and non-beneficial interests of directors and public officers of the Company and directors of its subsidiary companies in the share capital of the Company as at 28 February 2018 are contained on page 45 of the Annual Integrated Report.

11. COMPANY SECRETARY

The Secretary of the Company is JA Lupton, FCIS, whose business and postal addresses are:

Highway Corporate Services (Pty) Limited

14 Hillcrest Office Park	PO Box 1319
2 Old Main Road	Hillcrest
Hillcrest	3650
3610	

12. SHARE REGISTRARS

The share registrars are Computershare Investor Services (Pty) Limited, whose business and postal addresses are:

Rosebank Towers	PO Box 61051
15 Bierman Avenue	Marshalltown
Rosebank	2107
2196	

13. AUDITOR

Deloitte & Touche are the auditors of the Company.

14. NUMBER OF EMPLOYEES

The number of permanent employees within the Group as at 28 February 2018 was 328 (2017: 323).

Statements of Financial Position

as at 28 February 2018

	Notes	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
ASSETS					
Non-current assets		**213 995**	213 265	**133 786**	133 051
Property, plant and equipment	2	**20 379**	18 540	**25**	22
Intangible assets	3	**181 411**	178 494	**1 689**	1 865
Investments in subsidiaries	4	**-**	-	**130 851**	129 230
Financial assets	5	**4 366**	6 332	**-**	-
Deferred taxation	6	**7 839**	9 899	**1 221**	1 934
Current assets		**750 381**	682 807	**69 612**	85 965
Trade receivables	7	**579 376**	539 111	**951**	132
Other receivables	7	**62 142**	51 463	**294**	222
Current tax receivable		**492**	453	**30**	30
Amounts owing from related parties	8	**-**	-	**66 259**	85 437
Cash and cash equivalents		**108 371**	91 780	**2 078**	144
Total assets		**964 376**	896 072	**203 398**	219 016
EQUITY AND LIABILITIES					
Capital and reserves		**416 172**	365 567	**156 575**	165 280
Stated capital	9	**219 514**	214 625	**219 514**	214 625
Treasury shares		**(3 197)**	(1 631)	**-**	-
Equity compensation reserve	25	**6 246**	5 185	**6 246**	5 185
Property revaluation reserve	2	**36**	-	**-**	-
Foreign currency translation reserve		**(19 827)**	(15 901)	**-**	-
Accumulated profit/(loss)		**213 344**	156 117	**(69 185)**	(54 530)
Attributable to equity holders of the parent		**416 116**	358 395	**156 575**	165 280
Non-controlling interests		**56**	7 172	**-**	-
Non-current liabilities		**22 323**	38 930	**22 294**	38 010
Interest-bearing borrowings	10	**21 039**	36 552	**21 010**	36 395
Long-term provision	11	**1 284**	1 425	**1 284**	1 425
Deferred taxation	6	**-**	953	**-**	190
Current liabilities		**525 881**	491 575	**24 529**	15 726
Trade and other payables	12	**202 320**	205 464	**2 346**	2 903
Current tax payable		**7 246**	4 001	**-**	-
Current portion of interest-bearing borrowings	10	**15 561**	20 541	**15 433**	10 790
Amounts owing to related parties	13	**220**	246	**6 750**	2 033
Financial liabilities	5	**17 350**	15 135	**-**	-
Short-term borrowings and overdrafts	14	**265 097**	228 380	**-**	-
Short-term provisions	15	**18 087**	17 808	**-**	-
Total equity and liabilities		**964 376**	896 072	**203 398**	219 016

Statements of Profit or Loss and other Comprehensive Income

for the year ended 28 February 2018

	Notes	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Gross billings	16	**4 123 540**	4 073 868	**4 983**	16 339
Revenue	16	**311 354**	299 034	**4 983**	16 339
Net interest income	16	**17 923**	16 381	**-**	-
Interest and financing fee income recovered from clients		**39 831**	38 923	**-**	-
Interest and financing fee expenses incurred		**(21 908)**	(22 542)	**-**	-
Revenue after net interest income	16	**329 277**	315 415	**4 983**	16 339
Other income		**14 362**	22 765	**540**	-
Depreciation and amortisation		**(3 355)**	(5 921)	**(246)**	(805)
Administrative expenses		**(239 628)**	(235 476)	**(4 684)**	(15 636)
Operating profit	17	**100 656**	96 783	**593**	(102)
Interest received	19	**279**	427	**-**	98
Finance costs	20	**(5 998)**	(9 187)	**(4 817)**	(5 922)
Profit/(loss) before taxation		**94 937**	88 023	**(4 224)**	(5 926)
Income tax	21	**(23 670)**	(23 403)	**(524)**	100
Profit/(loss) for the year		**71 267**	64 620	**(4 748)**	(5 826)
Attributable to:					
Equity holders of the parent		**71 252**	62 791	**(4 748)**	(5 826)
Non-controlling interests		**15**	1 829	**-**	-
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
- Exchange differences arising from translation of foreign operations		**(3 933)**	(78 840)	**-**	-
- Net actuarial loss on remeasurement of post-retirement medical aid benefit liability		**-**	(62)	**-**	(62)
- Gain on revaluation of property		**36**	-	**-**	-
Total comprehensive income loss		**67 370**	(14 282)	**(4 748)**	(5 888)
Attributable to:					
Equity holders of the parent		**67 362**	(15 216)	**(4 748)**	(5 888)
Non-controlling interests		**8**	934	**-**	-
Basic earnings per share (cents)	22	**44.87**	39.87	**-**	-
Diluted basic earnings per share (cents)	22	**43.89**	38.53	**-**	-
Dividends per share (cents)		**7.00**	6.25	**-**	-

Consolidated Statement of Changes in Equity

for the year ended 28 February 2018

	Stated capital R'000	Treasury shares R'000	Equity compen-sation reserve R'000	Property revalua-tion reserve R'000	Foreign currency translation reserve R'000	Accu-mulated profit R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balances at 29 February 2016	**214 076**	**(998)**	**3 028**	**-**	**62 044**	**102 027**	**380 177**	**6 238**	**386 415**
Total comprehensive income	-	-	-	-	(77 945)	62 729	(15 216)	934	(14 282)
Share-based equity reserve charged to profit and loss	-	-	2 448	-	-	-	2 448	-	2 448
Treasury shares acquired	-	(633)	-	-	-	-	(633)	-	(633)
Shares issued under share option scheme	549	-	(276)	-	-	-	273	-	273
Transfer of equity compensation reserve	-	-	(15)	-	-	15	-	-	-
Dividends paid to shareholders	-	-	-	-	-	(8 654)	(8 654)	-	(8 654)
Balances at 28 February 2017	**214 625**	**(1 631)**	**5 185**	**-**	**(15 901)**	**156 117**	**358 395**	**7 172**	**365 567**
Total proft and loss	**-**	**-**	**-**	**-**	**-**	**71 252**	**71 252**	**15**	**71 267**
Other comprehensive income	**-**	**-**	**-**	**36**	**(3 926)**	**-**	**(3 890)**	**(8)**	**(3 898)**
Share-based equity reserve charged to profit and loss	**-**	**-**	**1 620**	**-**	**-**	**-**	**1 620**	**-**	**1 620**
Treasury shares acquired	**-**	**(1 534)**	**-**	**-**	**-**	**-**	**(1 534)**	**-**	**(1 534)**
Shares issued under share option scheme	**1 118**	**-**	**(559)**	**-**	**-**	**-**	**559**	**-**	**559**
Shares acquired from scrip dividend	**-**	**(32)**	**-**	**-**	**-**	**-**	**(32)**	**-**	**(32)**
Costs to issue securities	**(70)**	**-**	**-**	**-**	**-**	**-**	**(70)**	**-**	**(70)**
Dividends paid to shareholders	**3 841**	**-**	**-**	**-**	**-**	**(9 876)**	**(6 035)**	**-**	**(6 035)**
Mionority interest acquired	**-**	**-**	**-**	**-**	**-**	**(4 149)**	**(4 149)**	**(7 123)**	**(11 272)**
Balances at 28 February 2018	**219 514**	**(3 197)**	**6 246**	**36**	**(19 827)**	**213 344**	**416 116**	**56**	**416 172**

Company Statement of Changes in Equity

for the year ended 28 February 2018

	Stated capital R'000	Equity compensation reserve R'000	Accumulated loss R'000	Total R'000
Balances at 29 February 2016	**214 076**	**3 028**	**(39 986)**	**177 118**
Total comprehensive loss	-	-	(5 888)	(5 888)
Share-based equity reserve charged to profit and loss	-	2 448	-	2 448
Shares issued under share option scheme	549	(276)	-	273
Transfer of equity compensation reserve	-	(15)	15	-
Dividends paid to shareholders	-	-	(8 671)	(8 671)
Balances at 28 February 2017	**214 625**	**5 185**	**(54 530)**	**165 280**
Total comprehensive loss	**-**	**-**	**(4 748)**	**(4 748)**
Share-based equity reserve charged in subsidiaries	**-**	**1 620**	**-**	**1 620**
Shares issued under share option scheme	**1 118**	**(559)**	**-**	**559**
Costs to issue securities	**(70)**	**-**	**-**	**(70)**
Dividends paid to shareholders	**3 841**	**-**	**(9 907)**	**(6 066)**
Balances at 28 February 2018	**219 514**	**6 246**	**(69 185)**	**156 575**

Statements of Cash Flow

for the year ended 28 February 2018

	Notes	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
OPERATING ACTIVITIES					
Cash generated from /(utilised in) operations	23.1	**92 139**	90 080	**(502)**	(3 218)
Interest received		**279**	427	**-**	98
Finance costs		**(5 300)**	(7 337)	**(4 817)**	(5 922)
Taxation paid	23.2	**(19 358)**	(26 696)	**-**	(97)
Net cash flows from operating activities		**67 760**	56 474	**(5 319)**	(9 139)
INVESTING ACTIVITIES					
Plant and equipment acquired		**(4 876)**	(1 606)	**(15)**	(58)
Intangible assets acquired and developed		**(3 523)**	(2 658)	**(58)**	(548)
Proceeds on disposals of plant and equipment and intangible assets		**425**	265	**-**	2 974
Decrease in amounts owing from related parties		**-**	-	**19 178**	21 556
Settlement of acquired contingent purchase consideration		**-**	(24 077)	**-**	-
Net cash flows on acquistion of minority interest		**(11 271)**	-	**-**	-
Net cash flows from investing activities		**(19 245)**	(28 076)	**19 105**	23 924
FINANCING ACTIVITIES					
Borrowings repaid		**(20 745)**	(18 829)	**(10 993)**	(9 956)
Issue of shares for cash		**489**	273	**4 329**	273
Purchase of treasury shares		**(1 566)**	(633)	**-**	-
(Decrease)/increase in amounts owing to related parties		**(26)**	(56)	**4 719**	-
Dividends paid		**(6 035)**	(8 654)	**(9 907)**	(8 671)
Net cash flows from financing activities		**(27 883)**	(27 899)	**(11 852)**	(18 354)
Net increase/(decrease) in cash and cash equivalents		**20 632**	499	**1 934**	(3 569)
Difference arising on translation from foreign currencies		**(4 033)**	(31 619)	**-**	-
Cash and cash equivalents at beginning of year		**91 772**	122 892	**144**	3 713
Cash and cash equivalents at end of year		**108 371**	91 772	**2 078**	144
Cash and cash equivalents is made up as follows:					
Cash and cash equivalents		**108 371**	91 780	**2 078**	144
Less: Bank overdrafts		**-**	(8)	**-**	-
Cash and cash equivalents at end of year		**108 371**	91 772	**2 078**	144

Consolidated Segmental Analysis

for the year ended 28 February 2018

	Logistics Services R'000	Financial Services R'000	Head Office R'000	Group R'000
BUSINESS SEGMENTS				
28 February 2018				
Gross billings	**4 257 920**	**9 861**	**31 735**	**4 299 516**
External	**4 114 201**	**8 906**	**433**	**4 123 540**
Internal	**143 719**	**955**	**31 302**	**175 976**
Revenue after net interest income	**320 524**	**9 861**	**(1 108)**	**329 277**
Depreciation and amortisation	**(2 894)**	**(69)**	**(392)**	**(3 355)**
Operating profit	**97 183**	**3 727**	**(254)**	**100 656**
Interest received	**264**	**946**	**(931)**	**279**
Finance costs	**(1 564)**	**-**	**(4 434)**	**(5 998)**
Income tax expense	**(22 392)**	**(935)**	**(343)**	**(23 670)**
Profit for the year	**73 491**	**3 738**	**(5 962)**	**71 267**
Total assets	**870 188**	**15 267**	**78 921**	**964 376**
Total liabilities	**543 362**	**1 043**	**3 799**	**548 204**
28 February 2017				
Gross billings	4 191 572	9 500	38 265	4 239 337
External	4 064 978	8 624	266	4 073 868
Internal	126 594	876	37 999	165 469
Revenue after net interest income	306 677	9 500	(762)	315 415
Depreciation and amortisation	(4 900)	(76)	(945)	(5 921)
Operating profit	86 772	3 843	6 168	96 783
Interest received	424	909	(906)	427
Finance costs	(2 875)	(1)	(6 311)	(9 187)
Income tax expense	(20 987)	(1 009)	(1 407)	(23 403)
Profit for the year	63 334	3 742	(2 456)	64 620
Total assets	792 295	12 767	91 010	896 072
Total liabilities	505 841	763	23 901	530 505

Consolidated Segmental Analysis continued

for the year ended 28 February 2018

	Logistics Services				
	Africa R'000	Asia Pacific R'000	United Kingdom R'000	Europe R'000	Total R'000
GEOGRAPHICAL SEGMENTS					
28 February 2018					
Gross billings - external	**2 573 865**	**227 627**	**697 759**	**614 950**	**4 114 201**
Revenue after net interest income	**138 937**	**31 635**	**76 453**	**73 499**	**320 524**
Operating profit	**41 586**	**12 888**	**16 935**	**25 774**	**97 183**
Net profit	**29 799**	**10 599**	**13 668**	**19 425**	**73 491**
Total assets	**564 348**	**48 041**	**175 981**	**81 818**	**870 188**
Total liabilities	**400 514**	**17 671**	**71 495**	**53 682**	**543 362**
28 February 2017					
Gross billings - external	2 524 680	230 834	681 210	628 254	4 064 978
Revenue after net interest income	134 020	31 728	72 897	68 032	306 677
Operating profit	31 122	13 606	15 833	26 211	86 772
Net profit	20 456	10 292	12 809	19 777	63 334
Total assets	492 369	61 514	159 035	79 377	792 295
Total liabilities	360 153	20 206	66 702	58 780	505 841

Details of the criteria applied in defining the segments reported is included in Note 1 (Accounting Policies).

Notes to the Annual Financial Statements

for the year ended 28 February 2018

1. ACCOUNTING POLICIES

Santova Limited is incorporated in South Africa and listed on the Main Board of the JSE Limited.

The principal activities of the Company and its subsidiaries ("the Group") are described on page 12.

1.1. Basis of preparation

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council using the historical cost basis except for certain financial instruments and land and buildings that are stated at fair value. The Annual Financial Statements comply with the JSE Limited Listing Requirements and the Companies Act of South Africa, 2008.

The financial statements are presented in South African Rands, which is the Company's functional currency. All financial information has been rounded to the nearest Rand thousand ("R'000"), except where otherwise indicated.

The principal accounting policies are set out below and have been applied consistently to all periods presented in these financial statements. Comparative figures are restated in the event of a change in accounting policy or a prior period error.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgements about carrying values of assets and liabilities, the actual outcome may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made in the application of IFRS that have had an effect on the financial statements and estimates with a risk of adjustment in the next year are discussed in note 1.25.

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting period date that provide additional evidence of conditions that existed at such date. Events after the reporting period date that are indicative of conditions that arose after the reporting period date are dealt with by way of a note.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved if, and only if, the Company has all of the following elements:
- Power over the investee i.e. the Company has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the Company's returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, being the date that control commences or until the date control ceases, as appropriate..

The assets and liabilities of companies acquired are assessed and included in the statement of financial position at their estimated fair values to the Group at acquisition date.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies and, where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling interests proportion of the net fair value of the assets, liabilities and contingent liabilities recognised at the date of the original acquisition and the non-controlling interests share of changes in equity since that date.

The Company carries its investments in subsidiaries at cost less accumulated impairment losses.

1.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3: Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If the cost of the acquisition is less than the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, the difference is recognised directly in the statement of comprehensive income.

1.4 Translation of foreign currency financial statements

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in South African Rands.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Rands using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such exchange differences are recognised initially in other comprehensive income, and subsequently in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses with the exception of land and buildings which are stated in terms of the revaluation model. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is calculated on a systematic basis to reduce the cost/revalued amount of each asset to its estimated residual value over the estimated useful life of the asset as follows:

Land and buildings*	40 years
Plant and equipment	5 to 20 years
Motor vehicles	4 to 6 years
Furniture and fittings	5 to 20 years
Leasehold improvements	5 years or lease period
Office equipment	3 to 10 years
Computer equipment	3 to 10 years

**Land is not depreciated*

The residual values, useful lives and methods of depreciation for each asset are reviewed, and adjusted if appropriate, at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

1.6 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives as follows:

Computer software	1 to 10 years

Trademarks and licenses registered are initially recognised at cost. If assessed as having an indefinite useful life, they are not amortised but tested for impairment annually and impaired, if necessary.

The estimated useful life and amortisation methods are reviewed at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

1.7 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as a non-current asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.9 Financial assets

Financial assests are classified into the following categoreies:

- 'loans and receivables';
- 'financial assets 'at fair value through profit or loss' ("FVTPL")

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group considers whether a contract contains an embedded derivative when the entity first becomes a party to it.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

Normal purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Other investments

Other investments are measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

Set-off

Where a legally enforceable right of set-off exists for recognised financial assets and liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

1.10 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

Loans and receivables

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Investments

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

1.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

1.12 Financial liabilities

Financial liabilities are classified as either:

- 'financial liabilities at FVTPL'; or
- 'other financial liabilities'

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

1.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised separately as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.14 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

The stage of completion of the contract is determined by reference to the work and value of the transactions undertaken and agreed tariffs or industry practices.

Revenue from logistics services comprises the net invoiced value of services rendered as an agent for customers and includes fees, commissions and interest on the provision of a credit facility for the customer.

Recoverable disbursements incurred on behalf of customers which include customs duties, valued added taxes, the cost of freight charges and of obtaining finance are excluded from revenue and form part of gross billings only.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1.16 Leasing

All leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.17 Retirement benefit costs

Defined contribution benefit plans

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Post-employment healthcare benefits

No contributions are made to the medical aid of retired employees, except for a closed user group of retirees who were employed and subsequently retired under a defined benefit plan. The present value of the post-retirement medical aid obligation for such retirees is actuarially determined every year, on a projected unit credit method, and any deficit or surplus is recognised in the statement of comprehensive income.

1.18 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

1.19 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

1.20 Treasury Shares

Shares in Santova Limited held by wholly-owned Group companies are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares and the cost price of the shares is deducted from Group equity. Dividends received on treasury shares are eliminated on consolidation. No gains and losses are recognised in the Group statement of comprehensive income on the purchase, sale, issue or cancellation of treasury shares.

1.21 Earnings Per Share

The calculation of earnings per share is based on profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period. Headline earnings is calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants.

1.22 Dividends to shareholders

Dividends are recorded in the period in which the dividend is declared and charged directly to equity.

1.23 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the ruling spot rates at the reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

1.24 Critical accounting judgements and key sources of estimation uncertainty

There are a number of areas where judgement is applied in the financial statements. The areas that have a significant risk of causing material adjustments to the carrying values of assets and liabilities within the next financial period are as follows:

Significant Judgements:

- Valuation of goodwill arising from business combinations

Other Judgemental areas:

- Valuation of trade receivables

The determination of whether goodwill is impaired requires that estimates be made of the fair value of the Group's cash-generating units to which goodwill has been allocated. To calculate the fair value the Group calculates the value in use by estimating the future cash flows from the cash-generating unit and applying a suitable discount rate in order to arrive at the present value of such future cash flows.

To calculate value in use, the discount rate is based on current market rates that reflect the time value of money and the risks specific to the cash-generating unit. Estimated inputs for cashflows relating to the revenue and expense forecasts require a significant amount of judgement. Growth rates are based on objective assessments of external data. Goodwill is tested annually for impairment or when indicators arise that goodwill might be impaired.

1.25 Segmental information

The Group has organised and recorded its segment information by business segment based on the primary source and nature of revenue and business risks and on a secondary basis by significant geographical region, based on location of assets. This is representative of the internal reporting used by the Group executive management committee and senior management to assess performance of its business units.

The Group has identified three primary business segments:

- Logistics Services - which comprises the business units that generate revenue principally from the co-ordination and control over the forward and reverse movement of client's goods across the entire supply chain from source to destination and the provision of finance. The Group principally operates as an agent on behalf of its clients to arrange the transportation, storage and delivery of their goods.

- Financial Services - which comprises the business units that generate revenue principally from short term insurance commissions and fees earned primarily from marine, commercial and domestic asset insurance.

- Head office – which comprises the Group's investment holding companies and management service companies which provide support services to all the Group's business units.

1.26 Revised accounting standards

The following new and revised IFRSs have been adopted in these annual financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years and are mandatorily effective.

Amendments to IAS 7	Disclosure Initiative
Amendment to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle

New and revised IFRSs in issue but not yet effective

Management has considered all standards and amendments that are in issue but not yet effective. The standards, interpretations and amendments that are relevant to the Group but which the Group has not early adopted are as follows:

IFRS 9 Financial Instruments (Effective 1 January 2018)
IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018)
IFRS 16 Leases (Effective 1 January 2019)

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group's financial assets include:

- Trade and other receivables – Currently classified as loans and receivables and are measured at amortised cost. Trade and other receivables continue to qualify for measurement at amortised cost under IFRS 9 because they are held to collect contractual cash flows comprising principal and interest and held within the same business model, therefore there is no change to the accounting for these assets.
- Investment in insurance cell captive – Currently designated as at fair value through profit or loss and measured at fair value. Investment in insurance cell captives will continue to be measured at fair value through profit or loss under IFRS 9 due to the business model test, therefore there is no change to the accounting for these assets.
- Future profit share on rental agreement - Currently designated as at fair value through profit or loss and measured at fair value. This will continue to be measured at fair value through profit or loss under IFRS 9 and therefore there is no change to the accounting for these assets

Impairment

The Group's initial assessment indicates that a simplified approach for the impairment of trade receivables would be applicable given the profile of the Group's trade receivable balances and the expected collection periods. The Group has principally applied an incurred model in the current and previous reporting periods; this will change to an anticipated model under IFRS 9.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance.

The core principal of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There is now a 5-step approach to revenue recognition as follows:

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer.

Management has performed an assessment of the expected impact of IFRS 15 on the Group's current revenue recognition and the new standard is not anticipated to have a material impact on the Group's net profit position.

We expect significant disclosure impacts in applying the new standard.

IFRS 16 Leases

IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Group leases certain offices and vehicles which fall within the scope of the new standard. The Group does not act as a lessor.

Lessee accounting

IFRS introduces significant changes to lessee accounting; it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at the commencement of a lease for all leases except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the future lease payments. The lease liability is adjusted for interest and lease payments, as well as the impact of any lease modifications.

Management have performed an initial assessment of the impact of the new standard and anticipate a material change in the amounts recognised as assets and liabilities are explained above. The impact on the Group's profit and loss will be a change of classification (from lease expense to amortisation, depreciation and interest) but is not expected to have a material effect on the Group's net profit position.

As an indicator, we would anticipate that the present value of the amounts disclosed in note 26 would provide a good indicator of the right-of-use asset and corresponding lease liability to be recognised.

Further, the changes to IFRS 16 are not expected to influence the Group's banking covenants in any material manner.

	2018			2017		
	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000
2. PROPERTY, PLANT AND EQUIPMENT						
GROUP						
Property, plant and equipment	**13 981**	**(402)**	**13 579**	12 003	(294)	11 709
Motor vehicles	**3 086**	**(2 256)**	**830**	4 098	(2 674)	1 424
Furniture and fittings	**2 858**	**(1 797)**	**1 061**	2 723	(1 589)	1 134
Leasehold improvements	**2 009**	**(1 375)**	**634**	1 916	(1 648)	268
Office equipment	**6 136**	**(3 728)**	**2 408**	5 293	(3 329)	1 964
Computer equipment	**8 030**	**(6 163)**	**1 867**	7 161	(5 120)	2 041
	36 100	**(15 721)**	**20 379**	33 194	(14 654)	18 540

Certain motor vehicles and equipment with a carrying value of R 157 311 (2017: R 565 108) are held under instalment sale agreements and are pledged as security for the related instalment sale agreement (refer note 10). Assets with a carrying value of R 954 103 (2017: R 225 651) are pledged as security for the Scottish Pacific Business Finance Pty Ltd facility (refer note 14).

Land and buildings are categorised as level 2 in the fair value hierarchy. The Group's policy is to revalue on a regular basis or when there is indication that the carrying value of land and buildings may differ materially from the previous reporting period. The land was revalued on the 28 February 2018 by management who have performed the calculation based on sufficient experience and knowledge. The valuation was based upon market related sales prices achieved for comparable land and buildings. The carrying value of the land and buildings would approximate the same value if the property was valued under the cost model.

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year R'000	Additions R'000	Revaluation R'000	Disposals R'000	Depreciation R'000	Translation profit/(loss) R'000	Carrying value at end of year R'000
2018							
Property, plant and equipment	**11 709**	**1 839**	**36**	**-**	**(110)**	**105**	**13 579**
Motor vehicles	**1 424**	**24**	**-**	**(301)**	**(332)**	**15**	**830**
Furniture and fittings	**1 134**	**140**	**-**	**-**	**(217)**	**4**	**1 061**
Leasehold improvements	**268**	**607**	**-**	**-**	**(242)**	**1**	**634**
Office equipment	**1 964**	**1 234**	**-**	**(52)**	**(731)**	**(7)**	**2 408**
Computer equipment	**2 041**	**996**	**-**	**-**	**(1 190)**	**20**	**1 867**
	18 540	**4 840**	**36**	**(353)**	**(2 822)**	**138**	**20 379**
2017							
Property, plant and equipment	16 068	-	-	-	(64)	(4 295)	11 709
Motor vehicles	2 443	-	-	(232)	(594)	(193)	1 424
Furniture and fittings	1 292	131	-	(17)	(219)	(53)	1 134
Leasehold improvements	492	28	-	-	(252)	-	268
Office equipment	2 016	715	-	-	(610)	(157)	1 964
Computer equipment	2 775	732	-	(63)	(1 193)	(210)	2 041
	25 086	1 606	-	(312)	(2 932)	(4 908)	18 540

Notes to the Annual Financial Statements continued

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	2018			2017		
	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000
2. PLANT AND EQUIPMENT continued						
Company						
Computer equipment	**393**	**(368)**	**25**	378	(356)	22
	393	**(368)**	**25**	378	(356)	22

The carrying amounts of plant and equipment can be reconciled as follows:

	Carrying value at beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying value at end of year R'000
2018					
Computer equipment	**22**	**15**	**-**	**(12)**	**25**
	22	**15**	**-**	**(12)**	**25**
2017					
Furniture and fittings	89	13	(97)	(5)	-
Office equipment	2	-	(2)	-	-
Computer equipment	641	45	(532)	(132)	22
	732	58	(631)	(137)	22

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		Group		Company	
		2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
3.	**INTANGIBLE ASSETS**				
3.1	**Computer software**				
	Cost	**6 797**	7 932	**1 834**	7 445
	Accumulated amortisation	**(3 361)**	(3 896)	**(606)**	(3 459)
	Carrying value at beginning of year	**3 436**	4 036	**1 228**	3 986
	Additions				
	Acquired during the year	**3 465**	2 389	**-**	275
	Transfer	**-**	2 365	**-**	-
	Disposals				
	Transfer	**-**	(2 365)	**-**	(2 365)
	- Cost	**-**	(5 889)	**-**	(5 886)
	- Accumulated amortisation	**-**	3 524	**-**	3 521
	Amortisation	**(533)**	(2 989)	**(234)**	(668)
	Translation gain	**157**	-	**-**	-
	Carrying value at end of year	**6 525**	3 436	**994**	1 228
	Comprising:				
	Cost	**10 419**	6 797	**1 834**	1 834
	Accumulated amortisation	**(3 894)**	(3 361)	**(840)**	(606)
	Group and Company computer software additions consists both of internally developed systems and generic software purchases				
3.2.	**Other intangible assets**				
	Cost	**1 402**	1 373	**637**	366
	Carrying value at beginning of year	**1 402**	1 373	**637**	366
	Acquired during the year	**58**	271	**58**	271
	Translation loss	**(23)**	(242)	**-**	-
	Carrying value at end of year	**1 437**	1 402	**695**	637
	Comprising:				
	Cost	**1 437**	1 402	**695**	637

Other intangible assets is made up of trademarks and licences acquired which have been classified as having indefinite useful lives.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

		Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
3.3.	**Goodwill**				
	Carrying value at beginning of year	**173 656**	217 472	-	-
	- Translation loss	**(207)**	(43 816)	-	-
	Carrying value at end of year	**173 449**	173 656	-	-
	Goodwill is allocated to the Group's cash-generating units (CGUs) as follows:				
		173 449	173 656	**-**	-
	- AMEC Trading Agency[1]	**-**	1 498	**-**	
	- Santova Logistics GmBH (Germany)	**4 213**	4 050	**-**	-
	- Santova Logistics (Pty) Ltd (South Africa)[1]	**44 561**	43 063	**-**	-
	- Santova Financial Services (Pty) Ltd (South Africa)	**2 827**	2 827	**-**	-
	- Santova Logistics Ltd (United Kingdom)[2]	**-**	633	**-**	-
	- Santova Logistics Pty Ltd (Australia)	**10 331**	11 282	**-**	-
	- Santova Logistics B.V. (Netherlands)	**1 778**	1 709	**-**	-
	- Tradeway (Shipping) Ltd (United Kingdom)	**56 998**	56 731	**-**	-
	- W.M. Shipping Ltd (United Kingdom)[2]	**52 741**	51 841	**-**	-
	For more detail on investments, refer note 4.				
	Total intangible assets	**181 411**	178 494	**1 689**	1 865

Cash Generating Unit consolidation

[1] The cash generating unit disclosed in the prior period as AEMC Trading Agency has been consolidated into the Santova Logistics (Pty) Limited (South Africa) CGU in the current year. As the South African business has developed it became increasingly difficult to separately identify the AEMC Trading Agency CGU separately and as such the two CGU's have been combined to accurately reflect the underlying business and the nature of the cashflows attributable to the CGU.

[2] The Group has taken a strategic decision in the current year to consolidate the operations of two businesses W.M. Shipping Limited and Santova Logistics Limited in the United Kingdom into one legal entity. This will result in the elimination of duplication of administrative structures and at the same time the consolidation of the capabilities and know-how, and the core competencies of both businesses. The combining of the two businesses has necessitated the combination of the two previously separately disclosed CGU's into one, to align the changes to the operating model and legal structure.

Impairment testing of goodwill

Goodwill is tested annually for indicators of impairment or when indications arise of impairment by means of determining the recoverable amount of each CGU and comparing this to the corresponding carrying value of the investment in the CGU.

The recoverable amount of each CGU is determined based on value in use model. This model has been adopted for all CGU's.

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To calculate value in use, the:

- discount rate utilised is based on current market rates that reflect the time value of money and the risks specific to the cash-generating units.; and
- growth rates are based on objective assessments of externally published *economic* data.

The fair value measurement inputs are classified as level 2 in terms of IFRS 13 Fair Value Measurement, being quoted prices for similar assets in active markets and other observable data for the asset class that have been adjusted for factors specific for the asset.

The following CGU's have been identified as significant to overall carrying value of the goodwill recognised in the Group:

	Region
Santova Logistics (Pty) Limited	South Africa
Tradeway (Shipping) Limited	United Kingdom
W.M. Shipping Limited	United Kingdom

The key assumptions used in determining the recoverable amounts based on the value in use calculations for these CGU's are as follows:

	South Africa	**United Kingdom**
Discount rate	16%	7% - 8%
Terminal value growth rate	5%	2%
Average revenue growth rate over forecast period	8%	3% - 8%
Average expense growth rate over forecast period	7%	0% - 2%

Managements approach to determining the value assigned to each assumption in the first period of forecasting is based on the immediately preceding historical performance of the CGU and any specific factors known at the time of performing the test. In the forecast periods thereafter, management utilises primarily externally published financial and economic data to determine the values assigned to each assumption.

These calculations indicate that there is no impairment of the carrying values of goodwill allocated to the Group's CGUs as at the current reporting date.

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		Effective holding		Investment at cost	
	Country	2018 %	2017 %	2018 R*	2017 R*
4. INVESTMENTS IN SUBSIDIARIES					
DIRECTLY HELD					
Santova Corporate Services (Pty) Ltd	South Africa	**100**	100	**2 222 067**	1 001 327
Santova Logistics (Pty) Ltd	South Africa	**100**	100	**40 517 858**	40 449 274
Santova International Holdings (Pty) Ltd	South Africa	**100**	100	**84 677 865**	84 444 286
Santova Financial Services (Pty) Ltd	South Africa	**100**	100	**3 252 076**	3 238 682
Santova International Trade Solutions (Pty) Ltd	South Africa	**100**	100	**180 985**	96 741
Santova NVOCC (Pty) Ltd	South Africa	**100**	100	**100**	100
INDIRECTLY HELD					
Subsidiary of Santova International Holdings (Pty) Ltd					
Santova Logistics Pty Ltd	Australia	**100**	75	-	-
Santova Logistics Ltd	United Kingdom	**100**	100	-	-
W.M. Shipping Ltd	United Kingdom	**100**	100	-	-
Santova Logistics B.V.	Netherlands	**100**	100	-	-
Santova Logistics Ltd	Hong Kong	**100**	100	-	-
Santova Logistics GmBH	Germany	**100**	100	-	-
Tradeway (Shipping) Ltd	United Kingdom	**100**	100	-	-
Santova Logistics Ltd	Mauritius	**100**	100	-	-
Subsidiary of Santova Santova Logistics Ltd (Hong Kong)					
Santova Patent Logistics Co. Ltd	Hong Kong	**51**	51	-	-
Subsidiary of Tradeway (Shipping) Ltd (United Kingdom)				-	-
Tradeway Northwest Ltd	United Kingdom	**100**	100		
				130 850 951	129 230 410

There are no restrictions on the Company's ability to access or use the assets, and settle liabilities, of the Group as a result of any of the above investments.

Based on an assessment of the underlying values of the businesses housed in the directly held subsidiaries listed above, the directors are of the opinion that there has been no impairment in the above investments or the underlying goodwill as at 28 February 2018 (refer note 3.3).

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

Reconciliation of movements for the year:	2018	2017
Balance at beginning of year	**129 230 410**	127 423 588
Equity contribution for shares granted to subsidiary employees in terms of the Group's Share Option Schemes	**1 620 541**	1 805 822
Investment in shares in Santova Corporate Services (Pty) Ltd	-	1 000
Balance at end of year	**130 850 951**	129 230 410

* Due to certain subsidiaries having values below R500, amounts have been presented in Rands.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Level	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
5. FINANCIAL ASSETS/(LIABILITIES)					
Financial assets					
Non-current financial assets					
Future profit share on rental agreement[1]	2	**1 992**	1 991	**-**	-
Guardrisk cell captive[2]	2	**2 374**	4 341	**-**	-
		4 366	6 332	**-**	-
Financial liabilities					
Current financial liabilities					
Current portion of contingent purchase considerations on acquisitions[3]	3	**(17 287)**	(15 093)	**-**	-
Forward exchange contracts	1	**(63)**	(42)	**-**	-
		(17 350)	(15 135)	**-**	-

Hierarchy for fair value measurement

Fair value determination:
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for the asset or liability that are not based on observable market data.

There were no transfers between the fair value hierarchy levels during the year.

[1] *Santova Logistics (South Africa) entered into a profit sharing agreement with the landlord of their Durban premises on inception of the lease in the 2007 financial year. This agreement gives Santova Logistics a specified portion of the actual or deemed profit made should the building be sold or vacated. The inputs used to determine the fair value of the profit share are as follows:*
Current net market rental (including parking bays) R110 per m^2
Capitalisation rate (on a vacant basis) 15,00 %

[2] *This represents the fair value of the investment by Santova Logistics (South Africa) in the Guardrisk cell captive, recognised as a financial asset with changes in fair value being recognised in profit or loss for the year. The fair value of the cell captive is determined by the net asset value that represents fair value.*

[3] *This represents the present value of the remaining contingent purchase obligations arising from acquisitions during the prior financial periods. The fair value of the liability represents the amount owing following the conclusion of the final warranty period and payment was made on 2nd of March 2018.The financial liability can be reconciled as follows:*

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	2018 R'000	2017 R'000
Financial liability at beginning of year	**15 093**	49 134
Interest on present value calculation	**697**	1 848
Foreign exchange loss/(gain) on translation	**57**	(9 929)
Fair value loss/(gain) on remeasurement	**1 440**	(1 886)
Payments made during the year	**-**	(24 074)
Financial liability at end of year	**17 287**	15 093

The contingent purchase obligations relate to the following acquisitions that were successfully completed during the 2016 financial year:

Acquiring company	***Target company***	***Discount rate used***
Santova International Holdings (Pty) Ltd	*Tradeway (Shipping) Limited*	*6,6%*

Prior to the acquisition of Tradeway (Shipping) Limited, the target company acquired Tradeway North West Limited This acquisition gave rise to a financial liability as a result of contingent purchase obligations. The weighted average cost of capital used in the calculation of the fair value of this financial liability is equal to that being used to calculate the fair value of the financial liability to the sellers of Tradeway (Shipping) Limited.

Management have assessed the sensitivity of the level 3 fair value measurement to changes in unobservable inputs and do not believe that such reasonably expected changes would materially affect the fair value.

Management have assessed the degree of classification of the liabilities within level 3 and are satisfied that the classification above is appropriate due to the fact that these liabilities are measured using the same methods and thus do not have varying degrees of uncertainty or subjectivity.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
6. DEFERRED TAXATION				
Non-current assets				
Deferred tax	**7 839**	9 899	**1 221**	1 934
Non-current liabilities				
Deferred tax liabilities	**-**	(953)	**-**	(190)
	7 839	8 946	**1 221**	1 744
Deferred tax comprises:				
- Capital allowances and provisions	**5 881**	6 517	**911**	952
- Assessed or estimated losses	**1 958**	2 429	**310**	792
	7 839	8 946	**1 221**	1 744
Reconciliation of deferred taxation:				
Balance at beginning of year	**8 946**	9 718	**1 744**	1 644
Movements during the year attributable to:				
- Timing differences	**(626)**	(2 105)	**5**	(692)
- Prior year	**(345)**	(37)	**(345)**	-
- Rate change	**36**	(30)	**-**	-
- Assessed losses	**(172)**	1 400	**(183)**	792
Balance at end of year	**7 839**	8 946	**1 221**	1 744

Deferred tax assets have been recognised on assessed or estimated losses in relevant entities which the Group believes is probable will generate a taxable profit in future or when such losses are capable of set off against taxable profits of other Group entities in that region. The assessments are performed on a continuous basis.

Deferrred tax assets amounting to R0 (2017: R293 048) have not been recognised during the current year as these relate to entities which the Group believes will not generate taxable profits to offset these losses in the near future.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
7. TRADE AND OTHER RECEIVABLES				
Trade receivables				
Trade receivables	**585 089**	549 776	**951**	132
Provision for impairment of trade receivables	**(5 713)**	(10 665)	**-**	-
	579 376	539 111	**951**	132
Other receivables				
Recoverable disbursements	**49 374**	39 747	**-**	-
VAT receivable	**6 700**	6 097	**-**	-
Prepayments	**3 527**	3 513	**294**	222
Other	**2 541**	2 106	**-**	-
	62 142	51 463	**294**	222
Movement in provision for impairment of trade receivables:				
Balance at beginning of year	**10 665**	19 003	**-**	-
Charge for the year	**(3 962)**	(8 114)	**-**	-
Net amounts written-off	**(990)**	(224)	**-**	-
Balance at end of year	**5 713**	10 665	**-**	-

Company receivables consist of amounts owed by subsidiary companies, thus there is no provision for impairment due to the fact that management regards the amounts as fully recoverable.

The Group formally assesses the recoverability of trade receivables on a bi-annual basis, however assessments are updated at any stage during the year should specific known factors arise that indicate that a trade receivable may not be fully recoverable. In determining the recoverability of a trade receivable and the necessity for impairment the Group considers: the extent of credit insurance; the extent of any tangible security; the legal status of the counterparty i.e. if it is in any form of business rescue or liquidation process; credit information supplied by 3rd party credit bureaus; historical payment patterns; the ageing of the debt; the extent and quality of communication and cooperation from the counterparty; and the extent to which the debt exceeds approved credit limits.

Certain trade receivables included on the previous page have been ceded to various banks as security for the respective invoice discounting and overdraft facilities included in short-term borrowings (refer note 14). Details of ceded trade receivables within the Group are set out in the following table:

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Group	
	2018 R'000*	2017 R'000*
Nedbank Limited	467 295	409 236
Scottish Pacific Business Finance Pty Ltd	14 311	18 347
ABN AMRO Bank	29 692	37 264
HSBC Bank plc	24 379	21 018
	535 677	485 865

** Includes intercompany balances eliminated on consolidation*

Trade receivables are generally settled on 30 to 60 day terms and credit guarantee insurance cover is purchased for all South African trade receivables at coverage rates of 85% and 90% of the total balance.

Net book value of these debtors approximates fair value due to the interest charged at variable, prime linked, interest rates.

Trade receivables that relate to recoverable disbursements incurred on behalf of customers in South Africa generally incur facility fees at rates linked to the South African prime rate.

Overdue receivables in South Africa incur interest at rates linked to the South African prime rate on a discretionary basis.

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
8. AMOUNTS OWING FROM RELATED PARTIES				
Relating to subsidiaries				
Santova International Holdings (Pty) Ltd [1]	**-**	-	**66 259**	85 437
	-	-	**66 259**	85 437

[1] Unsecured, no interest is charged and there are no fixed terms of repayment. (Consistent with prior year)
Net book value of these amounts owing from related parties approximates fair value

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

		Group		Company	
		2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
9.	**STATED CAPITAL**				
	Authorised				
	300 000 000 Ordinary shares of no par value				
	(2017: 300 000 000 Ordinary shares of no par value)				
	Issued				
	160 228 045 Ordinary shares of no par value				
	(2017: 158 247 496 Ordinary shares of no par value)				
	Ordinary shares in issue	**219 514**	214 625	**219 514**	214 625
	Total stated capital	**219 514**	214 625	**219 514**	214 625
	Reconciliation of the value of ordinary shares in issue				
	Balance at beginning of year	**214 625**	214 076	**214 625**	214 076
	Exercise of share options	**1 118**	553	**1 118**	553
	Shares issued in terms of Scrip Dividend	**3 841**	-	**3 841**	-
	Costs to issue securities	**(70)**	(4)	**(70)**	(4)
	Balance at end of year	**219 514**	214 625	**219 514**	214 625
	Reconciliation of number of ordinary shares in issue	**2018 Shares**	2017 Shares	**2018 Shares**	2017 Shares
	Balance at beginning of year	**157 760**	157 287	**158 247**	157 597
	Exercise of share options[1]	**769**	650	**769**	650
	Shares issued in terms of Scrip Dividend	**1 212**	-	**1 212**	-
	Treasury shares purchased by subsidiaries[2]	**(510)**	(177)	**-**	-
	Balance at end of year	**159 231**	157 760	**160 228**	158 247

[1] *During the year a number participants of the Santova Share Option Scheme excercised their options as follows:*

- 460 000 ordinary shares in the company at a price of 186 cents.
- 309 000 ordinary shares in the company at a price of 85 cents.

[2] *During the year, Santova Financial Services (Pty) Ltd acquired 509 611 ordinary shares of the Company to be held exclusively as repurchased treasury shares on behalf of the Group. The average price paid was 301 cents per share.*

All unissued shares are placed under the control of the directors.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
10. INTEREST-BEARING BORROWINGS				
Instalment sale and other agreements	**157**	584	**-**	-
Medium term loan [1]	**-**	9 324	**-**	-
Medium term loan [2]	**36 443**	47 185	**36 443**	47 185
Less: current portion included in current liabilities	**(15 561)**	(20 541)	**(15 433)**	(10 790)
	21 039	36 552	**21 010**	36 395

The instalment sale agreements are secured by the motor vehicles and equipment for which they were raised.

They are repayable over no longer than five years and bear interest at variable market related rates linked to local base rates in the relevant countries.

[1] The original medium term loan was taken by Santova Logistics (South Africa) and carried interest at a variable rate of the South African prime rate less 0.5%. The loan was fully repaid during 2018.

[2] The second medium term loan taken by Santova Limited bears interest at a variable rate of the South African prime rate less 0.25%. It is repayable on an amortising basis over five years at quarterly instalments of R3 858 201 (2017: R3 873 794). This loan is secured by cross company sureties supplied by subsidiary companies.

Net book value of the interest bearing borrowings approximates fair value.

The medium term loans had both been granted by Nedbank Limited, the Group's primary bankers.

As a condition of granting the medium term loan facilities, the Group's banking facilities contain certain covenants with respect to minimum levels of actual shareholders' funds, the maximum ratio of debt to EBITDA and the minimum ratio of interest cover. These covenants are monitored on an ongoing basis by management and reviewed and confirmed annually with the Group's bankers. As at the end of the financial period, none of the covenants have been breached.

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
11. LONG-TERM PROVISION				
Post-retirement medical aid benefits for the Group and the Company				
- Present value obligation	**1 284**	1 425	**1 284**	1 425
- Less: liability already recognised	**(1 425)**	(1 500)	**(1 425)**	(1 500)
Decrease in liability	**(141)**	(75)	**(141)**	(75)
Movement represented by:				
- Actuarial loss	**-**	62	**-**	62
- Interest cost	**110**	122	**110**	122
- Contributions paid to fund	**(251)**	(259)	**(251)**	(259)
Decrease in liability	**(141)**	(75)	**(141)**	(75)

The Company contributes to a medical aid scheme for the benefit of 13 retired employees (2017: 13) and their dependants. During the year under review there were no exits from the scheme amongst the continuing members (2017: 1). The Company contributes 75,0% of the monthly contribution (to a maximum of R1 600 per retired employee) and the retired employees contribute the remainder. The liability was actuarially determined in February 2017, on a projected unit credit method, by ZAQ Consultants and Actuaries (Pty) Ltd, independent qualified actuaries. The present value of post-retirement medical aid obligations for these retired employees is shown above. The liability will be actuarially valued in the furture as and when there are material changes to the underlying retired employee numbers.

The principal actuarial assumptions applied in the determination of fair values during the 2017 acturial valuation, expressed as weighted averages include:

- Medical aid inflation rate: 7,2% per annum (2017: 7,2%);
- Discount factor 8,4% per annum (2017: 8,4%); and
- Mortality rates are taken from the PA(90) Ultimate Mortality Tables.

Sensitivity analysis: mortality rate

The actuaries have assumed that the deviations from the assumed level of mortality experience of the continuation members (pensioners) will have a large impact on the actual cost to the Company. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Company in the form of subsidies will reduce and vice versa.

The 2017 actuarial valuation determined that a 20% increase or decrease in the mortality rate would have following impact:

	-20,0 % Mortality Rate R'000	+20,0 % Mortality Rate R'000
Total accrued liability increases/(decreases)	123	(99)
Interest cost increases/(decreases)	10	(9)

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

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	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
12. TRADE AND OTHER PAYABLES				
Trade payable	**132 610**	118 656	**1 407**	1 723
Accruals	**29 193**	52 717	**712**	1 180
Other payables	**40 517**	34 091	**227**	-
	202 320	205 464	**2 346**	2 903

Trade and other payables are non-interest bearing, and normally settled on 30 day terms. Other payables mainly comprise recoverable disbursements invoiced to clients that are yet to be invoiced by suppliers.

Net book value of these trade and other payables approximates fair value.

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
13. AMOUNTS OWING TO RELATED PARTIES				
Patent International Co. Ltd[1]	**220**	246	**-**	-
Santova Corporate Services (Pty) Ltd[1]	**-**	-	**3 400**	2 000
Santova Financial Services (Pty) Ltd[1]	**-**	-	**2 500**	33
Santova International Trade Solutions (Pty) Ltd[1]	**-**	-	**850**	-
	220	246	**6 750**	2 033

[1] *Unsecured, interest-free and have no fixed terms of repayment (consistent with prior year).*

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
14. SHORT-TERM BORROWINGS AND OVERDRAFTS				
Bank overdrafts	**-**	8	**-**	-
Invoice discounting facilities	**265 097**	228 372	**-**	-
	265 097	228 380	**-**	-

In addition, the Group has the following unutilised facilities available:

	Local currency '000	Functional currency R'000	Prior year R'000	Security provided	Security Holder	Interest rate
Invoice discounting - repayable on settlement of ceded debts						
South Africa[1] (ZAR)	84 903	84 903	121 628	Discounting of book debts, cession of credit insurance policies and cross company suretyships with the Company and certain subsidiaries	Nedbank Ltd	South African prime rate less 0,5%
Australia (AUD)	1 500	13 732	14 996	Security interest in personal property	Scottish Pacific Business Finance (Pty) Ltd	Australian base rate +4,25%
Bank overdraft - repayable on demand						
South Africa (ZAR)	21 000	21 000	21 000	Ceded debit balances	Nedbank Ltd	South African prime rate
Netherlands (EUR)	475	6 817	6 898	Cession of book debts	ABN AMRO Bank NV	Euro base rate plus 1,75%
Germany (EUR)	78	1 112	1 069	Unsecured	Postbank/ CommerzBank	Fixed rate of 6,5%
		127 564	**165 591**			

[1] *The facilities are subject to an annual review and assessment by Nedbank.*

Security provided to Nedbank Ltd for facilites afforded to the Company:
- Unlimited suretyship (incorporating a cession of claims), in favour of Nedbank by Santova International Trade Solutions (Pty) Ltd.
- Limited suretyship of R60 000 000 (incorporating a cession of claims) in favour of Nedbank Ltd by Santova International Holdings (Pty) Ltd.
- Limited suretyship of R60 000 000 (incorporating a cession of claims) in favour of Nedbank Ltd by Santova Logistics (Pty) Ltd.
- Limited suretyship of R60 000 000 (incorporating a cession of claims) in favour of Nedbank Ltd by Tradeway (Shipping) Ltd.

Security provided to Nedbank Ltd for facilites afforded to other Group companies by the Company:
- Limited suretyship of R192 000 000 (incorporating a cession of claims) in favour of Nedbank by the Company.

For further information on ceded trade receivables refer to note 7.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Carrying value at beginning of year R'000	Provisions (released)/created R'000	Carrying value at end of year R'000
15. SHORT-TERM PROVISIONS			
Group			
2018			
Bonuses	**12 096**	**(501)**	**11 595**
Leave pay	**5 412**	**(218)**	**5 194**
Other short-term provisions	**300**	**998**	**1 298**
	17 808	**279**	**18 087**
2017			
Bonuses	15 646	(3 550)	12 096
Leave pay	6 134	(722)	5 412
Other short-term provisions	1 299	(999)	300
	23 079	(5 271)	17 808
Company			
2018			
Bonuses	**-**	**-**	**-**
Leave pay	**-**	**-**	**-**
	-	**-**	**-**
2017			
Bonuses	4 657	(4 657)	-
Leave pay	848	(848)	-
	5 505	(5 505)	-

Leave pay benefits are expected to be realised within one year of reporting date. Group policy requires that all leave pay benefits accrued in the year are to be utilised within six months of the year end.

Discretionary incentive bonuses are paid on an annual basis, and are based on the Group, subsidiary entity and individual employee's performance, as assessed and approved by the Remuneration Committee.

Other short-term provisions relate to statutory leave benefits accruing to employees for long service.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
16. REVENUE				
Gross billings	**4 123 540**	4 073 868	**4 983**	16 339
Less: recoverable disbursments	**(3 794 263)**	(3 758 453)	**-**	-
Revenue after net interest income	**329 277**	315 415	**4 983**	16 339
Revenue from the provision of services comprises:	**311 354**	299 034	**4 983**	16 339
Logistic services	**302 601**	290 295	**-**	-
Insurance commission and management fees	**8 907**	8 624	**-**	-
Other revenue	**(154)**	115	**4 983**	16 339
Net interest income from the provision of credit facilities comprises:	**17 923**	16 381	**-**	-
Interest and financing fee income recovered from clients	**39 831**	38 923	**-**	-
Interest and financing fee expenses incurred	**(21 908)**	(22 542)	**-**	-
Revenue after net interest income	**329 277**	315 415	**4 983**	16 339

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
17. OPERATING PROFIT				
Operating profit is stated after:				
Income				
Foreign exchange commission and valuation gains	**6 108**	11 145	**-**	-
Profit on disposals of plant and equipment	**134**	117	**-**	-
Fair value gain on financial assets and liabilities	**-**	2 129	**-**	-
Expenditure				
Auditors' remuneration	**2 892**	3 382	**529**	480
- In respect of audit services	**2 296**	2 540	**529**	480
- In respect of other services	**596**	842	**-**	-
Depreciation and amortisation	**3 355**	5 921	**246**	805
- Plant and equipment (refer note 2)	**2 822**	2 932	**12**	137
- Intangible assets (refer note 3)	**533**	2 989	**234**	668
Lease rentals	**13 364**	12 952	**-**	176
- Premises	**12 073**	11 689	**-**	176
- Equipment	**238**	249	**-**	-
- Motor Vehicles	**1 053**	1 014	**-**	-
Loss on disposal of plant and equipment	**62**	162	**-**	20
Fair value loss on financial assets and liabilities	**3 485**	-	**-**	-
Foreign exchange losses	**689**	329	**37**	4
Staff costs (including directors' emoluments)	**170 871**	169 798	**53**	8 028
Share option expense	**1 620**	2 448	**-**	643

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Directors' fees R'000	Basic remuneration R'000	Performance bonus R'000	Share Based Payments R'000	Retirement, medical and other benefits R'000	Total R'000
18. DIRECTORS' EMOLUMENTS						
2018						
Executive Directors						
DC Edley	**-**	**1 670**	**943**	**-**	**291**	**2 904**
GH Gerber	**-**	**3 132**	**2 344**	**-**	**61**	**5 537**
AL van Zyl	**-**	**2 078**	**993**	**-**	**100**	**3 171**
Prescribed Officers						
GP Fourie	**-**	**1 361**	**479**	**335**	**264**	**2 439**
AKG Lewis	**-**	**1 213**	**628**	**-**	**154**	**1 995**
Non-Executive Directors						
AD Dixon	**267**	**-**	**-**	**-**	**-**	**267**
ESC Garner	**302**	**-**	**-**	**-**	**-**	**302**
WA Lombard	**416**	**-**	**-**	**-**	**-**	**416**
EM Ngubo	**172**	**-**	**-**	**-**	**-**	**172**
	1 157	**9 454**	**5 387**	**335**	**870**	**17 203**
Paid by:						
The Company	**1 157**	**-**	**-**	**-**	**-**	**1 157**
Subsidiary companies	**-**	**9 454**	**5 387**	**335**	**870**	**16 046**
	1 157	**9 454**	**5 387**	**335**	**870**	**17 203**
2017						
Executive Directors						
DC Edley	-	1 575	1 411	-	271	3 257
GH Gerber	-	2 937	3 176	-	68	6 181
AL van Zyl	-	1 965	1 559	1 718	85	5 327
Prescribed Officer						
AKG Lewis	-	1 123	930	-	142	2 195
Non-Executive Directors						
AD Dixon	173	-	-	-	-	173
ESC Garner	395	-	-	-	-	395
WA Lombard	311	-	-	-	-	311
EM Ngubo	106	-	-	-	-	106
	985	7 600	7 076	1 718	566	17 945
Paid by:						
The Company	985	2 675	5 430	-	214	9 304
Subsidiary company		4 925	1 646	1 718	352	8 641
	985	7 600	7 076	1 718	566	17 945

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

A summary of share options granted, forfeited and still to be exercised by executive directors and the prescribed officers in terms of the Group Share Option Schemes (refer note 25 for further information) are as follows:

	Options as at 1 March 2017	Options awarded	Options lapsed	Options exercised	Options as at 28 February 2018	Option price (cents)	Vesting date
2018							
Executive Directors							
DC Edley	450 000	-	-	-	450 000	85	30-Nov-15
	350 000	-	-	-	350 000	186	26-May-17
	168 649	-	-	-	168 649	415	22-Feb-19
	131 351	-	-	-	131 351	415	22-Feb-21
	1 100 000	-	-	-	1 100 000		
GH Gerber	800 000	-	-	-	800 000	85	30-Nov-15
	500 000	-	-	-	500 000	186	26-May-17
	562 165	-	-	-	562 165	415	22-Feb-19
	437 835	-	-	-	437 835	415	22-Feb-21
	2 300 000	-	-	-	2 300 000		
AL van Zyl	350 000	-	-	-	350 000	186	26-May-17
	168 649	-	-	-	168 649	415	22-Feb-19
	131 351	-	-	-	131 351	415	22-Feb-21
	650 000	-	-	-	650 000		
Prescribed Officers							
GP Fourie	150 000	-	-	150 000	-	186	26-May-17
	250 000	-	-	-	250 000	415	22-Feb-21
	400 000	-	-	150 000	250 000		
AKG Lewis	199 000	-	-	-	199 000	85	30-Nov-15
	150 000	-	-	-	150 000	186	26-May-17
	253 537	-	-	-	253 537	415	22-Feb-19
	197 463	-	-	-	197 463	415	22-Feb-21
	800 000	-	-	-	800 000		
	5 250 000	-	-	150 000	5 100 000		

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Options as at 1 March 2016	Options awarded	Options lapsed	Options exercised	Options as at 28 February 2017	Option price (cents)	Vesting date
2017							
Executive Directors							
DC Edley	450 000	-	-	-	450 000	85	30-Nov-15
	350 000	-	-	-	350 000	186	26-May-17
	168 649	-	-	-	168 649	415	22-Feb-19
	131 351	-	-	-	131 351	415	22-Feb-21
	1 100 000	-	-	-	1 100 000		
GH Gerber	800 000	-	-	-	800 000	85	30-Nov-15
	500 000	-	-	-	500 000	186	26-May-17
	562 165	-	-	-	562 165	415	22-Feb-19
	437 835	-	-	-	437 835	415	22-Feb-21
	2 300 000	-	-	-	2 300 000		
AL van Zyl	500 000	-	-	500 000	-	85	30-Nov-15
	350 000	-	-	-	350 000	186	26-May-17
	168 649	-	-	-	168 649	415	22-Feb-19
	131 351	-	-	-	131 351	415	22-Feb-21
	1 150 000	-	-	500 000	650 000		
Prescribed Officer							
AKG Lewis	199 000	-	-	-	199 000	85	30-Nov-15
	150 000	-	-	-	150 000	186	26-May-17
	253 537	-	-	-	253 537	415	22-Feb-19
	197 463	-	-	-	197 463	415	22-Feb-21
	800 000	-	-	-	800 000		
	5 350 000	-	-	500 000	4 850 000		

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
19. INTEREST RECEIVED				
Interest received from third parties	**279**	427	**-**	2
Interest received from related parties	**-**	-	**-**	96
As per Statements of Comprehensive Income	**279**	427	**-**	98
Interest and financing fee income recovered from clients included in Note 16 (Revenue)	**39 831**	38 923	**-**	-
Total interest received	**40 110**	39 350	**-**	98
20. FINANCE COSTS				
Financial liabilities (refer note 5)	**697**	1 786	**-**	-
Interest-bearing borrowings (refer note 10)	**5 246**	7 241	**4 817**	5 922
Other interest paid	**55**	160	**-**	-
As per Statements of Comprehensive Income	**5 998**	9 187	**4 817**	5 922
Interest and financing fee expenses incurred included in Note 16 (Revenue)	**21 908**	22 542	**-**	-
Total finance costs	**27 906**	31 729	**4 817**	5 922

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
21. INCOME TAX EXPENSE				
South African normal tax				
Current tax				
- Current year	**11 794**	10 624	**-**	-
- Prior year	**(784)**	(88)	**-**	-
- Capital gains tax	**-**	57		
Deferred tax				
- Current year	**576**	655	**179**	(100)
- Prior year	**309**	(224)	**345**	-
	11 895	11 024	**524**	(100)
Foreign tax				
- Current tax	**11 554**	12 038	**-**	-
- Deferred tax	**221**	341	**-**	-
	11 775	12 379	**-**	-
Tax for the year	**23 670**	23 403	**524**	(100)
Reconciliation of rate of taxation	**%**	%	**%**	%
South African normal tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
- Local exempt income / non-deductible expenses-allowances	**1,2**	1,2	**(32,2)**	(26,7)
Learnership allowances	**(0,6)**	(0,3)	**-**	-
Fair value adjustments	**(0,1)**	(0,4)	**-**	-
Non-deductible interest	**1,6**	2,3	**(31,9)**	(27,4)
Other items	**0,3**	(0,4)	**(0,3)**	0,7
- Foreign disallowable expenditure / (exempt income)	**(0,4)**	-	**-**	-
- Foreign tax differential	**(3,2)**	(2,3)	**-**	-
- Capital gains tax	**-**	0,1	**-**	-
- Prior year: current tax	**(1,0)**	(0,1)	**-**	-
- Prior year: deferred tax	**0,3**	(0,3)	**(8,2)**	-
Effective tax rate	**24,9**	26,6	**(12,4)**	1,3

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

		Consolidated 2018	Consolidated 2017
22. EARNINGS PER SHARE			
Basic earnings per share	(cents)	**44.87**	39.87
Headline earnings per share	(cents)	**44.84**	39.89
Diluted earnings per share	(cents)	**43.89**	38.53
Diluted headline earnings per share	(cents)	**43.89**	38.55

Reconciliation between basic and headline earnings:	Profit on ordinary activities R'000	Taxation effect R'000	Minority interest R'000	Net effect R'000
February 2018				
Profit for the year	**94 937**	**(23 670)**	**(15)**	**71 252**
Adjusted for:				
– Profit on disposals of plant and equipment	**(72)**	**37**	**-**	**(35)**
Headline earnings	**94 865**	**(23 633)**	**(15)**	**71 217**
February 2017				
Profit for the year	88 023	(23 403)	(1 829)	62 791
Adjusted for:				
– Loss on disposals of plant and equipment	46	(14)	(3)	28
Headline earnings	88 069	(23 417)	(1 832)	62 819

Numbers of shares on which calculations are based:	2018 Shares 000's	2017 Shares 000's
Shares in issue at end of year	**160 228**	158 247
Weighted Average Number of Ordinary Shares ("WANOS") at end of year	**158 814**	157 495
Diluted WANOS at end of year	**162 334**	162 975

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

		Group		Company	
		2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
23.	**NOTES TO THE STATEMENTS OF CASH FLOW**				
23.1	**Cash generated from operations**				
	Profit before taxation	**94 938**	88 023	**(4 225)**	(5 926)
	Adjustments for:				
	Depreciation and amortisation	**3 355**	5 921	**247**	805
	Net (profit)/loss on disposal of plant and equipment	**(72)**	46	**-**	20
	Interest received	**(279)**	(427)	**-**	(98)
	Finance costs	**5 998**	9 187	**4 817**	5 922
	Foreign exchange loss/(gain) on financial liabilities and dividends	**56**	(9 884)	**-**	-
	Movement in fair value of financial assets and liabilities	**3 506**	(1 917)	**-**	-
	Movement in retirement benefits	**110**	122	**110**	122
	Movement in share option expense	**1 620**	2 448	**-**	643
	Repayments in terms of profit warranties	**-**	(500)	**-**	-
	Working capital changes:				
	Proceeds from discounting of trade receivables	**36 718**	(33 781)	**-**	-
	(Increase)/decrease in trade and other receivables	**(50 603)**	47 006	**(893)**	255
	Decrease in trade payables and provisions	**(3 208)**	(16 164)	**(558)**	(4 961)
		92 139	90 080	**(502)**	(3 218)
23.2	**Taxation paid**				
	Charge in the statements of comprehensive income	**23 670**	23 403	**524**	(100)
	Adjustment for deferred tax	**(1 106)**	(773)	**(524)**	100
	Movement in taxation balance	**(3 206)**	4 066	**-**	97
		19 358	26 696	**-**	97

		Group		Company	
		2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
24.	**EMPLOYEE BENEFITS**				
	Retirement benefit expense				
	- Provident and pension	**13 181**	11 073	**-**	447

Defined contribution retirement plans

The Group makes retirement benefits available to its employees. A defined contribution provident fund and pension fund, which are subject to the Pensions Fund Act 1956, exist for this purpose in South Africa. In the foreign subsidiaries the Group either makes contribution to defined contribution pension funds or to social security funds that provide retirement benefits, as is required by legislation or market practice within each jurisdiction. The schemes are funded by employer and employee contributions, which are charged to the respective entities' statement of comprehensive income as they are incurred.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

25. SHARE-BASED PAYMENTS

Equity-settled share option plans

The company currently operates two share option schemes for certain employees of the Group.

Group Share Option Scheme Number 1

All options in terms of this scheme vest 3 years after grant date and are exercisable on specific nominated dates for a period of 48 months from vesting date.

The options are granted at a price determined by the 30 day volume weighted average price calculated on the day immediately preceding the date the options were granted.

Options are forfeited if the employee leaves the Group before the options have vested or been exercised.

Of the total of 6,700,000 shares approved to be awarded under this scheme, 150,000 shares remain available for awarding.

	2018		2017	
	Number of share options	**Weighted average exercise price (cents)**	Number of share options	Weighted average exercise price (cents)
Outstanding at the beginning of the year	**5 960 000**	**193**	6 700 000	182
Granted during the year	**-**	**-**	-	
Forfeited during the year	**(60 000)**	**186**	(90 000)	186
Exercised during the year	**(769 000)**	**145**	(650 000)	389
Outstanding at the end of the year	**5 131 000**	**200**	5 960 000	193
Exercisable at the end of the year	**3 978 000**	**137**	2 225 000	85

Group Share Option Scheme Number 2

All options in terms of this scheme vest 5 years after grant date and are exercisable for a period of 36 months from vesting date.

The options are granted at a price determined by the 30 day volume weighted average price calculated on the day immediately preceding the date the options were granted.

Options are forfeited if the employee leaves the Group before the options have vested or been exercised.

Of the total of 6 700 000 shares approved to be awarded under this scheme, 4 632 000 shares remain available for awarding.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	2018		2017	
	Number of share options	**Weighted average exercise price (cents)**	Number of share options	Weighted average exercise price (cents)
Outstanding at the beginning of the year	2 068 000	415	2 068 000	415
Granted during the year	-	-	-	-
Outstanding at the end of the year	**2 068 000**	**415**	2 068 000	415
Exercisable at the end of the year	-	-	-	-

The fair value calculation of the options granted was performed by the Company utilising the Black-Scholes formula using director's best estimates and information from the Company's bankers and other independent institutions.

The inputs into the model were as follows:

		Group	
		2018	2017
Scheme 1 Issue 1			
Weighted average share price	(cents)	85.0	85.0
Weighted average exercise price (Net of 50% company contribution)	(cents)	42.5	42.5
Expected volatility	(%)	45,56	45,56
Expected option lifetime	(years)	3,00	3,00
Risk-free rate based on zero-coupon government bond yield	(%)	5,11	5,11
Expected dividend yield	(%)	2,98	2,98
Scheme 1 Issue 2			
Weighted average share price	(cents)	186.00	186.00
Weighted average exercise price (Net of 50% company contribution)	(cents)	93.00	93.00
Expected volatility	(%)	37,70	37,70
Expected option lifetime	(years)	3,00	3,00
Risk-free rate based on zero-coupon government bond yield	(%)	7,36	7,36
Expected dividend yield	(%)	3,00	3,00
Scheme 1 Issue 3			
Weighted average share price	(cents)	415.00	415.00
Weighted average exercise price (Net of 50% company contribution)	(cents)	207.50	207.50
Expected volatility	(%)	19,48	19,48
Expected option lifetime	(years)	3,00	3,00
Risk-free rate based on zero-coupon government bond yield	(%)	8,63	8,63
Expected dividend yield	(%)	1,50	1,50
Scheme 2 Issue 1			
Weighted average share price	(cents)	415.00	415.00
Weighted average exercise price	(cents)	415.00	415.00
Expected volatility	(%)	16,52	16,52
Expected option lifetime	(years)	5,00	5,00
Risk-free rate based on zero-coupon government bond yield	(%)	8,63	8,63
Expected dividend yield	(%)	1,50	1,50

The expected volatility is determined utilising a model to calculate the forecasted average 30 day volatility in the Company's share price over the period of the option. The inputs utilised in the model are based on historical data and managements best estimate of forward market projections.

In the case of share option scheme number 1, the weighted average exercise price for the calculation of the fair value of the options takes into account a 50% cash contribution from the Company upon exercise, in terms of the approved scheme.

The Group has raised an equity compensation reserve in the statement of financial position in terms of IFRS 2:Share-based payments. The reserve will only be realised as options are exercised by employees.

The Group recognised an expense related to these equity-settled share-based payment transactions during the year, the value of which has been disclosed in note 17.

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
26. COMMITMENTS				
Operating lease commitments				
No later than one year	**8 721**	9 983	**-**	-
Later than one year and no later than five years	**19 286**	8 195	**-**	-
Later than five years	**-**	87	**-**	
	28 007	18 265	**-**	-

The Group leases offices, motor vehicles, and certain of its office equipment in terms of operating leases. The Group does not have the option to acquire the assets at the termination of the lease and there are no restrictions imposed by the leases. Certain leased premises are subject to profit sharing agreements (refer note 5).

The future minimum lease payments under non-cancellable operating leases are shown above.

Insurance cell captive

Santova Logistics (South Africa) operates a cell captive with Guardrisk Insurance Company Limited to cover the underlying deductibles of their Open Marine Cargo Insurance policy. In the event of claims being lodged in terms of the Marine Insurance Policy, the insurance cell captive referred to in note 5 will be required to cover the first R50 000 of any claim up to a limit of R100,000 for any one loss or series of losses arising from the same event. The balance of the claim is covered by the Marine Insurance Policy's underwriters.

The maximum liability of the cell captive is limited to R750 000 per year, provided that this is matched by the premiums received during the year. Should the premiums received for the year amount to less than R750 000, Santova Logistics will be liable to fund the cell captive to cover the shortfall.

The cell has received premiums in excess of the R750,000 minimum required during the current year.
Santova Logistics (South Africa) drew dividends from the cell during the finacial year amounting to R3 500 000 (2017:R Nil)

Based on the claims history, insurance legislation and the likelihood of future claims, the directors believe that the cell captive has adequate reserves and provisions to cover future claims raised.

27. RELATED PARTIES

During the year, the Company, in the ordinary course of business, entered into various transactions with its subsidiaries.

All intercompany transactions and balances within the Group are eliminated in full on consolidation.

Refer to notes 8 and 13 for amounts owing from and to related parties which are not part of the Group structure.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

	Gross Billings for goods and services		Net outstanding balances arising from sale/purchase of goods and services	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
COMPANY				
Santova Corporate Services (Pty) Limited	**952**	1 861	**(1 314)**	(1 314)
Santova Financial Services (Pty) Limited	**171**	681	**-**	-
Santova International Trade Solutions (Pty) Limited	**177**	836	**-**	-
Santova Logistics (Pty) Limited	**4 577**	17 758	**787**	-
Santova Logistics B.V. (Netherlands)	**872**	971	**-**	-
Santova Logistics GmbH (Germany)	**119**	94	**11**	-
Santova Logistics Limited (Hong Kong)	**119**	196	**-**	-
Santova Logistics Limited (United Kingdom)	**533**	360	**-**	-
Santova Logistics Limited (Mauritius)	**10**	19	**44**	34
Santova Logistics Pty Limited (Australia)	**337**	457	**-**	39
Tradeway (Shipping) Limited (United Kingdom)	**214**	125	**-**	-
Tradeway North West Limited (United Kingdom)	**89**	63	**-**	-
W.M. Shipping Limited (United Kingdom)	**306**	570	**26**	16
	8 476	23 991	**(446)**	(1 225)

	Interest on loans (from)/to related parties		Loans to/ (from) related parties	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
COMPANY				
Santova Corporate Services (Pty) Limited	**-**	-	**(3 400)**	(2 000)
Santova Financial Services (Pty) Limited	**-**	-	**(2 500)**	(33)
Santova International Holdings (Pty) Limited	**-**	-	**66 259**	85 437
Santova International Trade Solutions (Pty) Limited	**-**	-	**(850)**	-
Santova Logistics (Pty) Limited	**-**	(95)	**-**	-
	-	(95)	**59 509**	83 404

Notes to the Annual Financial Statements continued

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	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
28. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Loans and receivables	**641 518**	590 574	**67 506**	83 758
Financial assets at fair value through profit or loss	**4 366**	6 332	**-**	-
Cash and cash equivalents	**108 371**	91 780	**2 078**	144
Financial liabilities				
Financial liabilities measured at amortised cost	**521 587**	506 319	**38 789**	50 089
Reconciliation to statements of financial position				
Trade receivables	**579 376**	539 111	**951**	132
Other receivables	**62 142**	51 463	**294**	222
Amounts owing from related parties	**-**	-	**66 259**	83 404
Loans and receivables	**641 518**	590 574	**67 504**	83 758
Financial asset	**4 366**	6 332	**-**	-
Financial assets at fair value through profit or loss	**4 366**	6 332	**-**	-
Trade and other payables	**202 320**	205 464	**2 346**	2 904
Amounts owing to related parties	**220**	246	**-**	-
Interest-bearing borrowings	**36 600**	57 093	**36 443**	47 185
Financial liabilities	**17 350**	15 136	**-**	-
Short-term borrowings and overdraft	**265 097**	228 380	**-**	-
Financial liabilities measured at amortised cost	**521 587**	506 319	**38 789**	50 089

Significant accounting policies

Details of significant accounting policies and methods adopted in respect of each class of financial asset, financial liability and equity instrument are disclosed under significant accounting policies on pages 21 to 33 of these financial statements.

Financial risk management objectives

In the normal course of operations, the Group is exposed to foreign currency risk, interest rate risk, credit risk and liquidity risk.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

28.1 Foreign currency risk management

As a result of the Group's extensive investments in offshore operating subsidiaries, which contribute the majority of its profit for the year and the fact that the Group's revenue is generated through the international movement of goods, the Group has significant exposure to foreign currency risk. This exposure is created in a number of ways and impacts the financial results of the Group in a number of ways:

Translation differences arising from generation and reporting of profits from the Group's offshore subsidiaries in foreign currencies that are converted into South African Rands, the functional currency of the Group, at the prevailing average foreign exchange rates during the reporting period which impact directly on profit or loss.

Translation differences arising from the revaluation into South African Rands, the functional currency of the Group, at year end of the Group's foreign currency denominated carrying value and goodwill in its foreign subsidiaries, which are reported in other comprehensive income.

Foreign currency gains or losses that arise within all the Group's operating entities from the translation of foreign currency assets and liabilities into the reporting currency of each operating entity, which impacts directly on profit or loss of those entities.

The Group's revenues are generated by logistics fees and margins earned through facilitating the flow of goods internationally for clients. These logistics fees and margins are directly linked to the underlying value of the goods and recoverable disbursements incurred by the Group on behalf of clients. The underlying value of the goods transported and recoverable disbursements incurred are generally valued in currencies other than the Group's functional currency, thus foreign currency fluctuations directly impact on revenues generated.

The Group's policy is to cover the exposures related to all foreign currency assets and liabilities that will be settled in South African Rands and that arise in the ordinary course of business by utilising forward exchange contracts. The Group does not hedge or cover the exposures related to the translation of foreign profits earned by offshore subsidiaries, the translation of its carrying value and goodwill in foreign subsidiaries and it does not cover the foreign currency assets and liabilities within its foreign operating entities.

The carrying amount of the Group's uncovered foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2018						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'00	Total GHS'000
Assets							
Plant and equipment	16 266	86	865	104	10	-	-
Intangible assets	130 860	798	6 708	1 128	-	-	-
Trade receivables	133 174	2 640	4 469	1 413	5 773	2 968	-
Other receivables	9 418	109	255	336	325	414	-
Current tax receivable	226	-	14	-	-	-	-
Cash and cash equivalents	95 924	2 196	2 805	1 378	3 818	1 329	-
Liabilities							
Trade and other payables	(108 586)	(3 120)	(2 907)	(911)	(4 116)	(5 926)	-
Current tax payable	(5 860)	(129)	(233)	-	(143)	-	-
Financial liability	(28 462)	-	1 750	-	-	-	-
	242 960	2 580	13 726	3 448	5 667	(1 215)	-

	2017						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total GHS'000
Assets							
Plant and equipment	13 763	104	732	23	9	-	87
Intangible assets	127 682	567	6 708	1 128	-	-	-
Trade receivables	144 280	4 019	4 150	1 670	2 602	1 534	20
Other receivables	9 420	97	283	255	331	1 071	5
Current tax receivable	280	1	17	-	-	-	-
Cash and cash equivalents	84 133	1 027	2 274	1 924	8 227	22	43
Liabilities							
Trade and other payables	(113 550)	(3 528)	(2 898)	(964)	(4 352)	(2 617)	(44)
Current tax payable	(3 271)	(179)	(34)	-	(145)	-	-
Current portion of interest bearing borrowings	(20)	(1)	-	-	-	-	-
Financial liability	(16 527)	-	(1 021)	-	-	-	-
Short-term borrowings and overdraft	(9)	-	-	-	-	(24)	-
	246 181	2 107	10 211	4 036	6 672	(14)	111

Foreign currency sensitivity analysis

The following details the Group's sensitivity to a 10,0% increase or decrease at year end in the Rand against these uncovered foreign currency denominated monetary assets and monetary liabilities. The amounts below indicate the amount by which other comprehensive income and equity would increase or decrease if the Rand strengthens or weakens by 10,0%.

	Group	
Sensitivity analysis	**2018**	2017
+ 10%	**24 297**	24 618
- 10%	**(24 296)**	(24 618)

The profit attributable to equity holders of the parent generated in currencies other than the Group's functional currency for the financial year is as follows:

	2018 Group						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total GHS'000
Profit / (loss) for the year attributable to equity holders of the parent	39 982	1 317	775	342	2 469	(1 403)	(90)

	2017 Group						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total GHS'000
Profit / (loss) for the year attributable to equity holders of the parent	36 639	1 434	688	547	1 786	(4 430)	(419)

Foreign currency sensitivity analysis

The following details the Group's sensitivity to a 10,0% increase or decrease in the Rand during the course of the year against the profit attributable to equity holders of the parent. The amounts below indicate the amount by which profit and loss and equity would increase or decrease if the Rand strengthens or weakens by 10,0%.

	Group	
Sensitivity analysis	**2018**	2017
+ 10%	**3 998**	3 664
- 10%	**(3 998)**	(3 664)

28.2 Interest rate risk management

The Group is exposed to interest rate risk in respect of variable rate borrowings and variable rate disbursement fees and interest earned on monies disbursed on behalf of clients. This risk is managed predominantly through monitoring and negotiation of interest rates by management on an ongoing basis with financiers and customers.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure of interest bearing borrowings to a 50 basis point increase or decrease in the cost of finance. In the case of finance costs incurred on short term borrowing to fund recoverable disbursement on behalf of clients, a period of 45 days has been used, being the average credit term granted on trade receivables and the maximum potential rate gap period before which the interest received from clients can be repriced. In the case of finance costs incurred on long term borrowings, a period of 365 days has been used assuming an annual renegotiation of facilities.

	Group	
Sensitivity analysis	**2018 R'000**	2017 R'000
If the interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's profit (pre-tax) would increase/decrease by:	**346**	426

28.3 Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group mitigates this through transacting with a widespread geographical and sectoral customer base and through the ongoing credit evaluation of the financial condition of its customers, resulting in the fact that no single client contributes more than 5% of total Group revenues.

In the case of South African trade receivables where credit risk is deemed to be higher as a result of the legal obligation imposed by regulatory authorities for the Group to fund significant recoverable disbursements on behalf of clients, credit guarantee insurance cover is purchased for all debtors. This credit insurance cover is provided by Coface South Africa and Santam Structured Insurance Limited which covers 85% to 90% of the outstanding trade receivable balance in the event of default.

In the case of the trade receivables within the Group's foreign subsidiaries, the materiality of potential financial losses as a result of default is not deemed to be as significant due to the fact that these operations are not required to fund recoverable disbursements on behalf of clients. Therefore, the Group does not take out credit insurance cover in its foreign operations, but provides adequate specific and portfolio impairment provisions to mitigate credit risk.

At 28 February 2018, the Group does not consider there to be any material credit risk that has not been insured or adequately provided for.

The carrying amount of the financial assets recorded in the financial statements, grossed up for any impairments, represents the Group's maximum exposure to credit risk.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

The Group grants varied credit terms of between 7 to 90 days to its customers. The analysis of trade receivables which are past due at reporting date is as follows:

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Not past due	**495 612**	443 268	**951**	132
Past due but not impaired:				
- 0 to 30 days	**58 482**	81 458	**-**	-
- 31 to 60 days	**13 804**	10 795	**-**	-
- 61 to 90 days	**4 365**	3 946	**-**	-
- over 90 Days	**5 080**	4 021	**-**	-
Impaired	**7 746**	6 288	**-**	-
Trade receivables	**585 089**	549 776	**951**	132
Provision for impairment of receivables (refer note 7)	**(5 713)**	(10 665)	**-**	-
Total trade receivables	**579 376**	539 111	**951**	132

28.4 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring cash flows and the maturity profiles of financial assets and financial liabilities. There were no defaults of terms with lenders during the year.

The Group has continued to enjoy uninterrupted access to its facilities, which at the year end amounted to:

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Facilities available (refer note 14)				
Bank overdraft	**28 929**	28 967	**-**	-
Medium term loans	**36 443**	57 093	**36 443**	47 185
Invoice discounting facilities	**363 732**	364 996	**-**	-
Total facilities available	**429 104**	451 056	**36 443**	47 185
Facilities utilised at year end (refer note 14)				
Bank overdraft	**-**	8	**-**	-
Medium term loans	**36 443**	57 093	**36 443**	47 185
Invoice discounting facilities	**265 097**	228 372	**-**	-
Total facilities utilised	**301 540**	285 473	**36 443**	47 185
Available unutilised facilities				
Bank overdraft	**28 929**	28 959	**-**	-
Invoice discounting facilities	**98 635**	136 624	**-**	-
Total available unutilised facilities	**127 564**	165 583	**-**	-

Notes to the Annual Financial Statements continued

for the year ended 28 February 2018

The following table details the Group's remaining contractual maturity for its non-derivative financial assets:

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2018					
Non-interest bearing	**223 980**	**10 077**	**39 219**	**-**	**273 276**
Interest bearing	**205 777**	**162 466**	**-**	**-**	**368 243**
	429 757	**172 543**	**39 219**	**-**	**641 519**
2017					
Non-interest bearing	251 881	49 953	4 221	-	306 055
Interest bearing	139 868	144 651	-	-	284 519
	391 749	194 604	4 221	-	590 574

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities:

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2018					
Non-interest bearing	**202 319**	**-**	**-**	**-**	**202 319**
Interest bearing	**166 581**	**123 366**	**14 154**	**23 830**	**327 931**
	368 900	**123 366**	**14 154**	**23 830**	**530 250**
2017					
Non-interest bearing	205 488	-	-	-	205 488
Interest bearing	229 011	7 826	32 566	42 816	312 219
	434 499	7 826	32 566	42 816	517 707

The following table details the Group's remaining contractual maturity for its derivative financial instruments:

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2018					
Forward exchange contracts	**(63)**	**-**	**-**	**-**	**(63)**
Profit share on rental agreement	**-**	**-**	**-**	**1 992**	**1 992**
Insurance cell captive	**-**	**-**	**-**	**2 374**	**2 374**
	(63)	**-**	**-**	**4 366**	**4 303**
2017					
Forward exchange contracts	(42)	-	-	-	(42)
Profit share on rental agreement	-	-	-	1 992	1 992
Insurance cell captive	-	-	-	4 341	4 341
	(42)	-	-	6 333	6 291

28.5 Capital risk management

The Group manages the capital at its disposal so as to ensure that the Group will be able to continue as a going concern to maximise the return to shareholders.

The Group's capital consists of shareholders funds, debt and cash and cash equivalents and the Group's strategy is to maintain an optimal mix of this capital so as to minimise the cost of capital and to have sufficient capital available for allocation to the Group's business operations.

There has been no change to the Group's approach to capital management during the year.

The Group is subject to externally imposed capital requirements by its primary transactional bankers arising in the ordinary course of securing funding facilities. These capital requirements relate to minimum required levels of shareholders funds, maximum ratio of debt to EBITDA and minimum interest cover interest cover ratios and there have been no breaches or default of these capital requirements during the year.

The Group monitors its capital on the basis of a gearing ratio which is calculated as total interest bearing borrowings less cash and cash equivalents, divided by total capital and reserves. The Group's gearing ratio at year end was:

	Group	
	2018 R'000	2017 R'000
Interest bearing and short term borrowings	**301 698**	285 473
Less: Cash and cash equivalents	**108 371**	91 780
Net Debt	**193 327**	193 693
Total capital and reserves	**416 172**	365 566
Gearing ratio	**46%**	53%

The levels of gearing within the Group is considered appropriate based on the financing activities it undertakes on behalf of it customers, from which it generates a market and risk related net interest margin. In addition the majority of debt originates from upfront payments received upon the discounting of a portion of its short term receivables book, which book is secured by credit underwriting polices protecting the Group up to 85%/90% of the value of the receivables outstanding.

29. EVENTS AFTER THE REPORTING PERIOD

There are no events that have taken place after the reporting period for which non-disclosure would affect the ability of the users to make proper evaluations and decisions.

30. GOING CONCERN

The Directors believe that the Santova group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis.

Corporate Information

SANTOVA LIMITED
Country of incorporation
Republic of South Africa

Registration number
1998/018118/06

Share code
SNV

ISIN
ZAE000159711

NATURE OF BUSINESS
International logistics solutions provider

DIRECTORS
Independent Non-Executive Directors
WA Lombard (Chairman)
AD Dixon
ESC Garner
EM Ngubo

Executive Directors
GH Gerber (Chief Executive Officer)
DC Edley (Group Financial Director)
AL van Zyl

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Highway Corporate Services (Pty) Ltd
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Corporate Structure