Innovative Global Supply Chain Solutions

Annual Financial Statements 2014

Santova Limited

CONTENTS

FINANCIAL REPORTS

REPORT OF THE COMPANY SECRETARY

During the year under review, I conducted the duties of Company Secretary for Santova Limited. The secretarial matters are the responsibility of the Company's directors. My responsibility is providing the directors collectively and individually with guidance as to their duties, responsibilities and powers.

I hereby certify that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the 2008 Companies Act, as amended, and that all such returns are true, correct and up to date.

JA Lupton FCIS
Company Secretary

Practice number: PPG00290

Durban
15 May 2014

REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 28 February 2014.

The Audit 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. Further duties are delegated to the Audit Committee by the Board of Directors of the Company. The Board of Directors of Santova Limited has delegated the monitoring of risk management to the Committee. This report covers both these sets of 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 available on the Company's website.

AUDIT AND RISK COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The Audit and Risk Committee is independent and consists of three independent, non-executive directors. It meets at least three times a year in accordance with its Charter. The Chairman of the Board is also a member of this Committee.

The Chief Executive Officer, Group Financial Director, audit partner and audit manager are permanent invitees to Committee meetings. The Group Legal Advisor attends meetings to present his Legal and Risk Report.

The effectiveness of the Audit and Risk Committee and its individual members has been recently internally assessed as part of a comprehensive evaluation process of the Board and its sub-committees.

Four meetings were held during the period under review:

NAME OF MEMBER	PERIOD OF SERVICE	May 2013	July 2013	October 2013	February 2014
WA Lombard CA (SA) (Chairman)	5 June 2008 to current	•	•	•	•
AD Dixon CA (SA)	1 December 2010 to current	•	•	•	•
ESC Garner CA (SA)	5 June 2008 to current	•	•	•	•

ROLE AND RESPONSIBILITIES

Statutory duties

The Audit and Risk Committee's role and responsibilities include statutory duties set down in the Companies Act and further responsibilities assigned to it by the Board. The Audit and Risk Committee executed its duties in terms of the requirement of King III and instances where the principles of King III have not been applied have been explained in the Corporate Governance Report included on pages 19 and 20 in the Annual Integrated Report.

External auditor appointment and independence

The Audit and Risk Committee has satisfied itself that the holding company's auditors, Deloitte & Touche, were independent of the Company, as required by Section 94(8) of the Companies Act, which includes consideration of previous appointments of the auditor and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Deloitte & Touche have not been considered for non-audit services. Requisite assurance was sought and provided by Deloitte & Touche that internal governance processes within the audit firm support and demonstrate its claim to independence.

The Committee ensured that the appointment of the 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 2014 financial year.

The Committee has nominated, for election at the Annual General Meeting, Deloitte & Touche as the external auditor and S Munro as the designated auditor responsible for performing the functions of auditor for the 2015 financial year. The Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE's 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.

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 can be found on page 3 of these Annual Financial Statements. The Audit and Risk Committee supports the opinion of the Board in this regard.

REPORT OF THE AUDIT AND RISK COMMITTEE

Duties assigned by the Board

In addition to the statutory duties of the Audit 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 Annual Integrated Report and the reporting process.

The Audit and Risk Committee considered the Company's sustainability information as disclosed in the Annual 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 Sustainability Report with management. The Board of Directors does not believe that the Company is at the stage of its development that warrants the cost of appointing either a sustainability committee or an external assurance provider. The Audit and Risk Committee is satisfied that the Company has optimised the assurance coverage obtained from management, internal and external assurance providers in accordance with an appropriate combined assurance model.

Going concern

The Audit and Risk Committee has reviewed (a documented assessment, including key assumptions, prepared by management) the going concern status of the Company and the Group and has recommended that the Company remains a going concern 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' Responsibility and Approval Statement on page 3 of the 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 where relevant, the IT Risk Management Committee.

Further detailed information on the governance of risk and members of the relevant sub-committees can be found in the Risk Management Report on page 21 of the Annual Integrated Report.

Based on the information contained in the Risk Management Report, the Audit and Risk Committee members are of the opinion that all identified risks to the business are being appropriately managed by the management team.

Internal audit

The Group does not have a fully fledged internal audit department as envisaged by King III as the Board of Directors believe that, at this stage in the Group's development, there are sufficient checks and balances in place to gain adequate assurance that controls are operating effectively.

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. This includes role players that are independent of the subsidiaries and/or 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 team, during their visits to subsidiary companies, regularly review the internal controls adopted at subsidiary level for both adequacy and effectiveness.

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 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 the course of these audits and any shortcomings identified are reported to the Audit and Risk Committee.

The Committee, together with management, ensure implementation of programmes for corrective action where necessary.

The Committee can affirm that nothing has come to its attention, or to the attention of the external auditors, 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 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 Financial Director has the appropriate experience and expertise.

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.

WA Lombard
Chairman
15 May 2014

DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are required by the 2008 Companies Act, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements of Santova Limited and its subsidiaries and related financial information included therein. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company and the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The annual financial statements have been audited in compliance with the applicable requirements of the 2008 Companies Act.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group.

While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's budgets for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the Company and the Group have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly the annual financial statements of the Group and Company have been prepared on the going concern basis.

PREPARER OF ANNUAL OF FINANCIAL STATEMENTS

The annual financial statements have been prepared under the supervision of DC Edley, CA (SA).

The annual financial statements of the Group and Company, set out on pages 4 to 48, were approved by the Board of Directors on 15 May 2014 and were signed on their behalf by:

GH Gerber
Chief Executive Officer

DC Edley
Group Financial Director

Durban
15 May 2014

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SANTOVA LIMITED

We have audited the consolidated and separate financial statements of Santova Limited set out on pages 7 to 48, which comprise the statements of financial position as at 28 February 2014, and the 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 the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Santova Limited as at 28 February 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2014, we have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche

Registered Auditors

Per: SD Munro CA (SA) RA

Partner

15 May 2014

National executive: LL Bam *Chief Executive*, AE Swiegers *Chief Operating Officer*, GM Pinnock *Audit*, DL Kennedy *Risk Advisory*, NB Kader *Tax*, TP Pillay *Consulting*, K Black *Clients & Industries*, JK Mazzocco *Talent & Transformation*, CR Beukman *Finance*, M Jordan *Strategy*, S Gwala *Special Projects*, TJ Brown *Chairman of the Board*, MJ Comber *Deputy Chairman of the Board*

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor in terms of Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

DIRECTORS' REPORT

The directors have the pleasure of presenting their annual report for the year ended 28 February 2014 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, financial services and information technology systems.

2. GROUP RESULTS

The profit for the year, presented in rand thousands, attributable to equity holders of the parent amounted to R30 587 (2013: R24 688), which represents basic earnings per share of 22,42 cents (2013: 18,06 cents).

The financial results of the Group, including its financial position, the results of its operations for the period under review and the detailed notes thereto, are set out in these Annual Financial Statements on pages 7 to 48.

3. DIVIDENDS

The directors have declared a final dividend of 3.25 cents per ordinary share, payable to shareholders as follows:

Date of declaration:	15 May 2014	Record date:	25 July 2014
Last day to trade cum-dividend:	18 July 2014	Payment date:	28 July 2014
Trading ex-dividend commences:	21 July 2014		

4. SHARE CAPITAL

There were no changes made to the authorised or issued share capital of the Company during the year under review.

The total issued share capital of the Company as at financial year end amounted to 136 459 408 ordinary shares of no par value (2013: 136 459 408).

5. CONTROLLING AND MAJOR SHAREHOLDERS

As at financial year end there were 1 433 (2013: 863) shareholders in the Company and controlling and major shareholders holding in excess of 5% of the Company's share capital are detailed on page 49 of the Annual Integrated Report.

6. SUBSEQUENT EVENTS

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

7. SUBSIDIARY COMPANIES

Full details of the Companys' subsidiaries and investments therein, as at year end, are listed in note 4 contained on page 27 of these Annual Financial Statements.

8. SPECIAL RESOLUTIONS

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

Holding Company

- Approval of non-executive directors' remuneration: 2013/2014;
- General authority to provide financial assistance in terms of Sections 44 and 45 of the Companies Act; and
- General authority to buy own shares.

Santova Logistics (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 6 June2013.

Santova Express (Pty) Ltd

- Change of name to Santova Express (Pty) Ltd: 20 May 2013; and
- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 6 June 2013.

DIRECTORS' REPORT

9. DIRECTORS

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

Non-executive
ESC Garner, *Chairman*
AD Dixon
S Donner (resigned 1 July 2013)
WA Lombard
EM Ngubo (appointed 19 February 2014)

Executive
GH Gerber, *Chief Executive Officer*
DC Edley, *Group Financial Director*
AL van Zyl

10. DIRECTORS' INTERESTS

Details of the direct and indirect beneficial and non-beneficial interests of directors of the Company and directors of its subsidiary companies in the share capital of the Company as at 28 February 2014 are contained on page 50 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
2 Old Main Road
Hillcrest
3610

PO Box 1319
Hillcrest
3650

12. SHARE REGISTRARS

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

70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

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 2014 was 300 (2013: 337).

STATEMENTS OF

FINANCIAL POSITION as at 28 February 2014

	Notes	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
ASSETS					
Non-current assets		**141 418**	123 183	**136 104**	137 155
Plant and equipment	2	**8 940**	8 308	**1 013**	327
Intangible assets	3	**123 927**	109 883	**2 936**	2 801
Investments in subsidiaries	4	**–**	–	**130 211**	133 129
Financial assets	5	**3 175**	1 458	**–**	–
Deferred taxation	6	**5 376**	3 534	**1 944**	898
Current assets		**555 123**	434 902	**4 433**	4 053
Trade receivables	7	**480 738**	368 931	**635**	271
Other receivables		**36 627**	36 758	**309**	132
Current tax receivable		**915**	1 129	**–**	–
Amounts owing from related parties	8	**–**	–	**1 540**	1 817
Cash and cash equivalents		**36 843**	28 084	**1 949**	1 833
Total assets		**696 541**	558 085	**140 537**	141 208
EQUITY AND LIABILITIES					
Capital and reserves		**198 510**	147 963	**113 779**	111 863
Stated capital	9	**145 757**	145 307	**145 757**	145 307
Foreign currency translation reserve		**24 320**	1 785	**–**	–
Accumulated profit/(loss)		**25 000**	(2 155)	**(31 978)**	(33 444)
Attributable to equity holders of the parent		**195 077**	144 937	**113 779**	111 863
Minority interest		**3 433**	3 026	**–**	–
Non-current liabilities		**30 080**	49 516	**1 777**	16 962
Interest-bearing borrowings	10	**27 967**	37 402	**–**	–
Long-term provision	11	**1 777**	1 966	**1 777**	1 966
Financial liabilities	5	**336**	10 148	**–**	10 148
Current liabilities		**467 951**	360 606	**24 981**	12 383
Trade and other payables		**220 750**	199 357	**1 702**	1 447
Current tax payable		**4 180**	3 426	**–**	–
Current portion of interest-bearing borrowings	10	**7 947**	3 430	**–**	–
Amounts owing to related parties	12	**204**	167	**13 951**	9 283
Financial liabilities	5	**9 709**	5 293	**7 046**	5 240
Short-term borrowings and overdrafts	13	**208 321**	137 829	**–**	–
Short-term provisions	14	**16 840**	11 104	**2 282**	1 261
Total equity and liabilities		**696 541**	558 085	**140 537**	141 208

STATEMENTS OF PROFIT OR LOSS AND OTHER

COMPREHENSIVE INCOME for the year ended 28 February 2014

		Notes	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Gross billings		15	**3 221 519**	2 637 920	**25 771**	22 748
Revenue			**214 357**	176 651	**23 112**	21 036
Other income			**15 118**	9 296	**11 341**	63 987
Depreciation and amortisation			**(3 476)**	(3 070)	**(935)**	(484)
Administrative expenses			**(174 228)**	(142 067)	**(28 618)**	(39 622)
Operating profit		16	**51 771**	40 810	**4 900**	44 917
Interest received		18	**4 559**	1 899	**194**	209
Finance costs		19	**(16 316)**	(9 239)	**(1 262)**	(953)
Profit before taxation			**40 014**	33 470	**3 832**	44 173
Income tax expense		20	**(9 228)**	(8 373)	**1 045**	(450)
Profit for the year			**30 786**	25 097	**4 877**	43 723
Attributable to:						
Equity holders of the parent			**30 587**	24 688	**4 877**	43 723
Minority interest			**199**	409	**–**	–
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
– *Exchange differences arising from translation of foreign operations*			**22 743**	(945)	**–**	–
Items that may be reclassified subsequently to profit or loss			**–**	–	**–**	–
Total comprehensive income			**53 529**	24 152	**4 877**	43 723
Attributable to:						
Equity holders of the parent			**53 122**	23 473	**4 877**	43 723
Minority interest			**407**	679	**–**	–
Basic earnings per share	(cents)	21	**22,42**	18,06	**–**	–
Diluted basic earnings per share	(cents)	21	**22,12**	18,00	**–**	–
Dividends per share	(cents)		**3,25**	2,50	**–**	–

STATEMENTS OF

CHANGES IN EQUITY for the year ended 28 February 2014

	Attributable to equity holders of the parent						
	Stated capital R'000	Share commit-ments R'000	Foreign currency translation reserve R'000	Accu-mulated (loss)/profit R'000	Total R'000	Minority interest R'000	Total equity R'000
GROUP							
Balances at 29 February 2012	145 200	(5)	3 000	(27 053)	121 142	2 347	123 489
Total comprehensive income	–	–	(1 215)	24 688	23 473	679	24 152
Transfer of contingency reserve	–	–	–	210	210	–	210
Issue of shares in terms of share commitments	938	(938)	–	–	–	–	–
Employee share option scheme	115	–	–	–	115	–	115
Repurchase of shares in terms of put options exercised	(943)	943	–	–	–	–	–
Share issue expenses directly through equity	(3)	–	–	–	(3)	–	(3)
Balances at 28 February 2013	145 307	–	1 785	(2 155)	144 937	3 026	147 963
Total comprehensive income	**–**	**–**	**22 535**	**30 587**	**53 122**	**407**	**53 529**
Employee share option scheme	**450**	**–**	**–**	**(21)**	**429**	**–**	**429**
Dividends paid to shareholders	**–**	**–**	**–**	**(3 411)**	**(3 411)**	**–**	**(3 411)**
Balances at 28 February 2014	**145 757**	**–**	**24 320**	**25 000**	**195 077**	**3 433**	**198 510**

	Stated capital R'000	Share commit-ments R'000	Accu-mulated loss R'000	Total R'000
COMPANY				
Balances at 29 February 2012	145 200	(5)	(77 167)	68 028
Total comprehensive income	–	–	43 723	43 723
Issue of shares in terms of share commitments	938	(938)	–	–
Employee share option scheme	115	–	–	115
Repurchase of shares in terms of put options exercised	(943)	943	–	–
Share issue expenses directly through equity	(3)	–	–	(3)
Balances at 28 February 2013	145 307	–	(33 444)	111 863
Total comprehensive income	**–**	**–**	**4 877**	**4 877**
Employee share option scheme	**450**	**–**	**–**	**450**
Dividends paid to shareholders	**–**	**–**	**(3 411)**	**(3 411)**
Balances at 28 February 2014	**145 757**	**–**	**(31 978)**	**113 779**

STATEMENTS OF

CASH FLOWS for the year ended 28 February 2014

	Notes	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
OPERATING ACTIVITIES					
Cash (utilised in)/generated from operations	22.1	**(27 006)**	29 096	**1 050**	1 831
Interest received		**4 559**	1 899	**194**	209
Finance costs		**(15 959)**	(9 086)	**(905)**	(768)
Taxation paid	22.2	**(10 102)**	(8 515)	**–**	–
Net cash flows from operating activities		**(48 508)**	13 394	**339**	1 272
INVESTING ACTIVITIES					
Plant and equipment acquired		**(3 328)**	(2 203)	**(949)**	(147)
Intangible assets acquired and developed		**(877)**	(832)	**(812)**	(826)
Proceeds on disposals of plant and equipment		**293**	674	**4**	–
Decrease in amounts owing from related parties		**–**	29	**277**	335
Dividends received		**–**	–	**–**	62 833
Net cash flows on acquisition of subsidiaries	22.3	**(6 277)**	(35 738)	**–**	(2 669)
Increase in investments in subsidiaries		**–**	–	**–**	(61 277)
Net cash flows from investing activities		**(10 189)**	(38 070)	**(1 480)**	(1 751)
FINANCING ACTIVITIES					
Repurchase of share capital		**–**	(943)	**–**	(943)
Share issue expenses		**–**	(3)	**–**	(3)
Borrowings raised		**66 579**	42 242	**–**	–
Increase/(decrease) in amounts owing to related parties		**37**	(79)	**4 668**	2 468
Dividends paid		**(3 411)**	–	**(3 411)**	–
Net cash flows from financing activities		**63 205**	41 217	**1 257**	1 522
Net increase in cash and cash equivalents		**4 508**	16 541	**116**	1 043
Effects of exchange rate changes on cash and cash equivalents		**5 257**	1 012	**–**	–
Cash and cash equivalents at beginning of year		**27 078**	9 525	**1 833**	790
Cash and cash equivalents at end of year		**36 843**	27 078	**1 949**	1 833
Cash and cash equivalents is made up as follows:					
Cash and cash equivalents		**36 843**	28 083	**1 949**	1 833
Less: bank overdrafts		**–**	(1 005)	**–**	–
Cash and cash equivalents at end of year		**36 843**	27 078	**1 949**	1 833

GROUP SEGMENTAL ANALYSIS for the year ended 28 February 2014

	South Africa R'000	Australia R'000	United Kingdom R'000	Netherlands R'000	Hong Kong R'000	Group R'000
GEOGRAPHICAL SEGMENTS						
28 February 2014						
Gross billings	**2 792 007**	**115 969**	**203 981**	**179 668**	**29 048**	**3 320 673**
External	**2 755 123**	**114 504**	**189 262**	**160 087**	**2 543**	**3 221 519**
Internal	**36 884**	**1 465**	**14 719**	**19 581**	**26 505**	**99 154**
Revenue	**137 401**	**12 250**	**32 802**	**26 457**	**5 447**	**214 357**
Operating profit	**33 948**	**1 070**	**10 207**	**4 205**	**2 341**	**51 771**
Interest received	**4 437**	**37**	**13**	**–**	**72**	**4 559**
Finance costs	**(15 895)**	**(1)**	**(111)**	**(309)**	**–**	**(16 316)**
Income tax expense	**(5 403)**	**(329)**	**(2 387)**	**(844)**	**(265)**	**(9 228)**
Profit for the year	**17 087**	**777**	**7 722**	**3 052**	**2 148**	**30 786**
Segment assets	**472 915**	**17 479**	**39 410**	**25 636**	**11 798**	**567 238**
Intangible assets	**123 927**	**–**	**–**	**–**	**–**	**123 927**
Deferred taxation	**4 489**	**628**	**259**	**–**	**–**	**5 376**
Total assets	**601 331**	**18 107**	**39 669**	**25 636**	**11 798**	**696 541**
Total liabilities	**441 801**	**5 023**	**26 708**	**20 212**	**4 287**	**498 031**
Depreciation and amortisation	**2 592**	**205**	**447**	**151**	**81**	**3 476**
Capital expenditure	**3 947**	**–**	**80**	**177**	**1**	**4 205**
28 February 2013						
Gross billings	2 426 746	123 241	98 076	85 634	28 015	2 761 712
External	2 362 341	122 289	87 644	62 154	3 492	2 637 920
Internal	64 405	952	10 432	23 480	24 523	123 792
Revenue	127 696	14 194	17 632	13 283	3 846	176 651
Operating profit	28 654	2 418	6 599	2 432	707	40 810
Interest received	1 835	2	4	1	57	1 899
Finance costs	(8 663)	(3)	(207)	(366)	–	(9 239)
Income tax expense	(5 497)	(814)	(1 626)	(378)	(58)	(8 373)
Profit for the year	16 329	1 603	4 770	1 689	706	25 097
Segment assets	369 885	18 559	32 169	15 762	8 293	444 668
Intangible assets	109 880	–	–	3	–	109 883
Deferred taxation	2 648	412	474	–	–	3 534
Total assets	482 413	18 971	32 643	15 765	8 293	558 085
Total liabilities	360 115	7 478	24 319	14 168	4 042	410 122
Depreciation and amortisation	2 496	265	140	93	76	3 070
Capital expenditure	2 440	96	822	243	34	3 635

	Logistics Services R'000	Financial Services R'000	Group R'000
BUSINESS SEGMENT			
28 February 2014			
Net profit	**27 522**	**3 264**	**30 786**
Total assets	**691 935**	**4 606**	**696 541**
Total liabilities	**496 417**	**1 614**	**498 031**
28 February 2013			
Net profit	22 626	2 471	25 097
Total assets	553 034	5 051	558 085
Total liabilities	409 509	613	410 122

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 5.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"), the requirements of the South African Companies Act, No 71 of 2008, as amended, and the JSE Listings Requirements.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and derivatives accounted for at fair value through the statement of profit or loss and other comprehensive income.

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 require 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.

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 profit or loss and other 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 inter-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.

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

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

1. ACCOUNTING POLICIES continued

1.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase 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 profit or loss and other 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 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 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

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

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

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.

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 6 years
Customer lists	2 to 3,5 years

1. ACCOUNTING POLICIES continued

1.6 Intangible assets continued

Intangible assets acquired separately continued

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.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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 pre-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. ACCOUNTING POLICIES continued

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 assets are classified into the following specified categories:

- Loans and receivables;
- Held-to-maturity investments;
- Financial assets at fair value through profit or loss ("FVTPL"); and
- Available-for-sale ("AFS") financial assets.

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.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity, are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

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. ACCOUNTING POLICIES continued

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 investment 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 AFS 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 investment 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.

Available-for-sale financial assets

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

1.11 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1. ACCOUNTING POLICIES continued

1.12 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.

1.13 Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of the Group.

1.14 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. ACCOUNTING POLICIES continued

1.15 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 27.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

1.16 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 as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.17 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.

1.18 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.

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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

1. ACCOUNTING POLICIES continued

1.19 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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.

1.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.21 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 profit or loss and other comprehensive income.

Other benefits

The cost of all other short-term employee benefits such as salaries, bonuses, allowances, medical and other contributions are recognised in the statement of profit or loss and other comprehensive income during the period in which the employee renders the related service.

Leave pay is provided for in full, together with provisions for bonuses where the payment of such is certain.

1. ACCOUNTING POLICIES continued

1.22 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.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

1.23 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 profit or loss and other 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 and associates, and interests in joint ventures, 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. ACCOUNTING POLICIES continued

1.24 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.

1.25 Critical accounting judgements

There are a number of areas where judgement is applied in the financial statements. The following 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:

- Impairment provisions for trade receivables;
- Impairment provisions of other loans and receivables;
- Valuation of goodwill; and
- Estimating the useful lives and residual values of plant and equipment.

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

The discount rate is based on current pre-tax market rates that reflect the time value of money and the risks specific to the cash-generating units. Growth rates are based on objective assessments of external data. Goodwill is tested annually for impairment or when indications arise that goodwill might be impaired.

1.26 Segmental information

The Group is organised and records its primary segment information by significant geographical region based on location of assets and on a secondary basis by business segment.

1.27 New/revised accounting standards/interpretations

Management has assessed the impact of the revised standards/interpretations that were effective for the current year and that the adoption of these revised standards/interpretations had no material impact on the results presented, with the exception of the adoption of the following:

Amendments to IAS 1: Presentation of items of Other Comprehensive Income ("OCI") (effective for periods beginning on or after 1 July 2012)

The Group has applied the amendments for the first time in the current year presenting profit or loss and OCI together rather than as a single continuous statement as was proposed in the exposure draft. This amendment required the Group to present profit and loss and OCI in a single 'statement of profit or loss and comprehensive income'. The other amendments to the presentation of profit or loss and OCI do not affect the Group.

IFRS 10: Consolidated Financial Statements (effective for periods beginning on or after 1 January 2013)

The Group has adopted IFRS 10: Consolidated Financial Statements for the first time during the current reporting period. As a result, the investment by Santova Logistics (Pty) Limited in a cell captive operated by the Guardrisk Insurance Company no longer qualifies for consolidation.

IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation with specific criteria that to qualify for consolidation the assets of the investee must be ring-fenced in the event of the liquidation of both the investor and investee. Due to the fact that the assets of a cell captive are not legally ring-fenced in the event of the liquidation of the investee, cell captives no longer qualify for consolidation.

As a result the fair value of the Group's investment in the cell captive is recognised as a financial asset in the current reporting period, with changes in the fair value being recognised in profit or loss for the year. As required by the provisions of IFRS 10 the prior year amounts have been restated to reflect the effect of the retrospective adoption of this standard.

The Board do not consider the impact of this restatement on the Group's Annual Financial Statements to be material as there is no effect on profit for the year or total capital and reserves in the current or prior reporting periods.

Due to the Board's assessment of the immateriality of the restatement and the fact that the transitional provisions of IFRS 10 do not require the presentation of reporting periods, other than the annual period immediately preceding the date of initial application of this IFRS, a third statement of financial position has not been included in terms of IAS 1:40A.

1. ACCOUNTING POLICIES continued

1.27 New/revised accounting standards/interpretations continued

The impact of this restatement on the 2013 financial results can be summarised as follows:

	As previously reported R'000	Adjustment R'000	Restated R'000
Profit for the year	25 097	–	25 097
Total assets	558 616	(531)	558 085
Total liabilities	410 653	(531)	410 122
Capital and reserves	147 963	–	147 963

IFRS 13: Fair Value Measurement (effective for periods beginning on or after 1 January 2013)

Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Future changes to accounting standards

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

New International Financial Reporting Standards:

IFRS 9: Financial Instruments (effective for periods beginning on or after 1 January 2015)

Amended International Accounting Standards:

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities (effective periods beginning on or after 1 January 2014)

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities (effective for periods beginning on or after 1 January 2014)

Amendments to IFRS 7 and IFRS 9: Mandatory Effective Date of IFRS 9 and Transition Disclosures

Management anticipate that the implementation of these standards and interpretations will not have a significant impact on the Company.

2. PLANT AND EQUIPMENT

	2014 Cost/ valuation R'000	2014 Accumulated depreciation R'000	2014 Carrying value R'000	2013 Cost/ valuation R'000	2013 Accumulated depreciation R'000	2013 Carrying value R'000
GROUP						
Plant and equipment	**726**	**(293)**	**433**	625	(242)	383
Motor vehicles	**5 730**	**(3 204)**	**2 526**	4 230	(2 331)	1 899
Furniture and fittings	**2 210**	**(1 034)**	**1 176**	2 193	(946)	1 247
Leasehold improvements	**1 720**	**(1 125)**	**595**	1 655	(829)	826
Office equipment	**3 767**	**(2 418)**	**1 349**	3 672	(2 090)	1 582
Computer equipment	**7 181**	**(4 320)**	**2 861**	5 954	(3 583)	2 371
	21 334	**(12 394)**	**8 940**	18 329	(10 021)	8 308

Certain motor vehicles with a carrying value of R1 234 197 (2013: Rnil) 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 R755 512 (2013: R1 050 416) are pledged as security for the GE Capital Finance Pty Ltd facility (refer note 13).

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	Translation profit/(loss) R'000	Carrying value at end of year R'000
2014						
Plant and equipment	**383**	**101**	**–**	**(51)**	**–**	**433**
Motor vehicles	**1 899**	**1 543**	**(221)**	**(836)**	**141**	**2 526**
Furniture and fittings	**1 247**	**84**	**–**	**(166)**	**11**	**1 176**
Leasehold improvements	**826**	**7**	**–**	**(265)**	**27**	**595**
Office equipment	**1 582**	**206**	**(118)**	**(424)**	**103**	**1 349**
Computer equipment	**2 371**	**1 387**	**(46)**	**(958)**	**107**	**2 861**
	8 308	**3 328**	**(385)**	**(2 700)**	**389**	**8 940**
2013						
Plant and equipment	424	–	(1)	(40)	–	383
Motor vehicles	2 114	826	(547)	(510)	16	1 899
Furniture and fittings	1 198	307	(98)	(164)	4	1 247
Leasehold improvements	926	92	–	(236)	44	826
Office equipment	1 422	580	(87)	(385)	52	1 582
Computer equipment	2 281	998	(108)	(841)	41	2 371
	8 365	2 803	(841)	(2 176)	157	8 308

2. PLANT AND EQUIPMENT continued

	2014 Cost/ valuation R'000	2014 Accumulated depreciation R'000	2014 Carrying value R'000	2013 Cost/ valuation R'000	2013 Accumulated depreciation R'000	2013 Carrying value R'000
COMPANY						
Furniture and fittings	**43**	**(34)**	**9**	39	(32)	7
Office equipment	**4**	**(1)**	**3**	4	(1)	3
Computer equipment	**1 582**	**(581)**	**1 001**	643	(326)	317
	1 629	**(616)**	**1 013**	686	(359)	327

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
2014					
Furniture and fittings	**7**	**4**	**–**	**(2)**	**9**
Office equipment	**3**	**–**	**–**	**–**	**3**
Computer equipment	**317**	**945**	**(5)**	**(256)**	**1 001**
	327	**949**	**(5)**	**(258)**	**1 013**
2013					
Furniture and fittings	8	1	–	(2)	7
Office equipment	–	4	–	(1)	3
Computer equipment	311	142	–	(136)	317
	319	147	–	(139)	327

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
3. INTANGIBLE ASSETS				
3.1 Computer software				
Cost	**4 856**	4 110	**3 838**	3 012
Accumulated amortisation	**(1 851)**	(1 483)	**(1 037)**	(692)
Carrying value at beginning of year	**3 005**	2 627	**2 801**	2 320
Additions	**877**	832	**812**	826
Disposals	**–**	(4)	**–**	–
– Cost	**(99)**	(86)	**(93)**	–
– Accumulated amortisation	**99**	82	**93**	–
Amortisation	**(776)**	(450)	**(677)**	(345)
Carrying value at end of year	**3 106**	3 005	**2 936**	2 801
Comprising:				
Cost	**5 634**	4 856	**4 557**	3 838
Accumulated amortisation	**(2 528)**	(1 851)	**(1 621)**	(1 037)
Group and Company computer software additions consists both of internally developed systems and generic software purchases.				
3.2 Customer lists				
Cost	**2 605**	2 605	**–**	–
Accumulated amortisation	**(2 605)**	(2 161)	**–**	–
Carrying value at beginning of year	**–**	444	**–**	–
Amortisation	**–**	(444)	**–**	–
Carrying value at end of year	**–**	–	**–**	–
Comprising:				
Cost	**2 605**	2 605	**–**	–
Accumulated amortisation	**(2 605)**	(2 605)	**–**	–
3.3 Goodwill				
Carrying value at beginning of year	**106 878**	57 285	**–**	–
Amounts recognised from acquisitions of subsidiaries:				
– W.M. Shipping Limited	**–**	52 039	**–**	–
Amounts written-off in subsidiary:				
– Impairment (W.M. Shipping Limited)	**(3 131)**	–		
– Impairment (Santova Logistics B.V.)	**–**	(336)	**–**	–
Translation profit/(loss)	**17 074**	(2 110)	**–**	–
Carrying value at end of year	**120 821**	106 878	**–**	–
Goodwill is allocated to the Group's cash-generating units (CGUs) as follows:	**120 821**	106 878	**–**	–
– Santova Logistics	**43 063**	43 063	**–**	–
– Santova Financial Services	**2 826**	2 826	**–**	–
– Santova Logistics (United Kingdom)	**655**	655	**–**	–
– Santova Logistics (Australia)	**10 888**	10 187	**–**	–
– Santova Logistics (Netherlands)	**1 829**	1 434	**–**	–
– W.M. Shipping (United Kingdom)	**61 560**	48 713	**–**	–
For more detail on investments, refer note 4.				
Total intangible assets	**123 927**	109 883	**2 936**	2 801

3. INTANGIBLE ASSETS continued

3.3 Goodwill continued

Impairment testing of goodwill

Goodwill is tested annually for indicators 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.

Two CGUs have been identified as being significant in relation to the total carrying value of the Group's goodwill, namely:

– Santova Logistics; and
– W.M. Shipping (United Kingdom).

The recoverable amount of each CGU is determined based on fair value less costs of disposal, which basis is consistent with prior periods. The calculation uses an appropriate risk adjusted earnings multiple, obtained from published data available in the market in which the CGU operates, applied to sustainable historical earnings, less applicable direct costs of disposal.

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 key assumptions used in determining the recoverable amounts based on the fair value less costs of disposal calculations for these CGUs are as follows:

– Earnings multiples	4 to 8,5
– Costs of disposal	2% to 3%
– Exchange rates	Actual rates at measurement date

These calculations indicate that there is no impairment of the carrying values of goodwill allocated to the Group's CGUs required as at the current reporting date, other than that disclosed above for W.M. Shipping. The impairment in W.M. Shipping arose at the interim reporting period as a result of the remeasurement of the goodwill recognised at the time of the acquisition, following the conclusion of the first warranty period on 31 August 2013.

Based on sensitivity calculations performed by management it does not appear that any reasonably possible change in the key assumptions on which the significant CGU's recoverable amounts are based would cause the carrying amounts to exceed the recoverable amounts.

	Effective holding 2014 %	Effective holding 2013 %	Investment at cost 2014 R*	Investment at cost 2013 R*
4. INVESTMENTS IN SUBSIDIARIES				
COMPANY				
Incorporated in South Africa				
Santova Logistics (Pty) Ltd	**100**	100	**39 466 495**	39 313 840
Santova Administration Services (Pty) Ltd	**100**	100	**100**	100
Santova Financial Services (Pty) Ltd	**100**	100	**3 088 694**	3 088 694
Santova Express (Pty) Ltd (formerly Santova Logistics South Africa (Pty) Ltd)	**100**	100	**100**	100
Santova NVOCC (Pty) Ltd	**100**	100	**100**	100
Incorporated in Australia				
Santova Logistics Pty Ltd	**75**	75	**9 792 736**	9 792 736
Incorporated in the United Kingdom				
Santova Logistics Limited	**100**	100	**2 058 773**	1 999 094
W.M. Shipping Limited	**100**	100	**74 349 694**	77 480 601
Incorporated in the Netherlands				
Santova Logistics B.V.	**100**	100	**1 444 528**	1 444 528
Incorporated in Hong Kong				
Santova Logistics Limited	**100**	100	**9 352**	9 352
			130 210 572	133 129 145

Based on an assessment of the underlying potential of the businesses housed in the major subsidiaries listed above, the directors are of the opinion that, other than the impairment to W.M. Shipping Limited disclosed below, there has been no impairment in the above investments, or the underlying goodwill as at 28 February 2014 (refer note 3.3).

	2014 R*	2013 R*
Reconciliation of movements for the year:		
Balance at beginning of year	**133 129 145**	75 898 632
Deregistration of ACN 123 200 760 Pty Ltd	**–**	(6)
Reduction of investment in Santova Logistics B.V. due to settlement agreement	**–**	(353 220)
Purchase of 100% of the share capital in W.M. Shipping Limited	**–**	77 480 601
Reduction of investment in Santova Logistics South Africa (Pty) Ltd due to merger transaction	**–**	(19 952 429)
Equity contribution for shares granted to subsidiary employees in terms of the Group Share Option Scheme	**212 335**	55 567
Reduction of investment in W.M. Shipping Limited due to profit warranty conditions not met	**(3 130 908)**	–
Balance at end of year	**130 210 572**	133 129 145

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

		Level	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
5.	**FINANCIAL ASSETS/(LIABILITIES)**					
	FINANCIAL ASSETS					
	Non-current financial assets					
	Future profit share on rental agreement[1]	2	**1 228**	522	**–**	–
	Guardrisk Cell Captive[2]	2	**1 947**	936	**–**	–
			3 175	1 458	**–**	–
	FINANCIAL LIABILITIES					
	Non-current financial liabilities					
	Lease termination liability[3]	2	**(2 826)**	–	**–**	–
	Contingent purchase considerations on acquisitions[4]	3	**(7 046)**	(15 388)	**(7 046)**	(15 388)
	Less: current portion included in current liabilities					
	Lease termination liability[3]	2	**2 490**	–	**–**	–
	Contingent purchase considerations on acquisitions[4]	3	**7 046**	5 240	**7 046**	5 240
			(336)	(10 148)	**–**	(10 148)
	Current financial liabilities					
	Current portion of lease termination liability	2	**(2 490)**	–	**–**	–
	Current portion of contingent purchase considerations on acquisitions	3	**(7 046)**	(5 240)	**(7 046)**	(5 240)
	Forward exchange contracts	1	**(173)**	(53)	**–**	–
			(9 709)	(5 293)	**(7 046)**	(5 240)

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.

1 *Santova Logistics (Pty) Ltd 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 (Pty) Ltd 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)	*R74,77 per m²*
Capitalisation rate	*12,00%*

2 *This represents the fair value of the investment by Santova Logistics (Pty) Ltd 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 prior year figures were adjusted in line with the adoption of the new IFRS 10 Consolidated Financial Statements in the current financial year which introduced amended requirements for an entity to have control of a subsidiary. The effect of these amended control requirements was that the Guardrisk cell captive no longer qualified for consolidation. The fair value of the cell captive is determined by the net asset value that represents fair value.*

3 *This amount represents the present value of future lease rentals payable in respect of a commercial property no longer occupied by the Group. The Group vacated the property during the current financial year as a consequence of the merger of the South African logistics entities during the prior year. The financial liability raised has been calculated according to the Lease Termination Agreement entered into with the landlord effective 1 April 2013. The fair value is determined as the net present value of the remaining lease payments discounted at a rate of 8.5%.*

4 *This amount represents the present value of the remaining contingent purchase obligation arising from the acquisition of W.M. Shipping Ltd (United Kingdom). The fair value of the liability is calculated as the net present value of the remaining warranty payments as set out in the agreement of sale, discounted at the weighted average cost of capital for the acquired entity of 4,1%. During the current financial year the seller failed to achieve the warranty target set out for the final bonus payment. The financial liability was reduced accordingly and the effect on profit or loss is illustrated in the reconcilation below:*

	R'000s
Financial liability at beginning of year	*15 388*
Fair value gain	*(5 171)*
Interest on present value calculation	*357*
Payment of first warranty	*(6 277)*
Foreign exchange loss on translation	*2 749*
Financial liability at end of year	*7 046*

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.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
6. DEFERRED TAXATION				
Deferred tax comprises:				
– Capital allowances and provisions	**4 124**	2 978	**989**	342
– Assessed losses	**1 252**	556	**955**	556
	5 376	3 534	**1 944**	898
Reconciliation of deferred taxation:				
Balance at beginning of year	**3 534**	3 927	**898**	1 348
Movements during the year attributable to:				
– Timing differences	**2 042**	198	**631**	(296)
– Prior year	**(25)**	(471)	**(63)**	(34)
– Transfers	**(438)**	–	**–**	–
– Assessed losses	**263**	(120)	**478**	(120)
Balance at end of year	**5 376**	3 534	**1 944**	898
Comprising:				
Deferred tax assets	**6 497**	3 534	**2 201**	898
Deferred tax liabilities	**(1 121)**	–	**(257)**	–

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
7. TRADE RECEIVABLES				
Trade receivables	**486 344**	373 208	**635**	271
Provision for impairment of trade receivables	**(5 606)**	(4 277)	**–**	–
	480 738	368 931	**635**	271
Movement in provision for impairment of trade receivables:				
Balance at beginning of year	**4 277**	1 680	**–**	9
Arising from acquisition of subsidiary	**–**	2 842	**–**	–
Charge/(release) for the year	**3 817**	1 380	**–**	(48)
Amounts (written-off)/recovered	**(2 488)**	(1 625)	**–**	39
Balance at end of year	**5 606**	4 277	**–**	–

Certain trade receivables included above have been ceded to various banks as security for the respective invoice discounting facilities included in short-term borrowings (refer note 13). Details of ceded trade receivables within the Group are set out in the following table:

	2014 R'000*	2013 R'000*
Nedbank Limited	**434 600**	328 227
GE Capital Finance Pty Ltd (previously Allianz Finance Pty Ltd)	**14 055**	12 946
	448 655	341 173

* *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 rates of 85% and 90% of the total balance.

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

There are subsequent cessions on the trade receivables ceded to Nedbank Limited, in favour of Coface South Africa Insurance Company Limited and Lombard Insurance Company Limited for the respective credit underwriting facilities afforded to the Group.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
8. AMOUNTS OWING FROM RELATED PARTIES				
Relating to subsidiaries and other related parties				
Santova Logistics B.V. (Netherlands)[1]	**–**	–	**1 540**	1 817
	–	–	**1 540**	1 817

1 *Unsecured, interest is charged at South African prime rate, and no fixed terms of repayment (consistent with prior year).*

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
9. STATED CAPITAL				
Authorised				
300 000 000 Ordinary shares of no par value (2013: 300 000 000 Ordinary shares of no par value)				
Issued				
136 459 408 Ordinary shares of no par value (2013: 136 459 408 Ordinary shares of no par value)				
Ordinary shares in issue	**145 192**	145 192	**145 192**	145 192
Share Option Reserve	**565**	115	**565**	115
Total stated capital	**145 757**	145 307	**145 757**	145 307

There were no share movements during the 2014 financial year.

	2014 Shares	2013 Shares
Reconciliation of number of ordinary shares in issue		
Balance at beginning of year	**136 459 408**	134 277 186
Shares issued	**–**	3 125 000
Shares repurchased	**–**	(942 778)
Balance at end of year	**136 459 408**	136 459 408

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
10. INTEREST-BEARING BORROWINGS				
Instalment sale agreements	**1 227**	–	**–**	–
Medium term loan	**32 717**	39 000	**–**	–
Fixed rate loan	**1 970**	1 832	**–**	–
Less: current portion included in current liabilities	**(7 947)**	(3 430)	**–**	–
	27 967	37 402	**–**	–

The instalment sale agreements are secured by the motor vehicles for which they were raised (refer note 2).

The medium term loan was taken by Santova Logistics (South Africa) during the previous financial period and bears interest at the South African prime rate less 0,5%. It is repayable over five years at monthly instalments of R800 527 (2013: R800 510). This loan is secured by a cession by Santova Logistics (South Africa) of its right to claim payment of the purchase price payable by Nedbank pursuant to the Invoice Discounting Agreement, limited to R34 million.

The fixed rate loan, provided by Natwest Bank Plc to Santova Logistics (United Kingdom) during the previous financial period, bears interest at a rate of 5,59%. It is repayable over five years at monthly instalments of GBP2 868 (R45 144) (2013: GBP2 868 (R38 030)). The loan and overdraft facility (refer note 13) is secured by a guarantee of GBP200 000 (R3 148 100) (2013: GBP200 000 (R2 652 020)), issued by the Group's bankers at the request of the Company.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
11. LONG-TERM PROVISION				
Post-retirement medical aid benefits for the Group and the Company	**1 777**	1 966	**1 777**	1 966
Present value obligation	**1 777**	1 966	**1 777**	1 966
Less: liability already recognised	**(1 966)**	(1 976)	**(1 966)**	(1 976)
Decrease in liability	**(189)**	(10)	**(189)**	(10)
Movement represented by:				
– Net actuarial (gain)/loss	**(38)**	148	**(38)**	148
– Interest cost	**143**	163	**143**	163
– Contributions paid to fund	**(294)**	(321)	**(294)**	(321)
Decrease in liability	**(189)**	(10)	**(189)**	(10)

The Company contributes to a medical aid scheme for the benefit of 15 retired employees (2013: 16) and their dependants. During the year under review there was one exit from the scheme amongst the continuation members (2013: one). 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 has been actuarially determined and the present value of post-retirement medical aid obligations for these retired employees is shown above.

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

– Medical aid inflation rate: 8,4% per annum (2013: 7,9%); and

– Discount factor 7,7% per annum (2013: 7,3%).

Sensitivity analysis: investment return

The actuaries have assumed that the required premiums to the medical aid schemes will increase in line with medical inflation. Most of the retired employees on this scheme are currently receiving their maximum subsidy or are close to the maximum, therefore, the liabilities will not be very sensitive to changes in the medical aid inflation rate. Instead, the actuaries have determined the sensitivity of the liabilities to changes in the current investment return assumption of 7,7%.

As can be seen below, the higher the investment return, the lower the liability to the Group/Company.

	-1,0 % Investment return R'000	Valuation assumption R'000	+1,0 % Investment return R'000
Total accrued liability	**1 871**	**1 777**	**1 692**
Interest cost for the following year	**132**	**143**	**153**

The liability is valued annually. The latest actuarial valuation was performed in February 2014, on a projected unit credit method, by NMG Consultants and Actuaries (Pty) Ltd, independent qualified actuaries.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
12. AMOUNTS OWING TO RELATED PARTIES				
Patent International Co., Limited[1]	**204**	167	**–**	–
Santova Financial Services (Pty) Ltd[2]	**–**	–	**4 076**	–
Santova Logistics (Pty) Ltd[2]	**–**	–	**9 875**	9 283
	204	167	**13 951**	9 283

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

2 *Unsecured, interest is charged at prime less 0.50% and have no fixed terms of repayment (consistent with prior year).*

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
13. SHORT-TERM BORROWINGS AND OVERDRAFTS				
Bank overdrafts	**–**	1 005	**–**	–
Invoice discounting facilities	**208 321**	136 824	**–**	–
	208 321	137 829	**–**	–

The Group has an overdraft facility with a maximum limit of R21 000 000 (2013: R21 000 000) when fully covered by ceded debit balances of up to R16 000 000 (2013: R16 000 000) within the same financial institution on a Rand for Rand basis; an off-shore overdraft facility of GBP50 000 (R898 965) (2013: GBP50 000 (R668 575)), secured by a South African bank guarantee; an off-shore overdraft facility of EUR200 000 (R2 951 260) (2013: EUR200 000 (R2 313 320)), secured by a limited guarantee from the Company; and invoice discounting facilities of R314 472 300 (2013: R262 529 450) secured by an unlimited suretyship from Santova Express and limited suretyships from the Company, Santova Logistics and W.M. Shipping.

Certain trade receivables included at R448 655 634 (2013: R341 173 241), which includes intercompany balances eliminated on consolidation, are ceded as security for the bank overdraft, invoice discounting facility and various acceptances (refer note 7).

Securities and guarantees in respect of the invoice discounting facility in Santova Logistics include the agreement of sale of book debts and the cession of the Coface South Africa Insurance Company Limited Policy and the Lombard Insurance Company Limited Policy. Interest is charged on these facilities at the South African prime rate less 0,5%. The maximum term of invoice sale is 120 days.

Included in the above is an offshore invoice discounting facility of AUD1 500 000 (R14 472 300) (2013: AUD1 500 000 (R13 539 450)), set up with GE Capital Finance Pty Limited (previously Allianz Finance Pty Limited). Interest on this facility is charged at the Australian base rate plus 4,25% (2013: Australian base rate plus 4,25%). The facility is secured by the assets of Santova Logistics (Australia) and an AUD2 000 000 limited guarantee and indemnity from the Company. The maximum term of invoice sale is 90 days.

		Carrying value at beginning of year R'000	Provisions created/ (released) R'000	Carrying value at end of year R'000
14.	**SHORT-TERM PROVISIONS**			
	GROUP			
	2014			
	Bonuses	**7 704**	**5 245**	**12 949**
	Leave pay	**3 223**	**375**	**3 598**
	Other short-term provisions	**177**	**116**	**293**
		11 104	**5 736**	**16 840**
	2013			
	Bonuses	6 317	1 387	7 704
	Leave pay	2 834	389	3 223
	Other short-term provisions	–	177	177
		9 151	1 953	11 104
	COMPANY			
	2014			
	Bonuses	**815**	**975**	**1 790**
	Leave pay	**446**	**46**	**492**
		1 261	**1 021**	**2 282**
	2013			
	Bonuses	673	142	815
	Leave pay	357	89	446
		1 030	231	1 261

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 period be utilised within six months of the subsequent year.

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.

		Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
15.	**GROSS BILLINGS**				
	Gross billings	**3 221 519**	2 637 920	**25 771**	22 748

Gross billings indicate the total level of invoiced activity, including recoverable disbursements paid on behalf of customers.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
16. OPERATING PROFIT				
Operating profit is stated after:				
Income				
Bad debts recovered	**72**	176	**2**	48
Dividends received from subsidiaries	**–**	–	**6 130**	62 833
Foreign exchange gains	**5 580**	4 683	**–**	1 106
Future profit share on rental agreement (refer note 5)	**706**	–	**–**	–
Net actuarial gain recognised (refer note 11)	**38**	10	**38**	10
Profit on disposals of plant and equipment	**71**	4	**–**	–
Fair value gain on financial liability	**5 171**	–	**5 171**	–
Expenditure				
Auditors' remuneration	**1 675**	1 998	**392**	330
– In respect of audit services	**1 316**	1 535	**392**	330
– In respect of other services	**359**	463	**–**	–
Depreciation and amortisation	**3 476**	3 070	**935**	484
– Plant and equipment (refer note 2)	**2 700**	2 176	**258**	139
– Intangible assets (refer note 3)	**776**	894	**677**	345
Lease rentals	**12 504**	10 706	**585**	567
– Premises	**11 958**	9 889	**585**	567
– Equipment	**406**	315	**–**	–
– Motor vehicles	**140**	502	**–**	–
Loss on disposal of plant and equipment	**165**	175	**–**	5
Impairment of investment (refer note 4)	**–**	–	**3 131**	19 952
Foreign exchange losses	**3 529**	69	**2 601**	–
Staff costs (including directors' emoluments)	**108 487**	90 233	**13 993**	10 760
Share option expense	**429**	115	**237**	59

	Directors' fees R'000	Consulting fees R'000	Basic remuneration R'000	Performance bonus R'000	Retirement, medical and other benefits R'000	Total R'000
17. DIRECTORS' EMOLUMENTS						
2014						
Executive	**–**	**–**	**5 175**	**640**	**348**	**6 163**
Prescribed officers	**–**	**–**	**754**	**66**	**96**	**916**
Non-executive	**586**	**341**	**–**	**–**	**–**	**927**
	586	**341**	**5 929**	**706**	**444**	**8 006**
Paid by:						
The Company	**586**	**341**	**4 281**	**500**	**379**	**6 087**
Subsidiary company	**–**	**–**	**1 648**	**206**	**65**	**1 919**
	586	**341**	**5 929**	**706**	**444**	**8 006**
2013						
Executive	–	–	5 950	638	582	7 170
Prescribed officers	–	–	642	102	82	826
Non-executive	591	1 009	–	–	–	1 600
	591	1 009	6 592	740	664	9 596
Paid by:						
The Company	591	1 009	3 689	462	327	6 078
Subsidiary company	–	–	2 903	278	337	3 518
	591	1 009	6 592	740	664	9 596

Refer to the Remuneration Report on pages 31 to 33 of the Annual Integrated Report for a detailed breakdown of director's emoluments.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
18. INTEREST RECEIVED				
Interest received from third parties	**4 559**	1 899	**–**	–
Interest received from related parties	**–**	–	**194**	209
	4 559	1 899	**194**	209
19. FINANCE COSTS				
Bank overdrafts and invoice discounting facilities (refer note 13)	**12 059**	8 812	**–**	–
Financial liabilities (refer note 5)	**631**	185	**357**	185
Interest-bearing borrowings (refer note 10)	**3 474**	76	**–**	–
Interest paid to related parties (refer note 12)	**–**	–	**761**	606
Other interest paid	**152**	166	**144**	162
	16 316	9 239	**1 262**	953

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
20. INCOME TAX EXPENSE				
South African normal tax				
Current tax				
– Current year	**6 966**	5 465	**–**	–
– Prior year	**277**	(468)	**–**	–
Deferred tax				
– Current year	**(2 304)**	218	**(1 109)**	416
– Prior year	**25**	471	**64**	34
– Transfers	**438**	–	**–**	–
	5 402	5 686	**(1 045)**	450
Foreign tax				
– Current tax	**3 827**	2 684	**–**	–
– Deferred tax	**(1)**	3	**–**	–
	3 826	2 687	**–**	–
Tax for the year	**9 228**	8 373	**(1 045)**	450
	%	%	**%**	%
Reconciliation of rate of taxation				
South African normal tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
– Exempt income	**(8,4)**	(38,6)	**(57,0)**	(27,1)
– Foreign disallowable expenditure	**1,5**	35,6	**–**	–
– Prior year: current tax	**0,7**	0,6	**–**	–
– Prior year: deferred tax	**0,2**	(0,6)	**1,7**	0,1
– Transfers	**1,1**	–	**–**	–
Effective tax rate	**23,1**	25,0	**(27,3)**	1,0

		Group 2014	Group 2013
21. EARNINGS PER SHARE			
Basic earnings per share	(cents)	**22,42**	18,06
Headline earnings per share	(cents)	**24,77**	17,62
Diluted basic earnings per share	(cents)	**22,12**	18,00
Diluted headline earnings per share	(cents)	**24,45**	17,57

	Profit on ordinary activities R'000	Taxation effect R'000	Minority interest R'000	Net effect R'000
Reconciliation between basic earnings and headline earnings:				
February 2014				
Basic earnings	**40 014**	**(9 228)**	**(199)**	**30 587**
Adjusted for:				
– Loss on disposals of plant and equipment (refer note 16)	**94**	**(18)**	**9**	**85**
– Impairment of goodwill	**3 131**	**–**	**–**	**3 131**
Headline earnings	**43 239**	**(9 246)**	**(190)**	**33 803**
February 2013				
Basic earnings	33 809	(8 712)	(409)	24 688
Adjusted for:				
– Loss on disposals of plant and equipment (refer note 16)	171	(49)	(1)	121
– Derecognition of SFS financial liability	(713)	–	–	(713)
Headline earnings	33 267	(8 761)	(410)	24 096

	2014 Shares 000's	2013 Shares 000's
Numbers of shares on which calculations are based:		
Shares in issue at end of year	**136 459**	136 459
Weighted average number of ordinary shares ("WANOS") at end of year	**136 459**	136 725
Diluted WANOS at end of year	**138 285**	137 165

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
22. NOTES TO THE STATEMENTS OF CASH FLOW				
22.1 Cash (utilised in)/generated from operations				
Profit before taxation	**40 014**	33 470	**3 832**	44 173
Adjustments for:				
Depreciation and amortisation	**3 476**	3 070	**936**	484
Net loss/(profit) on disposal of plant and equipment	**94**	171	**–**	–
Impairment of plant and equipment and intangibles	**3 131**	336	**–**	–
Impairment of investment	**–**	–	**3 131**	19 952
Interest received	**(4 559)**	(1 899)	**(194)**	(209)
Finance costs	**16 316**	9 239	**1 262**	953
Dividends received	**–**	–	**(6 130)**	(62 833)
Foreign exchange loss/(gain) on financial liabilities and dividends	**2 749**	(2 279)	**2 601**	(992)
Movement in fair value of financial assets and liabilities	**(3 941)**	1 317	**(5 171)**	–
Movement in retirement benefits	**(189)**	(10)	**(189)**	(10)
Movement in share option expense	**450**	115	**237**	115
Working capital changes:				
(Increase)/decrease in trade and other receivables	**(111 676)**	(60 507)	**(541)**	34
Increase in trade payables and provisions	**27 129**	46 073	**1 276**	164
	(27 006)	29 096	**1 050**	1 831
22.2 Taxation paid				
Charge in the statements of profit or loss and other comprehensive income	**9 228**	8 373	**(1 045)**	450
Adjustment for deferred tax	**1 842**	(393)	**1 045**	(450)
Movement in taxation balance	**(968)**	535	**–**	–
	10 102	8 515	**–**	–

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
22. NOTES TO THE STATEMENTS OF CASH FLOW continued				
22.3 Net cash flow on acquisition of subsidiaries				
Fair value of assets acquired:				
Plant and equipment	**–**	600	**–**	–
Trade receivables	**–**	15 947	**–**	–
Other receivables	**–**	354	**–**	–
Cash and cash equivalents	**–**	28 033	**–**	–
Trade and other payables	**–**	(16 413)	**–**	–
Current tax payable	**–**	(3 080)	**–**	–
Net assets acquired	**–**	25 441	**–**	–
Goodwill	**–**	52 039	**–**	–
Purchase consideration	**–**	77 480	**–**	–
Financial liability at beginning of year	**15 388**	4 404	**–**	2 465
Financial liabilities at end of year	**(7 046)**	(15 388)	**–**	–
Finance charges relating to financial liability	**357**	185	**–**	35
Effects of foreign currency translations	**2 749**	(1 112)	**–**	–
Final settlement on impaired investment arising from settlement agreement	**–**	–	**–**	169
Fair value gain on remeasurement of financial liability	**(5 171)**	–	**–**	–
Impairment of investment arising from settlement agreement	**–**	(353)	**–**	–
Loan written-off in terms of settlement agreement	**–**	(732)	**–**	–
Derecognition of financial liability for Standard Insurance Consultants	**–**	(713)	**–**	–
Settled in cash	**6 277**	63 771	**–**	2 669
Less: cash and cash equivalents acquired on acquisition	**–**	(28 033)	**–**	–
	6 277	35 738	**–**	2 669
23. EMPLOYEE BENEFITS				
Retirement benefit expense				
– Provident and pension	**6 895**	6 088	**949**	705

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 Pension Funds Act 1956, exist for this purpose in South Africa, with similar alternative retirement benefit options available for employees of foreign subsidiaries. The schemes are funded by employer and employee contributions, which are charged to the respective entities' statement of profit or loss and other comprehensive income as they are incurred.

24. SHARE-BASED PAYMENTS

Equity-settled share option plan

The company has a share option scheme for certain employees of the Group.

All options vest three years after grant date and are exercisable on specific nominated dates for a period of 12 months from vesting date at a price determined by the 30-day volume weighted average price calculated on the day immediately preceding the date the options were granted. Employees must exercise 100% of the options granted within the 12-month time period.

Options are forfeited if the employee leaves the Group before the options vest.

	2014		2013	
	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	**3 073 000**	**85**	–	–
Granted during the year	**–**	**–**	3 673 000	85
Forfeited during the year	**(61 000)**		(600 000)	
Outstanding at the end of the year	**3 012 000**	**85**	3 073 000	85
Exercisable at the end of the year	**–**	**–**	–	–

The valuation 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 2014	Group 2013
Weighted average share price	(cents)	**85,0**	85,0
Weighted average exercise price (after cash contribution)	(cents)	**42,5**	42,5
Expected volatility	(%)	**45,56**	45,56
Expected option lifetime	(years)	**3**	3
Risk-free rate based on zero-coupon government bond yield	(%)	**5,11**	5,11
Expected dividend yield	(%)	**2,98**	2,98

Expected volatility was determined using historical volatility statistics obtained from the JSE. The directors considered the volatility of the Company share versus other shares quoted on the JSE, including share volatilities of companies in the same sector and those with similarly small market capitalisations. Using these statistics and their knowledge of the business, the directors determined their best estimate of the expected share volatility required to value each option.

The weighted average exercise price for the calculation of the fair value of the options takes into account the 50% cash contribution from the Company upon exercise.

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 16.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
25. COMMITMENTS				
Operating lease commitments				
No later than one year	**4 557**	9 550	**–**	–
Later than one year and no later than five years	**1 459**	12 366	**–**	–
	6 016	21 916	**–**	–

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 (Pty) Ltd 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, then Santova Logistics (Pty) Ltd 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.

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

26. RELATED PARTIES

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

These transactions occurred under terms that are no more or less favourable than those arranged with third party companies.

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

Refer notes 8 and 12 for amounts owing from and to related parties which are not part of the Group structure.

	Net of gross billings and cost of billings for goods and services 2014 R'000	Net of gross billings and cost of billings for goods and services 2013 R'000	Net outstanding balances arising from sale/purchase of goods and services 2014 R'000	Net outstanding balances arising from sale/purchase of goods and services 2013 R'000
COMPANY				
Santova Administration Services (Pty) Ltd	**50**	82	**–**	15
Santova Express (Pty) Ltd (previously Santova Logistics South Africa (Pty) Ltd)	**10**	2 401	**(1)**	–
Santova Financial Services (Pty) Ltd	**971**	827	**5**	92
Santova Logistics (Pty) Ltd	**21 524**	16 861	**584**	93
Santova Logistics B.V. (Netherlands)	**486**	63	**(60)**	(5)
Santova Logistics Ltd (Hong Kong)	**243**	175	**40**	–
Santova Logistics Ltd (United Kingdom)	**396**	350	**–**	–
Santova Logistics Pty Ltd (Australia)	**513**	471	**–**	–
W.M. Shipping Ltd (United Kingdom)	**240**	–	**30**	–
	24 433	21 230	**598**	195

	Interest on loans (from)/to related parties 2014 R'000	Interest on loans (from)/to related parties 2013 R'000	Loans to/(from) related parties 2014 R'000	Loans to/(from) related parties 2013 R'000
COMPANY				
Santova Administration Services (Pty) Ltd	**–**	15	**–**	–
Santova Express (Pty) Ltd (previously Santova Logistics South Africa (Pty) Ltd)	**–**	(93)	**–**	–
Santova Financial Services (Pty) Ltd	**(169)**	4	**(4 076)**	–
Santova Logistics (Pty) Ltd	**(592)**	(513)	**(9 875)**	(9 283)
Santova Logistics B.V. (Netherlands)	**194**	158	**1 511**	1 817
Santova Logistics Ltd (United Kingdom)	**–**	32	**–**	–
	(567)	(397)	**(12 440)**	(7 466)

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
27. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
CATEGORIES OF FINANCIAL INSTRUMENTS				
Financial assets				
Loans and receivables	**517 365**	405 689	**2 484**	2 220
Financial assets at fair value through profit or loss	**3 175**	1 458	**–**	–
Financial liabilities				
Financial liabilities at fair value through profit or loss	**173**	52	**–**	–
Financial liabilities measured at amortised cost	**475 061**	393 574	**22 699**	26 118
RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION				
Trade receivables	**480 738**	368 931	**635**	271
Other receivables	**36 627**	36 758	**309**	132
Amounts owing from related parties	**–**	–	**1 540**	1 817
Loans and receivables	**517 365**	405 689	**2 484**	2 220
Financial asset	**3 175**	1 458	**–**	–
Financial assets at fair value through profit or loss	**3 175**	1 458	**–**	–
Financial liability	**173**	52	**–**	–
Financial liabilities at fair value through profit or loss	**173**	52	**–**	–
Trade and other payables	**220 750**	199 357	**1 702**	1 447
Amounts owing to related parties	**204**	167	**13 951**	9 283
Interest–bearing borrowings	**35 914**	40 832	**–**	–
Financial liabilities	**9 872**	15 389	**7 046**	15 388
Short–term borrowings and overdraft	**208 321**	137 829	**–**	–
Financial liabilities measured at amortised cost	**475 061**	393 574	**22 699**	26 118

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 13 to 22 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.

27. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

27.1 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies on behalf of principals. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts in respect of liabilities.

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

	2014			2013		
	Foreign currency balances R'000	Forward exchange contracts R'000	Net uncovered position R'000	Foreign currency balances R'000	Forward exchange contracts R'000	Net uncovered position R'000
Credit balances						
Australian Dollar	**(136)**	**92**	**(44)**	(104)	86	(18)
British Pound	**(791)**	**453**	**(338)**	(666)	552	(114)
Euro	**(2 022)**	**1 667**	**(355)**	(2 222)	1 861	(361)
US Dollar	**(7 751)**	**2 527**	**(5 224)**	(6 505)	4 502	(2 003)
Other	**(601)**	**461**	**(140)**	(540)	165	(375)
Debit balances						
US Dollar	**2 055**	**(212)**	**1 843**	372	–	372
Other	**2**	**–**	**2**	–	–	–
	(9 244)	**4 988**	**(4 256)**	(9 665)	7 166	(2 499)

Foreign currency sensitivity

The Group's on balance sheet exchange rate exposure relates mainly to the Euro, British Pound, United States Dollar and the Australian Dollar. The following details the Group's sensitivity to a 10,0% increase or decrease in the Rand against the relevant foreign currencies. 10,0% is the sensitivity rate used when reporting foreign currency internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10,0% change in foreign currency rates. The amounts below indicate the amount by which profit or loss and equity would increase or decrease if the Rand strengthens or weakens by 10,0%.

	2014	2013
Sensitivity analysis		
If the foreign currency rates had been 10,0% higher/lower and all other variables held constant, the Group's profit (pre-tax) would increase/decrease by	**426**	250

27. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

27.1 Foreign currency risk management continued

Forward exchange contracts

It is the policy of the Group to enter into forward exchange contracts to cover specific foreign currency payments. The Group also enters into forward exchange contracts to manage the risk associated with anticipated purchase transactions.

The following table details the forward exchange contracts outstanding at reporting date:

	Buy AUD[1]	Buy CHF[2]	Buy EUR[3]	Buy GBP[4]	Buy CAD[5]	Buy SEK[6]	Buy USD[7]	Buy JPY[8]	Buy SGD[9]
Average exchange rate									
2014	**9,94**	**12,38**	**15,15**	**18,24**	**9,73**	**1,70**	**11,25**	**0,11**	**8,76**
2013	9,30	9,74	12,08	13,75	8,88	1,43	10,50	–	–
Foreign currency									
2014	**9 304**	**23 174**	**110 000**	**24 852**	**391**	**33 828**	**205 655**	**72 013**	**11 907**
2013	9 285	1 152	154 108	40 148	723	103 246	428 581	–	–
Contract value (Rands)									
2014	**92 468**	**286 957**	**1 666 579**	**453 262**	**3 806**	**57 654**	**2 314 388**	**8 023**	**104 266**
2013	86 326	11 225	1 861 359	552 032	6 418	147 647	4 501 616	–	–
Year end value (Rands)*									
2014	**88 698**	**282 263**	**1 623 099**	**445 639**	**3 777**	**56 474**	**2 206 062**	**7 596**	**100 823**
2013	85 647	11 178	1 821 708	5 487 389	6 358	144 822	4 509 167	–	–

1 Australian Dollar   *2 Swiss Franc*   *3 Euro*   *4 British Pound*   *5 Canadian Dollar*
6 Swedish Krone   *7 United States Dollar*   *8 Japanese Yen*   *9 Singapore Dollar*

* *The year end value represents the foreign currency exposure translated at the closing spot rate at year end.*

All the forward exchange contracts are short dated, maturity within two months of year end.

27.2 Interest rate risk management

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

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure of short-term borrowings and overdraft to interest rates. A 50 basis point increase or decrease has been used for a period of 45 days, being the average credit term from invoice date of trade receivables.

	Group 2014 R'000	Group 2013 R'000
Sensitivity analysis		
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	**157**	120

27. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

27.3 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 has adopted a policy of only dealing with creditworthy customers. Trade receivables comprise a widespread customer base and Group companies undertake ongoing credit evaluations of the financial condition of their customers. Where appropriate, credit guarantee insurance cover is purchased for all debtors in terms of the respective invoice discounting facilities, which is covered at rates of 85% and 90%. Insurance cover is provided by Coface South Africa Services (Pty) Ltd (90%) and Lombard Insurance Company Limited (85%) for the South African operations. Management regularly assesses the counter party risk of these insurers. At 28 February 2014, 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 allowances or losses, represents the Group's maximum exposure to credit risk.

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

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Not past due	**443 215**	339 343	**635**	271
Past due by 0 to 30 days	**29 466**	18 838	**–**	–
Past due by 31 to 60 days	**6 354**	7 794	**–**	–
Past due by 61 to 90 days	**1 683**	2 667	**–**	–
Past due over 90 days	**5 626**	4 566	**–**	–
Trade receivables	**486 344**	373 208	**635**	271
Provision for impairment of receivables (refer note 7)	**(5 606)**	(4 277)	**–**	–
Total trade receivables	**480 738**	368 931	**635**	271

27.4 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.

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

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Facilities available (refer note 13)				
Bank overdraft	**24 850**	23 982	**–**	–
Invoice discounting facilities	**314 472**	259 990	**–**	–
Total facilities available	**339 322**	283 972	**–**	–
Facilities utilised at year end (refer note 13)				
Bank overdraft	**–**	1 005	**–**	–
Invoice discounting facilities	**208 322**	136 824	**–**	–
Total facilities utilised	**208 322**	137 829	**–**	–
Available unutilised facilities				
Bank overdraft	**24 850**	22 977	**–**	–
Invoice discounting facilities	**106 150**	123 166	**–**	–
Total available unutilised facilities	**131 000**	146 143	**–**	–

27. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

27.4 Liquidity risk management continued

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
2014					
Non-interest-bearing	**158 209**	**3 732**	**31 326**	**–**	**193 267**
Interest-bearing	**177 971**	**146 127**	**–**	**–**	**324 098**
	336 180	**149 859**	**31 326**	**–**	**517 365**
2013					
Non-interest-bearing	114 285	2 858	31 749	–	148 892
Interest-bearing	181 245	75 552	–	–	256 797
	295 530	78 410	31 749	–	405 689

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
2014					
Non-interest-bearing	**220 751**	**–**	**–**	**–**	**220 751**
Interest-bearing	**209 187**	**1 988**	**14 834**	**28 303**	**254 312**
	429 938	**1 988**	**14 834**	**28 303**	**475 063**
2013					
Non-interest-bearing	199 358	–	–	–	199 358
Interest-bearing	138 283	857	2 678	52 398	194 216
	337 641	857	2 678	52 398	393 574

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
2014					
Forward exchange contracts	**(15)**	**(158)**	**–**	**–**	**(173)**
Profit share derivative on rental agreement	**–**	**–**	**–**	**1 228**	**1 228**
Insurance cell captive	**–**	**–**	**–**	**1 947**	**1 947**
	(15)	**(158)**	**–**	**3 175**	**3 002**
2013					
Forward exchange contracts	(22)	(30)	–	–	(52)
Profit share derivative on rental agreement	–	–	–	522	522
Insurance cell captive	–	–	–	936	936
	(22)	(30)	–	1 458	1 406

28. 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.

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

ESC Garner (Chairman)
AD Dixon
WA Lombard
EM Ngubo

Executive directors

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

COMPANY SECRETARY

JA Lupton, FCIS
Highway Corporate Services (Pty) Ltd
PO Box 1319, Hillcrest, 3650

JSE SPONSOR

River Group
No 2, Kloof Trio, 211 Kloof Street, Waterkloof, 0145

GROUP AUDITOR

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La Lucia Ridge Office Estate, La Lucia, 4051
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SHARE REGISTRAR

Computershare Investor Services (Pty) Ltd
PO Box 61051, Marshalltown, 2107

LEGAL ADVISOR

Livingston Leandy Inc
PO Box 4107, Umhlanga Rocks, 4320

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MAIN BANKERS

Nedbank Limited