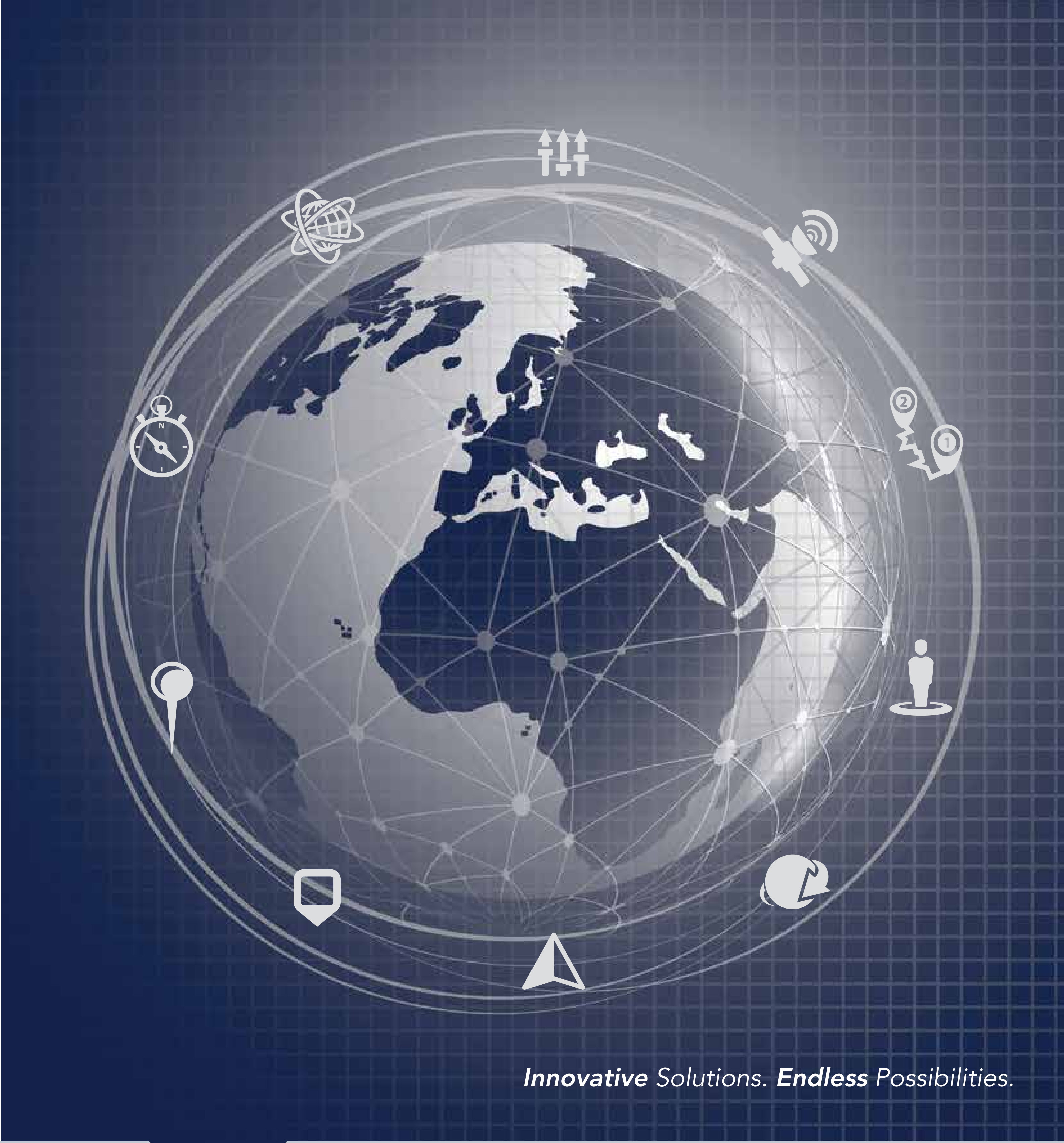

Audited
Annual
Financial
Statements
February
2015

Santova

CONTENTS

REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 28 February 2015.

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 ("the 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.

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. Instances where the principles of King III have either not been applied or have only partially been applied are explained in a report which may be found on the Company's website.

External auditor appointment and independence

The Audit and Risk Committee has satisfied itself that the external auditor was 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. The external auditor is not considered for non-audit services in South Africa but may provide other services to the overseas entities, each of which had its own independent auditors. Requisite assurance was sought and provided by the auditor 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 2015 financial year.

The Committee has nominated, for election at the annual general meeting, Deloitte & Touche as the external auditor. In terms of section 92(1) of the Companies Act, S Munro will have completed his allowable tenure as the designated auditor responsible for performing the functions of auditor on finalisation of the 2015 audit. The Committee has nominated B Botes as the designated auditor responsible for performing the functions of auditor for the 2016 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 is included in the directors' Approval of the Annual Financial Statements on page 4. The Audit and Risk Committee supports the opinion of the Board in this regard.

Duties assigned by the Board

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

- **Integrated reporting and combined assurance**
  The Audit and Risk Committee fulfils an oversight role regarding the Company's integrated report and the reporting process.

The Audit and Risk Committee considered the Company's sustainability information as disclosed in the integrated report and has assessed its consistency with operational and other information known to Audit and Risk Committee members, and for consistency with the annual financial statements. The Audit and Risk Committee discussed the sustainability information as contained in the 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, of the going-concern status of the Company and the Group and has made recommendations to the Board. The Board's statement on the going- concern status of the Company and the Group, as supported by the Audit Committee, may be found in the directors' Approval of the Annual Financial Statements on page 4.

- **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 24 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 an internal audit department as envisaged by King III as the Board of Directors does not believe that, at this stage in the Group's development, the cost of a fully fledged independent internal audit function is justified.

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

  Whilst there is not a specifically designated internal audit department, there are a number of specialised individuals, divisions and committees within the Group who review high risk areas on a continuous basis. This includes roleplayers 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, ensures 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 and 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

14 May 2015

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The preparation of the annual financial statements that fairly represent the results of the Group and Company in accordance with the Companies Act and International Financial Reporting Standards is ultimately the responsibility of the Board of Directors ("the Board"). The Board also ensures an independent audit of the financial statements by the external auditors. The Board is of the opinion that the internal accounting control systems assure the adequate verification and maintenance of accountability for Santova Limited's assets, and assure the integrity of the financial statements. No major breakdown in controls that could influence the reliability of the financial statements was experienced during 2015.

Based on the financial results of Santova Limited and the cash flow forecast for the year ended 29 February 2016, and the application of solvency and liquidity tests, the Board is further of the opinion that the Group has adequate resources to continue in operation for the foreseeable future. The annual financial statements were consequently prepared on a going-concern basis.

PREPARER OF ANNUAL OF FINANCIAL STATEMENTS

The preparation of the consolidated and separate annual financial statements for the year ended 28 February 2015 has been supervised by the Group Financial Director of Santova Limited, Mr D Edley CA (SA).

At the meeting held on 14 May 2015, the Board approved the annual financial statements and further authorised GH Gerber and DC Edley, in their respective capacities as Chief Executive Officer and Group Financial Director, to sign off the annual financial statements. The annual financial statements set out on pages 8 to 54 are therefore signed on its behalf by:

GH Gerber
Chief Executive Officer

DC Edley
Group Financial Director

Durban
14 May 2015

COMPLIANCE STATEMENT BY THE COMPANY SECRETARY

The Group Company Secretary of Santova Limited certifies that in terms of section 88(2) of the Companies Act No 71 of 2008, that the Company has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of this Act and that all such returns are true, correct and up to date in respect of the financial year ended 28 February 2015.

JA Lupton FCIS
Company Secretary

Practice number: PPG00290

Durban
14 May 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SANTOVA LIMITED

We have audited the consolidated and separate financial statements of Santova Limited set out on pages 8 to 54, which comprise the statements of financial position as at 28 February 2015, and the statements of comprehensive income, income statements, statements of changes in equity and 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 AND SEPARATE 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 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

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 2015, 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
Partner

14 May 2015

2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia, 4051

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 and Industries* *JK Mazzocco *Talent & Transformation* *MJ Jarvis *Finance* *M Jordan *Strategy* S Gwala *Managed Services* *TJ Brown *Chairman of the Board* *MJ Comber *Deputy Chairman of the Board*

Regional Leader: *GC Brazier A full list of partners is available on request **Partner and Registered Auditor*

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

Member of Deloitte Touche Tohmatsu Limited

The directors have the pleasure of presenting their annual Directors' Report for the year ended 28 February 2015 which forms part of the audited annual financial statements.

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.

GROUP RESULTS

The profit for the year attributable to equity holders of the parent amounted to R38,525 million (2014: R30,587 million), which represents basic earnings per share of 28,23 cents (2014: 22,42 cents).

The financial results of the Group, including its financial position, results of its operations for the period under review and detailed notes thereto, are set out in these annual financial statements on pages 8 to 54.

DIVIDENDS

The directors have declared a final dividend of 4,25 cents (2014: 3,25 cents) per ordinary share, payable to shareholders as follows:

Date of declaration:	14 May 2015	Record date:	24 July 2015
Last day to trade cum-dividend:	17 July 2015	Payment date:	27 July 2015
Trading ex-dividend commences:	20 July 2015		

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 shares in the Company as at financial year-end amounted to 136 459 408 ordinary shares of no par value (2014: 136 459 408).

CONTROLLING AND MAJOR SHAREHOLDERS

As at financial year-end there were 2 656 (2014: 1 433) shareholders in the Company and controlling and major shareholders holding in excess of 5% of the Company's share capital are detailed on page 45 of the Annual Integrated Report.

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.

SUBSIDIARY COMPANIES

Full details of the Company's subsidiaries and investments therein, as at year-end, are listed in note 4 contained on page 30 to these annual financial statements.

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: 2014/2015: 29 July 2014;
- General authority to provide financial assistance in terms of section 44 of the Companies Act: 29 July 2014;
- General authority to provide financial assistance in terms of section 45 of the Companies Act: 29 July 2014; and
- General authority to buy own shares: 29 July 2014.

Santova Logistics (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of section 45 of the Companies Act: 23 June 2014.

Santova Express (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of section 45 of the Companies Act: 23 June 2014.

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
WA Lombard
EM Ngubo

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

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 2015 are contained on page 46 of the Annual Integrated Report.

COMPANY SECRETARY

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

Highway Corporate Services (Pty) Ltd
14 Hillcrest Office Park
2 Old Main Road
Hillcrest
3610

PO Box 1319
Hillcrest
3650

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

70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

AUDITOR

Deloitte & Touche are the auditors of the Company.

NUMBER OF EMPLOYEES

The number of permanent employees within the Group as at 28 February 2015 was 287 (2014: 300).

STATEMENTS OF FINANCIAL POSITION as at 28 February 2015

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
ASSETS					
Non-current assets		**140 652**	141 418	**132 990**	136 104
Plant and equipment	2	**7 933**	8 940	**924**	1 013
Intangible assets	3	**122 264**	123 927	**3 200**	2 936
Investments in subsidiaries	4	**–**	–	**126 885**	130 211
Financial assets	5	**3 235**	3 175	**–**	–
Deferred taxation	6	**7 220**	5 376	**1 981**	1 944
Current assets		**592 834**	555 123	**8 984**	4 433
Trade receivables	7	**495 162**	480 738	**937**	635
Other receivables		**52 738**	36 627	**362**	309
Current tax receivable		**45**	915	**–**	–
Amounts owing from related parties	8	**–**	–	**4 388**	1 540
Cash and cash equivalents		**44 889**	36 843	**3 297**	1 949
Total assets		**733 486**	696 541	**141 974**	140 537
EQUITY AND LIABILITIES					
Capital and reserves		**230 289**	198 510	**113 492**	113 779
Stated capital	9	**145 192**	145 192	**145 192**	145 192
Equity compensation reserve	24	**1 703**	565	**1 703**	565
Foreign currency translation reserve		**20 445**	24 320	**–**	–
Accumulated profit/(loss)		**59 090**	25 000	**(33 403)**	(31 978)
Attributable to equity holders of the parent		**226 430**	195 077	**113 492**	113 779
Non-controlling interests		**3 859**	3 433	**–**	–
Non-current liabilities		**20 500**	30 080	**1 700**	1 777
Interest-bearing borrowings	10	**18 800**	27 967	**–**	–
Long-term provision	11	**1 700**	1 777	**1 700**	1 777
Financial liabilities	5	**–**	336	**–**	–
Current liabilities		**482 697**	467 951	**26 782**	24 981
Trade and other payables		**173 826**	220 750	**1 903**	1 702
Current tax payable		**2 710**	4 180	**–**	–
Current portion of interest-bearing borrowings	10	**8 088**	7 947	**–**	–
Amounts owing to related parties	12	**216**	204	**21 920**	13 951
Financial liabilities	5	**1 447**	9 709	**–**	7 046
Short-term borrowings	13	**280 838**	208 321	**–**	–
Short-term provisions	14	**15 572**	16 840	**2 959**	2 282
Total equity and liabilities		**733 486**	696 541	**141 974**	140 537

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 28 February 2015

		Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Gross billings		15	**3 462 792**	3 221 519	**33 200**	25 771
Revenue			**237 033**	214 357	**29 820**	23 112
Other income			**16 758**	15 118	**7 074**	11 341
Depreciation and amortisation			**(3 311)**	(3 476)	**(1 129)**	(935)
Administrative expenses			**(188 799)**	(174 228)	**(31 436)**	(28 618)
Operating profit		16	**61 681**	51 771	**4 328**	4 900
Interest received		18	**8 686**	4 559	**51**	194
Finance costs		19	**(18 981)**	(16 316)	**(1 407)**	(1 262)
Profit before taxation			**51 386**	40 014	**2 972**	3 832
Income tax expense		20	**(12 166)**	(9 228)	**37**	1 045
Profit for the year			**39 220**	30 786	**3 010**	4 877
Attributable to:						
Equity holders of the parent			**38 525**	30 587	**3 010**	4 877
Non-controlling interests			**695**	199	**–**	–
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
– *Exchange differences arising from translation of foreign operations*			**(4 144)**	22 743	**–**	–
Total comprehensive income			**35 076**	53 529	**3 010**	4 877
Attributable to:						
Equity holders of the parent			**34 650**	53 122	**3 010**	4 877
Non-controlling interests			**426**	407	**–**	–
Basic earnings per share	(cents)	21	**28,23**	22,42	**–**	–
Diluted basic earnings per share	(cents)	21	**27,73**	22,12	**–**	–
Dividends per share	(cents)		**4,25**	3,25	**–**	–

	Attributable to equity holders of the parent						
	Stated capital R'000	Equity compensation reserve R'000	Foreign currency translation reserve R'000	Accu-mulated (loss)/profit R'000	Total R'000	Non-controlling interests R'000	**Total equity R'000**
GROUP							
Balances at 28 February 2013	145 192	115	1 785	(2 155)	144 937	3 026	147 963
Total comprehensive income	–	–	22 535	30 587	53 122	407	53 529
Share-based equity reserve charged to profit and loss	–	450	–	(21)	429	–	429
Dividends paid to shareholders	–	–	–	(3 411)	(3 411)	–	(3 411)
Balances at 28 February 2014	145 192	565	24 320	25 000	195 077	3 433	198 510
Total comprehensive income	**–**	**–**	**(3 875)**	**38 525**	**34 650**	**426**	**35 076**
Share-based equity reserve charged to profit and loss	**–**	**1 142**	**–**	**–**	**1 142**	**–**	**1 142**
Foreign currency differences on translation of share-based equity reserve	**–**	**(4)**	**–**	**–**	**(4)**	**–**	**(4)**
Dividends paid to shareholders	**–**	**–**	**–**	**(4 435)**	**(4 435)**	**–**	**(4 435)**
Balances at 28 February 2015	**145 192**	**1 703**	**20 445**	**59 090**	**226 430**	**3 859**	**230 289**

	Stated capital R'000	Equity compensation reserve R'000	Accumulated loss R'000	**Total R'000**
COMPANY				
Balances at 28 February 2013	145 192	115	(33 444)	111 863
Total comprehensive income	–	–	4 877	4 877
Share-based equity reserve charged to profit and loss	–	450	–	450
Dividends paid to shareholders	–	–	(3 411)	(3 411)
Balances at 28 February 2014	145 192	565	(31 978)	113 779
Total comprehensive income	**–**	**–**	**3 010**	**3 010**
Share-based equity reserve charged to profit and loss	**–**	**1 142**	**–**	**1 142**
Foreign currency differences on translation of share-based equity reserve	**–**	**(4)**	**–**	**(4)**
Dividends paid to shareholders	**–**	**–**	**(4 435)**	**(4 435)**
Balances at 28 February 2015	**145 192**	**1 703**	**(33 403)**	**113 492**

	Notes	Group 2015 R'000	Group 2014* R'000	Company 2015 R'000	Company 2014 R'000
OPERATING ACTIVITIES					
Cash generated from operations	22.1	**53 685**	45 170	**2 926**	1 050
Interest received		**8 546**	4 559	**51**	194
Finance costs		**(18 978)**	(15 959)	**(1 025)**	(905)
Taxation paid	22.2	**(14 609)**	(10 102)	**–**	–
Net cash flows from operating activities		**28 644**	23 668	**1 952**	339
INVESTING ACTIVITIES					
Plant and equipment acquired		**(1 939)**	(3 328)	**(262)**	(949)
Intangible assets acquired and developed		**(1 076)**	(877)	**(1 042)**	(812)
Proceeds on disposals of plant and equipment and intangible assets		**496**	293	**12**	4
(Increase)/decrease in amounts owing from related parties		**–**	–	**(2 848)**	277
Dividends received		**1 200**	–	**–**	–
Net cash flows on acquisition of subsidiaries	22.3	**(3 438)**	(6 277)	**–**	–
Net cash flows from investing activities		**(4 757)**	(10 189)	**(4 140)**	(1 480)
FINANCING ACTIVITIES					
Borrowings repaid		**(9 439)**	(5 597)	**–**	–
Increase in amounts owing to related parties		**12**	37	**7 971**	4 668
Dividends paid		**(4 435)**	(3 411)	**(4 435)**	(3 411)
Net cash flows from financing activities		**(13 862)**	(8 971)	**3 536**	1 257
Net increase in cash and cash equivalents		**10 025**	4 508	**1 348**	116
Difference arising on translation		**(1 979)**	5 257	**–**	–
Cash and cash equivalents at beginning of year		**36 843**	27 078	**1 949**	1 833
Cash and cash equivalents at end of year		**44 889**	36 843	**3 297**	1 949

* *Restated due to change in accounting policy detailed in note 22.4*

	Logistics Services R'000	Financial Services R'000	Head office R'000	**Group R'000**
BUSINESS SEGMENTS				
28 February 2015				
Gross billings	**3 533 024**	**9 795**	**33 200**	**3 576 019**
External	**3 453 598**	**8 633**	**561**	**3 462 792**
Internal	**79 426**	**1 162**	**32 639**	**113 227**
Revenue	**228 047**	**9 795**	**(809)**	**237 033**
Depreciation and amortisation	**(2 144)**	**(38)**	**(1 129)**	**(3 311)**
Operating profit	**55 106**	**3 769**	**2 806**	**61 681**
Interest received	**9 642**	**472**	**(1 428)**	**8 686**
Finance costs	**(19 050)**	**–**	**69**	**(18 981)**
Income tax expense	**(11 426)**	**(778)**	**38**	**(12 166)**
Profit for the year	**34 272**	**3 463**	**1 485**	**39 220**
Total assets	**661 452**	**9 858**	**62 176**	**733 486**
Total liabilities	**517 846**	**1 461**	**(16 110)**	**503 197**
28 February 2014*				
Gross billings	3 285 935	8 967	25 771	3 320 673
External	3 213 438	7 991	90	3 221 519
Internal	72 497	976	25 681	99 154
Revenue	206 366	8 967	(976)	214 357
Depreciation and amortisation	(2 506)	(34)	(936)	3 476
Operating profit	49 189	3 824	(1 242)	51 771
Interest received	5 218	276	(935)	4 559
Finance costs	(16 196)	–	(120)	(16 316)
Income tax expense	(9 437)	(836)	1 045	(9 228)
Profit for the year	28 774	3 264	(1 252)	30 786
Total assets	607 952	7 801	80 788	696 541
Total liabilities	497 738	1 651	(1 358)	498 031

* *During the period under review the Group resolved to change the composition of its reportable segments by disclosing the business activities of the Group's head office, together with the elimination results that arise on consolidation of the Group, in a separate segment. In prior reporting periods these business activities were reported as part of the Logistics Services segment within the South Africa geographical region. The Group believes that the economic characteristics of the services provided by the Group head office are no longer sufficiently similar to that of the Logistics Service segment and therefore should no longer be aggregated. In addition the Group believes that this change will better enable users to evaluate the financial effects of the business activities within the Logistics Services segment. This change in disclosure did not arise form changes in the internal structure of the Group.*

In accordance with IFRS 8 Operating Segments, the prior year comparative amounts have been fully restated so as to be disclosed on the new basis.

	South Africa R'000	Australia R'000	United Kingdom R'000	Europe R'000	Hong Kong R'000	**Segment total R'000**
	LOGISTICS SERVICES					
GEOGRAPHICAL SEGMENTS						
28 February 2015						
Gross billings	**2 842 967**	**168 359**	**214 871**	**279 953**	**26 874**	**3 533 024**
Revenue	**136 251**	**16 578**	**32 590**	**37 235**	**5 393**	**228 047**
Net profit	**15 780**	**2 775**	**5 765**	**7 944**	**2 008**	**34 272**
Total assets	**534 357**	**22 814**	**46 392**	**44 335**	**13 554**	**661 452**
Total liabilities	**445 820**	**8 038**	**28 885**	**31 628**	**3 475**	**517 846**
28 February 2014*						
Gross billings	2 757 269	115 969	203 981	179 668	29 048	3 285 935
Revenue	129 410	12 250	32 802	26 457	5 447	206 366
Net profit	15 074	777	7 722	3 052	2 149	28 774
Total assets	512 742	18 107	39 669	25 636	11 798	607 952
Total liabilities	441 508	5 023	26 708	20 212	4 287	497 738

* *During the period under review the Group resolved to change the composition of its reportable segments by disclosing the business activities of the Group's head office, together with the elimination results that arise on consolidation of the Group, in a separate segment. In prior reporting periods these business activities were reported as part of the Logistics Services segment within the South Africa geographical region. The Group believes that the economic characteristics of the services provided by the Group head office are no longer sufficiently similar to that of the Logistics Service segment and therefore should no longer be aggregated. In addition the Group believes that this change will better enable users to evaluate the financial effects of the business activities within the Logistics Services segment. This change in disclosure did not arise form changes in the internal structure of the Group.*

In accordance with IFRS 8 Operating Segments, the prior year comparative amounts have been fully restated so as to be disclosed on the new basis.

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 6.

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, 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 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 (refer note 22.4).

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.
- The ability to use its power over the investee to affect the amount of the Company's returns.

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

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

All 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.

1.2 Basis of consolidation continued

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.

1.3 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 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. ACCOUNTING POLICIES continued

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

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

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

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.
- 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.

1.7 Impairment of tangible and intangible assets excluding goodwill continued

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

1.8 Goodwill

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

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

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

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

1.9 Financial assets

Financial 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").
- '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.

1. **ACCOUNTING POLICIES** continued

1.9 **Financial assets** continued

Other investments

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

Financial assets at fair value through profit or loss

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

Set-off

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

Effective interest method

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

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

1.10 **Impairment of financial assets**

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

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

1.12 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.

1. **ACCOUNTING POLICIES** continued

1.14 Financial liabilities continued

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.

1.15 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.

1.19 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. **ACCOUNTING POLICIES** continued

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 comprehensive income.

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 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 *continued*

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.

1.24 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 and key sources of estimation uncertainty

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

- valuation of goodwill arising from business combinations.

The determination of whether goodwill is impaired requires that estimates be made of the fair value of the Group's cash-generating units to which goodwill has been allocated. To calculate fair value less costs to sell ("FVLC"), the Group determines the current earnings before interest, tax, depreciation and amortisation ("EBITDA") and adjusts for 'once-off' income and expenses. The adjusted EBITDA is then multiplied by an appropriate earnings multiple and the estimated costs to sell the entity are deducted. Where the calculation of FVLC is less than the recoverable amount, the Group will calculate the value in use as well by estimating the future cash flows from the cash-generating unit and applying a suitable discount rate in order to arrive at the present value of such future cash flows.

In the case of the calculation of FVLC, the Group uses multiples available in the market for assets of similar size, risk and jurisdiction. To calculate value in use, 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 has organised and recorded its segment information by business segment and on a secondary basis by significant geographical region based on location of assets. This is representative of the internal reporting used for management purposes as well as the source and nature of business risks.

1. ACCOUNTING POLICIES continued

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 the adoption of these revised standards/interpretations had no material impact on the results presented. Below is a list of the applicable standards:

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after 01 January 2014)

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities (effective for periods beginning on or after 01 January 2014) – the amendments related in particular to investment entities and had no material impact on the current year results.

Amendments to IAS 36: Impairment of Assets (effective for periods beginning on or after 01 January 2014) – the amendments related to disclosures related to recoverable amounts but have not had a material impact on the current year results.

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 Group but which the Group 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 2018)

IFRS 15 Revenue from Contracts with Customers (effective for periods beginning on or after 1 January 2017)

Amended International Accounting Standards

Amendments to IFRS 7 and IFRS 9: Mandatory Effective Date of IFRS 9 and Transition Disclosures – effective annual periods beginning on or after 1 January 2015

Amendments to IFRS 2 Share-based Payments: Amendments to definition of vesting condition – effective annual periods beginning on or after 1 July 2014

Amendments to IFRS 3 Business Combinations: Amendments to accounting for contingent consideration in a business combination – effective annual periods beginning on or after 1 July 2014

Amendments to IFRS 8 Operating Segments – effective annual periods beginning on or after 1 July 2014

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – effective annual periods beginning on or after 1 January 2016

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – effective annual periods beginning on or after 1 January 2016

Amendments to IAS 16: Property, Plant and Equipment: Amendments to revaluation method – effective annual periods beginning on or after 1 July 2014

Amendments to IAS 24: Related Party Disclosure: Amendments to key management personnel – effective annual periods beginning on or after 1 July 2014

Amendments to IAS 38: Intangible Assets: Amendments to revaluation method – effective annual periods beginning on or after 1 July 2014

Management has completed an initial review of the provisions of IFRS 15: Revenue during the year, applying the standard across the Group's processes and systems. The results of the initial evaluation suggest that the effects of the new standard will not have a significant effect on the Group or the Company.

Management are in the process of evaluating the effects of these new standards and interpretations but they are not expected to have a significant impact on the Company.

2. PLANT AND EQUIPMENT

	2015 Cost R'000	2015 Accumulated depreciation R'000	2015 Carrying value R'000	2014 Cost R'000	2014 Accumulated depreciation R'000	2014 Carrying value R'000
GROUP						
Plant and equipment	**730**	**(324)**	**406**	726	(293)	433
Motor vehicles	**4 834**	**(2 480)**	**2 354**	5 730	(3 204)	2 526
Furniture and fittings	**2 013**	**(980)**	**1 033**	2 210	(1 034)	1 176
Leasehold improvements	**1 243**	**(813)**	**430**	1 720	(1 125)	595
Office equipment	**3 164**	**(1 962)**	**1 202**	3 767	(2 418)	1 349
Computer equipment	**5 866**	**(3 358)**	**2 508**	7 181	(4 320)	2 861
	17 850	**(9 917)**	**7 933**	21 334	(12 394)	8 940

Certain motor vehicles with a carrying value of R1 346 973 (2014: R1 234 197) are held under instalment sale agreements and are pledged as security for the related instalment sale agreement (refer to note 10). Assets with a carrying value of R633 484 (2014: R755 512) are pledged as security for the Australian operation's Allianz Finance Pty Ltd facility (refer to 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
2015						
Plant and equipment	**433**	**39**	**(2)**	**(64)**	**–**	**406**
Motor vehicles	**2 526**	**676**	**(181)**	**(654)**	**(13)**	**2 354**
Furniture and fittings	**1 176**	**91**	**(66)**	**(167)**	**(1)**	**1 033**
Leasehold improvements	**595**	**–**	**–**	**(144)**	**(21)**	**430**
Office equipment	**1 349**	**305**	**(39)**	**(381)**	**(32)**	**1 202**
Computer equipment	**2 861**	**828**	**(73)**	**(1 044)**	**(64)**	**2 508**
	8 940	**1 939**	**(361)**	**(2 454)**	**(131)**	**7 933**
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

2. PLANT AND EQUIPMENT continued

	2015 Cost R'000	2015 Accumulated depreciation R'000	2015 Carrying value R'000	2014 Cost R'000	2014 Accumulated depreciation R'000	2014 Carrying value R'000
COMPANY						
Furniture and fittings	**135**	**(38)**	**97**	43	(34)	9
Office equipment	**4**	**(1)**	**3**	4	(1)	3
Computer equipment	**1 657**	**(833)**	**824**	1 582	(581)	1 001
	1 796	**(872)**	**924**	1 629	(616)	1 013

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
2015					
Furniture and fittings	**9**	**92**	**–**	**(4)**	**97**
Office equipment	**3**	**–**	**–**	**–**	**3**
Computer equipment	**1 001**	**170**	**–**	**(347)**	**824**
	1 013	**262**	**–**	**(351)**	**924**
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

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
3. INTANGIBLE ASSETS				
3.1 Computer software				
Cost	**5 634**	4 856	**4 557**	3 838
Accumulated amortisation	**(2 528)**	(1 851)	**(1 621)**	(1 037)
Carrying value at beginning of year	**3 106**	3 005	**2 936**	2 801
Additions	**914**	877	**880**	812
Disposals	**(5)**	–	**–**	–
– Cost	**(703)**	(99)	**–**	(93)
– Accumulated amortisation	**698**	99	**–**	93
Amortisation	**(857)**	(776)	**(778)**	(677)
Carrying value at end of year	**3 158**	3 106	**3 038**	2 936
Comprising:				
Cost	**5 924**	5 634	**5 437**	4 557
Accumulated amortisation	**(2 766)**	(2 528)	**(2 399)**	(1 621)

Group and Company computer software additions consists both of internally developed systems and generic software purchases.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
3.2 Trademarks				
Cost	**–**	–	**–**	–
Carrying value at beginning of year	**–**	–	**–**	–
Registered during the year	**162**	–	**162**	–
Carrying value at end of year	**162**	–	**162**	–
Comprising:				
Cost	**162**	–	**162**	–

Trademarks for the "Santova" brand name were registered during the year in certain countries in which the Group operates. These were capitalised and assessed by management as having indefinite useful lives based on the following factors and reasons:

- The name, Santova, is the core brand of the Group which management expects will be used indefinitely in its current form; and
- The Santova brand continues to grow and be recognised as the Group expands internationally;

Trademarks were tested at year end for impairment and due to the growth of the Group and improved recognition of the Group's international branding management are of the opinion that there is no indicator that the asset should be impaired.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
3. INTANGIBLE ASSETS continued				
3.3 Goodwill				
Carrying value at beginning of year	**120 821**	106 878	**–**	–
Amounts recognised from acquisitions of subsidiaries:				
– Masterfreight Internationale Spedition GmBH	**4 060**	–	**–**	–
Amounts written-off in subsidiary:				
– Impairment (W.M. Shipping Limited)	**(3 892)**	(3 131)		
Translation (loss)/gain	**(2 035)**	17 074	**–**	–
Carrying value at end of year	**118 944**	120 821	**–**	–
Goodwill is allocated to the Group's cash-generating units (CGUs) as follows:	**118 944**	120 821	**–**	–
– Masterfreight Internationale Spedition (Germany)	**3 803**	–	**–**	–
– Santova Logistics	**43 063**	43 063	**–**	–
– Santova Financial Services	**2 826**	2 826	**–**	–
– Santova Logistics (United Kingdom)	**655**	655	**–**	–
– Santova Logistics (Australia)	**10 151**	10 888	**–**	–
– Santova Logistics (Netherlands)	**1 604**	1 829	**–**	–
– W.M. Shipping (United Kingdom)	**56 842**	61 560	**–**	–
For more detail on investments, refer note 4.				
Total intangible assets	**122 264**	123 927	**3 200**	2 936

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
- 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 10,2
• Costs of disposal	2% to 4%
• 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 Limited, operating out of the United Kingdom as part of the logistics segment. The impairment in W.M. Shipping Limited arose at the interim reporting period as a result of the re-measurement of the goodwill recognised at the time of the acquisition, following the conclusion of the second warranty period on 31 August 2014, and impacted the business activities of the Group's head office.

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

Acquisition of Masterfreight Internationale Spedition GmbH ("Masterfreight")

Effective 1 December 2014, the Group acquired the entire issued share capital of Masterfreight, operating primarily as an airfreight importer and exporter out of Frankfurt, Germany. The acquisition is in line with the Group's strategy to expand its footprint in Europe.

The acquisition was concluded for a purchase price of R4 638 787, to be settled entirely in cash as follows:

- R3 587 738 paid upfront by Santova Administration Services, the Group's designated domestic treasury company, using a loan from the holding company for the full amount; and
- One separate contingent payment payable after a 12 month period, based on a warranted annual profit being achieved, amounting to a net present value on acquisition date of R1 051 749.

The fair value, on acquisition date, of the assets acquired was R629 774 and the R4 049 947 by which the purchase price exceeds the fair value of the assets acquired, attributable to the business processes and procedures, the quality and experience of management and the customer base, all of which are expected to generate returns has been recognised as goodwill.

4. INVESTMENTS IN SUBSIDIARIES

	Country	Company Effective holding 2015 %	Company Effective holding 2014 %	Company Investment at cost 2015 R*	Company Investment at cost 2014 R*
DIRECTLY HELD					
Santova Logistics (Pty) Ltd	South Africa	**100**	100	**39 790 121**	39 466 495
Santova Administration Services (Pty) Ltd	South Africa	**100**	100	**100**	100
Santova Financial Services (Pty) Ltd	South Africa	**100**	100	**3 129 531**	3 088 694
Santova Express (Pty) Ltd	South Africa	**100**	100	**100**	100
Santova NVOCC (Pty) Ltd	South Africa	**100**	100	**100**	100
Santova Logistics Pty Ltd	Australia	**75**	75	**9 792 736**	9 792 736
Santova Logistics Limited	United Kingdom	**100**	100	**2 113 778**	2 058 773
W.M. Shipping Limited	United Kingdom	**100**	100	**70 522 609**	74 349 694
Santova Logistics B.V.	Netherlands	**100**	100	**1 526 202**	1 444 528
Santova Logistics Limited	Hong Kong	**100**	100	**9 352**	9 352
INDIRECTLY HELD					
Subsidiary of Santova Administration Services					
Masterfreight Internationale Spedition GmBH	Germany	**100**	–	**–**	–
Subsidiary of Santova Logistics Limited (Hong Kong)					
Santova Patent Logistics Co. Limited	Hong Kong	**51**	51	**–**	–
				126 884 629	130 210 572

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

Based on an assessment of the underlying values of the businesses housed in the 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 2015 (refer note 3.3).

	2015 R*	2014 R*
Reconciliation of movements for the year:		
Balance at beginning of year	**130 210 572**	133 129 145
Equity contribution for share options granted to subsidiary employees in terms of the Group Share Option Scheme	**566 481**	212 335
Reduction of investment in W.M. Shipping Limited due to profit warranty conditions not met	**(3 892 424)**	(3 130 908)
Balance at end of year	**126 884 629**	130 210 572

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

	Level	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
5. FINANCIAL ASSETS/(LIABILITIES)					
Financial assets					
Non-current financial assets					
Future profit share on rental agreement[1]	2	**1 228**	1 228	**–**	–
Guardrisk cell captive[2]	2	**2 007**	1 947	**–**	–
		3 235	3 175	**–**	–
Financial liabilities					
Non-current financial liabilities					
Lease termination liability[3]	2	**(457)**	(2 826)	**–**	–
Contingent purchase considerations on acquisitions[4]	3	**(990)**	(7 046)	**–**	(7 046)
Less: current portion included in current liabilities					
Lease termination liability[3]	2	**457**	2 490	**–**	–
Contingent purchase considerations on acquisitions[4]	3	**990**	7 046	**–**	7 046
		–	(336)	**–**	–
Current financial liabilities					
Current portion of lease termination liability	2	**(457)**	(2 490)	**–**	–
Current portion of contingent purchase considerations on acquisitions	3	**(990)**	(7 046)	**–**	(7 046)
Forward exchange contracts	1	**–**	(173)	**–**	–
		(1 447)	(9 709)	**–**	(7 046)

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 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)	*R75 per m^2*
Capitalisation rate	*12%*

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 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 prior financial year as a consequence of the merger of the South African logistics entities during the 2013 financial 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 represents the present value of the remaining contingent purchase obligation arising from the acquisition of Masterfreight Internationale Spedition GmBH (Germany). The fair value of the liability was calculated as the net present value of the warranty payment as set out in the agreement of sale, discounted at the weighted average cost of capital for the acquired entity of 1,04%. The financial liability related to this acquisition can be reconciled as follows:*

	R'000
Financial liability raised during the year	*1 052*
Interest on present value calculation	*2*
Foreign exchange gain on translation	*(64)*
Financial liability at end of year	*990*

The prior year amount represents the present value of the remaining contingent purchase obligation arising from the acquisition of W.M. Shipping Limited (United Kingdom). The profit warranty period came to an end during the current financial year and the financial liability to the sellers was settled to the extent the profit warranties were met, with the balance being released to profit or loss.

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 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
6. DEFERRED TAXATION				
Deferred tax comprises:				
– Capital allowances and provisions	**6 255**	4 124	**1 379**	989
– Assessed losses	**965**	1 252	**602**	955
	7 220	5 376	**1 981**	1 944
Reconciliation of deferred taxation:				
Balance at beginning of year	**5 376**	3 534	**1 944**	898
Movements during the year attributable to:				
– Timing differences	**2 326**	2 042	**389**	631
– Prior year	**(157)**	(25)	**–**	(63)
– Rate change	**(26)**	–	**–**	–
– Transfers	**–**	(438)	**–**	–
– Assessed losses	**(299)**	263	**(352)**	478
Balance at end of year	**7 220**	5 376	**1 981**	1 944
Comprising:				
Deferred tax assets	**8 471**	6 497	**2 259**	2 201
Deferred tax liabilities	**(1 251)**	(1 121)	**(278)**	(257)

Deferred tax assets have been recognised on assessed losses in relevant entities which the Group believes it is probable will generate a taxable profit in future. The assessments are performed on a continuous basis.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
7. TRADE RECEIVABLES				
Trade receivables	**507 198**	486 344	**937**	635
Provision for impairment of trade receivables	**(12 036)**	(5 606)	**–**	–
	495 162	480 738	**937**	635
Other receivables				
Recoverable disbursements	**44 516**	31 255	**–**	–
VAT receivable	**2 415**	1 570	**–**	–
Prepayments	**2 796**	2 061	**362**	298
Other receivables	**3 011**	1 741	**–**	11
	52 738	36 627	**362**	309
Movement in provision for impairment of trade receivables:				
Balance at beginning of year	**5 606**	4 277	**–**	–
Charge for the year	**7 757**	3 817	**–**	–
Net amounts written-off	**(1 327)**	(2 488)	**–**	–
Balance at end of year	**12 036**	5 606	**–**	–

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

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:

	2015 R'000*	2014 R'000*
Nedbank Limited	**447 891**	434 600
GE Capital Finance Pty Ltd (previously Allianz Finance Pty Ltd)	**16 661**	14 055
ABN AMRO Bank	**21 398**	19 446
HSBC Bank plc	**20 273**	20 086
	506 223	488 187

* *Includes intercompany balances eliminated on consolidation*

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

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 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
8. AMOUNTS OWING FROM RELATED PARTIES				
Relating to subsidiaries and other related parties				
Santova Administration Services (Pty) Ltd	**–**	–	**4 388**	–
Santova Logistics B.V. (Netherlands)	**–**	–	**–**	1 540
	–	–	**4 388**	1 540

This loan is unsecured, no interest is charged and there are no fixed terms of repayment.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
9. STATED CAPITAL				
Authorised				
300 000 000 Ordinary shares of no par value (2014: 300 000 000 Ordinary shares of no par value)				
Issued				
136 459 408 Ordinary shares of no par value (2014: 136 459 408 Ordinary shares of no par value)				
Ordinary shares in issue	**145 192**	145 192	**145 192**	145 192
Total stated capital	**145 192**	145 192	**145 192**	145 192

There were no share movements during the 2014 and 2015 financial years.*

* *All unissed shares are placed under the control and authority of the directors.*

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
10. INTEREST-BEARING BORROWINGS				
Instalment sale and other agreements	**1 347**	1 227	**–**	–
Medium term loan	**25 541**	32 717	**–**	–
Fixed rate loan	**–**	1 970	**–**	–
Less: current portion included in current liabilities	**(8 088)**	(7 947)	**–**	–
	18 800	27 967	**–**	–

The instalment sale agreements are secured by the motor vehicles and equipment for which they were raised (refer to note 2). They are repayable over no longer than five years and bear interest at variable market related rates linked to local base rates in the relevant countries.

The medium term loan was taken by Santova Logistics (South Africa) and bears interest at a variable rate of the South African prime rate less 0,5%. It is repayable on an amortising basis over five years at monthly instalments of R803 976 (2014: R800 527). This loan is secured by cross company sureties supplied by Santova Limited and Santova Express.

The fixed rate loan, provided by Natwest Bank Plc to Santova Logistics (United Kingdom), was repaid in full during the financial period.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
11. LONG-TERM PROVISION				
Post-retirement medical aid benefits for the Group and the Company:				
Present value obligation	**1 700**	1 777	**1 700**	1 777
Less: liability already recognised	**(1 777)**	(1 966)	**(1 777)**	(1 966)
Decrease in liability	**(77)**	(189)	**(77)**	(189)
Movement represented by:				
Actuarial loss/(gain)	**90**	(38)	**90**	(38)
Interest cost	**125**	143	**125**	143
Contributions paid to fund	**(292)**	(294)	**(292)**	(294)
Decrease in liability	**(77)**	(189)	**(77)**	(189)

The Company contributes to a medical aid scheme for the benefit of 14 retired employees (2014: 15) and their dependants. During the year under review there was one exit from the scheme amongst the continuation members (2014: 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: 6,3% per annum (2014: 8,4%);
– discount factor 7,0% per annum (2014: 7,7%); and
– mortality rates are taken from the PA(90) Ultimate Mortality Tables.

Sensitivity analysis: mortality rate

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

As can be seen below, the higher the mortality rate, the lower the liability to the Company.

	-20,0% Mortality rate R'000	Valuation assumption R'000	+20,0% Mortality rate R'000
Total accrued liability	**1 856**	**1 700**	**1 575**
Interest cost for the following year	**121**	**110**	**101**

The liability is valued annually. The latest actuarial valuation was performed in February 2015, on a projected unit credit method, by ZAQ Consultants and Actuaries (Pty) Ltd, independent qualified actuaries.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
12. AMOUNTS OWING TO RELATED PARTIES				
Patent International Co., Ltd[1]	**216**	204	**–**	–
Santova Financial Services (Pty) Ltd[2]	**–**	–	**4 443**	4 076
Santova Logistics (Pty) Ltd[2]	**–**	–	**13 736**	9 875
W.M. Shipping Limited[3]	**–**	–	**3 741**	–
	216	204	**21 920**	13 951

1 *Unsecured, interest-free and has no fixed terms of repayment (consistent with prior year).*
2 *Unsecured, interest is charged at South African prime rate less 0,50% and has no fixed terms of repayment (consistent with prior year).*
3 *Unsecured, interest is charged at the UK base rate plus 3% and has no fixed terms of repayment.*

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
13. SHORT-TERM BORROWINGS AND OVERDRAFTS				
Bank overdrafts	**–**	–	**–**	–
Invoice discounting facilities	**280 837**	208 321	**–**	–
	280 837	208 321	**–**	–

The above balance relates to an invoice discounting facility provided by Nedbank to Santova Logistics (Pty) Ltd of R350 million (2014: R300 million). Interest is charged at South African prime rate less 0,5% and repayments occur on an ongoing basis through the settlement of outstanding accounts by debtors. It is secured by the sale of the book debts and the cession of the Coface South Africa Insurance Company Limited Policy and the Lombard Insurance Company Limited Policy. In addition, cross company suretyships are provided by the Company and certain subsidiaries.

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

Country	Local currency	Functional currency	Prior year	Security provided	Interest rate
Invoice discounting – repayable on settlement of ceded debts					
Australia	1 500 000	13 492 950	14 472 300	Security interest in personal property	Australian base rate plus 4,25%
Bank overdraft – repayable on demand					
South Africa	21 000 000	21 000 000	21 000 000	Ceded debit balances	South African prime rate less 0,5%
Netherlands	500 000	6 476 750	2 590 700	Cession of book debts	Euro base rate plus 1,75%
Germany	27 500	356 221	–	Unsecured	Fixed rate of 6,5%
		41 325 921	38 063 000		

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

	Carrying value at beginning of year R'000	Provisions created/ (utilised) R'000	Carrying value at end of year R'000
14. SHORT-TERM PROVISIONS			
GROUP			
2015			
Bonuses	**12 949**	**(1 835)**	**11 114**
Leave pay	**3 598**	**332**	**3 930**
Other short-term provisions	**293**	**235**	**528**
	16 840	**(1 286)**	**15 572**
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
COMPANY			
2015			
Bonuses	**1 790**	**510**	**2 300**
Leave pay	**492**	**167**	**659**
	2 282	**677**	**2 959**
2014			
Bonuses	815	975	1 790
Leave pay	446	46	492
	1 261	1 021	2 282

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

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

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
15. GROSS BILLINGS				
Gross billings	**3 462 792**	3 221 519	**33 200**	25 771
Gross billings indicate the total level of invoiced activity, including recoverable disbursements paid on behalf of customers.				
16. OPERATING PROFIT				
Operating profit is stated after:				
Income				
Bad debts recovered	**142**	72	**33**	2
Dividends received from subsidiaries	**–**	–	**1 133**	6 130
Foreign exchange commission and valuation gains	**5 363**	5 580	**–**	–
Future profit share on rental agreement (refer note 5)	**–**	706	**–**	–
Net actuarial gain recognised (refer note 11)	**–**	38	**–**	38
Profit on disposals of plant and equipment	**334**	71	**8**	–
Fair value gain on financial liability	**5 896**	5 171	**5 896**	5 171
Expenditure				
Auditors' remuneration	**2 250**	1 675	**377**	392
– In respect of audit services	**1 850**	1 316	**377**	392
– In respect of other services	**400**	359	**–**	–
Depreciation and amortisation	**3 311**	3 476	**1 129**	935
– Plant and equipment (refer note 2)	**2 454**	2 700	**351**	258
– Intangible assets (refer note 3)	**857**	776	**778**	677
Lease rentals	**10 033**	12 504	**637**	585
– Premises	**8 857**	11 958	**637**	585
– Equipment	**443**	406	**–**	–
– Motor vehicles	**733**	140	**–**	–
Loss on disposal of plant and equipment	**204**	165	**–**	–
Net actuarial loss recognised (refer note 11)	**90**	–	**90**	–
Impairment of investment (refer note 4)	**–**	–	**3 892**	3 131
Impairment of goodwill (refer note 3.3)	**3 892**	3 131	**–**	–
Foreign exchange losses	**166**	3 529	**81**	2 601
Staff costs (including directors' emoluments)	**115 862**	108 487	**17 132**	13 993
Share option expense	**1 142**	429	**571**	237

	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						
2015						
Executive	**–**	**–**	**5 542**	**1 186**	**378**	**7 106**
Prescribed officer	**–**	**–**	**887**	**130**	**113**	**1 130**
Non-executive	**711**	**–**	**–**	**–**	**–**	**711**
	711	**–**	**6 429**	**1 316**	**491**	**8 947**
Paid by:						
The Company	**711**	**–**	**4 676**	**967**	**420**	**6 774**
Subsidiary company	**–**	**–**	**1 753**	**349**	**71**	**2 173**
	711	**–**	**6 429**	**1 316**	**491**	**8 947**
2014						
Executive	–	–	5 175	640	348	6 163
Prescribed officer	–	–	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

Refer to the Remuneration Report on pages 27 to 29 of the Annual Integrated Report for additional disclosure on key management personnel compensation.

		Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
18. INTEREST RECEIVED					
Interest received from third parties		**8 686**	4 559	**–**	–
Interest received from related parties		**–**	–	**51**	194
		8 686	4 559	**51**	194
19. FINANCE COSTS					
Bank overdrafts and invoice discounting facilities (refer to note 13)		**16 023**	12 059	**–**	–
Financial liabilities (refer to note 5)		**263**	631	**149**	357
Interest-bearing borrowings (refer to note 10)		**2 692**	3 474	**–**	–
Interest paid to related parties (refer to note 12)		**–**	–	**1 258**	761
Other interest paid		**3**	152	**–**	144
		18 981	16 316	**1 407**	1 262
20. INCOME TAX EXPENSE					
South African normal tax					
Current tax					
– Current year		**7 999**	6 966	**–**	–
– Prior year		**–**	277	**–**	–
Deferred tax					
– Current year		**(1 421)**	(2 304)	**(37)**	(1 109)
– Prior year		**195**	25	**–**	64
– Transfers		**–**	438	**–**	–
		6 773	5 402	**(37)**	(1 045)
Foreign tax					
– Current tax		**6 012**	3 827	**–**	–
– Deferred tax		**(619)**	(1)	**–**	–
		5 393	3 826	**–**	–
Tax for the year		**12 166**	9 228	**(37)**	(1 045)
Reconciliation of rate of taxation					
South African normal tax rate	(%)	**28,0**	28,0	**28,0**	28,0
Adjusted for:					
– Local (exempt income)/disallowable expenditure	(%)	**(3,0)**	(8,4)	**(29,2)**	(57,0)
– Foreign (exempt income)/disallowable expenditure	(%)	**(0,5)**	(0,1)	**–**	–
– Foreign tax rate differential	(%)	**(1,0)**	1,6	**–**	–
– Prior year: current tax	(%)	**–**	0,7	**–**	–
– Prior year: deferred tax	(%)	**0,2**	0,2	**–**	1,7
– Transfers	(%)	**–**	1,1	**–**	–
Effective tax rate	(%)	**23,7**	23,1	**(1,2)**	(27,3)

		Group Actual 2015	Group Actual 2014
21. EARNINGS PER SHARE			
Basic earnings per share	(cents)	**28,23**	22,42
Headline earnings per share	(cents)	**31,00**	24,77
Diluted basic earnings per share	(cents)	**27,73**	22,12
Diluted headline earnings per share	(cents)	**30,45**	24,45

	Profit on ordinary activities R'000	Taxation effect R'000	Non-controlling interest R'000	Net effect R'000
Reconciliation between basic earnings and headline earnings:				
February 2015				
Profit for the year	**51 386**	**(12 166)**	**(695)**	**38 525**
Adjusted for:				
– Profit on disposals of plant and equipment (refer to note 16)	**(130)**	**19**	**–**	**(111)**
– Impairment of goodwill	**3 892**	**–**	**–**	**3 892**
Headline earnings	**55 148**	**(12 147)**	**(695)**	**42 306**
February 2014				
Profit for the year	40 014	(9 228)	(199)	30 587
Adjusted for:				
– Loss on disposals of plant and equipment (refer to note 16)	94	(18)	9	85
– Impairment of goodwill	3 131	–	–	3 131
Headline earnings	43 239	(9 246)	(190)	33 803

	2015 Shares 000's	2014 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**	136 459
Diluted WANOS at end of year	**138 939**	138 285

	Group 2015 R'000	Group 2014* R'000	Company 2015 R'000	Company 2014 R'000
22. NOTES TO THE STATEMENTS OF CASH FLOW				
22.1 Cash generated from operations				
Profit before taxation	**51 386**	40 014	**2 972**	3 832
Adjustments for:				
Depreciation and amortisation	**3 311**	3 476	**1 129**	936
Net (profit)/loss on disposal of plant and equipment	**(130)**	94	**(12)**	–
Impairment of goodwill	**3 892**	3 131	**–**	–
Impairment of investment	**–**	–	**3 892**	3 131
Interest received	**(8 686)**	(4 559)	**(51)**	(194)
Finance costs	**18 981**	16 316	**1 407**	1 262
Dividends received	**(1 200)**	–	**(1 133)**	(6 130)
Foreign exchange (gain)/loss on financial liabilities and dividends	**(128)**	2 749	**(40)**	2 601
Movement in fair value of financial assets and liabilities	**(8 334)**	(3 941)	**(6 253)**	(5 171)
Movement in retirement benefits	**(77)**	(189)	**(77)**	(189)
Movement in share option expense	**1 138**	450	**571**	237
Working capital changes:				
Proceeds from sale of trade receivables	**72 333**	72 176	**–**	–
Increase in trade and other receivables	**(13 140)**	(111 676)	**(355)**	(541)
Increase in trade payables and provisions	**(65 661)**	27 129	**876**	1 276
	53 685	45 170	**2 926**	1 050
22.2 Taxation paid				
Charge in the statements of comprehensive income	**12 166**	9 228	**(37)**	(1 045)
Adjustment for deferred tax	**1 843**	1 842	**37**	1 045
Movement in taxation balance	**600**	(968)	**–**	–
	14 609	10 102	**–**	–

* *Restated due to change in accounting policy detailed in note 22.4.*

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 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	**–**	–	**–**	–
Trade receivables	**17 119**	–	**–**	–
Other receivables	**275**	–	**–**	–
Cash and cash equivalents	**1 301**	–	**–**	–
Interest-bearing borrowings	**(414)**	–	**–**	–
Trade and other payables	**(17 468)**			
Short-term borrowings and overdraft	**(183)**	–	**–**	–
Net assets acquired	**630**	–	**–**	–
Goodwill	**4 050**	–	**–**	–
Purchase consideration	**4 680**	–	**–**	–
Financial liability at beginning of year	**7 046**	15 388	**–**	–
Financial liabilities at end of year	**(990)**	(7 046)	**–**	–
Finance charges relating to financial liability	**26**	357	**–**	–
Effects of foreign currency translations	**(127)**	2 749	**–**	–
Fair value gain on remeasurement of financial liability	**(5 896)**	(5 171)	**–**	–
Settled in cash	**4 739**	6 277	**–**	–
Less: cash and cash equivalents acquired on acquisition	**(1 301)**	–	**–**	–
	3 438	6 277	**–**	–

22. NOTES TO THE STATEMENTS OF CASH FLOW continued

22.4 Voluntary change in accounting policy

The following voluntary change in accounting policy, in terms of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), has been applied during the period under review resulting in the restatement and reclassification of certain comparatives for the year ended 28 February 2015.

IAS 7 Statement of Cash Flows – Reclassification of the proceeds from the sale of short term receivables from financing activities to operating activities

The proceeds received from the sale of short term receivables have previously been disclosed as a financing cash flow in the Group's Statement of Cash Flows. During the period under review, the Group's management resolved to account for such proceeds in its Statement of Cash Flows as an operating cash flow. The Group generates interest revenue through the provision of short term finance facilities to clients for logistics related recoverable disbursements, effectively acting as a financial institution. The Group's management regard this as a principal revenue producing activity. The Group funds these short term receivables through the ongoing sale of such receivables to its principal banker via an invoice discounting facility, on which it incurs an interest expense.

Statement of Cash Flows

	28 February 2014 R'000	28 February 2013 R'000
As previously reported		
Net cash flows from operating activities	(48 508)	13 394
Net cash flows from financing activities	63 205	41 217
As currently reported		
Net cash flows from operating activities	23 668	14 528
Net cash flows from financing activities	(8 971)	40 083
Impact of the change		
Net cash flows from operating activities	72 176	1 134
Net cash flows from financing activities	(72 176)	(1 134)

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
23. EMPLOYEE BENEFITS				
Retirement benefit expense				
– Provident and pension	**7 402**	6 895	**1 208**	949

Defined contribution retirement plans

The Group makes retirement benefits available to its employees. A defined contribution provident fund and pension fund, which are subject to the Pensions Fund Act 1956, exist for this purpose in South Africa, 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 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. Options are granted at a price determined by the 30-day volume weighted average price calculated on the day immediately preceding the date the options were granted. Employees must exercise 100% of the options granted within the 12-month period.

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

	2015		2014	
	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	**3 012 000**	**85**	3 073 000	85
Granted during the year	**2 712 000**	**186**	–	–
Forfeited during the year	**(46 000)**	**85**	(61 000)	85
Outstanding at the end of the year	**5 678 000**	**133**	3 012 000	85
Exercisable at the end of the year	**–**	**–**	–	–

The fair value of the options granted was determined by the Company utilising the Black-Scholes model 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 2015	Group 2014
The inputs into the model were as follows:			
Issue 1			
Weighted average share price	(cents)	**85,0**	85,0
Weighted average exercise price	(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
Issue 2			
Weighted average share price	(cents)	**186,0**	–
Weighted average exercise price	(cents)	**93,0**	–
Expected volatility	(%)	**37,70**	–
Expected option lifetime	(years)	**3**	–
Risk-free rate based on zero-coupon government bond yield	(%)	**7,36**	–
Expected dividend yield	(%)	**3,00**	–

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 2015 R'000	Group 2014* R'000	Company 2015 R'000	Company 2014 R'000
25. COMMITMENTS				
Operating lease commitments				
No later than one year	**6 499**	4 557	**–**	–
Later than one year and no later than five years	**8 347**	1 459	**–**	–
	14 846	6 016	**–**	–

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 to note 5).

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

Insurance cell captive

Santova Logistics 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 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 to 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 2015 R'000	Net of gross billings and cost of billings for goods and services 2014 R'000	Net outstanding balances arising from sale/purchase of goods and services 2015 R'000	Net outstanding balances arising from sale/purchase of goods and services 2014 R'000
COMPANY				
Santova Administration Services (Pty) Ltd	**–**	50	**–**	–
Santova Express (Pty) Ltd	**51**	10	**(3)**	(1)
Santova Financial Services (Pty) Ltd	**1 471**	971	**106**	5
Santova Logistics (Pty) Ltd	**28 122**	21 524	**592**	584
Santova Logistics B.V. (Netherlands)	**965**	486	**(62)**	(60)
Santova Logistics Limited (Hong Kong)	**314**	243	**54**	40
Santova Logistics Limited (United Kingdom)	**540**	396	**39**	–
Santova Logistics Pty Ltd (Australia)	**587**	513	**–**	–
W.M. Shipping Limited (United Kingdom)	**588**	240	**54**	30
	32 638	24 433	**780**	598

	Interest on loans (from)/to related parties 2015 R'000	Interest on loans (from)/to related parties 2014 R'000	Loans to/(from) related parties 2015 R'000	Loans to/(from) related parties 2014 R'000
COMPANY				
Santova Administration Services (Pty) Ltd	**–**	–	**4 388**	–
Santova Financial Services (Pty) Ltd	**(367)**	(169)	**(4 443)**	(4 076)
Santova Logistics (Pty) Ltd	**(858)**	(592)	**(13 736)**	(9 875)
Santova Logistics B.V. (Netherlands)	**51**	194	**–**	1 511
W.M. Shipping Limited (United Kingdom)	**(33)**	–	**(3 741)**	–
	(1 207)	(567)	**(17 530)**	(12 440)

Refer to note 17 in these annual financial statements and the Remuneration Report on pages 27 and 28 of the Annual Integrated Report for detailed disclosure on key management personnel compensation.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
27. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Loans and receivables	**547 900**	517 365	**2 484**	2 484
Financial assets at fair value through profit or loss	**3 235**	3 175	**–**	–
Financial liabilities				
Financial liabilities at fair value through profit or loss	**–**	173	**–**	–
Financial liabilities measured at amortised cost	**483 817**	475 061	**22 699**	22 699
Reconciliation to statements of financial position				
Trade receivables	**495 162**	480 738	**635**	635
Other receivables	**52 738**	36 627	**309**	309
Amounts owing from related parties	**–**	–	**1 540**	1 540
Loans and receivables	**547 900**	517 365	**2 484**	2 484
Financial asset	**3 235**	3 175	**–**	–
Financial assets at fair value through profit or loss	**3 235**	3 175	**–**	–
Financial liability	**–**	173	**–**	–
Financial liabilities at fair value through profit or loss	**–**	173	**–**	–
Trade and other payables	**174 501**	220 750	**1 702**	1 702
Amounts owing to related parties	**216**	204	**13 951**	13 951
Interest-bearing borrowings	**26 888**	35 914	**–**	–
Financial liabilities	**1 447**	9 872	**7 046**	7 046
Short-term borrowings and overdraft	**280 838**	208 321	**–**	–
Financial liabilities measured at amortised cost	**483 817**	475 061	**22 699**	22 699

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 15 to 24 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 amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2015			2014		
	Foreign currency balances R'000	Forward exchange contracts R'000	Net position R'000	Foreign currency balances R'000	Forward exchange contracts R'000	Net position R'000
Credit balances						
Australian Dollar	**(21)**	**17**	**(4)**	(136)	92	(44)
British Pound	**(657)**	**598**	**(59)**	(791)	453	(338)
Euro	**(1 374)**	**1 363**	**(11)**	(2 022)	1 667	(355)
US Dollar	**(9 133)**	**4 778**	**(4 355)**	(7 751)	2 527	(5 224)
Other	**(497)**	**485**	**(12)**	(601)	461	(140)
Debit balances						
US Dollar	**14 741**	**(387)**	**14 354**	2 055	(212)	1 843
Euro	**829**	**–**	**829**	–	–	–
Other	**2**	**–**	**2**	2	–	2
	3 654	**6 854**	**10 508**	(9 244)	4 988	(4 256)

Foreign currency sensitivity

The Group's exchange rate exposure relates mainly to the Euro, British Pound and the United States 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 strenghtens or weakens by 10,0%.

	2015	2014
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) for the year would increase/decrease by	**1 074**	426

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.

27. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

27.1 Foreign currency risk management continued

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									
2015	**9,23**	**12,56**	**13,36**	**18,07**	**9,47**	**1,38**	**11,63**	**–**	**–**
2014	9,94	12,38	15,15	18,24	9,73	1,70	11,25	0,11	8,76
Foreign currency									
2015	**1 812**	**37 469**	**101 995**	**33 111**	**480**	**6 846**	**377 486**	**–**	**–**
2014	9 304	23 174	110 000	24 852	391	33 828	205 655	72 013	11 907
Contract value (Rands)									
2015	**16 717**	**470 552**	**1 362 702**	**598 431**	**4 545**	**9 445**	**4 390 693**	**–**	**–**
2014	92 468	286 957	1 666 579	453 262	3 806	57 654	2 314 388	8 023	104 266
Year-end value (Rands)*									
2015	**16 564**	**463 151**	**1 339 155**	**596 899**	**4 498**	**9 612**	**4 425 830**	**–**	**–**
2014	88 698	282 263	1 623 099	445 639	3 777	56 474	2 206 062	7 596	100 823

1 Australian Dollar 2 Swiss Franc 3 Euro 4 British Pound 5 Canadian Dollar
6 Swedish Krona 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, maturing 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 2015 R'000	Group 2014 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	**191**	157

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. 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 debtors in terms of the respective invoice discounting facilities, which is covered at coverage 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 counterparty risk of these insurers. At 28 February 2015, 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 7 to 90 days to its customers. The analysis of trade receivables which are past due at reporting date is as follows:

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Not past due	**450 547**	439 351	**937**	635
Past due but not impaired:				
– 0 to 30 days	**31 525**	28 203	**–**	–
– 31 to 60 days	**3 295**	5 182	**–**	–
– 61 to 90 days	**550**	577	**–**	–
– over 90 days	**603**	1 620	**–**	–
Impaired	**20 678**	11 411		
Trade receivables	**507 198**	486 344	**937**	635
Provision for impairment of receivables (refer to note 7)	**(12 036)**	(5 606)	**–**	–
Total trade receivables	**495 162**	480 738	**937**	635

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.

There were no defaults of terms with lenders during the year.

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

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Facilities available (refer note 13)				
Bank overdraft	**27 833**	24 850	**–**	–
Medium-term loan	**25 541**	32 717	**–**	–
Invoice discounting facilities	**363 493**	314 472	**–**	–
Total facilities available	**416 867**	372 039	**–**	–
Facilities utilised at year-end (refer note 13)				
Bank overdraft	**–**	–	**–**	–
Medium-term loan	**25 541**	32 717		
Invoice discounting facilities	**280 838**	241 039	**–**	–
Total facilities utilised	**306 379**	241 039	**–**	–
Available unutilised facilities				
Bank overdraft	**27 833**	24 850	**–**	–
Medium-term loan	**–**	–	**–**	–
Invoice discounting facilities	**82 655**	106 150	**–**	–
Total available unutilised facilities	**110 488**	131 000	**–**	–

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
2015					
Non-interest bearing	**163 526**	**45 600**	**4 313**	**–**	**213 439**
Interest-bearing	**122 255**	**212 206**	**–**	**–**	**334 461**
	285 781	**257 806**	**4 313**	**–**	**547 900**
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

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
2015					
Non-interest bearing	**174 575**	**–**	**–**	**–**	**174 575**
Interest-bearing	**281 679**	**2 016**	**6 820**	**18 800**	**309 315**
	456 254	**2 016**	**6 820**	**18 800**	**483 890**
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

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
2015					
Profit share on rental agreement	**–**	**–**	**–**	**1 228**	**1 228**
Insurance cell captive	**–**	**–**	**–**	**2 007**	**2 007**
	2	**–**	**–**	**3 235**	**3 235**
2014					
Forward exchange contracts	(15)	(158)	–	–	(173)
Profit share on rental agreement	–	–	–	1 228	1 228
Insurance cell captive	–	–	–	1 947	1 947
	(15)	(158)	–	3 175	3 002

27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

27.5 Capital risk management

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

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

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

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

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

		Group 2015 R'000	Group 2014 R'000
Interest bearing borrowings		**307 726**	244 235
Less: Cash and cash equivalents		**44 889**	36 843
Net Debt		**262 837**	207 392
Total capital and reserves		**230 289**	198 510
Gearing ratio	(%)	**114**	104

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

28. EVENTS AFTER THE REPORTING PERIOD

There are no material 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

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Country of incorporation Republic of South Africa
Registration number 1998/018118/06
Share code SNV
ISIN ZAE000159711
Nature of business International logistics solutions provider

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AD Dixon
WA Lombard
EM Ngubo

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

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