Santova
Limited

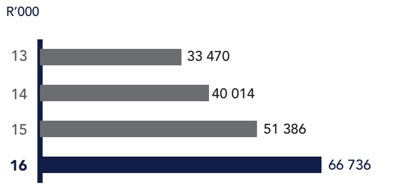
PRELIMINARY AUDITED RESULTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

***Innovative** Solutions. **Endless** Possibilities.*

HIGHLIGHTS

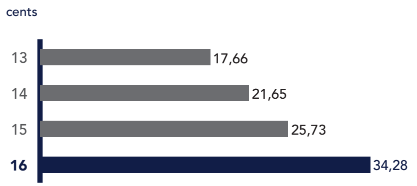
INCREASE IN PROFIT BEFORE TAX

29,9%



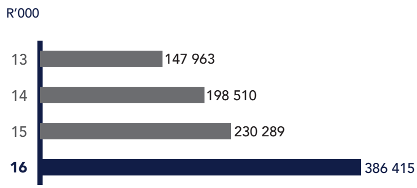
INCREASE IN NORMALISED HEADLINE EARNINGS PER SHARE

33,2%



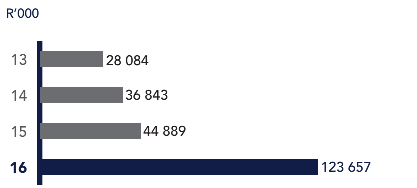
INCREASE IN CAPITAL AND RESERVES

67,8%



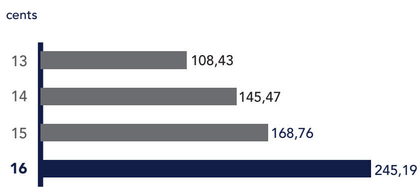
INCREASE IN CASH AND CASH EQUIVALENTS

175,5%



INCREASE IN NET ASSET VALUE PER SHARE

45,3%



COMMENTARY

2016 PRELIMINARY RESULTS COMMENTARY

2016 was, in many ways, an exciting year for the Group. While the industry in general was faced with flat growth, predominantly as a result of reduced trade volumes and ongoing over-capacity in ocean freight, the Group was able to mitigate these factors through a clear growth strategy and strong execution infrastructure.

Revenue earned of R278,7 million for the year is 24,3% up on the previous year's revenue of R224,2 million and the net profit before tax for the year has increased by 29,9% to R66,7 million from R51,4 million. Most notable, however, is the increase in normalised head line earnings per share to 34,28 cents, which is 33,2% up on the previous year's figure of 25,73 cents. Of significance is that this financial performance was achieved largely as a result of organic growth and what is encouraging is the growth in the contribution from the Group's offshore earnings.

FINANCIAL HIGHLIGHTS

The 2016 financial year continued a seven year trend of consistent growth in profit and net assets and was marked by a number of significant financial events and results which have strengthened the Group balance sheet and positioned it well for future growth. The key financial highlights during the period were:

- the acquisition of 100% of Tradeway (Shipping) in the United Kingdom for a total purchase consideration of R121,5 million, the Group's largest acquisition to date;
- the Group's offshore operations contributing 55% to profit for the year which, with the acquisition and integration of Tradeway (Shipping) in the last three months of the financial year under review, is expected to be significantly higher in future;
- a successful capital raising of R51,3 million via a general issue of new shares for cash. This was the Group's first new issue of shares since a vendor placement in June 2010 and the first public issue of new shares in the past decade;
- a 67,8% increase in Capital and Reserves primarily as a result of increased profitability, foreign currency revaluation gains and the capital raising;
- the significant reduction in the Group's gearing ratio to 55,6% as at 29 February 2016, versus 114,1% as at the end of the prior financial year, falling below 100% for the first time.
- the successful conclusion of a new five year medium term loan facility of R60 million from the Group's primary bankers, utilised to fund the acquisition of Tradeway (Shipping);
- the strong growth in the financial performance of the Netherlands and Australian regions with profit for the year up 70,1% in the Netherlands and 69,6% in Australia;
- a strong performance from the Group's logistics operations in South Africa which achieved a 25,3% increase in profit for the year, despite the year-on-year reduction in trade volumes as a result of the poor economic climate within the country. This growth was achieved through a strengthening in margins and containing growth in administrative expenses to below current inflation levels, as the Group continually seeks efficiencies in its operations, systems and cost structures;
- a continuing trend of strong cash generation particularly in the Group's offshore operations which resulted in cash on hand at year end increasing 175,5% from R44,9 million to R123,7 million in the current year; and
- total assets exceeding R1 billion for first time in Group's history.

STRATEGIC HIGHLIGHTS

Balanced growth strategy

The Group focuses on three growth models which include organic growth, growth through "bolt-on" acquisitions and growth through strategic acquisitions. The prime objective of our strategy is to balance organic growth with this acquisition growth.

In this regard, the Group acquired the Tradeway (Shipping) Group in the United Kingdom with offices in Leeds and Manchester, an exceptionally strong brand within the United Kingdom specialising in the West and East African trade routes from the United Kingdom. Coupled with the expected synergies with the Group's recently established office in Ghana, the current trade lane volumes under the management of this business offer Santova the opportunity to expand its geographical presence into East Africa in the near future.

Grassroots operations in Ghana and Hamburg were set up during the year under review, together with a small acquisition in Mauritius, which collectively constituted a cost to the income statement as opposed to a positive contribution to Group profits. These investments were made on the premise that they were strategic in nature and that the Group's future earnings would be enhanced through new revenue streams generated by and through these grassroots operations.

Innovative Group information communication technologies

During the current period the Group initiated the re-design of existing information systems and technologies (OSCAR) which has paved the way for Santova to further differentiate itself from its competitors. Santova' s next generation technological capability constitutes a single-platform worldwide, is cloud based and allows all information pertaining to the activities or participants in the supply chain to be housed in a single central database. Completion date for the roll-out of this system throughout Santova offices worldwide is expected to be during the third quarter of the 2016 calendar year.

Operational efficiency and effectiveness

To facilitate greater efficiency and effectiveness the Group has focused on three areas, including centralisation vs decentralisation, workflow processes design, and information communication technologies.

In this regard, the Group has embarked on a strategy of centralisation and decentralisation. Where possible, the functions of finance, information technology, human resources, customs clearance and supply chain services have been centralised while marketing, key account management and new business development have been decentralised. In making these decisions cognisance was taken of local knowledge, consistent policies, greater control, standardised procedures, quicker decision making, customer service and the elimination of duplication.

With the centralisation and decentralisation of certain functions, the Group is continuously re-engineering workflows to ensure improved efficiency, compliance agility, and visibility by ensuring that every process step is explicitly defined, monitored over time, and optimised for maximum productivity. This is an ongoing process which continuously strives for best practice.

The Group has embraced next generation technology which has facilitated the faster processing of data, easier retrieval of information, reduction or elimination of errors, and ultimately shorter lead times to complete a shipment. Most importantly, the timely reporting – access to data – and visibility of all facets of the supply chain has allowed the Group to re-strategise low-margin clients or services and invest the saved time and money into greater earnings enhancing related activities.

Against this backdrop, the Group has maintained sound operating profit margins and above-average capital efficiency ratios. Productivity has increased significantly, expenses have been contained and profitability has increased, all of which is in contrast to many of the companies in the industry whose top-line growth and operating margins have suffered during the global economic downturn.

This clearly supports the view that the Group has been successful in its vision of becoming a recognised brand in global trade solutions through its strategically placed international offices and leading intellectual capital. Our strategy of diversification in terms of geographic regions, currencies, industries, products and services has served the Group well, particularly during the current period of significant South African Rand weakness and depreciation.

LOOKING FORWARD

Smart, client-centric, flexible and rapid response supply chain services and solutions are in demand. With the growing economic inter-dependence of countries worldwide, through increasing cross-border trade and widespread diffusion of technology, the Group will continue to leverage off the opportunities that present themselves.

In times of increased competition, client retention is a priority. We will continue to ensure that our capabilities are valued by the market and that a management-performance system and scorecard, focusing on the leading indicators that drive the three key strategic objectives, is the responsibility of strong leadership practices at every level of the Group. We will also seek and leverage off the business opportunities that always accompany economic downturns – after all the Santova Group was born and developed during flat economic times.

Finally, we will be unrelenting in our pursuit of continued diversification in terms of geographic regions, currencies, industries, products and services whilst at all times striving for greater growth, innovation, efficiency and effectiveness.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 29 February 2016

	Notes	2016 R'000	2015 R'000
ASSETS			
Non-current assets		**262 221**	140 652
Property, plant and equipment		**25 086**	7 933
Intangible assets	5	**222 881**	122 264
Financial assets	7	**4 536**	3 235
Deferred taxation		**9 718**	7 220
Current assets		**760 944**	592 834
Trade receivables		**590 133**	495 162
Other receivables		**46 743**	52 738
Current tax receivable		**385**	45
Financial assets	7	**26**	–
Cash and cash equivalents		**123 657**	44 889
Total assets		**1 023 165**	733 486
EQUITY AND LIABILITIES			
Capital and reserves		**386 415**	230 289
Stated capital	8	**214 076**	145 192
Treasury shares		**(998)**	–
Equity compensation reserve		**3 028**	1 703
Foreign currency translation reserve		**62 044**	20 445
Accumulated profit		**102 027**	59 090
Attributable to equity holders of the parent		**380 177**	226 430
Non-controlling interests		**6 238**	3 859
Non-current liabilities		**76 329**	20 500
Interest-bearing borrowings	9	**57 043**	18 800
Long-term provision		**1 500**	1 700
Financial liabilities	7	**17 786**	–
Current liabilities		**560 421**	482 697
Trade and other payables		**216 154**	173 826
Current tax payable		**8 000**	2 710
Current portion of interest-bearing borrowings	9	**18 620**	8 088
Amounts owing to related parties		**302**	216
Financial liabilities	7	**31 348**	1 447
Short-term borrowings		**262 918**	280 838
Short-term provisions		**23 079**	15 572
Total equity and liabilities		**1 023 165**	733 486

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 29 February 2016

		Notes	2016 R'000	2015* R'000
Gross billings			**3 797 890**	3 462 792
Revenue		2	**278 655**	224 235
Other income			**11 196**	15 952
Depreciation and amortisation			**(4 043)**	(3 311)
Administrative expenses			**(215 022)**	(182 742)
Operating profit			**70 786**	54 134
Interest received			**205**	231
Finance costs			**(4 255)**	(2 979)
Profit before taxation			**66 736**	51 386
Income tax			**(16 841)**	(12 166)
Profit for the year			**49 895**	39 220
Attributable to:				
Equity holders of the parent			**48 713**	38 525
Non-controlling interests			**1 182**	695
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
– Exchange differences arising from translation of foreign operations			**42 796**	(4 144)
– Net actuarial gain on remeasurement of post-retirement medical aid benefit liability			**18**	–
Total comprehensive income			**92 709**	35 076
Attributable to:				
Equity holders of the parent			**90 330**	34 650
Non-controlling interests			**2 379**	426
Basic earnings per share	(cents)	4	**34,50**	28,23
Diluted basic earnings per share	(cents)		**33,68**	27,73
Dividends per share	(cents)		**5,50**	4,25

** Restated due to voluntary change in presentation and classification as detailed in note 3*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2016

	Attributable to equity holders of the parent							
	Stated capital R'000	Treasury shares R'000	Equity compen-sation reserve R'000	Foreign currency translation reserve R'000	Accu-mulated profit R'000	Total R'000	Non-cont-rolling interests R'000	Total equity R'000
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
Total comprehensive income	**–**	**–**	**–**	**41 599**	**48 731**	**90 330**	**2 379**	**92 709**
Share-based equity reserve charged to profit and loss	**–**	**–**	**1 335**	**–**	**–**	**1 335**	**–**	**1 335**
Foreign currency differences on translation of share-based equity reserve	**–**	**–**	**(10)**	**–**	**–**	**(10)**	**–**	**(10)**
Treasury shares acquired	**–**	**(998)**	**–**	**–**	**–**	**(998)**	**–**	**(998)**
General issue of shares	**51 282**	**–**	**–**	**–**	**–**	**51 282**	**–**	**51 282**
Vendor issue of shares to sellers of Tradeway (Shipping) Limited	**17 714**	**–**	**–**	**–**	**–**	**17 714**	**–**	**17 714**
Costs to issue securities	**(112)**	**–**	**–**	**–**	**–**	**(112)**	**–**	**(112)**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**(5 794)**	**(5 794)**	**–**	**(5 794)**
Balances at 29 February 2016	**214 076**	**(998)**	**3 028**	**62 044**	**102 027**	**380 177**	**6 238**	**386 415**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 29 February 2016

	2016 R'000	2015* R'000
OPERATING ACTIVITIES		
Cash generated from operations	**48 226**	46 138
Interest received	**205**	91
Finance costs	**(3 628)**	(2 976)
Taxation paid	**(14 389)**	(14 609)
Net cash generated by operating activities	**30 414**	28 644
INVESTING ACTIVITIES		
Plant and equipment acquired	**(3 041)**	(1 939)
Intangible assets acquired and developed	**(3 220)**	(1 076)
Proceeds on disposals of plant and equipment and intangible assets	**310**	496
Dividends received	**–**	1 200
Net cash flows on acquisition of subsidiaries	**(59 275)**	(3 438)
Net cash used by investing activities	**(65 226)**	(4 757)
FINANCING ACTIVITIES		
Borrowings raised/(repaid)	**48 775**	(9 439)
Issue of shares for cash	**51 170**	–
Treasury shares acquired	**(998)**	–
Increase in amounts owing to related parties	**86**	12
Dividends paid	**(5 794)**	(4 435)
Net cash generated/(used) by financing activities	**93 239**	(13 862)
Net increase in cash and cash equivalents	**58 427**	10 025
Difference arising on translation	**19 576**	(1 979)
Cash and cash equivalents at beginning of year	**44 889**	36 843
Cash and cash equivalents at end of year	**122 892**	44 889
Cash and cash equivalents are made up as follows:		
Cash and cash equivalents	**123 657**	44 889
Less: Bank overdrafts	**(765)**	–
Cash and cash equivalents at end of year	**122 892**	44 889

* *Restated due to voluntary change in presentation and classification as detailed in note 3.*

CONSOLIDATED SEGMENTAL ANALYSIS
for the year ended 29 February 2016

BUSINESS SEGMENTS	Logistics Services R'000	Financial Services R'000	Head Office R'000	Consolidated R'000
29 February 2016				
Gross billings	**3 902 726**	**9 978**	**38 472**	**3 951 176**
External	**3 788 217**	**8 973**	**700**	**3 797 890**
Internal	**114 509**	**1 005**	**37 772**	**153 286**
Revenue	**269 177**	**9 978**	**(500)**	**278 655**
Depreciation and amortisation	**(2 580)**	**(48)**	**(1 415)**	**(4 043)**
Operating profit	**64 916**	**4 493**	**1 377**	**70 786**
Interest received	**1 361**	**683**	**(1 839)**	**205**
Finance costs	**(2 850)**	**–**	**(1 405)**	**(4 255)**
Income tax	**(15 351)**	**(1 085)**	**(405)**	**(16 841)**
Profit/(loss) for the year	**48 076**	**4 091**	**(2 272)**	**49 895**
Total assets	**859 903**	**10 077**	**153 185**	**1 023 165**
Total liabilities	**563 073**	**840**	**72 837**	**636 750**
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
Equity holders of the parent	215 249	9 795	(809)	224 235
Depreciation and amortisation	(2 144)	(38)	(1 129)	(3 311)
Operating profit	47 559	3 769	2 806	54 134
Interest received	1 187	472	(1 428)	231
Finance costs	(3 048)	–	69	(2 979)
Income tax	(11 426)	(778)	38	(12 166)
Profit for the year	34 272	3 463	1 485	39 220
Total assets	661 452	733 486	62 176	733 486
Total liabilities	517 846	1 461	(16 110)	503 197

GEOGRAPHICAL SEGMENTS	LOGISTICS SERVICES Africa R'000	Asia Pacific R'000	United Kingdom R'000	Europe R'000	Total R'000
29 February 2016					
Gross billings	**2 709 556**	**193 080**	**402 910**	**482 671**	**3 788 217**
Revenue	**131 234**	**24 977**	**54 446**	**58 520**	**269 177**
Net profit	**18 271**	**5 092**	**11 426**	**13 287**	**48 076**
Total assets	**519 764**	**59 744**	**194 263**	**86 132**	**859 903**
Total liabilities	**413 121**	**21 001**	**75 720**	**53 231**	**563 073**
28 February 2015*					
Gross billings	2 842 967	195 233	214 871	279 953	3 533 024
Revenue	123 453	21 971	32 590	37 235	215 249
Net profit	15 780	4 783	5 765	7 944	34 272
Total assets	534 357	36 368	46 392	44 335	661 452
Total liabilities	445 820	11 513	28 885	31 628	517 846

** Restated due to voluntary change in presentation and classification as detailed in note 3*

SUPPLEMENTARY INFORMATION
for the year ended 29 February 2016

1. BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 29 February 2016 have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited for preliminary reports, the minimum information required by IAS 34: Interim Financial Reporting, and the requirements of the South African Companies Act, No 71 of 2008 as applicable to summarised financial statements.

The Group's accounting policies are consistent with those applied in the consolidated annual financial statements for the year ended 28 February 2015, except for the voluntary reclassification as detailed below.

The financial information in these preliminary results were prepared under the supervision of the Group Financial Director, DC Edley, CA(SA).

	2016 R'000	2015 R'000
2. REVENUE		
Gross billings	**3 797 890**	3 462 792
Less: Recoverable disbursements	**(3 519 235)**	(3 238 557)
Revenue	**278 655**	224 235
Comprising revenue from:		
Logistics services	**256 690**	203 811
Net interest and fee Income from client financing activities	**12 488**	11 438
Insurance commission and management fees	**8 973**	8 633
Other revenue	**504**	353

3. VOLUNTARY CHANGE IN PRESENTATION AND CLASSIFICATION

The following voluntary change in accounting presentation and classification, in terms of IAS 1 Presentation of Financial Statements (IAS 1), has been applied during the period under review resulting in the restatement and reclassification of certain comparatives for the year ended 29 February 2016.

IAS 1 Presentation of Financial Statements – Reclassification of the net interest and fee income from client financing activities to revenue

Interest expense, interest income, fee income and fee expense relating to client financing activities have previously been disclosed in the Group statement of profit or loss and other comprehensive income as finance costs, interest received, other income and administration expenses respectively. During the period under review, the Group's management resolved to account for this net interest and fee income as revenue. The Group generates net interest and fee 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 regards 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. To enable the Group to access this invoice discounting facility it is a requirement of the Group's bankers that the receivables being financed are insured by a third-party credit underwriter and management views this cost as part of the effective cost of finance.

The Group believes that this change in presentation and classification will result in more relevant and reliable information being presented in respect of it's client financing activities by matching all the direct related interest income, fee income and expenses associated with this principal revenue-producing activity and disclosing it as part of revenue.

In addition this change in classification and presentation further reinforces the voluntary change in accounting policy applied by the Group in the previous reporting period, whereby the cash inflows and outflows relating to this principal revenue-generating activity were reclassified as operating cash flows.

As required by IAS 1, this change in presentation and classification has been retrospectively applied, resulting in the restatement of the Group's Statement of Comprehensive Income and Statement of Cash Flows as disclosed below. This change in presentation and classification has not resulted in any changes or restatement to the Group's Statement of Financial Position.

	2015 R'000	2014 R'000
Impact of the change on:		
Statement of profit or loss and other comprehensive income		
Revenue	(12 798)	(12 478)
Other income	(806)	–
Administrative expenses	6 057	4 705
Operating profit	(7 547)	(7 773)
Interest received	(8 455)	(4 257)
Finance costs	16 002	12 030
Profit before taxation	–	–
Statement of cash flows		
Cash generated from operations	(7 547)	(7 773)
Interest received	(8 455)	(4 257)
Finance costs	16 002	12 030
Net cash flows from operating activities	–	–

		2016 R'000	2015 R'000
4. EARNINGS PER SHARE			
Reconciliation between basic, headline and normalised headline earnings			
Profit attributable to equity holders of the parent		**48 713**	38 525
Adjusted for:			
Net loss/(profit) on disposals of plant and equipment		**255**	(130)
Impairment of goodwill		**–**	3 892
Taxation effects		**(84)**	19
Minority interest		**(51)**	–
Headline earnings		**48 833**	42 306
Adjusted for:			
Effect of fair value gain on remeasurement of financial liability		**(1 024)**	(5 896)
Effect of lease termination agreement		**(467)**	(2 359)
Non-recurring transaction costs		**929**	394
Taxation effects		**131**	661
Normalised headline earnings (unaudited)		**48 402**	35 106
Basic earnings per share	(cents)	**34,50**	28,23
Headline earnings per share	(cents)	**34,58**	31,00
Normalised headline earnings per share (unaudited)	(cents)	**34,28**	25,73
Weighted average number of shares	(000s)	**141 211**	136 459
Diluted weighted average number of shares	(000s)	**144 648**	138 939

The difference between earnings per share and diluted earnings per share is due to the impact of share options that are yet to vest under the Group's share option scheme.

	2016 R'000	2015 R'000
5. INTANGIBLE ASSETS		
Goodwill movement:		
Carrying value at beginning of year	**118 944**	120 821
Acquisition of Masterfreight Internationale Spedition GmbH	**–**	4 050
Acquisition of Tradeway (Shipping) Limited	**75 854**	–
Acquisition of AEMC Trading Agency (Pty) Ltd	**1 498**	–
Impairment of investment in W.M. Shipping Limited	**–**	(3 892)
Foreign exchange gain/(loss) on tranlsation	**21 176**	(2 035)
Carrying value at end of year	**217 472**	118 944
Carrying value of computer software and indefinite useful life intangible assets	**5 409**	3 320
Total intangible assets	**222 881**	122 264

6. MATERIAL ACQUISITION OF TRADEWAY (SHIPPING) LIMITED ("TRADEWAY")

Effective 1 December 2015, the Group acquired the entire issued share capital of Tradeway, which operates as an international freight forwarding, logistics, cargo, imports and exports company based in Leeds and Manchester, United Kingdom. This resulted in control of the entity on the effective date as required by IFRS 3: Business Combinations.

The acquisition is in line with Santova's strategy to continuously expand its international presence and will further enhance the Group's current capabilities in the United Kingdom and internationally. This, coupled with the expected synergies from this acquisition with the Group's recently established office in Ghana, West Africa, will result in immediate growth in the earnings and capability of the Santova Group as a whole.

The acquisition was concluded for a purchase price of R121,5 million, to be settled as follows:

- R67,2 million paid upfront by Santova Administration Services, the Group's designated domestic treasury company, using a loan from the holding company for the full amount;
- R17,7 million in the form of a vendor issue of ordinary shares of the ultimate holding company; and
- two separate contingent payments payable after 12 and 24-month periods based on warranted annual profits being achieved, amounting to a net present value on acquisition date of R36,6 million.

Differences in amounts actually paid are recognised as foreign exchange gains or losses immediately.

The fair value, on acquisition date, of the assets acquired was R61,2 million and the R60,3 million by which the purchase price exceeds the fair value of the assets acquired, attributable to anticipated profitability and expected cash generation, has been recognised as goodwill.

	2016 R'000	2015 R'000
7. FAIR VALUE DISCLOSURE FOR FINANCIAL INSTRUMENTS		
Financial assets in the statement of financial position measured at fair value:		
Future profit share on rental agreement[1]	**1 228**	1 228
Guardrisk cell captive[2]	**3 308**	2 007
Forward exchange contracts	**26**	–
	4 562	3 235
Financial liabilities in the statement of financial position measured at fair value:		
Lease termination liability	**–**	457
Contingent purchase considerations on acquisitions[3]	**49 134**	990
	49 134	1 447

1. *This amount represents the fair value of the profit share accruing to Santova Logistics (SA) in terms of a profit-sharing agreement with the landlord of the Durban premises. The agreement gives Santova Logistics (SA) a specified portion of the actual or deemed profit made should the building be sold or vacated. The primary inputs used to determine the fair value of the profit share are a current market-related rental of R93 per m^2 for an equivalent such property applied to a market related capitalisation rate of 12%. This asset has been assessed as level 2 on the fair value hierarchy.*
2. *This amounts represents the fair value of the investment by Santova Logistics (SA) 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 of the cell as at the reporting date. This asset has been assessed as level 2 on the fair value hierarchy.*
3. *This represents the present value of the remaining contingent purchase obligations arising from acquisitions during the current financial period. The fair value of the liabilities has been calculated as the net present value of the warranty payments, which management reasonably expect to be achieved, as set out in the agreements of sale, discounted at the weighted average cost of capital for the acquired entities. These liabilities are assessed as level 3 on the fair value hierarchy. The financial liability can be reconciled as follows:*

	R'000
Financial liability at beginning of year	990
Financial liabilities raised during the year	47 752
Interest on present value calculation	627
Foreign exchange gain on translation	789
Fair value gain on remeasurement	(1 024)
Financial liability at end of year	49 134

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

Acquiring company	Target company	Discount rate used
Santova Administration Services (Pty) Ltd	Tradeway (Shipping) Limited	6,6%
Santova Logistics (Pty) Ltd (SA)	AEMC Trading Agency	8,8%

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

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

There were no other material adjustments to fair values of financial instruments nor transfers between the fair value hierarchy levels during the year.

	Shares 000s	2016 R'000	2015 R'000
8. STATED CAPITAL			
Reconciliation of the ordinary shares in issue			
Balance at beginning of year	136 459	**145 192**	145 192
General issue of shares for cash	16 245	**51 282**	–
Vendor issue of shares to sellers of Tradeway (Shipping) Limited	4 893	**17 714**	–
Costs to issue securities	–	**(112)**	–
Treasury shares purchased by subsidiaries	(310)	**–**	–
Balance at end of year	157 287	**214 076**	145 192

There were no movements in the number of ordinary shares during the previous financial year.

	2016 R'000	2015 R'000
9. INTEREST-BEARING BORROWINGS		
Instalment sale and other agreements	**996**	1 347
Medium-term loan (R39 million)	**17 784**	25 541
Medium-term loan (R60 million)	**56 883**	–
	75 663	26 888

During the year, a R60 million medium-term loan was taken by the holding company, Santova Limited, and bears interest at a variable rate of the South African prime rate less 0,25%. It is repayable on an amortising basis over five years at quarterly instalments of R3 852 101. This loan is secured by cross company sureties supplied by certain subsidiaries.

As a condition of granting the medium-term loan facilities, the Group banking facilities contain certain covenants with respect to minimum levels of actual shareholders' funds and to minimum ratios of annual plus cumulative free cash flow generation to net interest and capital serviced on the Santova Limited medium-term loan. These covenants are monitored on an ongoing basis by management and reviewed and confirmed with the Group's bankers. As at the end of the current financial period, none of the covenants have been breached.

10. EVENTS AFTER THE REPORTING PERIOD

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

11. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements were approved by the Board of directors on 18 May 2016, and are available for inspection at the Company's registered office.

The Annual Integrated Report, and the Notice of Annual General Meeting therein, will be available on the Company's website at www.santova.com and posted to shareholders on or about 31 May 2016.

12. AUDIT OPINION

These summarised consolidated financial statements have been extracted from the consolidated audited annual financial statements upon which Deloitte & Touche have issued an unmodified report, dated 18 May 2016. The auditor's report does not necessarily cover all of the information contained in this announcement/ financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company or the Company's website.

A copy of the unmodified auditor's report on these summarised consolidated financial statements and of the unmodified auditor's report on the annual financial statements for the year ended 29 February 2016 are available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final gross dividend of 5,50 cents (2015: 4,25 cents) per ordinary share, payable out of income reserves for the year ended 29 February 2016 to ordinary shareholders in accordance with the timetable below.

Timetable

Declaration date	Wednesday, 18 May 2016
Last day to trade cum-dividend	Friday, 17 June 2016
Shares commence trading ex-dividend	Monday, 20 June 2016
Record date	Friday, 24 June 2016
Dividend payment date	Monday, 27 June 2016

In terms of South African Dividends tax, the following additional information is disclosed:

Local dividend withholding tax rate – 15%

Net local dividend payable to shareholders who are not exempt from dividends tax – 4,675 cents per ordinary share

Total number of ordinary shares in issue – 157 597 496

Company income tax reference number – 9077/274/84/4P

Share certificates may not be dematerialised or rematerialised between Monday, 20 June 2016 and Friday, 24 June 2016, both dates inclusive.

By order of the Board

J Lupton
Company Secretary

18 May 2016

CORPORATE INFORMATION

Registration number		1998/018118/06
Share code		SNV
ISIN		ZAE000159711
Independent non-executive directors		ESC Garner (Chairman) AD Dixon WA Lombard EM Ngubo
Executive directors		GH Gerber (Chief Executive Officer) DC Edley (Group Financial Director) AL van Zyl
Company Secretary		JA Lupton, FCIS
JSE sponsor		River Group
Auditors		Deloitte & Touche
Transfer secretaries		Computershare Investor Services (Pty) Ltd
Investor relations	Contact persons	GH Gerber (Chief Executive Officer) DC Edley (Group Financial Director)
	E mail address	investor@santova.com
	Contact number	+27 31 374 7000
Physical address		Santova House, 88 Mahatma Gandhi Road, Durban, 4001
Postal address		PO Box 6148, Durban, 4000
Contact number		+27 31 374 7000

www.santova.com