logistic services | supply chain management solutions | client sourcing and procurement management | financial services | special projects | courier services

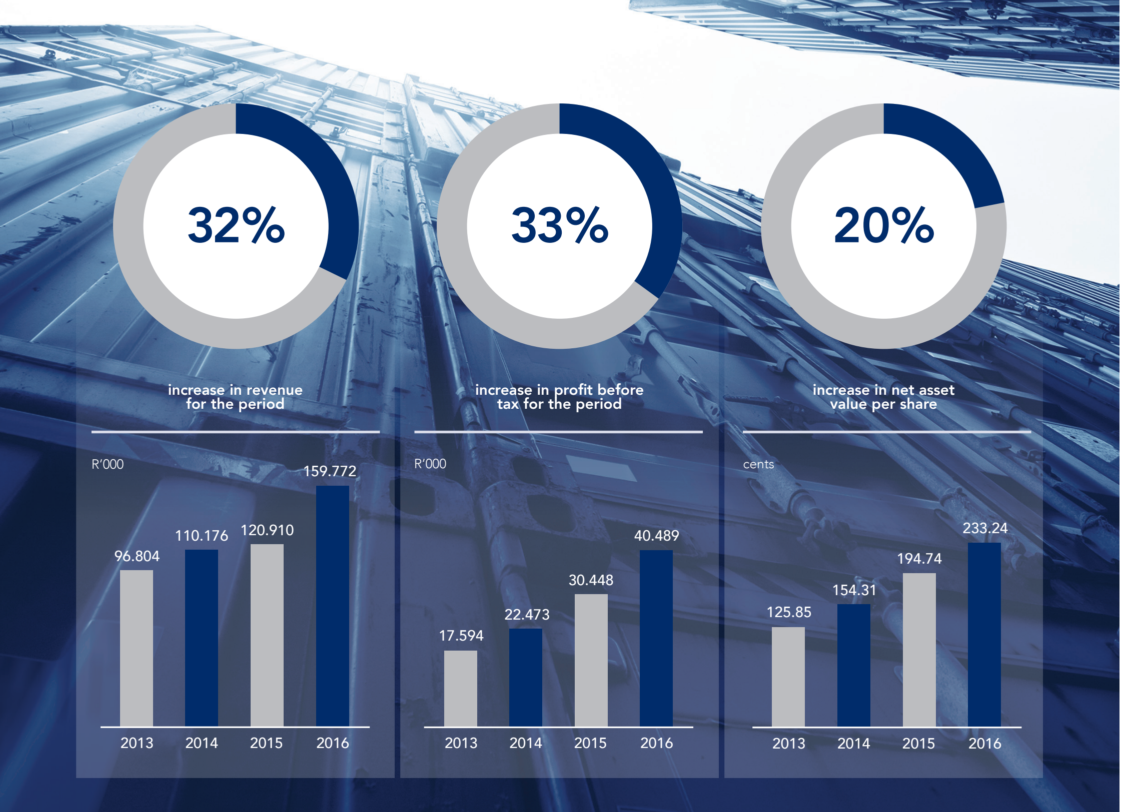
UNAUDITED GROUP INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

Santova

Innovative Solutions. Endless Possibilities

HIGHLIGHTS



		August 2016	August 2015*	Movement%
Gross billings	(R'000)	**2,000,612**	1,686,696	18.6
Revenue	(R'000)	**159,772**	120,910	32.1
Profit before tax	(R'000)	**40,489**	30,448	33.0
Revenue/billings margin	(%)	**8.0**	7.2	0.8
Operating margin	(%)	**28.4**	26.0	2.4
Basic earnings per share	(cents)	**18.43**	16.46	12.0
Normalised headline earnings per share	(cents)	**18.40**	15.63	17.7
Total assets	(R'000)	**930,287**	728,787	27.6
Capital and reserves	(R'000)	**367,726**	265,134	38.7
Cash generated from operations	(R'000)	**36,255**	31,367	15.6
Cash and cash equivalents	(R'000)	**100,664**	61,699	63.2
Debt to equity ratio	(%)	**49.0**	74.0	(25.0)
Net asset value per share	(cents)	**233.24**	194.74	19.8
Tangible net asset value per share	(cents)	**105.85**	95.79	10.5

*Restated in terms of a voluntary change in presentation and classification applied during the 2016 financial year - refer to note 2.

COMMENTARY

OVERVIEW

The Board is pleased to announce that in the six months to 31 August 2016, the Santova Group has achieved a 33.0% increase in profit before tax to R40.5 million (2015: R30.4 million). This, in turn, has translated into a 17.7% increase in normalised headline earnings per share for the period to 18.40 cents (2015: 15.63 cents).

This strong performance over the period should be considered in the context of the international logistics market, which experienced weaker trade volumes due to falling consumer demand and slowing GDP growth in certain major economies, in particular China. When combined with the excess capacity of the shipping lines, the result has been depressed freight rates and pressure on margins internationally. In South Africa, the state of the economy continues to have a significant impact on the logistics sector, where subdued growth, market and political uncertainty and higher umemployment rates have had an adverse effect on consumer confidence, negatively impacting demand for products and trade across most industries.

The resilience and continued growth during the period has been achieved through a number of key factors:

- The inclusion of a full 6 months' trading results in the current period from Tradeway, the Group's most recent acquisition in the United Kingdom, which was concluded on 1 December 2015;
- The continued benefits of the Group's strategic offshore diversification, which was characterised by strong performances from certain key offshore subsidiaries - principally the Netherlands, Australia and Hong Kong;
- An increase in billings and the revenue margin in the South African logistics operation, which resulted in encouraging growth in profit for the year, despite the difficult local economic conditions; and
- Strong foreign currency gains achieved through the internal hedging of foreign exchange exposures, as the Group sought to benefit from the significant strengthening in the South African Rand, following 'Brexit' in the United Kingdom.

OPERATIONAL PERFORMANCE

South African Logistics Operations

The South African logistics operation remains the largest contributor to Group profits, contributing 33.5% or R9.9 million of Group profit for the period. The operation benefited during the period from the weakening of the average South African Rand to US Dollar exchange rate compared to the previous reporting period, offset by the reduction in trade volumes. After ''setoff'', the net result was a positive 4.7% increase in billings, which translated into a 7.0% growth in revenue as a result of slightly improved margins during the period, to 5.0% (2015: 4.9%).

Foreign Logistics Operations

The Group continues to benefit significantly from the contribution of key offshore operations, as they deliver both organic growth in their regions and currency gains upon translation into the Group's results. In particular, the Netherlands increased profits for the period by 31%, Australia by 23% and Hong Kong by 625%, the latter making a significant recovery from the loss of a major client in the prior period.

Following its acquisition in December 2015, Tradeway has been included for a full 6 months in the current period, which saw it performing to expectations and contributing R6.7 million to Group profit. Management is in the final stages of fully integrating the operation into the Group and it is expected to continue to have a meaningful contribution to the Group going forward.

The trading conditions in the United Kingdom proved challenging for W.M Shipping, which recorded a decline in revenue and profit for the period under review. This was primarily as a result of economic factors within the territories to which the entity exports and the depressed international freight rates, which impacted on margins.

Other than general market uncertainty within the UK region and the significant weakening of the Pound, the Group has not seen any material direct financial impact from 'Brexit' on these operations. Santova's operations in the UK act principally as facilitators of exports out of the UK and thus the weaker Pound could possibly have the benefit of stimulating volumes in the medium to long term.

Germany, Ghana and Mauritius remain regions into which the Group is investing and developing for the future, with total costs of R1.3 million (2015: R0.3 million) having been invested in the current period. Germany, in particular, is a region that the Group expects to be a meaningful contributor in the future and a significant amount of time and resources have been dedicated to this region during the current period, with the expectation that the region will contribute positively to Group profits in the coming financial year.

Financial Services

The Group's short-term insurance business, based in South Africa, continues to play a strong supportive role in contributing to Group profitability and cash flow generation, showing a 16% increase in profit for the period to R2.0 million (2015: R1.8 million).

Group/Head Office

At a Group reporting level, a number of major variances in the Statement of Profit or Loss and Other Comprehensive Income need to be highlighted:

- As expected, overall finance costs increased significantly to R5.0 million (2015: 1.1 million), following the take on of a R60 million medium-term amortising loan (in the prior financial year) to fund the acquisition of Tradeway;
- Other income increased 131.7% to R10.8 million (2015: R4.7 million), due to significant foreign currency gains achieved as a result of management's decision to limit risk and to hedge certain British Pound denominated foreign currency exposures, following the significant strengthening of the South African Rand; and
- In other comprehensive income, exchange differences arising on translation of the foreign operations showed a loss of R40.9 million (2015: a profit of R18.0 million) following the significant strengthening in the closing South African Rand to British Pound exchange rate, which saw it reducing by R3.18 from the rate as at 29 February 2016.

FINANCIAL POSITION

The overall financial position and structure of the Group balance sheet remains sound and consistent with the current period results, and with those of the prior periods:

- The Group's core asset, being its trade receivables, increased 15.0% versus the closing balance for the prior comparative period. This is consistent with the 18.6% increase in billings, offset by a pleasing reduction in debtors' days from 50.8 days as at 31 August 2015 to 49.3 days, which is a key indicator of the credit strength of the book;
- The Group's second largest asset, being the goodwill related to the acquisition of its subsidiaries, has increased 49.5% since the prior period, as a result of the acquisition of Tradeway in December 2015. However, since 29 February 2016, there has been a 10.3% reduction due to the translation of principally the British Pound denominated goodwill attributable to W.M. Shipping and Tradeway, which has been impacted by the R3.18 strengthening in the South African Rand to British Pound closing exchange rate;
- Likewise, total capital and reserves are 38.7% up on the prior period due to the capital raising undertaken in the prior financial year to fund the acquisition of Tradeway. However, the current period has seen a reduction of 4.8% in capital and reserves since February 2016, due to the currency translation losses detailed above; and
- Despite the slight reduction in capital and reserves, the Group's debt to equity ratio has strengthened further since its historic low of 55.6% as at 29 February 2016, to 48.7% as at 31 August 2016. This is due to further repayments of the Group's two medium-term amortising loans, together with the ongoing generation of profitability requiring lower utilisation of the Group's invoice discounting facility to fund its trade receivables within the South African region.

CASH FLOW AND FUNDING

The current reporting period saw a continuing trend of positive cash generation from operations, with cash generated from operating activities increasing 15.6% to R36.3 million (2015: R31.4 million).

Cash on hand decreased from R123.7 million as at February 2016 to R100.7 million as at the end of the current reporting period. However, this was entirely expected, as the Group made a 'top-up' purchase price payment in March 2016 of R12.4 million to the sellers of Tradeway and commenced repayment of the new R60 million medium-term loan facility.

OUTLOOK

The World Trade Organization, in its most recent September 2016 market update, states that "certain trade-related indicators have improved, including export orders and container port throughput, but overall momentum in trade remains weak" and concludes that the expected rate of growth in world merchandise trade volumes and real GDP for 2016 would result in "the slowest pace of trade and output growth since the financial crisis".

Within the context of this environment internationally, more importantly the socio-eco-political uncertainties facing South Africa, it is difficult to anticipate or predict what the remaining six-month period will deliver. However, the Board is confident that the Group's international diversification and its differentiated logistics strategy, underpinned by the use of its technology, will hold it in good stead going forward.

For and on behalf of the Board,

ESC Garner
Chairman

GH Gerber
Chief Executive Officer

1 November 2016

	Notes	**Unaudited 31 August 2016 R'000**	Unaudited 31 August 2015 R'000	Audited 29 February 2016 R'000
ASSETS				
Non-current assets		**236,767**	153,675	262,221
Plant and equipment		**21,748**	8,424	25,086
Intangible assets	5	**200,850**	134,715	222,881
Financial assets	6	**4,903**	3,742	4,536
Deferred taxation		**9,266**	6,794	9,718
Current assets		**693,520**	575,112	760,944
Trade receivables		**535,783**	465,721	590,133
Other receivables		**55,454**	46,313	46,743
Current tax receivable		**1,317**	907	385
Amounts owing from related parties		**-**	472	-
Financial assets	6	**302**	-	26
Cash and cash equivalents		**100,664**	61,699	123,657
Total assets		**930,287**	728,787	1,023,165
EQUITY AND LIABILITIES				
Capital and reserves	7	**367,726**	265,134	386,415
Non-current liabilities		**65,759**	16,074	76,329
Interest-bearing borrowings	8	**47,130**	14,374	57,043
Long-term provision		**1,500**	1,700	1,500
Financial liabilities	6	**15,832**	-	17,786
Deferred taxation		**1,297**	-	-
Current liabilities		**496,802**	447,579	560,421
Trade and other payables		**224,123**	184,853	216,154
Current tax payable		**8,659**	4,847	8,000
Current portion of interest-bearing borrowings	8	**19,513**	8,475	18,620
Amounts owing to related parties		**275**	251	302
Financial liabilities	6	**16,452**	709	31,348
Short-term borrowings and overdraft		**213,166**	234,809	262,918
Short-term provisions		**14,614**	13,635	23,079
Total equity and liabilities		**930,287**	728,787	1,023,165

CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Notes		**Unaudited 6 months to 31 August 2016 R'000**	Unaudited 6 months to 31 August 2015* R'000	Audited 12 months to 29 February 2016 R'000
Gross billings			**2,000,612**	1,686,696	3,797,890
Revenue	3		**159,772**	120,910	278,655
Other income			**10,755**	4,658	11,196
Depreciation and amortisation			**(2,129)**	(1,931)	(4,043)
Administrative expenses			**(123,056)**	(92,182)	(215,022)
Operating profit			**45,342**	31,455	70,786
Interest received			**124**	89	205
Finance costs			**(4,977)**	(1,096)	(4,255)
Profit before taxation			**40,489**	30,448	66,736
Income tax expense			**(10,826)**	(7,452)	(16,841)
Profit for the period / year			**29,663**	22,996	49,895
Attributable to:					
Equity holders of the parent			**28,988**	22,451	48,713
Non-controlling interests in subsidiaries			**675**	545	1,182
Other comprehensive income					
Exchange differences arising from translation of foreign operations			**(40,898)**	17,951	42,796
Net actuarial gain on remeasurement of post-retirement medical aid benefit liability			**-**	-	18
Total comprehensive (loss)/income			**(11,235)**	40,947	92,709
Attributable to:					
Equity holders of the parent			**(11,629)**	40,168	90,330
Non-controlling interests in subsidiaries			**394**	779	2,379
Basic earnings per share	4	(cents)	**18.43**	16.46	34.50
Diluted basic earnings per share	4	(cents)	**17.96**	16.05	33.68
Dividends per share		(cents)	**N/A**	N/A	5.50

*Restated in terms of a voluntary change in presentation and classification applied during the 2016 financial year - refer to note 2.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	**Unaudited 31 August 2016 R'000**	Unaudited 31 August 2015 R'000	Audited 29 February 2016 R'000
Capital and reserves				
Balance at beginning of period/year		**386,415**	230,289	230,289
Total comprehensive (loss)/income		**(11,235)**	40,947	92,709
Treasury shares acquired		**-**	(998)	(998)
Share-based equity reserve		**1,175**	696	1,325
General issue of shares		**-**	-	51,282
Vendor issue of shares to sellers of Tradeway (Shipping) Ltd		**-**	-	17,714
Shares issued in terms of exercise of share options		**26**	-	-
Costs to issue securities		**(1)**	-	(112)
Dividends paid		**(8,654)**	(5,800)	(5,794)
Balance at end of period/year		**367,726**	265,134	386,415
Comprising:				
Stated capital	7	**214,126**	145,192	214,076
Equity compensation reserve		**4,176**	2,399	3,028
Treasury shares		**(998)**	(998)	(998)
Foreign currency translation reserve		**21,428**	38,163	62,044
Accumulated profit		**122,362**	75,741	102,027
Attributable to equity holders of the parent		**361,094**	260,497	380,177
Non-controlling interests		**6,632**	4,637	6,238
Capital and reserves		**367,726**	265,134	386,415

*Restated in terms of a voluntary change in presentation and classification applied during the 2016 financial year - refer to note 2.

CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 6 months to 31 August 2016 R'000	Unaudited 6 months to 31 August 2015* R'000	Audited 12 months to 29 February 2016 R'000
Cash generated from operations	**36,255**	31,367	48,226
Interest received	**124**	88	205
Finance costs	**(3,913)**	(1,084)	(3,628)
Taxation paid	**(9,349)**	(5,750)	(14,389)
Net cash flows from operating activities	**23,117**	24,621	30,414
Cash outflows from the acquisition of subsidiaries	**(12,410)**	(1,100)	(59,275)
Cash utilised in other investing activities	**(1,788)**	(3,593)	(5,951)
Net cash flows from investing activities	**(14,198)**	(4,693)	(65,226)
Borrowings (repaid) / raised	**(9,785)**	(4,039)	48,775
Issue of shares for cash	**24**	-	51,170
Dividends paid	**(8,654)**	(5,800)	(5,794)
Cash utilised in other financing activities	**(27)**	(963)	(912)
Net cash flows from financing activities	**(18,442)**	(10,802)	93,239
Net increase/(decrease) in cash and cash equivalents	**(9,523)**	9,126	58,427
Difference arising on translation	**(15,509)**	7,684	19,576
Cash and cash equivalents at beginning of period/year	**123,657**	44,889	44,889
Cash and cash equivalents at end of period/year	**98,625**	61,699	122,892
Cash and cash equivalents is made up as follows:			
Cash and cash equivalents on hand	**100,664**	62,239	123,657
Less: Bank overdrafts	**(2,039)**	(540)	(765)
Cash and cash equivalents at end of period/year	**98,625**	61,699	122,892

*Restated in terms of a voluntary change in presentation and classification applied during the 2016 financial year - refer to note 2.

CONDENSED SEGMENTAL ANALYSIS

BUSINESS SEGMENTS	Logistics Services R'000	Financial Services R'000	Head Office R'000	Consolidated R'000
31 August 2016				
Revenue	**154,608**	**5,651**	**(487)**	**159,772**
Operating profit	**37,585**	**2,207**	**5,550**	**45,342**
Profit for the period	**27,154**	**2,024**	**485**	**29,663**
Total assets	**787,504**	**12,318**	**130,465**	**930,287**
Total liabilities	**522,586**	**1,399**	**38,576**	**562,561**
Depreciation and amortisation	**1,390**	**37**	**702**	**2,129**
Capital expenditure	**638**	**32**	**1,205**	**1,875**
31 August 2015 *				
Revenue	116,080	4,941	(111)	120,910
Operating profit	28,456	1,979	1,020	31,455
Profit for the period	20,859	1,756	381	22,996
Total assets	648,429	8,951	71,407	728,787
Total liabilities	473,283	1,211	(10,841)	463,653
Depreciation and amortisation	1,204	21	706	1,931
Capital expenditure	3,212	-	1,600	4,812

	LOGISTICS SERVICES			
GEOGRAPHICAL SEGMENT	Africa R'000	Asia Pacific R'000	Europe and United Kingdom R'000	Total R'000
31 August 2016				
Revenue	**65,242**	**15,581**	**73,785**	**154,608**
Operating profit	**13,989**	**5,067**	**18,529**	**37,585**
Profit for the period	**9,097**	**3,819**	**14,238**	**27,154**
Total assets	**489,390**	**58,252**	**239,862**	**787,504**
Total liabilities	**371,448**	**18,062**	**133,076**	**522,586**
Depreciation and amortisation	**919**	**96**	**375**	**1,390**
Capital expenditure	**429**	**51**	**158**	**638**
31 August 2015*				
Revenue	60,633	11,408	44,039	116,080
Operating profit	14,237	3,358	10,861	28,456
Profit for the period	9,866	2,329	8,664	20,859
Total assets	481,028	44,209	123,192	648,429
Total liabilities	379,987	14,479	78,817	473,283
Depreciation and amortisation	729	148	327	1,204
Capital expenditure	2,933	61	218	3,212

*Restated in terms of a voluntary change in presentation and classification applied during the 2016 financial year - refer to note 2.

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 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 Guides 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, the information as required by IAS 34: Interim Financial Reporting, and the requirements of the South African Companies Act 71 of 2008.

The accounting policies applied in preparation of these interim financial statements are consistent with those applied in the annual financial statements for the year ended 29 February 2016.

This report was prepared under the supervision of the Group Financial Director, DC Edley, CA(SA) and has not been reviewed or audited by the Group's external auditors.

2. VOLUNTARY CHANGE IN PRESENTATION AND CLASSIFICATION

A voluntary change in accounting presentation and classification, in terms of IAS 1 Presentation of Financial Statements, had been applied during the most recent financial year, resulting in the restatement and reclassification of certain comparatives for the year ended 29 February 2016. As the change had been applied in the latter half of the year, the comparatives for this interim period, notably the previous interim period ended 31 August 2015, are required to be restated.

Full details of the nature and basis for the restatement, which dealt with the reclassification of the net interest and fee income from client financing activities to revenue, can be found in Note 15, Revenue, to the Annual Financial Statements for the year ended 29 February 2016 and in Note 3 of the Supplementary Information section in the 2016 Annual Integrated Report.

The impact of this change in presentation and classification on the previous interim financial period is as follows:

	31 August 2015 R'000
Impact of the change on:	
Statement of Profit or Loss and other Comprehensive Income	
Revenue	(4,890)
Other income	(707)
Administrative expenses	3,265
Operating profit	**(2,332)**
Interest received	(4,998)
Finance costs	7,330
Profit before taxation	-
Statement of Cash Flows	
Cash generated from operations	(2,332)
Interest received	(4,998)
Finance costs	7,330
Net cash flows from operating activities	-

3. REVENUE

	Unaudited 31 August 2016 R'000	Unaudited 31 August 2015* R'000	Audited 29 February 2016 R'000
Gross Billings	**2,000,612**	1,686,696	3,797,890
Less: Recoverable disbursements	**(1,840,840)**	(1,565,786)	(3,519,235)
Revenue	**159,772**	120,910	278,655
Comprising revenue from:			
Logistic services	**148,110**	110,498	256,690
Net interest and fee income from client financing activities	**7,528**	5,582	12,488
Insurance commission and management fees	**4,126**	4,533	8,973
Other revenue	**8**	297	504

4. EARNINGS PER SHARE

	Unaudited 31 August 2016 R'000	Unaudited 31 August 2015* R'000	Audited 29 February 2016 R'000
Reconciliation between basic, headline and normalised headline earnings			
Profit attributable to equity holders of the parent	**28,988**	22,451	48,713
Adjusted for:			
Net (profit)/loss on disposals of plant and equipment	**(56)**	15	255
Taxation effects	**10**	(8)	(84)
Minority Interest	**-**	-	(51)
Headline earnings	**28,942**	22,458	48,833
Adjusted for:	**-**	-	
Effect of Fair Value Gain on Remeasurement of Financial Liability	**-**	(810)	(1,024)
Effect of Lease Termination Agreement	**-**	(467)	(467)
Non-recurring Transaction Costs	**-**	-	929
Taxation effects	**-**	131	131
Normalised headline earnings	**28,942**	21,312	48,402
Basic earnings per share (cents)	**18.43**	16.46	34.50
Headline earnings per share (cents)	**18.40**	16.47	34.58
Normalised headline earnings per share	**18.40**	15.63	34.29
Weighted average number of shares (000s)	**157,317**	136,383	141,211
Diluted weighted average number of shares (000s)	**161,390**	139,864	144,648

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.

5. INTANGIBLE ASSETS

	Unaudited 31 August 2016 R'000	Unaudited 31 August 2015* R'000	Audited 29 February 2016 R'000
Goodwill Movement:			
Carrying value at beginning of year	217,472	118,944	118,944
Acquisition of Tradeway (Shipping) Limited	-	-	75,854
Acquisition of AEMC Trading Agency	-	1,498	1,498
Foreign exchange (loss)/gain on translation	(22,401)	10,032	21,176
Carrying value at end of year	195,071	130,474	217,472
Carrying value of computer software and indefinite useful life intangible assets	5,779	4,241	5,409
Total intangible assets	200,850	134,715	222,881

SUPPLEMENTARY INFORMATION CONTINUED

6. FAIR VALUE DISCLOSURE FOR FINANCIAL INSTRUMENTS

	Notes	**Unaudited 31 August 2016 R'000**	Unaudited 31 August 2015* R'000	Audited 29 February 2016 R'000
Financial assets in the statement of financial position measured at fair value:				
Future profit share on rental agreement	1	**1,228**	1,228	1,228
Guardrisk cell captive	2	**3,675**	2,441	3,308
Forward Exchange Contracts		**302**	73	26
		5,205	3,742	4,562
Financial liabilities in the statement of financial position measured at fair value:				
Finance lease		**-**	69	-
Contingent purchase consideration on acquisitions	3	**32,284**	640	49,134
		32,284	709	49,134

1. This amount represents the fair value of the profit share accruing to Santova Logistics (SA) in 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 m2 for an equivalent such property applied to a market related capitalisation rate of 12%.
2. This amount 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.
3. This represents the present value of the remaining contingent purchase obligations arising from acquisitions during the previous financial period. The fair value of the liabilities has been calculated as the net present value of the warranty payments, which management reasonably expects to be achieved, as set out in the agreements of sale, discounted at the weighted average cost of capital for the acquired entities. The financial liability can be reconciled as follows:

	Unaudited 31 August 2016 R'000	Unaudited 31 August 2015* R'000	Audited 29 February 2016 R'000
Financial liability at beginning of year	**49,134**	990	990
Financial liabilities raised during the year	**-**	432	47,752
Payments made during the year	**(12,410)**	-	-
Interest on present value calculation	**1,105**	1	627
Foreign exchange (gain)/loss on translation	**(5,545)**	27	789
Fair value gain on remeasurement	**-**	(810)	(1,024)
Financial liability at end of year	**32,284**	640	49,134

The contingent purchase obligations relate to the following acquisitions that were completed during the previous financial 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*	*8.75%*

Management has assessed the sensitivity of the level 3 fair value measurement to changes in unobservable inputs and does 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 is 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.

7. STATED CAPITAL

	Unaudited 31 August 2016 R'000	Unaudited 31 August 2015* R'000	Audited 29 February 2016 R'000
Reconciliation of the value of ordinary shares in issue			
Balance at beginning of year	**214,076**	145,192	145,192
General issue of shares for cash	**-**	-	51,282
Vendor issue of shares to sellers of Tradeway (Shipping) Limited	**-**	-	17,714
Shares issued in terms of exercise of share options	**51**	-	-
Costs to issue securities	**(1)**	-	(112)
Treasury shares purchased by subsidiaries	**-**	-	-
Balance at end of year	**214,126**	145,192	214,076
Reconciliation of the number of ordinary shares in issue			
Balance at beginning of year	**157,287**	136,459	136,459
General issue of shares for cash	**-**	-	16,245
Vendor issue of shares to sellers of Tradeway (Shipping) Limited	**-**	-	4,893
Shares issued in terms of exercise of share options	**60**	-	-
Treasury shares purchased by subsidiaries	**-**	(310)	(310)
Balance at end of year	**157,347**	136,149	157,287

8. INTEREST BEARING BORROWINGS

	Repayable	Rate	Instalment R'000	**Unaudited 31 August 2016 R'000**	Unaudited 31 August 2015* R'000	Audited 29 February 2016 R'000
Instalment sale and other agreements				**795**	1,107	996
Medium-term loan (R39 million)	Monthly	Prime less 0.5%	**815**	**13,664**	21,742	17,784
Medium-term loan (R60 million)	Quarterly	Prime less 0.25%	**3,874**	**52,184**	-	56,883
				66,643	22,849	75,663
Debt to Equity Ratio				**49%**	74%	56%

During the previous financial year, a R60 million medium-term loan was taken by the holding company, Santova Limited, in order to fund a portion of the purchase price payable for the acquisition of Tradeway (Shipping). Both medium-term loans are repayable on an amortising basis over five years and are 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. These covenants are monitored on an ongoing basis by management and reviewed and confirmed with the Group's bankers.

The first medium-term loan (R39 million) matures on 1 February 2018 and the second (R60 million) matures on 1 December 2020.

9. 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.

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)

Email 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

Santova

Innovative Solutions. Endless Possibilities