ANNUAL FINANCIAL STATEMENTS FEBRUARY **2017**

Santova

CONTENTS

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

The directors of Santova Limited have the pleasure of presenting the consolidated Annual Financial Statements for the year ended 28 February 2017.

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

On the recommendation by the audit committee, the directors considered and are satisfied that the internal controls, systems and procedures in operation provide reasonable assurance that all assets are safeguarded, that transactions are properly executed and recorded and that the possibility of material loss or misstatement is minimised. The directors have reviewed the appropriateness of the accounting policies and concluded that estimates and judgements are prudent. They are of the opinion that the Annual Financial Statements fairly present, in all material respects, the state of affairs and business of the group at the 28 February 2017 and of the profit for the year to that date.

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

PREPARER OF ANNUAL OF FINANCIAL STATEMENTS

The preparation of the consolidated Annual Financial Statements for the year ended 28 February 2017 has been supervised by the group financial director of Santova Limited, Mr DC Edley CA (SA).

APROVAL OF THE ANNUAL OF FINANCIAL STATEMENTS

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

ESC Garner
Chairman

GH Gerber
Chief Executive Officer

Johannesburg
17 May 2017

COMPLIANCE STATEMENT BY THE COMPANY SECRETARY

The Group Company Secretary of Santova Limited hereby certifies that in terms of section 88(2) of the Companies Act No. 71 of 2008, the Company has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company and that all such returns are true, correct and up to date in respect of the financial year ended 28 February 2017.

JA Lupton FCIS
Chairman
Practice number: PPG00290
Durban
17 May 2017

REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 28 February 2017.

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

The Committee has made an initial assessment of the new King IV Report on Corporate Governance and the extent to which the Company currently complies with the new principles and practices contained in the report. As a result of this assessment, the Committee is confident it will be in a position to more than adequately comply with these new principles and practices and will, during the course of the coming financial year begin to implement and apply them.

COMPOSITION OF COMMITTEE AND ATTENDANCE

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

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

AUDIT AND RISK COMMITTEE CHARTER

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

ROLE AND RESPONSIBILITIES

STATUTORY DUTIES

The Audit and Risk Committee's role and responsibilities include statutory duties set down in the Companies Act and are reported on below. 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 generated by the Institute of Directors of South Africa Governance Assessment Instrument and may be found on the Company's website at www.santova.com.

Group External Auditor appointment and independence

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

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

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

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

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

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2017 financial year.

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

The Committee has nominated for re-election at the Annual General Meeting, Deloitte & Touche as the Group External Auditor, who has served in this capacity for the last 10 years and K Singh as the designated auditor responsible for performing the functions of auditor for the 2018 financial year. The Committee has satisfied itself that the audit firm and designated auditor, who is a new appointee in the past financial year, are accredited as such on the JSE's list of auditors and their advisors.

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED

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' Responsibility and Approval Statement on page 2 of the Annual Financial Statements. The Audit and Risk Committee supports the opinion of the Board in this regard.

DUTIES ASSIGNED BY THE BOARD

In addition to the statutory duties of the Audit 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 Company has, for the first time during the past financial year, appointed an independent external assurance provider, Integrated Reporting and Assurance Services (IRAS), to provide an opinion over the sustainability content within the 2017 Annual Integrated Report and supplementary documents. The results of this assessment and a copy of the Independent Assurance Statement may be found together with the Group's detailed Sustainability Social and Environmental Sustainability report on its website at www.santova.com.

Significant areas of judgment

In arriving at the figures disclosed in the Annual Financial Statements there are many areas where judgement is needed. These are outlined in note 1.25 to the Annual Financial Statements. The Audit and Risk Committee has considered the quantum of the assets and liabilities on the statement of financial position and other items that require significant judgement and has identified the following as the most material:

Significant judgements:

- Valuation of goodwill arising from business combinations.

Other judgmental areas:

- Determination of when control is assumed in a business combination;
- Valuation of trade receivables; and
- Estimation of contingent purchase consideration on acquisitions.

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

Going concern

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

Governance of risk

The Board has assigned oversight of the Group's risk management function to the Audit and Risk Committee. The Committee is assisted in this task by the internal Risk Management Committee and the IT Risk Management Steering Committee, as well as the Social and Ethics Committee, where appropriate.

Further detailed information on the governance of risk and members of the relevant sub-committees can be found in the Risk Management Report on pages 14 and 17 of the Annual Integrated Report.

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

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED

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. These include role players who 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. All of these assurances are now documented and collated in an Internal Audit Evidence Index, which is reviewed by the Audit and Risk Committee at every meeting.

The Audit and Risk Committee oversees the adequacy and effectiveness of controls through a process of robust and regular feedback from management, including quarterly risk 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 that would indicate any material breakdown in the adequacy or effectiveness of the internal controls of the Group during the financial year.

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

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

The Audit and Risk Committee has satisfied itself that the Group Financial Director for the period under review and up to the date of this report, possessed the appropriate experience and expertise to meet his responsibilities in that position.

The Audit and Risk Committee has considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

Approval of Annual Integrated Report and Annual Financial Statements

The Committee reviewed this Annual Integrated Report and the audited Annual Financial Statements for the year ended 28 February 2017 and recommended them to the Board for approval.

WA Lombard
Chairman

17 May 2017

SOCIAL AND ETHICS COMMITTEE REPORT

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

The Committee is an advisory committee and not an executive committee. As such it does not perform any management functions or assume any management responsibilities and has an objective, independent role. The Committee reviews its performance and is also subject to an annual Board evaluation and review.

COMPOSITION AND AUTHORITY OF THE COMMITTEE

The Committee is comprised of four independent non-executive directors and the Group Legal Advisor. Collectively, they hold sufficient qualifications, skills and experience in the relevant areas to fulfill their duties. The Committee meets twice a year and there was 100% attendance by all members at both meetings in the period.

Committee Members	February 2017	July 2016
AD Dixon (Chairman)	•	•
ESC Garner	•	•
EM Ngubo	•	•
AKG Lewis	•	•
WA Lombard	•	•

The Committee has responsibilities in terms of its statutory duties and accordingly, the Committee has extensive powers in carrying out its tasks in terms of its Charter. The Committee may:

- Request from a director any information or explanation necessary in the performance of its functions;
- Request from an employee any information or explanation necessary in the performance of its functions;
- Attend any general shareholder meetings and receive notices;
- Be heard at any general shareholder meetings on any business that concerns the Committee's functions;
- Consult with specialists or consultants to assist it with the performance of its functions, subject to a Board approved process being followed. Such specialists or consultants are not members of the Committee and are not entitled to vote on any matters; and
- Have the Company pay the expenses reasonably incurred by the Committee, including the costs of consultants or specialists engaged by the Committee.

FUNCTIONING OF THE COMMITTEE

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

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

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

NEW DEVELOPMENTS

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

- The Committee rationalised and ultimately refined and reduced the volume of operational data submitted by management at each meeting, as the Committee gained comfort in certain areas and looked to expand its focus to new and additional risk areas;
- The Group's notable developments in strategy with regards to employment equity, training and skills development and broad-based black economic empowerment were closely monitored and further developed by the Committee;

SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

- Three new formal policies and procedures were drafted in the period, namely Santova's:
  - Corporate Citizenship Policy;
  - Corporate Social Investment Policy; and
  - Anti-Bribery and Anti-Corruption Policy.

  The Committee also updated five other policies and procedures to ensure best practice and compliance.
- The major development for the year was the completion of the Committee's Social and Ethics Register, which is a summarised register of every element and sub-element making up the broad collection of laws, protocols and codes, referred to in Section 72(4) of the Companies Act read with Regulation 43(5)(a), relative to the Group's activities. This register has now been sorted into the following categories:
  - Anti-corruption
  - Consumer
  - Corporate Social Development
  - Environment
  - Health and Safety
  - Human Rights
  - Labour

Each of the areas will be examined by the Committee in the financial year ahead to establish a level of compliance. This would indicate whether further measures were required to manage and curtail any risks or whether it would be necessary to promote and implement any new developments, relative to each category.

KING IV

Cognisance has been taken of the special focus given by the recently released King IV Report for ethics to be added to the role ascribed to the Social and Ethics Committee, since it is not specifically addressed in the Companies Act and Regulations. King IV (2016:29) describes the Committee's role as "that of oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships", the intent being to encourage leading practice by having the Social and Ethics Committee progress beyond mere compliance to contribute to the creation of value. Aligning the Santova Social and Ethics Committee with the aspirations of King IV will be a focus of the Committee in the year ahead.

AD Dixon
Chairman of the Social and Ethics Committee
Durban
17 May 2017

INDEPENDENT AUDITOR'S REPORT

Deloitte.

PO Box 243
Durban 4000
South Africa

Deloitte & Touche
Registered Auditors
Audit - KZN
Deloitte Place
2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia 4051
Docex 3 Durban

Tel: +27 (0)31 560 7000
Fax: +27 (0)31 560 7351
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Santova Limited

Report on the Audit of the Consolidated and Separate Annual Financial Statementss

Opinion

We have audited the consolidated and separate Annual Financial Statements of Santova Limited (the Group) set out on pages 14 to 74, which comprise the statements of financial position as at 28 February 2017, and statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The below Key Audit Matter applies to the consolidated financial statements. There are no Key Audit Matters for the separate financial statements.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

Key Audit Matter	How the matter was addressed in the audit
Valuation of Goodwill (Consolidated Financial Statements)	
Intangible assets which consist of goodwill and software and trademarks, comprise 20% of the total assets of the Group. Included therein is goodwill to the value of R173.6 million. These assets have been recognised in the consolidated statement of financial position as a consequence of IFRS 3: Business Combinations. Included in the goodwill balance above, is goodwill pertaining to certain cash generating units that demonstrated decreased profitability in the current year. These cash generating units form the focus of this Key Audit Matter. As required by IAS 36: Impairment of Assets (IAS 36), the directors conducted an annual impairment test on the above goodwill balance to assess the recoverability of the carrying value of this goodwill which is assessed for impairment. This impairment assessment was performed using a discounted cash flow model. **There are a number of key assumptions made in determining the inputs into the valuation model which include:** › The discount rates applied to the projected future cash flows; › Growth rates; and. › Terminal growth rate. As a result of the key sensitive judgements made, the valuation of this goodwill is considered to be a key audit matter. Goodwill is disclosed in note 3 of the consolidated financial statements	In evaluating the valuation of goodwill of cash generating units that demonstrated decreased profitability aligned to this Key Audit Matter, we reviewed the value in use calculations prepared by the directors, with a particular focus on future cash flows, growth rate and discount rate. **We performed various procedures, including the following:** › Testing the design of the entity's relevant controls relating to the preparation of the cash flow forecasts and the goodwill impairment assessment process. › Testing of inputs into the cash flow forecast against historical performance and in comparison to the directors' strategic plans in respect of each cash-generating unit. › Comparing the growth rates used to historical data regarding economic growth rates included in the cash-generating units. › Recomputation of the value in use of each cash-generating unit. › Engaging with internal specialists to validate the key assumptions used in determining the discount rate. › Subjecting the key judgements to sensitivity analyses. We found that the assumptions used by the directors were comparable with historical performance and the expected future performance and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill to be appropriate.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, the Report of the Audit and Risk Committee, the Compliance Statement by the Company Secretary's as required by the Companies Act of South Africa and the Social and Ethics Committee report, which we obtained prior to the date of this report, and the Annual Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern;

INDEPENDENT AUDITOR'S REPORT
CONTINUED

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Santova Limited for 10 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: **Kumeshnee Singh**
Partner
17 May 2017

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

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 28 FEBRUARY 2017

The directors have the pleasure of presenting their annual report for the year ended 28 February 2017, which forms part of the audited Annual Financial Statements.

1. NATURE OF BUSINESS

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

2. GROUP RESULTS

The profit for the year attributable to equity holders of the parent amounted to R62,791 million (2016: R48,713 million), which represents basic earnings per share of 39,87 cents (2016: 34,50 cents).

The financial results of the Group, including its financial position, results of its operations for the period under review and detailed notes thereto, are set out in the attached Annual Financial Statements on pages 14 to 74.

3. DIVIDENDS

The directors have declared a final dividend of 6,25 cents (2016: 5,50 cents) per ordinary share, with a capitalisation share award alternative offer, payable to shareholders as follows:

Date of declaration:	17 May 2017
Last day to trade cum-dividend:	27 June 2017
Trading ex-dividend commences:	28 July 2017
Record date:	30 June 2017
Payment date:	3 July 2017

4. SHARE CAPITAL

During the year under review there were no changes to the authorised share capital of the Company but the Company issued a further 650 000 shares through the exercise of their share options by three beneficiaries of the Santova Share Option Scheme.

The total issued shares in the Company as at financial year end amounted to 158 247 496 ordinary shares of no par value (2016: 157 597 496).

5. CONTROLLING AND MAJOR SHAREHOLDERS

As at financial year end there were 4 514 (2016: 3 735) shareholders in the Company and controlling and major shareholders holding in excess of 5% of the Company's share capital are detailed on page 41 to 42 of the Annual Integrated Report.

6. SUBSEQUENT EVENTS

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

7. SUBSIDIARY COMPANIES

Full details of the Company's subsidiaries and investments therein, as at year end, are listed in note 4 contained on page 41 to the attached Annual Financial Statements.

8. SPECIAL RESOLUTIONS

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

Holding company

- Approval of non-executive directors' remuneration: 2016/2017: 26 July 2016;
- General authority to provide financial assistance in terms of Section 44 of the Companies Act: 26 July 2016;
- General authority to provide financial assistance in terms of Section 45 of the Companies Act: 26 July 2016; and
- General authority to buy own shares: 26 July 2016.

Santova Logistics (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 18 May 2016.

Santova International Holdings (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 18 May 2016; and
- Change of name from Santova Administration Services (Pty) Ltd.

REPORT OF THE DIRECTORS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017 CONTINUED

Santova International Trade Solutions (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 18 May 2016; and
- Change of name from Santova Express (Pty) Ltd.

Santova Financial Services (Pty) Ltd

- General authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act: 18 May 2016.

Santova Logistics Ltd (Mauritius)

- Change of name from Jet-Freight Services Ltd.

Santova Logistics GmbH (Germany)

- Change of name from MasterFreight Internationale Spedition GmbH.

9. DIRECTORS

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

Non-Executive	Executive
ESC Garner, *Chairman*	GH Gerber, *CEO*
AD Dixon	DC Edley, *Group FD*
WA Lombard	AL van Zyl
EM Ngubo	

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

10. DIRECTORS' INTERESTS

Details of the direct and indirect beneficial and non-beneficial interests of directors of the Company and directors of its subsidiary companies in the share capital of the Company as at 28 February 2017 are contained on page 41 to 42 of the Annual Integrated Report.

11. COMPANY SECRETARY

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

Highway Corporate Services (Pty) Limited

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

The competence, qualifications and experience of the Company Secretary is reviewed annually by the Board. Consequently the Board has satisfied itself that the Company Secretary is competent and has the necessary qualifications and experience required to fulfil the role and the responsibilities placed upon a company secretary by the Companies Act, the JSE Listings Requirements and King III. The Company Secretary is a Fellow of the Institute of Chartered Secretaries and Administrators and a Member of the Institute of Directors with 40 years' experience in the field of Company Secretarial practice. Although appointed in her personal capacity, the Company Secretary is an outsourced appointment and has for the past 14 years been running her own company providing company secretarial services to listed, unlisted public, and private companies in KwaZulu-Natal. This has given her broad experience in small entrepreneurial companies through to JSE listed entities. As the sustainability of her business is not dependent upon her appointment to Santova, the Company Secretary is able to maintain an arms-length relationship with the Company and its Board of Directors and to be truly independent.

12. SHARE REGISTRARS

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

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

13. AUDITOR

Deloitte & Touche are the auditors of the Company.

14. NUMBER OF EMPLOYEES

The number of permanent employees within the Group as at 28 February 2017 was 323 (2016: 321).

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2017

	Notes	Consolidated		Company	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
ASSETS					
Non-current assets		**213 265**	262 221	**133 052**	134 152
Property, plant and equipment	2	**18 540**	25 086	**22**	732
Intangible assets	3	**178 494**	222 881	**1 865**	4 352
Investments in subsidiaries	4	**-**	-	**129 230**	127 424
Financial assets	5	**6 332**	4 536	**-**	-
Deferred taxation	6	**9 899**	9 718	**1 934**	1 644
Current assets		**682 807**	760 944	**85 965**	109 281
Trade receivables	7	**539 111**	590 133	**132**	247
Other receivables	7	**51 463**	46 743	**222**	362
Current tax receivable		**453**	385	**30**	-
Amounts owing from related parties	8	**-**	-	**85 437**	104 959
Financial assets	5	**-**	26	**-**	-
Cash and cash equivalents		**91 780**	123 657	**144**	3 713
Total assets		**896 072**	1 023 165	**219 016**	243 434
EQUITY AND LIABILITIES					
Capital and reserves		**365 567**	386 415	**165 280**	177 118
Stated capital	9	**214 625**	214 076	**214 625**	214 076
Treasury shares		**(1 631)**	(998)	**-**	-
Equity compensation reserve	25	**5 185**	3 028	**5 185**	3 028
Foreign currency translation reserve		**(15 901)**	62 044	**-**	-
Accumulated profit/(loss)		**156 117**	102 027	**(54 530)**	(39 986)
Attributable to equity holders of the parent		**358 395**	380 177	**165 280**	177 118
Non-controlling interests		**7 172**	6 238	**-**	-
Non-current liabilities		**38 930**	76 329	**38 010**	48 640
Interest-bearing borrowings	10	**36 552**	57 043	**36 395**	47 140
Long-term provision	11	**1 425**	1 500	**1 425**	1 500
Financial liabilities	5	**-**	17 786	**-**	-
Deferred taxation	6	**953**	-	**190**	-
Current liabilities		**491 575**	560 421	**15 726**	17 676
Trade and other payables	12	**205 464**	216 154	**2 903**	2 359
Current tax payable		**4 001**	8 000	**-**	69
Current portion of interest-bearing borrowings	10	**20 541**	18 620	**10 790**	9 743
Amounts owing to related parties	13	**246**	302	**2 033**	-
Financial liabilities	5	**15 135**	31 348	**-**	-
Short-term borrowings and overdrafts	14	**228 380**	262 918	**-**	-
Short-term provisions	15	**17 808**	23 079	**-**	5 505
Total equity and liabilities		**896 072**	1 023 165	**219 016**	243 434

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	Consolidated 2017 R'000	Consolidated 2016* R'000	Company 2017 R'000	Company 2016 R'000
Gross billings	16	**4 073 868**	3 797 890	**16 339**	38 472
Revenue	16	**299 034**	266 167	**16 339**	35 557
Net interest income	16	**16 381**	12 488	**-**	-
Interest and financing fee income recovered from clients		**38 923**	33 347	**-**	-
Interest and financing fee expenses incurred		**(22 542)**	(20 859)	**-**	-
Revenue after net interest income	16	**315 415**	278 655	**16 339**	35 557
Other income		**22 765**	11 196	**-**	23
Depreciation and amortisation		**(5 921)**	(4 043)	**(805)**	(1 409)
Administrative expenses		**(235 476)**	(215 022)	**(15 636)**	(31 918)
Operating profit	17	**96 783**	70 786	**(102)**	2 253
Interest received	19	**427**	205	**98**	286
Finance costs	20	**(9 187)**	(4 255)	**(5 922)**	(2 936)
Profit/(loss) before taxation		**88 023**	66 736	**(5 926)**	(397)
Income tax	21	**(23 403)**	(16 841)	**100**	(405)
Profit/(Loss) for the year		**64 620**	49 895	**(5 826)**	(802)
Attributable to:					
Equity holders of the parent		**62 791**	48 713	**(5 826)**	(802)
Non-controlling interests		**1 829**	1 182	**-**	-
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
- Exchange differences arising from translation of foreign operations		**(78 840)**	42 796	**-**	-
- Net actuarial (loss)/gain on remeasurement of post-retirement medical aid benefit liability		**(62)**	18	**(62)**	18
Total comprehensive (loss)/income		**(14 282)**	92 709	**(5 888)**	(784)
Attributable to:					
Equity holders of the parent		**(15 216)**	90 330	**(5 888)**	(784)
Non-controlling interests		**934**	2 379	**-**	-
Basic earnings per share (cents)	22	**39,87**	34,50	**-**	-
Diluted basic earnings per share (cents)	22	**38,53**	33,68	**-**	-
Dividends per share (cents)		**6,25**	5,50	**-**	-

** Restated due to material prior period error (refer to note 16)*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Stated capital R'000	Treasury Shares R'000	Equity compen-sation reserve R'000	Foreign currency translation reserve R'000	Accumulat-ed profit R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
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 option expense	-	-	(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**
Total comprehensive income	**-**	**-**	**-**	**(77 945)**	**62 729**	**(15 216)**	**934**	**(14 282)**
Share-based equity reserve charged to profit and loss	**-**	**-**	**2 448**	**-**	**-**	**2 448**	**-**	**2 448**
Treasury shares acquired	**-**	**(633)**	**-**	**-**	**-**	**(633)**	**-**	**(633)**
Shares issued under share option scheme	**549**	**-**	**(276)**	**-**	**-**	**273**	**-**	**273**
Transfer of equity compensation reserve	**-**	**-**	**(15)**	**-**	**15**	**-**	**-**	**-**
Dividends paid to shareholders	**-**	**-**	**-**	**-**	**(8 654)**	**(8 654)**	**-**	**(8 654)**
Balances at 28 February 2017	**214 625**	**(1 631)**	**5 185**	**(15 901)**	**156 117**	**358 395**	**7 172**	**365 567**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Stated capital R'000	Equity compensation reserve R'000	Accumulated loss R'000	Total R'000
Balances at 28 February 2015	**145 192**	**1 703**	**(33 403)**	**113 492**
Total comprehensive loss	-	-	(784)	(784)
Share-based equity reserve charged to profit and loss	-	1 335	-	1 335
Foreign currency differences on translation of share-based equity reserve	-	(10)	-	(10)
General issue of shares	51 282	-	-	51 282
Vendor issue of shares to sellers of Tradeway (Shipping) Limited	17 714	-	-	17 714
Costs to issue securities	(112)	-	-	(112)
Dividends paid to shareholders	-	-	(5 799)	(5 799)
Balances at 29 February 2016	**214 076**	**3 028**	**(39 986)**	**177 118**
Total comprehensive loss	**-**	**-**	**(5 888)**	**(5 888)**
Share-based equity reserve charged to profit and loss	**-**	**2 448**	**-**	**2 448**
Shares issued under share option scheme	**549**	**(276)**	**-**	**273**
Transfer of equity compensation reserve	**-**	**(15)**	**15**	**-**
Dividends paid to shareholders	**-**	**-**	**(8 671)**	**(8 671)**
Balances at 28 February 2017	**214 625**	**5 185**	**(54 530)**	**165 280**

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
OPERATING ACTIVITIES					
Cash generated from / (utilised in) operations	23.1	**90 080**	48 226	**(3 218)**	7 850
Interest received		**427**	205	**98**	286
Finance costs		**(7 337)**	(3 628)	**(5 922)**	(2 936)
Taxation paid	23.2	**(26 696)**	(14 389)	**(97)**	-
Net cash flows from operating activities		**56 474**	30 414	**(9 139)**	5 200
INVESTING ACTIVITIES					
Plant and equipment acquired		**(1 606)**	(3 041)	**(58)**	(157)
Intangible assets acquired and developed		**(2 658)**	(3 220)	**(548)**	(2 212)
Proceeds on disposals of plant and equipment and intangible assets		**265**	310	**2 974**	1
(Increase) / decrease in amounts owing from related parties		**-**	-	**21 556**	(82 748)
Settlement of acquired contingent purchase consideration		**(24 077)**	-	**-**	-
Net cash flows on acquistion of subsidiaries	23.3	**-**	(59 275)	**-**	-
Net cash flows from investing activities		**(28 076)**	(65 226)	**23 924**	(85 116)
FINANCING ACTIVITIES					
Borrowings (repaid) /raised		**(18 829)**	48 775	**(9 956)**	56 883
Issue of shares for cash		**273**	51 170	**273**	51 170
Purchase of treasury shares		**(633)**	(998)	**-**	-
Increase in amounts owing to related parties		**(56)**	86	**-**	(21 922)
Dividends paid		**(8 654)**	(5 794)	**(8 671)**	(5 799)
Net cash flows from financing activities		**(27 899)**	93 239	**(18 354)**	80 332
Net increase/(decrease) in cash and cash equivalents		**499**	58 427	**(3 569)**	416
Difference arising on translation of foreign operations		**(31 619)**	19 576	**-**	-
Cash and cash equivalents at beginning of year		**122 892**	44 889	**3 713**	3 297
Cash and cash equivalents at end of year		**91 772**	122 892	**144**	3 713
Cash and cash equivalents is made up as follows:					
Cash and cash equivalents		**91 780**	123 657	**144**	3 713
Less: Bank overdrafts		**(8)**	(765)	**-**	-
Cash and cash equivalents at end of year		**91 772**	122 892	**144**	3 713

CONSOLIDATED SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Logistics Services R'000	Financial Services R'000	Head Office R'000	Consolidated R'000
BUSINESS SEGMENTS				
28 February 2017				
Gross billings	**4 191 572**	**9 500**	**38 265**	**4 239 337**
External	**4 064 978**	**8 624**	**266**	**4 073 868**
Internal	**126 594**	**876**	**37 999**	**165 469**
Revenue after net interest income	**306 677**	**9 500**	**(762)**	**315 415**
Depreciation and amortisation	**(4 900)**	**(76)**	**(945)**	**(5 921)**
Operating profit	**86 772**	**3 843**	**6 168**	**96 783**
Interest received	**424**	**909**	**(906)**	**427**
Finance costs	**(2 875)**	**(1)**	**(6 311)**	**(9 187)**
Income tax expense	**(20 987)**	**(1 009)**	**(1 407)**	**(23 403)**
Profit/(Loss) for the year	**63 334**	**3 742**	**(2 456)**	**64 620**
Total assets	**792 295**	**12 767**	**91 010**	**896 072**
Total liabilities	**505 841**	**763**	**23 901**	**530 505**
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 after net interest income	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 expense	(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

** Restated due to material prior period error (refer to note 16).*

CONSOLIDATED SEGMENTAL ANALYSIS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Logistics Services				
	Africa R'000	Asia Pacific R'000	United Kingdom R'000	Europe R'000	Total R'000
GEOGRAPHICAL SEGMENTS					
28 February 2017					
Gross billings	**2 524 680**	**230 834**	**681 210**	**628 254**	**4 064 978**
Revenue after net interest income	**134 020**	**31 728**	**72 897**	**68 032**	**306 677**
Operating Profit	**31 122**	**13 606**	**15 833**	**26 211**	**86 772**
Profit for the year	**20 456**	**10 292**	**12 809**	**19 777**	**63 334**
Total assets	**492 369**	**61 514**	**159 035**	**79 377**	**792 295**
Total liabilities	**360 153**	**20 206**	**66 702**	**58 780**	**505 841**
29 February 2016*					
Gross billings	2 709 556	193 080	402 910	482 671	3 788 217
Revenue after net interest income	131 234	24 977	54 446	58 520	269 177
Operating Profit	26 816	7 047	14 136	16 917	64 916
Profit for the year	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

* *Restated due to material prior period error (refer to note 16).*
Detail of the criteria applied in defining the segments reported is included in Note 1 (Accounting Policies).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

1. ACCOUNTING POLICIES

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

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

1.1. Basis of preparation

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

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets 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.

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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

1.2 Basis of consolidation

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

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

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

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

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

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

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 Property, plant and equipment

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

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

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

**Land is not depreciated*

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

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

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

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

1.6 Intangible assets

Intangible assets acquired separately

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

Computer software	1 to 6 years

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

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

Internally-generated intangible assets

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

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

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

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

Intangible assets acquired in a business combination

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

1.7 Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

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

1.8 Goodwill

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

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

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

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

1.9 Financial assets

Financial assests are classified into the following categoreies:
- 'loans and receivables';
- 'financial assets 'at fair value through profit or loss' ("FVTPL")

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

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

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

Loans and receivables

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

Other investments

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

Financial assets at fair value through profit or loss

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

Set-off

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

Effective interest method

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

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

1.10 Impairment of financial assets

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

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

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 liabilities

Financial liabilities are classified as either:

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

Financial liabilities at FVTPL

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

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

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

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.14 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.

1.15 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.

1.16 Revenue recognition

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

Rendering of services

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

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

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

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

Dividend and interest revenue

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

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

1.17 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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

1.18 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.

1.19 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.

1.20 Taxation

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

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries 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.

1.21 Treasury Shares

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

1.22 Earnings Per Share

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

1.23 Dividends to shareholders

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

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 areas that have a significant risk of causing material adjustments to the carrying values of assets and liabilities within the next financial period are as follows:

Significant Judgements:

- Valuation of goodwill arising from business combinations

Other Judgemental areas:

- Determination of when control is assumed in a business combination
- Valuation of trade receivables
- Estimation of contingent purchase consideration on acquisitions

The Group is considered to exercise control over an entity when it can direct the relevant activities of that entity and to earn variable returns from it.

The determination of the fair value of the purchase obligation related to acquisitions, which gives rise to the financial liability, is based on management's expectation of the future profit performance of the acquired entity.

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

To calculate value in use, the discount rate is based on current market rates that reflect the time value of money and the risks specific to the cash-generating 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

1.26 Segmental information

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

The Group has identified three primary business segments:

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

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

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

1.27 Revised accounting standards

Management has assessed the impact of the revised standards that were effective for the current year and the adoption of these revised standards had no material impact on the results presented. Below is a list of the applicable standards:

Amendments to IAS 1: Disclosure Initiative
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 27: Equity method in Separate Financial Statements
Amendments to IFRS: Annual Improvements to IFRSs 2014-2016 Cycle

Future changes to accounting standards

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

Management has completed an initial review of the provisions of IFRS 15: Revenue, 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 the new standards and amendments but they are not expected to have a significant impact on the Group or the Company. All new standards and amendments will be applied in the year of effective date, unless otherwise indicated.

New/Amended International Financial Reporting Standards

Standard	Standard Name	Effective Date	Nature of impending change
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 January 2018	A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.
IFRS 15	Revenue from Contracts with Customers	Annual periods beginning on or after 1 January 2018	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.The five steps in the model are as follows:1.Identify the contract with the customer 2.Identify the performance obligations in the contract 3.Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contracts 5. Recognise revenue when (or as) the entity satisfies a performance obligation.Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.
IFRS 16	Leases	Annual periods beginning on or after 1 January 2019	IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amended International Accounting Standards

Standard	Standard Name	Effective Date	Nature of impending change
IAS 7	Disclosure Initiative	Annual periods beginning on or after 1 January 2017	Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	Annual periods beginning on or after 1 January 2017	Amends IAS 12 Income Taxes to clarify the following aspects:Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.The carrying amount of an asset does not limit the estimation of probable future taxable profits.Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017			2016		
	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000
2. PROPERTY, PLANT AND EQUIPMENT						
Group						
Property, plant and equipment	12 003	(294)	11 709	17 021	(953)	16 068
Motor vehicles	4 098	(2 674)	1 424	4 929	(2 486)	2 443
Furniture and fittings	2 723	(1 589)	1 134	3 256	(1 964)	1 292
Leasehold improvements	1 916	(1 648)	268	1 799	(1 307)	492
Office equipment	5 293	(3 329)	1 964	4 233	(2 217)	2 016
Computer equipment	7 161	(5 120)	2 041	6 359	(3 584)	2 775
	33 194	(14 654)	18 540	37 597	(12 511)	25 086

Certain motor vehicles and equipment with a carrying value of R 773 453 (2016: R1 054 792) are held under instalment sale agreements and are pledged as security for the related instalment sale agreement (refer note 10). Assets with a carrying value of R 225 651 (2016: R381 843) are pledged as security for the Scottish Pacific Business Finance Pty Ltd facility (refer note 14).

Land and buildings are categorised as level 2 in the fair value hierarchy. The Group's policy is to revalue on a regular basis or when there is indication that the carrying value of land and buildings may differ materially from the previous reporting period. The assets were not revalued at 28 February 2017. The last time that the land was revalued was on the 1 December 2015. The previous valuation was based upon market related rentals and capitalisation rates for comparable land and buildings. Management have performed the calculation based on sufficient experience and knowledge. The carrying value of the land and buildings would approximate the same value if the property was valued under the cost model, as the property was last valued on acquisition of an underlying subsidiary. There has been no indication that the value would be materially different to that reported in the previous period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

The carrying amounts of property, 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
2017						
Property, plant and equipment	**16 068**	**-**	**-**	**(64)**	**(4 295)**	**11 709**
Motor vehicles	**2 443**	**-**	**(232)**	**(594)**	**(193)**	**1 424**
Furniture and fittings	**1 292**	**131**	**(17)**	**(219)**	**(53)**	**1 134**
Leasehold improvements	**492**	**28**	**-**	**(252)**	**-**	**268**
Office equipment	**2 016**	**715**	**-**	**(610)**	**(157)**	**1 964**
Computer equipment	**2 775**	**732**	**(63)**	**(1 193)**	**(210)**	**2 041**
	25 086	**1 606**	**(312)**	**(2 932)**	**(4 908)**	**18 540**
2016						
Property, plant and equipment	406	14 564	(176)	(56)	1 330	16 068
Motor vehicles	2 354	688	(63)	(681)	145	2 443
Furniture and fittings	1 033	499	(30)	(186)	(24)	1 292
Leasehold improvements	430	574	(297)	(244)	29	492
Office equipment	1 202	1 138	-	(500)	176	2 016
Computer equipment	2 508	1 128	(6)	(1 246)	391	2 775
	7 933	18 591	(572)	(2 913)	2 047	25 086

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017			2016		
	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000
2. PLANT AND EQUIPMENT continued						
COMPANY						
Furniture and fittings	-	-	-	138	(49)	89
Office equipment	-	-	-	4	(2)	2
Computer equipment	**378**	**(356)**	**22**	1 752	(1 111)	641
	378	**(356)**	**22**	1 894	(1 162)	732

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
2017					
Furniture and fittings	**89**	**13**	**(97)**	**(5)**	**-**
Office equipment	**2**	**-**	**(2)**	**-**	**-**
Computer equipment	**641**	**45**	**(532)**	**(132)**	**22**
	732	**58**	**(631)**	**(137)**	**22**
2016					
Furniture and fittings	97	3	-	(11)	89
Office equipment	3	-	-	(1)	2
Computer equipment	824	153	-	(336)	641
	924	156	-	(348)	732

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
3. INTANGIBLE ASSETS				
3.1 Computer software				
Cost	**7 932**	5 924	**7 445**	5 437
Accumulated amortisation	**(3 896)**	(2 766)	**(3 459)**	(2 399)
Carrying value at beginning of year	**4 036**	3 158	**3 986**	3 038
Additions				
Acquired during the year	**2 389**	2 008	**275**	2 008
Transfer	**2 365**	-	**-**	-
Disposals				
Transfer	**(2 365)**	-	**(2 365)**	-
- Cost	**(5 889)**	-	**(5 886)**	-
- Accumulated amortisation	**3 524**	-	**3 521**	-
Amortisation	**(2 989)**	(1 130)	**(668)**	(1 060)
Carrying value at end of year	**3 436**	4 036	**1 228**	3 986
Comprising:				
Cost	**6 797**	7 932	**1 834**	7 445
Accumulated amortisation	**(3 361)**	(3 896)	**(606)**	(3 459)
Group and Company computer software additions consists both of internally developed systems and generic software purchases.				
3.2. Other intangible assets				
Cost	**1 373**	162	**366**	162
Carrying value at beginning of year	**1 373**	162	**366**	162
Acquired during the year	**271**	999	**271**	204
Amortisation	**-**	-	**-**	-
Translation (loss) /profit	**(242)**	212	**-**	-
Carrying value at end of year	**1 402**	1 373	**637**	366
Comprising:				
Cost	**1 402**	162	**637**	366

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

The balance of other intangible assets is made up of trademarks and the value attributable to freight forwarding licences. Trademarks are expected to provide indefinite futue economic benefit to the group, freight forwarding licenses have no date of expiry and as such these other intangible intangible assets have been assessed as having an indefinite useful life.

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
3.3. Goodwill				
Carrying value at beginning of year	**217 472**	118 944	-	-
Amounts recognised from acquisitions of subsidiaries:				
- Tradeway (Shipping)	**-**	75 854	-	-
- AEMC Trading	**-**	1 498	-	-
Translation (loss)/gain	**(43 816)**	21 176	-	-
Carrying value at end of year	**173 656**	217 472	-	-
Goodwill is allocated to the Group's cash-generating units (CGUs) as follows:				
	173 656	217 472	**-**	-
- AMEC Trading	**1 498**	1 498	**-**	
- Santova Logistcs (Germany)	**4 050**	5 130	**-**	-
- Santova Logistics (South Africa)	**43 063**	43 063	**-**	-
- Santova Financial Services	**2 827**	2 826	**-**	-
- Santova Logistics (United Kingdom)	**655**	655	**-**	-
- Santova Logistics (Australia)	**11 282**	12 908	**-**	-
- Santova Logistics (Netherlands)	**1 709**	2 164	**-**	-
- Tradeway (Shipping) (United Kingdom)	**56 731**	77 974	**-**	-
- W.M. (Shipping) (United Kingdom)	**51 841**	71 254	**-**	-
For more detail on investments, refer note 4.				
Total intangible assets	**178 494**	222 881	**1 865**	4 352

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.

The recoverable amount of each CGU is determined based on either fair value less costs of disposal or value in use model which basis is consistent with prior periods.

The calculation of fair value less costs to sell 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.

To calculate value in use, the discount rate is based on current market rates that reflect the time value of money and the risks specific to the cash-generating units.

Growth rates are based on objective assessments of external data.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

Goodwill is tested annually for impairment or when indications arise that goodwill might be impaired.

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	*4.2 - 9.3*
- Costs of disposal	*2-3%*
- Exchange rates	*Actual rates at measurement date*

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

- Discount rate	*5-8%*
- Terminal value growth rate	*2-3%*

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

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.

	Country	Effective holding 2017 %	Effective holding 2016 %	Investment at cost 2017 R*	Investment at cost 2016 R*
4. INVESTMENTS IN SUBSIDIARIES					
DIRECTLY HELD					
Santova Corporate Services (Pty) Ltd [1]	South Africa	**100**	-	**1 001 327**	-
Santova Logistics (Pty) Ltd	South Africa	**100**	100	**40 449 274**	40 150 832
Santova International Holdings (Pty) Ltd	South Africa	**100**	100	**84 444 286**	84 090 287
Santova Financial Services (Pty) Ltd	South Africa	**100**	100	**3 238 682**	3 182 269
Santova International Trade Solutions (Pty) Ltd	South Africa	**100**	100	**96 741**	100
Santova NVOCC (Pty) Ltd	South Africa	**100**	100	**100**	100
INDIRECTLY HELD					
Subsidiary of Santova International Holdings (Pty) Ltd					
Santova Logistics Pty Ltd	Australia	**75**	75	-	-
Santova Logistics Ltd	United Kingdom	**100**	100	-	-
W.M. (Shipping) Limited	United Kingdom	**100**	100	-	-
Santova Logistics B.V.	Netherlands	**100**	100	-	-
Santova Logistics Ltd	Hong Kong	**100**	100	-	-
Santova Logistics GmBH	Germany	**100**	100	-	-
Tradeway (Shipping) Ltd	United Kingdom	**100**	100	-	-
Santova Logistics Limited	Mauritius	**100**	100	-	-
Subsidiary of Santova Santova Logistics Ltd (Hong Kong)					
Santova Patent Logistics Co. Ltd	Hong Kong	**51**	51	-	-
Subsidiary of Tradeway (Shipping) Ltd (United Kingdom)				-	-
Tradeway North West Ltd	United Kingdom	**100**	100		
				129 230 410	127 423 588

[1] Santova Corporate Sevrices (Pty) Ltd is a new company incorporated on the 30th of March 2016 with an initial investment of R1,000.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

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. All groups have the same financial reporting year-end. Based on an assessment of the underlying values of the businesses housed in the subsidiaries listed above, the directors are of the opinion that there has been no impairment in the above investments or the underlying goodwill as at 28 February 2017 (refer note 3.3).

Reconciliation of movements for the year:	**2017**	2016
Balance at beginning of year	**127 423 588**	126 884 629
Equity contribution for shares granted to subsidiary employees in terms of the Group Share Option Scheme	**1 805 822**	538 959
Investment in Shares in Santova Corporate Services (Pty) Ltd	**1 000**	-
Balance at end of year	**129 230 410**	127 423 588

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Level	Consolidated 2017 R'000	Consolidated 2016 R'000	Company 2017 R'000	Company 2016 R'000
5. FINANCIAL ASSETS/(LIABILITIES)					
Financial assets					
Non-current financial assets					
Future profit share on rental agreement[1]	2	**1 991**	1 228	**-**	-
Guardrisk cell captive[2]	2	**4 341**	3 308	**-**	-
		6 332	4 536	**-**	-
Current financial assets					
Forward exchange contracts	1	**-**	26	**-**	-
		-	26	**-**	-
Financial liabilities					
Non-current financial liabilities					
Contingent purchase considerations on acquisitions[3]	3	**(15 093)**	(49 134)	**-**	-
Forward exchange contracts	1	**(42)**	-	**-**	-
Less: current portion included in current liabilities					
Contingent purchase considerations on acquisitions[3]	3	**15 093**	31 348	**-**	-
Forward exchange contracts	1	**42**	-	**-**	-
		-	(17 786)	**-**	-
Current financial liabilities					
Current portion of contingent purchase considerations on acquisitions	3	**(15 093)**	(31 348)	**-**	-
Forward exchange contracts	1	**(42)**	-	**-**	-
		(15 135)	(31 348)	**-**	-

Hierarchy for fair value measurement

Fair value determination:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

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

[1] *Santova Logistics (South Africa) entered into a profit sharing agreement with the landlord of their Durban premises on inception of the lease in the 2007 financial year. This agreement gives Santova Logistics a specified portion of the actual or deemed profit made should the building be sold or vacated. The inputs used to determine the fair value of the profit share are as follows:*

Current net market rental (including parking bays) — *R110 per m2*

Capitalisation rate (on a vacant basis) — *15,00 %*

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

[3] *This represents the present value of the remaining contingent purchase obligations arising from acquisitions during the 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. The financial liability can be reconciled as follows:*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	R'000's
Financial liability at beginning of year	49 134
Interest on present value calculation	1 848
Foreign exchange gain on translation	(9 930)
Payments made during the year	(24 074)
Fair value gain on remeasurement	(1 886)
Financial liability at end of year	15 092

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

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

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

The final warranty payment is payable within 60 days of 30 November 2017.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
6. DEFERRED TAXATION				
Non-current assets				
Deferred tax assets	**9 899**	11 250	**1 934**	2 481
Non-current liabilities				
Deferred tax liabilities	**(953)**	(1 532)	**(190)**	(837)
	8 946	9 718	**1 744**	1 644
Deferred tax comprises:				
- Capital allowances and provisions	**6 517**	8 414	**952**	1 644
- Assessed or estimated losses	**2 429**	1 304	**792**	-
	8 946	9 718	**1 744**	1 644
Reconciliation of deferred taxation:				
Balance at beginning of year	**9 718**	7 220	**1 644**	1 981
Movements during the year attributable to:				
- Timing differences	**(2 105)**	2 109	**(692)**	299
- Prior year	**(37)**	51	**-**	(34)
- Rate change	**(30)**	-	**-**	-
- Assessed losses	**1 400**	338	**792**	(602)
Balance at end of year	**8 946**	9 718	**1 744**	1 644

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

Deferrred tax assets amounting to R293 048 (2016: R275 855) have not been recognised during the current year as these relate to entities which the Group believes will not generate taxable profits to offset these losses in the near future.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
7. TRADE AND OTHER RECEIVABLES				
Trade receivables				
Trade receivables	**549 776**	609 136	**132**	247
Provision for impairment of trade receivables	**(10 665)**	(19 003)	**-**	-
	539 111	590 133	**132**	247
Other receivables				
Recoverable disbursements	**39 747**	32 775	**-**	-
VAT Receivable	**6 097**	7 204	**-**	-
Prepayments	**3 513**	3 593	**222**	362
Other	**2 106**	3 171	**-**	-
	51 463	46 743	**222**	362
Movement in provision for impairment of trade receivables:				
Balance at beginning of year	**19 003**	12 036	**-**	-
(Release) / charge for the year	**(8 114)**	9 148	**-**	-
Net amounts written-off	**(224)**	(2 181)	**-**	-
Balance at end of year	**10 665**	19 003	**-**	-

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

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

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

	Consolidated	
	2017 R'000*	2016 R'000*
Nedbank Limited	409 236	460 929
Scottish Pacific Business Finance Pty Ltd	18 347	20 878
ABN AMRO Bank	37 264	29 590
HSBC Bank plc	21 018	32 376
	485 865	543 773

** Includes intercompany balances eliminated on consolidation*

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

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

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

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

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

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
8. AMOUNTS OWING FROM RELATED PARTIES				
Relating to subsidiaries and other related parties				
Santova International Holdings (Pty) Ltd [1]	-	-	**85 437**	100 873
Santova Logistics (Pty) Ltd [2]	-	-	-	4 086
	-	-	**85 437**	104 959

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
9. STATED CAPITAL				
Authorised				
300 000 000 Ordinary shares of no par value				
(2016: 300 000 000 Ordinary shares of no par value)				
Issued				
158 247 496 Ordinary shares of no par value				
(2016: 157 597 496 Ordinary shares of no par value)				
Ordinary shares in issue	**214 625**	214 076	**214 625**	214 076
Total stated capital	**214 625**	214 076	**214 625**	214 076
Reconciliation of the value of ordinary shares in issue				
Balance at beginning of year	**214 076**	145 192	**214 076**	145 192
Exercise of share options	**553**	-	**553**	-
General issue of shares for cash	**-**	51 282	**-**	51 282
Vendor issue of shares to sellers of Tradeway (Shipping) Limited	**-**	17 714	**-**	17 714
Costs to issue securities	**(4)**	(112)	**(4)**	(112)
Balance at end of year	**214 625**	214 076	**214 625**	214 076
Reconciliation of number of ordinary shares in issue	**2017 Shares**	2016 Shares	**2017 Shares**	2016 Shares
Balance at beginning of year	**157 287**	136 459	**157 597**	136 459
Exercise of share options[1]	**650**		**650**	
Shares issued	**-**	21 138	**-**	21 138
Treasury shares purchased by subsidiaries[2]	**(177)**	(310)	**-**	-
Balance at end of year	**157 760**	157 287	**158 247**	157 597

[1] *During the year 3 participants of the Santova Share Option Scheme excercised their options for 650 000 ordinary shares in the company at a price of 85 cents.*

[2] *During the year, Santova Financial Services (Pty) Ltd acquired 176 270 ordinary shares of the Company to be held exclusively as repurchased treasury shares on behalf of the Group. The average price paid was 359 cents per share.*

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated	Group	Consolidated	Company
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
10. INTEREST-BEARING BORROWINGS				
Instalment sale and other agreements	**584**	996	**-**	-
Medium term loan [1]	**9 324**	17 784	**-**	-
Medium term loan [2]	**47 185**	56 883	**47 185**	56 883
Less: current portion included in current liabilities	**(20 541)**	(18 620)	**(10 790)**	(9 743)
	36 552	57 043	**36 395**	47 140

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

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

[1] The original medium term loan was taken by Santova Logistics (South Africa) and 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 R813 070 (2016: R806 496). This loan is secured by cross company sureties supplied by Santova Limited and Santova International Trade Solutions (Pty) Ltd.

[2] The second Medium term loan was taken by 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 873 794 (2016: R3 852 101). This loan is secured by cross company sureties supplied by subsidiary companies.

Net book value of interest bearing borrowings approximates fair value.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
11. LONG-TERM PROVISION				
Post-retirement medical aid benefits for the Group and the Company				
- Present value obligation	**1 425**	1 500	**1 425**	1 500
- Less: liability already recognised	**(1 500)**	(1 700)	**(1 500)**	(1 700)
Decrease in liability	**(75)**	(200)	**(75)**	(200)
Movement represented by:				
- Actuarial loss/ (gain)	**62**	(18)	**62**	(18)
- Interest cost	**122**	110	**122**	110
- Contributions paid to fund	**(259)**	(292)	**(259)**	(292)
(Decrease in liability)	**(75)**	(200)	**(75)**	(200)

The Company contributes to a medical aid scheme for the benefit of 13 retired employees (2016: 14) and their dependants. During the year under review there was one exit from the scheme amongst the continuation members (2016: none). 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: 7,2% per annum (2016: 7,9%);
- Discount factor 8,4% per annum (2016: 8,9%); and
- Mortality rates are taken from the PA(90) Ultimate Mortality Tables.

Sensitivity analysis: mortality rate

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

As can be seen below, the higher 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	1 548	1 425	1 326
Interest cost	120	110	101

The liability is valued annually. The latest actuarial valuation was performed in February 2017, on a projected unit credit method, by ZAQ Consultants and Actuaries (Pty) Ltd, independent qualified actuaries.

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
12. TRADE AND OTHER PAYABLES				
Trade payable	**118 656**	149 207	**1 723**	516
Accruals	**52 717**	38 622	**1 180**	524
Other payables	**34 091**	28 325	**-**	1 319
	205 464	216 154	**2 903**	2 359

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

Other payables principally comprise recoverable disbursements invoiced to clients that are yet to be invoiced by suppliers.

Net book value of these creditors approximates fair value.

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
13. AMOUNTS OWING TO RELATED PARTIES				
Patent International Co. Ltd[1]	**246**	302	**-**	-
Santova Corporate Services (Pty) Ltd[1]	**-**	-	**2 000**	-
Santova Financial Services (Pty) Ltd[1]	**-**	-	**33**	-
	246	302	**2 033**	-

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
14. SHORT-TERM BORROWINGS AND OVERDRAFTS				
Bank overdrafts	**8**	765	**-**	-
Invoice discounting facilities	**228 372**	262 153	**-**	-
	228 380	262 918	**-**	-

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

	Local currency	Functional currency	Prior year	Security provided	Security Holder	Interest rate
Invoice discounting - repayable on settlement of ceded debts						
South Africa[1]	121 628	121 628	87 847	Sale of book debts, cession of credit insurance policies and cross company suretyships with the Company and certain subsidiaries	Nedbank Ltd	South African prime rate less 0,5%
Australia	1 500	14 996	17 157	Security interest in personal property	Scottish Pacific Business Finance (Pty) Ltd	Australian base rate +4,25%
Bank overdraft - repayable on demand						
South Africa	21 000	21 000	21 000	Ceded debit balances	Nedbank Ltd	South African prime rate less 0,5%
Netherlands	500	6 898	8 737	Cession of book debts	ABN AMRO Bank NV	Euro base rate plus 1,75%
Germany	78	1 069	673	Unsecured	Postbank/ CommerzBank	Fixed rate of 6,5%
		165 591	**135 414**			

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Carrying value at beginning of year R'000	Provisions (released)/created R'000	Carrying value at end of year R'000
15. SHORT-TERM PROVISIONS			
Consolidated			
2017			
Bonuses	**15 646**	**(3 550)**	**12 096**
Leave pay	**6 134**	**(722)**	**5 412**
Other short-term provisions	**1 299**	**(999)**	**300**
	23 079	**(5 271)**	**17 808**
2016			
Bonuses	11 114	4 532	15 646
Leave pay	3 930	2 204	6 134
Other short-term provisions	528	771	1 299
	15 572	7 507	23 079
Company			
2017			
Bonuses	**4 657**	**(4 657)**	**-**
Leave pay	**848**	**(848)**	**-**
	5 505	**(5 505)**	**-**
2016			
Bonuses	2 300	2 357	4 657
Leave pay	659	189	848
	2 959	2 546	5 505

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
16. REVENUE				
Gross Billings	**4 073 868**	3 797 890	**16 339**	38 472
Less: Recoverable disbursments	**(3 758 453)**	(3 519 235)	**-**	(2 915)
Revenue after net interest income	**315 415**	278 655	**16 339**	35 557
Revenue from the provision of services comprises:	**299 034**	266 167	**16 339**	35 557
Logistic services	**290 295**	256 690	**-**	-
Insurance commission and management fees	**8 624**	8 973	**-**	-
Other revenue	**115**	504	**16 339**	35 557
Net interest income from the provision of credit facilities comprises:	**16 381**	12 488	**-**	-
Interest and financing fee income recovered from clients	**38 923**	33 347	**-**	-
Interest and financing fee expenses incurred	**(22 542)**	(20 859)	**-**	-
Revenue after net interest income	**315 415**	278 655	**16 339**	35 557

Correction of prior period material error

During the 2015 and 2016 financial year the Group undertook two voluntary restatements within its Statement of Cash Flows and Statement of Profit or Loss and Other Comprehensive Income. These two restatements were initiated as part of a structured process to better reflect the Group's business model within its primary reporting statements, thereby giving users a better understanding of the Group's principal source of revenue and cash flows. The difficulty experienced during this process is the complexity of the Group's business model as it primarily provides logistics services in an Agency capacity on behalf of clients and at the same time provides clients with significant financing facilities and value added financial services.

During the course of 2017 it was identified that certain aspects of the 2016 restatement did not fully comply with IFRS and due to this error, the 2016 financial results are required to be restated. The aspect of the 2016 restatement that did not fully comply with IFRS was the disclosure of interest and finance fee income from client financing activities in revenue net of the interest and finance fee expenses. International Accounting Standard 18 on Revenue specifically allows for the disclosure of interest and finance fee income in revenue, but does not allow for the set off of interest and finance fee expenses there from. Interest and finance fee income was disclosed on this basis in 2016 in order to better demonstrate the group business model and to strike a balance between the disclosure of revenue earned in an Agency capacity, net of recoverable disbursements, and that of the disclosure of financial services related revenue.

In order to correct this error whilst still adequately demonstrating to users the Group's business model, the Revenue line item in the Statement of Profit or Loss and other Comprehensive Income has been restated to exclude interest and finance fee income and expenses and these two line items have been disclosed separately below revenue on the face of the Statement of Profit or Loss and other Comprehensive Income. This restated disclosure is consistent with accepted industry practice within the financial services sector for the reporting and disclosure of interest and finance fee income and expenses. In essence it gives the user a greater level of detail on the face of the Statement of Profit or Loss and other Comprehensive Income and due to the transparency thereof, allows users to clearly assess the source of the interest and finance fee income and expenses and to easily compute the total revenue and finance charges earned and incurred by the Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

The effect of the restatement on the 2016 financial results can be seen below and has no impact on basic and/or diluted earnings per share:

	2016 Restated R'000	2016* R'000	2015 Restated R'000	2015* R'000
Revenue	**266 167**	278 655	**212 797**	224 235
Net interest income	**12 488**		**11 438**	-
Interest and financing fee income recovered from clients	**33 347**	-	**33 495**	-
Interest and financing fee expenses incurred	**(20 859)**	-	**(22 057)**	-
Revenue after net interest income	**278 655**	278 655	**224 235**	224 235

* As reported

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
17. OPERATING PROFIT				
Operating profit is stated after:				
Income				
Foreign exchange commission and valuation gains	11 145	5 184	-	-
Profit on disposals of plant and equipment	117	124	-	1
Fair value gain on financial liability	2 129	1 024	-	1 024
Expenditure				
Auditors' remuneration	3 382	2 668	480	375
- In respect of audit services	2 540	1 988	480	375
- In respect of other services	842	680	-	-
Depreciation and amortisation	5 921	4 043	805	1 408
- Plant and equipment (refer note 2)	2 932	2 913	137	348
- Intangible assets (refer note 3)	2 989	1 130	668	1 060
Lease rentals	12 952	12 126	176	674
- Premises	11 689	11 143	176	674
- Equipment	249	66	-	-
- Motor Vehicles	1 014	917	-	-
Loss on disposal of plant and equipment	162	380	20	-
Foreign exchange losses	329	1 373	4	-
Staff costs (including directors' emoluments)	169 798	146 141	8 028	22 241
Share option expense	2 448	1 335	643	678

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Directors' fees R'000	Basic remuneration R'000	Performance bonus R'000	Share Based Payments R'000	Retirement, medical and other benefits R'000	Total R'000
18. DIRECTORS' EMOLUMENTS						
2017						
Executive Directors						
DC Edley	-	1 575	1 411	-	271	3 257
GH Gerber	-	2 937	3 176	-	68	6 181
AL Van Zyl	-	1 965	1 559	1 718	85	5 327
Prescribed Officer						
AKG Lewis	-	1 123	930	-	142	2 195
Non-Executive Directors						
AD Dixon	173	-	-	-	-	173
ESC Garner	395	-	-	-	-	395
WA Lombard	311	-	-	-	-	311
EM Ngubo	106	-	-	-	-	106
	985	7 600	7 076	1 718	566	17 945
Paid by:						
The Company	985	2 675	5 430		214	9 304
Subsidiary company's		4 925	1 646	1 718	352	8 641
	985	7 600	7 076	1 718	566	17 945
2016						
Executive Directors						
DC Edley	-	1 472	625	-	270	2 367
GH Gerber	-	2 669	1 183	-	63	3 915
AL Van Zyl	-	1 856	714	-	78	2 648
Prescribed Officer						
AKG Lewis	-	1 021	400	-	129	1 550
Non-Executive Directors						
AD Dixon	148	-	-	-	-	148
ESC Garner	349	-	-	-	-	349
WA Lombard	204	-	-	-	-	204
EM Ngubo	73	-	-	-	-	73
	774	7 018	2 922	-	540	11 254
Paid by:						
The Company	774	5 162	2 208	-	462	8 606
Subsidiary company	-	1 856	714	-	78	2 648
	774	7 018	2 922	-	540	11 254

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

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

	Options as at 1 March 2016	Options awarded	Options lapsed	Options exercised	Options as at 28 February 2017	Option price (cents)	Vesting date
2017							
Executive Directors							
DC Edley	450 000	-	-	-	450 000	85	30 November 2015
	350 000	-	-	-	350 000	186	26 May 2017
	168 649	-	-	-	168 649	415	21 February 2019
	131 351	-	-	-	131 351	415	21 February 2021
	1 100 000	-	-	-	1 100 000		
GH Gerber	800 000	-	-	-	800 000	85	30 November 2015
	500 000	-	-	-	500 000	186	26 May 2017
	562 165	-	-	-	562 165	415	21 February 2019
	437 835	-	-	-	437 835	415	21 February 2021
	2 300 000	-	-	-	2 300 000		
AL Van Zyl	500 000	-	-	500 000	-	85	30 November 2015
	350 000	-	-	-	350 000	186	26 May 2017
	168 649	-	-	-	168 649	415	21 February 2019
	131 351	-	-	-	131 351	415	21 February 2021
	1 150 000	-	-	500 000	650 000		
Prescribed Officer							
A Lewis	199 000	-	-	-	199 000	85	30 November 2015
	150 000	-	-	-	150 000	186	26 May 2017
	253 537	-	-	-	253 537	415	21 February 2019
	197 463	-	-	-	197 463	415	21 February 2021
	800 000	-	-	-	800 000		
	5 350 000	-	-	500 000	4 850 000		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Options as at 1 March 2016	Options awarded	Options lapsed	Options exercised	Options as at 28 February 2017	Option price (cents)	Vesting date
2016							
Executive Directors							
DC Edley	450 000	-	-	-	450 000	85	30 November 2015
	350 000	-	-	-	350 000	186	26 May 2017
	-	168 649	-	-	168 649	415	21 February 2019
	-	131 351	-	-	131 351	415	21 February 2021
	800 000	300 000	-	-	1 100 000		
GH Gerber	800 000	-	-	-	800 000	85	30 November 2015
	500 000	-	-	-	500 000	186	26 May 2017
	-	562 165	-	-	562 165	415	21 February 2019
	-	437 835	-	-	437 835	415	21 February 2021
	1 300 000	1 000 000	-	-	2 300 000		
AL Van Zyl	500 000	-	-	-	500 000	85	30 November 2015
	350 000	-	-	-	350 000	186	26 May 2017
	-	168 649	-	-	168 649	415	21 February 2019
	-	131 351	-	-	131 351	415	21 February 2021
	850 000	300 000	-	-	1 150 000		
Prescribed Officer							
A Lewis	199 000	-	-	-	199 000	85	30 November 2015
	150 000	-	-	-	150 000	186	26 May 2017
	-	253 537	-	-	253 537	415	21 February 2019
	-	197 463	-	-	197 463	415	21 February 2021
	349 000	451 000	-	-	800 000		
	3 299 000	2 051 000	-	-	5 350 000		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
19. INTEREST RECEIVED				
Interest received from third parties	**427**	205	**2**	-
Interest received from related parties	**-**	-	**96**	286
As per Statement of Comprehensive Income	**427**	205	**98**	286
Interest and financing fee income recovered from clients included in Note 16 (Revenue)	**38 923**	33 347	**-**	-
Total interest income	**39 350**	33 552	**98**	286
20. FINANCE COSTS				
Financial liabilities (refer note 5)	**1 786**	630	**-**	-
Interest-bearing borrowings (refer note 10)	**7 241**	3 607	**5 922**	1 595
Interest paid to related parties (refer note 12)	**-**	-	**-**	1 341
Other interest paid	**160**	18	**-**	-
As per Statement of Comprehensive Income	**9 187**	4 255	**5 922**	2 936
Interest and financing fee expenses incurred included in Note 16 (Revenue)	**22 542**	20 859	**-**	-
Total finance costs	**31 729**	25 114	**5 922**	2 936

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
21. INCOME TAX EXPENSE				
South African normal tax				
Current tax				
- Current year	**10 624**	9 221	**-**	89
- Prior year	**(88)**	31	**-**	(21)
- Capital gains tax	**57**	-		
Deferred tax				
- Current year	**655**	(744)	**(100)**	303
- Prior year	**(260)**	(51)	**-**	34
- Transfers	**36**	-	**-**	-
	11 024	8 457	**(100)**	405
Foreign tax				
- Current tax	**12 038**	10 282	**-**	-
- Deferred tax	**341**	(1 703)	**-**	-
- Capital gains tax	**-**	(195)		
	12 379	8 384	**-**	-
Tax for the year	**23 403**	16 841	**(100)**	405
Reconciliation of rate of taxation	**%**	%	**%**	%
South African normal tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
- Local exempt income / non-deductible expenses	**1,2**	(0,4)	**(26,7)**	(126,8)
Learnership allowances	**(0,3)**	(0,7)	**-**	-
Fair value adjustments	**(0,4)**	(1,0)	**-**	-
Non-deductible interest	**2,3**	0,9	**(27,4)**	(104,7)
Non-deductible capital expenditure	**-**	0,5	**-**	(42,2)
Other items[1]	**(0,4)**	(0,1)	**0,7**	20,1
- Foreign disallowable expenditure / (exempt income)	**-**	0,9	**-**	-
- Foreign tax differential	**(2,3)**	(2,9)	**-**	-
- Capital gains tax	**0,1**	(0,3)	**-**	-
- Prior year: current tax	**(0,1)**	-	**-**	5,4
- Prior year: deferred tax	**(0,3)**	(0,1)	**-**	(8,6)
Effective tax rate	**26,6**	25,2	**1,3**	(102,0)

[1] *Other items relate primarily to after tax income from the Gaurdrisk cell captive.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017 - CONTINUED

		Consolidated Actual 2017	Consolidated Actual 2016
22. EARNINGS PER SHARE			
Basic earnings per share	(cents)	**39,87**	34,50
Headline earnings per share	(cents)	**39,89**	34,58
Diluted basic earnings per share	(cents)	**38,53**	33,68
Diluted headline earnings per share	(cents)	**38,55**	33,76

Reconciliation between basic and headline earnings:	Profit on ordinary activities R'000	Taxation effect R'000	Minority interest R'000	Net effect R'000
July 2017				
Profit for the year	**88 023**	**(23 403)**	**(1 829)**	**62 791**
Adjusted for:				-
– Loss on disposals of plant and equipment	**46**	**(14)**	**(3)**	**28**
Headline earnings	**88 069**	**(23 417)**	**(1 832)**	**62 819**
February 2016				
Profit for the year	66 736	(16 841)	(1 182)	48 713
Adjusted for:				
– loss on disposals of plant and equipment	256	(84)	(52)	120
Headline earnings	66 992	(16 925)	(1 234)	48 833

Numbers of shares on which calculations are based:	2017 Shares 000's	2016 Shares 000's
Shares in issue at end of year	**158 247**	157 287
Weighted Average Number of Ordinary Shares ("WANOS") at end of year	**157 495**	141 211
Diluted WANOS at end of year	**162 975**	144 648

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017 - CONTINUED

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
23. NOTES TO THE STATEMENTS OF CASH FLOW				
23.1 Cash generated from operations				
Profit before taxation	**88 023**	66 736	**(5 926)**	(397)
Adjustments for:				
Depreciation and amortisation	**5 921**	4 043	**805**	1 409
Net loss on disposal of plant and equipment	**46**	256	**20**	-
Interest received	**(427)**	(205)	**(98)**	(286)
Finance costs	**9 187**	4 255	**5 922**	2 936
Foreign exchange (gain) / loss on financial liabilities and dividends	**(9 884)**	789	**-**	-
Movement in fair value of financial assets and liabilities	**(1 917)**	(2 807)	**-**	-
Movement in retirement benefits	**122**	(182)	**122**	(182)
Movement in share option expense	**2 448**	1 326	**643**	678
Repayments in terms of profit warranties	**(500)**	-	**-**	-
Working capital changes				
Proceeds from sale of trade receivables	**(33 781)**	(18 685)	**-**	-
Decrease/ (increase) in trade and other receivables	**47 006**	(31 028)	**255**	690
(Decrease) / increase in trade payables and provisions	**(16 164)**	23 728	**(4 961)**	3 002
	90 080	48 226	**(3 218)**	7 850
23.2 Taxation paid				
Charge in the statements of comprehensive income	**23 403**	16 841	**(100)**	405
Adjustment for deferred tax	**(773)**	2 498	**100**	(337)
Movement in taxation balance	**4 066**	(4 950)	**97**	(68)
	26 696	14 389	**97**	-
23.3 Net cash flow on acquistion of subsidiaries				
Fair value of assets acquired:				
Plant and equipment	**-**	15 549	**-**	-
Intangible assets	**-**	15 524	**-**	-
Trade receivables	**-**	57 948	**-**	-
Cash and cash equivalents	**-**	33 277	**-**	-
Trade and other payables	**-**	(26 107)	**-**	-
Current tax payable	**-**	(34 992)	**-**	-
Net assets acquired	**-**	61 199	**-**	-
Goodwill	**-**	61 828	**-**	-
Purchase consideration	**-**	123 027	**-**	-
Deferred contingent purchase consideration	**-**	(37 574)	**-**	-
Settled in shares	**-**	(17 714)	**-**	
Settled in Cash	**-**	67 739	**-**	-
Settlement of acquired contingent purchase consideration	**-**	24 813	**-**	
Less: cash and cash equivalents acquired on acquisition	**-**	(33 277)	**-**	-
	-	59 275	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
24. EMPLOYEE BENEFITS				
Retirement benefit expense				
- Provident and pension	**11 073**	9 979	**447**	1 280

Defined contribution retirement plans

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

25. SHARE-BASED PAYMENTS

Equity-settled share option plans

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

Group Share Option Scheme Number 1

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

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

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

Of the total of 6 700 000 shares approved to be awarded under this scheme, 90,000 shares remain available for awarding.

	2017		2016	
	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	**6 700 000**	**182**	5 678 000	133
Granted during the year	**-**		1 153 000	415
Forfeited during the year	**(90 000)**	**186**	(131 000)	116
Exercised during the year	**(650 000)**	**389**	-	-
Outstanding at the end of the year	**5 960 000**	**193**	6 700 000	182
Exercisable at the end of the year	**2 225 000**	**85**	2 875 000	85

Group Share Option Scheme Number 2

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017		2016	
	Number of share options	Weighted average exercise price (cents)	Number of share options	Weighted average exercise price (cents)
Outstanding at the beginning of the year	2 068 000	415	-	-
Granted during the year	-	-	2 068 000	415
Outstanding at the end of the year	**2 068 000**	**415**	2 068 000	-
Exercisable at the end of the year	-	-	-	-

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

The inputs into the model were as follows:

		Consolidated	
		2017	2016
Scheme 1 Issue 1			
Weighted average share price	(cents)	85,0	85,0
Weighted average exercise price (Net of 50% company contribution)	(cents)	42,5	42,5
Expected volatility	(%)	45,56	45,56
Expected option lifetime	(years)	3	3
Risk-free rate based on zero-coupon government bond yield	(%)	5,11	5,11
Expected dividend yield	(%)	2,98	2,98
Scheme 1 Issue 2			
Weighted average share price	(cents)	186,00	186,00
Weighted average exercise price (Net of 50% company contribution)	(cents)	93,00	93,00
Expected volatility	(%)	37,70	37,70
Expected option lifetime	(years)	3,00	3,00
Risk-free rate based on zero-coupon government bond yield	(%)	7,36	7,36
Expected dividend yield	(%)	3,00	3,00
Scheme 1 Issue 3			
Weighted average share price	(cents)	415,00	415,00
Weighted average exercise price (Net of 50% company contribution)	(cents)	207,50	207,50
Expected volatility	(%)	19,48	19,48
Expected option lifetime	(years)	3,00	3,00
Risk-free rate based on zero-coupon government bond yield	(%)	8,63	8,63
Expected dividend yield	(%)	1,50	1,50
Scheme 2 Issue 1			
Weighted average share price	(cents)	415,00	415,00
Weighted average exercise price	(cents)	415,00	415,00
Expected volatility	(%)	16,52	16,52
Expected option lifetime	(years)	5,00	5,00
Risk-free rate based on zero-coupon government bond yield	(%)	8,63	8,63
Expected dividend yield	(%)	1,50	1,50

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

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

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

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

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
26. COMMITMENTS				
Operating lease commitments				
No later than one year	**9 983**	8 740	**-**	-
Later than one year and no later than five years	**8 195**	10 758	**-**	-
Later than five years	**87**	-	**-**	
	18 265	19 498	**-**	-

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

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

Insurance cell captive

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

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

The cell has received premiums in excess of the R750,000 minimum required during the current year.

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

27. RELATED PARTIES

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Gross Billings for goods and services		Net outstanding balances arising from sale/purchase of and services	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
COMPANY				
Santova Corporate Services (Pty) Limited	**1 861**	-	**(1 314)**	-
Santova Financial Services (Pty) Limited	**681**	1 491	**-**	14
Santova International Trade Solutions (Pty) Limited	**836**	147	**-**	-
Santova Logistics (Pty) Limited	**17 758**	31 583	**-**	(19)
Santova Logistics B.V. (Netherlands)	**971**	1 860	**-**	(14)
Santova Logistics GmbH (Germany)	**94**	99	**-**	-
Santova Logistics Limited (Hong Kong)	**196**	352	**-**	-
Santova Logistics Limited (United Kingdom)	**360**	566	**-**	47
Santova Logistics Limited (Mauritius)	**19**	15	**34**	15
Santova Logistics Pty Limited (Australia)	**457**	714	**39**	147
Tradeway (Shipping) Limited (United Kingdom)	**125**	-	**-**	-
Tradeway North West Limited (United Kingdom)	**63**	-	**-**	-
W.M. (Shipping) Limited (United Kingdom)	**570**	945	**16**	-
	23 991	37 772	**(1 225)**	190

	Interest on loans (from)/to related parties		Loans to/ (from) related parties	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
COMPANY				
Santova Corporate Services (Pty) Limited	**-**	-	**(2 000)**	-
Santova Financial Services (Pty) Limited	**-**	385	**(33)**	-
Santova International Holdings (Pty) Limited	**-**	-	**85 437**	100 873
Santova Logistics (Pty) Limited	**(95)**	(670)	**-**	4 086
	(95)	(285)	**83 404**	104 959

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
28. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Loans and receivables	**590 574**	636 876	**83 758**	105 568
Financial assets at fair value through profit or loss	**6 332**	4 562	**-**	-
Financial liabilities				
Financial liabilities measured at amortised cost	**506 319**	604 171	**50 089**	59 242
Reconciliation to statements of financial position				
Trade receivables	**539 111**	590 133	**132**	247
Other receivables	**51 463**	46 743	**222**	362
Amounts owing from related parties	**-**	-	**83 404**	104 959
Loans and receivables	**590 574**	636 876	**83 758**	105 568
Financial asset	**6 332**	4 562	**-**	-
Financial assets at fair value through profit or loss	**6 332**	4 562	**-**	-
Trade and other payables	**205 464**	216 154	**2 904**	2 359
Amounts owing to related parties	**246**	302	**-**	-
Interest-bearing borrowings	**57 093**	75 663	**47 185**	56 883
Financial liabilities	**15 136**	49 134	**-**	-
Short-term borrowings and overdraft	**228 380**	262 918	**-**	-
Financial liabilities measured at amortised cost	**506 319**	604 171	**50 089**	59 242

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 26 to 28 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.

The risk management policies of the Group relating to each of these risks is discussed below.

28.1 Foreign currency risk management

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

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

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

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

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

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

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

	2017						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'00	Total GHS'000
Assets							
Plant and equipment	13 763	104	732	23	9	-	87
Intangible assets	127 682	567	6 708	1 128	-	-	-
Trade receivables	144 280	4 019	4 150	1 670	2 602	1 534	20
Other receivables	9 420	97	283	255	331	1 071	5
Current tax receivable	280	1	17	-	-	-	-
Cash and cash equivalents	84 133	1 027	2 274	1 924	8 227	22	43
Liabilities							
Trade and other payables	(113 550)	(3 528)	(2 898)	(964)	(4 352)	(2 617)	(44)
Current tax payable	(3 271)	(179)	(34)	-	(145)	-	-
Current portion of interest bearing borrowings	(20)	(1)	-	-	-	-	-
Financial liability	(16 527)	-	(1 021)	-	-	-	-
Short-term borrowings and overdraft	(9)	-	-	-	-	(24)	-
Net Asset/(Liability)	246 181	2 107	10 211	4 036	6 672	(14)	111

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2016						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total GHS'000
Assets							
Plant and equipment	19 085	85	749	33	15	39	122
Intangible assets	169 429	417	6 708	1 128	-	-	-
Trade receivables	152 653	2 094	4 217	1 550	1 856	1 596	-
Other receivables	16 931	191	377	387	331	237	-
Current tax receivable	277	1	-	-	130	-	-
Cash and cash equivalents	105 979	2 377	1 604	1 352	6 348	226	28
Liabilities							
Trade and other payables	(117 623)	(2 456)	(2 563)	(1 099)	(2 279)	(822)	(17)
Current tax payable	(7 359)	(46)	(269)	(49)	-	-	-
Current portion of interest bearing borrowings	(37)	(2)	-	-	-	-	-
Financial liability	(48 682)	-	(2 188)	-	-	-	-
Short-term borrowings and overdraft	(765)	(39)	-	-	-	(194)	-
Net Assest	289 888	2 622	8 635	3 302	6 401	1 082	135

Foreign currency sensitivity analysis

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

	Consolidated	
Sensitivity analysis	**2017**	2016
+ 10%	**24 618**	28 989
- 10%	**(24 618)**	(28 989)

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

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

	2016 Consolidated						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total GHS'000
Profit for the year attributable to equity holders of the parent	48 897	1 149	793	722	2 156	(1 061)	(261)

Foreign currency sensitivity analysis

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

	Consolidated	
Sensitivity analysis	**2017**	2016
+ 10%	**3 664**	4 890
- 10%	**(3 664)**	(4 890)

28.2 Interest rate risk management

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

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure of interest bearing borrowings to a 50 basis point increase or decrease in the cost of finance. In the case of finance costs incurred on short term borrowing to fund recoverable disbursement on behalf of clients, a period of 30 days has been used being the average credit term granted on trade receivables and the maximum potential rate gap period before which the interest received from clients can be repriced. In the case of finance costs incurred on long term borrowings, a period of 365 days has been used assuming an annual renegotiation of facilities.

	Consolidated	
Sensitivity analysis	**2017 R'000**	2016 R'000
If the interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's profit (pre-tax) would increase/decrease by:	**426**	540

28.3 Credit risk management

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

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

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

At 28 February 2017, the Group does not consider there to be any material credit risk that has not been insured or adequately provided for.

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

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:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Not past due	**443 268**	480 502	**132**	247
Past due but not impaired:				
- 0 to 30 days	**81 458**	82 460	**-**	-
- 31 to 60 days	**10 795**	10 066	**-**	-
- 61 to 90 days	**3 946**	5 370	**-**	-
- over 90 Days	**4 021**	3 056	**-**	-
Impaired	**6 288**	27 682	**-**	-
Trade receivables	**549 776**	609 136	**132**	247
Provision for impairment of receivables (refer note 7)	**(10 665)**	(19 003)	**-**	-
Total trade receivables	**539 111**	590 133	**132**	247

28.4 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring cash flows and the maturity profiles of financial assets and financial liabilities.
Liquidity risk is the risk of not having liquid assets to meet liabilities as they fall due.

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:

	Consolidated		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Facilities available (refer note 13)				
Bank overdraft	**28 967**	31 371	**-**	-
Medium term loans	**57 093**	74 667	**47 185**	56 883
Invoice discounting facilities	**364 996**	367 157	**-**	-
Total facilities available	**451 056**	473 195	**47 185**	56 883
Facilities utilised at year end (refer note 13)				
Bank overdraft	**8**	765	**-**	-
Medium term loans	**57 093**	74 667	**47 185**	56 883
Invoice discounting facilities	**228 372**	262 153	**-**	-
Total facilities utilised	**285 473**	337 585	**47 185**	56 883
Available unutilised facilities				
Bank overdraft	**28 959**	30 606	**-**	-
Invoice discounting facilities	**136 624**	105 004	**-**	-
Total available unutilised facilities	**165 583**	135 610	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2017

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
2017					
Non-interest bearing	**251 881**	**49 953**	**4 221**	**-**	**306 055**
Interest bearing	**139 868**	**144 651**	**-**	**-**	**284 519**
	391 749	**194 604**	**4 221**	**-**	**590 574**
2016					
Non-interest bearing	293 504	35 322	5 566	-	334 392
Interest bearing	164 145	138 339	-	-	302 484
	457 649	173 661	5 566	-	636 876

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
2017					
Non-interest bearing	**205 488**	**-**	**-**	**-**	**205 488**
Interest bearing	**229 011**	**7 826**	**32 566**	**42 816**	**312 219**
	434 499	**7 826**	**32 566**	**42 816**	**517 707**
2016					
Non-interest bearing	216 154	-	-	-	216 154
Interest bearing	265 346	18 667	36 212	86 220	406 445
	481 500	18 667	36 212	86 220	622 599

* The disclosure above has been amended from that reported in prior year to reflect the nominal value of non-derivative financial liabilities.

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
2017					
Forward exchange contracts	**(42)**	**-**	**-**	**-**	**(42)**
Profit share on rental agreement	**-**	**-**	**-**	**1 992**	**1 992**
Insurance cell captive	**-**	**-**	**-**	**4 341**	**4 341**
	(42)	**-**	**-**	**6 333**	**6 291**
2016					
Forward exchange contracts	26	-	-	-	26
Profit share on rental agreement	-	-	-	1 228	1 228
Insurance cell captive	-	-	-	3 308	3 308
	26	-	-	4 536	4 562

28.5 Capital risk management

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

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

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

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

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

	Consolidated	
	2017 R'000	2016 R'000
Interest bearing and short term borrowings	**285 473**	338 581
Less: Cash and cash equivalents	**91 780**	123 657
Net Debt	**193 693**	214 924
Total capital and reserves	**365 566**	386 415
Gearing ratio	**53%**	56%

The levels of gearing within the Group are considered appropriate based on the financing activities it undertakes on behalf of its 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 is secured by credit underwriting polices protecting the Group up to 85% or 90% of the value of the receivables outstanding.

29. EVENTS AFTER THE REPORTING PERIOD

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

30. GOING CONCERN

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

CORPORATE INFORMATION

SANTOVA LIMITED

Country of incorporation
Republic of South Africa

Registration number
1998/018118/06

Share code
SNV

ISIN
ZAE000159711

NATURE OF BUSINESS
International logistics solutions provider

DIRECTORS

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

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

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

JSE SPONSOR
River Group
Unit 2, 211 Kloof Street, Waterkloof, Pretoria 0145

GROUP AUDITOR

Deloitte & Touche
PO Box 243, Durban, 4000

SHARE REGISTRAR

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

LEGAL ATTORNEY

Livingston Leandy Inc
PO Box 4107, Umhlanga Rocks, 4320

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

SANTOVA HEAD OFFICE AND REGISTERED OFFICE

Physical address
Santova House, 88 Mahatma Gandhi Road, Durban, 4001

Postal address
PO Box 6148, Durban, 4000

Contact number
+27 31 374 7000

CORPORATE BANKERS
Nedbank Limited
PO Box 1144, Sandown, 2196

CORPORATE STRUCTURE