SNV | 2019

Audited Annual Financial Statements

for the year ended
28 February 2019

Santova

INNOVATIVE SOLUTIONS • ENDLESS POSSIBILITIES

Contents

Approval of the Annual Financial Statements

for the year ended 28 February 2019

The directors of Santova Limited have the pleasure of presenting the consolidated Annual Financial Statements for the year ended 28 February 2019.

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 and Risk 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 as at the 28 February 2019 and of the profit for the year to that date

In addition, the Directors believe that the Santova Limited Group of Companies 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 2019 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:

WA Lombard
Chairman

GH Gerber
Chief Executive Officer

Durban
15 May 2019

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 2019.

JA Lupton FCIS
Chairman of the company
Highway Corporate Services (Pty) Ltd
Practice number: PPG00290
Durban
15 May 2019

Report of the Audit and Risk Committee

We are pleased to present our report for the financial year ended 28 February 2019.

In compiling this report cognisance has been taken of King IV Principle 8 and the reporting disclosure recommendations contained in Practice 59 have been applied.

ROLE AND RESPONSIBILITIES

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 this report covers all these duties and responsibilities.

AUDIT AND RISK COMMITTEE CHARTER

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

COMPOSITION OF COMMITTEE AND ATTENDANCE

The membership of the Committee comprises three independent non-executive directors, one of whom, AD Dixon, is the Chairman of the Committee. 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. The Group Legal Advisor presents a full legal and risk report at each Committee meeting.

GROUP EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

During the past financial year Deloitte and Touché advised the Audit and Risk Committee of an amended internal policy which required a minimum percentage audit coverage across all subsidiaries within a Group, both locally and offshore, failing which they would have to resign. At that stage Deloitte and Touché has been the auditor of the Company and the Group's South African subsidiaries for the past 11 years, with the offshore subsidiaries being audited by local audit firms in each jurisdiction in which they operate.

The Santova Audit & Risk Committee decided that the financial implications of the change placed an unnecessary financial burden on the Group that was not warranted and that the merits of such a change were not consistent with the Group's size as a small cap listed entity, strategy and business model. As a result of this decision, Deloitte & Touché confirmed their intention to resign and the Santova Audit and Risk Committee immediately embarked on a formal tender process to appoint new auditors.

The tender process involved the invitation to three potential auditor firms to participate in the tender process, which involved:

- Initial introductory meetings with representatives of all three potential candidates at which the Committee presented to them the tender process and timing, a high-level overview of the Group's structure, business model and strategy and the Committee's expectations for the formal proposals;
- The three prospective candidates being given full and equal access to management and financial records and the same time period in which to present a formal proposal to the Committee;
- Formal presentations by all 3 prospective candidates to the full Audit and Risk Committee plus senior management; and
- Each member of the Committee and senior management preparing a formally documented selection checklist and scorecard on each of the three potential candidates, which were then collated. A concensus opinion was arrived at as to the most appropriate candidate by the Committee.

Following this process and a unanimous decision by the Committee, Shareholders were advised on 29 October 2018 that Deloitte and Touché had formally resigned and that Moore Stephens had accepted appointment as the Company's external auditors, with Candice Whitefield acting as the designated audit partner for the current financial year ending 28 February 2019, replacing Deloitte & Touché. Moore Stephens is ranked as the 10th largest audit firm internationally, based on the size of its staff complement, and the fact that they currently audit the Group's wholly owned subsidiary in the Netherlands, a significant component of the Group. In addition, Moore Stephens were also subsequently appointed as auditors of the Group's newly acquired subsidiary, ASM Logistics (S) Pte, registered in Singapore.

As part of this tender process the Audit and Risk Committee carried out an assessment to assure itself that Moore Stephens:

- Is independent of the Company, as required by Section 94(8) of the Companies Act and the guidance contained in King IV;
- Is formally accredited with the Johannesburg Stock Exchange ("JSE");
- Has no conflicts of interest and has sufficient audit resources to meet the Group's year end reporting timetable; and
- Does not have any current or pending legal or disciplinary process being instituted by any professional body of which it is a member or regulator to which it is accountable.

This assessment involved a review of copies of recent IRBA inspection decision letters, findings reports and the proposed remedial action to address the findings, both at the audit firm and the individual auditor level.

Report of the Audit and Risk Committee continued

As a result of this assessment, the Audit and Risk Committee is satisfied that Moore Stephens is independent of the Group and has demonstrated the requisite institutional knowledge, expertise and experience.

The Committee ensured that the appointment of Moore Stephens complied with the Companies Act and other legislation relating to the appointment of auditors.

The Committee, in consultation with executive management, approved the terms and authorised the signing of the engagement letter, as well as the audit plan and budgeted audit fees for the 2019 financial year.

The Committee approved a Policy on Non-Audit Services during the prior financial 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.

During the year under review, the Committee met with the Group External Auditor without management being present and 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, Moore Stephens as the Group External Auditor and Candice Whitefield as the designated auditor responsible for performing the functions of auditor for the 2020 financial year.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit and Risk Committee has reviewed the accounting policies and the 2019 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. During the past financial year, the Company's 2018 financial statements were selected by the JSE for inclusion in their annual Proactive Monitoring Process whereby it pro-actively monitors financial statements for compliance with IFRS. This resulted in the Company receiving a communication from the JSE querying certain accounting policies and disclosure in the 2018 financial statements. The Committee immediately investigated these queries and provided a detailed response to the JSE's questions. Following further subsequent communication, a final closing letter was received from the JSE with the key outcome of all the matters raised being an agreed restatement of the Company's 2018 statement of cash flows, as detailed in the Groups Cashflow Statement in the 2019 Annual Financial Statements.

INTERNAL FINANCIAL CONTROLS

The Audit and Risk Committee has overseen a process by which it has assured itself of the effectiveness of the Company's system of internal controls and risk management, including internal financial controls through assurance received from formal financial, legal, IT and customs reports provided by management and external and internal assurance providers. Based on this assurance, the Audit and Risk Committee made a recommendation to the Board in order for the Board to report thereon. The Board report referring to the effectiveness of the system of internal controls is included in the Directors' Approval 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 and Risk 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 Social and Environment Report with management. The Group's detailed Social and Environment report can be found on its website at www.santova.com.

Significant areas of judgment

In arriving at the figures disclosed in the Annual Financial Statements there are areas where judgement is needed. These are outlined in note 1.21 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:

- Valuation of trade receivables;

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.

Report of the Audit and Risk Committee continued

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' 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, how the Group has adopted the recommended practices of King IV Principle 11 and members of the relevant sub-committees can be found in the Risk Management Report on pages 30 to 35 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.

Internal audit

The Company does not have an internal audit department as the Board of Directors does not believe that, at this stage in the Group's lifecycle, 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 several 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 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, appropriate members of the Group Exco team, during their visits to subsidiary companies, regularly review the internal controls adopted at subsidiary level for both adequacy and effectiveness. 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 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 2019 and recommended them to the Board for approval.

The Committee is satisfied that it has fulfilled its responsibility in accordance with its terms of reference for the year ended 28 February 2019.

AD Dixon
Chairman

15 May 2019

Social and Ethics Committee Report

We are pleased to present our report for the financial year ended 28th February 2019.

ROLES AND RESPONSIBILITIES

The Social and Ethics Committee is 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.

SOCIAL AND ETHICS COMMITTEE CHARTER

The Social and Ethics Committee has adopted formal terms of reference contained in a Charter that has been approved by the Board of Directors. In addition to the duties required in terms of statute, this Charter contains duties which were set by the Board. The Charter is reviewed and updated on an annual basis. The Committee's business is set out in a formal Work Plan which is aligned to the Charter and also reviewed annually. A copy of the Charter may be found on the Group's website at www.santova.com.

COMPOSITION AND DUTIES 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. Further information on the Committee members and their qualifications and experience may be found on page 23 and 24 of the 2019 Annual Integrated Report. The Chief Executive Officer is a permanent invitee to the Committee and attended all meetings.

The Committee met twice during the financial year. There was 100% attendance by all members during the period. EM Ngubo took over from AD Dixon as Chairman of the Committee during the year.

Committee Members	May 2018	October 2018
EM Ngubo (Chairman)	•	•
AD Dixon	•	•
ESC Garner	•	•
AKG Lewis	•	•
WA Lombard	•	•

DUTIES AND FUNCTIONS OF THE COMMITTEE

The duties of the Social and Ethics Committee are as follows:

Act	As an Advisory Committee	To refrain from performing any management functions or assume and management responsibilities.
	As an Independent Committee	To play an objective oversight role on behalf of the entire Group.
Monitor	The Group's activities in the Primary Areas of Activity listed on page 7	To ensure compliance by all regions and entities.
	The Committee	To monitor and review the Committee's own performance against its mandate set out in its Charter.
Consider	Reports from Management	To provide assurance to the Committee that the relevant governance, controls and risk management are in place for the Primary Areas of Activity listed below.
	Legal and Regulatory Requirements	To the extent that they are applicable to the duties of the Committee.
Review	The Group's Policy and Procedure	To certify compliance of the internal rules and procedures with the Primary Areas of Activity listed below and the Committee's Charter.
	New and Proposed Legislation	To monitor and enforce developments in laws and practices governing the Primary Areas of Activity listed below both locally and internationally

Social and Ethics Committee Report continued

DUTIES AND FUNCTIONS OF THE COMMITTEE (CONTINUED)

The duties of the Social and Ethics Committee are as follows:

Utilise	The Social and Ethics Register	To guide its assessment and interrogation of the Primary Areas of Activity and the overall functioning of the Committee
	With the Group Culture and Values	To guarantee the respect and enforcement of the Group's Code of Ethics
Monitor	The Group's activities in the Primary Areas of Activity listed below	To ensure compliance by all regions and entities.
	The Committee	To monitor and review the Committee's own performance against its mandate set out in its Charter.
Comply	With the Group Culture and Values	To guarantee the respect and enforcement of the Group's Code of Ethics
	King IV and other relevant Codes of Good Practice	To safeguard good governance and risk management the functioning of the Committee
Report	To the Board	To communicate and report on relevant matters within the Committee's mandate and to submit to an annual review by the Board.
	To the Shareholders	To report to the shareholders in terms of this formal report in the annual financial statements and at the annual general meeting

PRIMARY AREAS OF ACTIVITY:

The overall function of the Committee is to assist the directors in discharging their responsibilities relating to the following primary areas:

Social and Economic Development

Good Corporate Citizenship

The Environment

Health and Public Safety

Consumer Relations

Labour and Employment

Ethical and Reputational Issues

KEY FOCUS AREAS DURING THE PERIOD

The Committee focused on the following key areas in the period under review:

- Committee Charter - The Social and Ethics Committee Charter was updated to incorporate the recommendations of King IV and the Institute of Ethics.
- Social and Ethics Register [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)]:
  - Compliance Review - The exercise to establish a level of compliance of the Committee's Social and Ethics Register relative to the Group's activities was completed during the financial year. The Committee was satisfied with the levels of compliance demonstrated by Management.
  - Register Update – The process to update the Social and Ethics Register to incorporate the new ethics requirements recommended by the Institute of Ethics began during the period and will be completed in the first quarter of the new year.
- Committee Work Plan – The Committee Work Plan was updated throughout the period to allow for further efficiencies in Management reporting.

The Committee is satisfied that it has fulfilled its responsibility in accordance with its terms of reference set out in the Social and Ethics Charter for the year ended 28 February 2019.

EM Ngubo
Chairman of the Social and Ethics Committee
Durban
15 May 2019

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SANTOVA LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate annual financial statements Santova Limited and its subsidiaries (the Group) set out on pages 14 to 79, which comprise the consolidated and separate statements of financial position as at 28 February 2019, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the Group annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2019, and of 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 71 of 2008 (Amended).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate annual 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 and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued

Key Audit Matter	How the matter was addressed in the audit
Intangible assets which consist of goodwill, software and trademarks, comprise a significant portion of the total assets of the Group. The majority of the intangible assets of the entity relates to goodwill. Goodwill has been recognised in the consolidated statement of financial position as a consequence of IFRS 3: Business Combinations. The goodwill relates to cash generating units that are significant to the group's Statement of Financial Position as a whole and subject to potentially sensitive assumptions that could result in an impairment of relevant cash generating unit. As required by IAS 36: Impairment of Assets (IAS 36), the directors conducted an annual impairment test on the goodwill balance to assess the recoverability of the carrying value of this goodwill. This impairment assessment was performed using the Damodaran valuation model. There are a number of key assumptions made in determining the inputs into the valuation model which include: Turnover (including market share and volume growth) that ultimately affects the revenue of the entity; Expense growth; Operating margins; Terminal value growth rates and The discount rate (weighted average cost of capital) applied to the projected future cash flows. As a result of the significant judgements, the valuation of this goodwill is considered to be a key audit matter.	In evaluating the valuation of goodwill of the cash generating unit, we assessed the value in use calculation prepared by the directors, with a particular focus on future cash flows, growth rates and discount rate. Our procedures included amongst others; › the key judgements were subject to sensitivity analyses; › Comparing the growth rates used to historical data regarding economic growth rates included in the relevant cash-generating units; › 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; › Recalculation of the value in use of the cash-generating unit; and › We performed an independent assessment of the value-in-use of the cash generating unit.

Independent Auditor's Report continued

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008 (Amended) of South Africa, which we obtained prior to the date of this report. Other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual 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 annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Group annual financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 (Amended), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing 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 or 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 annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, 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 annual 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 and 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 and 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 auditors' report to the related disclosures in the consolidated and separate annual 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report continued

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Company to express an opinion on the Group and Company annual 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.

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 Moore Stephens MWM Inc is auditing Santova Limited for the first time.

Moore Stephens MWM

Moore Stephens MWM Inc.
Registered Auditors
Per: **CA Whitefield**
Partner
15 May 2019

Report of the Directors

for the year ended 28 February 2019

The directors have the pleasure of presenting their annual report for the year ended 28 February 2019, 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, procurement, express door-to-door courier services, financial services and information technology systems.

2. GROUP RESULTS

The profit for the year attributable to equity holders of the parent amounted to R61,094 million (2018: R71,252 million), which represents basic earnings per share of 38,21 cents (2018: 44,87 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 79.

3. DIVIDENDS

The directors have declared a final dividend of 7.50 cents (2018: 7.00 cents) per ordinary share payable in cash to shareholders as follows:

Date of declaration:	15 May 2019
Last day to trade cum-dividend:	25 June 2019
Trading ex-dividend commences:	26 June 2019
Record date:	28 June 2019
Payment date:	1 July 2019

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 1 133 000 shares through the exercise of their share options by four beneficiaries of the Santova Share Option Scheme.

The total issued shares in the Company as at financial year end amounted to 161 361 045 ordinary shares of no par value (2018: 160 228 045).

5. CONTROLLING AND MAJOR SHAREHOLDERS

As at financial year end there were 4 611 (2017: 4 598) shareholders in the Company. Controlling and major shareholders holding in excess of 3% of the Company's share capital are detailed on page 44 of the Annual Integrated Report.

6. SUBSEQUENT EVENTS

One material transaction has occurred between year-end and the date of this report that has a material impact on the financial position of the company and Group. That transaction is the acquisition of 100% of the shares in MLG Maritime Cargo Logistics GmbH (Germany) with effect from 1 March 2019 for a total purchase consideration of €1 919 040, as announced to shareholders via SENS on 10 April 2019.

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 43 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: 2018/2019: 30 July 2018;
- General authority to provide financial assistance in terms of Section 44 of the Companies Act: 30 July 2018;
- General authority to provide financial assistance in terms of Section 45 of the Companies Act: 30 July 2018; and
- General authority to buy own shares: 24 July 2018.

Subsidiary companies

A general authority to provide financial assistance to inter-related companies in terms of Section 45 of the Companies Act was passed by the following subsidiary companies on 16 May 2018:

- Santova International Holdings (Pty) Ltd
- Santova Logistics (Pty) Ltd
- Santova Corporate Services (Pty) Ltd
- Santova International Trade Solutions (Pty) Ltd

Report of the Directors continued

for the year ended 28 February 2019

9. DIRECTORS

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

Non-Executive	Executive
WA Lombard, *Chairman*	GH Gerber, *Chief Executive Officer*
ESC Garner	DC Edley, *Group Financial Director*
AD Dixon	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 and public officers of the Company and directors of its subsidiary companies in the share capital of the Company as at 28 February 2019 are contained on page 45 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	

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

Moore Stephens were appointed auditors of the Company on 29 October 2018 following the resignation of Deloitte & Touche.

14. NUMBER OF EMPLOYEES

The number of permanent employees within the Group as at 28 February 2019 was 329 (2018: 328).

Statements of Financial Position

for the year ended 28 February 2019

	Notes	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
ASSETS					
Non-current assets		**294 780**	213 995	**134 975**	133 786
Property, plant and equipment	2	**27 638**	20 379	**11**	25
Intangible assets	3	**253 344**	181 411	**1 472**	1 689
Investments in subsidiaries	4	**-**	-	**132 326**	130 851
Financial assets	5	**7 574**	4 366	**-**	-
Deferred taxation	6	**6 224**	7 839	**1 166**	1 221
Current assets		**742 197**	750 381	**49 951**	69 612
Trade receivables	7	**607 663**	579 376	**1 791**	951
Other receivables	7	**43 935**	62 142	**704**	294
Current tax receivable		**735**	492	**30**	30
Amounts owing from related parties	8	**-**	-	**46 812**	66 259
Financial assets	5	**63**	-	**-**	-
Cash and cash equivalents		**89 801**	108 371	**614**	2 078
Total assets		**1 036 977**	964 376	**184 926**	203 398
EQUITY AND LIABILITIES					
Capital and reserves		**502 257**	416 172	**144 089**	156 575
Stated capital	9	**220 996**	219 514	**220 996**	219 514
Treasury shares		**(3 197)**	(3 197)	**-**	-
Equity compensation reserve	25	**6 976**	6 246	**6 976**	6 246
Property revaluation reserve	2	**36**	36	**-**	-
Foreign currency translation reserve		**14 130**	(19 827)	**-**	-
Accumulated profit/(loss)		**263 229**	213 344	**(83 883)**	(69 185)
Attributable to equity holders of the parent		**502 170**	416 116	**144 089**	156 575
Non-controlling interests		**87**	56	**-**	-
Non-current liabilities		**53 958**	22 323	**10 224**	22 294
Interest-bearing borrowings	10	**30 379**	21 039	**9 066**	21 010
Long-term provision	11	**1 158**	1 284	**1 158**	1 284
Financial liabilities	5	**21 982**	-	**-**	-
Deferred taxation	6	**439**	-	**-**	-
Current liabilities		**480 762**	525 881	**30 613**	24 529
Trade and other payables	12	**187 850**	202 320	**844**	2 346
Current tax payable		**3 366**	7 246	**-**	-
Current portion of interest-bearing borrowings	10	**18 561**	15 561	**15 418**	15 433
Amounts owing to related parties	13	**261**	220	**14 351**	6 750
Financial liabilities	5	**13 200**	17 350	**-**	-
Short-term borrowings and overdrafts	14	**245 559**	265 097	**-**	-
Short-term provisions	15	**11 965**	18 087	**-**	-
Total equity and liabilities		**1 036 977**	964 376	**184 926**	203 398

Statements of Profit or Loss and other Comprehensive Income

for the year ended 28 February 2019

	Notes	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Gross billings	16	**4 220 581**	4 123 540	**4 957**	4 983
Revenue	16	**324 130**	311 354	**4 957**	4 983
Net interest income	16	**18 104**	17 923	**-**	-
Interest and financing fee income		**35 280**	39 831	**-**	-
Interest and financing fee expenses		**(17 176)**	(21 908)	**-**	-
Revenue and net interest income	16	**342 234**	329 277	**4 957**	4 983
Other income		**11 418**	14 362	**13**	540
Depreciation and amortisation		**(4 191)**	(3 355)	**(248)**	(246)
Administrative expenses		**(263 317)**	(239 628)	**(4 341)**	(4 684)
Operating profit	17	**86 144**	100 656	**381**	593
Interest received	19	**202**	279	**3**	-
Finance costs	20	**(5 726)**	(5 998)	**(3 749)**	(4 817)
Profit/(loss) before taxation		**80 620**	94 937	**(3 365)**	(4 224)
Income tax	21	**(19 506)**	(23 670)	**(55)**	(524)
Profit/(loss) for the year		**61 114**	71 267	**(3 420)**	(4 748)
Attributable to:					
Equity holders of the parent		**61 094**	71 252	**(3 420)**	(4 748)
Non-controlling interests		**20**	15	**-**	-
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
- Exchange differences arising from translation of foreign operations		**33 975**	(3 933)	**-**	-
- Net actuarial loss on remeasurement of post-retirement medical aid benefit liability		**(7)**	-	**(7)**	-
- Gain on revaluation of property		**-**	36	**-**	-
Total comprehensive income/(loss)		**95 082**	67 370	**(3 427)**	(4 748)
Attributable to:					
Equity holders of the parent		**95 051**	67 362	**(3 427)**	(4 748)
Non-controlling interests		**31**	8	**-**	-
Basic earnings per share (cents)	22	**38,21**	44,87	**-**	-
Diluted basic earnings per share (cents)	22	**37,39**	43,89	**-**	-
Dividends per share (cents)		**7,50**	7,00	**-**	-

Consolidated Statement of Changes in Equity

for the year ended 28 February 2019

	Stated capital R'000	Treasury shares R'000	Equity compen-sation reserve R'000	Property revalua-tion reserve R'000	Foreign currency translation reserve R'000	Accu-mulated profit R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balances at 28 February 2017	214 625	(1 631)	5 185	-	(15 901)	156 117	358 395	7 172	365 567
Total proft and loss	-	-	-	-	-	71 252	71 252	15	71 267
Other comprehensive income	-	-	-	36	(3 926)	-	(3 890)	(8)	(3 898)
Share-based equity reserve charged to profit and loss	-	-	1 620	-	-	-	1 620	-	1 620
Treasury shares acquired	-	(1 534)	-	-	-	-	(1 534)	-	(1 534)
Shares issued under share option scheme	1 118	-	(559)	-	-	-	559	-	559
Shares acquired from scrip dividend	-	(32)	-	-	-	-	(32)	-	(32)
Costs to issue securities	(70)	-	-	-	-	-	(70)	-	(70)
Dividends paid to shareholders	3 841	-	-	-	-	(9 876)	(6 035)	-	(6 035)
Mionority interest acquired	-	-	-	-	-	(4 149)	(4 149)	(7 123)	(11 272)
Balances at 28 February 2018	219 514	(3 197)	6 246	36	(19 827)	213 344	416 116	56	416 172
Total proft and loss	-	-	-	-	-	61 094	61 094	20	61 114
Other comprehesive income	-	-	-	-	33 957	(7)	33 950	11	33 961
Share-based equity reserve charged to profit and loss	-	-	1 475	-	-	-	1 475	-	1 475
Shares issued under share option scheme	1 490	-	(745)	-	-	-	745	-	745
Costs to issue securities	(8)	-	-	-	-	-	(8)	-	(8)
Dividends paid to shareholders	-	-	-	-	-	(11 202)	(11 202)	-	(11 202)
Balances at 28 February 2019	220 996	(3 197)	6 976	36	14 130	263 229	502 170	87	502 257

Company Statement of Changes in Equity

for the year ended 28 February 2019

	Stated capital R'000	Equity compensation reserve R'000	Accumulated loss R'000	Total R'000
Balances at 28 February 2017	**214 625**	**5 185**	**(54 530)**	**165 280**
Total comprehensive loss	-	-	(4 747)	(4 747)
Share-based equity reserve charged to profit and loss	-	1 620	-	1 620
Shares issued under share option scheme	1 118	(559)	-	559
Transfer of equity compensation reserve	(70)	-	-	(70)
Dividends paid to shareholders	3 841	-	(9 907)	(6 066)
Balances at 28 February 2018	**219 514**	**6 246**	**(69 184)**	**156 576**
Total comprehensive loss	**-**	**-**	**(3 427)**	**(3 427)**
Share-based equity reserve charged in subsidiaries	**-**	**1 475**	**-**	**1 475**
Shares issued under share option scheme	**1 490**	**(745)**	**-**	**745**
Costs to issue securities	**(8)**	**-**	**-**	**(8)**
Dividends paid to shareholders	**-**	**-**	**(11 272)**	**(11 272)**
Balances at 28 February 2019	**220 996**	**6 976**	**(83 883)**	**144 089**

Statements of Cash Flow

for the year ended 28 February 2019

	Notes	Group 2019 R'000	Group Restated 2018* R'000	Company 2019 R'000	Company 2018 R'000
OPERATING ACTIVITIES					
Cash generated from /(utilised in) operations	23.1	**47 755**	92 139	**(2013)**	(502)
Interest received		**202**	279	**13**	-
Finance costs		**(5 726)**	(5 300)	**(3749)**	(4 817)
Taxation paid	23.2	**(22 021)**	(19 358)	**-**	-
Net cash flows from operating activities		**20 210**	67 760	**(5 759)**	(5 319)
INVESTING ACTIVITIES					
Plant and equipment acquired		**(3 637)**	(4 876)	**-**	(15)
Intangible assets acquired and developed		**(2 092)**	(3 523)	**(18)**	(58)
Proceeds on disposals of plant and equipment and intangible assets		**483**	425	**-**	-
Decrease in amounts owing from related parties		**-**	-	**19 447**	19 178
Settlement of acquired contingent purchase consideration		**(17 380)**	-	**-**	-
Net cash flows on acquistion of subsidiaries	22.3	**(23 889)**	-	**-**	-
Net cash flows from investing activities		**(46 515)**	(19 245)	**19 429**	19 105
FINANCING ACTIVITIES					
Borrowings raised/(repaid)		**11 090**	(20 744)	**(12 200)**	(10 993)
Issue of shares for cash		**737**	489	**737**	4 329
Purchase of treasury shares		**-**	(1 566)	**-**	-
Increase/(decrease) in amounts owing to related parties		**41**	(26)	**7 601**	4 719
Dividends paid		**(11 202)**	(6 036)	**(11 272)**	(9 907)
Net cash flows on acquisition of minority interest		**-**	(11 271)	**-**	-
Net cash flows from financing activities		**666**	(27 883)	**(15 134)**	(11 852)
Net (Decrease)/increase in cash and cash equivalents		**(25 639)**	20 632	**(1 464)**	1 934
Difference arising on translation from foreign currencies		**7 069**	(4 033)	**-**	-
Cash and cash equivalents at beginning of year		**108 371**	91 772	**2 078**	144
Cash and cash equivalents at end of year		**89 801**	108 371	**614**	2 078

Restatement:

*The cash flows from financing activities in the prior period have been restated to include the R11,271 million cash outflow on acquisition of a minority interest, which had previously been incorrectly disclosed in investing activities. This material prior period error has been corrected in terms of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and was identified during the JSE Proactive Monitoring review of the Group's 2018 Annual Financial Statements. The restatement has had no impact on the net increase in cash and cash equivalents nor on any other previously released financial statements or earning figures.

Group Segment Analysis

for the year ended 28 February 2019

	Logistics Services R'000	Financial Services R'000	Head Office R'000	Group R'000
BUSINESS SEGMENTS				
28 February 2019				
Gross billings	**4 360 960**	**9 931**	**31 614**	**4 402 505**
External	**4 211 106**	**9 125**	**350**	**4 220 581**
Internal	**149 854**	**806**	**31 264**	**181 924**
Revenue and net interest income	**333 108**	**9 931**	**(805)**	**342 234**
Depreciation and amortisation	**(3 730)**	**(71)**	**(390)**	**(4 191)**
Operating profit	**80 990**	**4 155**	**999**	**86 144**
Interest received	**383**	**790**	**(971)**	**202**
Finance costs	**(1 115)**	**(3)**	**(4 608)**	**(5 726)**
Income tax expense	**(18 004)**	**(720)**	**(782)**	**(19 506)**
Profit for the year	**62 254**	**4 222**	**(5 362)**	**61 114**
Total assets	**940 077**	**17 595**	**79 305**	**1 036 977**
Total liabilities	**559 594**	**850**	**(25 724)**	**534 720**
28 February 2018				
Gross billings	4 257 920	9 861	31 735	4 299 516
External	4 114 201	8 906	433	4 123 540
Internal	143 719	955	31 302	175 976
Revenue and net interest income	320 524	9 861	(1 108)	329 277
Depreciation and amortisation	(2 894)	(69)	(392)	(3 355)
Operating profit	97 183	3 727	(254)	100 656
Interest received	264	946	(931)	279
Finance costs	(1 564)	-	(4 434)	(5 998)
Income tax expense	(22 392)	(935)	(343)	(23 670)
Profit for the year	73 491	3 738	(5 962)	71 267
Total assets	870 188	15 267	78 921	964 376
Total liabilities	543 362	1 043	3 799	548 204

Group Segment Analysis continued

for the year ended 28 February 2019

	Logistics Services				
	Africa R'000	Asia Pacific R'000	United Kingdom R'000	Europe R'000	Total R'000
GEOGRAPHICAL					
28 February 2019					
Gross billings - external	**2 509 488**	**255 344**	**791 517**	**654 757**	**4 211 106**
Revenue and net interest income	**141 445**	**35 460**	**82 016**	**74 187**	**333 108**
Operating profit	**35 741**	**13 287**	**12 851**	**19 111**	**80 990**
Net profit	**26 438**	**11 082**	**10 201**	**14 533**	**62 254**
Total assets	**533 605**	**73 437**	**239 853**	**93 182**	**940 077**
Total liabilities	**340 677**	**26 225**	**135 243**	**57 449**	**559 594**
28 February 2018					
Gross billings - external	2 573 865	227 627	697 759	614 950	4 114 201
Revenue and net interest income	138 937	31 635	76 453	73 499	320 524
Operating profit	41 586	12 888	16 935	25 774	97 183
Net profit	29 799	10 599	13 668	19 425	73 491
Total assets	564 348	48 041	175 981	81 818	870 188
Total liabilities	400 514	17 671	71 495	53 682	543 362

Notes to the Annual Financial Statements

for the year ended 28 February 2019

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 ("the 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 and land and buildings 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 were authorized for issue by the board of directors on 15 May 2019 and are subject to the approval of the shareholders.

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 and land and buildings 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 are prepared as a going concern on a historical cast basis except for certain financial instruments, which are stated at fair value, as applicable and 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 which exception of the change in accounting policy detailed in note 1.23. Comparative figures are restated in the event of a change in accounting policy or a prior period error or where a change in accounting policy, is required to be applied retrospectively.

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 future, are discussed in note 1.21.

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

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved if and only if the Company has all of the following elements:

- Power over the investee i.e. the Company has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the Company's returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of 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.

Intra-group transactions, balances, income and expenses are eliminated 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.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised at the date of the original acquisition and the non-controlling interests 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 acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3: Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If the cost of the acquisition is less than the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, the difference is recognised directly in the statement of comprehensive income.

1.4 Translation of foreign currency financial statements

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in South African Rands.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Rands using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such exchange differences are recognised initially in other comprehensive income, and subsequently 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

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 10 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.

Intangible assets acquired in a business combination

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

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

1.7 Impairment of tangible and intangible assets excluding goodwill

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The pre-tax discount rate is determined utilising the underlying post tax cash flows discounted by a post-tax rate to achieve an equivalent answer and to solve for and derive a pre-tax discount rate. This basis of determining the pre-tax discount rate is utilised as observable data in financial market systems use post-tax discount rates to arrive at present value measures, as a result this methodology has become accepted market practice and the IASB has acknowledged that this method arrives at the same result.

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 Instruments

i. Recognition and initial measurement:

Trade receivables and other receivables comprising primarily recoverable disbursements on work in progress, are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement:

Financial assets (Policy applicable from 1 March 2018)

On initial recognition, a financial asset is classified as, and subsequently measured at, amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:
Policy applicable from 1 March 2018

IFRS 9 requires an entity to make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.
The Santova Group's business model and the way the business is manged is to principally provides logistics services and short-term financing of recoverable disbursements on behalf of clients, which are repayable on upfront agreed contractual credit terms. As a result, the Group's has one primary financial asset, being its trade and other receivables, which can be assessed at a single portfolio level. The financial assets within this portfolio are all payable on agreed terms ranging from 30-90 days, are all governed at a Group level subject to the same policies, are all subject to similar credit risks and liquidity considerations across all regions and are all manged and reported on the same basis.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Other single financial assets that are held outside the Groups principle business model and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest:
Policy applicable from 1 March 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows from the Group's trade and other receivables are solely payments of principal and interest, the Group considered that:

- The terms are for agreed fixed periods that are not variable;
- The cash flows are fixed amounts being the logistics fees, recoverable disbursements and financing costs levied on the client and are not subject to any contingent event;
- In the event of delayed payment, they are subject to further interest charges; and
- They are not subject to any automatic right to extension.

Subsequent measurement and gains and losses:
Policy applicable from 1 March 2018

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets:
Policy applicable before 1 March 2018

The Group classified its financial assets into one of the following categories:

- At amortised cost:
  - Trade and other receivables
- At FVTPL:
  - Future profit shares on rental agreements
  - Equity investments in Cell Captives

Subsequent measurement and gains and losses:
Policy applicable before 1 March 2018

Loans and receivables	Measure at amortised cost using the effective interest method.
Financial assets at FVTPL	Measured at fair value and changes therein, including interest and dividend income, were recognised in profit or loss.

Financial liabilities:
Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all, or substantially all, of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

vi. Impairment

Non-derivative financial assets
Policy applicable from 1 March 2018

The Group recognises loss allowances for ECL's on financial assets measured at amortised cost.
The Group measures loss allowances at an amount equal to lifetime ECLs for trade and other receivables
For the equity investment in a cell captive and the future profit share on a rental agreement ECL's are measured at 12-month ECLs as they are determined to have low credit risk at the reporting date or credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full and the Group does not expect the debt to be recoverable from a credit underwriter; or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and or at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- information from credit bureau and/or credit underwriter indicating that the borrower is in significant financial difficulty;
- a breach of contract terms such as a default or being more than 90 days past due;
- a request from the borrower for a restructured and extended repayment plan; or
- it is probable that the borrower will enter business rescue or be liquidated.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off:

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Based on historical experience the Group has a policy of writing off the gross carrying amount when the financial asset is more than 90 days past due and the carrying amount is not recoverable from a credit underwriter. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-derivative financial assets:
Policy applicable before 1 March 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets at amortised cost	The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

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

1.11 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.

1.12 Revenue recognition

Logistics and related services

Revenue from logistics services comprises the net invoiced amount of fees, commission, brokerage and mark-ups, excluding recoverable disbursements, from logistics services rendered as an agent for customers.

Recoverable disbursements incurred in an agency capacity 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.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

Insurance commission and management fees

Revenue from Insurance commission and management fees comprises:

- the commission on annual and monthly short-term insurance policies originated by the Group on behalf licensed short-term insurers; and
- fees paid by licensed short-term insurers to the Group for performing administrative and claims related functions on their behalf.

Provision of credit facilities

Revenue from the provision of credit facilities comprises:

- interest, fees, mark-ups and recoveries of credit underwriting costs received from clients for the funding of recoverable disbursements on their behalf in an agency capacity;
- net of interest and credit underwriting fees from external financial institutions incurred by the Group in facilitating the funding of these recoverable disbursements on behalf of clients.

Refer to note 16 for additional information on revenue recognition.

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.

1.13 Leasing

All leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.14 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 periodically actuarially determined, on a projected unit credit method, and any deficit or surplus is recognised in the statement of comprehensive income.

1.15 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.

1.16 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 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.

1.17 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.

1.18 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.

1.19 Dividends to shareholders

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

1.20 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.

1.21 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 Judgmental areas:

- Valuation of trade receivables

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 calculates 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 observable market data including interest rates, equity risk premiums, debt to capital ratios and income taxation rates for similar assets in similar regions, that reflect the time value of money and the risks specific to the cash-generating unit. Estimated inputs for cashflows relating to the revenue and expense forecasts require a significant amount of judgement as to the future performance of cash generating units. Growth rates are based on objective assessments of external observable inflation data and long-term market forecast of growth rates. Goodwill is tested annually for impairment or when indicators arise that goodwill might be impaired.

1.22 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 its 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 and the provision of finance. 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.

1.23 Changes in significant accounting policies

The Group has initially applied IFRS 15 (see A) and the new amendments to IFRS 9 (see B) from 1 March 2018.
Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables and contract assets.
The impact of initially applying these standards has had an immaterial effect on the carrying amount and level of impairment losses on financial assets.

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when the company has satisfied to performance obligations and the customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time – requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application, i.e., 1 March 2018. Accordingly, the information presented for 2018 has not been restated. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

There was no material impact on the financial position, performance or cash flows on transition to IFRS 15.

IFRS 15 did not have a significant impact on the Company's accounting policies with respect to the revenue streams.

For additional information about the Company's accounting policies relating to revenue recognition, see notes 1.12 and 16.

B. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9 (refer to note 1.9).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 March 2018.

	Classification under IAS 39	Measurement model under IAS 39	New classification and measurement under IFRS 9
Financial Assets			
Trade receivables	Loans and receivables	Amortised Cost	Amortised Cost
Other receivables	Loans and receivables	Amortised Cost	Amortised Cost
Amounts owing from related parties	Loans and receivables	Amortised Cost	Amortised Cost
Financial assets at fair value through profit and loss	Designated as FVTPL	Fair value through profit and loss	Fair value through profit and loss
Cash and cash equivalents	Loans and receivables	Amortised Cost	Amortised Cost
Forward exchange contracts	Designated as FVTPL	Fair value through profit and loss	Fair value through profit and loss
Financial liabilities			
Trade and other payables	Other financial liabilities	Amortised Cost	Amortised Cost
Amounts owing from related parties	Loans and receivables	Amortised Cost	Amortised Cost
Interest-bearing borrowings	Loans and receivables	Amortised Cost	Amortised Cost
Financial Liabilities	Designated as FVTPL	Fair value through profit and loss	Fair value through profit and loss
Short-term borrowings	Loans and receivables	Amortised Cost	Amortised Cost

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 March 2018 was immaterial.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.
For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The effect of adopting IFRS9 has had an immaterial affect on the level of impairment in the Group.

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are immaterial and therefore have not been adjusted.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

1.24 Revised accounting standards

The following new and revised IFRSs have been adopted in these annual financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years and are mandatorily effective.

Amendments to IAS 7	Disclosure Initiative
Amendment to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle

New and revised IFRSs in issue but not yet effective

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:

IFRS 16 Leases (Effective 1 January 2019)

IFRS 16 specifies how to 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. The Group leases certain offices, a warehouse and vehicles which fall within the scope of the new standard. The Group does not act as a lessor.

Lessee accounting

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at the commencement of a lease for all leases except for short-term leases and leases of low value assets.
The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the future lease payments. The lease liability is adjusted for interest and lease payments, as well as the impact of any lease modifications.

Management have performed an initial assessment of the impact of the new standard. A register of all leases was used to calculate the present value of the future lease payments to which the group is committed or where the lease is reasonably expected to continue beyond the next financial period. The Group anticipates a material change in region of R54m to both amounts recognised as assets and liabilities as explained above. The impact on the group's profit and loss will be a change of classification (from lease expense to amortisation, depreciation and interest) but is not expected to have a material effect on the group's net profit position.

In addition, the Group has engaged with its primary bankers and the changes to IFRS 16 are not expected to influence the groups banking covenants in any material manner.

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	2019			2018		
	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	**19 381**	**(1 837)**	**17 544**	13 981	(402)	13 579
Motor vehicles	**3 214**	**(2 338)**	**876**	3 086	(2 256)	830
Furniture and fittings	**7 108**	**(4 259)**	**2 849**	2 858	(1 797)	1 061
Leasehold improvements	**2 091**	**(1 475)**	**616**	2 009	(1 375)	634
Office equipment	**13 276**	**(9 403)**	**3 873**	6 136	(3 728)	2 408
Computer equipment	**10 395**	**(8 515)**	**1 880**	8 030	(6 163)	1 867
	55 465	**(27 827)**	**27 638**	36 100	(15 721)	20 379

Assets with a carrying value of R 839 761 (2018: R 954 103) 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 land was revalued in the previous reporting period by management who have performed the calculation based on sufficient experience and knowledge. The valuation was based upon market related sales prices achieved for comparable land and buildings. There has been no indication that this value would have materially changed in the current reporting period. The carrying value of the land and buildings would approximate the same value if the property was valued under the cost model.

Notes to the Annual Financial Statements continued

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The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year R'000	Additions R'000	Revaluation R'000	Disposals R'000	Depreciation R'000	Translation profit/(loss) R'000	Carrying value at end of year R'000
2019							
Property, plant and equipment	**13 579**	**2 289**	**-**	**-**	**(263)**	**1 939**	**17 544**
Motor vehicles	**830**	**246**	**-**	**(40)**	**(160)**	**-**	**876**
Furniture and fittings	**1 061**	**2 430**	**-**	**(217)**	**(457)**	**32**	**2 849**
Leasehold improvements	**634**	**-**	**-**	**-**	**(98)**	**80**	**616**
Office equipment	**2 408**	**2 247**	**-**	**(36)**	**(889)**	**143**	**3 873**
Computer equipment	**1 867**	**1 169**	**-**	**(157)**	**(1 157)**	**158**	**1 880**
	20 379	**8 381**	**-**	**(450)**	**(3 024)**	**2 352**	**27 638**
2018							
Property, plant and equipment	11 709	1 839	36	-	(110)	105	13 579
Motor vehicles	1 424	24	-	(301)	(332)	15	830
Furniture and fittings	1 134	140	-	-	(217)	4	1 061
Leasehold improvements	268	607	-	-	(242)	1	634
Office equipment	1 964	1 234	-	(52)	(731)	(7)	2 408
Computer equipment	2 041	996	-	-	(1 190)	20	1 867
	18 540	4 840	36	(353)	(2 822)	138	20 379

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	2019			2018		
	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 continued						
Company						
Computer equipment	**332**	**(321)**	**11**	393	(368)	25
	332	**(321)**	**11**	393	(368)	25

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
2019					
Computer equipment	**25**	**-**	**-**	**(14)**	**11**
	25	**-**	**-**	**(14)**	**11**
2018					
Computer equipment	22	15	-	(12)	25
	22	15	-	(12)	25

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
3. INTANGIBLE ASSETS				
3.1 Computer software				
Cost	**10 419**	6 797	**1 834**	1 834
Accumulated amortisation	**(3 894)**	(3 361)	**(840)**	(606)
Carrying value at beginning of year	**6 525**	3 436	**994**	1 228
Additions	**2 075**	3 465	**-**	-
Disposals	**(29)**	-	**-**	-
- Cost	**(435)**	-	**(217)**	-
- Accumulated amortisation	**406**	-	**217**	-
Amortisation	**(1 167)**	(533)	**(234)**	(234)
Translation gain	**606**	157	**-**	-
Carrying value at end of year	**8 010**	6 525	**760**	994
Comprising:				
Cost	**12 685**	10 419	**1 619**	1 834
Accumulated amortisation	**(4 675)**	(3 894)	**(859)**	(840)
Group and Company computer software additions consists both of internally developed systems and generic software purchases.				
3.2. Other intangible assets				
Cost	**1 437**	1 402	**695**	637
Carrying value at beginning of year	**1 437**	1 402	**695**	637
Acquired during the year	**17**	58	**17**	58
Translation loss	**119**	(23)	**-**	-
Carrying value at end of year	**1 573**	1 437	**712**	695
Comprising:				
Cost	**1 573**	1 437	**712**	695

The balance of other intangible assets is made up of trademarks and licences acquired. The intangible assets have been classified as having indefinite useful lives.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

		Group		Company	
		2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
3.3.	**Goodwill**				
	Carrying value at beginning of year	**173 449**	173 656	-	-
	Acquisitions through business combination	**52 117**	-	-	-
	Translation gain/(loss)	**18 195**	(207)	-	-
	Carrying value at end of year	**243 761**	173 449	-	-
	Goodwill is allocated to the Group's cash-generating units (CGUs) as follows:				
		243 761	173 449	**-**	-
	- Santova Logistics GMBH (Germany)	**4 676**	4 213	**-**	-
	- Santova Logistics (Pty) Limited (South Africa)	**44 562**	44 561	**-**	-
	- Santova Financial Services (Pty) Limited (South Africa)	**2 827**	2 827	**-**	-
	- Santova Logistics (Pty) Limited (Australia)	**11 249**	10 331	**-**	-
	- Santova Logistics B.V. (Netherlands)	**1 973**	1 778	**-**	-
	- Tradeway (Shipping) Limited (United Kingdom)	**51 830**	56 998	**-**	-
	- W.M. Shipping Limited (United Kingdom) [1]	**73 561**	52 741	**-**	-
	- SAI Logistics Limited (United Kingdom)	**42 442**	-	**-**	-
	- ASM Logistics (S) Pte Limited (Singapore)	**10 641**	-	**-**	-
	For more detail on investments, refer to note 4.				
	Total intangible assets	**253 344**	181 411	**1 472**	1 689

Cash Generating Unit consolidation

[1] A strategic change that the Group has made in the United Kingdom includes the consolidation of the two businesses W.M. Shipping Limited and Tradeway Northwest Limited into one legal entity following the combining of Santova Logistics Limited with W.M. Shipping in the previous year. The result is the elimination of duplication of administrative structures and at the same time the consolidation of the capabilities and know-how, and the core competencies of both businesses. The combining of the two businesses has necessitated the combination of the CGU's in line with the changes to the operating model and legal structure. The Tradeway Northwest Limited CGU had previously been included within the Tradeway (Shipping) Limited CGU.

Impairment testing of goodwill

Goodwill is tested annually for indicators of impairment or when indications arise 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 a value in use model.

To calculate value in use, the:

- discount rate ***utilised*** is based on current market rates that reflect the time value of money and the risks specific to the cash-generating units; and
- growth rates are based on objective assessments of ***externally published economic*** data.

The following CGU's have been ***identified*** as significant to overall carrying value of the goodwill recognised in the Group:

	Region
› Santova Logistics (Pty) Limited	South Africa
› Tradeway (Shipping) Limited	United Kingdom
› W.M. Shipping Limited	United Kingdom
› SAI Logistics Limited	United Kingdom

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

	South Africa	United Kingdom
› Pre-tax Discount rate	16% - 17%	5% - 6%
› Terminal value growth rate	5%	2%
› Average revenue growth rate over forecast period	8%	3% - 8%
› Average expense growth rate over forecast period	7%	0% - 2%

Managements approach to determining the value assigned to each assumption in the first period of forecasting is based on the immediately preceding historical performance of the CGU and any specific factors known at the time of performing the test. In the forecast periods thereafter, management utilises primarily externally published financial and economic data to determine the values assigned to each assumption.

These calculations indicate that there is no impairment of the carrying values of goodwill allocated to the Group's CGUs as at the current reporting date.

IFRS 3 Business Combinations

During the period under review the Group made two acquisitions as follows:

SAI Logistics Limited (United Kingdom) ("SAI")

The Group concluded a formal sale agreement for the acquisition of 100% issued share capital of SAI which resulted in the subsequent successful legal transfer of ownerships of SAI to the Group. This resulted in the Group assuming control of the entity as required by IFRS 3: Business Combinations with effect from 1 October 2018.

SAI was founded in 2007, which operates as an international freight forwarding agent and operator of a bonded warehouse based in Milton Keynes, United Kingdom. The acquisition is in line with Santova's strategy to continuously expand its international presence and will further enhance the Group's current capabilities in the United Kingdom and internationally, as SAI brings to the Group a strong brand within the United Kingdom specialising in sea and air imports along the niche trade route from India to the United Kingdom.

The acquisition was concluded for a purchase price of R52.1 million, to be settled as follows:
– R23.2 million paid upfront by Tradeway (Shipping) Limited the acquirer via a drawdown from the Groups new R75 million general acquisition banking facility; and
– R28.9 million in total being the present value at date of acquisition of three separate contingent payments payable after 12, 24 and 36 month periods based on warranted annual pre-tax profits of GBP595,919 being achieved.

The fair value, on acquisition date, of the assets acquired was R9.9 million primarily made up of the fair value of plant and equipment R4.7 million, trade and other receivables R9.6 million, cash and cash equivalents R4.8 million net of trade and other payables of R8.9 million. The R42.2 million by which the purchase price exceeds the fair value of the assets acquired, attributable to anticipated profitability and expected cash generation, has been recognised as goodwill.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

ASM Logistics (S) Pte Limited (Singapore) ("ASM")

The Group concluded a formal sale agreement for the acquisition of 100% issued share capital of ASM which resulted in the subsequent successful legal transfer of ownerships of ASM to the Group. This resulted in the Group assuming control of the entity as required by IFRS 3: Business Combinations with effect from 1 August 2018.

ASM is a non-asset-based logistics company, incorporated in Singapore in 2009, with operational activities in Singapore, Hong Kong, Indonesia, Malaysia, Thailand and Vietnam. The acquisition is in line with Santova's strategy to continuously expand its international presence and will further enhance the Group's current capabilities as it allows Santova to further entrench itself in Asia and the location of Singapore provides Santova with a strategic location to share in the growth of South East Asia, a fast-growing and emerging economic region.

The acquisition was concluded for a purchase price of R13.6 million, to be settled as follows:
– R8.6 million paid upfront by Santova International Holding (Pty) Limited the acquirer, from the existing available cash resources of the Group; and
– R5.0 million in total being the present value at date of acquisition of two separate contingent payments payable after 12 and 24 month periods based on warranted annual pre-tax profits of SG$220,000 being achieved.

The fair value, on acquisition date, of the assets acquired was R3.6 million primarily made up of the fair value of trade and other receivables R7.8 million and cash and cash equivalents R1.8 million net of trade and other payables of R4.9 million. The R10.0 million by which the purchase price exceeds the fair value of the assets acquired, attributable to anticipated profitability and expected cash generation, has been recognised as goodwill.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Country	Effective holding 2019 %	Effective holding 2018 %	Investment at cost 2019 R*	Investment at cost 2018 R*
4. INVESTMENTS IN SUBSIDIARIES					
DIRECTLY HELD					
Santova Corporate Services (Pty) Ltd	South Africa	**100**	100	**3 352 073**	2 222 067
Santova Logistics (Pty) Ltd	South Africa	**100**	100	**40 563 427**	40 517 858
Santova International Holdings (Pty) Ltd	South Africa	**100**	100	**84 903 323**	84 677 865
Santova Financial Services (Pty) Ltd	South Africa	**100**	100	**3 252 076**	3 252 076
Santova International Trade Solutions (Pty) Ltd	South Africa	**100**	100	**254 690**	180 985
Santova NVOCC (Pty) Ltd	South Africa	**100**	100	**100**	100
INDIRECTLY HELD					
Subsidiary of Santova International Holdings (Pty) Ltd					
Santova Logistics Pty Ltd	Australia	**100**	100	-	-
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 Ltd	Mauritius	**100**	100	-	-
ASM Logistics (S) Pte Ltd	Singapore	**100**	-	-	-
Subsidiary of Santova Logistics Ltd (Hong Kong)					
Santova Patent Logistics Co. Ltd	Hong Kong	**51**	51	-	-
Subsidiary of Tradeway (Shipping) Ltd (United Kingdom)				-	-
SAI Logistics Ltd	United Kingdom	**100**	-	-	-
				132 325 689	130 850 951

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

Based on an assessment of the underlying values of the businesses housed in the subsidiaries listed above, the directors are of the opinion that there has been no impairment in the above investments or the underlying goodwill as at 28 February 2019 (refer note 3.3).

Reconciliation of movements for the year:	2019	2018
Balance at beginning of year	**130 850 951**	127 230 410
Equity contribution for shares granted to subsidiary employees in terms of the Group's Share Option Schemes	**1 474 738**	1 620 541
Balance at end of year	**132 325 689**	130 850 951

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

	Level	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
5. FINANCIAL ASSETS/(LIABILITIES)					
Financial assets					
Non-current financial assets					
Future profit share on rental agreement[1]	2	**3 502**	1 992	**-**	-
Investment cell captive[2]	2	**4 072**	2 374	**-**	-
		7 574	4 366	**-**	-
Current financial assets					
Forward exchange contracts	1	**63**	-	**-**	-
		63	-	**-**	-
Financial liabilities					
Non-current financial liabilities					
Contingent purchase considerations on acquisitions[3]	3	**(35 182)**	(17 287)	**-**	-
Forward exchange contracts	1	**-**	(63)	**-**	-
Less: current portion included in current liabilities					
Contingent purchase considerations on acquisitions[3]	3	**13 200**	17 287	**-**	-
Forward exchange contracts	1	**-**	63	**-**	-
		(21 982)	-	**-**	-
Current financial liabilities					
Current portion of contingent purchase considerations on acquisitions	3	**(13 200)**	(17 287)	**-**	-
Forward exchange contracts	1	**-**	(63)	**-**	-
		(13 200)	(17 350)	**-**	-

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)	*R130 per m^2*
Capitalisation rate (on a vacant basis)	*10,75 %*

[2] *This represents the fair value of the investment by Santova Logistics (South Africa) in a cell captive administered by Guardrisk, and is 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.*

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

[3] *This represents the present value of the remaining contingent purchase obligations arising from acquisitions during the current and preceding 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:*

	2019 R'000	2018 R'000
Financial liability at beginning of year	**17 287**	15 093
Financial liability recognised on acquisition of ASM Logistics (S) Pte Limited	**5 015**	-
Financial liability recognised on acquisition of SAI Logistics Limited	**28 638**	-
Interest on present value calculation	**967**	697
Foreign exchange loss on translation	**323**	57
Foreign exchange loss on translation recognised in Foreign Currency Translation Reserve	**239**	-
Fair value loss on financial liability	**-**	1 440
Payments made during the year	**(17 287)**	-
Financial liability at end of year	**35 182**	17 287

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

Acquiring company	***Target company***	***Discount rate used***
Santova International Holdings (Pty) Ltd	*ASM Logistics (S) Pte Limited*	*7,2%*
Tradeway (Shipping) Ltd	*SAI Logistics Limited*	*6,3%*

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.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
6. DEFERRED TAXATION				
Non-current assets				
Deferred tax	**6 224**	7 839	**1 166**	1 221
Non-current liabilities				
Deferred tax liabilities	**(439)**	-	**-**	-
	5 785	7 839	**1 166**	1 221
Deferred tax comprises:				
- Capital allowances and provisions	**4 137**	5 881	**626**	911
- Assessed or estimated losses	**1 648**	1 958	**540**	310
	5 785	7 839	**1 166**	1 221
Reconciliation of deferred taxation:				
Balance at beginning of year	**7 839**	8 946	**1 221**	1 744
Movements during the year attributable to:				
- Timing differences	**(1 844)**	(626)	**(285)**	5
- Businesses combinations	**(380)**	-	**-**	-
- Prior year adjustment	**283**	(345)	**-**	(345)
- Rate change	**-**	36	**-**	-
- Transfer of assets	**(667)**	-	**-**	-
- Assessed losses	**554**	(172)	**230**	(183)
Balance at end of year	**5 785**	7 839	**1 166**	1 221

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.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
7. TRADE AND OTHER RECEIVABLES				
Trade receivables				
Trade receivables	**610 463**	585 089	**1 791**	951
Loss allowance	**(2 800)**	(5 713)	**-**	-
	607 663	579 376	**1 791**	951
Other receivables				
Recoverable disbursements	**28 732**	49 374	**-**	-
VAT receivable	**5 430**	6 700	**-**	-
Prepayments	**4 051**	3 527	**704**	294
Other	**5 722**	2 541	**-**	-
	43 935	62 142	**704**	294
Movement in provision for expected credit losses on trade receivables:				
Balance at beginning of year	**5 713**	10 665	**-**	-
Charge for the year	**(757)**	(3 962)	**-**	-
Net amounts written-off	**(2 156)**	(990)	**-**	-
Balance at end of year	**2 800**	5 713	**-**	-

Company receivables consist of amounts owed by subsidiary companies, thus there is no loss allowance 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 3rd 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.

The loss allowance on trade receivables is calculated through the use of a provision matrix. Refer to note 28 for further details.

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 to note 14). Details of ceded trade receivables within the Group are set out in the following table:

	Group	
	2019 R'000*	2018 R'000*
Nedbank Limited	**455 951**	467 295
Scottish Pacific Business Finance Pty Ltd	**18 598**	14 311
ABN AMRO Bank	**40 503**	29 692
HSBC Bank plc	**46 179**	24 379
Finaxar Capital	**8 155**	-
	569 386	535 677

** 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.

The carrying amount of these debtors approximates fair value due to the short-term nature thereof, as well as 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.

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
8. AMOUNT OWING FROM RELATED PARTIES				
Relating to subsidiaries				
Santova International Holdings (Pty) Ltd [1]	**-**	-	**46 812**	66 259
	-	-	**46 812**	66 259

[1] Unsecured, no interest is charged and there are no fixed terms of repayment.
The carrying aomunt of these amount owing from the related party approximates its fair value

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
9. STATED CAPITAL				
Authorised				
300 000 000 Ordinary shares of no par value (2018: 300 000 000 Ordinary shares of no par value)				
Issued				
161 361 045 Ordinary shares of no par value (2018: 160 228 045 Ordinary shares of no par value)				
Ordinary shares in issue	**220 996**	219 514	**220 996**	219 514
Total stated capital	**220 996**	219 514	**220 996**	219 514
Reconciliation of the value of ordinary shares in issue				
Balance at beginning of year	**219 514**	214 625	**219 514**	214 625
Exercise of share options	**1 490**	1 118	**1 490**	1 118
Shares issued in terms of scrip dividend	**-**	3 841	**-**	3 841
Costs to issue shares	**(8)**	(70)	**(8)**	(70)
Balance at end of year	**220 996**	219 514	**220 996**	219 514

Reconciliation of number of ordinary shares in issue (net of treasury shares)	**2019 Shares**	2018 Shares	**2019 Shares**	2018 Shares
Balance at beginning of year	**159 231**	157 760	**160 228**	158 247
Exercise of share options[1]	**1 133**	769	**1 133**	769
Shares issued in terms of Scrip Dividend	**-**	1 212	**-**	1 212
Treasury shares purchased by subsidiaries	**-**	(510)	**-**	-
Balance at end of year	**160 364**	159 231	**161 361**	160 228

[1] During the year, four participants of the Santova Share Option Scheme excercised their options for 522 000 ordinary shares in the company at a price of 186 cents and 611 000 shares in the Company at a price of 85 cents.

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

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
10. INTEREST-BEARING BORROWINGS				
Instalment sale and other agreements	**8**	157	-	-
Medium term loan[1]	**24 484**	36 443	24 484	36 443
Medium term loan[2]	**23 481**	-	**-**	-
Medium term loan[3]	**967**	-	**-**	-
Less: current portion included in current liabilities	**(18 561)**	(15 561)	**(15 418)**	(15 433)
	30 379	21 039	**9 066**	21 010

[1] *This relates to a medium term loan taken by Santova Limited and bears interest at a variable rate linked to the South African prime rate less 0.25%. It is repayable on an amortising basis over five years at quarterly instalments of R3 854 458 (2018: R3 858 201). This loan is secured by cross company sureties supplied by subsidiary companies.*

[2] *This relates to a medium term loan taken by Santova International Holdings (Pty) Ltd during the current financial year. It bears interest at a variable rate linked to the South African prime rate less 0.5%. It is repayable over a six year period. The payments for the first year are on an interest only basis. The loan is then repayable on an amortising basis thereafter over the next five years at quarterly instalments of R1 519 588. This loan is secured by cross company sureties supplied by subsidiary companies.*

[2] *This relates to a medium term loan taken by ASM Logistics (S) Pte Limited. It bears interest at a floating rate of 0.5% above the Singapore Bank's Business Instalment Loan board rate. It is repayable over a three year period beginning in September 2019. This loan is unsecured.*

Net book value of the interest bearing borrowings approximates fair value.

The first two medium term loans have both been granted by Nedbank Limited, the Group's primary bankers.

As a condition of granting the first two medium term loan facilities above, the Group banking facilities contain certain covenants with respect to minimum levels of actual shareholders' funds, a maximum ratio of debt to EBITDA and a minimum ratio of EBITDA to interest cover. These covenants are monitored on an ongoing basis by management and reviewed and confirmed annually with the Group's bankers. At the reporting date, none of the covenants have been breached.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
11. LONG-TERM PROVISION				
Post-retirement medical aid benefits for the Group and the Company				
- Present value obligation	**1 158**	1 284	**1 158**	1 284
- Less: liability already recognised	**(1 284)**	(1 425)	**(1 284)**	(1 425)
Decrease in liability	**(126)**	(141)	**(126)**	(141)
Movement represented by:				
- Actuarial loss	**7**	-	**7**	-
- Interest cost	**108**	110	**108**	110
- Contributions paid to fund	**(241)**	(251)	**(241)**	(251)
Decrease in liability	**(126)**	(141)	**(126)**	(141)

The Company contributes to a medical aid scheme for the benefit of 11 retired employees (2018: 13) and their dependants. During the year under review there were two exits from the scheme amongst the continuation members (2018: 0). 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 liability was actuarially determined on 28 February 2019, on a projected unit credit method, by 3One Consulting Actuaries (Pty) Ltd, independent qualified actuaries. The present value of post-retirement medical aid obligations for these retired employees is shown above. The liability will be actuarially valued in the furture as and when there are material changes to the underlying retired employee numbers.

The principal actuarial assumptions applied in the determination of fair values during the 2019 acturial valuation, expressed as weighted averages include:

- Medical aid inflation rate: 6,1% per annum (2018: 7,2%);
- Discount factor 8,3% per annum (2018: 8,4%); and
- Mortality rates are taken from the PA(90) Ultimate Mortality Tables.

Sensitivity analysis:

The actuaries have assumed that the deviations from the assumed level of mortality experience of the continuation members (pensioners) or in the discount rate applied will have an impact on the actual cost to the Group and Company and the related liability recognised.

Assumption	Variation	Change in accrued liability	Change in annual expense
Mortality	PA(90) -1	+3.2%	+5.2%
	PA(90) -2	+7.1%	+9.5%
Discount Rate	+1%	-4.8%	+7.8%
	-1%	+4.1%	-6.7%

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Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
12. TRADE AND OTHER PAYABLES				
Trade payable	**128 148**	132 610	**131**	1 407
Accruals	**42 938**	29 193	**620**	712
Other payables	**16 764**	40 517	**93**	227
	187 850	202 320	**844**	2 346

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.

The carrying value of these creditors approximates fair value due the short-term nature thereof.

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
13. AMOUNTS OWING TO RELATED PARTIES				
Patent International Co. Ltd[1]	**261**	220	**-**	-
Santova Corporate Services (Pty) Ltd[1]	**-**	-	**7 330**	3 400
Santova Financial Services (Pty) Ltd[1]	**-**	-	**2 500**	2 500
Santova Financial Services (Pty) Ltd[1]	**-**	-	**850**	850
Santova Logistics (Pty) Ltd[2]	**-**	-	**3 671**	-
	261	220	**14 351**	6 750

[1] *Unsecured, interest-free and have no fixed terms of repayment.*
[2] *Unsecured, bears interest linked to the South African Prime rate less 0.5% and has no fixed terms of repayment.*

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
14. SHORT-TERM BORROWINGS AND OVERDRAFTS				
Invoice discounting facilities	**245 559**	265 097	**-**	-
	245 559	265 097	**-**	-

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

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

Country	Local currency '000	Functional currency R'000	Prior year R'000	Security provided	Security Holder	Interest rate
Invoice discounting - repayable on settlement of ceded debts						
South Africa[1]	105 171	105 171	84 903	Discounting 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	14 952	13 732	Security interest in personal property	Scottish Pacific Business Finance (Pty) Ltd	Australian base rate+4,25%
Singapore	70	730	-	Sale of book debts	Finaxar Capital	20.40% effective rate
Medium Term Loan Facility - repayable in instalments						
South Africa[2]	51 519	51 519	-	Cross company sureties	Nedbank Ltd	South African prime rate less 0,5%
Bank overdraft - repayable on demand						
South Africa	5 000	5 000	21 000	Ceded debit balances	Nedbank Ltd	South African prime rate
Netherlands (EUR)	475	7 566	6 817	Cession of book debts	ABN AMRO Bank NV	Euro base rate plus 1,75%
Germany (EUR)	78	1 234	1 112	Unsecured	Postbank/ Commerzbank	Fixed rate of 6,5%
		186 172	**127 564**			

[1] *The facilities are subject to an annual review and assessment by Nedbank Ltd.*
[2] *The facilities are subject to review and conditions as stipulated by Nedbank Ltd.*

Security provided to Nedbank Ltd for Facilities afforded to the Group:
- 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.
- Limited suretyship of R23 000 000 (incorporating a cession of claims) in favour of Nedbank Ltd by SAI Logistics Ltd.

Security provided to Nedbank Ltd for Facilities 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 2019

	Carrying value at beginning of year R'000	Provisions (utilised)/released R'000	Carrying value at end of year R'000
15. SHORT-TERM PROVISIONS			
Group			
2019			
Bonuses	**11 595**	**(6 823)**	**4 772**
Leave pay	**5 195**	**460**	**5 655**
Long service leave	**1 297**	**241**	**1 538**
	18 087	**(6 122)**	**11 965**
2018			
Bonuses	12 096	(501)	11 595
Leave pay	5 412	(218)	5 194
Long service leave	300	998	1 298
	17 808	279	18 087

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 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 statutory leave benefits accruing to employees for long service.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
16. REVENUE				
Gross billings	**4 220 581**	4 123 540	**4 957**	4 983
Less: recoverable disbursements	**(3 878 347)**	(3 794 263)	**-**	-
Revenue and net interest income	**342 234**	329 277	**4 957**	4 983
Revenue from the provision of services comprises:	**324 130**	311 354	**4 957**	4 983
Logistic services	**314 784**	302 601	**-**	-
Insurance commission and management fees	**9 126**	8 907	**-**	-
Other revenue	**220**	(154)	**4 957**	4 983
Net interest income from the provision of credit facilities comprises:	**18 104**	17 923	**-**	-
Interest and financing fee income	**35 280**	39 831	**-**	-
Interest and financing fee expenses	**(17 176)**	(21 908)	**-**	-
Revenue and net interest income	**342 234**	329 277	**4 957**	4 983

The implementation of IFRS 15 has not had any material impact on the amount or timing of revenue recognition. As a result, there has been no restatement of the comparative information.

Contract balances

The company does not recognise any contract assets or liabilities in relation to its contracts with customers. Receivables in relation to revenue are recognised as trade receivables in note 7.

Performance obligations and revenue recognition policies

Information about the Group's performance obligations are summarised below:

Logistics and related services

The Group derives its logistics revenue from contracts with customers for the provision of services in facilitating the transportation of client's goods. The Group does not enter into long term fixed contracts, standard terms and condition plus customer tariffs are documented and agreed upfront and thereafter each formal shipping instruction received and accepted from a customer results in a contract with the customer, in terms of the originally agreed standard terms and conditions.

In terms of a contact resulting from a shipping instruction:

- the Group acts as an Agent on behalf of its customer;
- the Group's performance obligation is to to arrange for the movement by third party transport providers of the client's goods, from the origin to the destination as specified by the customer, including the clearing of the client's goods through customs where required; and
- the Group assumes no risk and reward in respect of the clients goods and the customer remains Principle at all times during the shipment process.

The Group therefore only has one performance obligation per shipment to its customers and this performance obligation is satisfied and revenue recognised when it completes the contracted services which is typically when the client's goods have cleared customs and have arrived at the specified destination at which, stage physical control of the goods is passed back to the customer by the third party transport provider.

Transaction prices are based on agreed rates, including statutory and third-party charges, in accordance with the approved customer tariffs. The Group does not offer early settlement discounts and does not make any adjustments for potential credits as it is not highly probable that a significant reversal in revenue will occur.

Provision of credit facilities

In addition to the provision of logistics services, in certain regions customers either request or local customs regulations require that the Group facilitates the provision of credit facilities in order to fund recoverable disbursements. These recoverable disbursements include value added tax, customs duties, excise taxes and freight transportation costs that are due and payable by customer as Principle and owner of the goods.
The majority of these financing activities takes place in the South African region where the Group is required by local customs regulations to act as a collection agent for the revenue authorities and to pay customs VAT and duties upfront, at the time of customs clearance, then to recover them from customer on normal credit terms.

In order to provide these credit facilities for customers the Group requests an insured credit limit from a credit underwriter, based on the financial information supplied by the customer. Based on this insured credit limit the Group is then in a position to discount the customers trade receivables with the Groups transactional banker, in terms of an invoice discounting facility and thereby able to raise the necessary funding on behalf of the customer in order to pay the recoverable disbursements.

The Group's performance obligation is to provide the credit facility from the date of payment of the recoverable disbursement up until the due date in terms of upfront agreed credit terms with the client. This performance obligation is satisfied and the revenue recognised at the time of disbursement by way of an upfront facility fee calculated from disbursement date to repayment date. In the event of later payment further finance fees are recognised in the form of:

- arrear interest calculated on an effective interest basis from due date to actual payment date; and
- the recovery of additional credit underwriting costs incurred as a result of late payment.

Transaction prices are based on the specified credit terms and facility rates in accordance with approved customer tariffs.

The Group does not offer early settlement discounts, but in certain isolated cases, may allow discounts for early settlement, however, this is a very rare occurrence. As such, the company does not make any adjustments for potential credits.

Financing component

There is a significant financing component in the Group's pricing for its logistics services where it offers customers credit terms. Credit terms granted are generally 30 days from the statement date with a maximum of 90 days. No adjustment for the financing component is required as the maximum credit term is less than 12 months in line the practical expedient in IFRS 15:63.

Financial Services

The company operates as a licensed and regulated short term insurance broker originating short term insurance policies on behalf of registered short-term insurers. As a result, the company derives revenue in the form of insurance commission and management fees from short term insurers.

The company's performance obligations are to:

- to provide insurance advice and make policy recommendations to customers with an insurable interest; and
- for certain insurers, to facilitate the collection of insurance premiums plus perform ongoing administration and claims processing services during the period of insurance.

These performance obligations are satisfied and the revenue recognised in the case of:

Insurance Commission

- On annual insurance policies – upfront at the stage the policy is concluded and the annual premium collected
- On monthly insurance policies – monthly as the premiums are collected

Management Fees

- On monthly basis as the services are performed for the insurer and the fees collected from the insurer.

Transaction prices are based on agreed upfront fixed percentages of the premiums collected on policies, which vary depending on the nature of the policy and the assets being insured thereunder. These commission percentages are also capped at maximum percentages by insurance regulations.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
17. OPERATING PROFIT				
Operating profit is stated after:				
Income				
Foreign exchange commission and valuation gains	**4 809**	6 108	**-**	-
Profit on disposals of plant and equipment	**10**	134	**-**	-
Fair value gain on financial assets	**1 697**	-	**-**	-
Expenditure				
Auditors' remuneration	**3 476**	2 892	**773**	529
- In respect of audit services	**2 578**	2 296	**450**	529
- In respect of other services	**575**	596	**-**	-
- Underprovision prior year	**323**	-	**323**	-
Depreciation and amortisation	**4 191**	3 355	**247**	246
- Plant and equipment (refer note 2)	**3 024**	2 822	**13**	12
- Intangible assets (refer note 3)	**1 167**	533	**234**	234
Lease rentals	**17 245**	13 364	**-**	-
- Premises	**15 774**	12 073	**-**	-
- Equipment	**141**	238	**-**	-
- Motor Vehicles	**1 330**	1 053	**-**	-
Loss on disposal of plant and equipment	**5**	62	**-**	-
Foreign exchange losses	**728**	689	**-**	37
Fair value loss on financial assets and liabilities	**-**	3 485	**-**	-
Staff costs (including directors' emoluments)	**181 565**	170 871	**169**	53
Share option expense	**1 468**	1 623	**-**	-

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	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						
2019						
Executive Directors						
DC Edley	-	1 751	736	1 963	308	4 758
GH Gerber	-	3 286	1 383	-	66	4 735
AL van Zyl	-	2 141	844	-	140	3 125
Prescribed Officers						
GP Fourie	-	1 413	630	-	288	2 331
AKG Lewis	-	1 279	529	-	162	1 970
Non-executive Directors						
AD Dixon	382	-	-	-	-	382
ESC Garner	282	-	-	-	-	282
WA Lombard	494	-	-	-	-	494
EM Ngubo	216	-	-	-	-	216
	1 374	9 870	4 122	1 963	964	18 293
Paid by:						
The Company	1 374	-	-	-	-	1 374
Subsidiary companies	-	9 870	4 122	1 963	964	16 919
	1 374	9 870	4 122	1 963	964	18 293
2018						
Executive Directors						
DC Edley	-	1 670	943	-	291	2 904
GH Gerber	-	3 132	2 344	-	61	5 537
AL van Zyl	-	2 078	993	-	100	3 171
Prescribed Officer						
GP Fourie	-	1 361	479	335	264	2 439
AKG Lewis	-	1 213	628	-	154	1 995
Non-executive Directors						
AD Dixon	267	-	-	-	-	267
ESC Garner	302	-	-	-	-	302
WA Lombard	416	-	-	-	-	416
EM Ngubo	172	-	-	-	-	172
	1 157	9 454	5 387	335	870	17 203
Paid by:						
The Company	1 157	-	-	-	-	1 157
Subsidiary company	-	9 454	5 387	335	870	16 046
	1 157	9 454	5 387	335	870	17 203

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

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 to 25 for further information) are as follows:

	Options as at 1 March 2018	Options awarded	Options exercised	Options as at 28 February 2019	Option price (cents)	Vesting date	Expiry Date
2019							
Executive Directors							
DC Edley	450 000	-	450 000	-	85	30 November 2015	29 November 2021
	350 000	-	350 000	-	186	26 May 2017	25 May 2023
	168 649	-	-	168 649	415	22 February 2019	21 February 2025
	131 351	-	-	131 351	415	22 February 2021	21 February 2024
	-	136 000	-	136 000	298	18 May 2023	17 May 2026
	1 100 000	136 000	800 000	436 000			
GH Gerber	800 000	-	-	800 000	85	30 November 2015	29 November 2021
	500 000	-	-	500 000	186	26 May 2017	25 May 2023
	562 165	-	-	562 165	415	22 February 2019	21 February 2025
	437 835	-	-	437 835	415	22 February 2021	21 February 2024
	-	266 000	-	266 000	298	18 May 2023	17 May 2026
	2 300 000	266 000	-	2 566 000			
AL van Zyl	350 000	-	-	350 000	186	26 May 2017	25 May 2023
	168 649	-	-	168 649	415	22 February 2019	21 February 2025
	131 351	-	-	131 351	415	22 February 2021	21 February 2024
	-	151 000	-	151 000	298	18 May 2023	17 May 2026
	650 000	151 000	-	801 000			
Prescribed Officer							
GP Fourie	250 000	-	-	250 000	415	22 February 2021	21 February 2024
	-	102 000	-	102 000	298	18 May 2023	17 May 2026
	250 000	102 000	-	352 000			
AKG Lewis	199 000	-	-	199 000	85	30 November 2015	29 November 2021
	150 000	-	-	150 000	186	26 May 2017	25 May 2023
	253 537	-	-	253 537	415	22 February 2019	21 February 2025
	197 463	-	-	197 463	415	22 February 2021	21 February 2024
	-	110 000	-	110 000	298	18 May 2023	17 May 2026
	800 000	110 000	-	910 000			
	5 100 000	765 000	800 000	5 065 000			

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Options as at 1 March 2017	Options awarded	Options lapsed	Options exercised	Options as at 28 February 2018	Option price (cents)	Vesting date	Expiry Date
2018								
Executive Directors								
DC Edley	450 000	-	-	-	450 000	85	30 November 2015	29 November 2019
	350 000	-	-	-	350 000	186	26 May 2017	25 May 2021
	168 649	-	-	-	168 649	415	22 February 2019	21 February 2023
	131 351	-	-	-	131 351	415	22 February 2021	21 February 2024
	1 100 000	-	-	-	1 100 000			
GH Gerber	800 000	-	-	-	800 000	85	30 November 2015	29 November 2021
	500 000	-	-	-	500 000	186	26 May 2017	25 May 2023
	562 165	-	-	-	562 165	415	22 February 2019	21 February 2025
	437 835	-	-	-	437 835	415	22 February 2021	21 February 2024
	2 300 000	-	-	-	2 300 000			
AL van Zyl	350 000	-	-	-	350 000	186	26 May 2017	25 May 2021
	168 649	-	-	-	168 649	415	22 February 2019	21 February 2023
	131 351	-	-	-	131 351	415	22 February 2021	21 February 2024
	650 000	-	-	-	650 000			
Prescribed Officer								
GP Fourie	150 000	-	-	150 000	-	186	26 May 2017	25 May 2021
	250 000	-	-	-	250 000	415	22 February 2021	21 February 2024
	400 000	-	-	150 000	250 000			
AKG Lewis	199 000	-	-	-	199 000	85	30 November 2015	29 November 2019
	150 000	-	-	-	150 000	186	26 May 2017	25 May 2021
	253 537	-	-	-	253 537	415	22 February 2019	21 February 2023
	197 463	-	-	-	197 463	415	22 February 2021	21 February 2024
	800 000	-	-	-	800 000			
	5 250 000	-	-	150 000	5 100 000			

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
19. INTEREST RECEIVED				
Interest received from third parties	**202**	279	**3**	-
As per Statement of Comprehensive Income	**202**	279	**3**	-
Interest and financing fee income included in Note 16 (Revenue)	**35 280**	39 831		-
Total interest received	**35 482**	40 110	**3**	-
20. FINANCE COSTS				
Financial liabilities (refer note 5)	**967**	697	**-**	-
Interest-bearing borrowings (refer to note 10)	**4 650**	5 246	**3 548**	4 817
Interest paid to related parties (refer to note 12)	**-**	-	**201**	-
Other interest paid	**109**	55	**-**	-
As per Statements of Comprehensive Income	**5 726**	5 998	**3 749**	4 817
Interest and financing fee expenses included in Note 16 (Revenue)	**17 176**	21 908	**-**	-
Total finance costs	**22 902**	27 906	**3 749**	4 817

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
21. INCOME TAX EXPENSE				
South African normal tax				
Current tax				
- Current year	**9 392**	11 794	**-**	-
- Prior year	**51**	(784)	**-**	-
Deferred tax				
- Current year	**1 741**	576	**285**	179
- Prior year	**(394)**	309	**(230)**	345
	10 790	11 895	**55**	524
Foreign tax				
- Current tax	**8 473**	11 554	**-**	-
- Deferred tax	**243**	221	**-**	-
	8 716	11 775	**-**	-
Income tax expense	**19 506**	23 670	**55**	524
Reconciliation of tax rate	**%**	%	**%**	%
South African normal tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
- Local exempt income / non-deductible expenses-allowances	**0,5**	1,2	**(29,6)**	(32,2)
Learnership allowances	**(0,6)**	(0,6)	**-**	-
Fair value adjustments	**(0,6)**	(0,1)	**-**	-
Non-deductible interest	**1,3**	1,6	**(28,6)**	(31,9)
Other items	**0,4**	0,3	**(1,0)**	(0,3)
- Foreign disallowable expenditure / (exempt income)	**(0,1)**	(0,4)	**-**	-
- Foreign tax differential	**(3,8)**	(3,2)	**-**	-
- Prior year: current tax	**(0,2)**	(1,0)	**-**	-
- Prior year: deferred tax	**(0,2)**	0,3	**-**	(8,2)
Effective tax rate	**24,2**	24,9	**(1,6)**	(12,4)

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

		Consolidated Actual 2019	Consolidated Actual 2018
22. EARNINGS PER SHARE			
Basic earnings per share	(cents)	**38,21**	44,87
Headline earnings per share	(cents)	**38,21**	44,84
Diluted earnings per share	(cents)	**37,39**	43,89
Diluted headline earnings per share	(cents)	**37,39**	43,89

Reconciliation between basic and headline earnings:	Profit on ordinary activities R'000	Taxation effect R'000	Minority interest R'000	Net effect R'000
February 2019				
Profit for the year	**80 620**	**(19 506)**	**(20)**	**61 094**
Adjusted for:				
– Profit on disposals of plant and equipment	**(5)**	**1**	**-**	**(4)**
Headline earnings	**80 615**	**(19 506)**	**(20)**	**61 090**
February 2018				
Profit for the year	94 937	(23 670)	(15)	71 252
Adjusted for:				
– Profit on disposals of plant and equipment	(72)	37	-	(35)
Headline earnings	94 865	(23 633)	(15)	71 217

Numbers of shares on which calculations are based:	2019 Shares 000's	2018 Shares 000's
Shares in issue at end of year	**161 361**	160 228
Weighted Average Number of Ordinary Shares ("WANOS") at end of year	**159 877**	158 814
Diluted WANOS at end of year	**163 394**	162 334
Reconciliation of WANOS to Diluted WANOS:		
Weighted Average Number of Ordinary Shares ("WANOS") at end of year	**159 877**	158 814
Effect of unexercised share options	**3 517**	3 520
Diluted WANOS at end of year	**163 394**	162 334

*The group holds 996 726 (2018: 996 726) treasury shares via a subsidiary which have been excluded from the Weighted Average Number of Ordinary Shares ("WANOS") calculations.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
23. NOTES TO THE STATEMENTS OF CASH FLOW				
23.1 Cash generated from operations				
Profit before taxation	**80 620**	94 937	**(3 365)**	(4 224)
Adjustments for:				
Depreciation and amortisation	**4 191**	3 355	**248**	246
Net gain on disposal of plant and equipment	**(5)**	(72)	**-**	-
Interest received	**(202)**	(279)	**(3)**	-
Finance costs	**5 726**	5 998	**3 749**	4 817
Foreign exchange (gain)/loss on financial liabilities	**(523)**	57	**-**	-
Movement in fair value of financial assets and liabilities	**(3 145)**	3 506	**-**	-
Movement in retirement benefits	**108**	110	**108**	110
Equity-settled shared-based payment transaction	**1 475**	1 620	**-**	-
Working capital changes:				
Proceeds from sale of trade and other receivables	**(19 538)**	36 718	**-**	-
Increase/(decrease) in trade and other receivables	**28 805**	(50 603)	**(1 248)**	(893)
Decrease in trade and other payables	**(49 758)**	(3 208)	**(1 502)**	(558)
	47 755	92 139	**(2 013)**	(502)
23.2 Income tax paid				
Charge in the statements of comprehensive income	**19 506**	23 670	**55**	524
Adjustment for deferred tax	**(2 054)**	(1 106)	**(55)**	(524)
Movement in taxation balance	**4 569**	(3 206)	**-**	-
	22 021	19 358	**-**	-

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
23. NOTES TO THE STATEMENTS OF CASH FLOW				
23.3 Net cash flow on acquisition of subsidiaries				
Fair value of assets acquired:				
Plant and equipment	**4 745**	-	**-**	-
Trade and other receivables	**17 412**	-	**-**	-
Cash and cash equivalents	**6 604**	-	**-**	-
Trade and other payables	**(13 792)**	-	**-**	-
Current tax payable	**(446)**	-	**-**	-
Interest bearing borrowings	**(1 008)**	-	**-**	-
Net assets acquired	**13 515**	-	**-**	-
Goodwill	**52 117**	-	**-**	-
Purchase consideration	**65 632**	-	**-**	-
Deferred contingent purchase consideration	**(33 861)**	-	**-**	-
Finance charges relating to financial liability	**(959)**	-	**-**	-
Effects of foreign currency translations	**(319)**	-	**-**	-
Settled in Cash	**30 493**	-	**-**	-
Less: cash and cash equivalents acquired on acquisition	**(6 604)**	-	**-**	-
	23 889	-	**-**	-

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
24. EMPLOYEE BENEFITS				
Retirement benefit expense				
- Provident and pension	**13 981**	13 181	**-**	-

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 60 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, 150,000 shares remain available for awarding.   .

	2019		2018	
	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	**5 131 000**	**200**	5 960 000	193
Granted during the year	**-**	**-**	-	-
Forfeited during the year	**-**	**-**	(60 000)	186
Exercised during the year	**(1 133 000)**	**132**	(769 000)	145
Outstanding at the end of the year	**3 998 000**	**219**	5 131 000	200
Exercisable at the end of the year	**3 998 000**	**219**	3 978 000	137

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, 3 493 000 shares remain available for awarding.

	2019		2018	
	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	2 068 000	415
Granted during the year	1 195 000	298	-	-
Forfeited during the year	(56 000)	298		
Outstanding at the end of the year	**3 207 000**	**373**	**2 068 000**	**415**
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.

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

The inputs into the model were as follows:

		Group	
		2019	2018
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
Scheme 2 Issue 2			
Weighted average share price	(cents)	298,00	-
Weighted average exercise price	(cents)	298,00	-
Expected volatility	(%)	20,86	-
Expected option lifetime	(years)	5,00	-
Risk-free rate based on zero-coupon government bond yield	(%)	7,90	-
Expected dividend yield	(%)	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 recogised 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.

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
26. COMMITMENTS				
Operating lease commitments				
No later than one year	**13 970**	8 721	**-**	-
Later than one year and no later than five years	**24 933**	19 286	**-**	-
	38 903	28 007	**-**	-

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 provide Marine Cargo Insurance cover to clients. 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.
Santova Logistics Pty Ltd (South Africa) drew dividends from the cell during the reporting period amounting to Rnil (2018:R 3 500 000)

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.

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 2019

	Net of gross billings and cost of billings for goods and services		Net outstanding balances arising from sale/purchase of goods and services	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
COMPANY				
Santova Corporate Services (Pty) Limited	**943**	952	**-**	(1 314)
Santova Financial Services (Pty) Limited	**196**	171	**-**	-
Santova International Trade Solutions (Pty) Limited	**238**	177	**-**	-
Santova Logistics (Pty) Limited	**3 464**	4 577	**879**	787
Santova Logistics B.V. (Netherlands)	**724**	872	**34**	-
Santova Logistics GmbH (Germany)	**136**	119	**5**	11
Santova Logistics Limited (Hong Kong)	**131**	119	**42**	-
Santova Logistics Limited (United Kingdom)	**16**	533	**-**	-
Santova Logistics Limited (Mauritius)	**10**	10	**54**	44
Santova Logistics Pty Limited (Australia)	**336**	337	**92**	-
Tradeway (Shipping) Limited (United Kingdom)	**474**	214	**148**	-
Tradeway North West Limited (United Kingdom)	**119**	89	**119**	-
W.M. Shipping Limited (United Kingdom)	**631**	306	**390**	26
	7 418	8 476	**1 763**	(446)

	Interest on loans (from)/to related parties		Loans to/ (from) related parties	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
COMPANY				
Santova Corporate Services (Pty) Limited	**-**	-	**(7 330)**	(3 400)
Santova Financial Services (Pty) Limited	**-**	-	**(2 500)**	(2 500)
Santova International Holdings (Pty) Limited	**-**	-	**46 812**	66 259
Santova International Trade Solutions (Pty) Limited	**-**	-	**(850)**	(850)
Santova Logistics (Pty) Limited	**(201)**	-	**(3 671)**	-
	(201)	-	**32 461**	59 509

Notes to the Annual Financial Statements continued

for the year ended 28 February 2019

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
28. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Loans and receivables	**651 598**	641 518	**49 307**	67 504
Financial assets at fair value through profit or loss	**7 637**	4 366	**108 370**	-
Cash and cash equivalents	**89 801**	108 371	**2 078**	2 078
Financial liabilities				
Financial liabilities	**517 792**	521 587	**39 679**	38 789
Reconciliation to statements of financial position				
Trade receivables	**607 663**	579 376	**1 791**	951
Other receivables	**43 936**	62 142	**704**	294
Amounts owing from related party	**-**	-	**46 812**	66 259
Loans and receivables	**651 599**	641 518	**49 307**	67 504
Forward exchange contracts	**63**	-	**-**	-
Financial assets	**7 574**	4 366	**-**	-
Financial assets at fair value through profit or loss	**7 637**	4 366	**-**	-
Trade and other payables	**187 850**	202 320	**844**	2 346
Amounts owing to related parties	**261**	220	**14 351**	-
Interest-bearing borrowings	**48 940**	36 600	**24 484**	36 443
Short-term borrowings and overdraft	**245 559**	265 097	**-**	-
Financial liabilities measured at amortised cost	**482 610**	504 237	**39 679**	38 789
Financial assets at fair value through profit or loss	**35 182**	17 350	**-**	-
Total financial libilities	**517 792**	521 587	**39 679**	38 789

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 21 to 36 of these financial statements.

Financial risk management objectives

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

28.1 Foreign currency risk management

As the result of the Group's extensive investments in offshore operating subsidiaries which contributed 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:

1. 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.

2. 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.

3. 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.

4. The Group's 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 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:

	2019						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'00	Total SGD'000
Assets							
Property Plant and equipment	22 468	71	1 090	84	18	-	19
Intangible assets	202 946	871	8 991	1 128	-	-	1 027
Trade receivables	186 824	3 411	4 927	1 816	7 391	3 772	781
Other receivables	14 384	200	395	234	371	415	67
Current tax receivable	441	11	14	-	-	-	-
Cash and cash equivalents	75 022	1 384	1 463	1 409	4 871	582	271
Liabilities							
Trade and other payables	(137 364)	(3 190)	(3 374)	(978)	(3 830)	(6 177)	(461)
Current tax payable	(3 366)	-	(176)	-	(48)	-	-
Current portion of interest-bearing borrowings	-	-	-	-	-	-	(5)
Financial liabilities	(35 182)	-	(1 592)	-	-	-	(538)
Short-term borrowings and overdraft	(730)	-	-	-	-	-	70
	325 443	2 758	11 738	3 693	8 773	(1 408)	1 091

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for the year ended 28 February 2019

	2018						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total SGD'000
Assets							
Plant and equipment	16 266	86	865	104	10	-	-
Intangible assets	130 860	798	6 708	1 128	-	-	-
Trade receivables	133 174	2 640	4 469	1 413	5 773	2 968	-
Other receivables	9 418	109	255	336	325	414	-
Current tax receivable	226	-	14	-	-	-	-
Cash and cash equivalents	95 924	2 196	2 805	1 378	3 818	1 329	-
Liabilities							
Trade and other payables	(108 586)	(3 120)	(2 907)	(911)	(4 116)	(5 926)	-
Current tax payable	(5 860)	(129)	(233)	-	(143)	-	-
Current portion of interest bearing borrowings	-	-	-	-	-	-	-
Financial liabilities	(28 462)	-	1 750	-	-	-	-
Short-term borrowings and overdraft	-	-	-	-	-	-	-
	242 960	2 580	13 726	3 448	5 667	(1 215)	-

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%.

	Group	
Sensitivity analysis	**2019**	2018
+ 10%	**32 540**	24 927
- 10%	**(32 540)**	(24 927)

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:

	2019 Group							
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total GHS'000	Total SGD'000
Profit / (loss) for the year attributable to equity holders of the parent	37 458	922	676	479	3 052	(453)	-	101

	2018 Group							
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total GHS'000	Total SGD'000
Profit / (loss) for the year attributable to equity holders of the parent	39 982	1 317	775	342	2 469	(1 403)	(90)	-

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%.

	Group	
Sensitivity analysis	**2019**	2018
+ 10%	**3 746**	3 998
- 10%	**(3 746)**	(3 998)

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 45 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.

	Group	
Sensitivity analysis	**2019 R'000**	2018 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:	**396**	346

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 Santam Structured Insurance Limited 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 2019, 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:

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Not past due	**475 380**	495 612	**1 791**	951
Past due but not impaired:				
- 0 to 30 days	**109 531**	58 482	**-**	-
- 31 to 60 days	**11 371**	13 804	**-**	-
- 61 to 90 days	**4 103**	4 365	**-**	-
- over 90 Days	**10 077**	5 080	**-**	-
Impaired	**-**	7 746	**-**	-
Trade receivables	**610 463**	585 089	**1 791**	951
Loss allowance on receivables (refer note 7)	**(2 800)**	(5 713)	**-**	-
Total trade receivables	**607 663**	579 376	**1 791**	951

The prior period has been presented in terms of IFRS7 and has not been restated.

Set out below is the information about the credit risk exposure on the Companys trade receivables using provision matrix:

2019	Balance	Expected credit loss rate	Expected credit loss
Not past due	475 380	0,18%	855
Past due:			
- 0 to 30 days	109 531	0,43%	471
- 31 to 60 days	11 371	0,81%	92
- 61 to 90 days	4 103	0,71%	29
- over 90 Days	10 077	13,43%	1 353
	610 462	0,46%	2 800

Cash and cash equivalents

The Group held cash and cash equivalents of R89,9m at 28 February 2019 (2018: R108,4m). The cash and cash equivalents are held with reputable bank and financial institution counterparties.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

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for the year ended 28 February 2019

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.There were no defaults of terms with lenders during the reporting period. There were no defaults of terms with lenders during the reporting period.

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

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Facilities available (refer note to 14)				
Bank overdraft	**13 800**	28 929	**-**	-
Medium term loans	**100 451**	36 443	**24 484**	36 443
Invoice discounting facilities	**366 412**	363 732	**-**	-
Total facilities available	**480 663**	429 104	**24 484**	36 443
Facilities utilised at year end (refer note to 14)				
Bank overdraft	**-**	-	**-**	-
Medium term loans	**48 932**	36 443	**24 484**	36 443
Invoice discounting facilities	**245 559**	265 097	**-**	-
Total facilities utilised	**294 491**	301 540	**24 484**	36 443
Available unutilised facilities				
Bank overdraft	**13 800**	28 929	**-**	-
Medium term loans	**51 519**	-	**-**	-
Invoice discounting facilities	**120 853**	98 635	**-**	-
Total available unutilised facilities	**186 172**	127 564	**-**	-

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 twelve months R'000	Greater than twelve months R'000	Total R'000
2019					
Non-interest bearing	**276 187**	**16 782**	**25 654**	**-**	**318 623**
Interest bearing	**169 221**	**163 755**	**-**	**-**	**332 976**
	445 408	**180 537**	**25 655**	**-**	**651 599**
2018					
Non-interest bearing	223 980	10 077	39 219	-	273 276
Interest bearing	205 777	162 466	-	-	368 243
	429 757	172 543	39 219	-	641 519

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities:

	Within one month R'000	One to three months R'000	Three to twelve months R'000	Greater than twelve months R'000	Total R'000
2019					
Non-interest bearing	**187 849**	**-**	**-**	**-**	**187 849**
Interest bearing	**125 836**	**127 981**	**29 603**	**55 151**	**338 571**
	313 685	**127 981**	**29 603**	**55 151**	**526 420**
2018					
Non-interest bearing	202 319	-	-	-	202 319
Interest bearing	166 581	123 366	14 154	23 830	327 931
	368 900	123 366	14 154	23 830	530 250

The following table details the Group's remaining contractual maturities for its derivative financial instruments:

	Within one month R'000	One to three months R'000	Three to twelve months R'000	Greater than twelve months R'000	Total R'000
2019					
Forward exchange contracts	**63**	**-**	**-**	**-**	**63**
Profit share on rental agreement	**-**	**-**	**-**	**3 502**	**3 502**
Insurance cell captive	**-**	**-**	**-**	**4 071**	**4 071**
	63	**-**	**-**	**7 573**	**7 636**
2018					
Forward exchange contracts	(63)	-	-	-	(63)
Profit share on rental agreement	-	-	-	1 992	1 992
Insurance cell captive	-	-	-	2 374	2 374
	(63)	-	-	4 366	4 303

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 Group's capital consists of shareholders funds, debt and cash and cash equivalents and the Group's strategy is to maintain an optimal mix of this capital so as to minimise the cost of capital and to have sufficient capital available for allocation to the 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, maximum ratio of debt to EBITDA 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:

	Group	
	2019 R'000	2018 R'000
Interest bearing and short term borrowings	**294 499**	301 697
Less: Cash and cash equivalents	**89 801**	108 371
Net debt	**204 698**	193 326
Total capital and reserves	**502 257**	416 172
Gearing ratio	**40,8%**	47,0%

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

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for the year ended 28 February 2019

29. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year end it was announced that, Santova had concluded an agreement for the acquisition of 100% of the issued share capital of MLG Maritime Cargo Logistics GmBH (Germany) ("MCL") for an amount of Euro 1,919,040 with effect 1st March 2019. The business was founded in 1996 and operates as an international freight forwarding and logistics business, including the operation and management of a bonded warehouse facility based in the Port of Hamburg, Germany and specialise in the transportation of dangerous goods.

The acquisition will be funded via the Groups new medium-term acquisition loan facility and the purchase consideration will be payable in three tranches subject to the successful achievement of warranted profit targets over a period of 2 years. The profit warranty requires MCL to achieve a minimum net profit before tax of Euro 350,000 per annum.

The acquisition is still subject to certain legal and financial suspensive conditions and is only expected to formally complete in June 2019. The key financial suspensive condition outstanding is the finalisation of the Effective Date Annual Financial Statements and as a result the detailed disclosures as required by IFRS 3 Business Combinations cannot be made at this stage, as the initial accounting for the acquisition is incomplete. Preliminary estimates indicate that the total purchase consideration shall be made up as follows:

2019	Euro'000
Net Assets accquired	700
Goodwill	1,219
Total purchase consideration	1,919

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
WA Lombard (Chairman)
ESC Garner
AD Dixon
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
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Corporate Structure