2020

AUDITED ANNUAL FINANCIAL STATEMENTS

2020

for the year ended 29 February 2020

Santova

INNOVATIVE SOLUTIONS • ENDLESS POSSIBILITIES

CONTENTS

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2020

The directors of Santova Limited ("Ltd") have the pleasure of presenting the consolidated and separate annual financial statements ("AFS") for the year ended 29 February 2020.

In terms of the South African Companies Act Number 71 of 2008 ("Companies Act"), the directors are required to prepare the consolidated and separate financial statements that fairly present the state of affairs and business of the Group and Company at the reporting date and of the financial performance for that year. To achieve the highest standards of financial reporting, the consolidated AFS have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 consolidated and separate financial statements fairly present, in all material respects, the state of affairs and business of the Group and Company as at 29 February 2020 and of the profit for that year.

In addition, the directors believe that the Santova Ltd Group of Companies has adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

PREPARATION OF FINANCIAL STATEMENTS

The preparation of the consolidated and separate financial statements for the year ended 29 February 2020 has been supervised by the Group Financial Director of Santova Ltd, Mr RM Herselman, Chartered Accountant ("CA"), South Africa ("SA").

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate AFS were approved by the Board of Directors ("Board") and were signed on their behalf by:

WA Lombard
Chairman

GH Gerber
Chief Executive Officer

Durban
18 May 2020

COMPLIANCE STATEMENT BY THE COMPANY SECRETARY

The Group Company Secretary of Santova Ltd hereby certifies that in terms of section 88(2) of the of the Companies Act, 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 29 February 2020.

JA Lupton FCIS
Company Secretary
18 May 2020

REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 29 February 2020.

In compiling this report cognisance has been taken of the principles of the King IV™ Report on Corporate Governance for SA 2016, Institute of Directors Southern Africa (King IV™) Principle 8 and have been applied.

ROLE AND RESPONSIBILITIES

The Audit and Risk Committee ("the 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 Santova Ltd 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 Committee has adopted formal terms of reference contained in a Charter that has been approved by the Board, 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, ESC Garner, is the Chairman of the Committee. ESC Garner was appointed as Chairperson following the passing away of the late AD ("Tony") Dixon in December 2019. Tony Dixon was appointed Chairperson of the Committee following the appointment of then Committee Chairperson, WA Lombard, to chairmanship of the Board. Tony's steadfast, guiding hand, strong governance principles and wisdom will be greatly missed.

EM Ngubo was appointed as a member of the Committee in February 2020 to fill the vacancy on the Committee created by the passing of the late Tony Dixon.

The Chief Executive Officer ("CEO") 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 meeting and the Chairperson of the Information Technology ("IT") Risk Management and Steering Committee, GFourie, presents a report at each meeting.

GROUP EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

Moore Johannesburg Inc. ("Moore") (previously known as Moore Stephens Johannesburg) were the appointed external auditors during the reporting period, with Candice Whitefield acting as the designated audit partner for the reporting period ended 29 February 2020.

Moore:

- 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 by the Johannesburg Stock Exchange Limited ("JSE");
- has no conflicts of interest and has sufficient audit resources to meet the Group's financial 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.

The Committee is satisfied that Moore is independent of the Group and has demonstrated the requisite institutional knowledge, expertise and experience.

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 2020 reporting period.

The Committee approved a policy on non-audit services during the prior reporting period, and in line with that policy the Group External Auditor is not considered for non-audit services in SA. However, certain 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 reporting period, 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 ("AGM"), Moore as the Group External Auditor and Candice Whitefield as the designated audit partner responsible for performing the functions of auditor for the 2021 reporting period.

ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Committee has reviewed the accounting policies and the AFS for the Company and the Group for the year ended 29 February 2020 and is satisfied that they are appropriate and comply with IFRS.

A 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 reporting period, the Company's 2018 financial statements were selected by the JSE for inclusion in their annual Proactive Monitoring Process whereby it proactively 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.

REPORT OF THE AUDIT AND RISK COMMITTEE
continued

INTERNAL FINANCIAL CONTROLS

The 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 Committee made a recommendation to the Board for the Board to report thereon. The Board's report referring to the effectiveness of the system of internal controls is included in "The Directors' Approval Statement" on page 2 of the AFS. The Committee supports the opinion of the Board in this regard.

DUTIES ASSIGNED BY THE BOARD

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

INTEGRATED REPORTING AND COMBINED ASSURANCE

The Committee fulfills an oversight role regarding the Company's annual integrated report ("AIR") and the reporting process.

The Committee considered the Company's sustainability information as disclosed in the AIR and has assessed its consistency with operational and other information known to the Committee members and for consistency with the AFS. The Committee discussed the sustainability information as contained in the Social and Environmental Report with management. The Group's detailed Social and Environmental Report can be found on its website at **www.santova.com**.

SIGNIFICANT AREAS OF JUDGMENT

In arriving at the amounts disclosed in the AFS there are areas where judgement, assumptions and estimates are needed. These are outlined in note 1.3 to the AFS. The 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:

- **lease term:** whether the Group is reasonably certain to exercise extension options.

Assumptions and estimates:

- **measurement of defined contribution obligations:** key actuarial assumptions;
- **recognition of deferred tax assets:** availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- **impairment test of intangible assets and goodwill:** key assumptions underlying recoverable amounts, including the recoverability of development costs;
- **measurement of expected credit loss allowance for trade receivables:** key assumptions in determining the weighted-average loss rate; and
- **acquisition of subsidiary:** fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired, and liabilities assumed, measured on a provisional basis.

In making an assessment in each of the above areas, the Committee reviewed management's calculations, questioned their assumptions and ensured adequate disclosure had been made in the notes to the AFS.

GOING CONCERN

The 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 Committee, may be found in the "Directors' Approval Statement" on page 2 of the AFS.

The Board has assigned oversight of the Group's risk management function to the Committee. The Committee is assisted in this task by the internal Risk Management Committee and the IT Risk Management and 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 AIR.

The 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 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 Committee have taken responsibility for ensuring an appropriate internal control environment by properly identifying all material risks, both financial and other, and mitigating these 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 Executive Committee ("EXCO") team, during their visits to subsidiary companies, regularly review the internal

REPORT OF THE AUDIT AND RISK COMMITTEE
continued

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 Committee at every meeting.

The 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, the Group Legal Advisor and the Chairperson of the IT Risk Management and Steering Committee. The external audit function, as well as other external assurances [auditing areas such as tax, customs, IT, training and development, quality assurance, Broad-based Black Economic Empowerment ("B-BBEE") and employment equity ("EE"), 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 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 reporting period.

The 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

DC Edley resigned as Group Financial Director effective 30 September 2019 and RM Herselman was appointed in his stead. The Committee has satisfied itself that the Group Financial Directors, for their respective terms of office during the reporting period and up to the date of this report, possessed the appropriate experience and expertise to meet their responsibilities in that position.

The 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 FINANCIAL STATEMENTS

The Committee reviewed the AIR and the audited AFS for the year ended 29 February 2020 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 29 February 2020.

ESC Garner
Chairman of the Audit and Risk Committee

18 May 2020

SOCIAL AND ETHICS COMMITTEE REPORT

We are pleased to present our report for the financial year ended 29 February 2020.

ROLES AND RESPONSIBILITIES

The Social and Ethics Committee ("the Committee") is a statutory committee of Santova Ltd in respect of its statutory duties in terms of section 72(4), read with regulation 43(5), of the Companies Act.

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. In addition to the duties required in terms of statute, this Charter contains duties that 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 reviewed annually to ensure that during the year the Committee has covered all of the responsibilities within its mandate. A copy of the Charter may be found on the Group's website at www.santova.com.

COMPOSITION AND DUTIES OF THE COMMITTEE

During the year under review, the Committee was 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. In December 2019, Tony Dixon sadly passed away suddenly, reducing the number of independent non-executive director members to three and no new appointment has been made. Further information on the remaining Committee members, their qualifications and experience may be found on pages 23 and 24 of the 2020 AIR. The CEO 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.

Committee Members	May 2019	October 2019
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 assuming any 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 the following page	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 on the following page.
	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 on the following page 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 on the following page 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.
	The Group's Culture and Values	To guarantee the respect and enforcement of the Group's Code of Ethics.
COMPLY	With the Group Culture and Values	To guarantee the respect and enforcement of the Group's Code of Ethics.
	With King IV™ and other relevant Codes of Good Practice	To safeguard good governance and risk management of 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 AFS and at the AGM.

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:

- 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)]:
  - Register Update – The process to update the Social and Ethics Register, to incorporate the new ethics requirements recommended by the Institute of Ethics, was completed during the year under review.
  - Compliance Review – In accordance with its duties the Committee utilised the Social and Ethics Register to review its compliance.
- Committee Work Plan – The Committee Work Plan was updated throughout the year to align with the latest needs and requirements of the Committee.
- The Committee received a comprehensive management report, presented by the Group Legal Advisor, at each meeting on all the matters covered by the Social and Environmental Report, which can be found on the Company's website at **www.santova.com**.
- Policy and Procedure – The Committee continued its oversight and review of the Group's Policy and Procedure that are related to the Primary Areas of Activity.

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 29 February 2020.

EM Ngubo
Chairman of the Social and Ethics Committee

18 May 2020

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SANTOVA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the consolidated and separate financial statements ("financial statements") of Santova Ltd (the Company and where applicable, the Group) set out on pages 14 to 76, which comprise the statement of financial position as at 29 February 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of of Santova Ltd as at 29 February 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) ("together the IRBA Codes") and and other independence requirements applicable to performing audits of financial statements in SA. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in SA. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
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Key Audit Matter	Audit Response
Assessment of goodwill impairment and the related impairment of the investment in subsidiaries (refer to note 4.3).	
Refer to the following notes to the financial statements: • Note 1.3: Significant estimates and judgements. • Note 1.3: Goodwill. Judgement applied regarding the impairment of goodwill. Due to the number of business combinations that the Group has historically entered into, the Group's net assets include a significant amount of goodwill at the reporting date. 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 units ("CGUs"). As required by IAS 36: Impairment of Assets, the directors conducted an annual impairment test on the goodwill balance to assess the recoverability of the carrying amount of this goodwill. There is a potential risk that these businesses may not trade in line with expectations and forecasts, resulting in a potential impairment of the carrying amount of goodwill allocated to these businesses. There are several key assumptions made in determining the inputs into the valuation model which include: future cash flow forecasts specifically for conflict markets where reliable economic data is not available, expense growth rates, operating margins, terminal value growth rates and discount rates (weighted average cost of capital). As a result of the significant judgements, the valuation of this goodwill is considered to be a key audit matter.	We focused our testing with regards to the impairment of goodwill on the key assumptions made by management. Our audit procedures included, amongst others: • Critically evaluated whether the model used by management in calculating the value in use of the CGUs complied with IAS 36: Impairment of Assets. • Validated the assumptions used to calculate the discount rates and long-term growth rates. • Analysed the future projected cash flows, with respect to the capital expenditure, earnings before interest, tax, depreciation and amortisation ("EBITDA") and working capital, used in the valuation model, to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the CGUs. • Compared the growth rates used to historical data regarding economic growth rates included in the relevant CGUs. • Tested the inputs into the cash flow forecast against historical performance and in comparison, to the directors' strategic plans in respect of each CGU. • Performed sensitivity analysis on the key assumptions. • Compared the projected cash flows, including the assumptions relating to revenue growth rates, operating margins and commodity prices against historical performance in order to test the accuracy of management's projections. • Assessed the related disclosures requirements relating to the calculation around the impairment of goodwill in terms of the IFRS.

INDEPENDENT AUDITORS' REPORT
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Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, the Report of the Audit and Risk Committee, and the Social and Ethics Committee Report, as required by the Companies Act, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's 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 to cease operations, or have no realistic alternative but to do so.

Responsibilities of the auditors for the financial statements

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

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

- Identify and assess the risks of material misstatement of the 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal controls.
- 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 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 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 auditors' report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
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We communicated 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 controls that we identified during our audit.

We also provide the directors with a statement that we have compiled with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Moore Johannesburg Inc. has been the auditor of Santova Ltd for two years.

Moore Johannesburg Inc

Moore Johannesburg Inc.
Registered Auditors

Per: **CA Whitefield**
Partner
Registered Auditor

18 May 2020
Johannesburg

50 Oxford Road
Parktown
Johannesburg
2193

REPORT OF THE DIRECTORS

for the year ended 29 February 2020

The directors have the pleasure of presenting their annual report for the year ended 29 February 2020, which forms part of the AFS.

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 IT systems.

2. GROUP RESULTS

The profit for the year attributable to owners of the Company amounted to R65 022 million (2019: R61 094 million), which results in basic earnings per share of 40,77 cents (2019: 38,21 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 AFS on pages 14 to 76.

3. DIVIDENDS

Due to the Novel Coronavirus ("COVID-19") pandemic, global 'lockdowns', world recession and resultant uncertainty as to the future of world trade, the Board has decided that it would be prudent not to declare or pay a dividend for the 2020 reporting period.

4. SHARE CAPITAL

During the reporting period there were no changes to the authorised share capital of the Company.

The total issued shares in the Company as at the reporting date amounted to 161 361 045 ordinary shares of no par value (2019: 161 361 045).

5. CONTROLLING AND MAJOR SHAREHOLDERS

As at the reporting date the Company had 4 546 (2019: 4 611) shareholders. Controlling and major shareholders holding in excess of 3% of the Company's share capital are detailed on page 48 of the AIR.

6. EVENTS AFTER THE REPORTING DATE

The COVID-19 pandemic has severely affected global supply chains and is expected to impact, in varying degrees, each of the regions and the underlying businesses in which the Group operates. While it is too early to quantify the full extent to which the pandemic will impact the Group's profitably, the business will endeavour to keep shareholders updated through trading statements when credible and material information becomes available.

7. SUBSIDIARY COMPANIES

Full details of the Company's subsidiaries and investments therein at the reporting date are listed in note 5 of the financial statements.

8. SPECIAL RESOLUTIONS

The following special resolutions were passed by the Company and its subsidiaries during the reporting period:

Company

- Approval of non-executive directors' remuneration for 2019/2020: 29 July 2019;
- General authority to provide financial assistance in terms of Section 44 of the Companies Act: 29 July 2019;
- General authority to provide financial assistance in terms of Section 45 of the Companies Act: 29 July 2019; and
- General authority to buy own shares: 29 July 2019.

REPORT OF THE DIRECTORS

for the year ended 29 February 2020

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 15 May 2019:

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

9. DIRECTORS

The directors of the Company during the reporting period and at the date of this report were as follows:

Non-Executive

- WA Lombard, *Chairman*
- ESC Garner
- AD Dixon, (Deceased 18 December 2019)
- EM Ngubo

Executive

- GH Gerber, *Chief Executive Officer*
- DC Edley (Resigned 30 September 2019), *Group Financial Director*
- RM Herselman (Appointed 1 November 2019), *Group Financial Director*
- AL van Zyl

Details of the policy for the appointment of directors and a brief curriculum vitae ("CV") of each director is contained in the AIR.

10. DIRECTORS' INTERESTS

Details of the direct and indirect beneficial and non-beneficial interests of directors and prescribed officers of the Company and directors of its subsidiary companies in the share capital of the Company at 29 February 2020 are included on page 49 of the AIR. There have been no changes in the directors interests from those reported at 29 February 2020 and the approval date of the AFS.

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	KwaZulu-Natal

12. SHARE REGISTRARS

The share registrar is 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 Johannesburg Inc. ("Moore") are the appointed auditors of the Company.

14. NUMBER OF EMPLOYEES

The number of permanent employees within the Group at 29 February 2020 was 319 (2019: 329).

15. COMPANIES ACT

The Company is in compliance with the provisions of the Companies Act and operates in conformity with its Memorandum of Incorporation.

STATEMENTS OF FINANCIAL POSITION

for the year ended 29 February 2020

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
ASSETS					
Non-current assets		**398 359**	294 780	**135 448**	134 975
Property, plant and equipment	2	**28 573**	27 638	**1**	11
Right-of-use assets*	3	**51 684**	-	**-**	-
Intangible assets	4	**297 176**	253 344	**1 238**	1 472
Investments in subsidiaries	5	**-**	-	**133 091**	132 326
Financial assets at fair value through profit and loss	6	**9 158**	7 574	**-**	-
Deferred tax	7	**11 768**	6 224	**1 118**	1 166
Current assets		**771 822**	742 197	**35 963**	49 951
Trade receivables	8	**581 421**	607 663	**130**	1 791
Other receivables	8	**55 522**	43 935	**122**	704
Current tax assets		**335**	735	**30**	30
Amounts owing by related party	9	**-**	-	**30 720**	46 812
Financial assets at fair value through profit and loss	6	**142**	63	**-**	-
Cash and cash equivalents		**134 402**	89 801	**4 961**	614
Total assets		**1 170 181**	1 036 977	**171 411**	184 926
EQUITY AND LIABILITIES					
Capital and reserves		**564 533**	502 257	**130 780**	144 089
Stated capital	10	**220 995**	220 996	**220 995**	220 996
Treasury shares		**(15 649)**	(3 197)	**-**	-
Equity-settled share-based payment reserve	26	**7 741**	6 976	**7 741**	6 976
Revaluation reserve		**36**	36	**-**	-
Foreign currency translation reserve		**36 396**	14 130	**-**	-
Retained earnings/(deficit)		**314 948**	263 229	**(97 956)**	(83 883)
Attributable to owners of the Company		**564 467**	502 170	**130 780**	144 089
Non-controlling interest		**66**	87	**-**	-
Non-current liabilities		**67 195**	53 958	**1 096**	10 224
Interest-bearing borrowings	11	**17 170**	30 379	**-**	9 066
Employee contribution obligation	12	**1 096**	1 158	**1 096**	1 158
Financial liabilities	6	**16 390**	21 982	**-**	-
Lease liabilities*	13	**31 965**	-	**-**	-
Deferred tax	7	**574**	439	**-**	-
Current liabilities		**538 453**	480 762	**39 535**	30 613
Trade and other payables	14	**208 942**	187 850	**257**	844
Current tax liabilities		**6 290**	3 366	**-**	-
Interest-bearing borrowings	11	**34 081**	18 561	**14 936**	15 418
Amounts owing to related parties	15	**294**	261	**24 342**	14 351
Financial liabilities	6	**19 910**	13 200	**-**	-
Lease liabilities*	13	**22 269**	-	**-**	-
Overdraft and bank facilities	16	**218 103**	245 559	**-**	-
Employee benefit obligations	17	**28 564**	11 965	**-**	-
Total equity and liabilities		**1 170 181**	1 036 977	**171 411**	184 926

*The Group initially applied IFRS 16 at 1 March 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 29 February 2020

		Group		Company	
	Notes	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Gross billings	18	**4 341 750**	4 220 581	**4 140**	4 957
Revenue	18	**397 278**	324 130	**4 140**	4 957
Net interest income	18	**16 548**	18 104	**-**	-
Interest and financing fee income		**35 056**	35 280	**-**	-
Interest and financing fee expense		**(18 508)**	(17 176)	**-**	-
Revenue and net interest income	18	**413 826**	342 234	**4 140**	4 957
Other income		**18 649**	11 418	**-**	13
Depreciation and amortisation		**(24 154)**	(4 191)	**(267)**	(248)
Administrative expenses		**(316 084)**	(261 161)	**(2 866)**	(4 341)
Impairment loss on trade receivables	8	**(2 381)**	(2 156)	**-**	-
Operating profit	19	**89 856**	86 144	**1 007**	381
Finance income	21	**226**	202	**3**	3
Finance costs	22	**(7 666)**	(5 726)	**(2 880)**	(3 749)
Profit/(loss) before tax		**82 416**	80 620	**(1 870)**	(3 365)
Income tax expense	23	**(17 424)**	(19 506)	**(48)**	(55)
Profit/(loss) for the year		**64 992**	61 114	**(1 918)**	(3 420)
Attributable to:					
Owners of the Company		**65 022**	61 094	**(1 918)**	(3 420)
Non-controlling interest		**(30)**	20	**-**	-
Other comprehensive income for the year					
Items that may be reclassified subsequently to profit or loss					
- Exchange differences arising from translation of foreign operations net of tax		**22 275**	33 975	**-**	-
Items that will not be reclassified subsequently to loss or profit					
- Net actuarial loss on remeasurement of post-retirement medical aid benefit liability net of tax		**(53)**	(7)	**(53)**	(7)
Total comprehensive income/(loss) for the year		**87 214**	95 082	**(1 971)**	(3 427)
Attributable to:					
Owners of the Company		**87 235**	95 051	**(1 971)**	(3 427)
Non-controlling interest		**(21)**	31	**-**	-
Basic earnings per share (cents)	24	**40,77**	38,21		
Headline earnings per share (cents)	24	**40,78**	38,21		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2020

	Stated capital R'000	Treasury shares R'000	Equity-settled share-based payment reserve R'000	Revaluation reserve R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balance at 28 February 2018	**219 514**	**(3 197)**	**6 246**	**36**	**(19 827)**	**213 344**	**416 116**	**56**	**416 172**
Profit for the year	-	-	-	-		61 094	61 094	20	61 114
Other comprehensive income	-	-	-	-	33 957	(7)	33 950	11	33 961
Equity-settled share-based payment expense for the year	-	-	1 475	-	-	-	1 475	-	1 475
Shares issued under share option scheme	1 490	-	(745)	-	-	-	745	-	745
Share issue costs	(8)	-	-	-	-	-	(8)	-	(8)
Dividends paid to shareholders	-	-	-	-	-	(11 202)	(11 202)	-	(11 202)
Balance at 28 February 2019	**220 996**	**(3 197)**	**6 976**	**36**	**14 130**	**263 229**	**502 170**	**87**	**502 257**
Effect of initial application of IFRS 16 net of tax	-	-	-	-	-	(1 298)	(1 298)	-	(1 298)
Balance restated at 1 March 2019	**220 996**	**(3 197)**	**6 976**	**36**	**14 130**	**261 931**	**500 872**	**87**	**500 959**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**65 022**	**65 022**	**(30)**	**64 992**
Other comprehensive income	**-**	**-**	**-**	**-**	**22 266**	**(53)**	**22 213**	**9**	**22 222**
Treasury shares acquired	**-**	**(12 452)**	**-**	**-**	**-**	**-**	**(12 452)**	**-**	**(12 452)**
Equity-settled share-based payment expense	**-**	**-**	**765**	**-**	**-**	**-**	**765**	**-**	**765**
Share issue costs	**(1)**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Dividends paid to shareholders	**-**	**-**	**-**	**-**	**-**	**(11 952)**	**(11 952)**	**-**	**(11 952)**
Balance at 29 February 2020	**220 995**	**(15 649)**	**7 741**	**36**	**36 396**	**314 948**	**564 467**	**66**	**564 533**

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2020

	Stated capital R'000	Equity-settled share-based payment reserve R'000	Retained deficit R'000	Total R'000
Balance at 28 February 2018	**219 514**	**6 246**	**(69 184)**	**156 576**
Total comprehensive loss for the year	-	-	(3 427)	(3 427)
Equity settled share-based payment expense charged in subsidiaries	-	1 475	-	1 475
Shares issued under share option scheme	1 490	(745)	-	745
Share issue costs	(8)	-	-	(8)
Dividends paid to shareholders	-	-	(11 272)	(11 272)
Balance at 28 February 2019	**220 996**	**6 976**	**(83 883)**	**144 089**
Total comprehensive loss for the year	**-**	**-**	**(1 971)**	**(1 971)**
Equity settled share-based payment expense charged in subsidiaries	**-**	**765**	**-**	**765**
Share issue costs	**(1)**	**-**	**-**	**(1)**
Dividends paid to shareholders	**-**	**-**	**(12 102)**	**(12 102)**
Balance at 29 February 2020	**220 995**	**7 741**	**(97 956)**	**130 780**

STATEMENTS OF CASH FLOWS

for the year ended 29 February 2020

		Group		Company	
	Notes	2020 R'000	2019 R'000	2020 R'000	2019 R'000
OPERATING ACTIVITIES					
Cash generated from/(used in) operations	25.1	133 210	47 755	3 016	(2 013)
Finance income		226	202	3	13
Finance costs		(4 535)	(5 726)	(2 880)	(3 749)
Taxation paid	25.2	(19 682)	(22 021)	-	-
Net cash flows from/(used in) operating activities		109 219	20 210	139	(5 749)
INVESTING ACTIVITIES					
Plant and equipment acquired		(2 959)	(3 637)	-	-
Intangible assets acquired and developed		(5 497)	(2 092)	(23)	(18)
Proceeds on disposals of plant and equipment		83	483	-	-
Proceeds on disposal of investment portfolio		6 882	-	-	
Decrease in amounts owing by related parties		-	-	16 092	19 447
Settlement of contingent consideration on business combination		(14 001)	(17 380)	-	-
Acquisition of subsidiary net of cash acquired	25.3	(13 260)	(23 889)	-	-
Net cash flows (used in)/from investing activities		(28 752)	(46 515)	16 069	19 429
FINANCING ACTIVITIES					
Proceeds from interest-bearing borrowings		12 745	23 780	-	-
Repayment of interest-bearing borrowings		(10 636)	(12 690)	(9 749)	(12 200)
Payment of lease liabilities		(21 144)	-	-	-
Issue of shares		-	737	(1)	737
Treasury shares acquired		(12 452)	-	-	-
Increase in amounts owing to related parties		33	41	9 991	7 601
Dividends paid		(11 952)	(11 202)	(12 102)	(11 272)
Net cash flows from financing activities		(43 406)	666	(11 861)	(15 134)
Net increase/(decrease) in cash and cash equivalents		37 061	(25 639)	4 347	(1 464)
Effect of movement in exchange rates on cash held		7 540	7 069	-	-
Cash and cash equivalents at beginning of year		89 801	108 371	614	2 078
Cash and cash equivalents at end of year		134 402	89 801	4 961	614
Cash and cash equivalents is made up as follows:					
Cash and cash equivalents		134 405	89 801	4 961	614
Less: bank overdrafts		(3)	-	-	-
Cash and cash equivalents at end of year		134 402	89 801	4 961	614

GROUP SEGMENT ANALYSIS

for the year ended 29 February 2020

The Group has organised and recognised its segment information by business segment based on the primary source and nature of revenue and business risks. The location of Group Logistics Services entities is a key part of the business diversification strategy and is monitored alongside the three main business segments identified below. The financial services and Head Office segments are located only in SA and therefore no geographical segment has been deemed necessary. This is representative of the internal reporting used by the chief operating decision-maker, namely the Group Executive Committee ("EXCO") and senior management, to assess performance of its business units.

The Group has identified three 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 customer 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 customers 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 Group's investment holding companies and management service companies which provide support services to all the Group's business units.

	Logistics Services R'000	Financial Services R'000	Head Office R'000	Group R'000
BUSINESS SEGMENTS				
29 February 2020				
Gross billings	**4 497 203**	**8 571**	**34 012**	**4 539 786**
External	**4 333 602**	**7 787**	**361**	**4 341 750**
Internal	**163 601**	**784**	**33 651**	**198 036**
Revenue and net interest income	**411 863**	**8 571**	**(6 608)**	**413 826**
Depreciation and amortisation	**(23 670)**	**(67)**	**(417)**	**(24 154)**
Operating profit	**84 269**	**4 420**	**1 167**	**89 856**
Finance income	**1 109**	**772**	**(1 655)**	**226**
Finance costs	**(2 096)**	**-**	**(5 570)**	**(7 666)**
Income tax expense	**(17 022)**	**(613)**	**211**	**(17 424)**
Profit/(loss) for the year	**66 260**	**4 579**	**(5 847)**	**64 992**
Total assets	**1 045 276**	**19 363**	**105 542**	**1 170 181**
Total liabilities	**629 594**	**729**	**24 675**	**605 648**
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
Finance income	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

GROUP SEGMENT ANALYSIS continued

for the year ended 29 February 2020

	LOGISTICS SERVICES				
	Africa R'000	Asia Pacific R'000	United Kingdom R'000	European Region R'000	TOTAL R'000
GEOGRAPHICAL SEGMENTS					
29 February 2020					
Gross billings	**2 383 897**	**334 286**	**928 214**	**687 205**	**4 333 602**
Revenue and net interest income	**139 935**	**47 918**	**121 148**	**102 863**	**411 863**
Operating profit	**21 353**	**13 842**	**25 928**	**23 146**	**84 269**
Profit for the year	**14 094**	**11 337**	**22 031**	**18 798**	**66 260**
Total assets	**518 886**	**94 506**	**260 851**	**171 033**	**1 045 276**
Total liabilities	**308 115**	**46 152**	**153 737**	**121 590**	**629 594**
28 February 2019					
Gross billings	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
Profit for the year	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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 29 February 2020

1. ACCOUNTING POLICIES

Santova Limited ("Ltd") is incorporated in South Africa ("SA") and listed on the Main Board of the Johannesburg Stock Exchange Limited ("JSE"). The principal activities of the Company and its subsidiaries (“the Group”) are described on page 12.

1.1. STATEMENT OF COMPLIANCE

The consolidated and separate financial statements ("the financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements and the South African Companies Act Number 71 of 2008 ("Companies Act").

The financial statements were authorised for issue by the Board of Directors ("Board") on 18 May 2020 and are subject to the approval of the shareholders at the annual general meeting ("AGM").

1.2 BASIS OF PREPARATION

The financial statements are prepared as a going concern on a historical cost basis except for certain financial instruments, land and buildings, and contingent consideration assumed in a business combination, which are stated at fair value, as applicable. The accounting policies are set out below and have been applied consistently to all periods presented in these financial statements with the exception of the change in accounting policy detailed in note 1.19.

The financial statements are presented in South African Rands, which is the Company’s functional currency. Amounts are rounded to the nearest thousand, except where another rounding measure has been indicated in the financial statements.

1.3 SIGNIFICANT ESTIMATES AND JUDGEMENTS

During the preparation of these financial statements, management has made judgements and estimates that affect the application of the Group’s policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised prospectively.

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 amounts of assets and liabilities within the next financial period are as follows:

- lease term: whether the Group is reasonably certain to exercise extension options (refer to notes 3 and 13).

The exercise of extension options is considered on a case-by-case basis. The Group's preference is not to exercise extension options and instead to cancel the existing lease, enter negotiations and enter into a new lease agreement.

Information about assumptions and estimation uncertainties at 29 February 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- measurement of defined contribution obligations: key actuarial assumptions (refer to note 12).

Measurement of the defined contribution obligations and the related actuarial assumptions are performed as and when there is a change to the underlying population or a change in one of the key assumptions. The independent actuaries apply their latest available information to the assumptions used in calculated the remaining obligation.

- recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised (refer to note 7).

Deferred tax on assessed losses is recognised where there is a reasonable prospect of future profits against which to utilise the tax losses. Management consider the forecasts and budgets of the respective entities in concluding the likelihood of future profits.

- impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs (refer to note 4).

The determination of whether goodwill is impaired requires that estimates be made of the fair value of the Group's cash-generating units ("CGUs") to which goodwill has been allocated. To calculate the fair value the management calculates the value in use by estimating the future cash flows from the CGU 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 tax 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 cash flows relating to the revenue and expense forecasts require a significant amount of judgement as to the future performance of CGUs. Growth rates are based on objective assessments of external observable inflation data and long-term market forecast of growth rates.

- measurement of expected credit loss allowance for trade receivables: key assumptions in determining the weighted-average loss rate (refer to note 28).

The measurement of the expected credit loss allowance on trade receivables is determined taking into account historical loss patterns and adjusted for forward looking events and forecasts. These include the economic environment, customer trading patterns and the industries that customers operate in and the relative headwinds these industries are facing.

- acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired, and liabilities assumed, measured on a provisional basis (refer to note 5).

The assessment of the fair value of assets acquired, liabilities assumed, and consideration transferred is performed considering available information at the time the acquisition is completed. This is updated subsequently if any additional pertinent information comes to light which indicates a change in the fair value initially measured.

1.4 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The separate financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Company measures, in its separate financial statements, its investments in subsidiaries at cost less any accumulated impairment losses.

Non-controlling interests ("NCI")

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

1.5 BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

1.6 FOREIGN CURRENCY

1.6.1 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

1.6.2 FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Rands at the exchange rates at the reporting dates. The income and expenses of foreign operations are translated into Rands at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in Other Comprehensive Income ("OCI") and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

1.7 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for land and buildings which are measured in terms of the revaluation model.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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
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 depreciation methods are reviewed at each reporting date, and adjusted prospectively if appropriate.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Land and buildings are stated 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 each reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in the revaluation reserve 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 revaluation reserve relating to a previous revaluation of that asset.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

1.8 INTANGIBLE ASSETS

Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives, such as goodwill, trademarks and licences, are tested for impairment at each reporting date, and impaired if necessary.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Computer software includes internally developed systems. Research and development is recorded as follows:

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on a straight-line basis to reduce the cost of each asset to its estimated residual value over the estimated useful life of the asset as follows:

Computer software	1 to 10 years

The residual values, useful lives and amortisation methods are reviewed at each reporting date and adjusted prospectively if appropriate.

1.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Recoverable amount is the greater of its fair value less costs to sell and its value in use. Value in use is based on the estimated future pre-tax cash flows, 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 or CGU. 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 International Accounting Standards Board ("IASB") has acknowledged that this method arrives at the same result.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss is recognised in profit or loss, unless the relevant asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is measured at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

1.10 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 fair value through profit or loss ("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

On initial recognition, a financial asset is classified as, and subsequently measured at, amortised cost, fair value through other comprehensive income ("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.

The Group's financial assets comprise only financial assets at amortised cost and those designated at FVTPL.

Business model assessment

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 Group's business model and the way the business is managed is to principally provide 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 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, subject to similar credit risks and liquidity considerations across all regions, managed 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 Group's principal business model described above and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

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

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 designated at fair value through profit or profit loss includes the following:

- Profit share on rental agreement (refer to note 6); and
- Investment is cell captive administered by Gaurdrisk (refer to note 6).

Financial assets at fair value through profit or loss which are held for trading include:

- Forward exchange contracts (refer to note 6).

iii. Derecognition:

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, 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 expires. 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

The Group recognises loss allowances for probability-weighted estimates of credit losses ("ECLs") on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs for trade and other receivables via the application of a provision matrix.

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.

The Group formally assesses the recoverability of trade receivables on a bi-annual basis, however assessments are updated at any stage during the reporting period should specific known factors arise that indicate that a trade receivable may not be fully recoverable. In determining the recoverability of a trade receivable and the necessity for impairment, the Group considers:

- the extent of credit insurance;
- the extent of any tangible security;
- the legal status of the counterparty (i.e. if it is in any form of business rescue or liquidation process);
- credit information supplied by third party credit bureaus;
- the ageing of the debt; and
- the extent and quality of communication and cooperation from the counterparty and the extent to which the debt exceeds approved credit limits.

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 that a financial asset may 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.

In these circumstances the Group will engage directly with the borrower to attempt to reach an arrangement which ensures that the Group is able to recover its outstanding debt as far as possible.

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 measured at amortised cost 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 may be 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 ECLs 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 there is strong evidence that the carrying amount is not recoverable from the customer or credit underwriter.

1.11 REVENUE

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, value added taxes ("VAT") and the cost of freight charges and of obtaining finance are excluded from revenue and form part of gross billings only.

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 of 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; and
- 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 18 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.

1.12 LEASES

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be recognised under IAS 17. The details of accounting policies under IAS 17 are disclosed separately below.

Policy applicable from 1 March 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 March 2019.

The Group as lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the ROU asset reflects that the Group will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and making certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recognised in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Group presents ROU assets and lease liabilities as separate line items in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases, including office premises, motor vehicles and office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 March 2019

The Group as lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

1.13 EMPLOYEE BENEFITS

1.13.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.13.2 Retirement benefit costs

Defined contribution plans

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Where these contributions are expected to be made for a period longer than 12 months the group recognises the present value of expected future payments as a liability in statement of financial position.

1.13.3 Share-based payments

Equity-settled share-based payments to employees 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 is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled share-based payment reserve.

1.14 FINANCE INCOME

Finance income is accrued on a time basis on financial assets measured at amortised costs using the effective interest method.

1.15 FINANCE COSTS

Finance costs on financial liabilities measured at amortised costs is calculated using the effective interest rate method.

Finance costs on lease liabilities is calculated by using the effective borrowing rate in the entity which holds the lease obligation.

1.16 INCOME TAX

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax 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 only if certain criteria are met.

1.17 STATED CAPITAL

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of ordinary shares or share options are recognised in equity as a deduction, net of tax, from the proceeds.

1.18 TREASURY SHARES

Shares in the Company held by wholly-owned subsidiaries are classified as treasury shares and presented in the treasury share reserve. The cost of these shares are treated as a deduction from the issued and weighted average number of shares and deducted from equity. Dividends received on treasury shares are eliminated on consolidation. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within stated capital.

1.19 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group initially applied IFRS 16 Leases from 1 March 2019. A number of other new standards are also effective from 1 March 2019 but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 March 2019. Accordingly, the comparative information presented for 2019 is not restated (i.e. it is presented, as previously reported, under IAS 17). The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under the International Financial Reporting Interpretations Committee ("IFRIC") 4: Determing whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 13.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and the IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 March 2019.

Group as lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises ROU assets and lease liabilities for most of these leases (i.e. these leases are on-balance sheet).

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property, the Group has elected not to separate non-lease components and to account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified office space, motor vehicles and office equipment leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 March 2019. Right-of-use assets have been measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise ROU assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise ROU assets and liabilities for leases of low value assets (e.g. office premises, motor vehicles and office equipment);
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- used hindsight when determining the lease term.

Impact on financial statements*

On transition to IFRS 16, the Group recognised additional ROU assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

The impact on transition is recognised below as at 1 March 2019:

	R'000
Recognition of ROU assets	57 883
Recognition of lease liabilities	(59 181)
Adjustment to retained earnings due to initial application of IFRS 16 on 1 March 2019	**(1 298)**
Impact on profit and loss for the reporting period:	
Increase in depreciation	(19 211)
Increase in interest on lease liability	(3 131)
Decrease in Operating lease expense	21 663
	(679)

The impact of applying IFRS 16 in the current period on the Group's earnings per share and tax for the period is immaterial.

* For the details of accounting policies under IFRS 16 and IAS 17, refer to note 3 and 13.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the incremental borrowing rate at 1 March 2019 for the applicable region.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

1.20 REVISED ACCOUNTING STANDARDS

The following new and revised IFRS have been adopted in these financial statements. The application of these new and revised IFRS has not had any material impact on the amounts recognised in the current and prior reporting periods.

IFRIC 23	Uncertainty over Income Tax Treatments

New and revised IFRS 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:

Amendments to IFRS 3 Definition of a business	The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated and separate financial statements.
Amendments to IAS 1 and IAS 8 Definition of material	The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in the IFRS. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated and separate financial statements.
Amendments to References to the Conceptual Framework in IFRS	Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated and separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	2020			2019		
	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying amount R'000	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying amount R'000
2. PROPERTY, PLANT AND EQUIPMENT						
GROUP						
Land, buildings and equipment	**20 840**	**(2 403)**	**18 437**	19 381	(1 837)	17 544
Motor vehicles	**3 276**	**(2 437)**	**839**	3 214	(2 338)	876
Furniture and fittings	**7 904**	**(4 747)**	**3 157**	7 108	(4 259)	2 849
Leasehold improvements	**2 803**	**(1 702)**	**1 101**	2 091	(1 475)	616
Office equipment	**14 047**	**(11 033)**	**3 014**	13 276	(9 403)	3 873
Computer equipment	**12 142**	**(10 117)**	**2 025**	10 395	(8 515)	1 880
	61 012	**(32 439)**	**28 573**	55 465	(27 827)	27 638

Assets with a carrying amount of R757 495 (2019: R839 761) are pledged as security for the Scottish Pacific Business Finance (Pty) Ltd facility (refer to note 16).

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 amount of land and buildings may differ materially from the previous reporting period. The valuations are based upon market-related sales prices achieved for comparable land and buildings. There has been no indication that this amount would have materially changed in the current reporting period. The carrying amount of the land and buildings would approximate the same amount if the property was measured under the cost model.

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

	Carrying amount at beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Effects of exchange differences R'000	Carrying amount at end of year R'000
2020						
Land, buildings and equipment	**17 544**	**9**	**-**	**(424)**	**1 308**	**18 437**
Motor vehicles	**876**	**66**	**-**	**(108)**	**5**	**839**
Furniture and fittings	**2 849**	**1 047**	**(88)**	**(713)**	**62**	**3 157**
Leasehold improvements	**616**	**507**	**-**	**(33)**	**11**	**1 101**
Office equipment	**3 873**	**380**	**-**	**(1 283)**	**44**	**3 014**
Computer equipment	**1 880**	**1 151**	**(14)**	**(1 117)**	**125**	**2 025**
	27 638	**3 160**	**(102)**	**(3 678)**	**1 555**	**28 573**
2019						
Land, buildings 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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	2020			2019		
	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying amount R'000	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying amount R'000
2. PROPERTY, PLANT AND EQUIPMENT continued						
COMPANY						
Computer equipment	**332**	**(331)**	**1**	332	(321)	11
	332	**(331)**	**1**	332	(321)	11

The carrying amounts of computer equipment can be reconciled as follows:

	Carrying amount at beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying amount at end of year R'000
2020					
Computer equipment	**11**	**-**	**-**	**(10)**	**1**
	11	**-**	**-**	**(10)**	**1**
2019					
Computer equipment	25	-	-	(14)	11
	25	-	-	(14)	11

	Carrying amount at beginning of year R'000	Additions* R'000	Depreciation R'000	Effects of exchange differences R'000	Carrying amount at end of year R'000
3. RIGHT-OF-USE ASSETS					
GROUP					
2020					
Buildings	**54 562**	9 050	(17 728)	2 641	**48 525**
Motor vehicles	**2 524**	1 058	(1 238)	215	**2 559**
Office equipment	**797**	-	(245)	48	**600**
	57 883	10 108	(19 211)	2 904	**51 684**

* Included in additions is the lease of office space acquired as part of the acquisition of Maritime Cargo Logistics GmbH (Germany) ("Maritime"), which amounted to R7,1 million (refer to note 5).

The Group's ROU assets are primarily related to leases of office and warehouse space, vehicles and items of office equipment.

The lease terms are between one to five years and where an option to extend a lease is in place and those options are reasonably expected to be exercised once the ROU asset has been calculated taking this option into account. The Group considers options to extend lease agreements on a lease-by-lease basis taking into consideration the business needs, future growth plans, other market options and budget requirements of the Group.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

All leases which have been recognised were previously recognised as operating leases. Further information on the effect on profit or loss for the reporting period can be found in note 13.

Extension and termination options

The Group has a policy whereby it prefers to cancel leases once they reach the end of their initial term in favour of renegotiating the lease term with landlords. The Group actively notes the dates for exercise of options or cancellation clauses and will regularly give notice to landlords allowing a renegotiation phase to commence. During the current reporting period no options have been taken up.

The nature of the Group's business makes the movement between offices a relatively easy task and there is therefore little operational risk in not taking up extension options and instead to opt for the renegotiation principle outlined above.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
4. INTANGIBLE ASSETS				
4.1 Computer software				
Cost	**12 685**	10 419	**1 619**	1 834
Accumulated amortisation	**(4 675)**	(3 894)	**(859)**	(840)
Carrying amount at beginning of year	**8 010**	6 525	**760**	994
Additions				
Acquired during the year	**5 475**	2 075	**-**	-
Acquired through business combination	**179**	-	**-**	-
Disposals	**-**	(29)	**-**	-
Cost	**-**	(435)	**-**	(217)
Accumulated amortisation	**-**	406	**-**	217
Amortisation	**(1 265)**	(1 167)	**(257)**	(234)
Effects of exchange differences	**571**	606	**-**	-
Carrying amount at end of year	**12 970**	8 010	**503**	760

Additions to computer software comprises both internally developed systems and software purchases.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
4.2. Trademarks and licences				
Cost	**1 573**	1 437	**712**	695
Carrying amount at beginning of year	**1 573**	1 437	**712**	695
Acquired during the year	**23**	17	**23**	17
Effects of exchange differences	**9**	119	**-**	-
Carrying amount at end of year	**1 605**	1 573	**735**	712

No amortisation has been recognised since the trademarks and licences are considered to have indefinite useful lives.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

		Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
4.3.	**Goodwill**				
	Carrying amount at beginning of year	**243 761**	173 449	**-**	-
	Acquisitions through business combinations	**22 766**	52 117	**-**	-
	Effects of exchange differences	**16 074**	18 195	**-**	-
	Carrying amount at end of year	**282 601**	243 761	**-**	-
	Goodwill is allocated to the the Group's CGUs as follows:	**282 601**	243 761	**-**	-
	- Santova Logistics GMBH (Germany)	**5 056**	4 676	**-**	-
	- Santova Logistics (Pty) Ltd (South Africa)	**44 562**	44 562	**-**	-
	- Santova Financial Services (Pty) Limited	**2 827**	2 827	**-**	-
	- Santova Logistics (Pty) Ltd (Australia)	**11 467**	11 249	**-**	-
	- Santova Logistics B.V. (Netherlands)	**2 133**	1 973	**-**	-
	- Tradeway (Shipping) Ltd (United Kingdom)	**55 808**	51 830	**-**	-
	- W.M. Shipping Ltd (United Kingdom)	**79 157**	73 562	**-**	-
	- SAI Logistics Ltd (United Kingdom)	**45 699**	42 442	**-**	-
	- ASM Logistics (S) Pte (Singapore)	**11 507**	10 641	**-**	-
	- MLG Maritime Cargo Logistics GmBH (Germany)	**24 385**	-	**-**	-
	For more detail on investments in subsidiaries, refer to note 5.				
	Total intangible assets	**297 176**	253 344	**1 238**	1 472

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 amount of the investment in the CGU.

The recoverable amount of each CGU is determined based on a value in use model. This model has been adopted for all CGUs.

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 CGUs; and
- growth rates are based on objective assessments of ***externally published economic*** data.

The following CGUs have been identified as significant to the overall carrying amount of the goodwill recognised in the Group:

Company	**Region**
Santova Logistics (Pty) Ltd	South Africa
Tradeway (Shipping) Ltd	United Kingdom
W.M. Shipping Ltd	United Kingdom
SAI Logistics Ltd	United Kingdom

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

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

	South Africa	United Kingdom
Pre-tax discount rate	17% - 18%	5% - 6%
Terminal value growth rate	5%	2%
Average revenue growth rate over forecast period	5%	3% - 8%
Average expense growth rate over forecast period	5%	0% - 2%

Management's 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. In assessing the forecast assumptions, management have been conservative in the forecasting for the 2021 reporting period given the uncertainty which currently exists with regards to COVID-19 and the extent and duration of its impact on business units.

These calculations indicate that there is no impairment of the carrying amounts of goodwill allocated to the Group's CGUs as at the current reporting date. The sensitivity of the calculations to changes in the key assumptions has been stress tested through the financial modeling of various scenarios and management are satisfied that adequate headroom remains in the assessment of the recoverable amount of the CGUs.

		Effective holding		Carrying amount	
	Country	2020 %	2019 %	2020 R*	2019 R*
5. INVESTMENTS IN SUBSIDIARIES					
DIRECTLY HELD					
Santova Corporate Services (Pty) Ltd	South Africa	**100**	100	**3 710 235**	3 352 073
Santova Logistics (Pty) Ltd	South Africa	**100**	100	**40 631 344**	40 563 427
Santova International Holdings (Pty) Ltd	South Africa	**100**	100	**85 158 668**	84 903 323
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	**338 240**	254 690
Santova NVOCC (Pty) Ltd	South Africa	**100**	100	**100**	100
INDIRECTLY HELD					
Subsidiaries of Santova International Holdings (Pty) Ltd					
Santova Logistics (Pty) Ltd	Australia	**100**	100	**-**	-
Santova Logistics Ltd	United Kingdom	**100**	100	**-**	-
W.M. Shipping Ltd	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	**-**	-
Jet Air & Ocean Freight Services Limited	Mauritius	**100**	100	**-**	-
ASM Logistics (S) Pte Ltd	Singapore	**100**	100	**-**	-
Subsidiary of Santova Logistics Ltd (Hong Kong)					
Santova Patent Logistics Co. Ltd	Hong Kong	**51**	51	**-**	-

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for the year ended 29 February 2020

Subsidiary of Tradeway (Shipping) Ltd (United Kingdom)					
SAI Logistics Ltd	United Kingdom	**100**	100	**-**	-
Subsidiary of Santova Logistics B.V. (Netherlands)					
MLG Maritime Cargo Logistics GmbH	Germany	**100**	-	**-**	-
Subsidiaries of MLG Maritime Cargo Logistics GmbH (Germany)					
MLG Maritime Warehouse GmbH	Germany	**100**	-	**-**	-
MLG Maritime Administration GmbH	Germany	**100**	-	**-**	-
Subsidiary of ASM Logistics (S) Pte Ltd (Singapore)					
ASM Global Logistics Ltd	Mauritius	**100**	-	**-**	-
				133 090 663	132 325 689

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 29 February 2020 (refer to note 4.3).

Reconciliation of movements for the year:	**2020 R***	2019 R*
Balance at beginning of year	**132 325 689**	130 850 951
Equity contribution for shares granted to subsidiary employees in terms of the Group Share Option Scheme	**764 974**	1 474 738
Balance at end of year	**133 090 663**	132 325 689

* Due to certain subsidiaries having values below R500, amounts have not been rounded to the nearest thousand.

Business Combinations

During the period under review the Group made one acquisition as follows:

MLG Maritime Cargo Logistics GmbH (Germany) ("Maritime")

The Group concluded a formal sale agreement for the acquisition of 100% issued share capital of Maritime which resulted in the successful legal transfer of ownership of Maritime to the Group. This resulted in the Group assuming control of the entity with effect from 1 March 2019.

Maritime is a company incorporated and registered in Germany, which 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. The business was founded in 1996.

The acquisition of Maritime will further enhance the Group's current capabilities in Germany and more specifically expands the Group's presence and service offering in Hamburg. Hamburg is Germany's largest port and Europe's third-largest container port and acts as the gateway to northern Europe.

Maritime primarily provides seaport forwarding, warehousing and transhipment services and specialises in the transportation and storage of dangerous and explosive goods.

In addition, Maritime will offer the Group access to a 2 000 square metre bonded warehouse facility in the port of Hamburg that provides storage and other value-add warehouse services.

The acquisition was concluded for a purchase price of R28,4 million, to be settled as follows:

- R18,6 million paid upfront by Santova Logistics B.V. Ltd ("the aquirer") via Group cash reserves and a loan from the seller of Maritime; and
- R9,8 million in total being the 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 €350 000 being achieved.

The fair value, on acquisition date, of the net assets acquired was R5,6 million primarily made up of the fair value of long-term financial assets of R6,9 million, trade and other receivables of R7,7 million, cash and cash equivalents of R5,3 million net of trade, and other payables of R14,4 million. The R22,7 million by which the purchase price exceeds the fair value of the net assets acquired, attributable to anticipated profitability and expected cash generation, has been recognised as goodwill.

		Group		Company	
	Level	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES					
Financial assets at fair value through profit or loss					
Non-current					
Future profit share on rental agreement[1]	2	**3 502**	3 502	**-**	-
Guardrisk cell captive[2]	2	**5 656**	4 072	**-**	-
		9 158	7 574	**-**	-
Current					
Forward exchange contracts	2	**142**	63	**-**	-
		142	63	**-**	-
Financial liabilties at fair value through profit or loss					
Non-current					
Contingent considerations[3]	3	**(16 390)**	(21 982)	**-**	-
Current					
Contingent considerations[3]	3	**(19 910)**	(13 200)	**-**	-
		(36 300)	(35 182)	**-**	-

Fair value hierarchy

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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 reporting period.

[1] Santova Logistics (Pty) Ltd (SA) ("Santova Logistics") entered into a profit-sharing agreement with the landlord of their Durban premises at inception of the lease in the 2007 reporting period. 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 (SA) 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.

In the event of claims being lodged in terms of the Marine Insurance Policy, the insurance cell captive referred to in this note 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 reporting period, provided that this is matched by the premiums received during the reporting period. Should the premiums received for the reporting period 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 reporting period. No dividends were drawn during the year.

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

[3] This represents the fair value of the remaining contingent purchase obligations arising from acquisitions during the current and prior financial reporting periods. 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:

	2020 R'000	2019 R'000
Balance at beginning of year	**35 182**	17 287
Contingent consideration recognised on acquisition of MLG Maritime Cargo Logistics GmbH	**9 773**	-
Contingent consideration recognised on acquisition of ASM Logistics (S) Pte Ltd	**-**	5 015
Contingent consideration recognised on acquisition of SAI Logistics Ltd	**-**	28 638
Fair value loss	**2 483**	967
Fair value gain	**(294)**	-
Foreign exchange loss on translation	**401**	323
Foreign exchange loss on translation recognised in foreign currency translation reserve	**2 756**	239
Settled during the period	**(14 001)**	(17 287)
Balance at end of year	**36 300**	35 182

The remaining contingent consideration at reporting date relates to the following acquisitions that were successfully completed during the current and previous reporting periods:

Acquiring company	***Target company***	***Remaining contingent consideration at 29 February 2020 (R'000)***
Santova International Holdings (Pty) Ltd	*ASM Logistics Ltd*	*3 122*
Tradeway (Shipping) Ltd	*SAI Logistics Ltd*	*22 116*
Santova Logistcs B.V.	*MLG Maritime Cargo Logistics GmbH*	*11 062*

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

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
7. DEFERRED TAX				
Non-current assets				
Deferred tax	**11 768**	6 224	**1 118**	1 166
Non-current liabilities				
Deferred tax	**(574)**	(439)	**-**	-
	11 194	5 785	**1 118**	1 166
Deferred tax comprises:				
- Capital allowances, provisions and allowance for credit losses	**8 477**	4 137	**567**	626
- Assessed or estimated losses	**2 717**	1 648	**551**	540
	11 194	5 785	**1 118**	1 166
Reconciliation of deferred tax:				
Balance at beginning of year	**5 785**	7 839	**1 166**	1 221
Movements during the year attributable to:				
- Temporary differences	**4 192**	(1 844)	**(59)**	(285)
- Temporary differences from acquisition through business combinations	**-**	(380)	**-**	-
- Underprovisions relating to prior periods	**108**	283	**-**	-
- Transfer of liabilities	**-**	(667)	**-**	-
- Utilisation of assessed losses	**1 109**	554	**11**	230
Balance at end of year	**11 194**	5 785	**1 118**	1 166

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

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
8. TRADE AND OTHER RECEIVABLES				
Trade receivables				
Trade receivables	**593 513**	610 463	**130**	1 791
Loss allowance	**(12 092)**	(2 800)	**-**	-
	581 421	607 663	**130**	1 791
Other receivables				
Recoverable disbursements	**41 545**	28 732	**-**	-
VAT receivable	**4 354**	5 430	**-**	-
Pre-payments	**3 696**	4 051	**122**	704
Rental deposits and staff loans	**5 927**	5 722	**-**	-
	55 522	43 935	**122**	704
Movement in loss allowance on trade receivables:				
Balance at beginning of year	**2 800**	5 713	**-**	-
Net remeasurement of loss allowance[1]	**11 673**	(757)	**-**	-
Amounts written off	**(2 381)**	(2 156)	**-**	-
Balance at end of year	**12 092**	2 800	**-**	-

[1]*The year-on-year movement in the remeasurement of the allowance is attributable to the following:*

- *allowance has been made for some customers who have traded above their credit limits and are therefore not fully covered by the Group's credit underwriters; and*
- *The Group's loss allowance recognised in 2019 of 0,46% of trade receivables would constitute a benchmark percentage based on historical trends and is then subsequently adjusted to bring into account the effect of forward-looking events and market conditions. As a result of the global uncertainty, economic downturn and potential negative effects of COVID-19, the Group has taken a conservative view and increased the loss allowance by 1,58% to allow for these forward-looking effects.*

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 as the Group will provide support where required to ensure this is the case.

Management formally assesses the recoverability of trade receivables on a bi-annual basis, however assessments are updated at any stage during the reporting period 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 management considers:

- *the extent of credit insurance;*
- *the extent of any tangible security;*
- *the legal status of the counterparty (i.e. if it is in any form of business rescue or liquidation process);*
- *credit information supplied by third party credit bureaus;*
- *the ageing of the debt; and*
- *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 using a provision matrix. Refer to note 28 for further details.

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Certain trade receivables included above have been ceded to various banks as security for the respective invoice discounting and overdraft facilities included in overdrafts and bank facilities (refer to note 16). Details of ceded trade receivables within the Group are set out in the following table:

		Group	
		2020 R'000*	2019 R'000*
Nedbank Ltd	South Africa	**410 083**	455 951
Scottish Pacific Business Finance (Pty) Ltd	Australia	**21 670**	18 598
ABN AMRO Bank	Netherlands	**39 960**	40 503
HSBC Bank plc	United Kingdom	**44 307**	46 179
Finaxar Capital	Singapore	**9 663**	8 155
		525 683	569 386

** 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 SA 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 SA generally incur facility fees at rates linked to the SA prime rate.

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

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
9. AMOUNT OWING BY RELATED PARTY				
Santova International Holdings (Pty) Ltd[1]	**-**	-	**30 720**	46 812
	-	-	**30 720**	46 812

[1] The loan is unsecured, interest-free and has no fixed terms of repayment.

There has been no allowance made for expected credit losses on amounts owed by related parties given that the Group intends on supporting the subsidiary entity and can therefore ensure it is recoverable.

Management considers the carrying amount owing by the related party to approximate its fair value.

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for the year ended 29 February 2020

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
10. STATED CAPITAL				
Authorised				
300 000 000 ordinary shares of no par value (2019: 300 000 000 ordinary shares of no par value)				
Issued				
161 361 045 ordinary shares of no par value (2019: 161 361 045 ordinary shares of no par value)	**220 995**	220 996	**220 995**	220 996
Total stated capital	**220 995**	220 996	**220 995**	220 996
Reconciliation of the carrying amount of ordinary shares in issue				
Balance at beginning of year	**220 996**	219 514	**220 996**	219 514
Exercise of share options[1]	**-**	1 490	**-**	1 490
Share issue costs	**(1)**	(8)	**(1)**	(8)
Balance at end of year	**220 995**	220 996	**220 995**	220 996
Reconciliation of number of ordinary shares in issue	**2020 Shares**	2019 Shares	**2020 Shares**	2019 Shares
Balance at beginning of year	**160 364**	159 231	**161 361**	160 228
Exercise of share options[1]	**-**	1 133	**-**	1 133
Treasury shares acquired[2]	**(5 932)**	-	**-**	-
Balance at end of year	**154 432**	160 364	**161 361**	161 361

[1] *During the prior reporting period four participants of the Santova Share Option Scheme exercised their options for 522 000 ordinary shares in the company at a price of 186 cents. Three participants of the Santova Share Option Scheme exercised their options for 611 000 ordinary shares in the Company at a price of 85 cents.*

[2] *The shares were repurchased as part of a general repurchase of shares in the open market in terms of the authority granted by resolution passed by shareholders at the Company's most recent AGM.*

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

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	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
11. INTEREST-BEARING BORROWINGS				
Instalment sale and other agreements	**-**	8	-	-
Medium-term loan[1]	**14 936**	24 484	**14 936**	24 484
Medium-term loan[2]	**22 575**	23 481	**-**	-
Medium-term loan[3]	**994**	967	**-**	-
Loan - F Heuer[4]	**12 746**	-	**-**	-
Less: current portion	**(34 081)**	(18 561)	**(14 936)**	(15 418)
Non-current portion	**17 170**	30 379	**-**	9 066

[1] *The loan taken by the Company bears interest at a variable rate of the SA prime rate less 0,25%. It is repayable over five years at quarterly instalments of R3 847 532 (2019: R3 854 458). This loan is secured by cross-company sureties supplied by subsidiary companies.*

[2] *This loan was taken by Santova International Holdings (Pty) Ltd during the prior reporting period. The loan bears interest at a variable rate linked to the SA prime rate less 0,5%. The loan is repayable over six years. The payments for the first year were on an interest-only basis. The loan is then repayable over the next five years at quarterly instalments of R1 495 630. This loan is secured by cross company sureties supplied by subsidiary companies.*

[3] *This loan was taken by ASM Logistics (S) Pte Ltd. 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.*

[4] *This loan was taken out as part of the agreement regarding the purchase of MLG Maritime Cargo Logistics GmbH (Germany) whereby the seller advanced funds of €740 000 to Santova Logistics B.V. The initial agreement was for a period of one year and is subsequently renewable on the agreement of both parties. The loan bears interest at a flat rate of 5%.*

The first two loans have both been granted by Nedbank Ltd, the Group's primary bankers. As a condition of granting the loans 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 had been breached.

* EBITDA - Earnings before interest, tax, depreciation and amortisation.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
12. EMPLOYEE CONTRIBUTION OBLIGATION				
Post-retirement medical aid contributions for the Group and the Company				
- Present value obligation	**1 096**	1 158	**1 096**	1 158
- Less: liability already recognised	**(1 158)**	(1 284)	**(1 158)**	(1 284)
Decrease in liability	**(62)**	(126)	**(62)**	(126)
Movement represented by:				
- Actuarial loss[1]	**53**	7	**53**	7
- Interest cost	**87**	108	**87**	108
- Contributions paid by employer	**(202)**	(241)	**(202)**	(241)
Decrease in liability	**(62)**	(126)	**(62)**	(126)

The Company contributes to a medical aid scheme for the benefit of 11 retired employees (2019: 11) and their dependants. During the reporting period there were no exits from the scheme amongst the continuation members (2019: 2). 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 at the reporting date, on a projected unit credit method, by 3One Consulting Actuaries (Pty) Ltd, independent qualified actuaries. The liability will be actuarially valued as and when there are material changes to the underlying retired employee numbers.

[1] *Actuarial remeasurements:*				
Explanatory factor				
Change in financial assumptions	***29***	*10*	***29***	*10*
Actual vs expected membership profile	***24***	*(3)*	***24***	*(3)*
Total remeasurements	***53***	*7*	***53***	*7*

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

- Medical aid inflation rate: 4,8% per annum (2019: 6,1%);
- Discount factor 7,7% per annum (2019: 8,3%); and
- Mortality rates published in 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 (retired employees) or in the discount rate applied will have a large 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	+4,2%	+4,6%
	PA(90) -2	+8,4%	+9,3%
Discount rate	+1%	-4,2%	+7,9%
	-1%	+4,6%	-8,7%

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Group 2020 R'000
13. LEASE LIABILTIES	
Maturity analysis	
Less than one year	22 881
One to five years	35 045
More than five years	4 201
Total undiscounted cash flows	**62 127**
Total lease liabilities	**54 234**
Current	22 269
Non-current	31 965
Total cash outflow for leases	**17 607**
Amounts recognised in profit and loss	**30 271**
- Expenses relating to short-term leases included in administrative expenses	7 849
- Interest on lease liabilities included in finance costs	3 131
- Depreciation included in depreciation and amortisation	19 211
- Expenses relating to low-value assets included in administrative expenses	80
The following expenses were recognised in 2019 under IAS 17:	
Lease rentals included in administrative expenses:	**17 245**
Offices and warehouse	15 774
Motor vehicles	1 330
Office equipment	141

The Group entered into leases of office space and motor vehicles with lease terms of 12 months or less and leases of office equipment with low-value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. These expenses are included in administrative expenses in the statement of profit or loss.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
14. TRADE AND OTHER PAYABLES				
Trade payables[1]	**157 734**	128 148	**38**	131
Accruals[2]	**43 959**	42 938	**33**	620
Other payables[3]	**7 249**	16 764	**186**	93
	208 942	187 850	**257**	844

[1] Trade payables are non-interest bearing, and normally settled on 30-day terms.
[2] Accruals relate to recoverable disbursement where invoices have not yet been received and other general operational expenses.
[3] Other payables include VAT liabilities owed to the respective revenue authorities and overpayments received from customers. The carrying amount of these trade and other payables approximates fair value due to the short-term nature thereof.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
15. AMOUNTS OWING TO RELATED PARTIES				
Patent International Co. Ltd[1]	**294**	261	**-**	-
Santova Corporate Services (Pty) Ltd[1]	**-**	-	**11 730**	7 330
Santova Financial Services (Pty) Ltd[1]	**-**	-	**900**	2 500
Santova Financial Services (Pty) Ltd[1]	**-**	-	**850**	850
Santova Logistics (Pty) Ltd[2]	**-**	-	**10 862**	3 671
	294	261	**24 342**	14 351

[1] These loans are unsecured, interest-free and have no fixed terms of repayment.
[2] The loan is unsecured, bears interest linked to the SA prime rate less 0,5% and has no fixed terms of repayment.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
16. OVERDRAFTS AND BANK FACILITIES				
Bank overdrafts	**3**	-	**-**	-
Invoice discounting facilities	**218 100**	245 559	**-**	-
	218 103	245 559	**-**	-

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

Country	Local currency '000	Functional currency R'000	Prior reporting period R'000	Security provided	Security holder	Interest rate
Invoice discounting - repayable on settlement of ceded debts						
South Africa[1]	132 574	132 574	105 171	Sale of book debts, cession of credit insurance policies and cross company suretyships with the Company and certain subsidiaries	Nedbank Ltd	South African prime rate less 0,5%
Australia	1 500	15 242	14 952	Security interest in personal property	Scottish Pacific Business Finance (Pty) Ltd	Australian base rate +4,25%
Singapore	60	674	730	Sale of book debts	Finaxxar Capital	20,40% effective rate
Loan facility - repayable in instalments						
South Africa[2]	51 519	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	5 000	Ceded debit balances	Nedbank Ltd	South African prime rate less 0,5%
Netherlands	475	8 181	7 566	Cession of book debts	ABN AMRO Bank NV	Euro base rate plus 1,75%
Germany	78	1 335	1 234	Unsecured	Postbank/ Commerzbank	Fixed rate of 6,5%
		214 525	**186 172**			

[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 Ltd 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 Ltd by the Company.

The Group's banking facilities are subject to the following covenants:

- Interest bearing debt to EBITDA: The interest-bearing debt to EBITDA for the Group should not be more than 5,5 times.
- Interest cover: The interest cover of the Group must be not less than 5 times.
- Shareholders' funds: The shareholders' funds of the Group should not be less than R100 million.

For further information on ceded trade receivables refer to note 8.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Carrying amount at beginning of year R'000	Provisions (utilised)/recognised R'000	Carrying amount at end of year R'000
17. EMPLOYEE BENEFIT OBLIGATIONS			
GROUP			
2020			
Bonuses	**4 772**	**15 631**	**20 403**
Leave pay	**5 655**	**645**	**6 300**
Long service leave pay	**1 538**	**323**	**1 861**
	11 965	**16 599**	**28 564**
2019			
Bonuses	11 595	(6 823)	4 772
Leave pay	5 195	460	5 655
Long service leave pay	1 297	241	1 538
	18 087	(6 122)	11 965

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

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.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
18. REVENUE				
Gross billings	**4 341 750**	4 220 581	**4 140**	4 957
Less: Recoverable disbursements	**(3 927 924)**	(3 878 347)	**-**	-
Revenue and net interest income	**413 826**	342 234	**4 140**	4 957
Revenue from contracts with customers				
Revenue from the provision of services comprises:	**397 278**	324 130	**4 140**	4 957
Logistic services	**389 491**	314 784	**-**	-
Insurance commission and management fees	**7 787**	9 126	**-**	-
Other revenue[1]	**-**	220	**4 140**	4 957
Net interest income from the provision of credit facilities comprises:	**16 548**	18 104	**-**	-
Interest and financing fee income	**35 056**	35 280	**-**	-
Interest and financing fee expenses	**(18 508)**	(17 176)	**-**	-
Revenue and net interest income	**413 826**	342 234	**4 140**	4 957
Geographical revenue breakdown:				
Africa	**141 897**	150 571	**4 140**	4 957
United Kingdom	**121 148**	82 016	**-**	-
Europe	**102 863**	74 187	**-**	-
Asia Pacific	**47 918**	35 460	**-**	-
Timing of revenue recognition:				
Revenue earned over time from the provision of credit facilities	**16 548**	18 104	**-**	-
Revenue earned at a point in time from the provision of services	**397 278**	324 130	**4 140**	4 957

[1]*Other revenue comprises management fees earned by the Company and ad-hoc service revenue in the Group.*

Contract balances

The Group has not recognised any contract assets or liabilities in relation to its contracts with customers. Receivables are recognised as trade receivables in note 8.

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 customers' goods. The Group does not enter into long-term fixed contracts, standard terms and conditions plus customer tariffs are documented and agreed upon 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 contract resulting from a shipping instruction:

- the Group acts as an agent on behalf of its customer;
- the Group's performance obligation is to arrange for the movement, by third party transport providers of the customer's goods, from the origin to the destination as specified by the customer, including the clearing of the customer's goods through customs where required; and
- the Group assumes no risk and reward in respect of the customer's goods and the customer remains principal 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 customer'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.

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 ("VAT"), customs duties, excise taxes and freight transportation costs that are due and payable by the customer as principal and owner of the goods.

The majority of these financing activities take place in the SA 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 the customer on normal credit terms.

In order to provide these credit facilities for customers the Company 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 customer's trade receivables with the Group's transactional banker, in terms of an invoice discounting facility and is 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 customer. 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 using the effective interest method 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.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

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. The Group has applied the practical expedient provided in IFRS 15 to not recognise the effect of the financing component since it is provided for a period less than one year.

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 Group derives revenue in the form of insurance commission and management fees from short-term insurers.

The Group's performance obligations are:

- 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; and
- On monthly insurance policies – monthly as the premiums are collected.

Management fees

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

Transaction prices are based on upfront agreed-upon 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 FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
19. OPERATING PROFIT				
Operating profit includes:				
Income				
Commission and exchange gains on foreign currency transactions and balances	**5 981**	4 809	**-**	-
Profit on disposal of plant and equipment	**-**	10	**-**	-
Fair value gain on financial assets and liabilities	**1 878**	1 697	**-**	-
Expenditure				
Auditors' remuneration	**2 036**	3 476	**113**	773
- In respect of audit services	**1 140**	2 578	**113**	450
- In respect of other services	**896**	575	**-**	-
- Underprovision for prior year's audit services	**-**	323	**-**	323
Depreciation and amortisation	**24 154**	4 191	**267**	248
- Property, plant and equipment (refer to note 2)	**3 678**	3 024	**10**	14
- Intangible assets (refer to note 4)	**1 265**	1 167	**257**	234
- Right-of-use assets (refer to note 3)*	**19 211**	-	**-**	-
Loss on disposal of property, plant and equipment	**19**	5	**-**	-
Foreign exchange loss	**1 022**	728	**-**	-
Impairment loss on trade receivables	**2 381**	2 156	**-**	-
Employee benefit expenses	**216 561**	181 565	**58**	169
Short-term employee benefits (including directors' remuneration)	**202 427**	167 584	**58**	169
Defined contribution plan expense[1]	**14 134**	13 981	**-**	-
Share-based payment expense	**765**	1 475	**-**	-

* The Group initially applied IFRS 16 at 1 March 2019. Comparative information has not been restated. Lease information for the current reporting period is contained in note 13.

[1] *Defined contribution 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 SA. In the foreign subsidiaries the Group either makes contributions to defined contribution pension funds or to social security funds that provided retirement benefits, as is required by legislation or market practice within each jurisdiction. The schemes are funded by employer and employee contributions, which are recognised in profit or loss as they are incurred.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Directors' fees R'000	Basic remuneration R'000	Performance bonus R'000	Retirement, medical and other benefits R'000	Share-based payments R'000	Total R'000
20. DIRECTORS' REMUNERATION						
2020						
Executive Directors						
DC Edley*	**-**	**1 162**	**40**	**394**	**-**	**1 596**
GH Gerber	**-**	**3 451**	**-**	**218**	**-**	**3 669**
RM Herselman**	**-**	**606**	**-**	**77**	**-**	**683**
AL van Zyl	**-**	**2 241**	**10**	**155**	**-**	**2 406**
Prescribed Officers						
GP Fourie	**-**	**1 473**	**10**	**348**	**-**	**1 831**
AKG Lewis	**-**	**1 410**	**5**	**516**	**-**	**1 930**
Non-executive Directors						
AD Dixon***	**256**	**-**	**-**	**-**	**-**	**256**
ESC Garner	**290**	**-**	**-**	**-**	**-**	**290**
WA Lombard	**519**	**-**	**-**	**-**	**-**	**519**
EM Ngubo	**233**	**-**	**-**	**-**	**-**	**233**
	1 299	**10 343**	**65**	**1 707**	**-**	**13 415**
Paid by:						
The Company	**1 299**					**1 299**
Subsidiary companies		**10 343**	**65**	**1 707**	**-**	**12 115**
	1 299	**10 343**	**65**	**1 707**	**-**	**13 414**
2019						
Executive Directors						
DC Edley	-	1 751	736	308	1 963	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	964	1 963	18 293
Paid by:						
The Company	1 374					1 374
Subsidiary company		9 870	4 122	964	1 963	16 919
	1 374	9 870	4 122	964	1 963	18 293

* DC Edley resigned effective 30 September 2019.
** RM Herselman was appointed on 1 November 2019.
*** AD Dixon passed away on on 18 December 2019.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

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 to note 27 for further information) is as follows:

	Options as at 1 March 2019	Options awarded	Options lapsed	Options exercised	Options as at 29 February 2020	Option price (cents)	Vesting date	Expiry date
2020								
Executive Directors								
DC Edley	-	-	-	-	-	85	30 November 2015	29 November 2021
	-	-	-	-	-	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
	436 000	-	(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
	-	500 000	-	-	500 000	194	26 February 2025	26 February 2028
	2 566 000	500 000	-	-	3 066 000			
RM Herselman	-	120 000	-	-	120 000	194	26 February 2025	26 February 2028
	-	120 000	-	-	120 000			
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
	-	200 000	-	-	200 000	194	26 February 2025	26 February 2028
	801 000	200 000	-	-	1 001 000			
Prescribed Officers								
GP Fourie	250 000	-	-	-	250 000	415	22 February 2021	21 February 2024
	102 000	-	-	-	102 000	298	18 May 2023	17 May 2026
	-	200 000	-	-	200 000	194	26 February 2025	26 February 2028
	352 000	200 000	-	-	552 000			
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
	-	200 000	-	-	200 000	194	26 February 2025	26 February 2028
	910 000	200 000	-	-	1 110 000			
	5 065 000	1 220 000	(436 000)	-	5 849 000			

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Options as at 1 March 2018	Options awarded	Options lapsed	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 Officers								
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 FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
21. FINANCE INCOME				
Finance income under the effective interest method on cash and cash equivalents	**226**	202	**3**	3
Included in profit or loss	**226**	202	**3**	3
Interest and financing fee income included in revenue (refer to note 18)	**35 056**	35 280		-
Total finance income	**35 282**	35 482	**3**	3

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
22. FINANCE COSTS				
Lease liabilities (refer to note 13)	**3 134**	-	**-**	-
Interest-bearing borrowings (refer to note 11)	**4 419**	4 650	**2 002**	3 548
Interest paid to related parties (refer to note 15)	**-**	-	**791**	201
Other interest paid	**113**	1 076	**87**	-
Included in profit or loss	**7 666**	5 726	**2 880**	3 749
Interest and financing fee expenses included in revenue (refer to note 18)	**18 508**	17 176		-
Total finance costs	**26 174**	22 902	**2 880**	3 749

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
23. INCOME TAX EXPENSE				
South African normal tax				
Current tax				
- Current year	**9 783**	9 392	**-**	-
- Prior year under-provision	**104**	51	**-**	-
Deferred tax				
- Current year	**(3 949)**	1 741	**48**	285
- Prior year over-provision	**(108)**	(394)	**-**	(230)
	5 830	10 790	**48**	55
Foreign tax				
- Current tax	**12 946**	8 473	**-**	-
- Deferred tax	**(1 352)**	243	**-**	-
	11 594	8 716	**-**	-
Current tax recognised in profit or loss	**22 833**	17 916	**-**	-
Deferred tax recognised in profit or loss	**(5 409)**	1 590	**48**	55
Income tax expense recognised in profit or loss	**17 424**	19 506	**48**	55
Reconciliation of tax rate	**%**	%	**%**	%
South African normal tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
- Local exempt income	**0,0**	0,5	**(30,6)**	(29,6)
Learnership allowances	**(0,6)**	(0,6)	**-**	-
Fair value adjustments	**(0,6)**	(0,6)	**-**	-
Non-deductible interest	**0,8**	1,3	**(31,3)**	(28,6)
Other expenses	**0,4**	0,4	**0,7**	(1,0)
- Foreign exempt income	**(1,2)**	(0,1)	**-**	-
- Foreign tax differential	**(5,7)**	(3,8)	**-**	-
- Prior year: current tax	**0,1**	(0,2)	**-**	-
- Prior year: deferred tax	**(0,1)**	(0,2)	**-**	-
Effective tax rate	**21,1**	24,2	**(2,6)**	(1,6)

Available tax losses for offset in the future across the Group amount to R9,2 million.

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		Group	
		Actual 2020	Actual 2019
24. EARNINGS PER SHARE AND DIVIDEND PER SHARE			
Basic earnings per share	(cents)	**40,77**	38,21
Headline earnings per share	(cents)	**40,78**	38,21
Diluted basic earnings per share	(cents)	**40,31**	37,39
Diluted headline earnings per share	(cents)	**40,32**	37,39
Dividend per share	(cents)	**-**	7,50

Reconciliation between basic and headline earnings:	Profit on ordinary activities R'000	Taxation effect R'000	Non-controlling interest R'000	Net effect R'000
February 2020				
Basic earnings	**82 416**	**(17 424)**	**30**	**65 022**
Adjusted for:				**-**
- Loss on disposals of property, plant and equipment	**19**	**(6)**	**-**	**13**
Headline earnings	**82 435**	**(17 430)**	**30**	**65 035**
February 2019				
Basic earnings	80 620	(19 506)	(20)	61 094
Adjusted for:				-
– Gain on disposals of property, plant and equipment	(5)	1	-	(4)
Headline earnings	80 615	(19 505)	(20)	61 090

Number of shares used in the calculations:	2020 Shares 000's	2019 Shares 000's
Shares in issue at end of year	**161 361**	161 361
Weighted Average Number of Ordinary Shares ("WANOS") at end of year*	**159 471**	159 877
Diluted WANOS at end of year	**161 314**	163 394
Reconciliation of WANOS to diluted WANOS:		
Weighted Average Number of Ordinary Shares ("WANOS") at end of year*	**159 471**	159 877
Effect of unexercised share options	**1 843**	3 517
Diluted WANOS at end of year	**161 314**	163 394

*The Group holds 6 928 556 (2019: 996 726) treasury shares via a subsidiary which have been excluded from the WANOS calculations.

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for the year ended 29 February 2020

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
25. NOTES TO THE STATEMENTS OF CASH FLOWS				
25.1 Cash generated from operations				
Profit before tax	**82 416**	80 620	**(1 870)**	(3 365)
Adjustments for:				
Depreciation and amortisation	**24 154**	4 191	**267**	248
Loss/(profit) on disposal of plant and equipment	**19**	(5)	**-**	-
Finance income	**(226)**	(202)	**(3)**	(3)
Finance costs	**7 666**	5 726	**2 880**	3 749
Foreign exchange gain on financial liabilities and dividends	**(2 178)**	(523)	**-**	-
Fair value loss/(gain) on financial assets and liabilities	**506**	(3 145)	**-**	-
Movement in employee benefit liability	**87**	108	**87**	108
Equity-settled share-based payment expense	**765**	1 475	**-**	-
Working capital changes:				
Proceeds from sale of trade receivables	**(27 457)**	(19 538)		-
Decrease/(increase) in trade and other receivables	**37 432**	28 805	**2 242**	(1 248)
Increase/(decrease) in trade and other payables and employee benefit obligations	**10 026**	(49 758)	**(587)**	(1 502)
	133 210	47 755	**3 016**	(2 013)
25.2 Tax paid				
Income tax expense recognised in profit and loss	**17 424**	19 506	**48**	55
Adjustment for movement in deferred tax	**5 408**	(2 054)	**(48)**	(55)
Movement in tax balance	**(3 150)**	4 569	**-**	-
	19 682	22 021	**-**	-
25.3 Acquisition of subsidiaries				
Fair value of assets acquired and liabilities assumed:				
Plant and equipment	**351**	4 745	**-**	-
Investment portfolio	**6 882**	-	**-**	-
Trade and other receivables	**7 659**	17 412	**-**	-
Cash and cash equivalents	**5 378**	6 604	**-**	-
Trade and other payables	**(14 448)**	(13 792)	**-**	-
Current tax liability	**(176)**	(446)	**-**	-
Interest-bearing borrowings	**-**	(1 008)	**-**	-
Net assets acquired	**5 645**	13 515	**-**	-
Goodwill	**22 766**	52 117	**-**	-
Total consideration	**28 411**	65 633	**-**	-
Contingent consideration	**(9 774)**	(33 861)	**-**	-
Finance costs relating to financial liability	**-**	(959)	**-**	-
Effects of foreign currency translations	**-**	(319)	**-**	-
Settled in cash	**18 637**	30 493	**-**	-
Less: cash and cash equivalents acquired on acquisition	**(5 377)**	(6 604)	**-**	-
	13 260	23 889		

26. SHARE-BASED PAYMENTS

Equity-settled share-based payment plans

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

Group Share Option Scheme Number 1

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

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

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

Of the total of 6 700 000 shares approved to be awarded under this scheme, 295 899 shares remain available for awarding.

	2020		2019	
	Number of share options	Weighted average exercise price (cents)	Number of share options	Weighted average exercise price (cents)
Outstanding at the beginning of the year	3 998 000	110	5 131 000	200
Granted during the year	72 750	89	-	-
Forfeited during the year	(218 649)	181	-	-
Exercised during the year	-	-	(1 133 000)	132
Outstanding at the end of the year	3 852 101	105	3 998 000	110
Exercisable at the end of the year	3 779 351	105	3 998 000	110

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, 2 275 351 shares remain available for awarding.

	2020		2019	
	Number of share options	Weighted average exercise price (cents)	Number of share options	Weighted average exercise price (cents)
Outstanding at the beginning of the year	3 207 000	373	2 068 000	415
Granted during the year	1 560 000	194	1 195 000	298
Forfeited during the year	(342 351)	343	(56 000)	298
Outstanding at the end of the year	4 424 649	343	3 207 000	373
Exercisable at the end of the year	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

The inputs into the model were as follows:

		Group	
		2020	2019
Scheme 1 Issue 1			
Weighted average share price	(cents)	**85,00**	85,00
Weighted average exercise price (net of 50% Company contribution)	(cents)	**42,5**	42,5
Expected volatility	(%)	**45,56**	45,56
Expected option lifetime	(years)	**3,00**	3,00
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 1 Issue 4			
Weighted average share price	(cents)	**178,00**	-
Weighted average exercise price (net of 50% Company contribution)	(cents)	**89,00**	-
Expected volatility	(%)	**44,00**	-
Expected option lifetime	(years)	**3,00**	-
Risk-free rate based on zero-coupon government bond yield	(%)	**8,16**	-
Expected dividend yield	(%)	**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)	**298,12**	298,12
Weighted average exercise price	(cents)	**298,12**	298,12
Expected volatility	(%)	**20,86**	20,86
Expected option lifetime	(years)	**5,00**	5,00
Risk-free rate based on zero-coupon government bond yield	(%)	**7,90**	7,90
Expected dividend yield	(%)	**1,50**	1,50

NOTES TO THE FINANCIAL STATEMENTS continued

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		Group	
		2020	2019
Scheme 2 Issue 3			
Weighted average share price	(cents)	**194,00**	-
Weighted average exercise price	(cents)	**194,00**	-
Expected volatility	(%)	**21,10**	-
Expected option lifetime	(years)	**5,00**	-
Risk-free rate based on zero-coupon government bond yield	(%)	**8,15**	-
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 Group 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 recognised a share-based payment reserve. The reserve will only be realised as options are exercised by employees through the transfer to an issue of shares or where the employee forfeits their options, in which case the reserve is transferred to retained earnings. There were no transfers in the current or prior reporting period.

The Group recognised an expense related to these equity-settled share-based payment transactions during the reporting period, which has been disclosed in note 19.

27. RELATED PARTIES

During the reporting period, 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.

Refer to notes 9 and 15 for amounts owing from and to related parties.

The ultimate parent in the Group is Santova Ltd. Members of key management include the Group's directors and executive management team, who are disclosed in note 20.

NOTES TO THE FINANCIAL STATEMENTS continued

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	Net of gross billings and cost of billings for goods and services		Net outstanding balances arising from sale/purchase of goods and services	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
COMPANY				
ASM Logistics (S) Pte Ltd	**54**	-	**-**	-
Santova Corporate Services (Pty) Ltd	**1 430**	943	**-**	-
Santova Financial Services (Pty) Ltd	**170**	196	**-**	-
Santova International Trade Solutions (Pty) Ltd	**254**	238	**-**	-
Santova Logistics (Pty) Ltd	**3 280**	3 464	**-**	879
Santova Logistics B.V. (Netherlands)	**541**	724	**-**	34
Santova Logistics GmbH (Germany)	**115**	136	**-**	5
Santova Logistics Ltd (Hong Kong)	**134**	131	**-**	42
Santova Logistics Ltd (United Kingdom)	**-**	16	**-**	-
Santova Logistics Ltd (Mauritius)	**-**	10	**54**	54
Santova Logistics (Pty) Ltd (Australia)	**274**	336	**38**	92
Tradeway (Shipping) Ltd (United Kingdom)	**451**	474	**-**	148
Tradeway North West Ltd (United Kingdom)	**-**	119	**-**	119
W.M. Shipping Ltd (United Kingdom)	**650**	631	**-**	390
	7 353	7 418	**92**	1 763

	Interest on loans (from)/to related parties		Loans to/ (from) related parties	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
COMPANY				
Santova Corporate Services (Pty) Ltd	**-**	-	**(11 730)**	(7 330)
Santova Financial Services (Pty) Ltd	**-**	-	**(900)**	(2 500)
Santova International Holdings (Pty) Ltd	**-**	-	**30 720**	46 812
Santova International Trade Solutions (Pty) Ltd	**-**	-	**(850)**	(850)
Santova Logistics (Pty) Ltd	**(791)**	(201)	**(10 862)**	(3 671)
	(791)	(201)	**6 378**	32 461

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
28. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Financial assets at amortised cost	**636 943**	651 599	**30 973**	49 307
Trade receivables	**581 421**	607 663	**131**	1 791
Other receivables	**55 522**	43 936	**122**	704
Amounts owing from related parties	**-**	-	**30 720**	46 812
Financial assets at fair value designated through profit or loss	**9 300**	7 637	**-**	-
Forward exchange contracts	**142**	63	**-**	-
Future profit share on rental agreement	**3 502**	3 502	**-**	-
Guardrisk cell captive	**5 656**	4 072	**-**	-
Cash and cash equivalents	**134 402**	89 081	**4 961**	2 078
Financial liabilities				
Financial liabilities at amortised cost	**532 824**	482 610	**39 535**	39 679
Trade and other payables	**208 942**	187 850	**257**	844
Amounts owing to related parties	**294**	261	**24 342**	14 351
Interest-bearing borrowings	**51 251**	48 940	**14 936**	24 484
Overdarft and back facilities	**218 103**	245 559	**-**	-
Lease Liability	**54 234**	-	**-**	-
Financial liabilities at fair value through profit or loss	**36 300**	35 182	**-**	-
Contingent purchase obligation	**36 300**	35 182	**-**	-

Financial risk management objectives

In the normal course of operations, the Group is exposed to foreign currency risk, interest rate risk, credit risk and liquidity risk.

The risk management policies of the Group relating to each of these risks is discussed in section 28.1 below.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

28.1 Foreign currency risk

As a 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 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 SA 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 SA Rands, the functional currency of the Group, at reporting date, of the Group's foreign currency denominated carrying amount and goodwill in its foreign subsidiaries, which are recognised 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 functional currency of each operating entity, which impact 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 their customers. 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 into SA Rands, that arise in the ordinary course of business by utilising forward exchange contracts. The Group does not apply hedge accounting relating to this risk

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

	2020						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total SGD'000
Assets							
Property, plant and equipment	24 070	60	1 075	75	46	28	59
Right-of-use assets	37 817	595	797	771	1 275	-	168
Intangible assets	241 406	2 231	8 991	1 128	-	-	1 027
Trade receivables	196 789	3 033	5 100	2 023	5 680	2 102	862
Other receivables	13 753	101	330	364	367	341	74
Current tax assets	34	1	-	-	6	-	-
Cash and cash equivalents	116 863	2 154	2 293	1 071	6 905	2 211	736
Liabilities							
Trade and other payables	(155 880)	(3 363)	(3 308)	(899)	(6 036)	(7 104)	(682)
Current tax liabilties	(5 891)	-	(261)	-	-	-	(59)
Interest-bearing borrowings	(13 739)	(740)	-	-	-	-	(89)
Financial liabilities	(33 178)	(642)	(1 105)	-	-	-	-
Lease liabilities	(33 878)	(336)	(816)	(63)	(1 330)	-	(112)
Overdraft and bank facilities	(2 028)	-	-	-	-	-	(181)
	386 138	3 094	13 096	3 762	6 913	(2 422)	1 864

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	2019						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	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 assets	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 liabilities	(3 366)	-	(176)	-	(48)	-	-
Interest-bearing borrowings	-	-	-	-	-	-	(5)
Financial liabilities	(35 182)	-	(1 592)	-	-	-	(538)
Overdraft and bank facilities	(730)	-	-	-	-	-	(70)
	325 443	2 758	11 738	3 693	8 773	(1 408)	1 091

Foreign currency sensitivity analysis

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

	Group	
Sensitivity analysis	**2020**	2019
+ 10%	**38 749**	32 540
– 10%	**(38 749)**	(32 540)

The profit or loss attributable to equity holders of the company generated in currencies other than the Group's functional currency for the reporting period is as follows:

	2020 Group						
	Total R'000	Total Euro'000	Total GBP'000	Total AU$'000	Total HK$'000	Total MUR'000	Total SGD'000
Profit or loss for the year attributable to equity holders of the parent	**43 583**	**1 436**	**399**	**350**	**1 843**	**(1 277)**	**367**

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

Foreign currency sensitivity analysis

The following details the Group's sensitivity to an aggregate 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 amounts by which profit or loss and equity would increase or decrease if the Rand strengthens or weakens by 10,0%.

	Group	
Sensitivity analysis	**2020**	2019
+ 10%	**4 358**	3 746
– 10%	**(4 358)**	(3 746)

28.2 Interest rate risk

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 on the following page 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 borrowings to fund recoverable disbursements on behalf of customers, 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 customers 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	**2020 R'000**	2019 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:	**391**	396

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 customer contributes more than 5% of total Group revenue.

In the case of SA 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 customers, credit guarantee insurance cover is purchased for all debtors. This credit insurance cover is provided by Coface South Africa and Santam Structured Insurance Limited and 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 customers. 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 the reporting date, 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 recognised 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 that are past due at reporting date is as follows:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Not past due	**442 799**	475 380	**131**	1 791
Past due but not impaired:				
- 0 to 30 days	**97 047**	109 532	**-**	-
- 31 to 60 days	**33 950**	11 371	**-**	-
- 61 to 90 days	**2 911**	4 103	**-**	-
- over 90 days	**16 806**	10 077	**-**	-
Trade receivables	**593 513**	610 463	**131**	1 791
Provision for loss allowance on receivables (refer to note 8)	**(12 092)**	(2 800)	**-**	-
Total trade receivables	**581 421**	607 663	**131**	1 791

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

2020	Balance R'000	Expected credit loss rate* %	Expected credit loss R'000
Not past due	442 799	1,64	7 268
Past due:			
- 0 to 30 days	97 047	1,17	1 138
- 31 to 60 days	33 950	2,93	996
- 61 to 90 days	2 911	39,26	1 143
- over 90 days	16 806	9,21	1 547
	593 513	**2,04**	**12 092**

2019	Balance R'000	Expected credit loss rate* %	Expected credit loss R'000
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**

*The expected loss rate applied to the various ageing categories above is determined taking the following into account:

- Historical bad debts and the time at which the Group was first aware that the debts had gone bad. These are fairly consistent year-on-year.
- Client profile of the respective Group companies and a breakdown of whether these clients are largely corporate clients or individuals.
- Forward-looking adjustments are made where there is uncertainty around the collectability of debtors. In the current reporting period, given the uncertainty regarding the effect of COVID-19, management have adjusted the expected loss rates to ensure that a conservative approach is adopted to the current market conditions.

Cash and cash equivalents

The Group held cash and cash equivalents of R134.4 million at 29 February 2020 (2019: R89,8 million). 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.

28.4 Liquidity risk

The ultimate responsibility for liquidity risk management rests with the Board. 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.

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

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Facilities available (refer to note to 16)				
Bank overdraft	**16 544**	13 800	**-**	-
Medium-term loans	**102 471**	100 451	**14 936**	24 484
Invoice discounting facilities	**365 916**	366 412	**-**	-
Total facilities available	**484 931**	480 663	**14 936**	24 484
Facilities utilised at reporting date (refer to note 16)				
Bank overdraft	**3**	-	**-**	-
Medium-term loans	**51 251**	48 932	**14 936**	24 484
Invoice discounting facilities	**218 103**	245 559	**-**	-
Total facilities utilised	**269 357**	294 491	**14 936**	24 484
Available unutilised facilities (refer to note 16)				
Bank overdraft	**16 541**	13 800	**-**	-
Medium-term loans	**51 220**	51 519	**-**	-
Invoice discounting facilities	**147 813**	120 853	**-**	-
Total available unutilised facilities	**215 574**	186 172	**-**	-

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 29 February 2020

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
2020					
Non-interest bearing					
Trade receivables	**332 227**	**9 197**	**-**	**-**	**341 424**
Other receivables	**10 394**	**10 614**	**34 513**	**-**	**55 521**
Interest bearing					
Trade receivables	**146 090**	**93 907**	**-**	**-**	**239 997**
	488 711	**113 718**	**34 513**	**-**	**636 942**
2019					
Non-interest bearing					
Trade receivables	268 226	6 460	-	-	274 686
Other receivables	7 960	10 321	25 655	-	43 936
Interest bearing					
Trade receivables	169 221	163 755	-	-	332 976
	445 407	180 536	25 655	-	651 598

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

	Within one month R'000	One to three months R'000	Three to twelve months R'000	Greater than twelve months R'000	Total R'000
2020					
Non-interest bearing					
Trade and other payables	**208 942**	**-**	**-**	**-**	**208 942**
Interest bearing					
Amounts owing to related parties	**294**	**-**	**-**	**-**	**294**
Interest bearing borrowings	**312**	**19 047**	**17 632**	**20 836**	**57 827**
Lease liabilities	**1 771**	**5 312**	**14 166**	**26 454**	**47 703**
Overdraft and bank facilities	**133 288**	**86 692**	**-**	**-**	**219 980**
	344 607	**111 051**	**31 798**	**47 290**	**534 746**
2019					
Non-interest bearing					
Trade and other payables	187 849	-	-	-	187 849
Interest bearing					
Amounts owing to related parties	261	-	-	-	261
Interest bearing borrowings	333	5 304	16 403	33 123	55 163
Overdraft and bank facilities	125 289	122 676	-	-	247 965
	313 732	127 980	16 403	33 123	491 238

The following table details the Group's remaining contractual maturity for its 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
2020					
Forward exchange contracts	**142**	**-**	**-**	**-**	**142**
Profit share on rental agreement	**-**	**-**	**-**	**3 502**	**3 502**
Insurance cell captive	**-**	**-**	**-**	**5 656**	**5 656**
	142	**-**	**-**	**9 158**	**9 300**
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

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 reporting period.

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 ratios, and there have been no breaches or defaults of these capital requirements during the reporting period.

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 reporting date was as follows:

	Group	
	2020 R'000	2019 R'000
Interest-bearing and short-term borrowings	**270 707**	294 499
Less: cash and cash equivalents	**135 756**	89 801
Net debt	**134 951**	204 698
Total capital and reserves	**564 533**	502 257
Gearing ratio	**23,9%**	40,8%

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

29. EVENTS AFTER THE REPORTING PERIOD

The COVID-19 pandemic has severely affected global supply chains and is expected to impact, in varying degrees, each of the regions and the underlying businesses in which the Group operates. While it is too early to quantify the full extent to which the pandemic will impact the Group's profitably, the business will endeavour to keep shareholders updated through trading statements as and when credible, material information becomes available.

30. GOING CONCERN

The Board believes that the Santova Group has adequate resources to continue in operation for the foreseeable future. Accordingly, the AFS 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
EM Ngubo

Executive Directors
GH Gerber (Chief Executive Officer)
RM Herselman (Group Financial Director)
AL van Zyl

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Highway Corporate Services (Pty) Ltd
PO Box 1319, Hillcrest, 3650

JSE SPONSOR
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GROUP AUDITOR
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SHARE REGISTRAR
Computershare Investor Services (Pty) Ltd
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CORPORATE STRUCTURE