



**Santova Limited**  
 (Registration number 1998/018118/06)  
 Share code: SNV ISIN: ZAE000159711  
 ("Santova" or "the Company")

## Acquisition of W.M. Shipping Limited and withdrawal of cautionary announcement

### INTRODUCTION

Further to the cautionary announcement published on SENS on 31 August 2012 and renewed on 12 October 2012, River Group is authorised to announce that, subject to the conditions precedent set out below, Santova has acquired 100% of W.M. Shipping Limited ("WMS") from Andrew Fletcher and Pamela Fletcher ("the Sellers") for an amount of GBP4,500,000 with effect 01 September 2012.

### THE ACQUISITION OF W.M. SHIPPING LIMITED ("the Transaction")

WMS is a company incorporated and registered in accordance with the laws of England and Wales, which operates as a freight forwarder, line agent and non-vessel operating container carrier from Birmingham, West Midlands, United Kingdom.

### BACKGROUND AND RATIONALE

Santova's strategy is to develop further its international presence by acquiring well-established logistics businesses in the United Kingdom and Europe. The acquisition of WMS will enhance further the Group's current capability in the United Kingdom, which currently constitutes two offices at Heathrow and Essex servicing primarily air and sea freight shipments from South Africa to the United Kingdom. With this acquisition Santova gains a strategic presence in the Midlands and surrounding areas, from which the majority of British based industrial businesses manufacture and export to the rest of the world.

WMS was established in 1989 and arranges the shipping of cargo for a wide variety of United Kingdom based clients. The company primarily offers deep-sea routes between the United Kingdom and the Middle East, Caribbean, Far East and Africa and has an enviable relationship with clients and shipping lines alike.

WMS offers Santova the opportunity to:

- participate in the supply chain logistics of these Midlands based businesses on routes not currently serviced by existing Santova offices;
- access a quality client base generating long-term repeat business;
- invest in a company with significant growth opportunities, whilst generating good cash flows;
- utilise its valuable experience and expertise, particularly in ship chartering, throughout all the other Santova Group operations;
- gain a well-respected, reputable brand capable of generating new leads and new business without reliance on agents; and
- obtain access to favourable facilities and terms with the various shipping lines, which are not normally available to the market in general.

All of the above will result in the immediate growth in the earnings and capability of the Santova Group as a whole.

### SETTLEMENT OF PURCHASE PRICE

On fulfillment of the conditions precedent, Santova will settle the purchase price out of internally generated cash flows, in cash as follows:

- GBP3,700,000 increased or decreased by the Cash Differential on the third business day after all the conditions precedent have been met;
- GBP400,000 in cash within 60 days of 31 August 2013 subject to the net profit before tax for the period 1 September 2012 to 31 August 2013 exceeding GBP750,000; and
- GBP400,000 in cash within 60 days of 31 August 2014 subject to the net profit before tax for the period 1 September 2013 to 31 August 2014 exceeding GBP750,000.

The Cash Differential is the difference between actual cash on hand at the time of fulfillment of the conditions precedent and the amount of GBP1,397,882.

In the event that the net profit before tax is less than the warranted amount of GBP750,000 during either of the two specified periods, then the second and third payments detailed above will be reduced by GBP1 for every GBP1 that the net profit before tax is below the warranted amount.

In addition:

- should the combined profit before tax for the two warranty periods exceed GBP1,500,000 then the payment to the Sellers will be increased with a fourth payment of 15.8% of so much of the net profit before tax as exceeds GBP1,500,000; and
- if the combined profit before tax for the two warranty periods exceeds GBP1,700,000 and WMS meets certain other additional conditions, the Sellers will receive an additional once off purchase price payment of GBP406,989. This event will also result in the threshold for the additional 15.8% fourth payment as detailed above, increasing to GBP1,700,000 from GBP1,500,000.

Both these additional amounts are payable within 60 days after 31 August 2014.

### CONDITIONS PRECEDENT

The Transaction is subject, *inter alia*, to the fulfillment of the following conditions precedent:

- The shareholders of Santova approving the proposed acquisition of WMS in terms of the concluded sale agreement;
- WMS entering into an executive service agreement for a period of not less than two years after the completion date of the acquisition, which contains confidentiality and two-year restraint of trade provisions with Andrew Fletcher and one other strategic employee; and
- Santova obtaining the approval for the proposed acquisition from the JSE and the South African Reserve Bank.

### FINANCIAL EFFECTS

The table below sets out the *pro forma* financial effects of the above transaction, based on Santova's unaudited interim results for the six months ended 31 August 2012. The financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of the Group's results, financial position and changes in equity after the transaction. It has been assumed for the purposes of the *pro forma* financial effects that the above transaction took place as at 31 August 2012 for the statement of financial position and for the period 1 March 2012 to 31 August 2012 for the statement of comprehensive income. The directors of Santova are responsible for the preparation of the financial effects:

	1	2	3	4
	Before Acquisition Unaudited six months to 31 August 2012	Acquisition of WM Shipping six months to 31 August 2012	<i>Pro forma</i> After Acquisition Unaudited six months to 31 August 2012	Percentage change
Weighted average number of shares ('000 shares)	136,987	–	136,987	0%
Shares for net asset value calculation ('000 shares)	136,459	–	136,459	0%
Basic earnings per share (cents)	8.12	2.98	11.10	37%
Basic headline earnings per share (cents)	7.61	2.98	10.59	39%
Net asset value per share (cents)	100.16	–	100.16	0%
Tangible net asset value per share (cents)	55.44	(29.25)	26.19	(53)%

#### Column notes:

1. This column represents the "before" financial information, which has been extracted, without adjustment, from the published unaudited abridged group results of Santova for the six months ended 31 August 2012.
2. This column reflects the effects of the acquisition of WMS. The information has been extracted, from the audited annual financial statements of WMS for the year ended 31 March 2012.
3. This column reflects the "after" financial information, including the effects of the acquisition of WMS by Santova.
4. This column reflects the percentage change that the above transaction has on the performance per ordinary share of Santova.

The assumptions used above are:

- historical earnings remain constant;
- all income statement amounts have been converted at the average exchange rate for the six-month period and all balance sheet amounts at the closing exchange rate, both of which agree to the rates used to convert GBP amounts in the published Santova Group Interim Results as at 31 August 2012;
- the initial purchase price payment due upon completion in terms of the sale agreement has been included as having been paid in cash, converted at the closing exchange rate applicable to the published Santova Group Interim Results as at 31 August 2012; and
- the two warranty payments have been present valued and reflected as financial liabilities.

### CATEGORISATION AND OTHER JSE REQUIREMENTS

This transaction is a category 1 transaction as defined by the JSE Listings Requirements and will require shareholder approval at a General Meeting. The circular to shareholders is being prepared and will be dispatched to shareholders in due course.

### WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the cautionary announcement dated 12 October 2012, and are advised that caution is no longer required to be exercised by shareholders when dealing in their securities.

Durban  
 23 November 2012

Sponsor and Corporate Advisor



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