ANNUAL INTEGRATED REPORT 2011

Santova
Logistics Ltd

GROUP MISSION STATEMENT

To partner our clients with integrity and passion in providing them with intelligent supply chain solutions.

OUR PHILOSOPHY

We recognise that our clients' needs are unique and our distinctive client-centric approach is attuned to the constantly changing trends and dynamics in the market place, ensuring flexibility, innovation and delivery on assurances.

Santova Logistics Limited is a company listed on the JSE, with offices throughout South Africa, and offices in Hong Kong, Australia, the United Kingdom and the Netherlands, as well as strategic partners throughout the world. With more than eighty years' extensive experience in the logistics domain, Santova provides supply chain optimisation solutions to our international and domestic clients, through industry-leading strategic logistics management practices and resources.

OUR VALUE PROPOSITION

supply chain optimisation

Santova, in collaboration with its international strategic partners in the supply chain, provides integrated "end-to-end" logistics solutions that ensure the seamless flow of products into the market place for importers/exporters and consumers worldwide.

The open architectural design of OSCAR enables optimisation of the supply chain management process through virtual management at the lowest possible cost whilst retaining high levels of client service.

SERVICES

sea, air, road and rail

- Consultation on various relevant legislation, tariff schedules and customs facilities
- Integrated supply chain software packages (OSCAR)
- Inter-modal transport
- International forwarding and customs clearing
- International marine and general insurance
- Logistics management and supply chain optimisation
- Negotiating, arranging and co-ordinating freight
- Bulk and break bulk
  - Full container load (FCL)
  - Groupage
  - Less than container load (LCL)
- Port supervision and wharf inspection services
- Ship chartering
- Ships agency
- Stevedoring
- Foreign exchange management
- Warehousing and distribution

HISTORY

April 2011

The establishment of an airfreight office at Schiphol, the Netherlands. Leading Edge Insurance Brokers (Pty) Limited changed its name to Santova Financial Services (Pty) Limited and relocated to Santova House, 88 Mahatma Gandhi Road, Durban, the Group's Head Office.

October 2010

The establishment of an airfreight office at Heathrow, the United Kingdom.

March 2010

The acquisition of Aviocean (Pty) Limited, a customs clearing and forwarding business based in Johannesburg. In January 2011 the company changed its name to Santova Logistics South Africa (Pty) Limited.

January 2010

The acquisition of Santova Logistics B.V. (formerly Maxxs B.V.), a customs clearing and forwarding business based in Rotterdam, the Netherlands.

March 2009

The acquisition of McGregor Sea and Air Services Pty Limited (formerly McGregor Customs Pty Limited), a customs clearing and forwarding business in Sydney, to facilitate the opening of trade between the Group's offices in South Africa, the Far East, the United Kingdom, Europe and Australia.

March 2007

Relocation of head office to Santova House, 88 Mahatma Gandhi Road, Durban, 4001, South Africa and acquisition of the Mogal International Limited Group of companies in the United Kingdom.

January 2007

Change of name to Santova Logistics Limited and change of financial year end from December to February.

September 2006

Acquisition of Leading Edge Insurance Brokers (Pty) Limited, a short-term insurance brokerage with an office in Durban, South Africa.

May 2006

Acquisition of Impson Logistics (Pty) Limited (formerly Impson Freight (Pty) Limited), a highly successful logistics business with branches in Durban, Cape Town, Johannesburg, Pietermaritzburg and Sasolburg.

2003 – 2007

Conversion from a predominantly clearing and forwarding agency to an international company providing supply chain optimisation solutions to international and domestic clients through industry-leading strategic logistics management practices and resources. During this period, an office was established in Hong Kong, a joint partnership was set up with Patent International Co., Limited, a clearing and forwarding agency with 20 branches in various cities throughout mainland China, and the Company moved to the Alternative Exchange ("AltX") in May 2006.

April 2002

Acquisition of the business of CSS Logistics (Pty) Limited, a company providing integrated agency services to exporters of fresh produce world-wide.

28 March 2002

Santova Logistics Limited (formerly Spectrum Shipping Limited) listed on the Development Capital Board of the JSE by reverse-listing into the listed shell company, Micrologix Limited.

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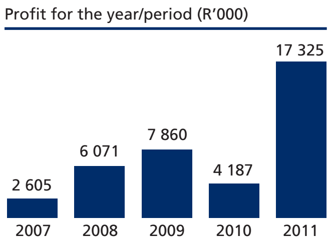
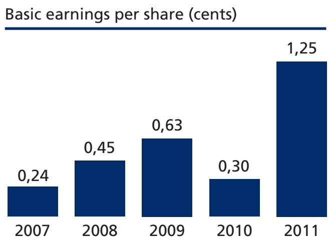
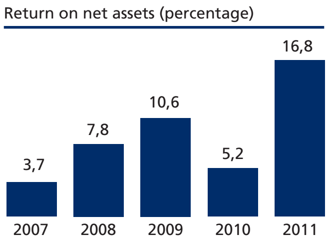
GROUP HIGHLIGHTS

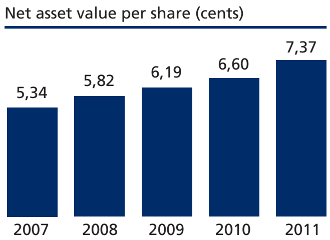
- **312,3% increase in earnings per share**
- **245,6% increase in headline earnings per share**
- **155,3% increase in operating income**
- **Substantial improvement on Group operating margin from 12,7% to 22,0%**

		2011	2010	%
Basic earnings per share	(cents)	1,25	0,30	312,3
Headline earnings per share	(cents)	1,07	0,31	245,6
Operating margin	(%)	22,0	12,7	73,5
Return on average ordinary shareholders' funds	(%)	18,5	4,9	281,1
Return on net assets	(%)	16,8	5,2	221,2
Net asset value per share	(cents)	7,37	6,60	11,6
Net asset value	(R'000)	103 415	80 277	28,8
Current ratio	(ratio)	2,02	2,02	0,0
Gross billings	(R'000)	2 044 439	1 493 371	36,6
Turnover	(R'000)	144 230	98 038	47,1
Operating income	(R'000)	31 701	12 418	155,3
Profit for the year	(R'000)	17 325	4 187	313,8









"The Group continues to focus on building quality earnings"

GROUP FINANCIAL SUMMARY DEFINITIONS

CURRENT RATIO
Current assets divided by current liabilities (excluding cash and cash equivalents and short-term borrowings and overdraft).

EARNINGS PER SHARE
Basic earnings per share is calculated on profit for the year attributable to equity holders of the parent divided by the weighted average number of ordinary shares (including subscriptions awaiting allotment, whilst excluding share commitments and treasury shares) in issue during the year under review. Headline earnings per share is calculated after adjusting for non-trading items.

INTEREST COVER
Operating income before interest and taxation, divided by net interest paid.

MARKET CAPITALISATION
The share price multiplied by the number of ordinary shares in issue at year end.

NET ASSETS OR TOTAL EQUITY
Total assets less total liabilities.

NET ASSET VALUE PER SHARE
Ordinary shareholders' funds (capital and reserves attributable to equity holders of the parent) divided by the number of ordinary shares (including subscriptions awaiting allotment, whilst excluding share commitments and treasury shares) in issue at year end.

OPERATING MARGIN
Operating income before interest and taxation expressed as a percentage of turnover.

RETURN ON NET ASSETS OR RETURN ON TOTAL EQUITY
Profit for the year expressed as a percentage of net assets.

RETURN ON TANGIBLE NET ASSETS
Profit for the year attributable to equity holders of the parent expressed as a percentage of tangible net assets.

RETURN ON AVERAGE ORDINARY SHAREHOLDERS' FUNDS
Profit for the year attributable to equity holders of the parent expressed as a percentage of average ordinary shareholders' funds (capital and reserves attributable to equity holders of the parent for this and previous year divided by two).

TANGIBLE NET ASSETS
Total assets less total liabilities and intangible assets.

GROUP FINANCIAL SUMMARY

RESULTS		**12 months to 28 February 2011 R'000**	12 months to 28 February 2010 R'000	12 months to 28 February 2009 R'000	12 months to 29 February 2008 R'000	14 months to 28 February 2007 R'000
Summary						
Gross billings		**2 044 439**	1 493 371	1 885 240	1 956 021	1 451 862
Turnover		**144 230**	98 038	118 229	108 243	77 395
Operating income before interest and taxation		**31 701**	12 418	26 275	21 132	15 053
Profit for the year/period		**17 325**	4 187	7 860	6 071	2 605
Profit attributable to equity holders of the parent		**16 964**	3 748	7 794	6 026	2 625
Net assets		**103 415**	80 277	74 366	77 399	71 322
Tangible nets assets		**43 425**	40 750	48 418	48 370	42 710
Financial ratios						
Return on average ordinary shareholders' funds	(percentage)	**18,5**	4,9	10,3	8,1	5,6
Return on net assets	(percentage)	**16,8**	5,2	10,6	7,8	3,7
Return on tangible net assets	(percentage)	**40,0**	10,3	16,2	12,5	6,1
Operating margin	(percentage)	**22,0**	12,7	22,2	19,5	19,4
Interest cover	(ratio)	**3,74**	2,23	1,73	1,61	1,39
Current ratio	(ratio)	**2,02**	2,02	2,56	2,40	2,58
Ordinary share performance						
Ordinary shares in issue at year end	(shares 000's)	**1 376 127**	1 256 049	1 297 356	1 366 788	1 122 682
Share commitments at year end	(shares 000's)	**(27 701)**	39 721	50 892	–	–
Subscriptions awaiting allotment at year end	(shares 000's)	**–**	–	–	8 569	222 855
Shares held by the Share Trust at year end	(shares 000's)	**–**	–	45 607	45 367	10 755
Basic earnings per share	(cents)	**1,25**	0,30	0,63	0,45	0,24
Headline earnings per share	(cents)	**1,07**	0,31	0,68	0,45	0,23
Diluted basic earnings per share	(cents)	**1,23**	0,29	0,62	0,45	0,24
Diluted headline earnings per share	(cents)	**1,04**	0,29	0,67	0,45	0,23
Closing share price at year end	(cents)	**8**	3	5	7	16
Net asset value per share	(cents)	**7,37**	6,60	6,19	5,82	5,34
Tangible net asset value per share	(cents)	**3,09**	3,35	4,03	3,64	3,20
Market capitalisation at year end						
Ordinary shares	(R'000)	**110 090**	37 681	64 868	95 675	179 629

GROUP FINANCIAL REVIEW

	28 February 2011 R'000	28 February 2010 R'000	28 February 2009 R'000	29 February 2008 R'000	28 February 2007 R'000
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets	**72 422**	52 297	38 876	43 502	41 836
Current assets	**275 454**	188 465	219 717	286 789	290 011
Total assets	**347 876**	240 762	258 593	330 291	331 847
Liabilities					
Non-current liabilities	**5 761**	6 772	5 361	2 658	3 276
Current liabilities	**238 700**	153 713	178 866	250 195	257 249
Total liabilities	**244 461**	160 485	184 227	252 853	260 525
Capital and reserves	**103 415**	80 277	74 366	77 438	71 322
Total equity and liabilities	**347 876**	240 762	258 593	330 291	331 847

	12 months ended 28 February 2011 R'000	12 months ended 28 February 2010 R'000	12 months ended 28 February 2009 R'000	12 months ended 29 February 2008 R'000	14 months ended 28 February 2007 R'000
STATEMENT OF COMPREHENSIVE INCOME					
Gross billings	**2 044 439**	1 493 371	1 885 240	1 956 021	1 451 862
Cost of billings	**(1 900 209)**	(1 395 333)	(1 767 011)	(1 847 778)	(1 374 467)
Turnover	**144 230**	98 038	118 229	108 243	77 395
Operating income before interest and taxation	**31 701**	12 418	26 275	21 132	15 053
Net interest paid	**(8 485)**	(5 565)	(15 188)	(13 096)	(10 799)
Profit before taxation	**23 216**	6 853	11 087	8 036	4 254
Income tax expense	**(5 891)**	(2 666)	(3 227)	(1 965)	(1 649)
Net profit for the year/period	**17 325**	4 187	7 860	6 071	2 605

GROUP OPERATIONAL STRUCTURE

Santova Logistics Limited (South Africa)

100%

- Santova Logistics Limited[1] (United Kingdom)
- Santova Logistics B.V.[2] (Netherlands) — 75%
- Santova Logistics Limited (Hong Kong)
  - 51% Santova Patent Logistics Co., Limited (Hong Kong)
    - 19 Representative Offices (Mainland China)
- McGregor Sea & Air Services Pty Limited (Australia)

- Impson Logistics (Pty) Limited[3] (South Africa)
  - Warehousing & Distribution (Division)
  - E-OSCI (Division)
- Santova Logistics South Africa (Pty) Limited (South Africa)
- Santova Financial Services (Pty) Limited (South Africa)
- Santova NVOCC (Pty) Limited (South Africa)

1 *Branches: Essex and Heathrow Airport*
2 *Branches: Rotterdam and Schiphol Airport*
3 *Branches: Durban, Johannesburg, Cape Town, Port Elizabeth, Pietermaritzburg and Sasolburg*

CHAIRMAN'S REVIEW

This Annual Integrated Report was prepared during a cross-over period in Company Law, with the Companies Act, No 71 of 2008, as amended ("the 2008 Companies Act"), finally coming into effect on 1 May 2011 after many delays. We have prepared our Annual Integrated Report on the basis that during the transition period a pre-existing company's Memorandum and Articles of Association take precedence over the Act. Where the 2008 Companies Act has dictated otherwise, we have applied the provisions of that Act. This has made drafting the report challenging and as a consequence, has meant attention has been focused on compliance with the new Company Law, as well as applying the recommendations of King III with regard to the content of the Annual Integrated Report.

As yet, there is no precedent for an Integrated Report that is considered acceptable for a company such as Santova Logistics. We have taken a step towards what we believe is appropriate by including additional information and plan to take the development of an Integrated Report, as envisaged by King III, further in 2012.

Against a backdrop of a moderate recovery in the South African economy, a strong Rand, and international trade volumes which have been affected by a slower recovery globally, it is pleasing to see the results that the Santova Group has achieved this year. The Group is still in its early stages of development and prospects for its future are exciting. The further international expansion of the Group, and particularly the opening up of offices at two major international airports in Europe to handle airfreight, further enhances the capability of the Group in its management of supply chains. In the year ahead, one of the main focuses of the Group will be to leverage on the infrastructure that is now in place.

In the period under review, management has concentrated on properly integrating and, where necessary, re-structuring the entities acquired in the last two years and promoting the interaction of trade between the South African and offshore entities. The acquisition of Aviocean (now Santova Logistics South Africa) has been instrumental in facilitating further this interaction, particularly where airfreight capability is concerned. Key to further growth in the year ahead is the acquisition of new clients by all the entities, whilst retaining and expanding service delivery within the existing client base, and the improvement of margins throughout. Risks to growth include natural disasters, such as the one that occurred a short while ago in Japan – the consequences of which have yet to be fully felt – and the prevailing threats of financial instability in other parts of the world.

Where social responsibility and human resources are concerned, management in South Africa have made impressive progress in complying with the extremely complex legislative environment, including the introduction of essential policies and procedures that will ensure that such compliance is sustainable. The Group has also been proactive in establishing skills training programmes and learnerships, both of which have provided it with a source of skilled employees, a significant number of which have been retained within the business.

Management and staff throughout the Group have done sterling work this year and I am encouraged by the results achieved in what has been yet another difficult year. I would like to take this opportunity to thank everyone for their effort and also to my colleagues on the Board for their continuous support during the year. Finally, welcome to Tony Dixon and Lance van Zyl, who joined the Board towards the end of the 2011 financial year. I look forward to benefiting from their particular skills and experience on the Board. I am confident of the prospects for the year ahead.

ESC Garner
Chairman

Durban
16 May 2011

FINANCIAL PERFORMANCE

In comparison to the previous financial year, headline earnings per share has increased from 0,31 to 1,07 cents per share, an increase of 245,6%. Furthermore, what is significant is the substantial improvement in the operating margin of the Group which has increased from 12,7% to 22,0%, an increase of 73,5%. The improvement of margins has been and still is a strategic focal point for the Group going forward.

A moderately improved trading environment

South Africa's economy grew by 4,4% in the fourth quarter of 2010 (Statistics South Africa) which was a substantial increase on the 2,7% achieved in the third quarter of 2010. Sales for the fourth quarter (2010) also improved by 7,7% year-on-year whilst sales for December 2010 registered a higher-than-expected 8,3% year-on-year increase. These increases were predominantly driven by pharmaceutical and medical goods, cosmetics and toiletries, followed by retailers in household furniture, appliances and equipment.

These statistics, together with the fact that the real annual gross domestic product ("GDP") had actually increased by 2,8% in 2010 (-1.7% in 2009), confirmed further that South Africa was no longer in a recessionary environment by the end of 2010. Whilst a significant improvement on 2009, 2010 can be described as a period of 'slow to moderate' economic recovery. Reviewing the recent results published by the 'icons' of the industry, the industry in general was not without its challenges.

The continued strengthening of the Rand

Although an impressive performance, the effects of a slower economy were still prevalent during 2010. Lower international trade volumes and the intense price competition among service providers across the spectrum hampered any further improvement in the Group's operating margins and cash flows. Perhaps the most significant challenge was, and still is, the continued strengthening of the Rand against the US Dollar. Not only has this had an adverse effect on the competitiveness of South Africa's exports and an already struggling manufacturing and mining sector, it has significantly limited the operating margin of the industry as a whole.

The majority of Santova's revenue is still being generated by fees or commissions raised on the disbursement of the weighted rand value of goods traded by its clients. This, together with the fact that a significant portion of our revenue in freight forwarding is also raised in US Dollars, has resulted in profitability (operating margins) being proportionately adversely affected with the strengthening of the Rand.

In January this year, the Rand reached its strongest level against the US Dollar since August 2007, translating to a rise of more than 30,0% since the start of 2009. Whilst containing inflationary pressures and any immediate hike in interest rates, the benefits of a strong Rand versus a weak Rand will always be a topic for discussion. Insofar as the year ahead is concerned, the Rand, which is still being supported by strong inflows (investors seeking higher yields in emerging markets), is still an uncertainty. It is pleasing, however, that in spite of the limiting effects of a strong currency on the earnings, the Group was still able to generate respectable growth in earnings for the period under review.

SOUTH AFRICA

The South African operations in the form of Impson Logistics and Santova Logistics SA have produced impressive results. Their strategy of keeping abreast with what is considered 'best practice' and their dedication to ensuring that implementation of such is never compromised, has resulted in these two operations continuing to provide the financial foundation and 'hub' of all development and support for the Group worldwide. Due to the fact that these two South African based businesses still constitute the largest assets of the Group, the responsibility of remaining at the forefront of our innovative ability clearly resides in their hands.

In regard to our short-term insurance activities, the performance of Santova Financial Services has not met expectations. Whilst turnover has grown steadily over the years, cost structure has also grown, which has resulted in diminishing margins over the period. A thorough review of the business has taken place and strategic changes made which have resulted in much improved work flow processes and structures. A decision was also taken to impair the goodwill associated with the acquisition of Standard Insurance Consultants, which has resulted in an impairment loss being effected through the statement of comprehensive income.

An on-going concern, however, is the skills shortage in the insurance industry which is characterised by a high degree of difficulty in sourcing experienced and competent talent. Nevertheless, the business remains robust and confident about the year ahead. This confidence is supported by the fact that new clients were being signed on at regular intervals in the last quarter of the 2011 financial year.

EUROPE

Whilst the earnings achieved by Santova Logistics UK are a significant improvement on the previous year, the business has still felt the effects of a prevailing 'flat' economy. In April 2010, the British Retail Consortium's monthly survey revealed that sales around the country fell by almost 2,0% in the month of March 2010, the largest decrease in 16 years. Furthermore, whilst the inflation rate is still double the Bank of England's 2,0% target rate and there is no guarantee that interest rates will remain low, it seems certain that the year ahead will remain a challenge for the economy.

In spite of this, the Group made a bold step in October 2010 by investing further in this region and opening an airfreight office at Heathrow Airport, London. The motive behind such a decision was to try and improve the current business model which focused predominantly on sea freight consolidation services. The Heathrow office now offers the Group an opportunity to complete its comprehensive service offering which eliminates the need to outsource such services to third parties going forward. Since October 2010, this office has delivered impressive earnings which no doubt will play an instrumental role in building this operation in the year ahead.

With regards to the Netherlands, considering the fact that Santova Logistics B.V. was a 'grass roots' operation in March 2010, results for the first year of trading are pleasing; particularly so if one acknowledges the gradual strengthening of the Rand over this period and the resultant negative impact on the statement of comprehensive income. To this end, one should also take cognisance of the once-off expenses incurred in setting up this office from inception.

To strengthen our service offering in this region, the Group made the strategic decision to set up an airfreight office at Schiphol Airport, Amsterdam. This office was officially opened on 1 April 2011 to service the needs and expectations of our global clients. Furthermore, the set of skills, experience and additional staffing complement now in this office have put it in a position to take transfer of the South African client base which is currently with a third party (agent) in Amsterdam.

The challenge once again, as it is in all business units, is the ability for Santova Logistics B.V. to develop its own client base within this region.

AUSTRALIA

Considering the global economic slowdown and its effect on this region, our Australian operation proved its reliability and consistency by delivering a pleasing set of results. The challenge for this office will now be to evolve to its next level of capability. In this regard, initiatives are underway to introduce software packages and intelligent management information systems (OSCAR) which will result in this business focusing on integrating activities into key supply chain processes rather than managing individual functions – supply chain management as opposed to customs clearing and forwarding. This capability will result in this business being better placed to secure larger, more profitable, clientele whose complex supply chains require sophisticated supply chain solutions.

ASIA

Santova Logistics Hong Kong continued to play a pivotal role for our offices around the globe. Our capability of facilitating, controlling and managing end-to-end comprehensive supply chain logistics at source – Mainland China – continues to be a valuable asset to the Group. Clients wanting to venture into new territories or markets in China are offered a service through this office which hedges the risks associated with the capital investment required in most 'grass roots' operations. The profitability or financial benefit of such services more often than not resides with our global offices located at point of final consumption.

SANTOVA: ALIGNING SUPPLY CHAINS WITH BUSINESS STRATEGIES

The continued 'globalisation' of world economies is resulting in increased connectivity and interdependence of world markets and businesses. Organisations are no longer competing with one another; rather it is the supply chains of which these organisations are part that are now competing.

The more 'globalised' an organisation's supply chain becomes, the more complex supply chain logistics becomes. In light of this, companies are opting to place themselves in a better position to realise the measureable value of an effective end-to-end supply chain logistics model. It is becoming increasingly obvious that a 'one-stop shop', supported by sophisticated technology systems and software packages, is the preferred option for clients.

Albeit a highly populated and competitive market, competitors who are predominantly product focused rather than solution based will inevitably experience growing difficulty in delivering earnings growth in an evolving or globalised market. For this reason, Santova has over the years invested significantly in 'intellectual infrastructure' to ensure its relevance both today and in the future. As a supply chain integrator, Santova focuses on key supply chain processes rather than managing individual functions. From supplier (ex-works) to consumer (point-of-consumption) Santova manages the entire supply chain for clients.

Among others, our distinctive strategy of end-to-end integrated supply chain optimisation through one IT interface (OSCAR), facilitates the following:

- Total transparency and control – enabling educated decision making;
- Multiple view rights – suppliers, consignees, agents, truckers, shipping lines;
- Multiple access points for data entry;
- Access to all data for report writing, management tools, EDI;
- EDI transfer to and from customer software; and
- Communication applications (e-mail functionality) between key role players.

This eliminates duplication in infrastructure, systems, physical resources and workflow processes.

Most importantly, as this is an in-house package we are able to accommodate client specific requests and adaptations/additions to the software/interface with client systems.

Santova's emphasis is on learning curves and response times, a necessity in a changing and uncertain world market. After all, as Jack Welch, the CEO of General Electric once said: *"An organisation's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage"*.

THE YEAR AHEAD

Whilst our proficiency in a broad range of international services has been tried and tested, the Group has made the strategic decision to focus on developing two further segments of the business.

The first includes contract logistics and distribution which amongst others, constitutes receiving, assembly, quality control, labelling, packaging, inspection and distribution. The second is end-to-end supply chain management services which constitutes an independent division within the International Group. This specialist area of expertise is largely characterised by supply chain analysis, process definitions, sophisticated software packages, data interchange, management information, report writing and the integration of the individual functions of the supply chain.

The decision to intensify the focus on these two segments of our business has been fuelled by our growing number of international clients where the complexity of their supply chains demands a level of sophistication in service delivery beyond that of a typical customs and clearing agent.

A positive economic outlook

It is indeed encouraging to read in April 2011 that the SA Chamber of Commerce and Industry has said that business confidence is at its highest level since 2008 and that some momentum and resilience to global events had been established. This, together with much improved year-on-year sales and GDP figures in the last quarter of 2010, certainly bodes well for the year ahead.

The Santova Group will continue to grow organically and through strategic acquisitions whilst at the same time embracing the opportunities that fast-changing world markets bring to the fore. With globalisation comes greater mobility of goods and services and enhances prospects for the future demand of our global supply chain management solutions. Supply chains are also changing and becoming more complex, presenting opportunities for organisations such as Santova to leverage off the skills, experience and 'intelligent' infrastructure that they have to offer. With focus and effective strategic decision making and the commitment of our people, the Santova Group will continue to create value for our stakeholders.

APPRECIATION

A sincere thank you to my fellow directors, management, staff, clients and strategic partners for all their support during the 2011 financial year. The year was characterised by an impressive performance by the Santova Group, none of which would have been possible without the continued belief, buy-in and loyal support for what we as one team believe in – becoming a leading international supply chain logistics solutions and management business. The year ahead will be exciting as the Group yet again evolves to its next level of capability and by so doing empowering its clients through sophisticated supply chain management solutions.

GH Gerber
Chief Executive Officer

Durban
16 May 2011

GROUP FINANCIAL DIRECTOR'S REVIEW

A review of the Group financial summary, included on page 3 of the Annual Integrated Report, substantiates the fact that the Group is achieving what it set out to achieve through the introduction of strategic initiatives during the economic downturn some two years ago. Furthermore, performance indicators are continuously improving and we look this year to entrenching this trend. It is also encouraging to note that not only have we improved on 2010 but to a large degree against a somewhat successful 2009 as well, which was a particular focus for the year under review.

Return on average ordinary shareholders' funds, at 18,5% for the current year, was a significant improvement on the 4,9% achieved in 2010 and against the 10,3% achieved in 2009. The return on net assets (total equity) increased from 5,2% in 2010 to 16,8% in the current financial year, which constitutes a significant improvement on past performances.

2011 FINANCIAL PERFORMANCE REVIEW

Whilst organic growth was impressive, the acquisition of Santova Logistics SA (formerly Aviocean) made a meaningful contribution to the Group's increase in earnings per share ("EPS") and headline earnings per share ("HEPS") of 312,3% and 245,6% respectively. Included in the EPS figure is negative goodwill raised on the acquisition of Santova Logistics SA amounting to R3,868 million, which accounted for 0,28 cents per share. Excluding the negative goodwill effect of the acquisition, EPS would still have been 0,97 cents per share, which constitutes an increase of 218,3% on the previous year. The above improvement was achieved in spite of the strong Rand that was prevalent during the year under review. Whilst the US Dollar remains the base currency for shipping worldwide, the Group's operating margins will be intrinsically linked to the Rand to US Dollar exchange rate. Notwithstanding the weakening US Dollar and strengthening Rand, the Group managed to increase its operating margin from 12,7% to 22,0%.

The Group's effective tax rate decreased from 38,9% to 25,5%, largely due to the negative goodwill, referred to above, on the consolidation of Santova Logistics SA into the Group.

Net asset value has increased from 6,60 cents per share to 7,37 cents per share as at 28 February 2011, an 11,6% increase; whilst the tangible net asset value has moved from 3,35 cents per share to 3,09 cents per share as at 28 February 2011, a 7,7% decrease. The difference between these two can largely be attributed to the Group's investment in Santova Logistics SA and further developments in OSCAR during the year. It is important to note that, in light of the Group being a non-asset based business, in all likelihood future acquisitions and further investment in 'intellectual' infrastructure will be of an intangible nature.

The fair value of the Group's intangible assets and investments in subsidiaries at year end were assessed and no need for impairment was found. During the year under review, the acquisition of a going concern (in the previous year) by Santova Financial Services was found to be impaired and the respective goodwill amounting to R1,152 million written off (refer page 48).

The Group has managed to improve the ageing of its accounts receivables even with the R71,104 million increase in trade receivables on prior year (refer page 67). This has been achieved through strict adherence to the various collection policies.

The statement of cash flows for the Group reflects borrowings raised of R23,945 million (2010: repaid R32,945 million). This is largely attributable to the increased working capital requirements of the Group, in line with the increased operational funding requirements from the 36,6% increase in gross billings, which has been funded through our various invoice discounting facilities. Adequate funding is available for this increase in business through the Group's cash resources and various funding facilities (refer pages 55 and 67); supported by strong relationships that exist with the Group's bankers.

The Group's current ratio has remained constant at 2,02 against last year, even with the R551,068 million increase in gross billings over the year.

During the year, the following share movements took place in the issued share capital of the Company (refer page 53):

- 131 250 000 Ordinary shares were allotted to Lance van Zyl on 9 June 2010 for the purchase of Santova Logistics SA; and
- 11 171 520 Ordinary shares were repurchased on 31 August 2010 from the Camilla Coleman Trust in terms of the specific authority granted by shareholders at the annual general meeting held on 23 September 2008.

The Annual Integrated Report incorporates the Group's operations in South Africa, Australia, Europe *(the Netherlands and United Kingdom)* and Hong Kong. The Group reports its financial performance and position in compliance with International Financial Reporting Standards (refer pages 35 to 44 for detailed accounting policies).

The year ahead looks to be an exciting one with the global markets within which we operate appearing to be on the mend. The Group continues to focus on building quality earnings through the continued optimisation of operational efficiencies.

SJ Chisholm
Group Financial Director

Durban
16 May 2011

DIRECTORATE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward (Ted) Garner 71, *Chairman*
MBL (UNISA), MSIA (Carnegie Mellon, USA), CA (SA)

Ted is a Chartered Accountant (South Africa) with a Masters Degree in Business Administration. Most of his working career has been in the Tongaat Sugar company/Tongaat-Hulett group which he joined in 1967. He was appointed Financial Director of the Tongaat-Hulett group in 1978 and in addition was Executive Chairman of various operating divisions of the group and Vice-Chairman of Triangle Sugar Corporation in Zimbabwe. During his tenure and under the auspices of the group, Ted was a director of overseas operations in Luxemburg, Switzerland and London. Locally Ted served as a director on the Small Business Development Corporation, the Consultative Business Movement and the National Housing Trust. In his personal capacity he served as a Governor on the board of Kearsney College in KwaZulu-Natal and as Chairman of the Kearsney College Trust, of which he is a Life Member. Since his retirement from the Tongaat-Hulett group in 2000, Ted has focused on business consultancy. Ted is also Chairman of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee.

Anthony (Tony) David Dixon 64
CA (SA), F Inst. D

Tony spent 30 years of his business career with Coopers & Lybrand (PricewaterhouseCoopers), becoming Regional Chairman – KwaZulu-Natal, and was a long-serving member of the firm's National Executive and Governing Board. Since 1995 Tony has held executive and non-executive directorships on a number of major listed and unlisted boards, including one of South Africa's largest short-term insurance companies – Guardian National Insurance Company, before its merger with Santam. These directorships included the positions of Managing Director, Financial Director and Chairman. Tony has considerable Audit Committee experience. Tony was the Executive Director of the Institute of Directors for the four years from 2004 to 2007. He is acknowledged as an expert in corporate governance and has been instrumental in establishing the Institute of Directors in South Africa as the recognised custodians of corporate governance in the country. For a number of years Tony provided the secretariat role to the King Committee of which he is currently a member. Tony is a member of the Audit and Risk Committee and of the Remuneration and Nominations Committee.

Warwick Lombard 55
CA (SA)

Warwick qualified as a Chartered Accountant (South Africa) in 1988. He completed his articles with Kessel Feinstein and moved into the commercial environment in 1987. Over the last 20 years he has served on various boards of both listed and unlisted companies as Financial Director in the construction, mining and technology sectors. He is currently the Group Financial Director of a listed industrial holding group. Warwick is Chairman of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee.

NON-EXECUTIVE DIRECTOR

Stanley Donner 58
BCom, LLB

Stanley graduated from the University of the Witwatersrand with a law degree, sub-majoring in accounting and finance. He then completed a shipping diploma part-time whilst in the employ of Freight Services, an Anglo American group company. His service with Freight Services covered a number of departmental job situations from import clearing to ship chartering. Thereafter, Stanley and his brother started an international trading company, with a small shipping company to look after terminal cargo requirements. Stanley is the longest serving director of Santova Logistics, having been one of the members of the Board when the Company listed in 2002. He is actively involved in promoting the interests of Santova and became a non-executive director during the year.

EXECUTIVE DIRECTORS

Glen Gerber 48, *Chief Executive Officer*
BA (Hons), MBA

Glen attained a BA Honours degree at Rhodes University in 1984 and thereafter completed his compulsory two-year national service as an organisational development and research consultant to the former SADF. He then joined Integrated Business Information Systems (Pty) Limited as a research and design manager (statistics and research methodology). On completing his MBA at the University of Pretoria, Glen made a strategic career decision to pursue the field of merchant banking services where companies on the JSE were serviced in respect of trade and working capital finance as well as foreign exchange, asset and structured finance. Shortly thereafter, Glen joined Investec Group Limited where he headed both the Northern Transvaal and later the KwaZulu-Natal operations for a continuous period of twelve years, focusing on specialised and structured finance, trust, global fiduciary and tax advisory services as well as private equity and direct investment activities. Glen was appointed as a divisional director of Investec Private Bank in 1995. In 2003, Glen joined Santova Logistics as Chief Executive Officer.

Sean Chisholm 36, *Group Financial Director*
BCompt (Hons), CTA, CA (SA)

Sean completed his articles with a medium-sized audit firm in KwaZulu-Natal during 1999 only to move on to join Ernst & Young's KwaZulu-Natal audit division. During 2000, he was asked to join the Corporate Finance and Advisory Services division with Ernst & Young, which provided him with a wealth of knowledge and experience in a variety of listed entities. After serving as Financial Director with Retail Solutions, a medium-sized start-up entity servicing a number of multinationals, he decided to break away and consult to a variety of listed entities, providing an array of system improvement solutions. After seeing the potential of Santova, he joined the Group in April 2006.

Malcolm Impson 67, *Chairman of Impson*

Malcolm has been active in the customs clearing and forwarding industry all of his working life and is a Fellow of the Institute of Shipping and Forwarding Agents, South Africa. In 1978, Malcolm founded Impson and has been at the helm throughout its development in becoming one of the leading independent freight forwarding companies in South Africa. In May 2006, the entire shareholding in Impson was sold to Santova Logistics. The operating divisions of Santova Logistics were transferred into Impson, which continues to be Malcolm's responsibility as Chairman of Impson. In August 2008, Malcolm was appointed a director of Santova Logistics.

Gary Knight 44, *Managing Director of Impson*
MSc (cum laude)

Gary graduated with an MSc (cum laude) degree (Ecology) from the University of Natal in 1990. He then worked as lecturer and research scientist in Ecology and Microbiology for a further 18 months before making a career change into the logistics industry where he started with Impson in 1993. He has worked in all departments within the business and has at various stages managed the import, export and international forwarding departments before becoming branch manager of the Durban office in 1997. In 1998, he was appointed a director of Impson with a core focus on systems and new business development. Gary has been responsible for many new innovative systems and operational processes that have facilitated Impson's growth into 'blue chip' accounts and has been the main driver and designer of the IT system OSCAR, which is one of Impson's key differentiators. In 2006, Gary was appointed regional director for the coastal offices of Impson, and in 2008 Managing Director of Impson. In August 2008, Gary was appointed a director of Santova Logistics.

Anthony Lance van Zyl 37, *Managing Director of Santova Logistics SA*

Lance started his freight career in 1993 as a consolidator with a medium-sized company specialising in import and export consolidations. He received 'in-house' training and worked through all the divisions, ending up in a managerial position. In 2001 he left the organisation to join Aviocean as General Manager and six months later bought out his partner to acquire 100% of the business. During the next eight years Lance built the business into a dynamic supply chain solutions business with 'blue chip' clients. Lance sold his interest in Aviocean to Santova Logistics in March 2010 and continues to act as its Managing Director. In February 2011, Lance was appointed a director of Santova Logistics

COMPANY SECRETARY

Jennifer Lupton 69
FCIS, M Inst. D

Jenny began her career in Rhodesia in the early 1970's and gained her experience in the investment banking environment where the full range of company secretarial services was provided to clients and where she gained wide experience of all aspects of company secretarial work, included listed company transfer secretarial work. She emigrated to South Africa in 1975 and worked in two other investment banking organisations, where she gained experience with pension fund administration and enhanced her secretarial experience as Company Secretary of two listed cash shell companies. Jenny also became an Associate member of the Southern African Institute of Chartered Secretaries during that period, and subsequently has become a Fellow of the Institute. In 1994 Jenny moved to Hillcrest in KwaZulu-Natal and after eight years as Office Manager of an auditing practice, left in 2002 to devote all her energies into building her own company, Highway Corporate Services (Pty) Limited, which provides company secretarial services to listed and unlisted companies and hands-on training to students aspiring to become Company Secretaries.

HUMAN RESOURCES

The 2011 financial year proved to be a challenging year for the Group Human Resources Department resulting from further expansion of the Group with the addition of another South African subsidiary and the expansion of the existing operations in the United Kingdom and the Netherlands.

As experienced with the acquisition of Impson in previous years, the acquisition of Santova Logistics SA (formerly Aviocean) had delayed consequences and necessary tasks for the department long after the legal and accounting aspects were completed. These tasks, which included addressing the employment contracts, payroll, medical aid, pension/provident and other issues, have largely been completed and the human resources needs of Santova Logistics SA have now been brought under the control of the Group Human Resources Department. This was similar on the international front, where additional offices were also opened in the Netherlands and United Kingdom which added to this challenge.

The application of the Group cultures, philosophies and values and the continued drafting and implementation of policy and procedures have played a significant role in bringing the new entity and branches in line with Group standards, as well as assisting the Group as a whole in dealing not only with social needs but also with the constantly-changing legislation and statutory requirements currently being experienced in South Africa.

The Human Resources Department is a Group resource, overseen by a Human Resources Committee which represents all Group entities around the world. This Committee meets on a quarterly basis and ensures all aspects of the Group's social and human resources requirements are achieved. The department continues to function with the assistance of a network of professional specialist suppliers which provide additional expertise in the various fields when required.

INTERNATIONAL STANDARDS ORGANISATION ("ISO") 9001:2008

On 8 February 2010, the largest trading entity within the Group, Impson, was officially certified as meeting the requirements of ISO 9001:2008 (ISO 9001:2008 model for Quality Management Systems).

Impson has since successfully completed the compulsory annual ISO Management System Certification Audit. Impson is certified for the activities of import and export handling and customs clearing, import and export forwarding, project cargo, warehousing and transport of cargo.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE")

Through its respective B-BBEE Committees, the Group in South Africa has continued to work closely with its B-BBEE consultant in the on-going implementation and development of B-BBEE and to build on previous progress made. The three South African trading subsidiaries of the Group (Impson, Santova Financial Services and Santova Logistics SA) have all been audited for B-BBEE during the financial year.

Impson

For the purposes of B-BBEE, Impson is a 'Generic Enterprise' with an annual turnover in excess of R35 million. As such, all seven elements of B-BBEE must be focused on by Impson. In July 2010, Impson was subject to B-BBEE verification by Integra Broad Based BEE Scores (an accredited verification agency). Impson achieved a B-BBEE score of 62,1 and as such is classified as a Level 5 contributor. This was an improvement from its previous Level 6 Contributor status last year, with the main areas of progress being Employment Equity, Skills Development and Enterprise Development.

Impson achieved the following scores under the seven elements of B-BBEE (rounded):

• Ownership Equity	5,0
• Management Control	1,9
• Employment Equity	8,1
• Skills Development	11,6
• Preferential Procurement	15,5
• Enterprise Development	15,0
• Socio-Economic Development	5,0

Enterprise Development contributions have been made to two suppliers within the industry, ABI Freight Carriers CC ("ABI Freight") and Isqiniseko Deliveries CC ("Isqiniseko Deliveries"). Impson has provided, *inter alia*, computer hardware and software, a motorbike, training, employee salaries, legal advice and business support to ABI Freight. In addition, Impson purchased business services (including Container Terminal Orders, documentation and transport) from ABI Freight. Impson has provided, *inter alia*, a vehicle, legal advice and business support to Iqiniseko Deliveries.

It is important to note that Impson is a 'Value-Adding Enterprise' for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Impson may be multiplied by 1,25 by any client of Impson. The effect of this is that Impson has procurement recognition of 100,0%.

Santova Financial Services

Santova Financial Services is for the purposes of B-BBEE, a 'Qualifying Small Enterprise'. Santova Financial Services was verified by Integra Broad Based BEE Scores in September 2010 and achieved a score of 94,1 and as such is classified as a Level 2 contributor.

Santova Financial Services achieved the following scores under the four selected elements of B-BBEE (rounded):

• Employment Equity	19,1
• Preferential Procurement	25,0
• Enterprise Development	25,0
• Socio-Economic Development	25,0

It is important to note that Santova Financial Services is a 'Value-Adding Enterprise' for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Santova Financial Services may be multiplied by 1,25 by any client of Santova Financial Services. The effect of this is that Santova Financial Services has a procurement recognition of 156,25%.

Santova Logistics SA

Santova Logistics SA is, for the purposes of B-BBEE, a 'Qualifying Small Enterprise'. Santova Logistics SA was verified in April 2010 and achieved a score of 82,8 and as such is classified as a Level 3 contributor.

EMPLOYMENT EQUITY

Employment equity is controlled, measured and driven by the Santova Human Resources Department at a Group level, however, every entity plays a direct role in the management of their employment equity planning, implementation and reporting.

All South African Group entities who are required to report to the Department of Labour for the purposes of employment equity in terms of the Employment Equity Act ("the EE Act"), including the recently acquired Santova Logistics SA, have reported in the required time frame.

With a recession and retrenchment year now behind Santova, the effects (including the 'hold' on hiring and limited employee turnover) have been experienced in employment equity. In essence, without employee growth or turnover, the employment equity plan execution, and consequently the ability of the Group to achieve the goals set in this area, have both been severely impeded.

Nonetheless, there has been progress and the Group remains fully committed to this essential area of social reform.

TRAINING AND SKILLS DEVELOPMENT

Training and skills development remains an important area for the Group, not only to ensure minimum required Group standards are maintained, but to also uplift and further develop the skills of the employee complement. Training improved considerably since the last report, with 237 employees across the Group having been trained in a total of 66 different in-house and external training courses. The main training areas were Customs Clearing and Freight Forwarding, Health and Safety, Software and Accounting related courses.

With the previous Adult Basic Education and Training ("ABET") learners having completed their various courses, this project has been revamped and expanded to include new employees who previously had not opted to take up the opportunity of ABET.

Santova has been a proud supporter of 'high level' training within the Group, with a trainee having been signed off as a Chartered Accountant with the South African Institute of Chartered Accountants ("SAICA") for the Training Outside Public Practice ("TOPP") training program in a previous financial year. This support continued during this last year with one employee having obtained her Bachelor of Commerce Degree (specialising in Transport Economics and Logistics) from the University of South Africa ("UNISA") and another having obtained his Professional Post Graduate qualification with the Institute of Chartered Secretaries ("ICSA") and later being admitted as an Associate of the Institute.

LEARNERSHIPS

The Learnership program within the Group has been identified as one of its most important tools to address the necessary social upliftment and reform required in South African entities. This program has been considered imperative and essential as it addresses four separate social areas, namely, training and development, B-BBEE, employment equity and social responsibility. The results of which have been extremely rewarding.

Due to the recession last year, the project was limited to the largest trading entity, Impson, and a further seven learners completed the programme. Four of these learners have since been retained by Impson. This brings the number of qualified learners in the last three years currently retained by Impson to 17, which represent 8,0% of Impson's total employee complement. Santova Financial Services currently have two retained learners representing 10,0% of their workforce.

These statistics exclude the unqualified learners planned for the upcoming financial year. Impson plan to take on its largest group of learners since the inception of the project. Santova Financial Services will also take on further learners in the upcoming year and it is planned for Santova Logistics SA to begin their Learnership program in the 2013 financial year. The project is therefore set to expand at a notable rate.

HEALTH AND SAFETY

The project to overhaul health and safety within the Group, which began over a year ago, neared its completion at the end of the financial year. It became necessary to embark on such a project, as the structure of the Group, and the physical locations of its various branches, has changed so significantly over the years. This project included the redrafting of a Group health and safety manual, specialist training of appointed health and safety representatives, site visits and a series of audits. One of the final portions of the project included 'refresher' training for all employees within South Africa, the majority of which was conducted via a 'road show' in January and February 2011.

HIV/AIDS

The Group, through its Human Resources Committee, monitors and manages the HIV/Aids position of its employee complement as far as is reasonably possible within the strict ambit of the law. An extensive training program has been planned for the coming financial year on HIV/Aids awareness.

SOCIAL RESPONSIBILITY

In the period 1 March 2010 to 28 February 2011, the various entities within the South African Group made 76 donations to 25 different charities and causes, many of which were in the form of monthly donations.

In addition to the financial support, the Group made a number of social contributions in other ways, endeavouring always to create awareness for the social needs of South Africa and where applicable, countries around the world. These initiatives included participation by all South African entities in Casual Day on 3 September 2010, promotion of support by individual offices around South Africa for local charities and causes during festival holidays as well as throughout the year, the hosting of blood clinics, promoting blood donation and the support of World Cancer Day.

Employee wellness continued to be a priority for the Group with the first Wellness Day held in the Durban region on 13 October 2010 with 80 employees having participated. Due to its success, further days will be arranged and the project will be expanded to other regions in the coming financial year. The various social committees in the Group continued to build relationships between employees and build morale through a number of different activities all throughout the year, which included a detailed Soccer World Cup 2010 program.

BACKGROUND

The beginning of the 2011 financial year saw the launch of King III, which became applicable to all listed companies with effect from financial years commencing 1 March 2010. In addition, the new Companies Act, No 71 of 2008, as amended ("the 2008 Companies Act"), was finally brought into effect on 1 May 2011 after many delays and amendments. This report has been produced in a 'cross-over' period between the two Companies Acts and whilst every effort has been made to ensure compliance with the new Act, there are areas where the 2008 Companies Act lacks clarity and there are divergent views with regard to its interpretation in certain particulars and discretion has had to be used as to which is applicable.

ETHICAL VALUES AND CORPORATE GOVERNANCE

The Group has a very strong ethical culture and set of values that are permeated throughout the Group and are defined in a document entitled 'Our Culture, Philosophies and Values'. The directors subscribe to the values of good corporate governance, without which a company is not sustainable, and recognise the need to conduct business with integrity and in accordance with generally accepted corporate practices.

The Board reviews and takes steps to enhance the corporate governance culture of the Group on a continuing basis. The Board has been strengthened during the year by the addition of a third independent non-executive director with a strong corporate governance background.

THE COMPANIES ACT, NO 71 OF 2008, AS AMENDED

As mentioned above, the 2008 Companies Act became effective on 1 May 2011. Schedule 5 of the 2008 Companies Act contains transitional arrangements with regard to companies whose financial year ends preceded the effective date of the 2008 Companies Act in that their financial statements may be based on the provisions of the Companies Act, No 61 of 1973, as amended ("the 1973 Companies Act"). There are conflicting opinions as to whether the transitional arrangements also apply to matters directly connected with the production of the annual financial statements, such as the holding of the annual general meeting and the matters that must be dealt with at that meeting. As the transitional arrangements set out in Schedule 5 to the 2008 Companies Act provided that during the two year transitional period a pre-existing company's Memorandum and Articles of Association take precedence over the 2008 Companies Act, the notice of annual general meeting has been drafted in line therewith, unless the provisions of the 2008 Companies Act, dictated otherwise. In view of the very short period of slightly more than two weeks between the coming into effect of the 2008 Companies Act and the date on which this Annual Integrated Report must go to print, every effort has been made to ensure that the provisions of the 2008 Companies Act have been complied with.

KING III

The Group is committed to the promotion of good corporate governance and every effort has been made to institute 'best practice' wherever possible. The Board has undertaken an assessment of its readiness for King III. Plans are in place for a more in-depth session on King III to take place at a directors strategy workshop scheduled in May 2011 at which areas where the Group has not thus far applied the principles of King III will be addressed. A table setting out where and to what extent the Company has applied the principles of King III thus far can be found at the end of this Corporate Governance Report.

THE BOARD OF DIRECTORS

The Company has a unitary Board of Directors with the roles of the Chairman and Chief Executive Officer separated and their responsibilities clearly defined. The Chairman is an independent non-executive director. The Board is comprised of three independent non-executive directors, all of whom have strong financial backgrounds, one non-executive director and five executive directors. The recommendation in King III that the Board comprise of a majority of non-executive directors has not been applied at this stage of the Company's development.

The Board has adopted a policy detailing procedures for appointments to the Board. All appointments are formal and transparent, and a matter for the Board as a whole. There exists a clear division of responsibilities at Board level that ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.

BOARD CHARTER

The Board has adopted a Board Charter which regulates its role and defines matters reserved for Board approval. The Board Charter is reviewed annually. The responsibilities of the Board include the following:

- Compliance with all applicable laws, regulations and codes of business practice;
- Responsibility for the proper management and ultimate control of the Company;
- Responsibility for setting the strategic objectives of the Company, determining investment and performance criteria, and taking ultimate responsibility for the proper management and ethical behaviour of the business of the Group;
- Defining levels of materiality, reserving specific powers to itself and delegating other matters to executive management in terms of a limits of authority framework;
- Responsibility for monitoring the management of key risk and performance areas and identifying key non-financial issues relevant to the Group; and
- Reviewing the performance of the various board committees established to assist in the discharge of its duties.

The Company's designated advisor attends Board and Audit and Risk Committee meetings where possible, and is available telephonically if unable to be present in person.

The Board meets at least quarterly on a formal basis with the Board calendar being set at the end of each calendar year for the year to follow, ensuring as comprehensive an attendance by directors as possible. Four meetings were held during the year under review and the directors' attendance record is set out on the following page.

Meetings

Director	10 May 2010	26 July 2010	23 November 2010	22 February 2011
ESC Garner (Chairman)	•	•	•	•
SJ Chisholm (GFD)	•	•	•	•
AD Dixon*	n/a	n/a	n/a	•
S Donner	•	•	•	•
GH Gerber (CEO)	•	•	•	•
MF Impson	•	•	•	•
GM Knight		•	•	•
WA Lombard	•	•	•	•
AL van Zyl**	n/a	n/a	n/a	n/a

* *AD Dixon was appointed a member of the Board on 1 December 2010.*
** *AL van Zyl was appointed a member of the Board on 22 February 2011.*

SUBSIDIARY COMPANIES

Each of the three South African operating entities has its own Board of Directors on which at least two members of the Board of Santova Logistics sit. Board meetings are held as and when required but at least twice a year and dates of meetings are fixed when the main Board calendar is set. The Company Secretary attends all subsidiary Board meetings and provides secretarial advice and services where required. The remaining trading subsidiary companies do not have operational boards at this stage. The Santova Logistics Audit and Risk Committee has taken on the Audit and Risk Committee function for all of the subsidiaries within the Group and deals with the matters required to be dealt with in terms of the JSE Listings Requirements, the 2008 Companies Act and King III.

BOARD COMMITTEES

The Board has appointed an Audit and Risk Committee and a Remuneration and Nominations Committee. The Board will consider during the course of the year the setting up of a Social and Ethics Committee, as required by the 2008 Companies Act. A period of 12 months from the coming into effect of the 2008 Companies Act has been allowed for the establishment of such a committee.

Audit and Risk Committee

A full Audit and Risk Committee report can be found on page 22. A report on the internal Risk Management Committee, which reports into the Audit and Risk Committee, follows after the report on the Remuneration and Nominations Committee.

Remuneration and Nominations Committee

The Committee comprises the following members:

ESC Garner	*(Committee Chairman, independent non-executive director)*
AD Dixon	*(Independent non-executive director)*
WA Lombard	*(Independent non-executive director)*

GH Gerber (Chief Executive Officer), MF Impson (Chairman of Impson) and GM Knight (Managing Director of Impson) attend the meeting by invitation on a regular basis, and SJ Chisholm (Group Financial Director) when required.

The Committee has adopted a charter setting out its responsibilities, which has been approved by the Board. During the year, in the discharge of its duties, the Committee reviewed Group remuneration policies; set the level of increases for senior executives; determined the fees to be paid to non-executive directors; recommended the appointment of an additional independent non-executive director to the Board and approved the winding up of the Santova Logistics Share Purchase and Option Scheme Trust. Remuneration is one of the largest cost components of the Group and optimising the remuneration expense remains a core focus area.

The Group has a pro-active Group Human Resources Department which looks after the issues of human resource management in terms of social transformation and moral and social responsibility. The Group also has an active training programme to enhance the skills of all its employees and train them in the Group's business. More information on these activities can be found in the Group Sustainability Report on pages 12 to 13.

Meetings

The Remuneration and Nominations Committee held three meetings during the year. Attendance at these meetings is shown in the table below.

Director	19 July 2010	22 November 2010	21 February 2011
ESC Garner (Committee Chairman)	•	•	•
WA Lombard	•	•	•
AD Dixon *	n/a	n/a	•

* *AD Dixon was appointed to the Board and as a member of the above Committee on 1 December 2010.*

The Remuneration Report dealing with directors' remuneration can be found on pages 20 to 21.

RISK MANAGEMENT

Risk Management Committee

The Company has an internal Risk Management Committee, which is comprised of senior executives and reports to the Audit and Risk Committee of the Board. The Committee has adopted specific terms of reference, which were approved by the Audit and Risk Committee. Three meetings were held during the year under review, which were reported on in three of the Audit and Risk Committee meetings. As at 28 February 2011, the Risk Management Committee comprised:

MA Croudace	*(Committee Chairman, Group Financial Manager)*
SJ Chisholm	*(Group Financial Director)*
GH Gerber	*(Chief Executive Officer)*
MF Impson	*(Chairman of Impson)*
AKG Lewis	*(Group Legal Advisor, director and Company Secretary of Impson)*

The management of risk is an ongoing process throughout the Group and in addition to the oversight role played by the Audit and Risk Committee, the internal Risk Management Committee has drawn up combined Group policies and procedures for all identified risk areas and ensures that these policies and procedures are adhered to within the Group. The Committee has also established a Risk Analysis and Compliance Matrix, which is a 'living' document and is used in the assessment and management of risk. This document analyses the identified risks into categories of probability and impact on the Group and is updated on a regular basis. Middle and senior managers are requested prior to each Risk Management meeting to report any new areas of perceived risk not previously identified, which are then assessed by the Committee and, if pertinent, incorporated into the Risk Analysis and Compliance Matrix. This channel of reporting remains open throughout the year.

National Customs Committee

The National Customs Committee monitors compliance with Customs regulations throughout the Group in South Africa. The Committee meets on a regular basis and reports into the Audit and Risk Committee.

The minutes of both of the aforementioned committees are tabled at Audit and Risk Committee meetings and any matters of concern brought to the attention of the members of that Committee.

IT Risk Management Committee

The Company has an internal IT Risk Management Committee which concerns itself with the identification and management of IT risk throughout the Group on a global basis. The Committee holds monthly internal meetings and external service provider meetings every alternate month to ensure that the integrity of the Group's IT environment is continually in hand. The Committee does not report back to the Audit and Risk Committee at present, but this will be incorporated in the year to come. Members of the internal IT Risk Management Committee are as follows:

SJ Chisholm	*(Group Financial Director)*
GM Knight	*(Managing Director of Impson)*
TE Lewis	*(Group IT Management Consultant)*
B Stirk	*(Group IT Co-ordinator)*

GOING CONCERN

As a result of the Group's existing client base, strategic initiatives undertaken during the year and funding facilities available, the directors believe that the Group will continue trading as a going concern into the foreseeable future. The key risks, which have been identified by the Risk Management Committee in consultation with Group management and through internal strategy sessions, have been addressed by the Audit and Risk Committee and are being actively managed on an on-going basis by the Risk Management Committee.

KING III COMPLIANCE

King III Principles		Santova Logistics Compliance
Chapter 1 – Ethical Leadership and Corporate Citizenship		
1.	Ethical leadership and responsible citizenship	Yes
2.	Effective ethics management	Yes
3.	Assurance statement on ethics in Annual Integrated Report	No

Chapter 2 – Boards and Directors		
1.	A majority of non-executive directors on the Board	No
2.	Majority of non-executive directors to be independent	Yes
3.	Are the positions of Chairman and CEO held by different persons	Yes
4.	Is the Chairman of the Board an independent non-executive director	Yes
5.	Was the CEO appointed by the Board	Yes
6.	Are directors appointed through a formal process	Yes
7.	Is a succession plan in place for both the CEO and senior executives	No
8.	Director induction and training	Yes
9.	Is the Board assisted by a competent Company Secretary	Yes
10.	Has the Company established the necessary committees	Yes
11.	Do the Board and Committees have formal charters	Yes
12.	Formal delegation of authority setting out powers and authority	Yes
13.	Does the Board take responsibility for risk and IT governance	Yes
14.	Compliance with relevant laws, rules, codes and standards	Yes
15.	Is there an effective risk-based internal audit function	In process
16.	Is a formal evaluation of the Board and directors done annually	No
17.	Remuneration policy for remuneration of directors and executives	Yes
18.	Is the remuneration policy approved by the Shareholders	Yes
19.	Disclosure of individual director remuneration	Yes
20.	Board responsible for effective Stakeholder management	Yes

Chapter 3 – Audit and Risk Committees		
1.	Audit Committee members skilled and independent	Yes
2.	Audit Committee chair independent non-executive director	Yes
3.	Committee consist of three independent non-executive directors	Yes
4.	Chairman a Committee member	Yes
5.	Does the Committee oversee the internal audit function	In process
6.	Committee an integral component of the risk management process	Yes
7.	Committee ensures experience, resources of finance function	Yes
8.	Committee recommends appointment of the external auditor and oversees the external audit process	Yes
9.	Committee reports to the Board and Shareholders on discharge of its duties	Yes
10.	Committee oversight of integrated reporting	In process

King III Principles		Santova Logistics Compliance
Chapter 4 – The Governance of Risk		
1.	Does the Board take overall responsibility for the governance of risk	Yes
2.	Does the Board determine the levels of risk tolerance	Yes
3.	Board assisted by Committees in carrying out its risk responsibilities	Yes
4.	The Board delegates to Management the responsibility for risk management plan	Yes
5.	Does the Board ensure that risk assessments are performed on a regular basis	Yes
6.	Board ensures implementation of an appropriate framework and methodologies to increase the probability of anticipating unpredictable risks	Yes
7.	Board ensures implementation of appropriate risk responses	Yes
8.	Board receives assurance regarding effectiveness of risk management process	Yes
9.	Board ensures risk disclosure to stakeholders	No

Chapter 5 – The Governance of Information Technology		
1.	Board ensures proper IT governance	Yes
2.	IT aligned with the performance and sustainability objectives of the Company	Yes
3.	Board delegates to management the responsibility for the implementation of an IT governance framework	Yes
4.	Board monitors and evaluates significant IT investments and expenditure	Yes
5.	IT forms an integral part of the Company's risk management	Yes
6.	Board ensures the effective management of the Company's information assets	Yes
7.	Does the Audit and Risk Committee assist the Board in carrying out its IT responsibilities	In process

Chapter 6 – Compliance with Laws, Codes, Rules and Standards		
1.	Board ensures compliance with applicable laws and considers adherence to non-binding rules, codes and standards	Yes
2.	Board and directors have working understanding of the effect of applicable laws, rules, codes and standards on the Company and its business	Yes
3.	Compliance risk forms an integral part of the Company's risk management process	Yes
4.	Board delegates to Management the responsibility for the implementation of an effective compliance framework and processes	Yes

Chapter 7 – Internal Audit		
1.	Board ensures an effective risk-based internal audit	In process
2.	Internal audit to provide written assessment of the effectiveness of the Company's system of internal controls and risk management	In process
3.	Audit Committee is responsible for overseeing the internal audit function	Yes
4.	Internal audit positioned to understand the strategy of the Company, and that it can achieve its objectives	In process

King III Principles		Santova Logistics Compliance
Chapter 8 – Governing Stakeholder Relationships		
1.	Board appreciates that stakeholder perceptions affect the Company's reputation	Yes
2.	Board delegates to Management the responsibility to proactively deal with stakeholder relationships	Yes
3.	Board strives to achieve an appropriate balance between its various stakeholder groupings	No
4.	Board ensures equitable treatment of stakeholders	Yes
5.	Board ensures transparent and effective communication with stakeholders	Yes
6.	Board ensures effective, efficient and expeditious resolution of disputes with stakeholders	Yes

Chapter 9 – Integrated Reporting and Disclosure		
1.	Board sets the tone/culture with respect to sustainability	Yes
2.	Company to have a mission statement or codified policy on sustainability	No
3.	Board ensures the integration of strategy and sustainability	Yes
4.	Board to have a formal mandate/stated objective to ensure sustainability	No
5.	Company to have mechanisms in place to measure sustainability	No
6.	Company to prepare an Annual Integrated Report	In process
7.	Sustainability reporting and disclosure integrated with the Company's financial reporting	Yes
8.	Are sustainability reporting and disclosure independently assured	No
9.	Does the Board have a formal climate change strategy	No

The Remuneration and Nominations Committee ("Remco" or "the Committee") is mandated by the Santova Board to support and advise on the Group's remuneration philosophy and policy.

Refer to the Corporate Governance Report on pages 14 to 16 for details of the composition, meetings and mandate of the Committee. During the year under review, the Board accepted the recommendations of Remco under its delegated powers.

The Chairman of the Board ensures that Remco has access to professional advice from outside the Group where necessary.

POLICY ON DIRECTORS' REMUNERATION

The directors are appointed to the Board to provide the management and direction of the Group, together with the skills and experience appropriate to its needs as a diversified leading South African business. The guaranteed remuneration is based just below the median of the market, with discretion to pay a premium to the median for the attraction and retention of the directors.

EXECUTIVE DIRECTORS' REMUNERATION

The Committee aims to align the directors' total remuneration with shareholders' interest by ensuring that a significant portion of their package is linked to the achievement of performance targets.

Executive directors' salaries comprise a cash salary which is reviewed annually by the Committee. Salaries are compared to pay levels of other South African companies to ensure sustainable performance and market competitiveness. The individual salaries of directors are reviewed annually in light of their own performance, experience, responsibility and Group performance. The Company makes contributions to defined contribution plans on behalf of the executive directors on the basis of a percentage of pensionable salary, which is included in their total cost to company ("TCC"). Death and disability cover reflects best practice amongst comparable employers in South Africa, and is included in the directors TCC, as is cover on the Group's medical healthcare scheme. These elements comprise the fixed remuneration component. Executive directors do not receive directors' fees for attending board and committee meetings.

The following tables show a breakdown of the annual remuneration of the directors for the respective years ended:

February 2011	**Basic remuneration[1] R'000**	**Other material benefits[2] R'000**	**Total excluding performance bonus R'000**	**Performance bonus R'000**	**Total R'000**
GH Gerber[3]	**1 500**	**–**	**1 500**	**94**	**1 594**
SJ Chisholm[4]	**900**	**–**	**900**	**56**	**956**
MF Impson	**1 470**	**–**	**1 470**	**61**	**1 531**
GM Knight	**1 349**	**–**	**1 349**	**84**	**1 433**
AL van Zyl	**1 381**	**41**	**1 422**	**409**	**1 831**
Total	**6 600**	**41**	**6 641**	**704**	**7 345**

February 2010	Basic remuneration[1] R'000	Other material benefits[5] R'000	Total excluding performance bonus R'000	Performance bonus[6] R'000	Total R'000
GH Gerber	1 400	–	1 400	–	1 400
SJ Chisholm	750	170	920	–	920
S Donner[7]	850	–	850	–	850
MF Impson	1 391	–	1 391	–	1 391
GM Knight	1 250	–	1 250	–	1 250
Total	5 641	170	5 811	–	5 811

1. *Remuneration comprises TCC.*
2. *Fringe benefit on the settlement of debt.*
3. *GH Gerber was appointed as Chief Executive Officer on 1 February 2003.*
4. *SJ Chisholm was appointed Group Financial Director on 16 August 2006.*
5. *Fringe benefit on the settlement of debt relating to the closure of the Share Trust.*
6. *No bonuses were paid during the year.*
7. *S Donner became a non-executive director effective 26 May 2010.*

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors receive fixed fees for service on the Board and Board committees on the basis of meetings attended. Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes. The current fees paid to non-executive directors were approved by Remco, the Board of Directors and shareholders at the annual general meeting held on 26 July 2010. At the annual general meeting to be held on 26 July 2011 shareholders will be asked to pass a resolution, as a special resolution, to increase the fees of non-executive directors to the amounts set out in the Notice of annual general meeting.

	Chairman fees[1] R'000	**Meeting attendance fees R'000**	**Consulting fees R'000**	**Year ended 28 February 2011 R'000**	Year ended 28 February 2010 R'000
ESC Garner	**135**	**72**	**–**	**207**	110
AD Dixon[2]	**–**	**12**	**–**	**12**	–
S Donner[3]	**–**	**28**	**1 199**	**1 227**	–
WA Lombard	**60**	**72**	**–**	**132**	104
M Tembe[4]	**–**	**–**	**–**	**–**	32
Total	**195**	**184**	**1 199**	**1 578**	246

1. *For the Chairman roles for the Board and respective committees.*
2. *AD Dixon was appointed to the Board on 1 December 2010.*
3. *S Donner became a non-executive director effective 26 May 2010.*
4. *M Tembe resigned on 29 April 2010.*

DIRECTORS' SERVICE CONTRACTS

Glen Gerber was appointed as Chief Executive Officer of Santova Logistics and to the Board with effect from 1 February 2003 and has a written letter of appointment which endures indefinitely and is subject to termination on one month's notice. Sean Chisholm was appointed as Group Financial Director on 16 August 2006 and has a written letter of appointment which endures indefinitely and is subject to termination on two months' notice. The contractual relationship between the Company and its executive directors is controlled through Remco which comprises independent non-executive directors only.

These contracts are formulated in a manner which is consistent with the provisions of the Basic Conditions of Employment Act.

INCENTIVE SCHEME

The Group does not at this stage have any form of incentive scheme in place, the Share Trust having been dissolved in September 2010. Plans are in place to set up a wealth creating, senior executive employee retention scheme within the coming year, recognition having been given to the need for such a scheme to assist with the rewarding and retention of performing senior executives and executive directors.

BENEFICIAL AND NON-BENEFICIAL SHAREHOLDING

The beneficial and non-beneficial shareholdings of directors of the Company and its subsidiaries can be found on pages 28 and 70 of this Annual Integrated Report.

INTEREST OF DIRECTORS IN CONTRACTS

The directors have certified that they were not materially interested in any transaction of material significance, which significantly affected the business of the Group, with the Company or any of its subsidiaries. Accordingly, no conflict of interest with regard to directors' interests in contracts exists. There have been no material changes to the above since 28 February 2011 and up to the date of this Annual Integrated Report.

DIRECTORS TRADING IN COMPANY SECURITIES

All directors are required to obtain clearance prior to trading in the Company's securities. Such clearance must be obtained from the Chairman, or in his absence, by a designated director. Directors are required to inform their portfolio/investment managers not to trade in the securities of the Company unless they have specific written instructions from that director to do so. Directors also may not trade in their shares during closed periods. Directors are further prohibited from dealing in their shares at any time when they are in possession of unpublished price-sensitive information in relation to those securities, or otherwise where clearance to deal is not given.

REPORT OF THE AUDIT AND RISK COMMITTEE

as at 28 February 2011

The Audit and Risk Committee is a committee of the Board of Directors and in addition to having specific statutory responsibilities to the shareholders in terms of the 2008 Companies Act, it assists the Board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the Company and Group.

TERMS OF REFERENCE

The Audit and Risk Committee has adopted formal terms of reference that have been approved by the Board and has executed its duties during the past financial year in accordance with these terms of reference.

COMPOSITION

The Committee consists of three independent non-executive directors. As at 28 February 2011, the Audit Committee comprised:

Name	Financial Qualifications	Period served
WA Lombard (Committee Chairman, independent non-executive director)	CA (SA)	1 March 2010 – 28 February 2011
ESC Garner (Independent non-executive director)	CA (SA)	1 March 2010 – 28 February 2011
AD Dixon (Independent non-executive director)	CA (SA)	1 December 2010 – 28 February 2011

The Chief Executive Officer, Group Financial Director, Group Financial Manager and representatives from the external auditors attend the committee meetings by invitation. The external auditors have unrestricted access to the members of the Audit and Risk Committee. Representatives of the Designated Advisors attend as required by the JSE Listings Requirements.

MEETINGS

The Audit and Risk Committee held five meetings during the financial year. Attendance at these meetings is shown in the table below.

Director	3/10 May 2010	19 July 2010	22 November 2010	21 February 2011
WA Lombard (Committee Chairman)	••	•	•	•
ESC Garner	••	•	•	•
AD Dixon*	n/a	n/a	n/a	•

** AD Dixon was appointed to the Board and as a member of the Committee on 1 December 2010.*

STATUTORY DUTIES

In the execution of its statutory duties during the financial year under review, the Audit and Risk Committee:

- Nominated for appointment as auditors, Deloitte & Touche ("Deloitte"), who in our opinion are independent of the Company and Group;
- Nominated for appointment SD Munro as the Registered Auditor, who in our opinion is independent of the Company and Group;
- Determined the fees to be paid to Deloitte;
- Determined Deloitte's terms of engagement;
- Believe that the appointment of Deloitte and SD Munro complies with the relevant provisions of the 2008 Companies Act and the JSE Listings Requirements;
- Developed and implemented a policy which determines that no non-audit services may be provided by the Company's external auditors;
- Did not receive any complaints relating to the accounting practices and internal control of the Company and Group, the content or auditing of its financial statements, the internal financial controls of the Company and Group, or any other related matters during the year; and
- Made submissions to the Board on matters concerning the accounting policies, financial control, records and reporting of the Company and the Group.

DELEGATED DUTIES

Oversight of risk management

The Committee has:

- Received assurance that the process and procedures followed by the Risk Management Committee are adequate to ensure that financial risks are identified and monitored;
- The Committee has satisfied itself that the following areas have been appropriately addressed:
  - Financial reporting risks;
  - Internal financial controls;
  - Fraud risks as they relate to financial reporting;
  - IT risks as they relate to financial reporting; and
- Reviewed tax and technology risks, in particular how they are managed.

Internal financial controls

The Committee has:

- Reviewed the effectiveness of the Company and Group's system of internal financial controls, including receiving assurance from management and external audit;
- Reviewed significant issues raised by the internal control process; and
- Reviewed policies and procedures for preventing and detecting fraud.

Nothing has come to our notice that leads us to believe that the internal financial controls are not effective.

REGULATORY COMPLIANCE

The Audit and Risk Committee has complied with all applicable legal and regulatory responsibilities.

EXTERNAL AUDIT

Based on processes followed and assurances received, we have satisfied ourselves as to the independence of Deloitte and the respective subsidiary companies' auditors.

Group audit fees	R'000	%
Audit services	1 393	93,6
Non-audit services	95	6,4
Total	1 488	100,0

We have recommended to the Board and the shareholders the re-appointment of Deloitte as Group lead auditors.

INTERNAL AUDIT

In the past the Committee had considered the internal audit needs of the Company and Group and felt that at the present stage of the Company and Group's development it was not cost effective to set up and staff a separate internal audit department. In addition, Impson, the largest component of the Group, had recently been certified in terms of ISO 9001:2008 and in that process all of Impson's internal controls were re-evaluated and strengthened, with specific reference to Corrective Action Reports ("CARs"). With the growth of the Group in the financial year under review, the Committee has reconsidered its standpoint and is in the process of investigating the feasibility of establishing an internal audit function utilising internal staff with external oversight.

FINANCE FUNCTION

We have satisfied ourselves that Sean Chisholm, the Group Financial Director, possesses the appropriate expertise and experience to meet his responsibilities in that position as required by the JSE Listings Requirements. We are satisfied with the experience of the financial managers and based on the processes reviewed and assurances obtained, we consider the accounting practices to be effective.

ANNUAL INTEGRATED REPORT

We recommend the Annual Integrated Report to the Board for approval.

On behalf of the Audit and Risk Committee

WA Lombard
Chairman

Durban
16 May 2011

DIRECTORS' RESPONSIBILITIES AND APPROVAL

as at 28 February 2011

The directors are required by the South African Companies Act, No 61 of 1973, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements of Santova Logistics Limited and its subsidiaries and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company and the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group.

While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's budgets for the year to 29 February 2012 and, in the light of this review and the current financial position, they are satisfied that the Company and the Group have access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements of the Group and Company set out on pages 26 to 68, which have been prepared on the going concern basis, together with the report of the Audit and Risk Committee set out on pages 22 to 23, were approved by the Board of Directors on 16 May 2011 and were signed on its behalf by:

GH Gerber
Chief Executive Officer

SJ Chisholm
Group Financial Director

Durban
16 May 2011

REPORT OF THE COMPANY SECRETARY

for the year ended 28 February 2011

During the year under review, I conducted the duties of Company Secretary for Santova Logistics Limited. The secretarial matters are the responsibility of the Company's directors. My responsibility is providing the directors collectively and individually with guidance as to their duties, responsibilities and powers.

I hereby certify that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, No 61 of 1973, as amended, and that all such returns are true, correct and up to date.

JA Lupton
Company Secretary

Practice number: PPG00290

Durban
16 May 2011

INDEPENDENT AUDITOR'S REPORT

to the members of Santova Logistics Limited

We have audited the annual financial statements and the Group annual financial statements of Santova Logistics Limited, which comprise the statement of financial position and the consolidated statement of financial position as at 28 February 2011, the statement of comprehensive income and the consolidated statement of comprehensive income , statement of changes in equity and the consolidated statement of changes in equity and the statement of cash flows and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, the directors' report, as set out on pages 26 to 68, and the report of the Audit and Risk Committee, as set out on pages 22 to 23.

Directors' responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, No 61 of 1973, as amended, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and Group as at 28 February 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by Companies Act, No 61 of 1973, as amended.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per SD Munro
Partner
Registered Auditor

16 May 2011

2 Pencarrow Crescent
La Lucia Ridge Office Estate Durban

National Executive: GG Gelink *(Chief Executive)*, AE Swiegers *(Chief Operating Officer)*, GM Pinnock *(Audit)*, DL Kennedy *(Risk Advisory)*, L Geeringh *(Consulting)*, L Bam *(Corporate Finance)*, CR Beukman *(Finance)*, NB Kader *(Tax and Legal Services)*, JK Mazzocco *(Human Resources)*, TJ Brown *(Clients and Markets)*, MJ Comber *(Deputy Chairman of the Board)*, NT Mtoba *(Chairman of the Board)*

REPORT OF THE DIRECTORS

for the year ended 28 February 2011

The directors present their report for the year ended 28 February 2011. This report forms part of the audited financial statements.

1. INCORPORATION

The Company was incorporated in the Republic of South Africa on 11 September 1998 and obtained its certificate to commence business on the same date.

2. GENERAL REVIEW

The principal business of the Group is that of a comprehensive logistics solutions provider for select clients moving goods by sea, air, road and rail from origin to final destination internationally, including the provision of insurance, warehousing, information technology and live track and trace.

3. STATE OF AFFAIRS

There were no material changes to the principal business of the Group during the year under review, which was focused on growth and improving the sustainability of the Group.

4. REVIEW OF BUSINESS AND FINANCIAL RESULTS

The Group's profit on ordinary activities before taxation for the year amounted to R23 216 357 (2010: R6 853 073), before deducting taxation of R5 891 455 (2010: R2 666 377).

The profit for the year attributable to equity holders of the parent amounted to R16 963 883 (2010: R3 747 773), which represents earnings per share of 1,25 cents (2010: 0,30 cents).

The financial position of the Group, which is set out in the Group statement of financial position, shows that borrowings are within limits and are regarded as being acceptable for the Group (refer note 13).

The results of the Group and the state of its affairs are set out in the attached annual financial statements and do not, in our opinion, require further comment.

5. DIVIDENDS

During the Company's development years the Board believes that it is appropriate to re-invest earnings, therefore no dividend has been paid by the Company thus far and none has been declared for the current financial year.

6. SHARE CAPITAL

There has been no change in the authorised share capital of the Company during the year under review.

The issued share capital was increased by the issue of 131 250 000 ordinary shares to the previous vendor of Santova Logistics South Africa (Pty) Limited (formerly Aviocean (Pty) Limited) in terms of the Agreement of Sale. There was a reduction in the issued share capital of the Company in terms of a specific authority granted at the annual general meeting held on 23 September 2008 for the repurchase by the Company of the third tranche of 11 171 520 ordinary shares, which were repurchased on 31 August 2010. The net effect of these two transactions brought the issued share capital to 1 376 127 003 ordinary shares (2010: 1 256 048 523).

7. ACCUMULATED LOSS

Attention is drawn to the accumulated loss, which arose in Micrologix Limited prior to the 'reverse-listing' of the original Spectrum Shipping Limited business into that entity in 2002 (refer Our History on cover page). The profitable results of the business of Santova have been fully disclosed and in no way contributed in the accumulated loss as reflected in the statement of financial position since the 'reverse-listing'.

8. CONTROLLING AND MAJOR SHAREHOLDERS

There are 925 (2010: 995) shareholders. Controlling and major shareholders are listed below:

	Number of shares held	Percentage of issued share capital
February 2011		
Maitland Management Limited	**311 473 088**	**22,63**
AL van Zyl	**131 250 000**	**9,54**
SIX SIS	**108 785 000**	**7,91**
Other shareholders	**824 618 915**	**59,92**
	1 376 127 003	**100,00**
February 2010		
Maitland Management Limited	311 473 088	24,80
SIX SIS	101 785 000	8,10
Other shareholders	842 790 435	67,10
	1 256 048 523	100,00

9. PLANT AND EQUIPMENT

There have been no major changes in the plant and equipment during the year or any changes in the policy relating to their use within the Group.

10. BORROWINGS

The Group has not exceeded its borrowing powers in terms of the Articles of Association of the Company or those of its subsidiaries.

11. EVENTS SUBSEQUENT TO THE YEAR END

No events of a material nature have occurred between the financial year end and the date of this report.

12. DETAILS OF SUBSIDIARIES

The following companies were subsidiaries of the Company as at year end:

Name	Percentage held	Registration number	Nature of business
Impson Logistics (Pty) Limited	100	1987/001296/07	International logistics solutions provider
McGregor Sea and Air Services Pty Limited (registered in Australia)	75	093 012 901	International logistics solutions provider
Mogal International Limited (registered in the United Kingdom)	100	2204157	Management company
Santova (Pty) Limited (formerly Santova Financial Services (Pty) Limited)	100	2005/008170/07	Dormant company – name preservation
Santova Financial Services (Pty) Limited (formerly Leading Edge Insurance Brokers (Pty) Limited)	100	2002/004034/07	Insurance brokers
Santova Logistics B.V. (registered in the Netherlands)	100	24457789	International logistics solutions provider
Santova Logistics Pty Limited (registered in Australia)	100	123 200 760	Dormant company – name preservation
Santova Logistics Limited (registered in Hong Kong)	100	36495437-000-11-08-0	International logistics solutions provider
Santova Logistics Limited (registered in the United Kingdom)	100	2463065	Clearing and forwarding agents
Santova Logistics South Africa (Pty) Limited (formerly Aviocean (Pty) Limited)	100	2005/042259/07	International logistics solutions provider
Santova NVOCC (Pty) Limited	100	2004/031099/07	Non-vessel owner common carrier operations
Santova Patent Logistics Co., Limited (registered in Hong Kong)	51	36771425-000-05-08-7	International logistics solutions provider

An insurance cell captive, Impson Logistics (Pty) Limited cell number 00180, is 100,0% held by Impson through Guardrisk Insurance Company Limited. Refer note 26 for further information.

13. SPECIAL RESOLUTIONS

At the Santova Logistics annual general meeting held on 26 July 2010, the following special resolution was passed:

- A general authority for the directors to repurchase ordinary shares in the issued share capital of the Company (registered on 24 August 2010).

Subsidiary companies passed the following special resolutions during the year under review:

- On 22 July 2009 McGregor Customs Pty Limited, registered in Australia, passed a special resolution changing its name to McGregor Sea and Air Services Pty Limited;
- On 10 December 2010 Aviocean (Pty) Limited passed a special resolution changing its name to Santova Logistics South Africa (Pty) Limited. The special resolution was registered by the Companies and Intellectual Property Registration Office on 25 January 2011;
- On 9 February 2011 Leading Edge Insurance Brokers (Pty) Limited passed a special resolution changing its name to Santova Financial Services (Pty) Limited. The special resolution was registered by the Companies and Intellectual Property Registration Office on 7 March 2011; and
- On 20 April 2011 Santova Logistics SA (Pty) Limited passed a special resolution rescinding a special resolution passed in 2006 making Anthony Lance van Zyl the sole representative of the company.

14. THE SHARE TRUST

During the financial year, the Share Trust was wound-up and dissolved by the Master of the High Court on 15 September 2010. It is the intention to replace the Share Trust with a wealth creating retention scheme as soon as possible.

15. DIRECTORS

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

ESC Garner*	Chairman
GH Gerber	Chief Executive Officer
SJ Chisholm	Group Financial Director
AD Dixon*	(appointed 1 December 2010)
S Donner**	(became a non-executive director effective 26 May 2010)
MF Impson	
GM Knight	
WA Lombard*	
AL van Zyl	(appointed 22 February 2011)

* *Independent non-executive*
** *Non-executive*

16. DIRECTORS' INTERESTS

The direct and indirect beneficial and non-beneficial interests of directors in the share capital of the Company as at 28 February 2011 are:

Beneficial interests

Shares held	Direct	Percentage	Indirect	Percentage
February 2011				
SJ Chisholm	**349 876**	**0,03**	**–**	**–**
AD Dixon	**2 800 000**	**0,20**	**–**	**–**
ESC Garner	**–**	**–**	**3 000 000**	**0,22**
GH Gerber	**875 000**	**0,06**	**41 161 616**	**2,99**
MF Impson	**52 039 680**	**3,78**	**–**	**–**
GM Knight	**16 800 000**	**1,22**	**–**	**–**
AL van Zyl	**131 250 000**	**9,54**	**–**	**–**
February 2010				
GH Gerber	875 000	0,07	41 161 616	3,28
MF Impson	52 039 680	4,14	–	–
GM Knight	16 800 000	1,34	–	–

Non-beneficial interests

There were no non-beneficial interests held by directors in 2011 or in 2010.

Directors of subsidiary companies

The direct and indirect beneficial and non-beneficial interests of directors of subsidiary companies in the shares of the Company as at 28 February 2011 are set out below:

Shares held	Direct beneficial	Percentage	Indirect beneficial and non–beneficial	Percentage
February 2011				
TK Blond	**12 724 952**	**0,93**	**–**	**–**
GH Crews	**1 373 000**	**0,10**	**–**	**–**
G McGregor	**–**	**–**	**61 200 014**	**4,45**
CV Simpson	**–**	**–**	**9 632 398**	**0,70**
R Singh	**8 370 081**	**0,61**	**50 165 200**	**3,64**
GW Stay	**14 109 667**	**1,03**	**–**	**–**
February 2010				
TK Blond	10 266 667	0,82	–	–
GH Crews	1 373 000	0,11	–	–
G McGregor	–	–	61 200 014	4,87
CV Simpson	–	–	9 632 398	0,77
R Singh	7 870 081	0,63	50 165 200	3,99
GW Stay	14 190 667	1,13	–	–

17. 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
2 Old Main Road
Hillcrest
3610

PO Box 1319
Hillcrest
3650

18. SHARE REGISTRARS

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

70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

19. AUDITOR

Deloitte & Touche are the auditors of the Company.

20. CORPORATE GOVERNANCE

The directors subscribe to the values of good corporate governance as set out in the King III Report on Corporate Governance. By supporting this Code of Corporate Practices and Conduct, the directors have recognised the need to conduct the business with integrity and in accordance with generally accepted corporate practices. Refer to the Corporate Governance Report, King III Compliance, Remuneration Report and Report of the Audit and Risk Committee on pages 14 to 23, for specific disclosure requirements.

21. NUMBER OF EMPLOYEES

The number of permanent employees within the Group as at 28 February 2011 was 300 (2010: 268).

STATEMENTS OF FINANCIAL POSITION

as at 28 February 2011

		Group		Company	
		2011	2010	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
ASSETS					
Non-current assets		**72 422**	52 297	**77 916**	58 799
Plant and equipment	2	**8 540**	8 942	**72**	105
Intangible assets	3	**59 990**	39 527	**–**	30
Investments in subsidiaries	4	**–**	–	**75 899**	55 947
Financial asset	5	**458**	579	**–**	–
Deferred taxation	6	**3 434**	3 249	**1 945**	2 717
Current assets		**275 454**	188 465	**6 505**	15 449
Trade receivables	7	**248 820**	176 576	**2 428**	121
Other receivables		**11 789**	6 911	**37**	82
Current tax receivable		**784**	622	**–**	162
Amounts owing from related parties	8	**573**	34	**3 673**	14 064
Cash and cash equivalents		**13 488**	4 322	**367**	1 020
Total assets		**347 876**	240 762	**84 421**	74 248
EQUITY AND LIABILITIES					
Capital and reserves		**103 415**	80 277	**71 753**	64 866
Share capital and premium	9	**151 204**	145 579	**151 204**	145 579
Contingency reserve		**181**	132	**–**	–
Foreign currency translation reserve		**1 068**	1 148	**–**	–
Accumulated loss		**(50 718)**	(67 633)	**(79 451)**	(80 713)
Attributable to equity holders of the parent		**101 735**	79 226	**71 753**	64 866
Minority interest		**1 680**	1 051	**–**	–
Non-current liabilities		**5 761**	6 772	**5 442**	5 434
Interest-bearing borrowings	10	**318**	416	**–**	–
Long-term provision	11	**2 013**	2 136	**2 013**	2 136
Financial liabilities	5	**3 429**	4 206	**3 429**	3 298
Deferred taxation	6	**1**	14	**–**	–
Current liabilities		**238 700**	153 713	**7 226**	3 948
Trade and other payables		**116 811**	84 458	**2 003**	2 135
Current tax payable		**593**	796	**–**	–
Current portion of interest-bearing borrowings	10	**151**	321	**–**	–
Amounts owing to related parties	12	**157**	97	**–**	1
Current portion of financial liabilities	5	**5 947**	3 485	**4 707**	1 529
Short-term borrowings and overdraft	13	**108 991**	62 591	**–**	–
Short-term provisions	14	**6 050**	1 965	**516**	283
Total equity and liabilities		**347 876**	240 762	**84 421**	74 248

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 28 February 2011

		Group		Company	
		2011	2010	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
Turnover		**144 230**	98 038	**10 914**	9 024
Gross billings	17	**2 044 439**	1 493 371	**14 599**	11 079
Cost of billings		**(1 900 209)**	(1 395 333)	**(3 685)**	(2 055)
Other income		**6 365**	1 924	**167**	210
Depreciation and amortisation		**(3 960)**	(2 669)	**(83)**	(148)
Administrative expenses		**(114 934)**	(84 875)	**(8 839)**	(8 053)
Operating income	18	**31 701**	12 418	**2 159**	1 033
Interest received	20	**2 265**	3 648	**486**	1 562
Finance costs	21	**(10 750)**	(9 213)	**(742)**	(587)
Profit before taxation		**23 216**	6 853	**1 903**	2 008
Income tax expense	22	**(5 891)**	(2 666)	**(641)**	(1 128)
Profit for the year		**17 325**	4 187	**1 262**	880
Attributable to:					
Equity holders of the parent		**16 964**	3 748	**1 262**	880
Minority interest		**361**	439	**–**	–
Other comprehensive income					
Exchange differences arising from translation of foreign operations		**188**	619	**–**	–
Total comprehensive income		**17 513**	4 806	**1 262**	880
Attributable to:					
Equity holders of the parent		**16 884**	4 367	**1 262**	880
Minority interest		**629**	439	**–**	–
Basic earnings per share (cents)	23	**1,25**	0,30		
Diluted basic earnings per share (cents)	23	**1,23**	0,29		

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2011

	Attributable to equity holders of the parent										
	Share capital R'000	**Share premium R'000**	**Treasury share capital R'000**	**Treasury share premium R'000**	**Share commit-ments R'000**	**Other reserves R'000**	**FCTR* R'000**	**Accu-mulated loss R'000**	**Total R'000**	**Minority interest R'000**	**Total equity R'000**
Balances at 28 February 2009	1 297	151 840	(45)	(4 506)	(3 474)	–	529	(71 275)	74 366	–	74 366
Total comprehensive income	–	–	–	–	–	–	619	3 748	4 367	439	4 806
Transfer of contingency reserve (refer note 26)	–	–	–	–	–	132	–	(132)	–	–	–
Issue of share capital	61	4 835	–	–	–	–	–	–	4 896	–	4 896
Repurchase of shares in terms of share commitments	(11)	(1 106)	–	–	1 117	–	–	–	–	–	–
Repurchase of unallocated shares in Share Trust	(45)	(4 506)	45	4 506	–	–	–	–	–	–	–
Repurchase of shares previously allocated to beneficiaries in Share Trust	(46)	(4 383)	–	–	–	–	–	–	(4 429)	–	(4 429)
Minority interest arising from 25,0% sale of subsidiary	–	–	–	–	–	–	–	–	–	638	638
Reversal of minority interest allocated against parent	–	–	–	–	–	–	–	26	26	(26)	–
Balances at 28 February 2010	**1 256**	**146 680**	**–**	**–**	**(2 357)**	**132**	**1 148**	**(67 633)**	**79 226**	**1 051**	**80 277**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(80)**	**16 964**	**16 884**	**629**	**17 513**
Transfer of contingency reserve (refer note 26)	**–**	**–**	**–**	**–**	**–**	**49**	**–**	**(49)**	**–**	**–**	**–**
Share commitments arising on acquisition of subsidiary	**–**	**–**	**–**	**–**	**5 625**	**–**	**–**	**–**	**5 625**	**–**	**5 625**
Issue of shares in terms of share commitments	**131**	**3 807**	**–**	**–**	**(3 938)**	**–**	**–**	**–**	**–**	**–**	**–**
Repurchase of shares in terms of share commitments	**(11)**	**(1 106)**	**–**	**–**	**1 117**	**–**	**–**	**–**	**–**	**–**	**–**
Balances at 28 February 2011	**1 376**	**149 381**	**–**	**–**	**447**	**181**	**1 068**	**(50 718)**	**101 735**	**1 680**	**103 415**

* *Foreign currency translation reserve*

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2011

	Share capital R'000	**Share premium R'000**	**Share commitments R'000**	**Accumulated loss R'000**	**Total equity R'000**
Balances at 28 February 2009	1 297	151 840	(3 474)	(81 593)	68 070
Total comprehensive income	–	–	–	880	880
Issue of share capital	61	4 835	–	–	4 896
Repurchase of shares in terms of share commitments	(11)	(1 106)	1 117	–	–
Repurchase of unallocated shares in Share Trust	(45)	(4 506)	–	–	(4 551)
Repurchase of shares previously allocated to beneficiaries in Share Trust	(46)	(4 383)	–	–	(4 429)
Balances at 28 February 2010	**1 256**	**146 680**	**(2 357)**	**(80 713)**	**64 866**
Total comprehensive income	**–**	**–**	**–**	**1 262**	**1 262**
Share commitments arising on acquisition of subsidiary	**–**	**–**	**5 625**	**–**	**5 625**
Issue of shares in terms of share commitments	**131**	**3 807**	**(3 938)**	**–**	**–**
Repurchase of shares in terms of share commitments	**(11)**	**(1 106)**	**1 117**	**–**	**–**
Balances at 28 February 2011	**1 376**	**149 381**	**447**	**(79 451)**	**71 753**

STATEMENTS OF CASH FLOWS

for the year ended 28 February 2011

	Notes	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
OPERATING ACTIVITIES					
Cash generated from/(utilised in) operations	24.1	**4 455**	45 701	**(187)**	657
Interest received		**2 265**	3 634	**486**	1 562
Finance costs		**(9 897)**	(8 430)	**–**	(2)
Taxation (paid)/refunded	24.2	**(7 671)**	(1 423)	**292**	(559)
Net cash flows from operating activities		**(10 848)**	39 482	**591**	1 658
INVESTING ACTIVITIES					
Plant and equipment acquired		**(1 588)**	(2 149)	**(22)**	(69)
Intangible assets acquired and developed		**(1 750)**	(1 524)	**–**	–
Proceeds on disposals of plant and equipment		**738**	1 125	**4**	16
(Increase)/decrease in amounts owing from related parties		**(223)**	–	**10 391**	3 390
Net cash flows on acquisition of subsidiaries	24.3	**(67)**	(8 428)	**–**	–
Cash inflow from disposal of investment	24.4	**–**	2 975	**–**	–
Increase in investments in subsidiaries		**–**	–	**(10 500)**	(6 775)
Net cash flows from investing activities		**(2 890)**	(8 001)	**(127)**	(3 438)
FINANCING ACTIVITIES					
Repurchase of share capital		**(1 117)**	(1 117)	**(1 117)**	(1 117)
Borrowings raised/(repaid)		**23 945**	(32 945)	**–**	–
Increase/(decrease) in amounts owing to related parties		**60**	(59)	**–**	1
Net cash flows from financing activities		**22 888**	(34 121)	**(1 117)**	(1 116)
Net increase/(decrease) in cash and cash equivalents		**9 150**	(2 640)	**(653)**	(2 896)
Effects of exchange rate changes on cash and cash equivalents		**16**	380	**–**	–
Cash and cash equivalents at beginning of year		**4 322**	6 582	**1 020**	3 916
Cash and cash equivalents at end of year		**13 488**	4 322	**367**	1 020

GROUP SEGMENTAL ANALYSIS

for the year ended 28 February 2011

GEOGRAPHICAL SEGMENTS	South Africa R'000	Australia R'000	Europe R'000	Hong Kong R'000	Group R'000
February 2011					
Gross billings	**1 910 424**	**92 142**	**34 729**	**7 144**	**2 044 439**
Turnover (external)	**123 679**	**10 861**	**6 736**	**2 954**	**144 230**
Operating income	**28 901**	**2 321**	**189**	**290**	**31 701**
Interest received	**2 206**	**15**	**1**	**43**	**2 265**
Finance costs	**(10 341)**	**(95)**	**(314)**	**–**	**(10 750)**
Income tax (expense)/credit	**(5 328)**	**(818)**	**–**	**255**	**(5 891)**
Profit/(loss) for the year	**15 438**	**1 423**	**(124)**	**588**	**17 325**
Segment assets	**261 057**	**11 902**	**6 112**	**5 381**	**284 452**
Intangible assets	**59 718**	**268**	**4**	**–**	**59 990**
Deferred taxation	**3 192**	**242**	**–**	**–**	**3 434**
Total assets	**323 967**	**12 412**	**6 116**	**5 381**	**347 876**
Total liabilities	**226 881**	**6 255**	**8 246**	**3 079**	**244 461**
Depreciation and amortisation	**3 145**	**717**	**81**	**17**	**3 960**
Capital expenditure	**3 208**	**378**	**80**	**53**	**3 719**
February 2010					
Gross billings	1 356 162	106 416	17 007	13 786	1 493 371
Turnover (external)	89 458	2 903	2 925	2 752	98 038
Operating income/(loss)	10 330	2 673	(1 226)	641	12 418
Interest received	3 593	33	–	22	3 648
Finance costs	(8 718)	(338)	(157)	–	(9 213)
Income tax (expense)/credit	(1 964)	(673)	72	(101)	(2 666)
Profit/(loss) for the year	3 241	1 695	(1 311)	562	4 187
Segment assets	180 174	12 761	916	4 135	197 986
Intangible assets	38 731	790	6	–	39 527
Deferred taxation	2 981	268	–	–	3 249
Total assets	221 886	13 819	922	4 135	240 762
Total liabilities	146 062	9 238	2 992	2 193	160 485
Depreciation and amortisation	2 142	453	56	18	2 669
Capital expenditure	2 054	2 311	130	–	4 495

BUSINESS SEGMENT	Freight forwarding and clearing R'000	Insurance R'000	Group R'000
February 2011			
Net profit/(loss)	**18 090**	**(765)**	**17 325**
Total assets	**344 333**	**3 543**	**347 876**
Total liabilities	**242 493**	**1 968**	**244 461**
February 2010			
Net profit	3 939	248	4 187
Total assets	237 204	3 558	240 762
Total liabilities	158 490	1 995	160 485

Geographical segments

For management purposes, the Group is organised into four major geographical operating divisions, namely South Africa, Australia, Europe (the Netherlands and United Kingdom) and Hong Kong.

These divisions are the basis on which the Group reports its primary segment information.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2011

1. ACCOUNTING POLICIES

Santova Logistics Limited is incorporated in South Africa and listed on the Alternative Exchange ("AltX") of the JSE Limited.

The addresses of its registered office and principal place of business are disclosed in the Corporate Information page of this Annual Integrated Report (see page 72).

The principal activities of the Company and its subsidiaries ("the Group") are described on page 26.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"), the requirements of the South African Companies Act, No 61 of 1973, as amended, and the JSE Limited Listings Requirements.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and derivatives accounted for at fair value through the statement of comprehensive income.

The financial statements are presented in South African Rands, which is the Company's functional currency. All financial information has been rounded to the nearest Rand thousand ("R'000"), except where otherwise indicated.

The principal accounting policies are set out below and have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with IFRS require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgements about carrying values of assets and liabilities, the actual outcome may differ from these estimates.

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

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

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised at the date of the original acquisition and the minority's share of changes in equity since that date.

The Company carries its investments in subsidiaries at cost less accumulated impairment losses.

1. ACCOUNTING POLICIES (continued)

1.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

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

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

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

1.4 Translation of foreign currency financial statements

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

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

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

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

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

1.6 Intangible assets

Intangible assets acquired separately

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

Computer software	3 to 6 years
Customer lists	2 to 3,5 years

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

1. ACCOUNTING POLICIES (continued)

1.6 Intangible assets (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

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

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

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

Intangible assets acquired in a business combination

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

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

1.7 Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.8 Goodwill

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

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

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

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

1.9 Financial assets

Financial assets are classified into the following specified categories:

- "loans and receivables";
- "held-to-maturity" investments;
- financial assets "at fair value through profit or loss" ("FVTPL"); and
- "available-for-sale" ("AFS") financial assets.

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

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

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

Loans and receivables

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

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity, are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Other investments

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

Financial assets at fair value through profit or loss

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

Set-off

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

1. ACCOUNTING POLICIES (continued)

1.9 Financial assets (continued)

Effective interest method

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

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

1.10 Impairment of financial assets

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

Loans and receivables

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Investments

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Available-for-sale financial assets

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

1. ACCOUNTING POLICIES (continued)

1.11 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.12 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

1.13 Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of the Group.

1.14 Financial liabilities

Financial liabilities are classified as either:

- "financial liabilities at FVTPL"; or
- "other financial liabilities".

Financial liabilities at FVTPL

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

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

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

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

1. ACCOUNTING POLICIES (continued)

1.15 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 28.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

1.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.17 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.18 Revenue recognition

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

Rendering of services

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

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

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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

1. ACCOUNTING POLICIES (continued)

1.19 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

1.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.21 Retirement benefit costs

Defined contribution benefit plans

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Post-employment healthcare benefits

No contributions are made to the medical aid of retired employees, except for a closed user group of retirees who were employed and subsequently retired under a defined benefit plan. The present value of the post-retirement medical aid obligation for such retirees is actuarially determined every year, on a projected unit credit method, and any deficit or surplus is recognised in the statement of comprehensive income.

Other benefits

The cost of all other short-term employee benefits such as salaries, bonuses, allowances, medical and other contributions are recognised in the statement of comprehensive income during the period in which the employee renders the related service.

Leave pay is provided for in full, together with provisions for bonuses where the payment of such is certain.

1. ACCOUNTING POLICIES (continued)

1.22 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

1.23 Taxation

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

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

1.24 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the ruling spot rates at the reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

1. ACCOUNTING POLICIES (continued)

1.25 Critical accounting judgements

There are a number of areas where judgement is applied in the financial statements. The following areas that have a significant risk of causing material adjustments to the carrying values of assets and liabilities within the next financial period are as follows:

- impairment provisions for trade receivables;
- impairment provisions of other loans and receivables;
- valuation of goodwill; and
- estimating the useful lives and residual values of plant and equipment.

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

The discount rate is based on current pre-tax market rates that reflect the time value of money and the risks specific to the cash-generating units. Growth rates are based on objective assessments of external data. Goodwill is tested annually for impairment or when indications arise that goodwill might be impaired.

1.26 Segmental information

The Group is organised and records its primary segment information by significant geographical region based on location of assets and on a secondary basis by business segment.

1.27 New/revised accounting standards/interpretations

Management has assessed the impact of the revised standards/interpretations that were effective for the current year and that the adoption of these revised standards/interpretations had no material impact on the results presented.

Future changes to accounting standards

Management has considered all standards, interpretations 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:

New International Financial Reporting Interpretations

IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (effective for periods beginning 1 July 2010)

New International Financial Reporting Standards

IFRS 9: Financial Instruments (effective 1 January 2013)

Amended International Accounting Standards

IFRS 3: Business Combinations (effective for periods beginning effective 1 July 2010)

- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS;
- Measurement of non-controlling interests; and
- Un-replaced and voluntarily replaced share-based payment awards.

IFRS 7: Financial Instruments – Disclosures (effective for periods beginning 1 January 2011)

Clarification of disclosures.

IFRS 7: Financial Instruments – Disclosures (effective for periods beginning 1 July 2011)

Transfers to financial assets.

IAS 1: Presentation of Financial Statements (effective for periods beginning 1 January 2011)

Clarification of statement of changes in equity.

IAS 12: Income Taxes (effective 1 January 2012)

Limited scope amendment (recovery of underlying assets).

IAS 24: Related Party Disclosures (effective for periods beginning 1 January 2011)

Revised definition of related parties.

IAS 27: Consolidated and Separate Financial Statements (effective for periods beginning 1 July 2010)

Transition requirements for amendments arising as a result of IAS 27.

IAS 34: Interim Financial Reporting (effective for periods beginning 1 January 2011)

Significant events and transactions.

	2011 Cost/ valuation R'000	2011 Accumulated depreciation R'000	2011 Carrying value R'000	2010 Cost/ valuation R'000	2010 Accumulated depreciation R'000	2010 Carrying value R'000
2. PLANT AND EQUIPMENT						
Group						
Plant and equipment	**626**	**(161)**	**465**	618	(121)	497
Motor vehicles	**4 031**	**(1 806)**	**2 225**	3 840	(1 372)	2 468
Furniture and fittings	**2 545**	**(1 200)**	**1 345**	2 155	(671)	1 484
Leasehold improvements	**1 035**	**(370)**	**665**	976	(223)	753
Office equipment	**3 039**	**(1 536)**	**1 503**	2 871	(1 166)	1 705
Computer equipment	**5 833**	**(3 496)**	**2 337**	3 941	(1 906)	2 035
	17 109	**(8 569)**	**8 540**	14 401	(5 459)	8 942

Motor vehicles and equipment held under instalment sale agreements with a carrying value of R585 203 (2010: R1 151 356) and Rnil (2010: R91 666) respectively are pledged as security for the related instalment sale agreement (refer note 10). Assets with a carrying value of R1 089 055 have been pledged as security for the Coface Finance Australia Pty Limited facility. No other assets have been pledged for security purposes.

It is the policy of the Group to insure their plant and equipment at replacement value, however, in certain circumstances asset cover is limited to market value.

There are no contractual commitments for plant or equipment.

The carrying value of plant and equipment can be reconciled as follows:

	Carrying value at beginning of year R'000	Additions* R'000	Disposals R'000	Depreciation R'000	Translation profit/(loss) R'000	Carrying value at end of year R'000
2011						
Plant and equipment	**497**	**8**	**–**	**(40)**	**–**	**465**
Motor vehicles	**2 468**	**948**	**(642)**	**(554)**	**5**	**2 225**
Furniture and fittings	**1 484**	**199**	**(116)**	**(220)**	**(2)**	**1 345**
Leasehold improvements	**753**	**12**	**–**	**(104)**	**4**	**665**
Office equipment	**1 705**	**299**	**(122)**	**(365)**	**(14)**	**1 503**
Computer equipment	**2 035**	**1 070**	**(73)**	**(703)**	**8**	**2 337**
	8 942	**2 536**	**(953)**	**(1 986)**	**1**	**8 540**
2010						
Plant and equipment	534	2	(1)	(38)	–	497
Motor vehicles	2 303	1 804	(1 095)	(550)	6	2 468
Furniture and fittings	1 593	136	(68)	(164)	(13)	1 484
Leasehold improvements	444	394	–	(90)	5	753
Office equipment	1 761	256	–	(307)	(5)	1 705
Computer equipment	2 075	554	(28)	(549)	(17)	2 035
	8 710	3 146	(1 192)	(1 698)	(24)	8 942

* *Plant and equipment to the value of R947 610 (2010: R997 226) arising from acquisitions of subsidiaries is included in additions above.*

		2011 Cost/ valuation R'000	2011 Accumulated depreciation R'000	2011 Carrying value R'000	2010 Cost/ valuation R'000	2010 Accumulated depreciation R'000	2010 Carrying value R'000
2.	**PLANT AND EQUIPMENT (continued)**						
	Company						
	Furniture and fittings	**38**	**(26)**	**12**	38	(22)	16
	Computer equipment	**337**	**(277)**	**60**	336	(247)	89
		375	**(303)**	**72**	374	(269)	105

No Company plant or equipment has been pledged as security, and no commitments for the purchase of plant or equipment have been entered into.

The carrying value of plant and equipment can be reconciled as follows:

	Carrying value at beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying value at end of year R'000
2011					
Furniture and fittings	**16**	**–**	**–**	**(4)**	**12**
Computer equipment	**89**	**22**	**(2)**	**(49)**	**60**
	105	**22**	**(2)**	**(53)**	**72**
2010					
Furniture and fittings	24	3	(7)	(4)	16
Computer equipment	108	66	(9)	(76)	89
	132	69	(16)	(80)	105

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
3. INTANGIBLE ASSETS				
3.1 Computer software				
Cost	**3 561**	2 268	**211**	211
Accumulated amortisation	**(1 166)**	(619)	**(181)**	(113)
Carrying value at beginning of year	**2 395**	1 649	**30**	98
Additions	**1 183**	1 293	**–**	–
Disposals	**–**	–	**–**	–
– Cost	**(5)**	–	**(5)**	–
– Accumulated amortisation	**5**	–	**5**	–
Amortisation	**(971)**	(547)	**(30)**	(68)
Carrying value at end of year	**2 607**	2 395	**–**	30
Comprising:				
Cost	**4 739**	3 561	**206**	211
Accumulated amortisation	**(2 132)**	(1 166)	**(206)**	(181)
Group and Company computer software additions consists both of internally developed systems and generic software purchases.				
3.2 Customer lists				
Cost	**2 596**	329	**–**	329
Accumulated amortisation	**(424)**	(329)	**–**	(329)
Carrying value at beginning of year	**2 172**	–	**–**	–
Additions*	**–**	2 608	**–**	–
Write-off	**–**	–	**–**	–
– Cost	**–**	(329)	**–**	(329)
– Accumulated amortisation	**–**	329	**–**	329
Amortisation	**(1 003)**	(424)	**–**	–
Translation loss	**(13)**	(12)	**–**	–
Carrying value at end of year	**1 156**	2 172	**–**	–
Comprising:				
Cost	**2 583**	2 596	**–**	–
Accumulated amortisation	**(1 427)**	(424)	**–**	–

* *Customer lists to the value of Rnil (2010: R1 555 060) arising from acquisitions of subsidiaries are included in additions above.*

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
3. INTANGIBLE ASSETS (continued)				
3.3 Goodwill				
Carrying value at beginning of year	**34 960**	24 299	**–**	–
Amounts recognised from acquisitions of/in subsidiaries:				
– Santova Logistics South Africa (Pty) Limited	**22 246**	–	**–**	–
– McGregor Sea and Air Services Pty Limited	**–**	7 862	**–**	–
– Standard Insurance Consultants (acquired by Santova Financial Services (Pty) Limited)	**–**	1 152	**–**	–
– Santova Logistics B.V.	**–**	1 647	**–**	–
Amounts written-off in subsidiary:				
– Impairment (Standard Insurance Consultants)	**(1 152)**	–	**–**	–
Translation profit	**173**	–	**–**	–
Carrying value at end of year	**56 227**	34 960	**–**	–
Comprising:				
Cost	**56 227**	34 960	**–**	–
The goodwill relates to:				
– Impson, an international logistics solutions provider;	**20 818**	20 818	**–**	–
– Santova Financial Services, an insurance brokerage;	**2 826**	2 826	**–**	–
– Mogal, an international logistics solutions provider based in the United Kingdom;	**655**	655	**–**	–
– McGregor, an international logistics solutions provider based in Australia;	**7 999**	7 862	**–**	–
– Santova Logistics B.V., an international logistics solutions provider based in the Netherlands;	**1 683**	1 647	**–**	–
– Santova Logistics South Africa, an international logistics solutions provider; and	**22 246**	–	**–**	–
– Standard Insurance Consultants (acquired by Santova Financial Services), an insurance consultancy.	**–**	1 152	**–**	–
For more detail on investments, refer note 4.				
Total intangible assets	**59 990**	39 527	**–**	30

		Company Effective holding		Company Investment at cost	
		2011	2010	**2011**	2010
		%	%	**R***	R*
4.	**INVESTMENTS IN SUBSIDIARIES**				
	Incorporated in South Africa				
	Impson Logistics (Pty) Limited	**100**	100	**39 273 193**	39 273 193
	Santova (Pty) Limited (formerly Santova Financial Services (Pty) Limited)	**100**	100	**100**	100
	Santova Financial Services (Pty) Limited (formerly Leading Edge Insurance Brokers (Pty) Limited)	**100**	100	**3 088 694**	3 088 694
	Santova Logistics Share Purchase and Option Scheme Trust	**–**	100	**–**	1 000
	Santova Logistics South Africa (Pty) Limited (formerly Aviocean (Pty) Limited)	**100**	–	**19 952 529**	–
	Santova NVOCC (Pty) Limited	**100**	100	**100**	100
	Incorporated in Australia				
	McGregor Sea and Air Services Pty Limited (formerly McGregor Customs Pty Limited)	**75**	75	**9 792 736**	9 792 736
	Santova Logistics Pty Limited	**100**	100	**6**	6
	Incorporated in Europe				
	Mogal International Limited (United Kingdom)	**100**	100	**1 984 174**	1 984 174
	Santova Logistics B.V. (Netherlands)	**100**	100	**1 797 748**	1 797 748
	Incorporated in Hong Kong				
	Santova Logistics Limited	**100**	100	**9 352**	9 352
				75 898 632	55 947 103

Based on an assessment of the underlying potential of the businesses housed in the major subsidiaries listed above, the directors are of the opinion that there has been no impairment in the above investments, or the underlying goodwill (refer note 3.3), as at 28 February 2011 .

Reconciliation of movements for the year	**2011 R***	2010 R*
Balance at beginning of year	**55 947 103**	44 357 033
Purchase of 100% of the share capital in Santova Logistics South Africa (Pty) Limited	**19 952 529**	–
Deregistration of Santova Logistics Share Purchase and Option Scheme Trust	**(1 000)**	–
Purchase of 75% of the share capital in McGregor Sea and Air Services Pty Limited	**–**	9 792 736
Purchase of 100% of the share capital in Santova Logistics B.V. (formerly Maxxs B.V.)	**–**	1 797 748
Deregistration of e-OSCI Logistics (Pty) Limited	**–**	(100)
Deregistration of Santova Warehouse Solutions (Pty) Limited	**–**	(100)
Deregistration of Spectrum Shipping 2007 (Pty) Limited	**–**	(100)
Deregistration of Supply Chain Insurance Brokers (Pty) Limited	**–**	(100)
Deregistration of Owens International Freight Limited	**–**	(14)
Balance at end of year	**75 898 632**	55 947 103

* *Due to some of the subsidiaries having values below R500 amounts have been presented in Rands.*

Acquisition of subsidiary

On 1 March 2010, the Group acquired the entire issued share capital of Santova Logistics South Africa (Pty) Limited (formerly Aviocean (Pty) Limited), a South African registered company specialising in customs brokerage, trade facilitation and international freight forwarding and clearing. The acquisition was concluded for a purchase consideration of R20 625 000. The purchase consideration consists of R10 500 000 cash paid on 19 May 2010; R3 937 500 from the issue of 131 250 000 Santova Logistics ordinary shares on 9 June 2010; contingent considerations of R2 000 000 in cash and R750 000 from the issue of 25 000 000 Santova Logistics ordinary shares on achieving the first profit warranty at the end of the 28 February 2011 financial year; and contingent considerations of R2 500 000 in cash and R937 500 from the issue of 31 250 000 Santova Logistics ordinary shares on achieving the second profit warranty at the end of the 29 February 2012 financial year.

The fair value of the purchase consideration at the acquisition date was R19 952 529, computed using a discount rate of 9,5%. The fair value of the assets acquired amounted to R23 821 022, resulting in negative goodwill of R3 868 493 at acquisition. The acquisition gives the Group a greater presence in Gauteng, South Africa.

		Level	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
5.	**FINANCIAL ASSET/(LIABILITIES)**					
	Financial asset					
	Non-current financial asset					
	Profit share on rental agreement[1]	3	**458**	579	**–**	–
	Financial liabilities					
	Non-current financial liabilities					
	Share commitments[2]	3	**(2 735)**	(3 519)	**(2 735)**	(3 517)
	Contingent purchase considerations on acquisitions[3]	3	**(6 488)**	(4 149)	**(5 401)**	(1 310)
	Less: current portion included in current liabilities					
	Share commitments[2]	3	**2 735**	1 062	**2 735**	1 062
	Contingent purchase considerations on acquisitions[3]	3	**3 059**	2 400	**1 972**	467
			(3 429)	(4 206)	**(3 429)**	(3 298)
	Current portion of financial liabilities					
	Current portion of share commitments	3	**(2 735)**	(1 062)	**(2 735)**	(1 062)
	Current portion of contingent purchase considerations on acquisitions	3	**(3 059)**	(2 400)	**(1 972)**	(467)
	Forward exchange contracts	1	**(153)**	(23)	**–**	–
			(5 947)	(3 485)	**(4 707)**	(1 529)

Hierachy for fair value measurement

Fair value determination:

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1 *Impson entered into a profit sharing agreement with each of the landlords of their Durban and Johannesburg premises, on inception of the leases, in the 2007 and 2008 financial years respectively. As at 28 February 2011, the fair value of the profit share on the Durban premises amounted to R458 323 (2010: R284 558). The Johannesburg premises was sold during the year which resulted in Impson receiving R690 198 from the profit sharing agreement. R293 710 of this amount was recognised in the 2010 financial year, resulting in income of R396 488 being recognised in the 2011 financial year.*

2 *This represents the present value of the remaining obligation that was entered into with the Camilla Coleman Trust. Refer note 9 for further details.*

3 *This represents the present value of the remaining contingent purchase obligation arising from the following acquisitions:*
– Freightmatters customer list;
– Santova Logistics B.V.; and
– Santova Logistics South Africa.

		Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
6.	**DEFERRED TAXATION**				
	Deferred tax comprises:				
	– Capital allowances and provisions	**2 800**	3 119	**1 696**	2 717
	– Other timing differences	**384**	116	**–**	–
	– Assessed loss	**249**	–	**249**	–
		3 433	3 235	**1 945**	2 717
	Reconciliation of deferred taxation:				
	Balance at beginning of year	**3 235**	4 054	**2 717**	3 505
	Movements during the period attributable to:				
	– Timing differences	**(385)**	(958)	**(1 021)**	(788)
	– Acquisition of subsidiaries	**384**	116	**–**	–
	– Prior year adjustments	**(50)**	23	**–**	–
	– Assessed loss	**249**	–	**249**	–
	Balance at end of year	**3 433**	3 235	**1 945**	2 717
	Comprising:				
	Deferred tax assets	**3 434**	3 249	**1 945**	2 717
	Deferred tax liabilities	**(1)**	(14)	**–**	–
7.	**TRADE RECEIVABLES**				
	Trade receivables	**254 393**	183 289	**5 530**	3 976
	Provision for impairment of trade receivables	**(5 573)**	(6 713)	**(3 102)**	(3 855)
		248 820	176 576	**2 428**	121
	The movement in provision for impairment of trade receivables:				
	Balance at beginning of year	**6 713**	7 306	**3 855**	4 270
	Charge/(release) for the year	**167**	(639)	**(216)**	(202)
	Amounts (written-off)/recovered	**(1 307)**	46	**(537)**	(213)
	Balance at end of year	**5 573**	6 713	**3 102**	3 855

Certain trade receivables included above have been ceded to Nedbank Limited (2011: R243 295 548; 2010: R170 937 384), the Royal Bank of Scotland Invoice Finance Limited (2011: R2 443 334; 2010: R1 091 574) and Coface Finance Australia Pty Limited (2011: R9 306 110; 2010: R9 040 305) as security for the respective invoice discounting facilities included in short-term borrowings (refer note 13).

Trade receivables are non-interest bearing and are generally settled on 30 – 60 day terms.

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

Included in the provision for impairment of trade receivables are specific trade receivables with a carrying value of R144 126 (2010: R112 572), which have been placed under liquidation.

There is a second and third cession, on the trade receivables ceded to Nedbank Limited, in favour of Lombards Insurance Company Limited and Coface South Africa Insurance Company Limited respectively for facilities afforded.

		Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
8.	**AMOUNTS OWING FROM RELATED PARTIES**				
	Relating to subsidiaries and other related parties				
	Previous vendors of Santova Logistics B.V. (Netherlands)[1]	**573**	34	**–**	–
	Impson Logistics (Pty) Limited[2]	**–**	–	**1 082**	12 743
	Santova Logistics Limited (United Kingdom)[3]	**–**	–	**1 187**	1 078
	Santova Logistics Pty Limited (Australia)[3]	**–**	–	**9**	138
	Santova Logistics B.V. (Netherlands)[3]	**–**	–	**1 395**	104
	Santova Financial Services (Pty) Limited (formerly Leading Edge Insurance Brokers (Pty) Limited)[1]	**–**	–	**–**	1
		573	34	**3 673**	14 064
	1 Unsecured, interest-free and no fixed terms of repayment (consistent with prior year).				
	2 Unsecured, interest is charged at South African prime rate less 2,0% and no fixed terms of repayment (consistent with prior year).				
	3 Unsecured, interest is charged at South African prime rate, and no fixed terms of repayment (consistent with prior year).				
9.	**SHARE CAPITAL AND PREMIUM**				
	Authorised				
	2 000 000 000 Ordinary shares of 0,1 cent each (2010: 2 000 000 000)	**2 000**	2 000	**2 000**	2 000
	Issued				
	1 376 127 003 Ordinary shares of 0,1 cent each (2010: 1 256 048 523)	**1 376**	1 256	**1 376**	1 256
	Share premium	**149 381**	146 680	**149 381**	146 680
	Carrying value of shares in issue	**150 757**	147 936	**150 757**	147 936
	Share commitments				
	28 549 440 Ordinary shares of 0,1 cent each to repurchase (2010: 39 720 960)	**(29)**	(40)	**(29)**	(40)
	Share premium	**(1 211)**	(2 317)	**(1 211)**	(2 317)
	56 250 000 Ordinary shares of 0,1 cent each to issue (2010: nil)	**56**	–	**56**	–
	Share premium	**1 631**	–	**1 631**	–
	Total share capital and premium	**151 204**	145 579	**151 204**	145 579

9. SHARE CAPITAL AND PREMIUM (continued)

The following share movements occurred during the 2011 financial year:

- 131 250 000 Ordinary shares were allotted on 9 June 2010 for the purchase of Santova Logistics South Africa (Pty) Limited (formerly Aviocean (Pty) Limited); and
- 11 171 520 Ordinary shares were repurchased on 31 August 2010 from the Camilla Coleman Trust in terms of the share commitments approved at the Santova Logistics AGM held on 23 September 2008.

Reconciliation of number of ordinary shares in issue	2011 Shares	2010 Shares
Ordinary shares in issue at beginning of year	**1 256 048 523**	1 297 355 538
Issued for purchase of Santova Logistics South Africa (Pty) Limited (formerly Aviocean (Pty) Limited)	**131 250 000**	–
Shares repurchased from Camilla Coleman Trust as approved at 2008 AGM[1]	**(11 171 520)**	(11 171 520)
Issued for the purchase of McGregor Sea and Air Services Pty Limited	**–**	61 200 014
Shares repurchased from the Share Trust as approved at 2009 AGM[2]	**–**	(91 335 509)
Ordinary shares in issue at end of year	**1 376 127 003**	1 256 048 523

1 The above shares repurchased were approved at the Santova Logistics AGM on 23 September 2008.

2 The above shares repurchased were approved at the Santova Logistics AGM on 20 July 2009.

Movement of share commitments during the year (number of shares)	Per sales agreement/ approved at AGM	(Issued)/ repurchased	Balance
In terms of the acquisition of Santova Logistics South Africa (Pty) Limited (refer note 4)			
– On completion date	131 250 000	(131 250 000)	–
– On achieving the first profit warranty at the end of the 28 February 2011 financial year	25 000 000	–	25 000 000
– On achieving the second profit warranty at the end of the 29 February 2012 financial year	31 250 000	–	31 250 000
In terms of the repurchase agreement, dated 18 July 2008, with the Camilla Coleman Trust (refer note 5)			
– On the day following the 2008 AGM	(11 171 520)	11 171 520	–
– 31 August 2009	(11 171 520)	11 171 520	–
– 31 August 2010	(11 171 520)	11 171 520	–
– 31 August 2011	(28 549 440)	–	(28 549 440)
	125 436 000	**(97 735 440)**	**27 700 560**

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
10. INTEREST-BEARING BORROWINGS				
Instalment sale agreements	**469**	737	**–**	–
Less: current portion included in current liabilities	**(151)**	(321)	**–**	–
	318	416	**–**	–

The instalment sale agreement loans are secured by motor vehicles with carrying values of R585 203 (2010: R1 151 356) (refer note 2).

The remaining loan period for motor vehicles ranges from 3 to 47 months, with instalments of between R2 680 (2010: R2 820) and R8 846 (2010: R18 449) at interest rates linked to the relevant base rates of the countries in which the subsidiaries operate.

There are no instalment sale agreements in place over equipment at year end (2010: Instalment sale agreements secured by equipment with carrying values of R91 666 and instalments of between R2 277 and R5 283, at interest rates linked to the relevant base rates of the countries in which the subsidiaries operate).

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
11.	**LONG-TERM PROVISION**				
	Post-retirement medical aid benefits for the Group and the Company	**2 013**	2 136	**2 013**	2 136
	Obligations under a defined benefit medical plan:				
	Present value obligation	**2 013**	2 136	**2 013**	2 136
	Less: liability already recognised	**(2 136)**	(2 252)	**(2 136)**	(2 252)
	Decrease in liability	**(123)**	(116)	**(123)**	(116)
	Movement represented by:				
	– Net actuarial gain	**(13)**	(15)	**(13)**	(15)
	– Interest cost	**219**	205	**219**	205
	– Contributions paid to fund	**(329)**	(306)	**(329)**	(306)
	Decrease in liability	**(123)**	(116)	**(123)**	(116)

The Company contributes to a medical aid scheme for the benefit of 17 retired employees (2010: 19) with three dependants (2010: three). During the year under review there were two exits from the scheme amongst the continuation members. The Company contributes 75,0% of the monthly contribution (to a maximum of R1 600 per retired employee) and the retired employees contribute 25,0%. The liability has been actuarially determined and the present value of post-retirement medical aid obligations for these retired employees is shown above.

The principal actuarial assumptions applied in the determination of fair values, expressed as weighted averages include:
– Medical aid inflation rate: 7,7% per annum (2010: 9,2%); and
– Discount factor: 8,7% per annum (2010: 10,2%).

Sensitivity analysis: investment return

The actuaries have assumed that the required premiums to the medical aid schemes will increase in line with medical inflation. Most of the retired employees on this scheme are currently receiving their maximum subsidy or are close to the maximum, therefore, the liabilities will not be very sensitive to changes in the medical aid inflation rate. Instead, the actuaries have determined the sensitivity of the liabilities to changes in the current investment return assumption of 8,7%.

As can be seen below, the higher the investment return, the lower the liability to the Group/Company.

	–1,0 % investment return R'000	**Valuation assumption R'000**	**+1,0 % investment return R'000**
Total accrued liability	2 118	2 013	1 918
Interest cost for the following year	163	175	186

The liability is valued annually, the latest actuarial valuation was performed in February 2011, on a projected unit credit method, by an independent qualified actuary.

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
12.	**AMOUNTS OWING TO RELATED PARTIES**				
	Patent International Co., Limited[1]	**73**	97	**–**	–
	Previous vendor of Santova Logistics B.V.[2]	**84**	–	**–**	–
	Santova Logistics Share Purchase and Option Scheme Trust[1]	**–**	–	**–**	1
		157	97	**–**	1
	1 Unsecured, interest-free and no fixed terms of repayment (consistent with prior year).				
	2 Unsecured, interest is charged at 6,5% compounded annually in arrears, specified terms of repayment arising from the agreement of sale.				
13.	**SHORT-TERM BORROWINGS AND OVERDRAFT**				
	Bank overdraft	**306**	2 199	**–**	–
	Invoice discounting facility	**108 685**	60 392	**–**	–
		108 991	62 591	**–**	–

The Group has an overdraft facility of R5 000 000 (2010: R5 000 000), with a maximum limit of R21 000 000 (2010: R21 000 000) when fully covered by ceded debit balances of up to R16 000 000 (2010: R16 000 000) within the same financial institution on a Rand for Rand basis; an overdraft facility of R5 000 (2010: Rnil); and an off-shore overdraft facility of EUR200 000 (R1 922 920) (2010: Nil), secured by a letter of credit from Santova Logistics; invoice discounting facilities of R257 425 325 (2010: R207 783 645), secured by unlimited suretyship from Impson, Santova Logistics South Africa and Santova Logistics and unlimited suretyships by Santova Logistics (United Kingdom) and McGregor (Australia).

Certain trade receivables included at R255 044 992 (2010: R181 069 263), which includes intercompany balances eliminated on consolidation, are ceded as security for the bank overdraft, invoice discounting facilities and various acceptances (refer note 7).

Securities and guarantees in respect of Impson's invoice discounting facility include the agreement of sale of book debts and the cession of the Coface South Africa Insurance Company Limited policy. Interest is charged on these facilities at the South African prime rate less 0,5%. The maximum term of invoice sale is 120 days.

Securities and guarantees held by First National Bank of South Africa Limited on behalf of loans advanced to Impson include:
– Unlimited cession of current, call and fixed deposits held with First National Bank of South Africa Limited; and
– Unlimited cession of credit balances held with First National Bank of South Africa Limited.

Securities and guarantees in respect of Santova Logistics South Africa's invoice discounting facility include the agreement of sale of book debts and the cession of the Credit Guarantee Insurance Corporation Policy. Interest is charged on these facilities at the South African prime rate less 0,5%. The maximum term of invoice sale is 120 days.

Included in the above is an offshore invoice discounting facility of £150 000 (R1 691 820) (2010: £450 000 (R5 333 445)), set up with The Royal Bank of Scotland Invoice Finance Limited on 26 February 2008. Interest on this facility is charged at the Bank of England base rate plus 3,0% (2010: Bank of England base rate plus 1,75%), and securities and guarantees include the agreement of sale of book debts and the cession of relevant clients on the Chartis South Africa Limited policy. The maximum term of invoice sale is 90 days.

Included in the above is an offshore invoice discounting facility of AUD950 000 (R6 733 505) (2010: AUD1 500 000 (R10 450 200)), set up with Coface Finance Australia Pty Limited on 18 February 2009. Interest on this facility is charged at the Australian base rate plus 1,4%. The facility is secured by the assets of McGregor and the maximum term of invoice sale is 90 days. Santova has issued a letter of guarantee to Coface Finance Australia Pty Limited to the value of AUD2 000 000 (R14 175 800) (2010: AUD 2 000 000 (R13 933 600)).

		Carrying value at beginning of year	Provisions created/ (released)	Carrying value at end of year
14.	**SHORT-TERM PROVISIONS**			
	Group			
	2011			
	Bonuses	**–**	**3 752**	**3 752**
	Leave pay	**1 965**	**333**	**2 298**
		1 965	**4 085**	**6 050**
	2010			
	Bonuses	1 528	(1 528)	–
	Leave pay	1 458	507	1 965
		2 986	(1 021)	1 965
	Company			
	2011			
	Bonuses	**–**	**250**	**250**
	Leave pay	**283**	**(17)**	**266**
		283	**233**	**516**
	2010			
	Bonuses	1 031	(1 031)	–
	Leave pay	282	1	283
		1 313	(1 030)	283

The expected release date of leave pay benefits are within the subsequent year of trading.

The payment of bonuses are based on the Group, subsidiaries and individual employee's performance.

15. GROUP NET ASSET VALUE PER SHARE

The net asset value per share of 7,37 cents (2010: 6,60 cents) is calculated on the total shares in issue, excluding share commitments, which amounted to 1 403 827 563 (2010: 1 216 327 563) shares at the end of the year and net assets of R103 414 925 (2010: R80 276 676).

16. GROUP TANGIBLE NET ASSET VALUE PER SHARE

The tangible net asset value per share of 3,09 cents (2010: 3,35 cents) is calculated on the total shares in issue, excluding share commitments, which amounted to 1 403 827 563 (2010: 1 216 327 563) shares at the end of the year and tangible net assets of R43 425 387 (2010: R40 749 729).

		Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
17.	**GROSS BILLINGS**				
	Gross billings	**2 044 439**	1 493 371	**14 599**	11 079
	Gross billings indicate the total level of invoiced activity, including recoverable disbursements and value added taxation.				
18.	**OPERATING INCOME**				
	Operating income is stated after:				
	Income				
	Bad debts recovered	**15**	734	**–**	–
	Foreign exchange gains	**777**	155	**145**	–
	Profit share on rental agreement (refer note 5)	**570**	415	**–**	–
	Negative goodwill arising from acquisition of subsidiary (refer note 4)	**3 868**	–	**–**	–
	Decrease in post-retirement medical aid benefits liability (refer note 11)	**123**	116	**123**	116
	Profit on disposals of plant and equipment	**94**	106	**2**	–
	Profit on disposal of investment	**–**	18	**–**	–
	Expenditure				
	Auditors' remuneration	**1 488**	1 472	**289**	436
	– In respect of current year	**1 393**	1 109	**289**	200
	– In respect of other services	**95**	127	**–**	–
	– Underprovision in prior year	**–**	236	**–**	236
	Depreciation and amortisation	**3 960**	2 669	**83**	148
	– Plant and equipment (refer note 2)	**1 986**	1 698	**53**	80
	– Intangible assets (refer note 3)	**1 974**	971	**30**	68
	Lease rentals	**8 888**	5 936	**119**	182
	– Premises	**8 460**	5 678	**119**	182
	– Equipment	**428**	258	**–**	–
	Loss on disposal of plant and equipment	**309**	173	**–**	–
	Impairment loss written off (refer note 3.3)	**1 152**	–	**–**	–
	Foreign exchange losses	**115**	327	**–**	23
	Staff costs	**56 580**	42 245	**1 587**	696
	Directors' emoluments (refer note 19)	**15 518**	10 271	**4 378**	3 656
	Directors and past directors – executive				
	– In connection with the affairs of the Company and its subsidiaries	**13 940**	10 025	**2 800**	3 410
	Directors and past directors – non-executive				
	– For services rendered	**1 199**	–	**1 199**	–
	– For attending meetings	**379**	246	**379**	246

		Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
19.	**DIRECTORS' EMOLUMENTS**				
	Emoluments received				
	Directors and past directors – executive				
	In connection with the affairs of the Company or its subsidiaries	**13 940**	10 025	**2 800**	3 410
	Total cost to company				
	– SJ Chisholm	**900**	750	**900**	750
	– S Donner[1]	**–**	850	**–**	850
	– GH Gerber	**1 500**	1 400	**1 500**	1 400
	– MF Impson[2]	**1 470**	1 391	**–**	–
	– GM Knight[2]	**1 349**	1 250	**–**	–
	– AL van Zyl[3]	**1 381**	–	**–**	–
	Bonus and performance related payments				
	– SJ Chisholm	**56**	–	**56**	–
	– GH Gerber	**94**	–	**94**	–
	– MF Impson[2]	**61**	–	**–**	–
	– GM Knight[2]	**84**	–	**–**	–
	– AL van Zyl[3, 4]	**409**	–	**–**	–
	Settlement of debt				
	– SJ Chisholm[5]	**–**	170	**–**	170
	– AL van Zyl[3]	**41**	–	**–**	–
	Directors' emoluments – subsidiaries				
	Other directors (subsidiary companies)	**6 595**	4 214	**250**	240
	Directors and past directors – non-executive				
	For services rendered				
	– S Donner[1]	**1 199**	–	**1 199**	–
	For attending meetings	**379**	246	**379**	246
	– AD Dixon	**12**	–	**12**	–
	– S Donner[1]	**28**	–	**28**	–
	– ESC Garner[6]	**207**	110	**207**	110
	– WA Lombard[7]	**132**	104	**132**	104
	– M Tembe	**–**	32	**–**	32
		15 518	10 271	**4 378**	3 656

1 Paid to Alvanley Services (Pty) Limited; became a non-executive director effective 26 May 2010.
2 Paid by Impson.
3 Paid by Santova Logistics SA.
4 Performance bonus paid in terms of agreement of sale.
5 Settlement of debt relating to closure of the Share Trust.
6 Paid to Delmas Crushers CC.
7 Paid to WAAM CC.

		Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
20.	**INTEREST RECEIVED**				
	Interest received from third parties	**2 265**	3 626	**7**	–
	Interest received from related parties	**–**	22	**479**	1 562
		2 265	3 648	**486**	1 562

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
21.	**FINANCE COSTS**				
	Bank overdrafts and invoice discounting facilities (refer note 13)	**9 728**	8 337	**–**	–
	Financial liabilities (refer note 5)	**853**	783	**742**	585
	Interest-bearing borrowings (refer note 10)	**120**	93	**–**	–
	Interest paid to related parties (refer note 12)	**6**	–	**–**	2
	Other interest paid	**43**	–	**–**	–
		10 750	9 213	**742**	587
22.	**INCOME TAX EXPENSE**				
	South African normal tax				
	Current tax				
	– Current year	**5 197**	546	**–**	94
	– Prior year	**(27)**	334	**(130)**	246
	Deferred tax				
	– Current year	**108**	1 071	**771**	788
	– Prior year	**50**	14	**–**	–
		5 328	1 965	**641**	1 128
	Foreign tax				
	– Current tax	**523**	851	**–**	–
	– Deferred tax	**40**	(150)	**–**	–
		563	701	**–**	–
	Tax for the year	**5 891**	2 666	**641**	1 128
	Reconciliation of rate of taxation	**%**	%	**%**	%
	South African normal tax rate	**28,0**	28,0	**28,0**	28,0
	Adjusted for:				
	– Disallowable expenditure	**2,9**	0,1	**12,5**	15,9
	– Non-taxable foreign items	**(4,2)**	4,9	**–**	–
	– Prior year: current tax	**(1,0)**	6,0	**(6,8)**	12,3
	– Prior year: deferred tax	**0,2**	(0,1)	**–**	–
	– Capital gains tax	**(0,4)**	–	**–**	–
	Effective tax rate	**25,5**	38,9	**33,7**	56,2

			Group 2011	Group 2010
23.	**EARNINGS PER SHARE**			
	Basic earnings per share	(cents)	**1,25**	0,30
	Headline earnings per share	(cents)	**1,07**	0,31
	Diluted basic earnings per share	(cents)	**1,23**	0,29
	Diluted headline earnings per share	(cents)	**1,04**	0,29

Basic earnings per share

The calculation of basic earnings per ordinary share is based on net profit attributable to ordinary shareholders of R16 963 884 (2010: R3 747 773), and a weighted average number of ordinary shares, including share commitments, of 1 351 944 001 (2010: 1 231 456 831).

Headline earnings per share

The calculation of headline earnings per ordinary share is based on headline earnings of R14 402 011 (2010: R3 796 217), and a weighted average number of ordinary shares, including share commitments, of 1 351 944 001 (2010: 1 231 456 831).

Diluted earnings per share

The calculation of diluted earnings per ordinary share is based on earnings of R16 963 884 (2010: R3 747 773) and headline earnings of R14 402 011 (2010: R3 796 217), and a diluted weighted average number of ordinary shares of 1 380 493 441 (2010: 1 291 038 271).

Reconciliation between basic earnings and headline earnings	**Profit on ordinary activities R'000**	**Taxation effect R'000**	**Minority interest R'000**	**Net effect R'000**
February 2011				
Profit for the year	**23 216**	**(5 891)**	**(361)**	**16 964**
Adjusted for:				
– Impairment of goodwill (refer note 3.3)	**1 152**	**–**	**–**	**1 152**
– Net loss on disposals of plant and equipment (refer note 18)	**215**	**(60)**	**–**	**155**
– Negative goodwill arising from purchase of subsidiary (refer note 4)	**(3 868)**	**–**	**–**	**(3 868)**
Headline earnings	**20 715**	**(5 951)**	**(361)**	**14 403**
February 2010				
Profit for the year	6 853	(2 666)	(439)	3 748
Adjusted for:				
– Net loss on disposals of plant and equipment (refer note 18)	67	(19)	–	48
Headline earnings	6 920	(2 685)	(439)	3 796

Calculation of weighted average number of ordinary shares ("WANOS")	**2011 Shares**	2010 Shares
Shares in issue at beginning of year	**1 216 327 563**	1 200 855 883
– Ordinary shares in issue at beginning of year	**1 216 327 563**	1 246 463 058
– Treasury shares	**–**	(45 607 175)
WANOS allotted for purchase of McGregor Sea and Air Services Pty Limited	**–**	30 851 514
WANOS allotted for purchase of Santova Logistics South Africa (Pty) Limited*	**135 616 438**	–
WANOS repurchased from the Share Trust	**–**	(250 566)
WANOS at end of year	**1 351 944 001**	1 231 456 831
Dilution effects:		
Share commitments to Camilla Coleman Trust approved at the 2008 AGM*	**28 549 440**	59 581 440
Diluted WANOS	**1 380 493 441**	1 291 038 271

* *The full number of shares in terms of share commitments approved at the Santova Logistics AGM held on 23 September 2008 and from the acquisition of Santova Logistics South Africa (Pty) Limited (formerly Aviocean (Pty) Limited) are excluded from the calculation of WANOS (refer note 9).*

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
24	**NOTES TO THE STATEMENTS OF CASH FLOW**				
24.1	**Cash generated from/(utilised in) operations**				
	Profit before taxation	**23 216**	6 853	**1 903**	2 008
	Adjustments for:				
	Depreciation and amortisation	**3 960**	2 669	**83**	148
	Net loss/(profit) on disposal of plant and equipment	**215**	67	**(1)**	–
	Profit on disposal of investment	**–**	(18)	**–**	–
	Interest received	**(2 265)**	(3 648)	**(486)**	(1 562)
	Finance costs	**10 750**	9 213	**742**	587
	Foreign exchange gain on financial liabilities	**(147)**	–	**(144)**	–
	Loss limitation adjustment in subsidiary	**(315)**	–	**–**	–
	Impairment loss written off	**1 152**	–	**–**	–
	Movement in fair value of financial assets/liabilities	**250**	(415)	**–**	–
	Movement in retirement benefits	**(123)**	(116)	**(123)**	(116)
	Negative goodwill arising from acquisition of subsidiary	**(3 868)**	–	**–**	–
	Working capital changes:				
	(Increase)/decrease in trade and other receivables	**(40 996)**	31 448	**(2 262)**	1 325
	Increase/(decrease) in trade payables and provisions	**12 626**	(352)	**101**	(1 733)
		4 455	45 701	**(187)**	657
24.2	**Taxation paid/(refunded)**				
	Charge in the statements of comprehensive income	**5 891**	2 666	**641**	1 128
	Adjustment for deferred tax	**(198)**	(935)	**(771)**	(788)
	Movement in taxation balance	**1 978**	(308)	**(162)**	219
		7 671	1 423	**(292)**	559
24.3	**Net cash flow on acquisition of subsidiaries**				
	Fair value of assets acquired:				
	Plant and equipment	**948**	997	**–**	–
	Intangible assets	**22 246**	1 555	**–**	–
	Trade receivables	**35 324**	6 279	**–**	–
	Other receivables	**802**	539	**–**	–
	Cash and cash equivalents	**11 730**	635	**–**	–
	Deferred taxation	**384**	116	**–**	–
	Interest-bearing borrowings	**(588)**	(327)	**–**	–
	Trade and other payables	**(23 812)**	(4 915)	**–**	–
	Current tax payable	**(1 613)**	–	**–**	–
	Short-term borrowings and overdraft	**(21 599)**	–	**–**	–
	Short-term provisions	**–**	(580)	**–**	–
	Net assets acquired	**23 822**	4 299	**–**	–
	Goodwill	**(3 868)**	12 981	**–**	–
	Purchase consideration	**19 954**	17 280	**–**	–
	Financial liability at beginning of year	**3 301**	–	**–**	–
	Financial liabilities at end of year	**(6 208)**	(3 301)	**–**	–
	Finance charges relating to financial liability	**523**	227	**–**	–
	Effects of foreign currency translations	**(148)**	(247)	**–**	–
	Settled in shares	**(5 625)**	(4 896)	**–**	–
	Settled in cash	**11 797**	9 063	**–**	–
	Less: cash and cash equivalents acquired on acquisition	**(11 730)**	(635)	**–**	–
		67	8 428	**–**	–

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
24. NOTES TO THE STATEMENTS OF CASH FLOW (continued)				
24.4 Cash inflow on disposal of investment				
Decrease in goodwill	**–**	2 320	**–**	–
Increase in minority interests	**–**	638	**–**	–
Profit on disposal of investment	**–**	18	**–**	–
Effects of foreign currency translations	**–**	(1)	**–**	–
	–	2 975	**–**	–
25. EMPLOYEE BENEFITS				
Retirement benefit expense				
– Provident and pension	**4 082**	3 293	**192**	192

Defined contribution retirement plans

The Group makes retirement benefits available to its employees. A defined contribution provident fund and pension fund, which are subject to the Pension Funds Act, 1956, exist for this purpose in South Africa, with similar alternative retirement benefit options available for employees of foreign subsidiaries. The schemes are funded by employer and employee contributions, which are charged to the respective entities' statement of comprehensive income as they are incurred.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
26. COMMITMENTS				
Operating lease commitments				
No later than one year	**8 026**	5 802	**–**	–
Later than one year and no later than five years	**13 830**	6 446	**–**	–
	21 856	12 248	**–**	–

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

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

Insurance cell captive

Impson acquired an insurance cell captive through Guardrisk Insurance Company Limited on 1 March 2009. In the event of claims being lodged with the cell captive, it will be required to cover the first R50 000 of any claim, which is subject to a maximum liability limit of R100 000 per incident. The balance of the claim is covered by the cell captive's underwriters, with the ultimate maximum liability that can be borne by the cell captive being limited to R750 000 per year, provided that this is matched by the premiums received during the year. The cell has received the minimum premiums required during the current year. Any claims received thereafter will be settled by the underwriters.

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

27. RELATED PARTIES

During the year, the Company, in the ordinary course of business, entered into various transactions with its subsidiaries. These transactions occurred under terms that are no more or less favourable than those arranged with third party companies. All intercompany transactions and balances within the Group are eliminated in full on consolidation. Refer notes 8 and 12 for amounts owing from and to related parties which are not part of the Group structure.

	Net of gross billings and cost of billings for goods and services		**Net outstanding balances arising from sale/(purchase) of goods and services**	
Company	**2011 R'000**	2010 R'000	**2011 R'000**	2010 R'000
Alvanley Services (Pty) Limited	**119**	180	**–**	–
Impson Logistics (Pty) Limited	**10 454**	10 872	**–**	(2)
McGregor Sea and Air Services Pty Limited	**389**	33	**389**	–
Santova Financial Services (Pty) Limited (formerly Leading Edge Insurance Brokers (Pty) Limited)	**702**	244	**–**	–
Santova Logistics South Africa (Pty) Limited (formerly Aviocean (Pty) Limited)	**1 378**	–	**1 368**	–
Santova Logistics Limited (Hong Kong)	**600**	(20)	**486**	–
Santova Logistics Limited (United Kingdom)	**71**	–	**71**	–
Santova NVOCC (Pty) Limited	**–**	109	**–**	–
	13 713	11 418	**2 314**	(2)

	Interest on loans to/(from) related parties		**Loans to/(from) related parties**	
Company	**2011 R'000**	2010 R'000	**2011 R'000**	2010 R'000
Impson Logistics (Pty) Limited	**256**	1 193	**1 082**	12 743
Santova Financial Services (Pty) Limited (formerly Leading Edge Insurance Brokers (Pty) Limited)	**–**	6	**–**	1
Santova Logistics B.V. (Netherlands)	**111**	–	**1 395**	104
Santova Logistics Limited (Australia)	**4**	233	**9**	138
Santova Logistics Limited (Hong Kong)	**–**	(2)	**–**	–
Santova Logistics Limited (United Kingdom)	**109**	115	**1 186**	1 078
Santova Logistics Share Purchase and Option Scheme Trust	**–**	15	**–**	(1)
	480	1 560	**3 672**	14 063

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
28. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Loans and receivables	**274 670**	187 843	**6 505**	15 287
Financial assets at fair value through profit or loss	**458**	579	**–**	–
Financial liabilities				
Financial liabilities at fair value through profit or loss	**153**	23	**–**	–
Financial liabilities measured at amortised cost	**235 651**	155 551	**10 139**	6 963
Reconciliation to statements of financial position				
Trade receivables	**248 820**	176 576	**2 428**	121
Other receivables	**11 789**	6 911	**37**	82
Amounts owing from related parties	**573**	34	**3 673**	14 064
Cash and cash equivalents	**13 488**	4 322	**367**	1 020
Loans and receivables	**274 670**	187 843	**6 505**	15 287
Financial asset	**458**	579	**–**	–
Financial assets at fair value through profit or loss	**458**	579	**–**	–
Financial liability	**153**	23	**–**	–
Financial liabilities at fair value through profit or loss	**153**	23	**–**	–
Trade and other payables	**116 811**	84 458	**2 003**	2 135
Amounts owing to related parties	**157**	97	**–**	1
Interest-bearing borrowings	**469**	737	**–**	–
Financial liabilities	**9 223**	7 668	**8 136**	4 827
Short-term borrowings and overdraft	**108 991**	62 591	**–**	–
Financial liabilities measured at amortised cost	**235 651**	155 551	**10 139**	6 963

Significant accounting policies

Details of significant accounting policies and methods adopted in respect of each class of financial asset, financial liability and equity instruments are disclosed under significant accounting policies on pages 38 to 41 of these financial statements.

Financial risk management objectives

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

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies on behalf of principals, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts in respect of liabilities.

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

	2011			2010		
	Foreign currency balances R'000	**Forward exchange contracts R'000**	**Net uncovered position R'000**	Foreign currency balances R'000	Forward exchange contracts R'000	Net uncovered position R'000
Credit balances						
Australian Dollar	**(119)**	**105**	**(14)**	(66)	61	(5)
British Pound	**(640)**	**814**	**174**	(90)	55	(35)
Euro	**(2 671)**	**1 784**	**(887)**	(551)	591	40
US Dollar	**(2 742)**	**2 927**	**185**	(1 441)	1 335	(106)
Other	**(253)**	**124**	**(129)**	(40)	54	14
Debit balances						
US Dollar	**67**	**–**	**67**	–	–	–
	(6 358)	**5 754**	**(604)**	(2 188)	2 096	(92)

Foreign currency sensitivity

The Group's exchange rate exposure relates mainly to the Australian Dollar, British Pound, Euro and the US Dollar. The following table details the Group's sensitivity to a 10,0% increase or decrease in the Rand against the relevant foreign currencies. 10,0% is the sensitivity rate used when reporting foreign currency internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10,0% change in foreign currency rates. The amounts below indicate the amount by which profit or loss and equity would increase or decrease if the Rand strengthens or weakens by 10,0%.

Sensitivity analysis	**2011 R'000**	2010 R'000
If the foreign currency rates had been 10,0% higher/lower and all other variables held constant, the Group's profit for the year (before tax) would increase/decrease by	**60**	9

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Forward exchange contracts

It is the policy of the Group to enter into forward exchange contracts to cover specific foreign currency payments. The Group also enters into forward exchange contracts to manage the risk associated with anticipated purchase transactions.

The following table details the forward exchange contracts outstanding at reporting date:

	Buy AUD[1]	Buy CHF[2]	Buy EUR[3]	Buy GBP[4]	Buy NZD[5]	Buy SEK[6]	Buy USD[7]	Buy HKD[8]
Average exchange rate								
2011	**7,34**	**7,73**	**9,81**	**11,63**	**5,74**	**1,14**	**7,24**	**0,92**
2010	6,96	7,30	10,74	12,09	–	–	7,85	–
Foreign currency								
2011	**14 284**	**6 734**	**181 885**	**69 999**	**544**	**3 224**	**404 018**	**70 936**
2010	8 792	5 397	55 000	4 581	–	–	170 000	–
Contract value (Rands)								
2011	**104 849**	**52 033**	**1 783 544**	**814 410**	**3 123**	**3 665**	**2 926 625**	**65 146**
2010	61 229	39 418	590 643	55 366	–	–	1 335 342	–
Year end value (Rands)[9]								
2011	**101 236**	**50 779**	**1 758 164**	**790 047**	**2 856**	**3 567**	**2 821 338**	**63 509**
2010	60 763	39 011	581 719	53 988	–	–	1 323 519	–

1 Australian Dollar   2 Swiss Franc   3 Euro   4 British Pound
5 New Zealand Dollar   6 Swedish Krona   7 United States Dollar   8 Hong Kong Dollar
9 The year end value represents the foreign currency exposure translated at the closing spot rate at year end.

The Group does not have any balances or forward exchange contracts at the end of the current year relating to the Canadian Dollar (CAD), Norwegian Kroner (NOK) or the Singapore Dollar (SGD).

(2010): CAD – Average exchange rate: 7,44; Foreign currency: 706; Contract value (Rands): 5 249; Fair value (Rands): 5 199
(2010): NOK – Average exchange rate: 1,33; Foreign currency: 5 156; Contract value (Rands): 6 855; Fair value (Rands): 6 763
(2010): SGD – Average exchange rate: 5,57; Foreign currency: 414; Contract value (Rands): 2 305; Fair value (Rands): 2 289

All the forward exchange contracts are short-dated and maturity is within two months of year end.

Interest rate risk management

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

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure of short-term borrowings and overdraft to interest rates. A 50-basis point increase or decrease has been used for a period of 45 days, being the average credit term from invoice date of trade receivables.

	Group 2011 R'000	2010 R'000
Sensitivity analysis		
If the interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's profit for the year (before tax) would increase/decrease by	**727**	44

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 has adopted a policy of only dealing with creditworthy customers. Trade receivables comprise a widespread customer base and Group companies undertake ongoing credit evaluations of the financial condition of their customers. Where appropriate, credit guarantee insurance cover is purchased for all debtors in terms of the respective invoice discounting facilities, which is covered at a rate of 90,0%. Insurance cover is provided by Coface South Africa Services (Pty) Limited for the South African operations and Chartis South Africa Limited for the United Kingdom and Hong Kong subsidiaries. Management regularly assesses the counter party risk of these insurers. At 28 February 2011, the Group does not consider there to be any material credit risk that has not been insured or adequately provided for.

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

The Group grants varied credit terms of between 7 to 90 days to its customers. The analysis of trade receivables which are past due at reporting date is as follows:

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
Not past due	**215 264**	155 826	**2 247**	5
Past due by 0-30 days	**22 808**	6 872	**–**	–
Past due by 31-60 days	**8 438**	2 813	**26**	–
Past due by 61-90 days	**3 658**	4 272	**71**	–
Past due over 90 Days	**4 225**	13 506	**3 186**	3 971
Trade receivables	**254 393**	183 289	**5 530**	3 976
Provision for impairment of trade receivables (refer note 7)	**(5 573)**	(6 713)	**(3 102)**	(3 855)
Total trade receivables	**248 820**	176 576	**2 428**	121

Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring cash flows and the maturity profiles of financial assets and financial liabilities.

There were no defaults of terms with lenders during the year.

The Group has continued to enjoy uninterrupted access to its facilities, which at year end amounted to:

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Facilities available (refer note 13)				
Bank overdraft	**22 928**	21 000	**–**	–
Invoice discounting facilities	**257 425**	207 784	**–**	–
Total facilities available	**280 353**	228 784	**–**	–
Facilities utilised at year end (refer note 13)				
Bank overdraft	**306**	2 199	**–**	–
Invoice discounting facilities	**108 685**	60 392	**–**	–
Total facilities utilised	**108 991**	62 591	**–**	–
Available unutilised facilities				
Bank overdraft	**22 622**	18 801	**–**	–
Invoice discounting facilities	**148 740**	147 392	**–**	–
Total available unutilised facilities	**171 362**	166 193	**–**	–

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2011					
Non-interest bearing	**40 221**	**217 097**	**3 864**	**–**	**261 182**
Interest-bearing	**–**	**–**	**13 488**	**–**	**13 488**
	40 221	**217 097**	**17 352**	**–**	**274 670**
2010					
Non-interest bearing	27 527	154 767	1 227	–	183 521
Interest-bearing	–	–	4 322	–	4 322
	27 527	154 767	5 549	–	187 843

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

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2011					
Non-interest bearing	**116 884**	**–**	**–**	**–**	**116 884**
Interest-bearing	**109 070**	**2 203**	**3 663**	**3 831**	**118 767**
	225 954	**2 203**	**3 663**	**3 831**	**235 651**
2010					
Non-interest bearing	84 555	–	–	–	84 555
Interest-bearing	62 635	132	3 607	4 622	70 996
	147 190	132	3 607	4 622	155 551

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

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2011					
Forward exchange contracts	**3**	**(156)**	**–**	**–**	**(153)**
Profit share derivative on rental agreement	**–**	**–**	**–**	**458**	**458**
	3	**(156)**	**–**	**458**	**305**
2010					
Forward exchange contracts	(1)	(22)	–	–	(23)
Profit share derivative on rental agreement	–	–	–	579	579
	(1)	(22)	–	579	556

SHARE ANALYSIS

for the year ended 28 February 2011

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Shareholder spread				
1 to 1 000 shares	54	5,84	40 891	0,00
1 001 to 10 000 shares	216	23,35	1 324 142	0,10
10 001 to 100 000 shares	341	36,87	16 547 669	1,20
100 001 to 1 000 000 shares	230	24,86	84 905 529	6,17
1 000 001 shares and over	84	9,08	1 273 308 772	92,53
Total	**925**	**100,00**	**1 376 127 003**	**100,00**
Distribution of shareholders				
Banks	23	2,49	251 194 466	18,26
Close Corporations	17	1,84	10 265 225	0,75
Endowment funds	5	0,54	1 545 743	0,11
Individuals	786	84,97	388 970 028	28,27
Investment companies	2	0,21	5 094 778	0,37
Mutual funds	1	0,11	23 847 000	1,73
Nominees and trusts	46	4,97	128 435 305	9,33
Other corporations	11	1,19	8 141 300	0,59
Private companies	32	3,46	502 587 492	36,52
Public companies	2	0,22	56 045 666	4,07
Total	**925**	**100,00**	**1 376 127 003**	**100,00**
Public/non-public shareholders				
Non-public shareholders	17	1,84	717 405 572	52,13
Directors and associates of the Company holdings	16	1,73	405 932 484	29,50
Strategic holdings (more than 10,0%)	1	0,11	311 473 088	22,63
Public shareholders	908	98,16	658 721 431	47,87
Total	**925**	**100,00**	**1 376 127 003**	**100,00**
Beneficial shareholders holding 5,0% or more				
Maitland Management Limited			**311 473 088**	**22,63**
AL van Zyl			**131 250 000**	**9,54**
Custodians holding 5,0% or more				
SIX SIS			**108 785 000**	**7,91**

Breakdown of directors and associates of the Company holdings as at 28 February 2011:

	Direct number of shares	Percentage of shares	Indirect number of shares	Percentage of shares
Directors' beneficial holdings	**204 114 556**	**14,83**	**44 161 616**	**3,21**
SJ Chisholm	349 876	0,03	–	–
AD Dixon	2 800 000	0,20	–	–
ESC Garner				
Delmas Crushers CC	–	–	3 000 000	0,22
GH Gerber	875 000	0,06	41 161 616	2,99
GH Gerber	875 000	0,06	–	–
Lloyd Investment Trust	–	–	13 888 889	1,01
Staff Capital (Pty) Limited	–	–	27 272 727	1,98
MF Impson	52 039 680	3,78	–	–
GM Knight	16 800 000	1,22	–	–
AL van Zyl	131 250 000	9,54	–	–
Directors of subsidiary companies beneficial holdings	**36 658 700**	**2,67**	**120 997 612**	**8,79**
TK Blond	12 724 952	0,93	–	–
GH Crews	1 373 000	0,10	–	–
G McGregor				
Coolaroo Holdings Pty Limited	–	–	61 200 014	4,45
CV Simpson				
The Impi Share Trust	–	–	9 632 398	0,70
R Singh	8 370 081	0,61	50 165 200	3,64
R Singh	8 370 081	0,61	–	–
Rajin Singh Family Trust	–	–	50 165 200	3,64
GW Stay	14 190 667	1,03	–	–
Total	**240 773 256**	**17,50**	**165 159 228**	**12,00**

Trade analysis

Year	Month	High sale	Low sale	Number of deals	Volume	Value
2010	March	4	3	34	2 649 180	91 901
2010	April	4	3	5	262 307	9 524
2010	May	4	2	40	4 265 065	133 901
2010	June	5	3	31	5 440 808	214 103
2010	July	6	3	29	3 132 191	147 283
2010	August	8	4	74	12 889 232	726 072
2010	September	7	5	22	2 452 637	128 815
2010	October	7	4	44	2 803 610	152 097
2010	November	9	6	106	16 078 308	1 158 477
2010	December	9	7	91	8 347 467	658 850
2011	January	8	6	69	4 767 423	338 475
2011	February	9	6	71	5 282 665	381 779

JSE statistics		Statistics
Traded price		
Close	(cents per share)	8
High	(cents per share)	9
Low	(cents per share)	2
Market capitalisation	(R millions)	110
Value of shares traded	(R millions)	4
Value traded as percentage of market capitalisation	(percentage)	3,8
Volume of shares traded	(millions)	68
Volume traded as a percentage of number in issue	(percentage)	5,0
Price earnings ratio	(ratio)	6,4
Dividend yield	(percentage)	0,0
Earnings yield	(percentage)	15,6
Year end market price/net asset value	(ratio)	1,1
Shares in issue at end of year	(millions)	1 376
Shares issued during the year	(millions)	131
Shares repurchased during the year	(millions)	11
Number of shareholders	(shareholders)	925

SHAREHOLDERS' CALENDAR

Activity	Date
Financial year end	28 February
Release of trading statement	10 May 2011
Release of updated trading statement	17 May 2011
Release of abridged Group results on SENS	24 May 2011
Release of abridged Group results in the Press	25 May 2011
Dispatch of 2011 Annual Integrated Report	31 May 2011
2011 Annual general meeting	26 July 2011
Release of interim results for the six months ended 31 August 2011	November 2011

CORPORATE INFORMATION

SANTOVA LOGISTICS LIMITED
Country of incorporation
Republic of South Africa

Registration number
1998/018118/06

Share code
SNV

ISIN
ZAE000090650

Nature of business
International logistics solutions provider

Directors
ESC Garner* (Chairman)
GH Gerber (Chief Executive Officer)
SJ Chisholm (Group Financial Director)
AD Dixon*
S Donner**
MF Impson
GM Knight
WA Lombard*
AL van Zyl

* *Independent non-executive*
** *Non-executive*

Company Secretary
JA Lupton, FCIS
Highway Corporate Services (Pty) Limited
PO Box 1319, Hillcrest, 3650

Designated advisor
River Group
Block B, First Floor, 225 Veale Street
Brooklyn, 0181

Group auditor
Deloitte & Touche
Deloitte Place, 2 Pencarrow Park La Lucia
Ridge Office Estate
La Lucia, 4051
PO Box 243, Durban, 4000

Share registrars
Computershare Investor Services (Pty)
Limited PO Box 61051, Marshalltown, 2107

Legal advisor
Livingston Leandy Inc
PO Box 4107, Umhlanga Rocks, 4320

Santova head office and registered office address
Business address
Santova House
88 Mahatma Gandhi Road, Durban, 4001
Postal address
PO Box 6148, Durban, 4000

Investor relations
Contact number +27 31 374 7134

E-mail
enquiries@santova.com

Website
www.santova.com

Group Bankers
Local
First National Bank of South Africa Limited
Investec Bank Limited
Nedbank Limited
Standard Bank of South Africa Limited

Foreign
Australia and New Zealand Banking Group Limited (ANZ)
Coface Finance Australia Pty Limited
Hong Kong and Shanghai Banking Corporation (HSBC)
National Westminster Bank (NatWest)
Royal Bank of Scotland (RBS)
Rabobank Group (Europe)
Westpac Banking Corporation (Australia)

SUBSIDIARIES
Impson Logistics (Pty) Limited
(registered in South Africa)

Impson head office and Durban branch
Business address
Santova House
88 Mahatma Gandhi Road, Durban, 4001
Contact number +27 31 374 7000

Impson Cape Town
Business address
9th Floor, Metropolitan Building
7 Coen Steytler Avenue, Foreshore, 8001
Contact number +27 21 406 9300

Impson Johannesburg
Business address
3 Michael Place (off Yaldwyn Road)
Jet Park, 1469
Contact number +27 11 578 0600

Impson Pietermaritzburg
Business address
Redlands Estate, Mahogany Court
2 George McFarlane Lane
Pietermaritzburg, 3201
Contact number +27 33 342 4689

Impson Port Elizabeth
Business address
3rd Floor, Greyville House Ring Road
Greenacres Port Elizabeth, 6045
Contact number +27 41 397 3500

Impson Sasolburg
Business address
Building No 32, Eric Louw Road
Venco Park, Sasolburg, 1947

McGregor Sea and Air Services Pty Limited
(registered in Australia)
Business address
Unit 9, 77-79 Bourke Road
Alexandria, NSW, 2015, Australia
Contact number +61 286 678 777

Santova Financial Services (Pty) Limited
(formerly Leading Edge Insurance Brokers (Pty) Limited)
(registered in South Africa)
Business address
2nd Floor, Santova House
88 Mahatma Gandhi Road
Durban, 4001
Contact number +27 31 374 7200

Santova Logistics B.V.
(registered in the Netherlands)
Business address
Nieuwe Langeweg 167, 3194 DC
Hoogvliet-RT, Rotterdam, Netherlands
Contact number +31 10 820 0313

Schiphol office
Business address
Room 1.09
Beech Avenue 54-80, 1119 PW
Schiphol-RIJK, Amsterdam, Netherlands
Contact number +31 20 820 8253

Santova Logistics Limited
(registered in Hong Kong)
Business address
Rooms 1501 – 1502, 15/F
Bonham Trade Centre
50 Bonham Strand East
Sheung Wan, Hong Kong
Contact number +852 6035 5528

Santova Logistics Limited
(registered in the United Kingdom)
Business address
Churchill House
Horndon Business Park, Station Road
West Horndon, Brentwood, Essex
CM13 3XD, United Kingdom
Contact number +44 127 781 2811

Heathrow Office
Business address
Unit 1 Fiveways Business Centre
Aspen Way, Feltham, Middlesex
TW13 7AQ, United Kingdom
Contact number +44 20 8751 2148

Santova Logistics South Africa (Pty) Limited
(formerly Aviocean (Pty) Limited)
(registered in South Africa)
Business address
67 Loper Street, Aeroport Park
Spartan Extn 2, Kempton Park, 1620
Contact number +27 11 974 2278

NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, please consult your stockbroker, accountant, attorney, banker or other independent professional advisor immediately.

This Notice of annual general meeting has been prepared on the basis that during the two year transitional period set down in Schedule 5 of the Companies Act, No 71 of 2008, as amended ("the 2008 Companies Act"), and until a pre-existing company adopts a new Memorandum of Incorporation ("MOI"), its existing Memorandum and Articles of Association take precedence over the 2008 Companies Act unless there is a conflict. Therefore, all matters covered by this Notice have been dealt with in terms of the Company's Memorandum and Articles of Association, unless the provisions of the 2008 Companies Act have dictated otherwise.

NOTICE IS HEREBY GIVEN that the annual general meeting of members of Santova Logistics Limited will be held in the Harbour View Boardroom, Santova House, 88 Mahatma Gandhi Road, Durban on Tuesday, 26 July 2011 at 12H00 for the following purposes:

1. To receive and accept the audited annual financial statements of the Company and the Group for the year ended 28 February 2011, including the Directors' Report, report of the Audit and Risk Commitee, and the report of the auditors thereon.

2. To appoint directors:

2.1 To re-elect directors in accordance with the Company's Articles of Association. WA Lombard retires by rotation but, being eligible, offers himself for re-election.

2.2 To re-elect AD Dixon and AL van Zyl as directors of the company, both directors having been appointed since the last annual general meeting and retire in terms of Article 83.2.1 of the Company's Articles of Association: being eligible, both the directors offer themselves for re-election.

In terms of the 2008 Companies Act the directors must be re-elected by individual resolutions.

(*Curricula vitae* of each of the directors are set out on the directorate pages of this Annual Integrated Report, refer pages 10 to 11.)

3. Directors' Remuneration

3.1 Ordinary Resolution Number 1

"THAT the remuneration payable to the directors for the financial year ended 28 February 2011 as set out in Note 19 to the annual financial statements on page 58 of this report be ratified and confirmed."

3.2 Special Resolution Number 1

"THAT with effect from 1 March 2011 until the conclusion of the next annual general meeting the executive directors be paid remuneration as determined by their respective contracts of employment, or as otherwise determined by the Remunerations and Nominations Committee from time to time in accordance with the Company's remuneration policy, which is set out in the Remuneration Report on page 20."

3.3 Special Resolution Number 2

"THAT the remuneration payable to the non-executive directors until the date of the 2012 annual general meeting, as set out below, be and hereby is approved:

For attendance at Board meetings	R8 000	per meeting
Audit and Risk Committee Chairman	R15 000	per meeting
Audit and Risk Committee meetings	R6 000	per meeting
Remuneration and Nominations Committee Chairman	R12 000	per meeting
Remuneration and Nominations Committee meetings	R5 000	per meeting
Chairman (includes full meeting attendance remuneration)	R250 000	per annum."

The reason for the passing of Special Resolution Number 1 and Special Resolution Number 2 is that the 2008 Companies Act requires that shareholders authorise the basis for compensation to directors of a profit company, as required by s66(9) of that Act; and that s66(9) of the 2008 Companies Act requires that the remuneration of directors may be paid only in accordance with a special resolution approved by the shareholders within the previous two years.

The effect of the passing of the two special resolutions is that the Company will be complying with the requirements of the Companies Act, No 71 of 2008, as amended. The effect of the passing of Special Resolution Number 1 is that the basis for compensation payable to executive directors from 1 March 2011 until the next annual general meeting will have been authorised; and the effect of the passing of Special Resolution Number 2 is that the directors' fees payable to non-executive directors until the conclusion of next annual general meeting will have been approved.

4. To appoint the members of the Audit and Risk Committee. In terms of the provisions of the 2008 Companies Act, only non-executive directors who meet the requirements laid down in s94 of that Act may be members of an Audit and Risk Committee. The current members of the Audit and Risk Committee are WA Lombard (Chairman), AD Dixon, ESC Garner, all of whom are Chartered Accountants (South Africa) and meet the requirements of s94. *Curricula vitae* of each of the directors are set out on the directorate pages of this Annual Integrated Report, refer page 10.

5. To authorise the Audit and Risk Committee to determine the remuneration of the auditors for the past financial year.

6. To appoint Deloitte & Touche as auditors and SD Munro as Registered Auditor of the Company to hold office until the conclusion of the next annual general meeting.

7. Special Resolution Number 3 – Amendment to Articles of Association, Expropriation of Shares

THAT a new article, Article 34A be added to the Company's existing Articles of Association as follows:

"THAT where no response is received from shareholders within the timeframe specified in the offer document with regard to a offer from the Company to repurchase shares in terms of an odd lot offer, the shareholder will be deemed to have accepted the offer and the directors shall have the right to expropriate those shares. Any consideration payable to the shareholder for those shares shall be held in an unclaimed funds account until lawfully claimed."

The reason for the passing of this special resolution is to enable the Company to remove from its register those shareholders whose addresses have been lost over time and have not responded to communications.

The effect of the passing of the special resolution will be that where there is an offer from the Company to repurchase shares in terms of a consolidation or odd lot offer and there has been no response from the shareholder within the stipulated timeframe, the directors will have the right to repurchase those shares, payment for which may still be claimed by the shareholder concerned on submission of a written claim.

8. Special Resolution Number 4 – Amendment to Articles of Association, Company Rules

THAT a new article, Article 142 be added to the Company's existing Articles of Association as follows:

"The Company's Board of Directors is prohibited from making rules for the Company, as contemplated in s15(3) to (5) of the Companies Act, No 71 of 2008, as amended."

The reason for the passing of the special resolution is that the directors believe that this prohibition should be incorporated into the Company's Articles of Association. The effect of its passing will be to prohibit directors from making such rules.

9. Special Resolution Number 5 – Amendment to Articles of Association, Issue of unclassified shares

THAT a new article, Article 33.10, be added to the Company's existing Articles of Association as follows:

"THAT the Company's Board of Directors is prohibited from issuing unclassified shares."

The reason for the passing of the special resolution is that the directors believe that it is undesirable for the Company to have unclassified shares, as contemplated in s36 (1)(c) of the 2008 Companies Act. The effect of its passing will be to prohibit directors from issuing such unclassified shares.

10. Special Resolution Number 6 – Distributions

THAT a new article, Article 118.3 be added to the Company's existing Articles of Association as follows:

"Cheques for any type of distribution amounting to less than R50,00 due to any one holder of the Company's shares, will not be paid, unless otherwise requested in writing, but aggregated with such other amounts and donated to a charity to be nominated by the directors."

The reason for passing the special resolution is that Computershare Investor Services (Pty) Limited, the Company's transfer registrars, have advised that there is a prevalence of cheque fraud targeting low value cheques and they have recommended that cheques valued under R50,00 be suppressed, retained in an unclaimed funds account, and allowed to accumulate until there is a sufficient amount to be donated to a charity to be nominated by the directors.

The effect of the passing of the special resolution is that the Company will no longer issue cheques to shareholders valued under R50.00.

11. Special Resolution Number 7 – General Authority to Buy Own Shares

"THAT the Company hereby approves, as a general approval contemplated in s85(2) and s85(3) of the Companies Act, No 61 of 1973, as amended ("the 1973 Companies Act"), and in terms of article 33.7 of the Company's Articles of Association, the acquisition by the Company or any of its subsidiaries from time to time of the Company's securities (as defined by the Listings Requirements of JSE Limited ("the JSE Listings Requirements")), upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Articles of Association of the Company, the provisions of the 1973 Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time by JSE Limited ("JSE"), and provided that:

- any such acquisition of ordinary shares will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter-party;
- this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- an announcement will be made as soon as the Company or its subsidiaries has/have acquired securities constituting, on a cumulative basis, 3,0% (three percent) of the number of securities in issue prior to the acquisition pursuant to which the 3,0% (three percent) threshold is reached, and in respect of every 3,0% (three percent) thereafter, which announcement shall contain full details of such acquisitions;
- acquisitions of the Company's securities by the Company or its subsidiaries in the aggregate in any one financial year may not exceed 20,0% (twenty percent) of the Company's issued share capital from the date of the grant of this general authority;
- repurchases may not be made at a price greater than 10,0% (ten percent) above the weighted average of the market value for such securities for the 5 (five) business days immediately preceding the date on which the transaction is effected;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf;
- the Company or its subsidiaries may only undertake a repurchase if, after such a repurchase, it shall still comply with the spread requirements of the JSE Listings Requirements; and
- the Company or its subsidiaries may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements."

The reason for the passing of the above special resolution is to grant the Company a general authority in terms of the 1973 Companies Act for the acquisition by the Company or any of its subsidiaries of securities issued by the Company, which authority shall be valid until the earlier of the next annual general meeting, or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company; provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire securities issued by the Company.

The following information, which is required by the JSE Listings Requirements with regard to the resolution granting a general authority to the Company to repurchase securities, appears on the pages of the annual financial statements to which this notice of general meeting is annexed, as indicated below:

Directors of the Company	pages 10 to 11
Major shareholders	pages 26 and 69
Directors' interests in securities	pages 28 and 70
Share capital of the Company	pages 26 and 52 to 53
Responsibility statement	page 24
Material changes	pages 26 to 29

There are no legal or arbitration proceedings, either pending or threatened, against the Company or its subsidiaries of which the Company is aware, which may have, or have had in the last 12 (twelve) months a material effect on the financial position of the Company or its subsidiaries.

Statement by the Board of Directors of the Company pursuant to and in terms of the JSE Listings Requirements:

The directors of the Company hereby state that:

a. the intention of the directors of the Company is to utilise the authority if, at some future date, the cash resources of the Company are in excess of its requirements. In this regard the directors will take account of, *inter alia*, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and will ensure that any such utilisation is in the interests of shareholders; and

b. the method by which the Company intends to repurchase its securities and the date on which such repurchase will take place, have not yet been determined.

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the annual general meeting;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date of the annual general meeting;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the business of the Company and its subsidiaries for a period of 12 (twelve) months after the date of the annual general meeting;
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's ordinary trade requirements for a period of 12 (twelve) months after the date of the annual general meeting; and
- the Company will provide its designated advisor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

12. To consider, and if deemed fit, to pass the following resolutions as ordinary resolutions:

12.1 Ordinary Resolution Number 2 – Unissued shares to be placed under the control of the directors

"THAT the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares to such person or persons on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the provisions of the Companies Act, No 61 of 1973, as amended, and the Listings Requirements of JSE Limited."

12.2 Ordinary Resolution Number 3 – General authority to issue shares, and to sell treasury shares, for cash

"THAT the directors of the Company and/or any of its subsidiaries from time to time be and they are hereby authorised, by way of a general authority, to:

- allot and issue all or to issue any options in respect of all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company;

for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the Companies Act, No 61 of 1973, as amended, the Articles of Association of the Company, the Listings Requirements of JSE Limited ("JSE") and the following limitations:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to public shareholders as defined by the Listings Requirements of the JSE and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 50,0% (fifty percent) of the number of issued ordinary shares;
- this general authority is valid until the earlier of the Company's next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given;
- a SENS announcement giving full details, including the impact on the net asset value per share, tangible net asset value per share, earnings per share and headline earnings per share, will be published when the Company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5,0% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10,0% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company;

- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the Listings Requirements of JSE Limited as if such use was a fresh issue of ordinary shares; and
- approval of the general issue for cash resolution is achieved by a 75,0% majority of the votes cast in favour of such resolution by all equity securities holders present or represented by proxy at the general meeting convened to approve such resolution. The resolution must be worded in such a way as to include the issue of any options/convertible securities that are convertible into an existing class of equity securities, where applicable."

12.3 Ordinary Resolution Number 4 – Non-binding advisory vote

"To resolve as an ordinary resolution to consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy."

The reason for proposing this resolution is to request shareholders to signify their approval of the Company's remuneration policy by way of a non-binding advisory resolution as is provided for in King III. The policy is outlined in the Remuneration Report on pages 20 to 21 of the Annual Integrated Report.

12.4 Ordinary Resolution Number 5 – Authority to execute requisite documentation

"THAT any director of the Company, or the Company Secretary where appropriate, be and hereby is authorised to do all such things and to sign all such documents issued by the Company required to give effect to special resolutions numbered one through six and ordinary resolutions numbered one through three."

13. To transact such other business that may be transacted at an annual general meeting.

VOTING AND PROXIES

A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote in his/her stead, subject to the general instructions attached to this notice. Any proxy so appointed need not be a member of the Company. Proxy forms must be received at the registered office of the Company not less than 48 hours before the date of the meeting.

For the convenience of registered members of the Company, a form of proxy is enclosed herewith. The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker without "own name" registration and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

JA Lupton
Company Secretary

16 May 2011

Registered Office
Santova House
88 Mahatma Gandhi Road
Durban
4001

GENERAL INSTRUCTIONS

All shareholders are encouraged to attend the annual general meeting of the Company.

1. All registered shareholders of ordinary shares ("shares") in the Company are entitled to attend, speak and vote at the annual general meeting.

2. Please note that the Company has moved to JSE Limited's electronic settlement system, Strate. If you are a dematerialised shareholder (i.e. you have replaced your paper share certificates with electronic records of ownership under Strate) and are not an "own name" dematerialised shareholder, then:

    2.1 if you wish to attend the annual general meeting you should contact your Central Securities Depository Participant ("CSDP") or broker, as the case may be, and obtain the relevant letter of representation from them. The letter of representation must be obtained within the time period required by your CSDP or broker, as the case may be, and allow them sufficient time to provide such letter to the Company Secretary prior to the annual general meeting;

    or, alternatively,

    if you are unable to attend the annual general meeting, you must contact the CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the annual general meeting in accordance with the mandate between yourself and the CSDP or broker, as the case may be. You should not complete the attached form of proxy. If your CSDP or broker does not obtain voting instructions from you in respect of the annual general meeting, it will be obliged to act in terms of your mandate. The instructions must be provided within the time period required by your CSDP or broker, as the case may be.

    2.2 if you hold certificated shares (i.e. you have not dematerialised your shares in the Company) or are an "own name" dematerialised shareholder, then:

    you may attend and vote at the annual general meeting;

    or, alternatively,

    you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy and returning it to the registered office of the Company to be received by no later than 48 hours prior to the commencement of the meeting.

FORM OF PROXY

SANTOVA LOGISTICS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1998/018118/06)
Share code: SNV ISIN: ZAE000090650
("Santova Logistics" or "the Company")

Santova
Logistics Ltd

For the sole use by the following holders of ordinary shares in the Company at the annual general meeting of the Company to be held in the Harbour View Boardroom, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 on Tuesday, 26 July 2011 at 12H00 and at any adjournment thereof:

- Certificated shareholders; and
- CSDP nominee companies, brokers' nominee companies and dematerialised shareholders who have elected "own name" registrations.

Forms of proxy must be completed and delivered to the Company's registered office, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 (PO Box 6148, Durban, 4000) to be received by no later than 12H00 on Friday, 22 July 2011.

I/We ____________________ (BLOCK LETTERS please)

of ____________________ (address)

Telephone work __________ Telephone home __________

being the holder/custodian of __________ ordinary shares in the Company, hereby appoint

1. ____________________ or, failing him/her

2. ____________________ or, failing him/her

3. the Chairman of the meeting

as my/our proxy to attend and speak out and, on a poll, vote for me/us on my/our behalf at the annual general meeting of the Company to be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against and/or abstain from voting in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

		FOR	AGAINST	ABSTAIN
1.	Adoption of the 28 February 2011 annual financial statements			
2.	Re-election of WA Lombard as a director			
3.	Re-election of AD Dixon as a director			
4.	Re-election of AL van Zyl as a director			
5.	Ordinary Resolution Number 1 – Approval of directors' past remuneration			
6.	Special Resolution Number 1 – Approval of executive directors' remuneration			
7.	Special Resolution Number 2 – Approval of non-executive directors' remuneration			
8.	To appoint the members of the Audit and Risk Committee			
9.	To authorise the Audit and Risk Committee to determine the remuneration of the auditors			
10.	To approve the appointment of Deloitte & Touche as auditors and SD Munro as the Registered Auditor of the Company			
11.	Special Resolution Number 3 – Expropriation of shares			
12.	Special Resolution Number 4 – Prohibition against making rules			
13.	Special Resolution Number 5 – Prohibition against unclassified shares			
14.	Special Resolution Number 6 – Distributions			
15.	Special Resolution Number 7 – General authority to buy back shares			
16.	Ordinary Resolution Number 2 – Unissued shares placed under directors' control			
17.	Ordinary Resolution Number 3 – General authority to issue shares for cash			
18.	Ordinary Resolution Number 4 – Non-binding advisory vote			
19.	Ordinary Resolution Number 5 – Authority to execute requisite documentation			

(Indicate instruction to proxy by way of a cross in the space provided above.)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this __________ day of __________ 2011

Signature ____________________

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting "the Chairman of the meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than the total number of shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy.
3. Holders of dematerialised shares must inform their CSDP or broker of whether or not they intend to attend the annual general meeting and obtain the necessary letter of representation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person.
4. Forms of proxy must be received at the Company's registered office, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 (PO Box 6148, Durban, 4000) by no later than 12H00 on Friday, 22 July 2011.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the Chairman of the annual general meeting.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
9. The Chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the Chairman is satisfied as to the manner in which the member wishes to vote.

Certificated and "own name" registered dematerialised shareholders
If you are unable to attend the annual general meeting of Santova Logistics Limited to be held at 12H00 on Tuesday, 26 July 2011 in the Harbour View Boardroom, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 and wish to be represented thereat, you must complete and return this form of proxy in accordance with the instructions contained herein and lodge it with, or post it to the Company's registered office address, detailed in point 4 above, to be received by them by no later than 12H00 on Friday, 22 July 2011.

Dematerialised shareholders
If you hold dematerialised shares in Santova Logistics Limited through a CSDP or broker and do not have an "own name" registered dematerialised registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary letter of representation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instructions in order for the CSDP or broker to vote in accordance with your instructions at the annual general meeting.

ABBREVIATIONS

The following abbreviations have been used throughout this report:

"the 1973 Companies Act"	the Companies Act, No 61 of 1973, as amended
"the 2008 Companies Act"	the Companies Act, No 71 of 2008, as amended
"AGM"	Annual general meeting
"AltX"	Alternative Exchange of the JSE
"AUD"	Australian Dollar
"£"	British Pound
"B-BBEE"	Broad-based black economic empowerment
"CIPC" or "the Commission"	Companies and Intellectual Property Commission
"CSDP"	Central Securities Depository Participant
"Deloitte"	Deloitte & Touche
"DTI"	Department of Trade and Industry
"EPS"	Earnings per share
"€"	Euro
"IFRS"	International Financial Reporting Standards
"Impson"	Impson Logistics (Pty) Limited, a subsidiary of the Company
"IT"	Information Technology
"JSE"	JSE Limited, South Africa's Securities Exchange
"Ltd"	Limited
"McGregor"	McGregor Sea and Air Services Pty Limited (registered in Australia), a subsidiary of the Company
"Mogal"	Mogal International Limited (registered in the United Kingdom), a subsidiary of the Company
"NAV"	Net asset value
"OSCAR"	OSCAR™ is an Optimised Supply Chain Active Resource suite of software packages, South Africa Trademark Registration Numbers 2007/05906 in Class 35, 2007/05907 in Class 36, 2007/05908 in Class 39 and 2007/05909 in Class 42, in the name of Impson Logistics (Pty) Limited.
"Pty"	Proprietary
"R" or "Rand"	South African Rand
"R'000"	Rand thousands
"SA"	South Africa
"Santova" or "Group"	Santova Logistics Limited and its subsidiaries
"Santova Logistics" or "the Company"	Santova Logistics Limited
"Santova Logistics B.V."	Santova Logistics B.V. (registered in the Netherlands), a subsidiary of the Company (formerly Maxxs B.V.)
"Santova Financial Services"	Santova Financial Services (Pty) Limited, a subsidiary of the Company (formerly Leading Edge Insurance Brokers (Pty) Limited)
"Santova Logistics SA" or "Aviocean"	Santova Logistics South Africa (Pty) Limited, a subsidiary of the Company (formerly Aviocean (Pty) Limited)
"SARS"	South African Revenue Services
"the Share Trust"	Santova Logistics Share Purchase and Option Scheme Trust
"UK"	the United Kingdom

Santova

Logistics Ltd

www.santova.com