Santova Logistics Ltd

ANNUAL REPORT 2009

Santova
Logistics Ltd

“IT IS BECAUSE OF WHO WE ARE
THAT WE WILL NAVIGATE
TO ACHIEVE THE IMPOSSIBLE”

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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 Ltd is a company listed on the JSE, with offices throughout South Africa and the Far East, and an office in the United Kingdom and Australia, 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.

Santova
Logistics Ltd

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.

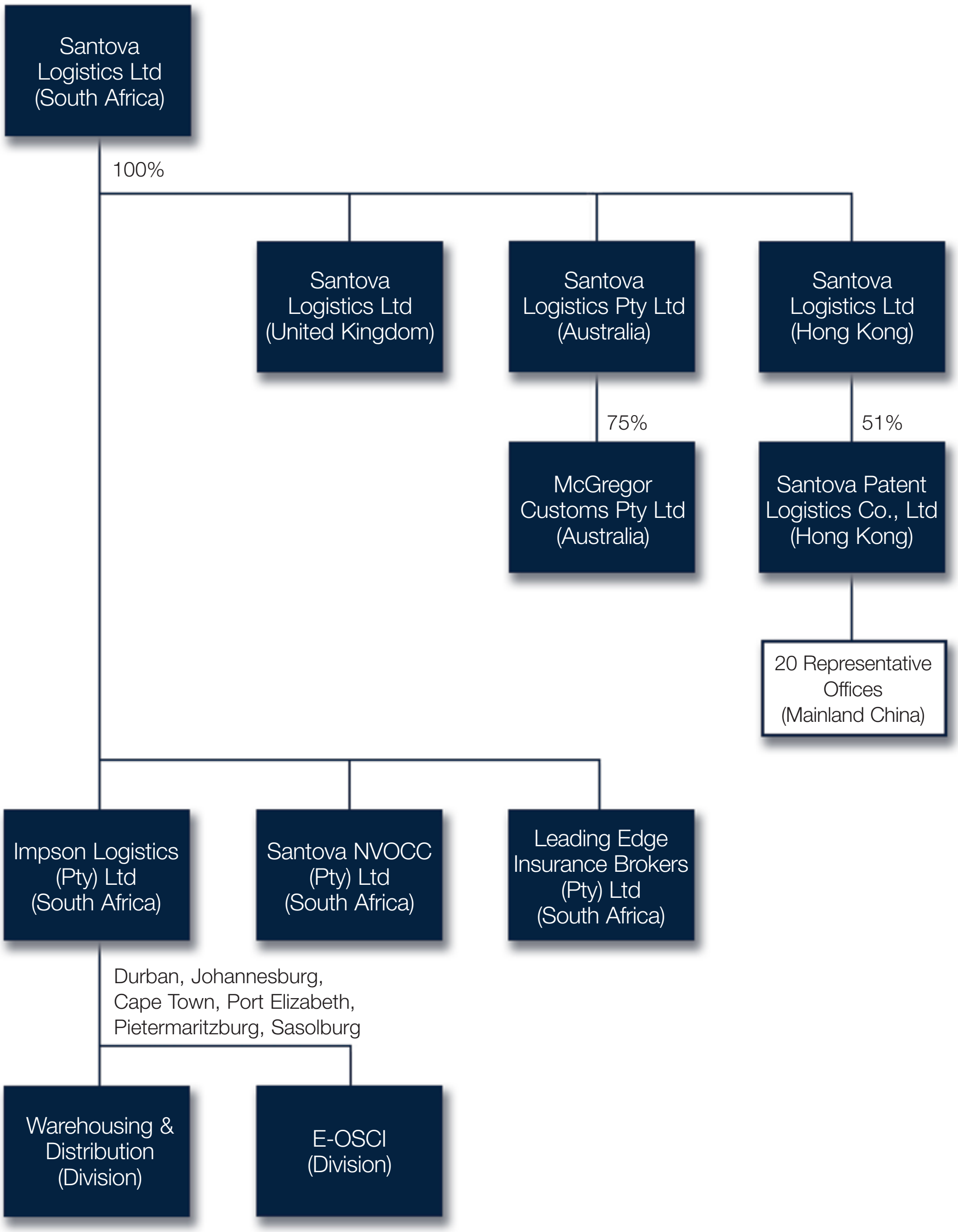
The open architectural design of OSCAR enables optimisation of the supply chain management process through virtual management at the lowest possible cost whilst retaining high levels of client service.

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
- Trade finance and foreign exchange management
- Warehousing and distribution

GROUP STRUCTURE



GROUP FINANCIAL SUMMARY
for the year ended 28 February 2009

RESULTS		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		1 885 240	1 956 021	1 451 862
Turnover		118 229	108 243	77 395
Operating income before interest and taxation		26 275	21 132	15 053
Profit for the year/period		7 860	6 071	2 605
Profit attributable to equity holders of the parent		7 794	6 026	2 625
Net assets		74 366	77 399	71 322
Tangible net assets		48 418	48 370	42 710
Financial ratios				
Return on average ordinary shareholders' funds	(percentage)	10,3	8,1	5,6
Return on net assets	(percentage)	10,6	7,8	3,7
Return on tangible net assets	(percentage)	16,2	12,5	6,1
Operating margin	(percentage)	22,2	19,5	19,4
Interest cover		1,73	1,61	1,39
Current ratio		2,56	2,40	2,58
Ordinary share performance				
Ordinary shares in issue at year end	(shares – 000's)	1 297 356	1 366 788	1 122 682
Share commitments at year end	(shares – 000's)	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)	0,63	0,45	0,24
Headline earnings per share	(cents)	0,68	0,45	0,23
Diluted basic earnings per share	(cents)	0,62	0,45	0,24
Diluted headline earnings per share	(cents)	0,67	0,45	0,23
Closing share price at year end	(cents)	5	7	16
Net asset value per share	(cents)	6,19	5,82	5,34
Tangible net asset value per share	(cents)	4,03	3,64	3,20
Market capitalisation at year end				
Ordinary shares	(R'000)	64 868	95 675	179 629

DEFINITIONS

CURRENT RATIO
Current assets divided by current liabilities (excluding 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 outstanding 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 the 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 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 last year divided by two).

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

GROUP FINANCIAL REVIEW
for the year ended 28 February 2009

	28 February 2009 R'000	29 February 2008 R'000	28 February 2007 R'000
BALANCE SHEET			
Assets			
Non-current assets	38 876	43 502	41 836
Current assets	219 717	286 789	290 011
Total assets	258 593	330 291	331 847
Liabilities			
Non-current liabilities	5 361	2 658	3 276
Current liabilities	178 866	250 195	257 249
Total liabilities	184 227	252 853	260 525
Capital and reserves	74 366	77 438	71 322
Total equity and liabilities	258 593	330 291	331 847

	12 months to 28 February 2009 R'000	12 months to 29 February 2008 R'000	14 months to 28 February 2007 R'000
INCOME STATEMENT			
Gross billings	1 885 240	1 956 021	1 451 862
Cost of billings	(1 767 011)	(1 847 778)	(1 374 467)
Turnover	118 229	108 243	77 395
Operating income before interest and taxation	26 275	21 132	15 053
Net interest paid	(15 188)	(13 096)	(10 799)
Profit before taxation	11 087	8 036	4 254
Income tax expense	(3 227)	(1 965)	(1 649)
Net profit for the year/period	7 860	6 071	2 605

OUR HISTORY

Santova Logistics Ltd was established in 1999 out of the merging of the businesses of Spectrum Shipping Company (Pty) Ltd, a company formed in 1986 and offering support and service to its export clients, and Nunsofast Shipping (Pty) Ltd, a clearing and forwarding business which commenced operations in 1982. The then Spectrum Shipping (Pty) Ltd reverse-listed in 2002 into a listed shell company, Micrologix Ltd. The name of the Company was then changed to Spectrum Shipping Ltd ("Spectrum") and the Company moved from the Venture Capital Market to the Development Capital Market of the then JSE Securities Exchange.

In April 2002, Spectrum acquired the business of CSS Logistics (Pty) Ltd, a company providing integrated agency services to exporters of fresh produce world-wide, including Capespan (Pty) Ltd, the largest exporter of deciduous and citrus fruit in Southern Africa.

In March 2003, the Company embarked on a strategy to change the nature of its business from a predominantly clearing and forwarding agency into an international company providing "end-to-end" logistics solutions to ensure the seamless flow of products into the marketplace for importers/exporters and consumers. This was no easy task and it took the best part of four years to put the necessary structures in place, including the opening of an office in Hong Kong and the setting up of a joint partnership with Patent International Co., Ltd, a clearing and forwarding agency with 20 branches in various cities throughout mainland China.

To give the Company greater freedom of movement with regard to acquisitions, it moved from the Development Capital Market to the then fledgling Alternative Exchange ("Alt^{X}") in May 2006 and at the same time initiated negotiations with the shareholders of Impson Freight (Pty) Ltd ("Impson Freight"), a highly successful logistics business with offices throughout South Africa. The deal was concluded in August 2006, with Spectrum acquiring 100% of the issued share capital of Impson Freight. Impson Freight brought with it infrastructure, skills, IT solutions (OSCAR) and the expertise essential to transform the Group to the next level of its growth curve. Spectrum already had the international vision and structure, which complemented those of Impson Freight and now gave the Group a decided edge in the market. The integration of the businesses of Spectrum and Impson Freight required a considerable amount of time and energy but was successfully completed in fiscal 2008.

At the same time, negotiations were continuing with the shareholder of Leading Edge Insurance Brokers (Pty) Ltd ("Leading Edge") for the acquisition by Spectrum of 90% of the issued share capital of that company. This deal was concluded in September 2006 and enables the Group to offer all forms of short-term insurance cover to its clients, including Marine insurance.

Following the acquisition of Impson Freight, the Group's financial year end was changed from December to February. During this fourteen month period ending 28 February 2007, the name of Spectrum was changed to Santova Logistics Ltd ("Santova Logistics") and the name of Impson Freight was changed to Impson Logistics (Pty) Ltd ("Impson"). Impson became the main South African operating entity of the Group under the leadership of Malcolm Impson, with Santova Logistics remaining as the Holding Company with Glen Gerber as Chief Executive Officer.

The head offices and Durban branches of Santova Logistics and Impson were integrated and moved into new premises in Santova House, 88 Mahatma Gandhi Road, Durban in March 2007. In the same month the Company acquired 100% of the issued share capital of Mogal International Ltd and its operating subsidiaries, the then Owens International Freight Ltd and Antipodes Shipping Ltd, each company registered in the United Kingdom.

During the 2009 fiscal year, the remaining 10% in Leading Edge was acquired, the UK operation was streamlined, Antipodes Shipping Ltd was deregistered and the name of Owens International Freight Ltd was changed to Santova Logistics Ltd. In addition, after the close of the 2009 fiscal year, the Group acquired a clearing business in Australia called McGregor Customs Pty Ltd. This acquisition will facilitate the opening of trade between the Group's offices in South Africa, the Far East, the United Kingdom and Australia.

CHAIRMAN'S REVIEW

Against the backdrop of the current world economic turmoil, it is pleasing to be able to report that the Group has made great strides during the year with profitability increasing from R6,1 million in 2008 to R7,9 million in 2009. The groundwork laid in the past two years in the establishment of an international group is now coming to fruition and this has been enhanced by the acquisition earlier this year of McGregor Customs Pty Ltd in Australia. With operating offices in the United Kingdom, Hong Kong and Australia and a presence in 20 ports in mainland China through the Company's partnership with Patent International Co., Ltd, the prospects for the Group in future years are good as trade between these areas and South Africa grows. In addition, the Company's operating entity in South Africa, Impson, continues to move from strength to strength, with the bulk of the profits for the financial year under review having come from this entity.

The year under review was also one characterised by change with the re-constitution of the Holding Company Board of Directors, the establishment of an active Board of Directors in Impson and a general streamlining of the business in line with current economic conditions. The Group is now poised to take advantage of the many opportunities that will become available to it in the year ahead.

I would like to pay tribute to my fellow directors and the management teams within Santova for successfully weathering what was a challenging year for the Group and emerging with a strong, vibrant, positive and united team.

I thank my colleagues on the Board for having entrusted me with chairmanship of the Group and look forward to working with them in the year ahead in striving to attain the goals alluded to in the Chief Executive Officer's review.

ESC Garner
Chairman

Durban
11 May 2009

CHIEF EXECUTIVE OFFICER'S REVIEW

The Santova Group continued to show impressive progress despite global economic conditions which progressively deteriorated throughout the 2009 financial year. Our strategic initiatives, supported by a fundamentally sound business model and operational excellence, enabled us to achieve our goal of sustainable growth through progressive systematic development of the capabilities of the Group.

Whilst the 2008 financial year was characterised by a buoyant economy, the Group recognised at an early stage in 2008 the challenges that lay ahead and successfully managed the rapid declines in trade. Profits for the year and basic earnings per share as at 28 February 2009 were R7 793 771 (2008: R6 025 910) and 0,63 cents (2008: 0,45 cents), increases of 29,3% and 39,8% respectively. This was achieved through both operational efficiencies and organic growth of the business, which was made possible through focused integrated supply chain solutions for clients seeking greater efficiencies in the landed cost of their products.

In recent weeks and months, however, we have witnessed an economic downturn of unexpected rapidity and severity – the full extent and duration of which remains uncertain. Fortunately, being a non-asset based supply chain logistics business, our expenses are variable and can to a large extent be adjusted according to activity levels. Since the end of January 2008, we have introduced several cost reduction measures which have been designed to hedge us against this slowdown in economic activity.

In addition to the cost reduction measures mentioned above, we are also being proactive and innovative in regard to the services offered to our existing clients. This, together with the continued pursuit of high quality new clients, will allow us to improve our overall financial performance and ultimately drive shareholder value.

SOUTH AFRICA – IMPSON

Impson, our South African based supply chain logistics business, has been extremely successful in exploring ways to streamline the supply chains of clients. It has become increasingly obvious that in an environment of diminishing returns, clients are more receptive to either outsourcing their logistics or turning to process definition. The latter constitutes a unique and dynamic methodology which is applied in the process of supply chain optimisation – involving a detailed analysis of every conceivable aspect of the supply chain whilst also clearly defining roles, structures, systems, work flow processes and standards of delivery. The Company's suite of software packages designed for this purpose, OSCAR, continues to be an important tool in the acquisition and retention of clients and one which is being enhanced and developed on an ongoing basis.

This South African operation continues to provide a hub of development and support for the Group worldwide.

SOUTH AFRICA – LEADING EDGE

The insurance business of the Group has once again delivered pleasing results. This is in spite of one of the underwriters renegotiating downward the broker commission payable on a significant portion of the short-term insurance book. Had it not been for this renegotiated rate, this business for fiscal 2009 would have shown earnings growth of approximately 50,0% and not the 18,2% it actually achieved. Marine insurance revenue, which accrues to the Group and not to Leading Edge itself, has also made a significant contribution to Group earnings. The year ahead looks even more promising as the business and its people integrate and leverage off the daily operational activities and clientele of Impson.

At the end of the financial year the Company acquired the remaining 10% of the equity of Leading Edge, making it a wholly owned subsidiary.

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

AUSTRALIA

In line with our growth strategy, we are proud to confirm that subsequent to the year end we have successfully acquired McGregor Customs Pty Ltd ("McGregor"), an Australian (Sydney) registered company, specialising in customs brokerage, trade facilitation and international freight forwarding. McGregor is licensed by the Australian Customs Service and is accredited by the Australian Quarantine and Inspection Service. The company was founded in 1988 and has established a quality diverse client base, the majority of its clients having been with the Company for many years.

The acquisition is a strategic one as it enables the Group to leverage off a captive client base since clients of Santova's who import from China/Hong Kong to South Africa and have a presence in Australia tend to also ship the same goods from China/Hong Kong to Australia. This represents a significant opportunity for Santova to "unlock" meaningful value for the Group in Australia, particularly with Santova having its own office in Hong Kong and representative offices in China.

HONG KONG

Santova Logistics Ltd, Hong Kong ("Santova Hong Kong"), has continued to play a vital role in leveraging off new markets, distribution channels and niche services, effectively supplementing the operations of South Africa, the United Kingdom and more recently Australia. This office, together with Santova Patent Logistics Co., Ltd, offers our global clients 20 strategically situated offices in close proximity to most ports throughout China. To a greater extent, our capability of facilitating, controlling and managing end-to-end comprehensive supply chain logistics at source – mainland China – is proving to be a valuable asset to the Group.

Santova Hong Kong offers a world class warehouse and consolidation hub facility situated alongside the Meiguan Freeway in Shenzhen, China. The facility is conveniently located, close to Yantian, Chiwan, Shekou, Huanggang – China's largest inland port – and Shenzhen International Airport. The facility includes all warehouse related services which are fully integrated to OSCAR, enabling clients real-time access to their virtual warehouse.

UNITED KINGDOM

By the second quarter in 2008, the United Kingdom was officially in recession and the Pound Sterling had dropped by more than 30,0% against other major currencies. All sectors of the economy continue to struggle and by the end of 2009 the UK economy is expected to have contracted by 3,2%. With consumer confidence, the housing market, international trade, employment and manufacturing either at the lowest point, or dropping faster than ever previously recorded, Santova's UK operations notably underperformed for the year under review.

Initiatives have been introduced which have resulted in a significant reduction in operational costs. We should see further beneficial operational efficiency and improved earnings performance going forward, particularly as the UK operation starts to build off the client base of the other components of the Group.

THE YEAR AHEAD

Whilst we can be proud about our progress in the financial year ended 28 February 2009, the outlook for the 2010 financial year is indeed daunting. Up until November/December 2008, South Africans had believed themselves to be relatively sheltered from the global economic crisis. All evidence now suggests, however, that the downward drag of the global recession on South Africa is worse than expected.

As our then Minister of Finance Trevor Manuel pointed out in his speech on 11 February 2009, "what has started off as a financial crisis may well become a second great depression". He commented further that the International Monetary Fund has forecast global growth in 2009 down by no less than five times and highlights that whilst the USA and most of Europe are in recession, China's gross domestic product ("GDP") has fallen to its lowest level since 1990.

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

South Africa's GDP experienced its first quarterly contraction (fourth quarter 2008) since the third quarter of 1998, and the biggest contraction since the fourth quarter of 1992, when South Africa's GDP declined by 3,5%. Furthermore, national statistics have highlighted that the year-on-year movement – January 2008 versus January 2009 – in South African National Ports activity is 28% down for Twenty-foot Equivalent Units ("TEUs") landed and 34% down for TEUs shipped.

Santova's answer to this is simple. Despite the "economic hard times", we need to be even more decisive and strategic in our decision-making and actions. This will allow us to take advantage of the downturn so that when the cycle turns, we emerge even stronger. We view the challenge as an opportunity rather than as a problem. The future is not inevitable, the future will be determined by the choices we make today.

As anticipated at the time of the release of our interim results for 31 August 2008, the effects of the recessionary environment have refocused the attention of companies on effective supply chain management. The goals of sustainable profit and growth are significant challenges in such an environment and supply chain optimisation is fundamental to achieving this end. This is supported by the fact that approximately 50% of consumer product spend is required to cover the post-manufacturing cost of goods. Furthermore, the World Bank's Logistics Performance Index, published early last year, ranked South Africa in 24th place out of 154 countries. In terms of logistics expenditure, however, South Africa ranked 124th out of 150. The need for companies to evaluate their high internal logistics costs, therefore, is an obvious opportunity for our Group, and one on which we will continue to capitalise.

Whilst we acknowledge the challenges that lie ahead, we will remain an energetic entrepreneurial business committed to capitalising on our unique culture or "Santova Spirit" – "it is because of who we are that we will navigate to achieve the impossible".

ACKNOWLEDGEMENTS AND APPRECIATION

Despite an increasingly demanding economic environment, the Group has done more than just meet the challenges of the 2009 financial year, it has progressed to its next level of capability. For this I would like to extend my appreciation and thanks to our clients, suppliers, business associates and our shareholders for their continued support and belief that we are still on track to build a truly international supply chain logistics business, capable of sustainable growth and high level delivery.

To staff, executive management and fellow directors, a sincere thank you for your support and unwavering commitment to our purpose, despite the challenges we are faced with on a day to day basis. The economic climate for the year ahead will certainly be characterised by prolonged weakness, which we will navigate through as one "decisive team". This is not the first time that we as a Group have been confronted with such challenges. Our resilience, creativity and innovative spirit will ensure that not only do we meet such challenges, we will progress to the next level of operational capability.

GH Gerber
Chief Executive Officer

Durban
11 May 2009

REPORT OF THE GROUP FINANCIAL DIRECTOR

The Annual Report incorporates the Group's operations in South Africa, the Far East and the United Kingdom, and will in future years include Australia. The Group reports its financial performance and position in compliance with International Financial Reporting Standards ("IFRS").

FINANCIAL PERFORMANCE REVIEW OF 2009

When comparing the performance for the year under review to that of the last financial year, there was a 9,2% (2008: 63,2%) increase in turnover and a 19,2% (2008: 65,6%) increase in the operating income, with Mogal only included for 11 months of the 29 February 2008 year. Finance costs reflect a 5,9% (2008: 41,5%) increase, resulting in an increase in profits attributable to equity holders of the parent of 29,3% (2008: 167,8%). It needs to be borne in mind that the reason for the large increases in 2008, when compared to 2007, was due in the main to the acquisition of Impson effective 31 August 2006.

Net asset value ("NAV") has increased from 5,82 cents per share in 2008 (2007: 5,34) to 6,19 cents per share as at 28 February 2009, a 6,4% (2008: 8,9%) increase; whilst the tangible net asset value ("TNAV") has moved from 3,64 cents per share in 2008 (2007: 3,20) to 4,03 cents per share as at 28 February 2009, a 10,9% (2008: 13,7%) increase.

The cash flow statement for the Group reflects borrowings repaid of R37,8 million (2008: R15,9 million), despite the increased trade undertaken by the Group.

Return on total equity increased from 7,8% in 2008 (2007: 3,7% – a fourteen month period) to 10,6% for the year ended 28 February 2009, a 34,8% increase.

During the year, the following share movements took place:

- 8 568 981 shares issued on 30 May 2008 to the previous owners of Leading Edge;
- 57 838 186 shares repurchased from the previous owners of Impson on 23 September 2008; and
- 20 162 987 shares repurchased from the previous owners of Impson on 13 November 2008.

Of the 219 666 667 shares the shareholders of Santova Logistics agreed to repurchase at the 23 September 2008 Santova Logistics annual general meeting, as a specific authority, 78 001 173 were either exercised or repurchased during the year; 90 773 014 lapsed, as the Group pre-tax profit target of R10,8 million was achieved; and 50 892 480 remain outstanding (refer note 9 in the notes to the annual financial statements for the year ended 28 February 2009).

We move forward in the year ahead determined to continually optimise costs and service levels, to ensure that the Group structure is running optimally to capitalise on the difficult but opportune times ahead and new business that is to be introduced.

ACCUMULATED LOSS

The Board draws attention to the accumulated loss, which arose in Micrologix Ltd prior to the "reverse-listing" of the Santova business into that entity in 2002 – refer Our History on page 7. 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 balance sheet since the "reverse-listing".

SJ Chisholm
Group Financial Director

Durban
11 May 2009

DIRECTORATE

INDEPENDENT NON-EXECUTIVE DIRECTORS

EDWARD (TED) GARNER 69, *Chairman*

CA (SA), MBL (UNISA), MSIA (Carnegie Mellon, USA)

Ted is a Chartered Accountant 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.

WARWICK LOMBARD 53

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.

MOSES TEMBE 48

BA Public Administration and Political Science

Moses graduated from UNISA with a BA in Public Administration and Political Science. He then completed the Caltex Business Management Programme at the University of Cape Town. In 1979, Moses became a review case officer at the Umlazi Magistrate's Office and in 1982 became chief credit controller for the KwaZulu Finance Corporation. Moses is now a self-employed entrepreneur and a shareholder and director of various business interests in the retail, tourism, shipping and marine engineering sectors. He was awarded the Investec Bank/Sunday Tribune Entrepreneur of the Week in 2002. Moses is former secretary general and vice-president of the KwaZulu-Natal branch of NAFCOC, founding member of Durban Growth Coalition (Central Committee spearheading development projects in Durban), and board member of Durban Infrastructural Development Trust (the Trust that presides as authority over the ICC, Waterfront and other projects) and President of the Durban Chamber of Commerce and Industry and Chairman of the Durban Community Foundation.

DIRECTORATE (continued)

EXECUTIVE DIRECTORS

GLEN GERBER 46, *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 SADF. He then joined Integrated Business Information Systems (Pty) Ltd 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 Ltd 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 34, *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 such as Unilever South Africa, 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.

STANLEY DONNER 56, *International Marketing*

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.

DIRECTORATE (continued)

MALCOLM IMPSON 65, *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 August 2006, the entire shareholding in Impson was sold to Santova Logistics. The operating divisions of Santova Logistics have been transferred into Impson, which continues to be Malcolm's responsibility as Chairman of Impson.

GARY KNIGHT 42, *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 the Holding Company.

COMPANY SECRETARY

JENNIFER LUPTON 67
ACIS, M Inst. D

Jenny began her career in Rhodesia in the early 1970's working for an investment banking organisation where she gained wide experience in all aspects of company secretarial work, including listed company transfer secretarial work. She emigrated to South Africa in 1975 and joined African Finance Corporation Ltd (AFC) in Johannesburg in 1976 where she gained experience in pension fund administration, enhanced her company secretarial experience, gained her Associate membership of the Southern African Institute of Chartered Secretaries, and was appointed Company Secretary. She left AFC in 1984 and assisted in the start-up of Equity International (Pty) Ltd, an investment banking company, and remained there until 1994 when she moved to KwaZulu-Natal. After eight years as Office Manager of Marwick & Company Inc, auditors in Hillcrest, Jenny left in 2002 to devote all her energies into building her own company, Highway Corporate Services (Pty) Ltd, a professional corporate secretarial services company.

GROUP SOCIAL RESPONSIBILITY REPORT

incorporating Human Resources and broad-based black economic empowerment

The reports of the various subsidiaries on Human Resources, broad-based black economic empowerment ("B-BBEE"), training and other social issues have been combined into one overall report for the Santova Group. Where appropriate, a specific subsidiary will be mentioned individually.

HUMAN RESOURCES

Over the last year, the Human Resources department has overseen the final stages of the merger of the operational teams of Santova Logistics and Impson that started some two years ago. One of the more important components of the merger has been the conversion of the former Impson Freight (Pty) Ltd staff from gross to total cost to company remuneration packages in accordance with the Group best practice guidelines and in order to comply with the Group's remuneration policy. Not only are staff all on the same remuneration software package but the superior payroll system now utilised for all staff can provide advanced and complete reports which will assist in the management of the Company, specifically in the areas of Employment Equity, Skills Development and B-BBEE. This, combined with the continued critical analysis of the organisational structure, will assist the Company to monitor and work towards achieving its targeted goals in these areas.

Other areas of the Human Resources department have continued to function well; staff wellness and staff motivation remain a priority for the coming year, especially in light of the global economic crisis, its effect on our economy and resultant effect on staff. The Department continues to have the assistance of a network of professional specialist suppliers and continues to be overseen by the Human Resources Committee, which meets on a quarterly basis to evaluate goals, monitor progress and implement required improvements. The labour and disciplinary process, which is co-ordinated by the Department, remains a necessary and effective tool in the management of all the labour issues within the Group.

The most exciting development has been the long awaited launch of the International Standards Organisation ("ISO") process within Impson, the largest subsidiary of the Group. The selected standard chosen is the relatively new ISO 9001:2008 model for Quality Management Systems, which will provide the management and operational framework required within the Organisation to satisfy its customers' needs, to increase its quality of output and therefore its sales and profits, amongst other goals. It is anticipated that the process will be completed within the first half of the current financial year.

The last financial year has also seen the drafting of a number of new policies and procedures for the Group, especially in the areas of Group benefits, as part of the gross to total cost to company conversion.

SOCIAL TRANSFORMATION

1. Broad-based black economic empowerment (B-BBEE)

   Impson, the predominant entity within the Group, is for the purposes of B-BBEE 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. Impson completed their "internal audit" at the end of the 2008 fiscal year and subsequent improvements have been made to a number of the B-BBEE pillars in anticipation of the formal external independent verification.

   In particular, significant developments have been made in terms of enterprise development by Impson. Enterprise development contributions have been made to a Level 3 supplier within the industry, ABI Freight Carriers CC ("ABI Freight"). 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. It is anticipated that as a result of its efforts Impson will score well under this element.

GROUP SOCIAL RESPONSIBILITY REPORT (continued)

incorporating Human Resources and broad-based black economic empowerment

It is important to note that Impson is also a "value-adding enterprise" for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Impson, once formally certified, may be multiplied by 1,25% by any client of Impson.

The first independent verification agencies were only accredited by the South African Accreditation System ("SANAS"), which is recognised by the Government, in February 2009. Impson will have their B-BBEE status certified by a verification agency as soon as their audited annual financial statements for the year ended 28 February 2009 are available. Impson has appointed The Integra Scores (Pty) Ltd (Association of B-BBEE Verification Agencies (ABVA) Membership Registration Number: BVA052) as its verification agent for the impending verification to take place in the first part of the current financial year. Once the initial verification audit has taken place, Impson will thereafter submit itself to regular and comprehensive audits in order to monitor its efforts and progress in this regard.

Leading Edge has experienced notable growth over the 2009 financial year, which has resulted in the Company growing to the status of a "qualifying small" enterprise in terms of the gazetted B-BBEE Codes. Leading Edge will also be verified; this process will take place in the early part of the current financial year.

Over the second half of the last fiscal year the development of a new B-BBEE monitoring tool began, which will not only assist management at senior and middle levels implement B-BBEE, but will also bring together the required information for B-BBEE and employment equity into one document, thereby ensuring a complete understanding of the sometimes overlapping requirements of these social processes. This process will also be supported by reports available from the combined payroll.

Another significant event in this area of the business was the B-BBEE workshop attended by the majority of the senior members of Impson and Santova Logistics, which was held in November 2008. Each of the seven elements of B-BBEE were analysed and the practical concerns regarding implementation of these pillars were discussed in detail before responsibilities were allocated to specific individuals. This same group of individuals will meet on a bi-annual basis to ensure progress is continually made in this area. This forum, together with the B-BBEE policy of the Group, the B-BBEE Committee, and the new B-BBEE monitoring tool, will guide the Group through this vital process.

2. Affirmative action and training initiatives

The 2009 financial year was a successful one for the training and development department in terms of the number of staff trained, despite a busy operational year. 150 staff were trained in a total of 99 training sessions with a large portion of these staff receiving more than one training session, including both in-house and external training interventions. Aside from SARS customs clearing, freight forwarding and other operational skills training (through various accredited training providers in all regions), there was a strong focus on OSCAR training of staff, clients and agents. OSCAR training was one of the largest growth areas for the training department.

Adult basic education and training ("ABET") continued successfully within the Group, with 14 previously disadvantaged learners attending numeracy and literacy courses over the last financial year.

The learnership programme continued its growth trend from previous years with a total of 12 learners being accepted into the programme for the coming year. 80% of the learners who completed the course last year have been employed by Impson. This programme continues to be one of the most important areas to assist the Group to attain its medium and long-term goals of employment equity and the upliftment of previously disadvantaged employees of the Group.

GROUP SOCIAL RESPONSIBILITY REPORT (continued)

incorporating Human Resources and broad-based black economic empowerment

This year was the second year of the training outside public practice ("TOPP") training programme within Santova. This programme, which is accredited with the South African Institute of Charted Accountants ("SAICA"), was a success with the trainee passing the second SAICA professional board exam in November 2008. The Training Officer, the Group Financial Director, is looking to sign off the trainee as a Chartered Accountant by the end of the current financial year. The programme has the potential to attract further employees to the Group at a graduate level.

The Group Health and Safety training initiative, launched in the last year in the various branches of the Group's subsidiaries, is now in the final stages of completion. More attention will be given to this area in the current year.

3. Employment equity

The 2009 financial year proved to be a challenging year for skills and employment equity with the resignation of the skills development facilitator at the peak of the implementation and reporting period in the middle of last year. This resulted in a critical analysis of the position and the effectiveness of the role in light of employment equity targets. As a result of this exercise a portion of this area of the business has now been outsourced to a specialist service provider and a new role of training and development co-ordinator was created and has been filled. The primary focus of the role for the remainder of the last year was the implementation of the employment equity plan and workplace skills plan.

As with B-BBEE, senior and middle management of Impson and Santova Logistics attended an employment equity seminar in November 2008. The seminar was aimed at providing training and guidance to managers to ensure that employment equity targets would be met. This workshop led to the establishment of the employment equity forum which will meet on a bi-annual basis and individual responsibilities in terms of employment equity have been assigned.

The employment equity committee continues to meet as and when required and the committee will now be expanded to include certain regional managers and members of staff to improve the effectiveness of the committee in all branches of the Company.

SOCIAL RESPONSIBILITY

In the 2009 financial year, the various entities within the Group made 103 donations to 49 different charities, many of which were in the form of monthly donations. Portable blood donor clinics have been held on site periodically throughout the year at the Durban and Port Elizabeth offices and were well supported by a significant number of staff in those regions – so much so that the Johannesburg branch are looking to follow suit in aiding this worthwhile endeavour.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH KING II

The Group is committed to the promotion of good corporate governance and to compliance with the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance for South Africa – 2002 ("King II"). Whilst every effort has been made to institute "best practice" wherever possible, there are still a few areas where this has not been achieved and these are highlighted in this 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. In 2008, the composition of the Board was enhanced by the addition of two experienced independent non-executive directors with strong financial backgrounds. With the resignations mentioned in the report of the directors, the Board now has a total of eight directors, three of whom are independent non-executive directors.

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 formulated and adopted a Board Charter which is reviewed annually and embodies the following principles, amongst others:

- the Board of Directors is responsible for the proper management and ultimate control of the Company;
- in order to meet this responsibility to members and other stakeholders, the Board is responsible 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;
- the Board meets at least quarterly on a formal basis. Four meetings were held during the year under review and the directors' attendance record is set out at the end of this report;
- the Company's designated advisor attends Board and Audit Committee meetings as required by the JSE Listings Requirements;
- with regard to share dealing, all directors are required to apply through the Chief Executive Officer or the Company Secretary for written permission from the Chairman to deal in the Company's shares. All directors are required to advise the Company Secretary as soon as a deal has taken place so that the dealings are reported timeously. Directors' share dealings is a permanent item on the Board agenda and shareholder movements are analysed monthly; and
- directors of the Company and directors of subsidiary companies are advised in advance of any closed period, of the date of commencement and duration of such closed period.

SUBSIDIARY COMPANIES

The Board of Impson, the main operating subsidiary company, was reconstituted in August 2008. Three of the main board directors sit on the Impson board, together with the Gauteng regional director of Impson, a director of Santova Logistics Ltd (formerly Owens International Freight Ltd, registered in the UK) and the regional manager of the

Hong Kong subsidiaries, Santova Logistics Ltd and Santova Patent Logistics Co., Ltd. The Group Legal Adviser has been appointed Company Secretary of Impson. For the last five months of 2008, the Impson Board met monthly but in 2009 this will be reduced to every second month. The overseas directors attend meetings twice a year to review the interim and annual results.

BOARD COMMITTEES

The Board has appointed an Audit and Risk Committee and a Remuneration and Nominations Committee. At the Board meeting held on 21 July 2008, the Board committees were reconstituted to include the two new directors. A report on each of the Committees follows:

AUDIT AND RISK COMMITTEE (Four meetings)

WA Lombard	(Committee Chairman, independent non-executive director)
ESC Garner	(Independent non-executive director)
M Tembe	(Independent non-executive director)
Invitees	
SJ Chisholm	(Group Financial Director)
GH Gerber	(Chief Executive Officer)
A Lianos	(Representing the designated advisors)

The Audit and Risk Committee now has a Chairman who is an independent non-executive director with the necessary financial skills to chair the Committee. The Committee has adopted a Charter which sets out the terms of reference of the Committee and incorporates the oversight of the Risk Management function.

The Committee meets at least four times a year; two of those meetings will deal primarily with a review of the Group's annual and interim financial statements and reports, and Group budgets; the remaining two meetings are to deal with matters such as the following:

- consideration of the accounting policies of the Group and any proposed revisions thereto;
- assessment of the internal controls within the Group;
- assessment of the effectiveness of the Group's information systems;
- setting the principles for recommending the use of the external auditors for non-audit services and recommending that these be kept to a minimum;
- consideration of the going concern status of the Company and the entities within the Group;
- consideration of the appropriateness and expertise of the Group Financial Director;
- confirming that the auditors are registered with JSE Ltd and have the necessary IFRS specialist;
- compliance with applicable legislation and the requirements of regulatory authorities; and
- consideration of the reports of the Risk Management Committee and assessment of the Group's risk profile.

INTERNAL CONTROL

With the merging of the businesses of Santova and Impson, an ongoing internal audit has been undertaken in all departments throughout the Group during the past two years to establish which were the "best practices", which areas required new procedures or tighter controls and how best to integrate the two. The Audit and Risk Committee and the Board have considered the option of appointing either an external or an "in-house" internal auditor and have come to the conclusion that adequate controls are in place and that at this stage of the Company's development and given the

current world economic crisis, the additional expense is not warranted. This function will be filled internally for now, but the situation will be reviewed in the current financial year.

In addition, internal audits with regard to the Group's SARS Customs compliance are carried out at regular intervals by an "in-house" Customs specialist and signed off by the Chairman of Impson and the Chairman of the Customs Accreditation Committee (within Impson). Due to the importance placed on Customs compliance by the Group, the scope of the Audit and Risk Committee has been extended to include a review of these internal audits and two such audits were reviewed by the Audit and Risk Committee in the year under review.

RISK MANAGEMENT COMMITTEE (Three meetings, which were reported on in two of the Audit and Risk Committee meetings)

SJ Chisholm	(Group Financial Director)
GH Gerber	(Chief Executive Officer)
MF Impson	(Chairman of Impson)
AKG Lewis	(Group Legal Advisor, Committee Chairman)

The management of risk is an ongoing process throughout the Group but has been enhanced and given focus by the setting-up of the above Committee and the institution of at least two separate Audit and Risk Committee meetings during the year to review the activities and findings of the Risk Management Committee.

The 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 Master, which is a "living" document and is used in the assessment and management of future risk. This is a document that 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 Master. This channel of reporting remains open throughout the year.

REMUNERATION AND NOMINATIONS COMMITTEE (Two meetings)

ESC Garner	(Committee Chairman, Independent non-executive director)
WA Lombard	(Independent non-executive director)
M Tembe	(Independent non-executive director)
Attendees	
GH Gerber	(Chief Executive Officer)
MF Impson	(Chairman, Impson)

During the year under review, as a result of the changes to the Santova Logistics Board, the Committee has been re-constituted. The newly constituted Committee met twice in the year, adopted a charter setting out its responsibilities, reviewed all Group remuneration policies, and approved salary increases and bonuses for executive directors and senior executives.

The Group has a very active and pro-active Human Resources team which looks after the issues of human resource management in terms of social transformation and social responsibility. The Group also has a very active training programme to enhance the skills of all its employees and train them in the Group's business. More information on this aspect can be found in the Group's Social Responsibility Report on pages 16 to 18.

Remuneration is one of the largest cost components of the Group and optimising the remuneration expense remains a core focus area. The Company's executive directors' remuneration for the year under review amounted to R6 244 444 (2008: R5 169 274).

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation, integrity and objectivity of the financial statements and other information contained in the Annual Report in a manner that fairly presents the state of affairs and results of the operations of the Group. The financial statements have been prepared in accordance with International Financial Reporting Standards. They are based on appropriate accounting policies and are supported by reasonable and prudent judgements and estimates. A full Directors' Responsibility Statement can be found on page 24.

The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings thereon.

CODE OF ETHICS

Santova Logistics introduced a Code of Ethics in 2003, which has been updated during the year under review. The Code clearly defines the ethical standards and business practices of the Group in all aspects of its business. The Code has been drawn up in consultation with employees and approved by the Board and all directors and employees of the Group are committed to upholding its principles. The Code is attached to all employment contracts, and employees, in signing the contract, agree to be bound by the Code.

GOING CONCERN

Due to the strength of the Group's client base and strategic initiatives undertaken during the year, and the further expansion into Australia subsequent to year end, 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 ongoing basis by the Risk Management Committee.

NON-EXECUTIVE REMUNERATION

Directors' fees are paid to non-executive directors on the basis of attendance at Board and Committee meetings. Non-executive directors' fees paid for Board and Committee meetings in respect of the year under review amounted to R209 000 (2008: R107 500). Fees paid to the Chairman of the Board for his services as such amounted to R111 000 (2008: R72 000).

None of the non-executive directors and only one executive director participate in the Santova Logistics Share Purchase and Option Scheme at present.

CORPORATE GOVERNANCE REPORT (continued)

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS DURING THE YEAR UNDER REVIEW

Board meetings (Four meetings)

ESC Garner	3 (of three during his tenure)
WA Lombard	3 (of three during his tenure)
M Tembe	4
SJ Chisholm	4
S Donner	4
GH Gerber	4
MF Impson	3
GM Knight	3 (of three during his tenure)

Audit and Risk Committee (Four meetings)

ESC Garner	3 (of three during his tenure)
WA Lombard	3 (of three during his tenure)
M Tembe	4
SJ Chisholm	4
GH Gerber	4

Remuneration and Nominations Committee (Two meetings)

ESC Garner	2
WA Lombard	2
M Tembe	0
GH Gerber	2
MF Impson	2

DIRECTORS' RESPONSIBILITIES AND APPROVAL
for the year ended 28 February 2009

The directors are required by the South African Companies Act, 1973, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements of Santova Logistics Ltd 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 cash flow forecast for the year to 28 February 2010 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 27 to 73, which have been prepared on the going concern basis, were approved by the Board of Directors on 11 May 2009 and were signed on its behalf by:

GH Gerber
Chief Executive Officer

SJ Chisholm
Group Financial Director

Durban
11 May 2009

REPORT OF THE COMPANY SECRETARY
for the year ended 28 February 2009

During the year under review, I conducted the duties of Company Secretary for Santova Logistics Ltd. 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, 1973, as amended, and that all such returns are true, correct and up to date.

JA Lupton ACIS
Company Secretary

Practice number: PPG00290

Durban
11 May 2009

INDEPENDENT AUDITOR'S REPORT

to the members of Santova Logistics Ltd

We have audited the annual financial statements and the Group annual financial statements of Santova Logistics Ltd, which comprise the directors' report, the balance sheet and the consolidated balance sheet at 28 February 2009, the income statement and the consolidated income statement, the cash flow statement and the consolidated cash flow statement, the statement of changes in equity and the consolidated statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 73.

Directors' responsibility for the financial statements

The Company's 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, 1973, as amended. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 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 judgement, 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 the directors, 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 of the Group at 28 February 2009, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 1973, as amended.

Deloitte & Touche

Deloitte & Touche
Audit KZN Registered Auditors
Per SD Munro
Partner

12 May 2009

2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban

National Executive: GG Gelink (Chief Executive), AE Swigers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Tax & Legal and Financial Advisory), L Geeringh (Consulting), L Bam (Corporate Finance), CR Beukman (Finance), TJ Brown (Clients and Markets), NT Mtoba (Chairman of the Board)
Regional Leader: GC Brazier

REPORT OF THE DIRECTORS
for the year ended 28 February 2009

The directors present their report for the year ended 28 February 2009. 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 trade finance, insurance, warehousing, information technology and live track and trace.

3. STATE OF AFFAIRS

There were no major changes in the Group during the year under review, which was one of consolidation and optimisation. Just prior to the financial year end the Company acquired the remaining 10% of the issued shares in Leading Edge at the same price at which the Company had acquired the original shares, making Leading Edge a wholly owned subsidiary of the Company.

4. REVIEW OF BUSINESS AND FINANCIAL RESULTS

The Group's profit on ordinary activities before taxation for the year amounted to R11 087 870 (2008: R8 035 651), before deducting taxation of R3 227 442 (2008: R1 964 925).

The net income attributable to ordinary shareholders for the year amounted to R7 793 771 (2008: R6 025 910), which represents earnings per share of 0,63 cent (2008: 0,45 cent).

The financial position of the Group, which is set out in the Group balance sheet, 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 felt it 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 8 568 981 ordinary shares to the previous owners of Leading Edge in terms of the profit warranty. There was also 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 2009 for the repurchase by the Company of 78 001 173 ordinary shares. The special resolution containing this authority was registered by CIPRO on 21 October 2008. The net effect of these two transactions brought the issued share capital to 1 297 355 538 ordinary shares (2008: 1 366 787 730).

7. CONTROLLING AND MAJOR SHAREHOLDERS

There are 1 049 (2008: 1 088) shareholders. Controlling and major shareholders are listed below:

	Number of shares held	Percentage of issued share capital
February 2009		
The Stanley Donner Family Trust	311 473 088[1]	24,01
Rothschild Bank AG	100 000 000	7,71
The Share Trust	91 335 509	7,04
Other shareholders	794 546 941	61,24
	1 297 355 538[2]	100,00

[1] These shares were initially incorrectly registered in the name of David Sussman Investments (Pty) Ltd but were transferred into the name of the Stanley Donner Family Trust on 6 March 2009. Indirect beneficial (refer paragraph 15).

[2] 78 001 173 ordinary shares were bought back during the year in terms of a special resolution passed at the Santova Logistics AGM held on 23 September 2008, reducing the number of shares in issue to 1 297 355 538.

	Number of shares held	Percentage of issued share capital
7. CONTROLLING AND MAJOR SHAREHOLDERS (continued)		
February 2008		
JP Morgan Chase Bank – Onshore Clients Omnibus	310 674 603	22,73
Rothschild Bank AG	100 000 000	7,31
The Share Trust	91 473 842	6,69
Other shareholders	864 639 285	63,27
	1 366 787 730	100,00

8. 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. The plant and equipment in all regions of Santova Logistics, excluding the head office, have now been transferred into Impson, together with all the respective branch operations.

9. BORROWINGS

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

10. EVENTS SUBSEQUENT TO THE YEAR END

The Group acquired a new subsidiary in Australia shortly after year end (refer note 28 for further information). No other events of a material nature have occurred between the financial year end and the date of this report.

11. SUBSIDIARY AND SUB-SUBSIDIARY DETAILS

The following companies were subsidiaries or sub-subsidiaries of the Company as at the year end.

Name	Percentage held	Registration number	Nature of business
Antipodes Shipping Ltd (registered in the United Kingdom, sub-subsidiary)	–	4174431	De-registered
e-OSCI Logistics (Pty) Ltd	100	2006/000544/07	Optimising supply chain logistics
Impson Logistics (Pty) Ltd	100	1987/001296/07	International logistics solutions provider
Leading Edge Insurance Brokers (Pty) Ltd	100	2002/004034/07	Insurance brokers
Mogal International Ltd (registered in the United Kingdom)	100	2204157	Management company
Owens International Freight Ltd (formerly Santova Logistics Ltd, registered in the United Kingdom)	100	5963125	Dormant company – name reservation
Santova Financial Services (Pty) Ltd	100	2005/008170/07	Financial consulting
Santova Logistics Pty Ltd (registered in Australia)	100	123200760	Dormant company – name reservation
Santova Logistics Ltd (registered in Hong Kong)	100	36495437-000-11-08-0	International logistics solutions provider
Santova Logistics Ltd (formerly Owens International Freight Ltd, registered in the United Kingdom, sub-subsidiary)	100	2463065	Shipping and forwarding agents
Santova NVOCC (Pty) Ltd	100	2004/031099/07	Non-vessel owner common carrier operations
Santova Patent Logistics Co., Ltd (registered in Hong Kong, sub-subsidiary)	51	36771425-000-05-08-7	Logistics solutions provider
Santova Warehousing Solutions (Pty) Ltd	100	2005/004401/07	Warehousing solutions
Spectrum Shipping 2007 (Pty) Ltd	100	2006/013508/07	In de-registration
Supply Chain Insurance Brokers (Pty) Ltd	100	2005/010339/07	Dormant company

12. SPECIAL RESOLUTIONS

At the Santova Logistics annual general meeting held on 23 September 2008 the following special resolutions were passed:

- a specific authority to buy back a total of 219 666 667 ordinary shares over a period of three years in terms of certain put options, a call option and certain agreements; and
- a general authority for the directors to repurchase ordinary shares in the issued share capital of the Company.

No other special resolutions were passed during the year under review, either by the Holding Company or any of its subsidiaries, except for the simultaneous change of name of Owens International Freight Ltd to Santova Logistics Ltd and vice versa in the United Kingdom.

13. THE SHARE TRUST

A full report on the Share Trust appears on page 74.

14. DIRECTORS

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

ESC Garner*	Chairman (appointed director 5 June 2008, appointed Chairman 5 August 2008)
GH Gerber	Chief Executive Officer
SJ Chisholm	Group Financial Director
S Donner	
MF Impson	
GM Knight	(appointed 1 August 2008)
WA Lombard*	(appointed 5 June 2008)
TR Mezher	(resigned 23 September 2008)
R Singh	(resigned 5 August 2008)
M Tembe*	
Prince S Zulu*	(resigned as director and Chairman 1 August 2008)

* Independent non-executive

15. DIRECTORS' INTERESTS

The direct and indirect beneficial and non-beneficial interests of directors in the share capital of the Company as at 28 February 2009 are:

Beneficial interests
February 2009

Shares held	Direct	Percentage	Indirect	Percentage
S Donner	–	–	311 473 088	24,01
GH Gerber	875 000	0,07	41 161 616	3,17
MF Impson	52 039 680[1]	4,01	–	–
GM Knight	16 800 000	1,30	–	–

[1] 7 096 320 shares were put to Santova Logistics, for which the JSE granted a removal from listing on 13 November 2008, in terms of the special resolution passed at the 23 September 2008 Santova Logistics AGM (refer note 9).

The directors are entitled to participate in the Share Scheme and the following shares have been acquired:

Share Trust shares held	Indirect	Percentage
SJ Chisholm	7 000 000	0,54

February 2008

Shares held	Direct	Percentage	Indirect	Percentage
GH Gerber	875 000	0,06	41 161 616	3,01
MF Impson	59 136 000	4,33	–	–
TR Mezher	–	–	62 064 000	4,54
R Singh	8 370 081	0,61	50 165 200	3,67

Share Trust shares held	Indirect	Percentage
SJ Chisholm	7 000 000	0,51

15. DIRECTORS' INTERESTS (continued)

Non-beneficial interests

February 2009

There were no non-beneficial interests in 2009

February 2008

Shares held	Indirect	Percentage
R Singh	408 000	0,03
M Tembe	3 900 000[1]	0,29

[1] These shares were disposed of during the year under review.

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 2009 are set out below:

February 2009	Direct beneficial	Percentage	Indirect beneficial and non-beneficial	Percentage
GV Barnes	71 890	0,01	–	–
TK Blond	10 266 667[1]	0,79	–	–
S Copland-Mander	4 818 750	0,37	–	–
GH Crews	1 373 000	0,11	–	–
R Singh	8 370 081	0,65	50 573 200	3,90
CV Simpson	–	–	11 632 398[2]	0,90
GW Stay	13 666 667[3]	1,05	–	–

The directors and officers of subsidiary companies are entitled to participate in the Share Scheme, the following shares have been acquired:

Share Trust shares held	Indirect	Percentage
GV Barnes	10 000 000	0,77
GH Crews	667 000	0,05
AKG Lewis (Company Secretary, Impson)	1 000 000	0,08

February 2008	Direct beneficial	Percentage	Indirect beneficial	Percentage
TK Blond	11 666 667	0,85	–	–
S Copland-Mander	4 818 750	0,35	–	–
GM Knight	16 800 000	1,23	–	–
P Naidoo	23 333 333[4]	1,71	–	–
GR Robinson	23 333 333[4]	1,71	–	–
CV Simpson	–	–	4 563 417	0,33
GW Stay	23 333 333	1,71	–	–

[1] 1 400 000 shares were put to Santova Logistics, for which the JSE granted a removal from listing on 13 November 2008, in terms of the special resolution passed at the 23 September 2008 Santova Logistics AGM (refer note 9).

[2] A further 8 568 981 ordinary shares were allotted to the Impi Share Trust, for which the JSE granted a listing from 5 June 2008. The Impi Share Trust sold one million shares on 11 June 2008 and 500 000 shares on 20 June 2008. Craig Simpson, a director of a subsidiary of Santova, has an indirect beneficial interest in the shares.

[3] 11 666 667 shares were called by Santova Logistics, for which the JSE granted a removal from listing on 13 November 2008, in terms of the special resolution passed at the 23 September 2008 Santova Logistics AGM (refer note 9).

[4] These shares were returned to Santova Logistics in terms of the special resolution passed at the 23 September 2008 Santova Logistics AGM (refer note 9). The JSE granted a removal from listing on 13 November 2008.

16. SECRETARIES

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

Highway Corporate Services (Pty) Ltd
Suite 17, Marwick Centre
Lucas Drive
Hillcrest
3610

PO Box 1319
Hillcrest, 3650

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

70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown, 2107

17. AUDITOR

Deloitte & Touche are the auditors of the Company.

18. CORPORATE GOVERNANCE

The directors subscribe to the values of good corporate governance as set out in the King II Report on Corporate Governance for the Republic of South Africa. 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. Please refer to the Corporate Governance Report, on pages 19 to 23, for specific disclosure requirements.

19. NUMBER OF EMPLOYEES

The average number of permanent employees within the Group during the year was 302 (2008: 286).

BALANCE SHEETS

as at 28 February 2009

	Notes	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
ASSETS					
Non-current assets		38 876	43 502	48 092	52 535
Plant and equipment	2	8 710	9 498	132	198
Intangible assets	3	25 948	29 029	98	172
Investments in subsidiaries	4	–	–	44 357	48 162
Financial assets	5	164	–	–	–
Deferred taxation	6	4 054	4 975	3 505	4 003
Current assets		219 717	286 789	30 536	29 399
Trade receivables	7	203 158	263 110	29	2 111
Other receivables		4 959	13 855	1 499	2 035
Current tax receivable		605	–	–	–
Amounts owing from related parties	8	4 413	3 871	25 092	23 907
Financial assets	5	–	43	–	–
Cash and cash equivalents		6 582	5 910	3 916	1 346
Total assets		258 593	330 291	78 628	81 934
EQUITY AND LIABILITIES					
Capital and reserves		74 366	77 438	68 070	77 107
Share capital and premium	9	145 112	156 401	149 663	160 937
Foreign currency translation reserve		529	41	–	–
Accumulated loss		(71 275)	(79 043)	(81 593)	(83 830)
Attributable to equity holders of the parent		74 366	77 399	68 070	77 107
Minority interest		–	39	–	–
Non-current liabilities		5 361	2 658	5 282	2 212
Interest bearing borrowings	10	79	446	–	–
Financial liabilities	5	3 030	–	3 030	–
Long-term provision	11	2 252	2 212	2 252	2 212
Current liabilities		178 866	250 195	5 276	2 615
Trade and other payables		78 294	112 480	2 838	1 891
Current tax payable		471	940	57	438
Amounts owing to related parties	12	156	120	18	–
Current portion of interest bearing borrowings	10	379	772	–	–
Financial liabilities	5	1 092	–	1 050	–
Short-term borrowings and overdraft	13	95 488	133 330	–	–
Short-term provisions	14	2 986	2 553	1 313	286
Total equity and liabilities		258 593	330 291	78 628	81 934

INCOME STATEMENTS
for the year ended 28 February 2009

		Group		Company	
		2009	2008	2009	2008
	Notes	R'000	R'000	R'000	R'000
Turnover		118 229	108 243	11 516	14 433
Gross billings	17	1 885 240	1 956 021	27 131	182 236
Cost of billings		(1 767 011)	(1 847 778)	(15 615)	(167 803)
Other income		3 582	3 954	1 241	84
Income from subsidiaries		–	–	–	2 980
Administrative expenses		(93 573)	(88 502)	(9 848)	(11 174)
Operating income	18	28 238	23 695	2 909	6 323
Depreciation and amortisation		(1 963)	(2 563)	(164)	(918)
Interest received	20	3 397	4 454	634	1 933
Finance costs	21	(18 585)	(17 550)	(647)	(2 979)
Profit before taxation		11 087	8 036	2 732	4 359
Income tax expense	22	(3 227)	(1 965)	(495)	(985)
Profit for the year		7 860	6 071	2 237	3 374
Attributable to:					
Equity holders of the parent		7 794	6 026	2 237	3 374
Minority interest		66	45	–	–
Basic earnings per share (cents)	23	0,63	0,45		
Diluted basic earnings per share (cents)	23	0,62	0,45		

GROUP STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2009

	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	Foreign currency translation reserve R'000	Accu-mulated loss R'000	Total R'000	Minority interest R'000	Total equity R'000
Balances at 28 February 2007	1 123	133 160	(11)	(805)	22 928	(3)	(85 070)	71 322	–	71 322
Net profit for the year	–	–	–	–	–	–	6 026	6 026	45	6 071
Minority interest adjustment	–	–	–	–	–	–	–	–	(5)	(5)
Reversal of minority interest allocated against the parent	–	–	–	–	–	–	1	1	(1)	–
Issue of share capital	244	25 125	(25)	(2 974)	(21 643)	–	–	727	–	727
Foreign currency translation adjustment	–	–	–	–	–	44	–	44	–	44
Shares repurchased	–	–	(9)	(712)	–	–	–	(721)	–	(721)
Balances at 29 February 2008	1 367	158 285	(45)	(4 491)	1 285	41	(79 043)	77 399	39	77 438
Net profit for the year	–	–	–	–	–	–	7 794	7 794	66	7 860
Issue of share capital	8	1 277	–	–	(1 285)	–	–	–	–	–
Equity recognised on share commitments	–	–	–	–	(13 831)	–	–	(13 831)	–	(13 831)
Shares returned in terms of variation of restraint of trade agreement	(47)	(4 620)	–	–	–	–	–	(4 667)	–	(4 667)
Repurchase of shares in terms of share commitments	(31)	(3 102)	–	–	3 133	–	–	–	–	–
Share commitments lapsed	–	–	–	–	7 224	–	–	7 224	–	7 224
Purchase of remaining interest in subsidiary	–	–	–	–	–	–	–	–	(131)	(131)
Foreign currency translation adjustment	–	–	–	–	–	488	–	488	–	488
Shares returned in terms of employee share scheme	–	–	–	(15)	–	–	–	(15)	–	(15)
Minority interest allocated against equity of the parent	–	–	–	–	–	–	(26)	(26)	26	–
Balances at 28 February 2009	1 297	151 840	(45)	(4 506)	(3 474)	529	(71 275)	74 366	–	74 366

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2009

	Share capital R'000	Share premium R'000	Share commitments R'000	Accumulated loss R'000	Total equity R'000
Balances at 28 February 2007	1 123	133 160	22 928	(87 204)	70 007
Net profit for the year	–	–	–	3 374	3 374
Issue of share capital	244	25 125	(21 643)	–	3 726
Balances at 29 February 2008	1 367	158 285	1 285	(83 830)	77 107
Net profit for the year	–	–	–	2 237	2 237
Issue of share capital	8	1 277	(1 285)	–	–
Equity recognised on share commitments	–	–	(13 831)	–	(13 831)
Shares returned in terms of variation of restraint of trade agreement	(47)	(4 620)	–	–	(4 667)
Repurchase of shares in terms of share commitments	(31)	(3 102)	3 133	–	–
Share commitments lapsed	–	–	7 224	–	7 224
Balances at 28 February 2009	1 297	151 840	(3 474)	(81 593)	68 070

CASH FLOW STATEMENTS
for the year ended 28 February 2009

	Notes	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
OPERATING ACTIVITIES					
Cash generated from operations	24.1	63 526	31 744	7 541	59 879
Interest received		3 397	4 454	634	1 933
Finance costs		(18 585)	(17 550)	(647)	(2 979)
Taxation paid	24.2	(3 380)	(1 824)	(378)	(470)
Net cash flows from operating activities		44 958	16 824	7 150	58 363
INVESTING ACTIVITIES					
Plant and equipment acquired		(1 712)	(3 156)	(24)	(153)
Intangible assets acquired		(1 534)	(525)	–	(211)
Proceeds on disposals of plant and equipment		598	842	–	295
Proceeds on disposals of intangible assets		–	1	–	1
Minority interest acquired		(131)	–	–	–
Increase in amounts owing from related parties		(542)	(673)	(1 185)	(12 366)
Cash inflows on acquisition of subsidiaries	24.3	–	1 001	–	–
Increase in investments in subsidiaries		–	–	(518)	(1 274)
Net cash flows from investing activities		(3 321)	(2 510)	(1 727)	(13 708)
FINANCING ACTIVITIES					
Repurchase of share capital		(2 887)	–	(2 871)	–
Borrowings repaid		(37 842)	(15 932)	–	(47 609)
Loans (repaid)/raised		(724)	(475)	18	(1 483)
Net cash flows from financing activities		(41 453)	(16 407)	(2 853)	(49 092)
Net increase/(decrease) in cash and cash equivalents		184	(2 093)	2 570	(4 437)
Effects of exchange rate changes on cash and cash equivalents		488	30	–	–
Cash and cash equivalents at beginning of the year		5 910	7 973	1 346	5 783
Cash and cash equivalents at end of the year		6 582	5 910	3 916	1 346

GROUP SEGMENTAL ANALYSIS
for the year ended 28 February 2009

GEOGRAPHICAL SEGMENTS	South Africa R'000	Far East R'000	United Kingdom R'000	Group R'000
2009				
Gross billings	1 850 867	5 482	28 891	1 885 240
Turnover (external)	109 651	2 378	6 200	118 229
Net profit/(loss) before interest and tax	26 733	616	(1 074)	26 275
Interest received	3 367	30	–	3 397
Finance costs	(18 423)	(42)	(120)	(18 585)
Income tax (expense)/credit	(2 675)	(98)	(454)	(3 227)
Net profit/(loss) for the year	9 002	506	(1 648)	7 860
Segment assets	224 111	3 560	920	228 591
Intangible assets	25 293	–	655	25 948
Deferred taxation	4 054	–	–	4 054
Total assets	253 458	3 560	1 575	258 593
Total liabilities	180 364	1 767	2 096	184 227
Depreciation and amortisation	1 874	20	69	1 963
Capital expenditure	2 831	20	8	2 859
2008				
Gross billings	1 928 652	4 590	22 779	1 956 021
Turnover (external)	101 091	2 389	4 763	108 243
Net profit/(loss) before interest and tax	21 267	1 184	(1 319)	21 132
Interest received	4 429	17	8	4 454
Finance costs	(17 416)	(61)	(73)	(17 550)
Income tax (expense)/credit	(2 206)	(213)	454	(1 965)
Net profit/(loss) for the year	6 074	927	(930)	6 071
Segment assets	286 348	3 625	6 314	296 287
Intangible assets	28 374	–	655	29 029
Deferred taxation	4 521	–	454	4 975
Total assets	319 243	3 625	7 423	330 291
Total liabilities	244 406	2 720	5 727	252 853
Depreciation and amortisation	2 488	13	62	2 563
Capital expenditure	3 268	3	410	3 681

BUSINESS SEGMENTS	Freight forwarding and clearing R'000	Insurance R'000	Group R'000
2009			
Net profit for the year	7 220	640	7 860
Total assets	256 678	1 915	258 593
Total liabilities	183 627	600	184 227
2008			
Net profit for the year	5 530	541	6 071
Total assets	326 098	4 193	330 291
Total liabilities	251 775	1 078	252 853

Geographical segments

For management purposes, the Group is organised into three major geographical operating divisions, namely South Africa, the Far East and the United Kingdom.

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 2009

1. INTRODUCTION

Santova Logistics Ltd is incorporated in South Africa and listed on the Alt^{X} of JSE Ltd.

The addresses of its registered office and principal place of business are disclosed in the Corporate Information page of this Annual Report (see page 78).

The principal activities of the Company and its subsidiaries ("the Group") are described on page 28.

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, 1973, as amended, and the JSE 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 income statement.

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 ongoing 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 income statement 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 balance sheet at their estimated fair values to the Group at acquisition date.

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

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

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

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

1.3 Business combinations

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

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 income statement.

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 balance sheet 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 balance sheet 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

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

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 balance sheet 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.

1.7 Impairment of tangible and intangible assets excluding goodwill (continued)

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

1.8 Goodwill

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

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

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

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

1.9 Financial assets

Financial 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 balance sheet 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.

1.9 Financial assets (continued)

Set-off

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

Effective interest method

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

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

Available-for-sale financial assets

Unlisted shares and listed redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined by reference to prices in actively traded markets.

Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

1.10 Impairment of financial assets

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

1.10 Impairment of financial assets (continued)

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; or
- 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.

1.11 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; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.15 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 29.

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 balance sheet 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 balance sheet 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 balance sheet 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 consolidated cash flow statement, 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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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.

1.19 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.

1.19 Leasing (continued)

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 balance sheet 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 income statement.

Other benefits

The cost of all other short-term employee benefits such as salaries, bonuses, allowances, medical and other contributions, are recognised in the income statement 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.

1.22 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 balance sheet 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 balance sheet 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 income statement 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 balance sheet 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 balance sheet 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 balance sheet 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 balance sheet date. Exchange differences are recognised in profit or loss in the period in which they arise.

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 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:

Standards

IFRS 8 Operating Segments (effective from 1 January 2009)

IFRS 8 specifies how an entity should disclose information about its operating segments in annual financial statements and, as a consequential amendment to IAS 34 Interim Financial Reporting, requires an entity to report selected information about its operating segments in interim financial reports. It also sets out requirements for related disclosures about products and services, geographical areas and major customers. The adoption of this standard will impact the format and extent of disclosures presented.

IAS 1 Presentation of Financial Statements – revised (effective from 1 January 2009)

The revised IAS 1 requires information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from "non-owner" changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly.

IFRS 3 Business Combinations (effective from 1 July 2009)

The new standard continues to apply the acquisition method to business combinations. Changes include remeasuring all contingent payments at fair value through the income statement and expensing all transaction costs.

IAS 27 Consolidated and Separate Financial Statements – revised (effective from 1 July 2009)

The revised IAS 27 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies that when control is lost, a remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in the income statement.

IAS 23 Borrowing Costs – revised (effective from 1 January 2009)

The revised IAS 23 removes the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to be brought into use.

1.27 Future changes to accounting standards (continued)

Amendments

IFRS 2 Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

This amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements –
Puttable Financial Instruments and Obligations Arising on Liquidation (effective from 1 January 2009)

The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions:

- puttable financial instruments; and
- instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation.

Additional disclosures are required about the instruments affected by the amendments.

	2009 Cost/valuation R'000	2009 Accumulated depreciation R'000	2009 Carrying value R'000	2008 Cost/valuation R'000	2008 Accumulated depreciation R'000	2008 Carrying value R'000
2. PLANT AND EQUIPMENT						
Group						
Plant and equipment	618	(83)	535	291	(46)	245
Motor vehicles	4 560	(2 258)	2 302	5 241	(2 100)	3 141
Furniture and fittings	2 176	(582)	1 594	2 153	(435)	1 718
Leasehold improvements	582	(138)	444	589	(81)	508
Office equipment	2 676	(915)	1 761	2 673	(880)	1 793
Computer equipment	3 470	(1 396)	2 074	3 262	(1 169)	2 093
	14 082	(5 372)	8 710	14 209	(4 711)	9 498

Motor vehicles and equipment held under instalment sale agreements with a carrying value of R855 297 (2008: R1 763 036) and R175 137 (2008: R53 767) respectively are pledged as security for the related instalment sale agreement (refer note 10). 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. The sum insured is R16 172 896 (2008: R15 839 984).

There are no contractual commitments for plant or equipment.

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

2009	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
Plant and equipment	245	326	–	(37)	–	534
Motor vehicles	3 141	470	(677)	(631)	–	2 303
Furniture and fittings	1 718	91	(59)	(160)	3	1 593
Leasehold improvements	508	16	–	(80)	–	444
Office equipment	1 793	308	(54)	(289)	3	1 761
Computer equipment	2 093	501	(40)	(475)	(4)	2 075
	9 498	1 712	(830)	(1 672)	2	8 710
2008						
Plant and equipment	24	239	–	(18)	–	245
Motor vehicles	3 820	539	(427)	(789)	(2)	3 141
Furniture and fittings	1 627	433	(156)	(198)	12	1 718
Leasehold improvements	197	381	–	(70)	–	508
Office equipment	1 303	856	(59)	(303)	(4)	1 793
Computer equipment	1 799	900	(186)	(423)	3	2 093
	8 770	3 348	(828)	(1 801)	9	9 498

* Plant and equipment to the value of Rnil (2008: R191 576) arising from acquisitions of subsidiaries is included in additions above.

	2009 Cost/valuation R'000	2009 Accumulated depreciation R'000	2009 Carrying value R'000	2008 Cost/valuation R'000	2008 Accumulated depreciation R'000	2008 Carrying value R'000
2. PLANT AND EQUIPMENT (continued)						
Company						
Motor vehicles	–	–	–	–	–	–
Furniture and fittings	50	(26)	24	50	(20)	30
Leasehold improvements	–	–	–	–	–	–
Office equipment	–	–	–	–	–	–
Computer equipment	282	(174)	108	258	(90)	168
	332	(200)	132	308	(110)	198

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 amounts of plant and equipment can be reconciled as follows:

2009	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
Motor vehicles	–	–	–	–	–
Furniture and fittings	30	–	–	(6)	24
Leasehold improvements	–	–	–	–	–
Office equipment	–	–	–	–	–
Computer equipment	168	24	–	(84)	108
	198	24	–	(90)	132
2008					
Motor vehicles	154	–	(132)	(22)	–
Furniture and fittings	164	–	(73)	(61)	30
Leasehold improvements	2	–	–	(2)	–
Office equipment	97	–	(45)	(52)	–
Computer equipment	167	153	(36)	(116)	168
	584	153	(286)	(253)	198

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
3. INTANGIBLE ASSETS				
3.1 Computer software				
Cost	2 676	2 154	1 589	1 381
Accumulated amortisation	(1 883)	(1 388)	(1 417)	(1 019)
Carrying value at beginning of year	793	766	172	362
Additions	1 147	525	–	211
Write off	–	–	–	–
– cost	(1 520)	–	(1 378)	–
– accumulated amortisation	1 520	–	1 378	–
Disposals	–	(1)	–	(1)
– cost	(35)	(3)	–	(3)
– accumulated amortisation	35	2	–	2
Amortisation	(291)	(497)	(74)	(400)
Carrying value at end of year	1 649	793	98	172
Comprising:				
Cost	2 268	2 676	211	1 589
Accumulated amortisation	(619)	(1 883)	(113)	(1 417)
Group and Company computer software acquired consists both of internally developed systems and generic software purchases.				
3.2 Customer database				
Cost	329	329	329	329
Accumulated amortisation	(329)	(64)	(329)	(64)
Carrying value at beginning of year	–	265	–	265
Amortisation	–	(265)	–	(265)
Carrying value at end of year	–	–	–	–
Comprising:				
Cost	329	329	329	329
Accumulated amortisation	(329)	(329)	(329)	(329)
3.3 Goodwill				
Carrying value at beginning of year	28 236	27 581	–	–
Amounts recognised from acquisitions of subsidiaries	–	655	–	–
Amounts recognised from acquisition of minority interest	386	–	–	–
Variation of restraint of trade agreement by previous owners of Impson Logistics (Pty) Ltd	(4 323)	–	–	–
Carrying value at end of year	24 299	28 236	–	–
Comprising:				
Cost	24 299	28 236	–	–
Total intangible assets	25 948	29 029	98	172
The remaining goodwill relates to shareholdings in:				
– Impson, an international logistics solutions provider;	20 818	25 141	–	–
– Leading Edge, an insurance broker; and	2 826	2 440	–	–
– Mogal, an international logistics solution provider based in the United Kingdom.	655	655	–	–

For more detail on investments, refer note 4. The net asset value and the profit after tax of all entities within the Group are detailed in note 29.

	Company			
	Effective holding		Investment at cost	
	2009	2008	2009	2008
	%	%	R*	R*
4. INVESTMENTS IN SUBSIDIARIES				
Incorporated in South Africa				
e-OSCI Logistics (Pty) Ltd	100	90	100	90
Impson Logistics (Pty) Ltd	100	100	39 273 193	43 596 000
Leading Edge Insurance Brokers (Pty) Ltd	100	90	3 088 694	2 570 694
Santova Financial Services (Pty) Ltd	100	100	100	100
Santova Logistics Share Purchase and Option Scheme Trust	100	100	1 000	1 000
Santova NVOCC (Pty) Ltd	100	100	100	100
Santova Warehousing Solutions (Pty) Ltd	100	100	100	100
Spectrum Shipping 2007 (Pty) Ltd	100	100	100	100
Supply Chain Insurance Brokers (Pty) Ltd	100	100	100	100
Incorporated in Hong Kong				
Santova Logistics Ltd	100	100	9 352	9 352
Incorporated in the United Kingdom				
Mogal International Ltd	100	100	1 984 174	1 984 174
Owens International Freight Ltd, formerly Santova Logistics Ltd	100	100	14	14
Incorporated in Australia				
Santova Logistics Ltd	100	100	6	6
			44 357 033	48 161 830

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

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 as at 28 February 2009 (refer note 3.3).

Reconciliation of movements for the year	2009	2008
Balance at beginning of year	48 161 830	46 177 656
Purchase of remaining 10% of share capital in Leading Edge	518 000	–
Variation of restraint of trade agreement with the previous owners of Impson (refer note 9 for further details)	(4 322 807)	–
Purchase of remaining 10% in e-OSCI Logistics (Pty) Ltd	10	–
Purchase of 100% of the share capital in Mogal	–	1 984 174
Balance at end of year	44 357 033	48 161 830

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
5. FINANCIAL ASSETS/(LIABILITIES)				
Financial assets				
Non-current financial assets				
Future profit share on rental agreement*	164	–	–	–
Current financial assets				
Forward exchange contracts	–	43	–	–
Financial liabilities				
Non-current financial liabilities				
Share commitments**	(4 080)	–	(4 080)	
Less: current portion included in current liabilities	1 050	–	1 050	
	(3 030)		(3 030)	
Current financial liabilities				
Current portion of share commitments**	(1 050)	–	(1 050)	
Forward exchange contracts	(42)	–	–	–
	(1 092)	–	(1 050)	–

* 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 2009, the fair value of the profit share on the Durban premises amounted to R164 006 (2008: Rnil), whilst the Johannesburg premises amounted to Rnil (2008: Rnil).

** This represents the present value of the remaining obligation that was entered into with the Camilla Coleman Trust at the Santova Logistics AGM, dated 23 September 2008. The shareholders approved the repurchase of 62 064 000 ordinary shares at a price of 10 cents per share over a period of three years. During the year, the first tranche of 11 171 520 shares were repurchased at R1 117 152 in terms of the above resolution. The following share repurchases remain outstanding at year end:

- On 1 March 2009, 11 171 520 shares, payable on or before 31 August 2009;
- On 1 March 2010, 11 171 520 shares, payable on or before 31 August 2010; and
- On 1 March 2011, 28 549 440 shares, payable on or before 31 August 2011.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
6. DEFERRED TAXATION				
Balance at the beginning of year	4 975	4 454	4 003	4 080
Movements during the period attributable to:				
– Timing differences	(2 037)	574	(1 465)	73
– Rate change	(30)	(91)	–	(65)
– Prior year adjustment	1 146	38	967	(85)
Balance at the end of year	4 054	4 975	3 505	4 003
Comprising:				
– Capital allowances and provisions	3 583	4 975	3 034	4 003
– Assessed loss	471	–	471	–
	4 054	4 975	3 505	4 003

		Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
7.	TRADE RECEIVABLES				
	Trade receivables	210 464	273 007	4 299	10 012
	Provision for impairment of receivables	(7 306)	(9 897)	(4 270)	(7 901)
		203 158	263 110	29	2 111
	Movement in provision for impairment of receivables:				
	Balance at beginning of year	9 897	8 703	7 901	7 745
	Charge/(release) for year	(1 467)	2 522	(3 631)	1 138
	Amounts written off	(1 124)	(1 328)	–	(982)
	Balance at end of year	7 306	9 897	4 270	7 901

Certain trade receivables included above have been ceded to Nedbank Ltd (2009: R203 846 018; 2008: R265 239 052) and The Royal Bank of Scotland Invoice Finance Ltd (2009: R1 061 333; 2008: R2 851 145) as security for the 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 incur interest at the South African prime rate plus 2,0% on a discretionary basis.

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

		Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
8.	AMOUNTS OWING FROM RELATED PARTIES				
	Relating to Santova Logistics Share Purchase and Option Scheme Trust				
	Santova Logistics Share Purchase and Option Scheme Trust*	–	–	8 970	8 466
	Employees of Santova Logistics Ltd and its subsidiaries	4 413	3 866	–	–
	Relating to subsidiaries and other related parties				
	Impson Logistics (Pty) Ltd**	–	–	14 946	9 002
	Santova Logistics Ltd (United Kingdom) (Formerly Owens International Freight Ltd)***	–	–	876	2 105
	Patent International Co., Ltd**	–	5	–	–
	Santova Logistics Ltd (Hong Kong)***	–	–	–	364
	Santova NVOCC (Pty) Ltd**	–	–	300	3 970
		4 413	3 871	25 092	23 907

* Unsecured, interest is charged to match interest accrued from the beneficiaries of the Share Trust (refer page 74 for information on the Share Trust), with no fixed terms of repayment (consistent with prior year).

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

*** Unsecured, interest is charged at South African prime rate, and no fixed terms of repayment (consistent with prior year).

The amount outstanding from the employees of Santova Logistics Ltd and its subsidiaries represents the financing provided in terms of the Share Scheme. The loans bore interest at the South African prime rate from inception until 31 August 2008 and at the SARS official rate from 1 September 2008 onwards. The related shares are held as security until settled in full (consistent with prior year, refer page 74 for more information).

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
9. SHARE CAPITAL AND PREMIUM				
Authorised				
2 000 000 000 Ordinary shares of 0,1 cent each (2008: 2 000 000 000)	2 000	2 000	2 000	2 000
Issued				
1 297 355 538 Ordinary shares of 0,1 cent each (2008: 1 366 787 730)	1 297	1 367	1 297	1 367
Share premium	151 840	158 285	151 840	158 285
Carrying value of shares in issue	153 137	159 652	153 137	159 652
Shares held by the Share Trust				
45 607 175 Ordinary shares of 0,1 cent each (2008: 45 367 175)	(45)	(45)	–	–
Share premium	(4 506)	(4 491)	–	–
Carrying value of shares in issue, excluding treasury shares	148 586	155 116	153 137	159 652
Share commitments				
50 892 480 Ordinary shares at 0,1 cent each (2008: 8 568 981 – subscriptions awaiting allotment)	(51)	9	(51)	9
Share premium	(3 423)	1 276	(3 423)	1 276
Total share capital and premium	145 112	156 401	149 663	160 937

The following share movements occurred during the 2009 financial year:

- the third allotment of 8 568 981 ordinary shares on 30 May 2008 for the purchase of Leading Edge;
- 11 171 520 shares were repurchased from the Camilla Coleman Trust following the approval received at the Santova Logistics AGM held on 23 September 2008;
- 46 666 666 shares were returned by previous owners of Impson in terms of the variation of restraint of trade agreements approved at the Santova Logistics AGM held on 23 September 2008;
- 8 496 320 shares were repurchased from previous owners of Impson on 13 November 2008 in terms of the put options approved at the Santova Logistics AGM held on 23 September 2008; and
- 11 666 667 shares were repurchased from a previous owner of Impson on 13 November 2008 in terms of the call option approved at the Santova Logistics AGM held on 23 September 2008.

Reconciliation of number of ordinary shares in issue	2009 Shares	2008 Shares
Balance of ordinary shares in issue at beginning of year	1 366 787 730	1 122 682 490
Issued for purchase of Leading Edge	8 568 981	4 286 490
Repurchased from Camilla Coleman Trust (refer note 5)	(11 171 520)	–
Returned in terms of the variation of restraint of trade agreements	(46 666 666)	–
Repurchased in terms of the put options	(8 496 320)	–
Repurchased in terms of the call option	(11 666 667)	–
Issued for purchase of Mogal	–	4 818 750
Issued for purchase of Impson	–	210 000 000
Issued to the Share Trust	–	25 000 000
Balance of ordinary shares in issue at end of year	1 297 355 538	1 366 787 730

9. SHARE CAPITAL AND PREMIUM (continued)

The following share commitments approved at the Santova Logistics AGM on 23 September 2008 were either exercised, repurchased or lapsed:

	Approved at AGM	Exercised/ repurchased	Lapsed	Balance
1. In terms of the put options, dated 3 April 2008, to the previous owners of Impson:				
– on the day following the Santova Logistics AGM*	11 912 320	8 496 320	3 416 000	–
– 28 February 2009	11 912 320	–	11 912 320**	–
– 28 February 2010	11 912 320	–	11 912 320**	–
– 28 February 2011	63 532 374	–	63 532 374**	–
	99 269 334	8 496 320	90 773 014	–
* In terms of the Santova Logistics AGM notice, the number of shares available to GW Stay under the put options amounted to 23 333 334, which is inclusive of the 11 666 667 shares in the call option listed below. This note reflects the net of the two since the call options were excercised on 13 November 2008.				
** The above put options have lapsed as the pre-tax profit target of R10,8 million was achieved.				
2. In terms of the call option, dated 18 March 2008, to the previous owner of Impson:				
– within a period of 3 months following the Santova Logistics AGM	11 666 667	11 666 667	–	–
3. In terms of the repurchase agreement, dated 18 July 2008, with the Camilla Coleman Trust (refer note 5):				
– on the day following the Santova Logistics 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
	62 064 000	11 171 520	–	50 892 480
4. In terms of the variation of restraint of trade agreements, dated 7 July 2008, with previous owners of Impson:				
– on the day following the Santova Logistics AGM	46 666 666	46 666 666	–	–
	219 666 667	78 001 173	90 773 014	50 892 480

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
10. INTEREST BEARING BORROWINGS				
Instalment sale agreements	458	1 218	–	–
Less: current portion included in current liabilities	(379)	(772)	–	–
	79	446	–	–

The instalment sale agreement loans are secured by motor vehicles and equipment with carrying values of R855 297 (2008: R1 763 036) and R175 137 (2008: R53 767) (refer note 2).

The remaining loan period for motor vehicles ranges from 2 to 60 months, with instalments of between R2 820 (2008: R2 592) and R8 900 (2008: R8 898) at interest rates ranging from the South African prime rate to prime less 1,5%.

The remaining loan period for equipment ranges from 10 to 35 months, with instalments of between R2 277 (2008: R2 232) and R5 415 (2008: R5 382) at interest rates ranging from the South African prime rate to prime plus 0,8%.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
11. LONG-TERM PROVISION				
Post-retirement medical aid benefits for the Group and the Company	2 252	2 212	2 252	2 212
Obligations under a defined benefit medical plan:				
Present value obligation	2 252	2 212	2 252	2 212
Less: liability already recognised	(2 212)	(2 255)	(2 212)	(2 255)
Increase/(decrease) in liability	40	(43)	40	(43)
Movement represented by:				
– Net actuarial loss	126	43	126	43
– Interest cost	219	203	219	203
– Contributions paid to fund	(305)	(289)	(305)	(289)
Increase/(decrease) in liability	40	(43)	40	(43)

The Company contributes to a medical aid scheme for the benefit of 19 retired employees (2008: 20) with three dependants (2008: four). During the year under review there were two exits from the scheme amongst the continuation members. One of these members was married and the spouse has therefore become the main member. The Company contributes 75% of the monthly contribution (to a maximum of R1 600 per retired employee) and the retired employees contribute 25%. 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: 8,1% per annum (2008: 6,9%); and
– discount factor: 9,1% per annum (2008: 9,9%).

Sensitivity analysis: medical aid inflation and discount factor
In order to vary the assumed medical aid inflation, the actuaries calculated the values using different real interest rate assumptions. In this exercise the actuaries changed the medical aid inflation rate to 7,1 % per annum (-1,0%) and 9,1% per annum (+1,0%), giving real rates of 2,0% per annum and 0% per annum respectively.

As can be seen below, the higher the rate of medical inflation, the higher the liability to the Group/Company.

	-1% Medical inflation	Valuation assumption	+1% Medical inflation
Total accrued liability	2 236	2 252	2 265
Interest cost for the following year	204	205	206

The liability is valued annually with the latest actuarial valuation performed in February 2009, on a projected unit credit method, by an independent qualified actuary.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
12. AMOUNTS OWING TO RELATED PARTIES				
Patent International Co., Ltd	156	120	–	–
Santova Logistics Ltd (Hong Kong)	–	–	18	–
	156	120	18	–
The above loans are unsecured, interest-free and have no fixed terms of repayment (consistent with prior year).				
13. SHORT-TERM BORROWINGS AND OVERDRAFT				
Bank overdraft	7 322	9 996	–	–
Invoice discounting facility	88 166	123 334	–	–
	95 488	133 330	–	–

Certain trade receivables amounting to R204 907 351 (2008: R268 090 197) are ceded as security for the bank overdraft, invoice discounting facility and various acceptances (refer note 6).

The Group has an overdraft facility of R5 000 000 (2008: R5 000 000), with a maximum limit of R21 000 000 (2008: R21 000 000) when fully covered by ceded debit balances of up to R16 000 000 (2008: R16 000 000) within the same financial institution on a Rand for Rand basis; invoice discounting facilities of R198 407 280 (2008: R198 690 645) secured by unlimited suretyship from Impson and Santova Logistics, a R3 000 000 limited suretyship from Santova NVOCC (Pty) Ltd, and unlimited suretyships by our United Kingdom subsidiaries. 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 Services (Pty) Ltd policy. Interest is charged on these facilities at the South African prime rate less 0,75%. The maximum term of invoice sale is 120 days.

Included above is an offshore invoice discounting facility of £450 000 (2008: £450 000), the Rand equivalent being R6 407 280 (2008: R6 690 645), with The Royal Bank of Scotland Invoice Finance Ltd. Interest on this facility is charged at the 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 AIG South Africa Ltd policy. The maximum term of invoice sale is 90 days.

Securities and guarantees held by First National Bank of South Africa Ltd on behalf of loans advanced to Impson include:

– Unlimited cession of current, call and fixed deposits held with First National Bank of South Africa Ltd; and
– Unlimited cession of debit balances held with First National Bank of South Africa Ltd.

		Carrying value at beginning of year	Provisions (released)/ created	Carrying value at end of year
14.	SHORT-TERM PROVISIONS			
	Group			
	2009			
	Bonuses	933	595	1 528
	Leave pay	1 620	(162)	1 458
		2 553	433	2 986
	2008			
	Bonuses	1 726	(793)	933
	Leave pay	1 394	226	1 620
		3 120	(567)	2 553
	Company			
	2009			
	Bonuses	7	1 024	1 031
	Leave pay	279	3	282
		286	1 027	1 313
	2008			
	Bonuses	223	(216)	7
	Leave pay	422	(143)	279
		645	(359)	286

The expected date of payment of bonuses and leave pay benefits are within the subsequent year of trading.

15. GROUP NET ASSET VALUE PER SHARE

The Group net asset value per share of 6,19 cents (2008: 5,82 cents) is calculated on the total shares in issue, including subscriptions awaiting allotment whilst excluding the treasury shares and share commitments, which amounted to 1 200 855 883 (2008: 1 329 989 536) shares at the end of the year and net assets of R74 364 014 (2008: R77 398 944).

16. GROUP TANGIBLE NET ASSET VALUE PER SHARE

The Group tangible net asset value per share of 4,03 cents (2008: 3,64 cents) is calculated on the total shares in issue, including subscriptions awaiting allotment whilst excluding the treasury shares and share commitments, which amounted to 1 200 855 883 (2008: 1 329 989 536) shares at the end of the year and tangible net assets of R48 416 498 (2008: R48 370 440).

		Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
17.	GROSS BILLINGS				
	Gross billings	1 885 240	1 956 021	27 131	182 236

Gross billings indicate the total level of invoiced activity, including recoverable disbursements and value added taxation.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
18. OPERATING INCOME				
Operating income is stated after:				
Income				
Profit on disposal of plant and equipment	2	14	–	8
Foreign exchange gains	1 827	420	–	39
Net actuarial gain recognised (refer note 11)	–	43	–	43
Future profit share on rental agreement (refer note 5)	164	–	–	–
Variation of restraint of trade agreement (refer note 9)	–	–	–	–
– Variation of restraint of trade	4 323	–	4 323	–
– Cost of variation of restraint of trade	(4 323)	–	(4 323)	–
Expenditure				
Auditors' remuneration	1 830	873	946	142
– In respect of current year	1 038	876	165	151
– In respect of other services	130	40	129	–
– Underprovision/(overprovision) in prior year	662	(43)	652	(9)
Depreciation and amortisation	1 963	2 563	164	918
– Plant and equipment (refer note 2)	1 672	1 801	90	253
– Intangible assets (refer note 3)	291	762	74	665
Lease rentals	4 995	5 563	202	222
– Premises	4 605	5 151	202	180
– Equipment	390	412	–	42
Loss on disposal of plant and equipment	234	–	–	–
Foreign exchange losses	9	–	7	–
Net actuarial loss recognised (refer note 11)	40	–	40	–
Staff costs	50 247	42 405	3 390	4 425
Directors' emoluments (refer note 19)	11 392	10 774	3 913	3 316
Directors and past directors – executive				
– In connection with the affairs of the Company and its subsidiaries	11 183	10 666	3 704	3 208
Directors and past directors – non-executive				
– For services as directors	209	108	209	108

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
19. DIRECTORS' EMOLUMENTS				
Emoluments received				
Directors and past directors – executive				
In connection with the affairs of the Company or its subsidiaries	11 183	10 666	3 704	3 208
Total cost to company				
– SJ Chisholm	698	600	698	600
– S Donner[1]	797	700	797	700
– GH Gerber	1 400	1 100	1 400	1 100
– MF Impson[2]	1 255	1 216	–	–
– GM Knight[2]	1 038	–	–	–
– TR Mezher[2]	295	470	–	–
– R Singh	319	766	319	766
Bonus and performance related payments				
– SJ Chisholm	54	42	54	42
– MF Impson[2]	71	186	–	–
– GM Knight[2]	109	–	–	–
– TR Mezher[2]	42	90	–	–
– R Singh	64	–	64	–
Leave payout				
– R Singh	100	–	100	–
Directors' emoluments – subsidiaries				
Other directors (subsidiary companies)	4 941	5 496	272	–
Directors and past directors – non-executive				
For services as directors for attending meetings	209	108	209	108
– ESC Garner[3]	111	–	111	–
– WA Lombard	70	–	70	–
– M Tembe	28	36	28	36
– Prince S Zulu	–	72	–	72
	11 392	10 774	3 913	3 316

1 Paid to Alvanley Services (Pty) Ltd
2 Paid by Impson
3 Paid to Delmas Crushers CC

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
20. INTEREST RECEIVED				
Interest received from third parties	2 790	3 563	18	956
Interest received from related parties	607	891	616	977
	3 397	4 454	634	1 933
21. FINANCE COSTS				
Interest bearing borrowings	155	178	–	–
Bank overdrafts and invoice discounting facilities	17 824	17 372	41	2 979
Financial liabilities on share commitments (refer note 5)	606	–	606	–
	18 585	17 550	647	2 979
22. INCOME TAX EXPENSE				
South African normal tax				
Current tax				
– Current period	2 248	2 260	–	908
– Prior year adjustments	(40)	–	(3)	–
Deferred tax				
– Current year	1 617	(29)	1 465	(8)
– Prior year adjustments	(1 149)	(38)	(967)	85
	2 676	2 193	495	985
Foreign tax				
– Current tax	97	226	–	–
– Deferred tax	454	(454)	–	–
	551	(228)	–	–
Tax for the year	3 227	1 965	495	985
Reconciliation of rate of taxation	%	%	%	%
South African normal tax rate	28,0	29,0	28,0	29,0
Adjusted for:				
– (Exempt income)/disallowable expenditure	2,1	(6,1)	10,6	(11,7)
– Foreign (exempt income)/disallowable expenditure	2,0	–	–	–
– Tax rate change	0,3	2,1	–	3,3
– Prior year adjustment: current tax	(0,4)	–	(0,1)	–
– Prior year adjustment: deferred tax	(6,5)	(0,5)	(35,4)	2,0
– Increase/(utilisation) of assessed loss	(0,1)	–	–	–
– Capital gains tax	3,7	–	15,0	–
Effective tax rate	29,1	24,5	18,1	22,6

	Group 2009 R'000	Group 2008 R'000
23. EARNINGS PER SHARE		
Basic earnings per share (cents)	0,63	0,45
Headline earnings per share (cents)	0,68	0,45
Diluted basic earnings per share (cents)	0,62	0,45
Diluted headline earnings per share (cents)	0,67	0,45

Basic earnings per share

The calculation of basic earnings per ordinary share is based on net profit attributable to ordinary shareholders of R7 793 771 (2008: R6 025 910), and a weighted average number of ordinary shares, including subscriptions awaiting allotment whilst excluding share commitments and treasury shares, of 1 235 843 176 (2008: 1 335 522 121).

Headline earnings per share

The calculation of headline earnings per ordinary share is based on headline earnings of R8 369 433 (2008: R6 016 154), and a weighted average number of ordinary shares, including subscriptions awaiting allotment whilst excluding share commitments and treasury shares, of 1 235 843 176 (2008: 1 335 522 121).

Diluted earnings per share

The calculation of diluted earnings per ordinary share is based on earnings of R7 793 771 (2008: R6 025 910) and headline earnings of R8 369 433 (2008: R6 016 154), and a diluted weighted average number of ordinary shares, including subscriptions awaiting allotment whilst excluding share commitments, of 1 257 873 345 (2008: 1 335 522 121).

Reconciliation between basic earnings and headline earnings

2009	Profit on ordinary activities R'000	Taxation effect R'000	Minority interest R'000	Net effect R'000
Net profit for the year	11 087	(3 227)	(66)	7 794
Adjusted for:				
– Net loss on disposals of plant and equipment (refer note 18)	232	(65)	–	167
– Variation of restraint of trade agreement (refer note 18)	(4 323)	408	–	(3 915)
– Cost of variation of restraint of trade agreement (refer note 18)	4 323	–	–	4 323
Headline earnings	11 319	(2 884)	(66)	8 369

2008	Profit on ordinary activities R'000	Taxation effect R'000	Minority interest R'000	Net effect R'000
23. EARNINGS PER SHARE (continued)				
Net profit for the year	8 036	(1 965)	(45)	6 026
Adjusted for:				
– Profit on disposals of plant and equipment (refer note 18)	(14)	4	–	(10)
Headline earnings	8 022	(1 961)	(45)	6 016

	28 February 2009 Shares	29 February 2008 Shares
Calculation of weighted average ordinary shares:		
Opening shares in issue at beginning of year	1 329 989 536	1 334 783 073
– Ordinary shares in issue at beginning of year	1 366 787 730	1 122 682 490
– Treasury shares	(45 367 175)	(10 754 888)
– Subscriptions awaiting allotment	8 568 981	222 855 471
Weighted average of put and call options approved at the AGM*	(47 020 209)	–
Weighted average of share commitment to Camilla Coleman Trust approved at the AGM*	(26 866 060)	–
Weighted average of shares returned in terms of the variation of restraint of trade agreements approved at the AGM*	(20 200 913)	–
Weighted average of shares returned to the Share Trust in terms of the employee share scheme	(59 178)	(2 879 171)
Weighted average of shares purchased by the Share Trust	–	(1 015 702)
Weighted average of shares issued for purchase of Mogal	–	4 633 921
Weighted average number of shares at end of year	1 235 843 176	1 335 522 121
Dilution effects:		
Share commitment to Camilla Coleman Trust approved at the Santova Logistics AGM (refer note 5)	22 030 169	–
Diluted weighted average number of shares	1 257 873 345	1 335 522 121

* The full number of shares in terms of share commitments approved at the Santova Logistics AGM are excluded from the calculation of weighted average number of shares (refer notes 5 and 9).

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
24. NOTES TO THE CASH FLOW STATEMENT				
24.1 Cash generated from operations				
Profit before taxation	11 087	8 036	2 732	4 359
Adjustments for:				
Depreciation and amortisation	1 963	2 563	164	918
Loss/(profit) on disposal of plant and equipment	232	(14)	–	(8)
Interest received	(3 397)	(4 454)	(634)	(1 933)
Finance costs	18 585	17 550	647	2 979
Movement in fair value of financial assets/liability	(79)	(68)	–	–
Movement in retirement benefits	40	(43)	40	(43)
Working capital changes				
Decrease in trade and other receivables	68 848	2 889	2 618	76 212
(Decrease)/increase in trade and other payables and provisions	(33 753)	5 285	1 974	(22 605)
	63 526	31 744	7 541	59 879
24.2 Reconciliation of taxation paid during the year				
Charge in the income statement	3 227	1 965	495	985
Adjustment for deferred tax	(921)	521	(498)	(77)
Movement in taxation balance	1 074	(662)	381	(438)
	3 380	1 824	378	470
24.3 Net cash flow on acquisition of subsidiaries				
Fair values of (assets) and liabilities acquired				
Plant and equipment	–	(192)	–	–
Loans receivable	–	(1 226)	–	–
Trade and other receivables	–	(491)	–	–
Cash and cash equivalents	–	(2 275)	–	–
Interest bearing borrowings	–	1 166	–	–
Trade and other payables	–	1 689	–	–
Net assets acquired	–	(1 329)	–	–
Goodwill	–	(655)	–	–
Purchase consideration	–	(1 984)	–	–
Settled in shares	–	710	–	–
Less cash and cash equivalents acquired on acquisition	–	2 275	–	–
Net cash inflow	–	1 001	–	–
25. EMPLOYEE BENEFITS				
Retirement benefit expense				
– Provident and pension	3 958	3 360	1 977	246

Defined contribution retirement plans

The Group makes retirement benefits available to its employees. A defined contribution provident fund and pension fund, which are subject to the Pensions Fund Act 1956, exist for this purpose. The schemes are funded by employer and employee contributions, which are charged to the respective entities income statements as they are incurred.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
26. COMMITMENTS				
Operating lease commitments				
No later than one year	3 951	3 876	–	–
Later than one year and no later than five years	8 718	10 618	–	–
	12 669	14 494	–	–

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

27. RELATED PARTIES

During the year the Company, in the ordinary course of business, entered into various transactions with 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 to related parties which are not part of the Group structure.

	Company			
	Net of gross billings and cost of billings for goods and services		Net outstanding balances arising from sale/purchase of goods and services	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Impson Logistics (Pty) Ltd	10 404	21 688	–	(2)
Leading Edge Insurance Brokers (Pty) Ltd	–	(650)	–	18
Santova Logistics Ltd (registered in Hong Kong)	–	52	(18)	–
Santova NVOCC (Pty) Ltd	295	(1 053)	–	–
	10 699	20 037	(18)	16

	Interest on loans (from)/to related parties		Loans to/(from) related parties	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Impson Logistics (Pty) Ltd	–	–	14 946	9 002
Leading Edge Insurance Brokers (Pty) Ltd	–	(17)	–	–
Santova Logistics Ltd (formerly Owens International Freight Ltd, registered in the United Kingdom)	18	39	876	2 105
Santova Logistics Ltd (registered in Hong Kong)	33	64	–	364
Santova Logistics Share Purchase and Option Scheme Trust	565	891	8 970	8 466
Santova NVOCC (Pty) Ltd	–	–	300	3 970
	616	977	25 092	23 907

	Subscription awaiting allotment 2009 R'000	Subscription awaiting allotment 2008 R'000
Previous owners of Leading Edge	–	(1 285)

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
28. SUBSEQUENT EVENTS				

Santova Logistics Pty Ltd, the Company's wholly owned subsidiary registered in Australia, acquired the full share capital of McGregors, an Australian registered company specialising in customs brokerage, trade facilitation and international freight forwarding. The purchase consideration of R12 710 001 (AUD1 930 000), consisting of 61 200 014 Santova Logistics ordinary shares (subject to profit warranties), cash in the amount of R6 250 000 (AUD980 000) paid on 28 April 2009 and R1 564 000 (AUD230 000) paid on various dates. Shortly thereafter, on 1 May 2009, Santova Logistics Pty Ltd sold 25% of McGregors to Patent International Co., Ltd, a company registered in Hong Kong, for R3 281 000 (AUD482 500) in cash.

Both transactions have been approved by the South African Reserve Bank and now give the Group a presence in Australia.

We are unable to disclose further information in relation to this transition, as required in terms of IFRS 3, due to the timing of the acquisition.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Loans and receivables	219 717	286 746	30 536	29 399
Available-for-sale financial assets	–	–	44 357	48 162
Financial assets at fair value through profit/loss	164	43	–	–
Financial liabilities				
Financial liabilities at fair value through profit/loss	42	–	–	–
Financial liabilities measured at amortised cost	178 947	248 088	6 993	2 329
Reconciliation to balance sheet				
Trade receivables	203 158	263 110	29	2 111
Other receivables	4 959	13 855	1 499	2 035
Current tax receivable	605	–	–	–
Amounts owing from related parties	4 413	3 871	25 092	23 907
Cash and cash equivalents	6 582	5 910	3 916	1 346
Loans and receivables	219 717	286 746	30 536	29 399
Investments in subsidiaries	–	–	44 357	48 162
Available-for-sale financial assets	–	–	44 357	48 162
Financial assets	164	43	–	–
Financial assets at fair value through profit/loss	164	43	–	–
Financial liabilities	42	–	–	–
Financial liabilities at fair value through profit/loss	42	–	–	–

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)				
Trade and other payables	78 294	112 480	2 838	1 891
Current tax payable	471	940	57	438
Amounts owing to related parties	156	120	18	–
Interest bearing borrowings	458	1 218	–	–
Financial liability	4 080	–	4 080	–
Short-term borrowings and overdraft	95 488	133 330	–	–
Financial liabilities measured at amortised cost	178 947	248 088	6 993	2 329

	Company 2009 R*	Company 2008 R*
Investments in subsidiaries		
e-OSCI Logistics (Pty) Ltd		
Net asset value	100	100
Profit after taxation	–	–
Impson Logistics (Pty) Ltd		
Net asset value	28 771 022	23 588 348
Profit after taxation	5 182 674	2 408 272
Leading Edge Insurance Brokers (Pty) Ltd		
Net asset value	1 314 728	674 651
Profit after taxation	640 077	541 334
Santova Financial Services (Pty) Ltd		
Net asset value	100	100
Profit after taxation	–	–
Santova NVOCC (Pty) Ltd		
Net asset/(liability) value	93 468	(515 491)
Profit/(loss) after taxation	767 693	(138 145)
Santova Warehousing Solutions (Pty) Ltd		
Net liability value	–	(9 598)
Profit after taxation	9 598	–
Spectrum Shipping 2007 (Pty) Ltd		
Net asset value	100	100
Profit after taxation	–	–
Supply Chain Insurance Brokers (Pty) Ltd		
Net liability value	–	(2 579)
Profit/(loss) after taxation	2 579	(4 765)
Santova Logistics Ltd (incorporated in Hong Kong)		
Net asset value	1 873 990	970 382
Profit after taxation	500 533	945 842
Mogal International Ltd (incorporated in the United Kingdom)		
Net asset value	999 707	1 042 213
Loss after taxation	(50 308)	(102 669)

	Company 2009 R*	Company 2008 R*
29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)		
Investments in subsidiaries (continued)		
Santova Logistics Ltd, formerly Owens International Freight Ltd (incorporated in the United Kingdom)		
Net (liability)/asset value	(2 175 741)	1 096 985
Loss after taxation	(1 145 238)	(1 361 901)
Santova Logistics Ltd (incorporated in Australia)		
Net asset value	6	6
Profit after taxation	–	–
Investments in sub-subsidiaries		
Santova Patent Logistics Co., Ltd (Incorporated in Hong Kong)		
Net liability value	(74 405)	(60 269)
Profit/(loss) after taxation	5 407	(19 016)
Owens International Freight Ltd, formerly Santova Logistics Ltd (incorporated in the United Kingdom)		
Net asset value	14	14
Profit after taxation	–	–
Antipodes Shipping Ltd (incorporated in the United Kingdom)		
Net liability value	–	(10 036)
Profit after taxation	–	78 841

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

Fair value of the above investments have not been disclosed as these investments do not have a quoted market price and as such fair value could not be reliably measured. The directors are of the opinion that there has been no impairment in the above investments (refer note 4).

Significant accounting policies

Details of significant accounting policies and methods adopted in respect of each class of financial asset, financial liability and equity instrument are disclosed under significant accounting policies on pages 40 to 43.

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.

Foreign currency risk management

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

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

	28 February 2009			29 February 2008		
	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						
Euro	(1 699)	1 517	(182)	(2 440)	1 516	(924)
Great British Pound Sterling	(185)	285	100	(114)	219	105
US Dollar	(904)	1 234	330	(1 619)	546	(1 073)
Australian Dollar	(49)	36	(13)	(262)	70	(192)
Other	(25)	19	(6)	(130)	39	(91)
Debit balances						
US Dollar	138	–	138	3 690	–	3 690
	(2 724)	3 091	367	(875)	2 390	1 515

29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Foreign currency sensitivity

The Group's exchange rate exposure relates mainly to the Euro, Great British Pound (Sterling), United States Dollar and Australian Dollar. The following details the Group's sensitivity to a 10% increase or decrease in the Rand against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency internally to key management personnel and represents management's 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% 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%.

	28 February 2009 R'000	29 February 2008 R'000
Sensitivity analysis	37	152

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 balance sheet date:

		Buy AUD[1]		Buy CAD[2]		Buy CHF[3]		Buy Euro	
		<6 months	>6 months	<6 months	>6 months	<6 months	>6 months	<6 months	>6 months
Average exchange rate	2009	6,65	–	–	–	8,93	–	13,19	–
	2008	7,19	–	7,77	–	7,15	–	11,44	–
Foreign currency	2009	5 410	–	–	–	1 370	–	115 000	–
	2008	9 696	–	2 773	–	2 405	–	132 500	–
Contract value (Rand)	2009	35 983	–	–	–	12 230	–	1 517 123	–
	2008	69 750	–	21 545	–	17 189	–	1 515 595	–
Fair value (Rand)	2009	35 029	–	–	–	11 948	–	1 493 375	–
	2008	70 305	–	22 003	–	17 844	–	1 559 831	–

		Buy GBP[4]		Buy SEK[5]		Buy JPY[6]		Buy USD[7]	
		<6 months	>6 months	<6 months	>6 months	<6 months	>6 months	<6 months	>6 months
Average exchange rate	2009	14,89	–	1,18	–	0,11	–	10,29	–
	2008	15,37	–	–	–	–	–	7,81	–
Foreign currency	2009	19 119	–	3 004	–	28 418	–	120 000	–
	2008	14 220	–	–	–	–	–	70 000	–
Contract value (Rand)	2009	284 654	–	3 557	–	3 200	–	1 234 344	–
	2008	218 530	–	–	–	–	–	546 371	–
Fair value (Rand)	2009	277 672	–	3 375	–	2 982	–	1 224 873	–
	2008	218 449	–	–	–	–	–	543 391	–

[1] Australian Dollar [2] Canadian Dollar [3] Swiss Franc [4] Great British Pound (sterling)
[5] Swedish Krona [6] Japanese Yen [7] United States Dollar

29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

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	
	2009 R'000	2008 R'000
Sensitivity analysis		
If interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's profit (pre-tax) for the year would increase/decrease by	62	83

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%. Insurance cover is provided by Coface South Africa Services (Pty) Ltd for the South African operations and AIG South African (Pty) Ltd for the international subsidiaries. Management regularly assess the counter party risk of this insurer. At 28 February 2009, 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 balance sheet date is as follows:

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Past due by 0 – 30 days	11 021	25 343	–	(219)
Past due by 31 – 60 days	3 977	4 985	–	239
Past due by 61 – 90 days	764	1 923	–	36
Past due over 90 days and impaired	12 200	12 715	4 292	9 884
Not past due	182 502	228 041	7	72
Trade receivables	210 464	273 007	4 299	10 012
Provision for impairment of receivables	(7 306)	(9 897)	(4 270)	(7 901)
	203 158	263 110	29	2 111
Movement in provision for impairment of receivables:				
Balance at beginning of year	9 897	8 703	7 901	7 745
(Release)/charge for year	(1 467)	2 522	(3 631)	1 138
Amounts written off	(1 124)	(1 328)	–	(982)
Balance at end of year	7 306	9 897	4 270	7 901

Included in the provision for impairment of receivables are specific trade receivables with a carrying value of Rnil (2008: R110 365), which have been placed under liquidation.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)				
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 the year end amounted to:				
Facilities available (refer note 13)				
Bank overdraft*	21 000	21 000	–	–
Invoice discounting facility*	198 407	198 691	–	–
Total facility available	219 407	219 691	–	–
Facility utilised at year end (refer note 13)				
Bank overdraft	7 322	9 996	–	–
Invoice discounting facility	88 166	123 334	–	–
Total facility utilised	95 488	133 330	–	–
Available unutilised facility				
Bank overdraft	13 678	11 004	–	–
Invoice discounting facility	110 241	75 357	–	–
Total available utilised facility	123 919	86 361	–	–

* Both of the above facilities are subject to a variety of lending conditions.

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

	Within 1 month R'000	1–3 months R'000	3–12 months R'000	Greater than 12 months R'000
2009				
Non-interest bearing	28 678	176 954	3 090	4 413
Interest bearing	6 582	–	–	–
	35 260	176 954	3 090	4 413
2008				
Non-interest bearing	240 370	30 370	6 230	–
Interest bearing	5 910	–	–	3 866
	246 280	30 370	6 230	3 866

29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

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

	Within 1 month R'000	1–3 months R'000	3–12 months R'000	Greater than 12 months R'000
2009				
Non-interest bearing	78 294	–	627	–
Interest bearing	95 540	155	1 222	3 109
	173 834	155	1 849	3 109
2008				
Non-interest bearing	112 480	–	1 060	–
Interest bearing	133 413	167	753	215
	245 893	167	1 813	215

The following table details the Group's remaining contractual maturity for its derivative financial instruments (refer note 5):

	Within 1 month R'000	1–3 months R'000	3–12 months R'000	Greater than 12 months R'000
2009				
Forward exchange contracts	(6)	(36)	–	–
Profit share derivative on rental agreement	–	–	–	164
	(6)	(36)	–	164
2008				
Forward exchange contracts	2	41	–	–
Profit share derivative on rental agreement	–	–	–	–
	2	41	–	–

SANTOVA LOGISTICS SHARE PURCHASE AND OPTION SCHEME TRUST

("the Share Trust")

The Trustees of the Share Trust are L Coubrough, of Livingstone Leandy Inc, and JA Lupton, the Company Secretary. The Compliance and Public Officer is SJ Chisholm, the Group Financial Director. The Trust is focused towards employee retention and reward, and operates under the guidance of the Remuneration Committee.

The Trust Deed of the Share Trust, which contains the rules of the Santova Logistics Share Purchase and Option Scheme ("the Share Scheme"), makes provision for shares to be made available, by invitation, on a purchase or on an option basis to all employees of the Group, including directors.

Purchase basis

Employees are provided with loans (at the South African prime rate until 31 August 2008, and the SARS official interest rate thereafter) to acquire shares from the Share Trust. In terms of the Share Scheme, such loans are granted for a maximum period of five years, but may be repaid earlier. Shares are released to employees only once the related loan has been repaid in full. A third of the shares are released for delivery each year after the end of year two. The loans are secured by shares not yet released, which are held in the name of the Share Trust. During the year under review no further shares were made available under the purchase basis.

In terms of the Trust Deed, the aggregate number of shares purchased for the purposes of the Share Scheme may not exceed 10% of the issued share capital of the Company, which equates to 129 735 553 (2008: 136 678 773) shares at year end. The shares that may currently be utilised for purposes of the Share Scheme are set out below:

- To date, shareholders have authorised the issue of 105 000 000 (2008: 105 000 000) shares to the Share Trust. Of this number, the Share Trust has to date acquired 75 000 000 (2008: 75 000 000) shares from the Company as well as 20 140 175 (2008: 20 140 175) shares purchased externally, all financed by loans from Santova Logistics, which at year end amounted to R8 970 057 (2008: R8 465 808);
- To date, 3 804 666 (2008: 3 804 666) shares have been fully paid for; and
- At year end, the Share Trust had the following shares registered in its name: secured by loan agreements to participants 45 728 334 (2008: 45 968 334) shares; and available for allocation to prospective participants 45 607 175 (2008: 45 367 175) shares.

Option basis

Since its inception, the Share Trust has made no options available.

Future of the Share Scheme

The Board of the Company has found that in the current economic climate the Share Scheme has lost its ability to incentivise and drive the staff that it was set up to motivate and a revised reward scheme is being investigated. Shareholders are therefore being asked at the forthcoming annual general meeting to approve the specific authority to repurchase its own shares set out in Special Resolution Number 1 contained in the Notice of annual general meeting on page 80.

SHARE ANALYSIS
for the year ended 28 February 2009

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Shareholder spread				
1 to 1 000 shares	53	5,05	40 223	0,00
1 001 to 10 000 shares	226	21,54	1 373 447	0,11
10 001 to 100 000 shares	422	40,24	21 466 839	1,65
100 001 to 1 000 000 shares	271	25,83	98 815 423	7,62
1 000 001 shares and over	77	7,34	1 175 659 606	90,62
Total	1 049	100,00	1 297 355 538	100,00
Distribution of shareholders				
Banks	15	1,43	230 111 707	17,74
Close corporations	27	2,57	15 918 325	1,23
Endowment funds	4	0,38	540 512	0,04
Individuals	898	85,59	274 698 762	21,17
Investment companies	5	0,48	42 168 102	3,25
Mutual fund	1	0,10	23 847 000	1,84
Nominees and trusts	48	4,58	149 357 996	11,51
Other corporations	10	0,95	14 702 500	1,13
Private companies	37	3,53	397 629 459	30,65
Public companies	2	0,19	56 045 666	4,32
Retirement Fund	1	0,10	1 000 000	0,08
Santova Logistics Share Purchase and Option Scheme Trust	1	0,10	91 335 509	7,04
Total	1 049	100,00	1 297 355 538	100,00
Public/non-public shareholders				
Non-public shareholders	15	1,44	614 457 546	47,36
Directors and associates of the Company holdings (excluding the Share Trust shares)	14	1,34	523 122 037	40,32
Santova Logistics Share Purchase and Option Scheme Trust	1	0,10	91 335 509	7,04
Public shareholders	1 034	98,56	682 897 992	52,64
Total	1 049	100,00	1 297 355 538	100,00

	Number of shares	Percentage of shares
Beneficial shareholders holding 5% or more		
Santova Logistics Share Purchase and Option Scheme Trust	91 335 509	7,04
Strategic holdings over 10% and Custodian holdings of 5% or more		
Stanley Donner Family Trust	311 473 088	24,01
Rothschild Bank AG	100 000 000	7,71

SHARE ANALYSIS (continued)
for the year ended 28 February 2009

Breakdown of directors and associates of the Company holdings as at 28 February 2009

	Direct number of shares	Percentage of shares	Indirect number of shares	Percentage of shares
Directors' beneficial holdings	69 714 680	5,38	352 634 704	27,18
S Donner	–	–	311 473 088	24,01
Stanley Donner Family Trust	–	–	311 473 088	24,01
GH Gerber	875 000	0,07	41 161 616	3,17
GH Gerber	875 000	0,07	–	–
Lloyd Investment Trust	–	–	13 888 889	1,07
Staff Capital (Pty) Ltd	–	–	27 272 727	2,10
MF Impson	52 039 680	4,01	–	–
GM Knight	16 800 000	1,30	–	–
Directors of subsidiary companies beneficial holdings	38 567 055	2,98	61 797 598	4,77
GV Barnes	71 890	0,01	–	–
TK Blond	10 266 667	0,79	–	–
S Copland-Mander	4 818 750	0,37	–	–
GH Crews	1 373 000	0,11	–	–
R Singh	8 370 081	0,65	50 165 200	3,87
R Singh	8 370 081	0,65	–	–
Rajin Singh Family Trust	–	–	50 165 200	3,87
CV Simpson	–	–	11 632 398	0,90
The Impi Share Trust	–	–	11 632 398	0,90
GW Stay	13 666 667	1,05	–	–
Total	108 281 735	8,36	414 432 302	31,95

	Number of shares	Indirect percentage of shares
Share Trust shares held		
GV Barnes[1]	10 000 000	0,77
SJ Chisholm	7 000 000	0,54
GH Crews[1]	667 000	0,05
AKG Lewis[2]	1 000 000	0,08

	Indirect non-beneficial	Percentage of shares
Director of subsidiary company, indirect non-beneficial interests		
R Singh[1]	408 000	0,03

[1] Directors of subsidiary companies
[2] Company Secretary of Impson

SHARE ANALYSIS (continued)
for the year ended 28 February 2009

Trade analysis

Year	Month	High sale	Low sale	Number of deals	Volume	Value
2008	March	11	7	173	11 114 429	1 039 944
2008	April	9	8	57	2 412 628	212 461
2008	May	10	6	85	7 268 068	593 519
2008	June	10	6	67	6 347 817	492 894
2008	July	8	5	71	3 222 256	203 207
2008	August	8	5	59	4 089 760	285 523
2008	September	8	5	68	4 388 884	272 868
2008	October	6	4	61	7 625 084	382 972
2008	November	7	5	49	5 856 148	354 208
2008	December	7	4	51	7 020 372	321 019
2009	January	6	4	69	4 728 596	231 760
2009	February	5	3	60	6 903 909	317 562

JSE statistics		Statistics
Traded price		
Close	(cents per share)	5
High	(cents per share)	11
Low	(cents per share)	3
Market capitalisation	(Rmillions)	65
Value of shares traded	(Rmillions)	5
Value traded as percentage of market capitalisation	(percentage)	7,3
Volume of shares traded	(millions)	71
Volume traded as percentage of number in issue	(percentage)	5,5
Price earnings (“PE”) ratio		8
Dividend yield	(percentage)	–
Earnings yield	(percentage)	12,6
Year end market price/net asset value (“NAV”)		0,8
Shares in issue net of treasury shares	(millions)	1 252
Shares issued during the year	(millions)	9
Number of shareholders		1 049

SHAREHOLDERS’ CALENDAR

Activity	Date
Financial year end	28 February
Release of trading update	6 May 2009
Release of abridged Group results on SENS	14 May 2009
Despatch of 2009 Annual Report	29 May 2009
2009 Annual general meeting	20 July 2009
Release of interim statements for the six months ending 31 August 2009	October 2009

CORPORATE INFORMATION

SANTOVA LOGISTICS LTD

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)
S Donner
MF Impson
GM Knight
WA Lombard*
M Tembe*
** Independent non-executive*

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

Designated advisors
River Group
Block B, First Floor, 335 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) Ltd
PO Box 61051, Marshalltown, 2107

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

Foreign
Australia and New Zealand Banking Group Ltd (ANZ)
Hong Kong and Shanghai Banking Corporation (HSBC)
National Westminster Bank (Nat West)
Royal Bank of Scotland (RBS)

Investor relations
Contact number +27 31 374 7000
E-mail enquiries@santova.com
Website www.santova.com

Santova head office and registered office address
Business address
Santova House, 88 Mahatma Gandhi Road, Durban, 4001

Postal address
PO Box 6148, Durban, 4000

SUBSIDIARIES

Impson Logistics (Pty) Ltd

Impson head office and Durban
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
7 Tomlinson Road, Pietermaritzburg, 3201
Contact number +27 33 345 1925

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

Leading Edge Insurance Brokers (Pty) Ltd
Business address
Unit 3, Rydall Vale Park, 1 Rydall Vale Crescent
La Lucia Ridge, 4051
Contact number +27 31 566 6642

McGregor Customs Pty Ltd (registered in Australia)
Business address
Unit 9, 77-79 Bourke Road, Alexandria, NSW, 2015, Australia
Contact number +61 286 678 777

Santova Logistics Ltd (registered in Hong Kong)
Business address
Rm1104-5, 11/F, Bonham Trade Centre
50 Bonham Strand East, Sheung Wan, Hong Kong
Contact number +852 6035 5528

Santova Logistics Ltd (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

ABBREVIATIONS

The following abbreviations have been used throughout this report:

"AGM"	Annual General Meeting
"the Act"	the Companies Act, Act 61 of 1973, as amended
"Alt^X"	Alternative Exchange of the JSE
"AUD"	Australian Dollar
"B-BBEE"	Broad-based Black Economic Empowerment
"CIPRO"	Companies and Intellectual Property Registration Office
"CSDP"	Central security depository participant
"Deloitte"	Deloitte & Touche
"DTI"	Department of Trade and Industry
"EPS"	Earnings per share
"£"	Great British Pound (Sterling)
"IFRS"	International Financial Reporting Standards
"Impson"	Impson Logistics (Pty) Ltd, a subsidiary of the Company
"JSE"	JSE Ltd, South Africa's Securities Exchange
"Leading Edge"	Leading Edge Insurance Brokers (Pty) Ltd, a subsidiary of the Company
"Ltd"	Limited
"McGregor"	McGregor Customs (Pty) Ltd (Registered in Australia), a subsidiary of the Company
"Mogal"	Mogal International Ltd (Registered in the United Kingdom), a subsidiary of the Company
"NAV"	Net asset value
"OSCAR"	OSCAR™ is the Optimised Supply Chain Active Resource suite of software packages, Trademark Application Numbers 2007/05906 in Class 35, 2007/05907 in Class 36, 2007/05908 in Class 39 and 2007/05909 in Class 42.
"Pty"	Proprietary
"R"	South African Rand
"SA"	South Africa
"Santova" or "Group"	Santova Logistics Ltd and its subsidiaries
"Santova Logistics" or "the Company"	Santova Logistics Ltd
"SARS"	South African Revenue Services
"the Share Trust" or "the Share Scheme"	Santova Logistics Share Purchase and Option Scheme Trust
"UK"	the United Kingdom

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.

NOTICE IS HEREBY GIVEN that the annual general meeting ("AGM") of members of Santova Logistics Ltd will be held in the boardroom, Santova House, 88 Mahatma Gandhi Road, Durban on Monday, 20 July 2009 at 12H00 for the following purposes:

1. To receive and accept the annual financial statements of the Company and the Group for the year ended 28 February 2009, including the Directors' report, and the report of the auditors thereon.

2. To re-elect directors in accordance with the Company's Articles of Association. Mr Moses Tembe retires by rotation but, being eligible, offers himself for re-election.

   (Mr Tembe's curriculum vitae is set out on the directorate pages of this Annual Report.)

3. 3.1 To approve the remuneration of the directors for the year ended 28 February 2009.

   3.2 To approve the remuneration payable to the non-executive directors for the year ended 28 February 2010 as follows:

For attendance at Board and Committee meetings	R4 000 per meeting
Audit Committee Chairman	R12 000 per meeting
Remuneration Committee Chairman	R9 000 per meeting
Chairman	R12 000 per meeting

4. To authorise the directors to determine the remuneration of the auditors for the past financial year.

5. To appoint Deloitte & Touche auditors of the Company to hold office until the conclusion of the next annual general meeting.

6. Special Resolution Number 1 – Specific authority to buy own shares
   The Board seeks authority to repurchase as many shares as are available from the Share Trust, at 10 cents per share, in full or partial settlement of the loan account between Santova Logistics and the Share Trust. The total number of shares for which authority to repurchase is being sought is 91 335 509, representing 7,04% of the total issued share capital of Santova Logistics as at the date of this Annual Report. An offer is to be made for the repurchase of up to 91 335 509 shares, as available, from the Share Trust, made up of 45 607 175 treasury shares (allocated but not yet issued by the Share Trust) and 45 728 334 shares that have been issued to beneficiaries in terms of the trust deed of the Share Trust. The effective proportion of the 45 728 334 shares to be repurchased is dependent on the Trustees of the Share Trust offering to repurchase shares held by the beneficiaries and the acceptance of this offer by the beneficiaries.

   The Board has found that in the current economic climate, the Share Scheme has lost its ability to incentivise and drive the staff that it was set-up to motivate. A revised reward scheme is currently being investigated. The reason for the passing of the special resolution is to enable the Trustees of the Share Trust to implement a specific offer to repurchase the shares held by beneficiaries who have purchased shares in terms of the rules of the Share Scheme. The effect of the passing of the special resolution is that, at the appropriate times in each case, the shares may be repurchased by the Share Trust from the beneficiaries, and the Company will be able to repurchase the shares taken up by the Share Trust. These shares will then be cancelled, on receipt by the Company, and restored to authorised share capital.

   The Board of Directors of the Company is of the opinion that the proposed repurchases are fair insofar as the shareholders of the issuer are concerned and have been so advised by an independent expert acceptable to the JSE. The fairness opinion required in terms of paragraph 5.69 of the JSE Listings Requirements, prepared by SAB&T, can be found on page 87. Shareholders are also directed to other relevant information required by the JSE Listings Requirements in this regard which can be found at the end of the second special resolution, which is a general authority to buy own shares. A separate circular has not been issued in this regard, all the required information being contained in this Annual Report.

   The directors, whose names are given on pages 13 to 15 of this Annual Report, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Annual Report contains all the information required by law and the JSE Listings Requirements.

   The special resolution that shareholders are asked to pass at the meeting is set out below:

   "THAT the Company hereby approves, as a specific authority contemplated in Section 85(2) and 85(8) of the Companies Act (Act No. 61 of 1973, as amended) ("the Act") and in terms of Article 33.7 of the Company's Articles of Association, the repurchase by the Company of as many shares as become available from the Share Trust, at 10 cents per share, in full or partial settlement of the loan account between Santova Logistics and the Share Trust."

At the time that the contemplated repurchase takes place, the directors of the Company will ensure that for a period of twelve months after the date of such repurchase:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the annual general meeting. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- 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;
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's ordinary business requirements;
- the Company will provide its designated advisor and the JSE with all relevant documentation as required in Section 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the designated advisor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation;
- in terms of subparagraph (8) of Section 85 of the Act, the shares so acquired will be cancelled and restored to the status of authorised shares;
- the Company will comply with the minimum shareholder spread requirements; and
- the Company will ensure that such repurchase contemplated herein will not take place during a prohibited period as described in the JSE Listings Requirements.

The effect on the basic earnings per share, headline earnings per share and net asset value per share if the shares in terms of the above special resolution were to be repurchased is as follows:

The table below sets out the *pro forma* financial effects of the above corporate action ("transaction"), based on Santova's audited results for the year ended 28 February 2009. The financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of the Company's results, financial position and changes in equity after the transaction. It has been assumed for purposes of the *pro forma* financial effects that the above transaction took place as at 28 February 2009 for balance sheet and for the period 1 March 2008 to 28 February 2009 for income statement purposes. The directors of Santova are responsible for the preparation of the financial effects.

		1 Before repurchase audited twelve months to 28 February 2009	2 Repurchase of shares by Santova Logistics from the Share Trust	3 *Pro forma* after repurchase unaudited twelve months to 28 February 2009	4 Percentage change
Weighted average number of shares	(shares)	1 235 843 176	(45 728 334)	1 190 114 842	(3,70)
Diluted weighted average number of shares	(shares)	1 257 873 345	(45 728 334)	1 212 145 011	(3,64)
Shares for net asset value calculation	(shares)	1 200 855 883	(45 728 334)	1 155 127 549	(3,81)
Performance per ordinary share					
Basic earnings per share	(cents)	0,63	0,02	0,65	3,84
Basic headline earnings per share	(cents)	0,68	0,02	0,70	3,84
Diluted earnings per share	(cents)	0,62	0,02	0,64	3,77
Diluted headline earnings per share	(cents)	0,67	0,02	0,69	3,77
Net asset value per share	(cents)	6,19	(0,13)	6,06	(2,21)
Tangible net asset value per share	(cents)	4,03	(0,22)	3,81	(5,52)

Notes:

1. This column represents the "before" financial information, which has been extracted, without adjustment, from the published audited consolidated results of Santova for the twelve months ended 28 February 2009. This excludes treasury shares of 45 607 175.
2. This column reflects the effect of the repurchase by Santova Logisitcs of the Share Trust shares in settlement of the loan advanced by Santova Logistics to the Share Trust.
3. This column reflects the effect after the repurchase by Santova Logistics of the Share Trust shares in settlement of the loan advanced by Santova Logistics to the Share Trust.
4. This column reflects the percentage change the above transaction has on the performance per ordinary shares of Santova. Actual figures have been used to determine percentage change rather than the rounded figures reflected above.
5. The Board would like to confirm and highlight the fact to shareholders that in the event that the Board receives full or partial acceptance to the offer, the loan account will be proportionately affected and because the value of the loan account is fully represented by the value of the shares, there will be no material capital gains taxation implication to the Company.

The assumptions used on the previous page are:

– earnings remain constant;
– all shares for which authority to repurchase is being sought are repurchased;
– the repurchases will be funded by the settlement of the loan account referred to above; and
– no adjustments have been made for interest nor taxation effects.

Copies of the trust deed of the Share Trust and all relevant original expert content letters will be available for inspection at the registered office of the Company for a period of 21 days prior to the annual general meeting. The direct costs relating to the corporate action contemplated in this special resolution consist of JSE documentation fees of R13 970; reporting accountants report of R60 000; and costs for the fairness opinion of R40 000.

All of the shares held by the Share Trust (beneficiary and treasury in nature), are excluded from voting on this special resolution at the annual general meeting. To pass the special resolution, 75% of the shareholders present in person, by representation or by proxy (excluding all shares held by the Share Trust) and eligible to vote at the meeting must vote in favour of the passing of the special resolution. The Company undertakes not to repurchase any of the shares during a closed period.

The beneficiaries referred to above that are prohibited from voting with regard to this resolution, include the following management and directors of Santova and its subsidiaries: SJ Chisholm; GV Barnes; GH Crews; and AKG Lewis (refer pages 29 and 30).

7. Special Resolution Number 2 – General authority to buy own shares

"THAT the Company hereby approves, as a general approval contemplated in sections 85(2) and 85(3) of the Companies Act, 1973 (Act 61 of 1973), as amended ("the 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 Ltd ("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 Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time by JSE Ltd ("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% (three percent) of the number of securities in issue prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, and in respect of every 3% (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% (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% (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 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 financial statements to which this notice of general meeting is annexed, as indicated below:

Directors of the Company	pages 13 to 15
Major shareholders	page 27
Directors' interests in securities	pages 29 and 30
Share capital of the Company	pages 27 and 55 to 56
Responsibility statement	page 24
Material changes	pages 27 to 31

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 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 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 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 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 share requirements for a period of 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.

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

8.1 Ordinary Resolution Number 1 – 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, 1973 (Act 61 of 1973), as amended and the Listings Requirements of JSE Ltd."

8.2 Ordinary Resolution Number 2 – 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, 1973 (Act 61 of 1973), as amended, the Articles of Association of the Company, the Listings Requirements of JSE Ltd ("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% (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% (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% (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 JSE Listings Requirements 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% 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."

8.3 Ordinary Resolution Number 3 – 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 resolution numbers 1 and 2 and ordinary resolution numbers 1 and 2."

9. 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 Security 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.

By order of the Board

JA Lupton
Company Secretary

11 May 2009

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 Ltd'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 Security 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.

The Directors
Santova Logistics Limited
PO Box 6148
Durban
4000

15 June 2009

Dear Sirs,

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO SANTOVA LOGISTICS LIMITED REGARDING THE PROPOSED "SHARE TRUST" REPURCHASE PROGRAMME

Introduction

Moore Stephens Corporate Finance and SAB&T Incorporated have been appointed by the Board of Directors of Santova Logistics Limited ("Santova" or "the Company") to provide an independent fairness opinion to the shareholders of Santova with regard to Santova's proposed share repurchase programme, which comprises the acquisition of 91 335 509 Santova shares held by the Santova Logistics Share Purchase and Option Scheme Trust ("the Share Trust"). These shares are held as follows:

- 45 607 175 treasury shares, allocated but not yet issued; and
- 45 728 334 shares that have been issued to beneficiaries in terms of the trust deed of the Share Trust.
  (collectively, "the specific repurchase")

The 45 728 334 shares to be repurchased is dependent on the Trustee's of the Share Trust offering to repurchase shares held by the beneficiaries and the acceptance of this offer by the beneficiaries.

Fairness opinion required in terms of Section 5 of the JSE Listings Requirements
In order for the directors of Santova to provide a statement that the specific repurchase is fair insofar as the shareholders of Santova (excluding any related parties) are concerned, the directors of Santova are further required, in terms of section 5.69 (e) of the JSE Listings Requirements, to obtain an independent fairness opinion before making this statement ("the fairness opinion").

Responsibility
Compliance with the JSE Listings Requirements is the responsibility of the directors of Santova. Our responsibility is to report to the shareholders on the fairness of the terms and conditions of the proposed transaction.

Explanation as to how the term "fair" applies in the context of the transaction
Schedule 5.7 of the JSE Listings Requirements states that the "fairness" of a transaction is based on quantitative issues. In the case of the acquisition of shares from a related party, a transaction may be said to be fair if the value of the consideration payable is less than or equal to the value of the shares that are the subject of the transaction.

The specific repurchase would therefore be considered fair to the shareholders of Santova if the value received in terms of the specific repurchase is equal to or greater than the value of the consideration paid, or unfair if the value received in terms of the specific repurchase is less than the value of the consideration paid.

Details and sources of information
In arriving at our opinion we have relied upon the following principal sources of information:

- Audited financial statements of Santova for the periods ended 31 December 2005, 28 February 2007 and 29 February 2008;
- Unaudited financial statements of Santova for the year ended 28 February 2009;
- Budgeted income statements for Santova for the year ended 28 February 2010, prepared by Santova management;
- Forecast financial information for Santova for the years ended 28 February 2011, 2012, 2013 and 2014, prepared by Santova management;
- The Share Trust Deed as well as the information in respect of issued shares and allocated but unissued shares held by the Share Trust;
- Discussions with Santova directors regarding the forecast information presented;
- 30 and 60 day volume weighted average price ("VWAP") of Santova shares up to 11 June 2009;
- The draft notice to the annual general meeting ("AGM") to Santova shareholders dated 11 May 2009, which sets out the terms and conditions of the specific repurchase; and
- Prevailing market, economic, legal and other conditions which may affect underlying value.

The information above was sourced from:

- Directors and management of Santova and their advisors; and
- Third party sources, insofar as such information related to publicly available economic, market and other data applicable to or potentially influencing Santova.

Assumptions

We arrived at our opinion based on the following assumptions:

- That reliance can be placed on the audited financial statements of Santova;
- That the 2009 unaudited financial statements will not change materially from those presented to ourselves; and
- That Santova's budgeted revenues and earnings before interest, tax, depreciation and amortisation ("EBITDA") for the period ended 28 February 2010 are likely to be achieved and are maintainable going forward.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Reliance on audit reports in the financial statements of Santova;
- Analysis of Santova's unaudited financial statements for the year ended 28 February 2009 to assess the achievability of the budgeted revenues and EBITDA for the period ended 28 February 2010;
- Conducting analytical reviews on the financial statements of Santova, such as key ratio and trend analyses; and
- Determining the extent to which representations from management of Santova were confirmed by third party and documentary evidence, as well as our understanding of Santova and the economic environment in which the company operates.

Limiting conditions

This opinion is provided to the board of directors and shareholders of Santova in connection with and for the purposes of the transaction. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Santova shareholders.

An individual shareholder's decision as to whether to vote in favour of the transaction may be influenced by his particular circumstances. The assessment as to whether or not the directors of Santova decide to recommend the proposed transaction is a decision that can only be taken by the directors of Santova. Should a Santova shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of Santova, by reference to publicly available or independently obtained information. While our work has involved an analysis of, inter alia, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information on Santova relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Santova will correspond to those projected. Where practicable, we have compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with the management of Santova.

We have also assumed that the specific repurchase will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Santova and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect this opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

Independence

In terms of schedule 5.1(a) of the JSE Listings Requirements, we confirm that Moore Stephens Corporate Finance and SAB&T Incorporated have no equity interest in Santova or in any other party to the transaction. In terms of schedule 5.1(a) of the JSE Listings Requirements, we confirm that there is no existing relationship between Moore Stephens Corporate Finance and SAB&T Incorporated and any of the parties to the transaction.

Furthermore, we confirm that our professional fees are not contingent upon the success of the proposed transaction.

Valuation

Moore Stephens Corporate Finance and SAB&T Incorporated performed a valuation of Santova to determine whether the consideration to be received in terms of the specific repurchase represents fair value to Santova shareholders.

The valuation methodologies employed included the discounted cash flow methodology and the capitalisation of maintainable earnings methodology.

The valuations were performed taking cognisance of risk and other market and industry factors affecting Santova. Additionally, sensitivity analyses were performed considering key value drivers.

Key value drivers to the discounted cash flow valuation included the discount rate, working capital and capital expenditure requirements, operating margins and future growth in the business. Prevailing market and industry conditions were also considered in assessing the risk profile of Santova. Specific factors considered included the intrinsic value of intellectual property, the effect on earnings of the acquisition of McGregor Customs Pty Ltd in Australia and the restructuring measures implemented in respect of the United Kingdom and South African businesses.

Key value drivers of the capitalisation of maintainable earnings methodology include an assessment of market-related earnings multiples applicable to the industries in which Santova operates.

In undertaking the discounted cash flow valuation, incorporating certain assumptions regarding the future profitability of Santova, we determined a valuation range for Santova of 8,74 cents to 10,14 cents per share. The range is impacted by the current uncertain economic climate and timing of expected economic recovery.

Based on the above valuation range per Santova share, the consideration of 10 cents per share to be paid in terms of the specific repurchase is within the range of fair values determined per Santova share.

The specific repurchase price represents a premium of 99,2% and 106,2% to the 30 and 60 day VWAP per Santova share. However, the market price of Santova is affected by the trading volumes and liquidity of Santova shares.

The valuation exercise above was undertaken solely in respect of the fairness opinion and should not be used for any other purposes.

Procedures

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the transaction:

- Reviewed the terms and conditions of the specific repurchase as detailed in the AGM material;
- Reviewed the audited and unaudited financial information related to Santova, as detailed above;
- Held discussions with certain directors of Santova and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Reviewed Santova's forecast income statement and the basis of the assumptions therein including the prospects of the business. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management;
- Assessed comparable market-related earnings multiples relevant to Santova;
- Assessed the long-term potential of Santova and its operations;
- Evaluated the relative risks associated with Santova and the industry in which it operates;
- Reviewed the nature of the assets of Santova;
- Considered the historical share price movement of Santova over the last 12 months to assess the relative liquidity and volatility of Santova;
- Reviewed certain publicly available information relating to Santova that we deemed to be relevant, including Company announcements, analysts' reports and media articles; and
- Where relevant, representations made by management and/or directors were corroborated to audited financial statements, or independent analytical procedures were performed by us to examine and understand the industry in which Santova operates, and to analyse external factors that could influence the business of Santova.

Opinion

Moore Stephens Corporate Finance and SAB&T Incorporated has considered the terms and conditions of the specific repurchase and, based on and subject to the conditions set out herein, are of the opinion that the specific repurchase is fair to the shareholders of Santova.

Our opinion is necessarily based upon the information available to us up to 12 June 2009, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the transaction have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully,

Andrew Naude
Director

Moore Stephens (Jhb) Corporate Finance (Pty) Limited
7 West Street
Houghton
2198

Nick Lazanakis
Director

Moore Stephens (Jhb) Corporate Finance (Pty) Limited
7 West Street
Houghton
2198

Bashier Adam
Director

SAB&T Incorporated
119 Witch Hazel Avenue
Highveld Technopark
Centurion

BKV de Nil
Director

SAB&T Incorporated
119 Witch Hazel Avenue
Highveld Technopark
Centurion

FINANCIAL EFFECTS OF RESOLUTIONS TO BE PRESENTED AT THE 2009 ANNUAL GENERAL MEETING

PRO FORMA BALANCE SHEET AND INCOME STATEMENT

as at 28 February 2009

The table below sets out the *pro forma* financial effects of the above transactions, based on Santova Logistics Limited's audited results for the year ended 28 February 2009. The financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of the Company's results, financial position and changes in equity after the transaction. It has been assumed for purposes of the *pro forma* financial effects that the above transaction took place as at 28 February 2009 for balance sheet and for the period 1 March 2008 to 28 February 2009 for income statement purposes. The directors of Santova Logistics Limited are responsible for the preparation of the financial effects.

		Audited 28 February 2009 R'000	*Pro Forma* adjustments for the financial effects 28 February 2009 R'000	Reference	*Pro Forma* after adjustment for the financial effects 28 February 2009 R'000
ASSETS					
Non-Current assets		38 876	–		38 876
Plant and Equipment		8 710	–		8 710
Intangible assets		25 948	–		25 948
Financial assets		164	–		164
Deferred taxation		4 054	–		4 054
Current assets		219 717	(4 413)		215 304
Trade receivables		203 158	–		203 158
Other receivables		4 959	–		4 959
Current tax receivable		605	–		605
Amounts owing from related parties		4 413	(4 413)	N1	–
Cash and cash equivalents		6 582	–		6 582
TOTAL ASSETS		258 593	(4 413)		254 180
EQUITY AND LIABILITIES					
Capital and Reserves		74 366	(4 413)		69 953
Share capital and premium		145 112	(4 413)	N1	140 699
Foreign currency translation reserve		529	–		529
Accumulated loss		(71 275)	–		(71 275)
Non-current liabilities		5 361	–		5 361
Interest bearing borrowings		79	–		79
Financial liabilities		3 030	–		3 030
Long-term provision		2 252	–		2 252
Current liabilities		178 866	–		178 866
Trade and other payables		78 294	–		78 294
Current tax payable		471	–		471
Amounts owing to related parties		156	–		156
Current portion of interest bearing borrowings		379	–		379
Financial liabilities		1 092	–		1 092
Short-term borrowings and overdraft		95 488	–		95 488
Short-term provisions		2 986	–		2 986
TOTAL EQUITY AND LIABILITIES		258 593	(4 413)		254 180
Shares for net asset value calculation	(shares)	1 200 855 883	(45 728 334)	N1/N2	1 115 127 549
Net asset value		74 366	(4 413)	N1	69 953
Net tangible asset value		48 418	(4 413)	N1	44 005
Net asset value per share	(cents)	6,19	(0,13)	N1	6,06
Net tangible asset value per share	(cents)	4,03	(0,22)	N1	3,81

FINANCIAL EFFECTS OF RESOLUTIONS TO BE PRESENTED AT THE 2009 ANNUAL GENERAL MEETING (continued)

PRO FORMA BALANCE SHEET AND INCOME STATEMENT (continued)

as at 28 February 2009

		Audited 28 February 2009 R'000	*Pro Forma* adjustments for the financial effects 28 February 2009 R'000	Reference	*Pro Forma* after adjustment for the financial effects 28 February 2009 R'000
INCOME STATEMENT					
Turnover		118 229	–		118 229
Gross billings		1 885 240	–		1 885 240
Cost of billings		(1 767 011)	–		(1 767 011)
Other income		3 582	–		3 582
Administrative expenses		(93 573)	–		(93 573)
Operating income		28 238	–		28 238
Depreciation and amortisation		(1 963)	–		(1 963)
Interest received		3 397	–		3 397
Finance costs		(18 585)	–		(18 585)
Profit before taxation		11 087	–		11 087
Income tax expense		(3 227)	–	N3	(3 227)
Profit for the year		7 860	–		7 860
Attributable to:					
Equity holders of the parent		7 794	–		7 794
Minority interest		66	–		66
Basic earnings per share	(cents)	0,63	0,02	N1	0,65
Basic headline earnings per share	(cents)	0,68	0,02	N1	0,70
Diluted earnings per share	(cents)	0,62	0,02	N1	0,64
Diluted headline earnings per share	(cents)	0,67	0,02	N1	0,69
Weighted number of shares	(shares)	1 235 843 176	(45 728 334)	N1	1 190 114 842
Diluted number of shares	(shares)	1 257 873 345	(45 728 334)	N1	1 212 145 011
Shares for net asset value calculation	(shares)	1 200 855 883	(45 728 334)	N1	1 115 127 549
Actual number of shares in issue	(shares)	1 297 355 538	(91 335 509)	N1	1 206 020 029

Notes:

N1 Share repurchase
Pursuant to the special resolution being approved at the annual general meeting on 20 July 2009 the Company will repurchase as many shares as become available from the Share Trust, at 10c per share, in full or partial settlement of the loan account between Santova Logistics and the Share Trust.

N2 Net asset value per share
In calculating the net asset value per share, the number of shares were only adjusted for 45 728 334 shares. The difference of 45 607 175 shares are treasury shares and have already been taken into account in the 1 200 855 883 shares.

N3 The effects of taxation have not been adjusted for since these are considered to be immaterial.

SAB&T

INVESTOR IN PEOPLE

The Directors
Santova Logistics Limited
PO Box 6148
Durban
4000

12 May 2009

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL EFFECTS OF "THE SHARE TRUST" REPURCHASE TRANSACTION AS SET OUT IN THE NOTICE OF ANNUAL GENERAL MEETING

We have performed our limited assurance engagement in respect of the *pro forma* financial effects as set out on pages 91 to 92 of the annual report of Santova Logistics Limited ("Santova"), Notice of annual general meeting. The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the repurchase transaction might have affected the reported historical financial information presented, had the corporate action been undertaken at the date of the *pro forma* balance sheet being reported on.

Directors' responsibility

The directors are responsible for the compilation, contents and presentation of the *pro forma* consolidated financial information contained in the annual report and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Santova; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountant's responsibility

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial effects included in the annual report, Notice of annual general meeting. We conducted our engagement in accordance with the International Standard on *Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on Pro Forma Financial Information issued by SAICA.*

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the underlying records; considering the *pro forma* adjustments, if any, in light of the International Financial Reporting Standards and the accounting policies of Santova; considering the evidence supporting the *pro forma* adjustments; and discussing the adjusted *pro forma* financial information with the directors of Santova in respect of the corporate action that is the subject of the annual general meeting and related documentation.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Santova and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our procedures are sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that, in terms of the section 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial effects have not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Santova; and
- the adjustments, where applicable, are not appropriate for the purposes of the *pro forma* financial effects as disclosed.

Yours faithfully

SAB&T Incorporated
Chartered Accountants (SA)
Registered Auditors
Per: B Adam
Centurion

12 May 2009

SAB&T CHARTERED ACCOUNTANTS INCORPORATED
Company registration number 1997/018869/21
119 Witch-Hazel Avenue, Highveld Technopark, Centurion
PO Box 10512 Centurion, 0046
Tel: 012 682 8800 Fax: 012 682 8800 www.sab-t.co.za

Designed by motiv
Printed by INCE

FORM OF PROXY

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

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 boardroom, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 on Monday, 20 July 2009 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 (PO Box 6148, Durban, 4000) to be received by no later than 12H00 on Thursday, 16 July 2009.

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
Adoption of the 28 February 2009 annual financial statements and Annual Report			
To re-elect Moses Tembe as a director			
To approve the remuneration of the directors for the year ended 28 February 2009			
To approve the remuneration payable to non-executive directors			
To authorise the directors to determine the remuneration of the auditors			
To approve the appointment of Deloitte & Touche as auditors			
Special Resolution Number 1 – Specific authority to acquire own shares			
Special Resolution Number 2 – General authority to acquire own shares			
Ordinary Resolution Number 1 – Unissued shares placed under directors' control			
Ordinary Resolution Number 2 – General authority to issue shares for cash			
Ordinary Resolution Number 3 – 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 ______________________________ 2009

Signature ______________________________

Please read the notes on the reverse side hereof.

NOTES

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 Thursday, 16 July 2009.
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 Ltd to be held at 12H00 on Monday, 20 July 2009 in the 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 Thursday, 16 July 2009.

Dematerialised shareholders

If you hold dematerialised shares in Santova Logistics 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.

motiv

Santova
Logistics Ltd

www.santova.com