Santova

Logistics Ltd

ANNUAL REPORT 2010

CONTENTS

CTIVITY

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

SYNCHRO

OUR VALUE PROPOSITION

supply chain optimisation

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

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

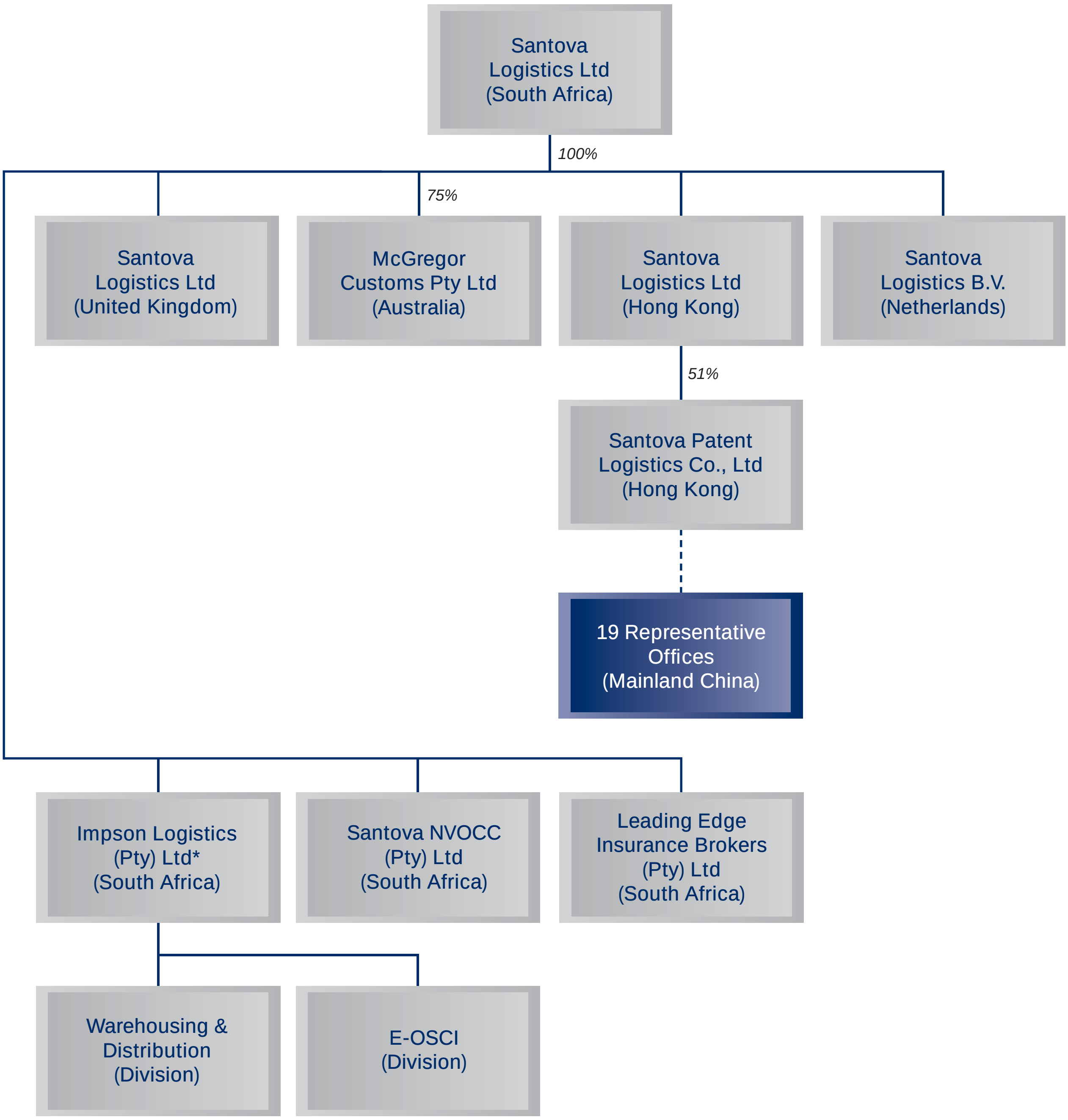
SERVICES

sea, air, road and rail

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

NISATION

OPERATIONAL GROUP STRUCTURE



* *Impson branches: Durban, Johannesburg, Cape Town, Port Elizabeth, Pietermaritzburg, Sasolburg*

GROUP FINANCIAL SUMMARY

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

DEFINITIONS

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

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

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

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

NET ASSETS OR TOTAL EQUITY
Total assets less total liabilities.

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

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

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

RETURN ON TANGIBLE NET ASSETS
Profit for the year expressed as a percentage of tangible net assets.

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

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

GROUP FINANCIAL REVIEW
for the year ended 28 February 2010

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

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

OUR HISTORY

2002	Santova Logistics Ltd (previously Spectrum Shipping Ltd) listed on the Development Capital Board of the JSE by reverse-listing into the listed shell company, Micrologix Ltd.
April 2002	Acquisition of CSS Logistics (Pty) Ltd's business – a business providing integrated agency services to exporters of fresh produce world-wide.
2003 – 2007	Conversion from a predominantly clearing and forwarding agency to an international company providing supply chain optimisation solutions to international and domestic clients through industry-leading strategic logistics management practices and resources. During this period, an office was established in Hong Kong, a joint partnership was set up with Patent International Co., Ltd, a clearing and forwarding agency with 20 branches in various cities throughout mainland China, and the Company moved to the Alternative Exchange ("Altx") in May 2006.
May 2006	Acquisition of Impson Logistics (Pty) Ltd (previously Impson Freight (Pty) Ltd), a highly successful logistics business with branches in Durban, Cape Town, Johannesburg, Pietermaritzburg and Sasolburg.
September 2006	Acquisition of Leading Edge Insurance Brokers (Pty) Ltd, a local insurance brokerage with offices in Durban, South Africa.
January 2007	Change of name to Santova Logistics Ltd and change of financial year end from December to February.
March 2007	Move to new head office at Santova House, 88 Mahatma Gandhi Road, Durban, 4001, South Africa and acquisition of the Mogal International Ltd Group of companies in the United Kingdom, a small group of clearing agents.
March 2009	The acquisition of McGregor Sea and Air Services Pty Ltd (previously McGregor Customs Pty Ltd), a clearing agency in Sydney, Australia to facilitate the opening of trade between the Group's offices in South Africa, the Far East, the United Kingdom and Australia.
January 2010	The acquisition of Santova Logistics B.V. (previously Maxxs B.V.), a start-up business in forwarding and clearing based in Rotterdam, the Netherlands.

CHAIRMAN'S REVIEW

Along with other players in the industry, the Group suffered the effects of the recession in terms of reduced volumes. The strengthening of the Rand also had a detrimental effect on profitability. However, trading started to pick up in the second half of the financial year and that, coupled with the cost-cutting measures and staff retrenchments implemented in the second quarter of calendar 2009, resulted in the Group finishing the year with a 46,7% drop in profits compared to the previous year, a far better result than had initially been envisaged.

Despite the reduced profitability mentioned above, the Group was, nevertheless, able to move forward. Australia fared better than most of the other regions in the world and the acquisition of a clearing business in that region, McGregor, has enhanced the profitability of the Group during the year. The setting up of an office in Rotterdam through the acquisition of a small grass roots business effective 1 January 2010 now gives the Group a presence in Europe, while the deal currently being finalised for the acquisition of a clearing and forwarding business with a strong focus on airfreight, based in Johannesburg, will strengthen the South African Group's Gauteng operations. These developments, together with the cost-cutting measures taken in the 2010 financial year, position the Group well for further growth in the year ahead. However, your Board is mindful of the fact that the world economic woes are not over yet and that economic prospects for the year ahead are still uncertain.

Impson is very proud of the fact that it has received its certification for ISO 9001:2008 for Quality Management Systems during the current financial year, a lengthy process that involved a significant amount of operational input and training. Impson is one of the first clearing and forwarding agents to receive certification for this model of Quality Management Systems.

There has been further development of additional modules in the track and trace software, OSCAR, and the beneficial effects of its introduction into the Group's larger clients is beginning to be felt.

All in all the year finished on a more positive note than had been anticipated at the half year stage and prospects for the year ahead are looking good. I would like to take this opportunity to convey my thanks to my colleagues on the Board for their support throughout the year and to the management and staff for their achievements in what has been a very difficult period in the history of the Group.

ESC Garner
Chairman

Durban
10 May 2010

CHIEF EXECUTIVE OFFICER'S REVIEW

The Santova Group was not immune to the global economic downturn, which significantly affected all the world's economies, particularly South Africa. In the first six months of calendar 2009, South Africa's gross domestic product showed negative growth of 6,4% for the first quarter and negative 3,0% for the second quarter. Consequently, even the moderate economic recovery experienced in the fourth quarter of the year was not sufficient to ensure sustainable year-on-year growth.

Group consolidated turnover was R98,0 million and profit after tax R4,2 million. Compared to the same period last year, this amounted to a decrease of 17,1% and 46,7% respectively, attributable in the main to the global economic downturn, which resulted in reduced trade volumes and significantly diminished margins. Whilst decisive actions were taken to realign the business with falling activity levels, the cost reduction exercise implemented in July resulted in a 15,2% or R14,6 million saving in administrative expenses. It is important to point out, however, that the full effect or benefit of this exercise was only apparent in the final six months of the financial year.

Whilst Santova's results were to a large extent affected by reduced trade volumes and freight buy and sell rates, currency fluctuation also had a significant impact on earnings.

Freight buy and sell rates (profit margin): In response to diminishing ocean volumes, ocean carriers removed significant capacity from the market and introduced price increases in the latter quarter of calendar 2009. This resulted in previously favourable buying opportunities for the Santova Group being limited to a large extent and margins associated with buying and selling of space on vessels to clients being significantly eroded. These price increases were to a great extent absorbed by the Group and margins will be recovered going forward as the pricing structure in the industry stabilises.

Currency fluctuations: A predominant portion of the Group's revenue is derived from fees based on the weighted Rand value of goods, which is adversely affected by a strong Rand against the US Dollar. This effect is compounded even further as the differential between the buy and sell rate (profit margin) is also accounted for in US Dollars. As can be noted, this situation prevailed for most of financial 2010 and is still in play at present.

Despite these unprecedented trading conditions, the Group displayed resilience and continued to build on its sound business model and operational capability. This view was reinforced by the fact that whilst net earnings attributable to shareholders in the first six months of this financial year were 88,2% down compared to the same period in the 2009 financial year, earnings attributable to shareholders for the full year ending February 2010 were only 51,9% down on the previous year.

South Africa

Impson

In spite of difficult trading conditions, our South African logistics business benefited from the mid-year cost reduction exercise and went on to produce much improved results during the second half of the financial year. This business has evolved into a meaningful player in the logistics industry whose capability, particularly through improved intelligent information technological solutions, has delivered truly effective supply chain management solutions for clients.

The focus of South African companies is more than ever on being more competitive in what is still a flat to moderate economic climate. According to the 2010 edition of *supplychainforesight*, issues coming to the fore are strategic alignment of the supply chain with business strategy, lead time reduction and technology deployment, all of which will promote the opportunity for our logistics business to assist clients in their recovery from the recession. In fact, this is supported by the number of new clients that have been contracted in over the last year and whose supply chains have been analysed and improved upon by subjecting them to 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 South African operation still continues to provide the 'hub' of development and support for the Group's business worldwide.

Leading Edge

The insurance arm of the Group did not escape the effects of the recession. Whilst this business managed to acquire a significant number of quality new clients during the course of the year, this progress was offset by restructures (down-sizing) and cancellations (due to affordability) of clients trying to survive the times. Furthermore, closely aligned to the Group's shipping activities, the revenue of this business derived from marine insurance was adversely affected by the reduced volumes shipped.

During the year Leading Edge acquired the business of Standard Insurance Consultants. This is a Durban based short-term insurance business which was acquired as a going concern. This business was only fully incorporated into Leading Edge in the month of September and will serve to bulk-up the current book of Leading Edge, which will benefit from economies of scale.

Looking ahead, the Group expects a relatively quick recovery and the restoration of good earnings from our insurance arm.

Hong Kong

The effect of the world recession on Hong Kong was not as severe as that in South Africa. The earnings for this business are modestly up on last year (11,2%) and the acquisition of new clients, predominantly sourced by our offices globally, continued at an impressive rate. As mentioned previously, the ability of the Group to facilitate, control and manage end-to-end comprehensive supply chain logistics at source for clients is of great strategic value. This is becoming more and more apparent as the Group expands internationally.

Australia

Considering the circumstances in which the Australian operation has had to perform, the performance of this office during the first year under the Santova umbrella is pleasing. This observation is even more relevant when one takes cognisance of the additional expenditure incurred during this first year as a direct result of its integration into the Santova Group. Additional systems, procedures, controls and the upgrade of infrastructure and resources were introduced to ensure that the business was aligned to meet the standards and controls that are expected of a listed company. To this end, this business is now well placed to progress to its next level of development. The recent acquisition of Freight Matters, a small clearing business, by the Australian entity will further enhance its earnings in the year ahead.

Europe

United Kingdom

Whilst initiatives to realign the business to significantly reduced volumes were introduced, the task has proved a lot more challenging than expected. Whilst operationally the business has improved, the strengthening of the Rand against the British Pound has resulted in a foreign exchange loss being accounted for in the statement of comprehensive income. This relates specifically to the Santova Logistics (South Africa) loan to Santova Logistics Ltd (United Kingdom) and impacts significantly on the extent of the loss to date.

In regard to the business going forward, this office plays a significant role insofar as end-to-end supply chain management of Santova's clients worldwide are concerned. Furthermore, additional initiatives are in process which, if successful, will result in this business returning to profitability. It is important to note that operationally, this office made a profit in the first month of the new financial year, which is encouraging when considering it is one of the quieter months of the financial year.

Netherlands

A significant milestone for the Group was the acquisition of a small operation (Santova Logistics B.V., previously Maxxs B.V.) in Rotterdam, the Netherlands. The rationale for such an acquisition is based on the premise that the Group would have a strategic advantage by having its own office in one of the busiest ports in the world – a gateway to Europe. Santova Logistics B.V. constitutes a start-up business, which has been in operation since 1 October 2009. The previous shareholders, now directors of the business, have extensive experience in the logistics industry, which bodes well for the future development of the business.

This office not only benefits from existing shipments from Santova's offices worldwide to Europe, but they will also benefit from new business currently being negotiated with large multinational companies. Furthermore, insofar as our alliances in China are concerned, this office will also receive third party shipments from that region, which could result in a meaningful contribution to the earnings of the business and Group. More importantly, Santova's current clients in the European zone will now be maintained and managed by Santova Logistics B.V. in Rotterdam.

Looking ahead

Since the last quarter of calendar 2009, there have been numerous signs that the worst of the economic recession is over. The South African Reserve Bank's March 2010 quarterly Bulletin shows that South Africa's economy is recovering. Interestingly enough, the Country's current account deficit narrowed to 2,8% of gross domestic product ("GDP") in the fourth quarter of last year from 3,1% in the third. This is far better than the current account deficit in 2008 of 7,1% of GDP and 4,0% for last year as a whole. The Bulletin also confirms that the manufacturing (export related) sector which was severely affected during calendar 2008 and the first half of 2009, has posted much improved results since the third quarter of 2009. Closely aligned to this is the mining sector, which is up 4,6% in the fourth quarter from the third. Other indicators include car sales figures, which are now improving on a month-to-month basis; rising business confidence and a turnaround in household consumption expenditure which grew 1,4% in the fourth quarter from the prior quarter of calendar 2009, following the prior quarter's near 2,0% contraction. Easing inflationary pressures and the recent 50 basis point interest rate cut have also provided consumers with some relief as reduced debt servicing costs have resulted in improved levels of disposable income for households.

Indicators clearly support a turnaround in our economy, however, there is still a large amount of caution being exercised. Whilst these economic indicators have in most part showed signs of improvement, they are still well below the long-term average. Retail sales are still slow, impacted by limited credit extension; government consumption expenditure has slowed somewhat; and the strong Rand is limiting the ability of the South African export market to compete on global markets.

Considering the above and the challenges facing Europe, the Greek fiscal situation, and the ability of global stimulation packages remaining intact, it could take some time before the South African and world economies can consider the future without stumbling blocks to economic recovery.

The Group will continue to remain vigilant in its strategic decision-making and operational activity. During this difficult period, internal systems, processes and ultimately capabilities were vastly improved upon and this will now enable the Group to take advantage of an improving economy. More than ever before, aligning the supply chain with business strategy and reducing costs for clients is a priority for companies and an opportunity for the Santova Group.

Acknowledgement and appreciation

We have weathered the storm and emerged a greater Group. For this I would like to express my sincere thanks and appreciation to our clients, suppliers, business associates and our shareholders for their belief and trust in what we stand for and what it is we are driven to achieve.

To my colleagues, we would not have made such progress in such difficult times without your loyalty, commitment and perseverance. Thank you for your trust and support which has resulted in our Group moving to its next level of growth and capability. It is indeed in such challenging times that the foundations of truly great companies are established.

GH Gerber
Chief Executive Officer

Durban
10 May 2010

REPORT OF THE GROUP FINANCIAL DIRECTOR

The Annual Report incorporates the Group's operations in South Africa, Hong Kong, Australia and Europe (the Netherlands and the United Kingdom). The Group reports its financial performance and position in compliance with International Financial Reporting Standards.

2010 Financial performance review

When comparing the performance for the year under review to that of the previous financial year, there was a 17,1% decrease (2009: 9,2% increase) in turnover and a 52,7% decrease (2009: 24,3% increase) in operating income, with McGregor not included in the 28 February 2009 year. The effect of the economic downturn has had a significant impact on the Group despite the cost-cutting measures implemented during the year, additional clients signed on, acquisition of new businesses, and restructures. Although finance costs decreased by 50,4% (2009: 5,9% increase), in line with reduced borrowing requirements and the reduced cost of borrowing experienced throughout the year, the decrease in profits attributable to the shareholders of Santova Logistics could only be limited to 51,9% (2009: 29,3% increase).

Net asset value has increased from 6,19 cents per share in 2009 (2008: 5,82) to 6,60 cents per share as at 28 February 2010, a 6,6% (2008: 6,4%) increase; whilst the tangible net asset value has moved from 4,03 cents per share in 2009 (2008: 3,64) to 3,35 cents per share as at 28 February 2010, a 16,9% decrease (2008: 10,9% increase). The difference between these can largely be attributed to the Group's investments into three businesses and two customer list acquisitions during the year and further developments in OSCAR.

The statement of cash flows for the Group reflects borrowings repaid of R32,9 million (2009: R37,8 million). This is largely attributable to the reduced working capital requirements of the Group since this line item moves in tandem with the Group's operational funding requirements, which are funded through our various invoice discounting facilities.

Return on total equity decreased from 10,6% in 2009 (2008: 7,8%) to 5,2% for the year ended 28 February 2010, a 50,7% decrease (2009: 34,8% increase).

The year under review has been one of consolidation and growth for the Group, with the following strategic achievements having been undertaken:

- in Australia, incorporation of McGregor into the Group, together with a minor restructure in the Australian group and the sale of 25,0% of McGregor to our Chinese partners, Patent International Co., Ltd, a further acquisition (Freight Matters) into McGregor, and the harmonisation of these entities into Group policy;
- acquisition of a further insurance business (Standard Insurance Consultants), into Leading Edge;
- a full cost-cutting exercise throughout the Group, to ensure efficiency and effectiveness. This is still in process and is constantly under review;
- further strengthening of our IT infrastructure and its disaster recovery procedures to ensure an even more stable IT platform, as well as completing significant developments in OSCAR throughout the year;
- harmonising the remuneration structures across the Group;
- closing the Share Trust, and commencing the windup of its legal form, the ongoing research into a replacement alternative to motivate and create wealth for our staff;
- restructuring Santova NVOCC (Pty) Ltd and its role within the Group;
- successful certification as ISO 9001:2008 compliant, model for Quality Management Systems, within Impson; and
- in the Netherlands, acquired a business in Rotterdam (Santova Logistics B.V.) and started the harmonisation of this entity into Group policy.

During the year, the following share movements took place in the issued share capital of the Company *(refer note 9 in the notes to the annual financial statements for the year ended 28 February 2010)*:

- 11 171 520 shares were repurchased on 31 August 2009 from the Camilla Coleman Trust in terms of the specific authority granted by shareholders at the annual general meeting held on 23 September 2008;
- 61 200 014 shares were allotted to Coolaroo Holdings Pty Ltd on 31 August 2009 for the purchase of McGregor Sea and Air Services Pty Ltd (previously McGregor Customs Pty Ltd); and
- 91 335 509 shares were repurchased, 45 607 175 on 3 December 2009 and 45 728 334 on 26 February 2010, from the Share Trust in terms of the specific authority granted by shareholders at the annual general meeting held on 20 July 2009.

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

SJ Chisholm
Group Financial Director

Durban
10 May 2010

DIRECTORATE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward (Ted) Garner 70, Chairman

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

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

Warwick Lombard 54

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.

EXECUTIVE DIRECTORS

Glen Gerber 47, 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 35, Group Financial Director

BCompt (Hons), CTA, CA (SA)

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

Stanley Donner 57

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 1shipping 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 66, Chairman of Impson

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

Gary Knight 43, Managing Director of Impson

MSc (cum laude)

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

COMPANY SECRETARY

Jennifer Lupton 68

FCIS, 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 SUSTAINABILITY REPORT

This report deals, in the main, with the local entities of the Group, the larger foreign trading entities being relatively recently acquired.

HUMAN RESOURCES

It has been a difficult year for the human resources department in light of the global economic crisis and its effect on the Group. The challenges that the Group has faced have not only affected the human resources goals and targets, but have also had a more direct impact on the lives of the employees themselves. Initiatives were put in place in the last financial year to assist employees through a difficult period and to rebuild morale through the hard financial times and particularly during the period following the retrenchment process which occurred predominantly within the largest Santova subsidiary, Impson.

The department and its network of professional specialist suppliers handled these issues efficiently and the South African Group as a whole has been restructured in terms of human resources and is ready to face the challenges of the 2011 financial year and beyond.

Further policies and procedures for the Group were drafted last year by the department, mostly to cater for the new laws and in keeping with the "best practice" philosophy.

ISO 9001:2008 – Impson

An exciting development was the International Standards Organisation ("ISO") audit within Impson. The path to the selected standard (ISO 9001:2008 model for Quality Management Systems) was a lengthy but rewarding one. The process took more than a year and involved a significant amount of operational input and training. Finally, in January 2010, Impson was audited by SGS South Africa (Pty) Ltd and was certified with ISO 9001:2008. Impson is one of the first clearing and forwarding agents to receive certification for this model of Quality Management Systems.

SOCIAL TRANSFORMATION

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

   With the large majority of the smaller trading subsidiaries in the Group having been previously rated as Level Four contributors, the primary focus at the start of the financial year was to audit the larger South African based trading entities within the Group, namely Impson and Leading Edge.

   Santova continued to work closely with its B-BBEE consultant to build on progress made in the previous year, to continually monitor the ongoing development of B-BBEE within the Group as a whole and, more specifically, to achieve the stated goals of auditing Impson and Leading Edge.

   Impson

   For the purposes of B-BBEE, Impson is a "generic" enterprise with an annual turnover in excess of R35,0 million. As such, all seven elements of the B-BBEE scorecard are focused on by Impson. Impson was subjected to a Verification Audit by an accredited B-BBEE verification agency, Integra Scores (Pty) Ltd ("Integra Scores"), in June 2009. At the conclusion of the audit, Impson was awarded a Level Six B-BBEE certificate. It is also important to note that Impson was rated as a "Value-Adding Enterprise" for the purposes of B-BBEE. This means that the B-BBEE recognition level of Impson (score of 60,0%) may be multiplied by a factor of 1,25, rendering an "effective" recognition level of 75,0%.

   During the past year, Impson continued to make enterprise development contributions to a Level Three B-BBEE 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 to assist this business in its continued growth. In addition, Impson purchased business services (including Container Terminal Orders, documentation and transport) from ABI Freight. Other areas focused on by Impson have been Employment Equity, Skills Development and Socio-Economic Development.

   Impson will submit itself to annual B-BBEE verification audits in order to monitor its efforts and progress in regard to B-BBEE. The next audit is anticipated to take place in June 2010.

   Leading Edge

   Leading Edge was subjected to a B-BBEE verification audit by Integra Scores in May 2009. At the conclusion of the audit, Leading Edge was awarded a Level Two B-BBEE certificate. It is important to note that Leading Edge was also rated as a "Value-Adding Enterprise" for the purposes of B-BBEE. This means that the B-BBEE recognition level (score of 125,0%) of Leading Edge may be multiplied by a factor of 1,25 by any client of Leading Edge, rendering an "effective" recognition level of 156,3%. Leading Edge will be audited again in the early part of the 2011 financial year.

   The Santova B-BBEE Committee (comprising senior employees and directors) has continued to meet on a bi-annual basis in order to ensure steady progress is continually made in the seven elements of B-BBEE.

2. Affirmative action and skills development

There was notable growth in training and development within the Group despite a challenging year. 180 employees were trained in a total of 66 different in-house and external training courses. The main training areas were Customs Clearing and Freight Forwarding, Insurance, OSCAR, ISO and Corporate Governance related courses.

Adult basic education and training ("ABET") continued strongly within the Group with 12 previously disadvantaged learners attending courses over the 2010 financial year.

The learnership programme continued successfully with 15 learners completing the programme in the 2010 financial year. Despite the financial challenges of the year under review, 11 learners (73,3%) were retained by the Group, confirming that the Group remains committed to the retention of learners after programme completion. This programme continues to be one of the primary tools of affirmative action and will not only assist with the upliftment of previously disadvantaged individuals employed within the Group, but will also continue to positively impact the Group's employment equity and B-BBEE goals and objectives, while at the same time improving the quality of service provided by the Group.

Santova is accredited as a training organisation with the South African Institute of Chartered Accountants ("SAICA") for the Training Outside of Public Practice ("TOPP") training programme. The Training Officer in Santova's TOPP programme signed off its first trainee as a Chartered Accountant (South Africa) towards the end of the current financial year.

3. Employment equity

The South African Santova entities report to the Department of Labour independently for the purposes of employment equity, with the overall management of employment equity being controlled by the Santova Group human resources department. Thus the focus for employment equity is Santova, Impson and Leading Edge who employ the entire South African based workforce at the date of this report.

It was a busy year for employment equity with Santova and Impson's employment equity plan, policy and policy statement being redrafted in the second half of the 2010 financial year. This, coupled with the redraft of the Employment Equity and Skills Development Committee terms of reference, has ensured that the Group is realigned to tackle this vital issue in the short, medium and long term.

A recession year was always going to be problematic for employment equity goals, as the required catalyst for this important social area is growth of employees within the Group. The hold on hiring employees within the Group and the retrenchment of employees within its biggest South African employer, Impson, had a significantly negative effect on the employment equity results.

The retrenchment of 42 employees within Impson during the 2010 financial year had a further unfortunate effect on employment equity as the application of the last-in-first-out ("LIFO") principles of retrenchment resulted in the newest employees being retrenched through the process. Thus much of the recruiting done in the last two years for employment equity was affected. A new "post-retrenchment" plan will be drafted, in consultation with the Employment Equity and Skills Development Committee, in the 2010 calendar year with the goal of addressing this issue.

The Group has identified that the learnership programme, discussed above, will play a significant role in employment equity and thus is not only committed to the growth of the programme but also to the employment and retention of a majority of black females through the programme.

SOCIAL RESPONSIBILITY

During the financial year under review the various entities within the Group made 40 donations to 12 different charities, many of which were in the form of monthly donations. The Durban and Port Elizabeth offices continued to support the portable blood donor clinics which were held onsite regularly throughout the year and are well supported by a significant number of staff in these regions. The Group continued to support a number of charitable initiatives in collecting secondhand clothing, gifts and food for a variety of good causes.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH KING II AND KING III

The Group is committed to the promotion of good corporate governance and to the 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.

Since the introduction of King III followed so closely after the financial year end and is only required to be implemented by companies with financial year ends beginning on or after 1 March 2010, at the time of preparation of this report the Company has not set about assessing the changes recommended by King III and what changes, if any, it needs to make to specifically apply the principles of King III.

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. Both of the above are in compliance with King II and the JSE Listings Requirements. During the year the Board comprised three independent non-executive directors, two of whom have strong financial backgrounds, and five executive directors. Subsequent to the financial year end, one of the three independent non-executive directors resigned from the Board.

King II recommends a greater number of non-executive directors than executive directors and the composition of the Board will be addressed in the next few years as the Group grows.

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 on the following page;
- 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.

Meetings

The Board held four meetings during the year. Attendance at these meetings is shown in the table below:

Director	11 May 2009	20 July 2009	26 October 2009	22 February 2010
ESC Garner (Chairman)	•	•	•	•
SJ Chisholm (GFD)	•	•	•	•
S Donner	•	•	•	
GH Gerber (CEO)		•	•	•
MF Impson		•	•	•
GM Knight	•	•		•
WA Lombard	•	•	•	•
M Tembe*		•	•	•

* *M Tembe resigned as a member of the Board on 29 April 2010*

SUBSIDIARY COMPANIES

Impson Logistics (Pty) Ltd

The Board of Impson, the main operating subsidiary company of the Group, is comprised of Impson executive directors as well as representation from the Santova Logistics main board. The Board meets on a regular basis and has adopted a Board Charter. The Company has its own Company Secretary who is also the Group Legal Advisor.

Leading Edge Insurance Brokers (Pty) Ltd

The Board of Leading Edge has been expanded during the year under review and now comprises the Managing Director of Leading Edge and four Santova executive directors. The intention is for the Board to meet at least twice a year and two meetings of the newly constituted Board were held in the period under review.

The remaining trading subsidiary companies do not have operational boards at this stage.

BOARD COMMITTEES

The Board has appointed an Audit and Risk Committee and a Remuneration and Nominations Committee. A full Audit and Risk Committee report can be found on page 20. A report on the internal Risk Management Committee and the Remuneration and Nominations Committees follows:

Risk Management Committee

The internal Risk Management Committee is comprised of senior executives and reports to the Audit and Risk Committee of the Board. Three meetings were held during the year under review, which were reported on in two of the Audit and Risk Committee meetings. As at 28 February 2010, the Risk Management Committee comprised:

MA Croudace	(Committee Chairman, Group Financial Manager)
SJ Chisholm	(GFD)
GH Gerber	(CEO)
MF Impson	(Chairman of Impson)
AKG Lewis	(Group Legal Advisor, director and Company Secretary of Impson)

The management of risk is an ongoing process throughout the Group and in addition to the oversight role played by the Audit and Risk Committee, which reviews risk in at least two meetings a year, the internal Risk Management Committee has drawn up combined Group policies and procedures for all identified risk areas and ensures that these policies and procedures are adhered to within the Group. The Committee has also established a Risk Analysis Matrix, which is a "living" document and is used in the assessment and management of 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 Matrix. This channel of reporting remains open throughout the year.

Remuneration and Nominations Committee

ESC Garner	(Committee Chairman, Independent non-executive director)
WA Lombard	(Independent non-executive director)
M Tembe	(Independent non-executive director, resigned 29 April 2010)

GH Gerber (CEO) and MF Impson (Chairman of Impson) attend the meeting by invitation on a regular basis and SJ Chisholm (GFD) and GM Knight (Managing Director of Impson) on an as-and-when-required basis.

The Committee has adopted a charter setting out its responsibilities. During the year it reviewed all Group remuneration policies, took a decision to freeze salaries at the beginning of the 2010 financial year and authorised the retrenchment of employees as part of a cost-cutting measure to ensure the sustainability of the Group in what was a very challenging year. Remuneration is one of the largest cost components of the Group and optimising the remuneration expense remains a core focus area.

The Group has an extremely active and pro-active Group Human Resources team which looks after the issues of human resource management in terms of social transformation, moral and social responsibility. The Group also has an active training programme to enhance the skills of all its employees and train them in the Group's business. More information on this can be found in the Group Sustainability Report on page 15.

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 R246 000 (2009: R209 000). Fees paid to the Chairman of the Board for his services as such amounted to R110 000 (2009: R111 000).

Meetings

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

Director	26 October 2009	15 February 2010
ESC Garner (Committee Chairman)	•	•
WA Lombard	•	•
M Tembe	•	

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

As a result of the Group's client base and strategic initiatives undertaken during the year, 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.

REPORT OF THE AUDIT AND RISK COMMITTEE

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

Terms of reference

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

Composition

The Committee consists of three independent non-executive directors. As at 28 February 2010, the Audit Committee comprised:

Name	Financial qualifications	Period served
WA Lombard (Committee Chairman, Independent non-executive director)	CA (SA)	1 March 2009 – 28 February 2010
ESC Garner (Independent non-executive director)	CA (SA)	1 March 2009 – 28 February 2010
M Tembe (Independent non-executive director, resigned 29 April 2010)	–	1 March 2009 – 28 February 2010

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

Meetings

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

Director	4/11 May 2009	22 June 2009	26 October 2009	15 February 2010
WA Lombard (Committee Chairman)	••	•	•	•
ESC Garner	••	•	•	•
M Tembe	•		•	

Statutory duties

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

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

Delegated duties

Oversight of risk management

The Committee has:

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

REPORT OF THE AUDIT AND RISK COMMITTEE (continued)

Internal financial controls

The Committee has:

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

Based on the processes and assurances obtained, internal financial controls are effective.

Regulatory compliance

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

External audit

Based on processes followed and assurances received, we have satisfied ourselves as to the independence of Deloitte.

Group Audit Fees:	R'000	Percentage of total
Audit services	1 109	75,3
Audit services – prior year	236	16,1
Non-audit services	127	8,6
Total	1 472	100,0

We have recommended the reappointment of Deloitte as Group lead auditors to the Board and the shareholders.

Internal audit

The Committee has considered the internal audit needs of the Company and considered that at the present stage of the Company's development it is not cost effective to set up and staff a separate audit department. In addition, Impson, the largest component of the Group, has recently been certified in terms of ISO 9001:2008 and in that process all of the Company's internal controls were re-evaluated and strengthened, with specific reference to Corrective Action Reports (CARs). Attention will be given in the forthcoming year to the formalisation of internal audits and whether this will be staffed internally or outsourced.

Finance function

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

Integrated report

We recommend the integrated report to the Board for approval.

On behalf of the Audit and Risk Committee

WA Lombard
Chairman

Durban
10 May 2010

DIRECTORS' RESPONSIBILITIES AND APPROVAL
for the year ended 28 February 2010

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 budgets for the year to 28 February 2011 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 25 to 73, which have been prepared on the going concern basis, were approved by the Board of Directors on 10 May 2010 and were signed on its behalf by:

GH Gerber
Chief Executive Officer

SJ Chisholm
Group Financial Director

Durban
10 May 2010

REPORT OF THE COMPANY SECRETARY
for the year ended 28 February 2010

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
Company Secretary

Practice number: PPG00290

Durban
10 May 2010

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 statement of financial position and the consolidated statement of financial position at 28 February 2010, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity and the statement of cash flows and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 25 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 2010, 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
Registered Auditors

Per SD Munro
Partner
Registered Auditor

10 May 2010

2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban

National Executive: GG Gelink (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (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 2010

The directors present their report for the year ended 28 February 2010. This report forms part of the audited financial statements.

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

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

3. STATE OF AFFAIRS
   There were no material changes to the principal business of the Group during the year under review, which was focused on growth and improving the sustainability of the Group to endure the world economic crisis and ensure Santova is well placed for the upturn to follow.

4. REVIEW OF BUSINESS AND FINANCIAL RESULTS
   The Group's profit on ordinary activities before taxation for the year amounted to R6 853 073 (2009: R11 087 870), before deducting taxation of R2 666 377 (2009: R3 227 442).

   The profit for the year attributable to equity holders of the parent amounted to R3 747 773 (2009: R7 793 771), which represents earnings per share of 0,30 cent (2009: 0,63 cent).

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

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

5. DIVIDENDS
   During the Company's development years the Board 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 61 200 014 ordinary shares to the previous owners of McGregor Sea and Air Services Pty Ltd (previously McGregor Customs Pty Ltd) of Australia in terms of the Agreement of Sale. There was a reduction in the issued share capital of the Company in terms of a specific authority granted at the annual general meeting held on 23 September 2008 for the repurchase by the Company of the second tranche of 11 171 520 ordinary shares, which were repurchased on 31 August 2009. There was a reduction in the issued share capital of the Company in terms of a specific authority granted at the annual general meeting held on 20 July 2009 for the repurchase by the Company of 91 335 509 ordinary shares from the Share Trust. The special resolution containing this authority was registered by CIPRO on 24 August 2009. The net effect of these three transactions brought the issued share capital to 1 256 048 523 ordinary shares (2009: 1 297 355 538).

7. ACCUMULATED LOSS

Attention is drawn to the accumulated loss, which arose in Micrologix Ltd prior to the "reverse-listing" of the Santova Logistics 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 to the accumulated loss as reflected in the balance sheet since the "reverse-listing".

8. CONTROLLING AND MAJOR SHAREHOLDERS

There are 995 (2009: 1 049) shareholders. Controlling and major shareholders are listed below:

	Number of shares held	Percentage of issued share capital
February 2010		
Maitland Management Ltd[1]	311 473 088	24,80
SIX SIS	101 785 000	8,10
Other shareholders	842 790 435	67,10
	1 256 048 523	100,00
February 2009		
The Stanley Donner Family Trust[1]	311 473 088	24,01
Rothschild Bank AG	100 000 000	7,71
The Share Trust[2]	91 335 509	7,04
Other shareholders	794 546 941	61,24
	1 297 355 538	100,00

1 *These shares were sold in November 2009 to Maitland Management Ltd by the Stanley Donner Family Trust but due to delays in processing the transfer, were only recorded in the register in March 2010.*

2 *91 335 509 ordinary shares were bought back during the year in terms of a special resolution passed at the annual general meeting held on 20 July 2009.*

9. PLANT AND EQUIPMENT

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

10. BORROWINGS

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

11. EVENTS SUBSEQUENT TO THE YEAR END

The Group is in the process of acquiring a new subsidiary in South Africa (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.

12. DETAILS OF SUBSIDIARIES

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

Name	Percentage held	Registration number	Nature of business
Impson Logistics (Pty) Ltd	100	1987/001296/07	International logistics solutions provider
Leading Edge Insurance Brokers (Pty) Ltd	100	2002/004034/07	Insurance brokers
McGregor Sea and Air Services Pty Ltd (previously McGregor Customs Pty Ltd, registered in Australia)	75	093 012 901	International logistics solutions provider
Mogal International Ltd (registered in the United Kingdom)	100	2204157	Management company
Santova Financial Services (Pty) Ltd	100	2005/008170/07	Dormant company – name preservation
Santova Logistics B.V. (previously Maxxs B.V., registered in the Netherlands)	100	24457789	International logistics solutions provider
Santova Logistics Pty Ltd (registered in Australia)	100	123 200 760	Dormant company – name preservation
Santova Logistics Ltd (registered in Hong Kong)	100	36495437-000-11-08-0	International logistics solutions provider
Santova Logistics Ltd (registered in the United Kingdom)	100	2463065	Clearing 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)	51	36771425-000-05-08-7	Logistics solutions provider

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

13. SPECIAL RESOLUTIONS

At the Santova Logistics annual general meeting held on 20 July 2009, the following special resolutions were passed:

- a specific authority to buy back a maximum of 91 335 509 ordinary shares from the Share Trust (registered on 24 August 2009).
- a general authority for the directors to repurchase ordinary shares in the issued share capital of the Company (registered on 24 August 2009).

14. THE SHARE TRUST

During the financial year, a decision was taken by the Board to wind-up the Share Trust and replace it with a better mechanism of retaining key employees. A full report on the Share Trust appears on page 74.

15. DIRECTORS

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

ESC Garner*	Chairman
GH Gerber	Chief Executive Officer
SJ Chisholm	Group Financial Director
S Donner	
MF Impson	
GM Knight	
WA Lombard*	
M Tembe*	(resigned 29 April 2010)

* *Independent non-executive*

16. DIRECTORS' INTERESTS

The direct and indirect beneficial and non-beneficial interests of directors in the share capital of the Company as at 28 February 2010 are:

Beneficial interests

Shares held	Direct	Percentage	Indirect	Percentage
February 2010				
GH Gerber	875 000	0,07	41 161 616	3,28
MF Impson	52 039 680	4,14	–	–
GM Knight	16 800 000	1,34	–	–
February 2009				
S Donner	–	–	311 473 088 [1]	24,01
GH Gerber	875 000	0,07	41 161 616	3,17
MF Impson	52 039 680	4,01	–	–
GM Knight	16 800 000	1,30	–	–

1 *These shares were sold in November 2009 to Maitland Management Ltd by the Stanley Donner Family Trust but due to delays in processing the transfer, were only recorded in the register in March 2010.*

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

Share Trust shares held	Indirect	Percentage
February 2010		
SJ Chisholm[1]	–	–
February 2009		
SJ Chisholm	7 000 000	0,54

1 *All outstanding shares previously issued by the Share Trust in terms of the Share Scheme were repurchased by the Company during the current financial year.*

Non-beneficial interests

There were no non-beneficial interests held by directors in 2010 or in 2009.

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 2010 are set out below:

Shares held	Direct beneficial	Percentage	Indirect beneficial and non-beneficial	Percentage
February 2010				
TK Blond	10 266 667	0,82	–	–
GH Crews	1 373 000	0,11	–	–
G McGregor	–	–	61 200 014	4,87
R Singh	7 870 081	0,63	50 165 200	3,99
CV Simpson	–	–	9 632 398	0,77
GW Stay	14 190 667	1,13	–	–
February 2009				
GV Barnes[1]	71 890	0,01	–	–
TK Blond	10 266 667	0,79	–	–
S Copland-Mander[2]	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	0,90
GW Stay	13 666 667	1,09	–	–

1 *GV Barnes resigned on 22 May 2009*

2 *S Copland-Mander resigned on 6 May 2009*

16. DIRECTORS' INTERESTS (continued)

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

Share Trust shares held	Indirect	Percentage
February 2010		
GV Barnes[1]	–	–
GH Crews[1]	–	–
AKG Lewis[1]	–	–
February 2009		
GV Barnes	10 000 000	0,77
GH Crews	667 000	0,05
AKG Lewis	1 000 000	0,08

1 *All outstanding shares previously issued by the Share Trust in terms of the Share Scheme were repurchased by the Company during the current financial year.*

17. COMPANY SECRETARY

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

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

PO Box 1319
Hillcrest, 3650

18. SHARE REGISTRARS

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

19. AUDITOR

Deloitte & Touche are the auditors of the Company.

20. CORPORATE GOVERNANCE

The directors subscribe to the values of good corporate governance as set out in the King 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 and Report of the Audit and Risk Committee, on pages 17 to 21, for specific disclosure requirements.

21. NUMBER OF EMPLOYEES

The number of permanent employees within the Group as at 28 February 2010 was 268 (2009: 297).

STATEMENTS OF FINANCIAL POSITION
as at 28 February 2010

		Group		Company	
		2010	2009	2010	2009
	Notes	R'000	R'000	R'000	R'000
ASSETS					
Non-current assets		52 297	38 876	58 799	48 092
Plant and equipment	2	8 942	8 710	105	132
Intangible assets	3	39 527	25 948	30	98
Investments in subsidiaries	4	–	–	55 947	44 357
Financial asset	5	579	164	–	–
Deferred taxation	6	3 249	4 054	2 717	3 505
Current assets		188 465	219 717	15 449	30 536
Trade receivables	7	176 576	203 158	121	29
Other receivables		6 911	4 959	82	1 499
Current tax receivable		622	605	162	–
Amounts owing from related parties	8	34	4 413	14 064	25 092
Cash and cash equivalents		4 322	6 582	1 020	3 916
Total assets		240 762	258 593	74 248	78 628
EQUITY AND LIABILITIES					
Capital and reserves		80 277	74 366	64 866	68 070
Share capital and premium	9	145 579	145 112	145 579	149 663
Contingency reserve		132	–	–	–
Foreign currency translation reserve		1 148	529	–	–
Accumulated loss		(67 633)	(71 275)	(80 713)	(81 593)
Attributable to equity holders of the parent		79 226	74 366	64 866	68 070
Minority interest		1 051	–	–	–
Non-current liabilities		6 772	5 361	5 434	5 282
Interest-bearing borrowings	10	416	79	–	–
Long-term provision	11	2 136	2 252	2 136	2 252
Financial liabilities	5	4 206	3 030	3 298	3 030
Deferred taxation	6	14	–	–	–
Current liabilities		153 713	178 866	3 948	5 276
Trade and other payables		84 458	78 294	2 135	2 838
Current tax payable		796	471	–	57
Amounts owing to related parties	12	97	156	1	18
Current portion of interest-bearing borrowings	10	321	379	–	–
Financial liabilities	5	3 485	1 092	1 529	1 050
Short-term borrowings and overdraft	13	62 591	95 488	–	–
Short-term provisions	14	1 965	2 986	283	1 313
Total equity and liabilities		240 762	258 593	74 248	78 628

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 28 February 2010

		Group		Company	
		2010	2009	2010	2009
	Notes	R'000	R'000	R'000	R'000
Turnover		98 038	118 229	9 024	11 516
Gross billings	17	1 493 371	1 885 240	11 079	27 131
Cost of billings		(1 395 333)	(1 767 011)	(2 055)	(15 615)
Other income		1 924	3 582	210	1 241
Depreciation and amortisation		(2 669)	(1 963)	(148)	(164)
Administrative expenses		(84 875)	(93 573)	(8 053)	(9 848)
Operating income	18	12 418	26 275	1 033	2 745
Interest received	20	3 648	3 397	1 562	634
Finance costs	21	(9 213)	(18 585)	(587)	(647)
Profit before taxation		6 853	11 087	2 008	2 732
Income tax expense	22	(2 666)	(3 227)	(1 128)	(495)
Profit for the year		4 187	7 860	880	2 237
Attributable to:					
Equity holders of the parent		3 748	7 794	880	2 237
Minority interest		439	66	–	–
Other comprehensive income					
Exchange differences arising from translation of foreign operations		619	488	–	–
Total comprehensive income		4 806	8 348	880	2 237
Attributable to:					
Equity holders of the parent		4 367	8 282	880	2 237
Minority interest		439	66	–	–
Basic earnings per share (cents)	23	0,30	0,63		
Diluted earnings per share (cents)	23	0,29	0,62		

GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2010

	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 commitments R'000	Other reserves R'000	Foreign currency translation reserve R'000	Accumulated loss R'000	Total R'000	Minority interest R'000	Total equity R'000
Balances at 29 February 2008	1 367	158 285	(45)	(4 491)	1 285	–	41	(79 043)	77 399	39	77 438
Total comprehensive income	–	–	–	–	–	–	488	7 794	8 282	66	8 348
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)
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
Total comprehensive income	–	–	–	–	–	–	619	3 748	4 367	439	4 806
Transfer of contingency reserve (refer note 26)	–	–	–	–	–	132	–	(132)	–	–	–
Issue of share capital	61	4 835	–	–	–	–	–	–	4 896	–	4 896
Repurchase of shares in terms of share commitments	(11)	(1 106)	–	–	1 117	–	–	–	–	–	–
Repurchase of unallocated shares in Share Trust	(45)	(4 506)	45	4 506	–	–	–	–	–	–	–
Repurchase of shares previously allocated to beneficiaries in Share Trust	(46)	(4 383)	–	–	–	–	–	–	(4 429)	–	(4 429)
Minority interest arising from 25,0% sale of subsidiary	–	–	–	–	–	–	–	–	–	638	638
Reversal of minority interest allocated against parent	–	–	–	–	–	–	–	26	26	(26)	–
Balances at 28 February 2010	1 256	146 680	–	–	(2 357)	132	1 148	(67 633)	79 226	1 051	80 277

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2010

	Share capital R'000	Share premium R'000	Share commitments R'000	Accumulated loss R'000	Total equity R'000
Balances at 29 February 2008	1 367	158 285	1 285	(83 830)	77 107
Total comprehensive income	–	–	–	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
Total comprehensive income	–	–	–	880	880
Issue of share capital	61	4 835	–	–	4 896
Repurchase of shares in terms of share commitments	(11)	(1 106)	1 117	–	–
Repurchase of unallocated shares in Share Trust	(45)	(4 506)	–	–	(4 551)
Repurchase of shares previously allocated to beneficiaries in Share Trust	(46)	(4 383)	–	–	(4 429)
Balances at 28 February 2010	1 256	146 680	(2 357)	(80 713)	64 866

STATEMENTS OF CASH FLOWS
for the year ended 28 February 2010

		Group		Company	
		2010	2009	2010	2009
	Notes	R'000	R'000	R'000	R'000
OPERATING ACTIVITIES					
Cash generated from operations	24.1	45 701	63 526	657	7 541
Interest received		3 634	3 397	1 562	634
Finance costs		(8 430)	(18 585)	(2)	(647)
Taxation paid	24.2	(1 423)	(3 380)	(559)	(378)
Net cash flows from operating activities		39 482	44 958	1 658	7 150
INVESTING ACTIVITIES					
Plant and equipment acquired		(2 149)	(1 712)	(69)	(24)
Intangible assets acquired and developed		(1 524)	(1 534)	–	–
Proceeds on disposals of plant and equipment		1 125	598	16	–
Minority interest acquired		–	(131)	–	–
Increase/(decrease) in amounts owing from related parties		–	(542)	3 390	(1 185)
Cash outflows from acquisition of subsidiaries	24.3	(8 428)	–	–	–
Cash inflow from disposal of investment	24.4	2 975	–	–	–
Increase in investments in subsidiaries		–	–	(6 775)	(518)
Net cash flows from investing activities		(8 001)	(3 321)	(3 438)	(1 727)
FINANCING ACTIVITIES					
Repurchase of share capital		(1 117)	(2 887)	(1 117)	(2 871)
Borrowings repaid		(32 945)	(37 842)	–	–
(Decrease)/increase in amounts owing to related parties		(59)	(724)	1	18
Net cash flows from financing activities		(34 121)	(41 453)	(1 116)	(2 853)
Net (decrease)/increase in cash and cash equivalents		(2 640)	184	(2 896)	2 570
Effects of exchange rate changes on cash and cash equivalents		380	488	–	–
Cash and cash equivalents at beginning of year		6 582	5 910	3 916	1 346
Cash and cash equivalents at end of year		4 322	6 582	1 020	3 916

GROUP SEGMENTAL ANALYSIS
for the year ended 28 February 2010

GEOGRAPHICAL SEGMENTS	South Africa R'000	Hong Kong R'000	Australia R'000	Europe R'000	Group R'000
2010					
Gross billings	1 356 162	13 786	106 416	17 007	1 493 371
Turnover (external)	89 458	2 752	2 903	2 925	98 038
Operating income/(loss)	10 330	641	2 673	(1 226)	12 418
Interest received	3 593	22	33	–	3 648
Finance costs	(8 718)	–	(338)	(157)	(9 213)
Income tax (expense)/credit	(1 964)	(101)	(673)	72	(2 666)
Profit/(loss) for the year	3 241	562	1 695	(1 311)	4 187
Segment assets	180 174	4 135	12 761	916	197 986
Intangible assets	38 731	–	790	6	39 527
Deferred taxation	2 981	–	268	–	3 249
Total assets	221 886	4 135	13 819	922	240 762
Total liabilities	146 062	2 193	9 238	2 992	160 485
Depreciation and amortisation	2 142	18	453	56	2 669
Capital expenditure	2 054	–	2 311	130	4 495
2009					
Gross billings	1 850 867	5 482	–	28 891	1 885 240
Turnover (external)	109 651	2 378	–	6 200	118 229
Operating income/(loss)	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)
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

BUSINESS SEGMENTS	Freight forwarding and clearing R'000	Insurance R'000	Group R'000
2010			
Profit for the year	3 939	248	4 187
Total assets	237 204	3 558	240 762
Total liabilities	158 490	1 995	160 485
2009			
Profit for the year	7 220	640	7 860
Total assets	256 678	1 915	258 593
Total liabilities	183 627	600	184 227

Geographical segments
For management purposes, the Group is organised into four major geographical operating divisions, namely South Africa, Hong Kong, Australia and Europe.

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 2010

1. INTRODUCTION

Santova Logistics Ltd is incorporated in South Africa and listed on the Alternative Exchange (“AltX”) of the 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 25.

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 statement of comprehensive income.

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

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

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

The estimates and underlying assumptions are reviewed on an 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 statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, being the date that control commences or until the date control ceases, as appropriate.

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

All 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.

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

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

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

1.4 Translation of foreign currency financial statements

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

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

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

1.5 Plant and equipment

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

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

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

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

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

1.6 Intangible assets

Intangible assets acquired separately

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

Computer software	3 to 6 years
Customer lists	2 to 4,5 years

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

Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

Intangible assets acquired in a business combination

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

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

1.7 Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

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 reporting date.

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

Loans and receivables

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

Held-to-maturity investments

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

1.9 Financial assets (continued)

Other investments

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

Financial assets at fair value through profit or loss

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

Set-off

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

Effective interest method

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

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

1.10 Impairment of financial assets

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

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

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

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

Assets carried at amortised cost

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

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

Loans and receivables

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

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

Investments

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

1.10 Impairment of financial assets

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.

1.14 Financial liabilities (continued)

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

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

Embedded derivatives

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

1.16 Provisions

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

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

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

1.17 Cash and cash equivalents

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

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

1.18 Revenue recognition

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

The Group as lessee

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

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

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

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

1.20 Borrowing costs

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

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

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

1.21 Retirement benefit costs

Defined contribution benefit plans

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

Post-employment healthcare benefits

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

Other benefits

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

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

1.22 Share-based payments

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

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

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

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

1.23 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

Current and deferred tax for the period

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

1.24 Foreign currencies

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

1.25 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

During the current year, the Group adopted the following accounting statement:

IAS 1 Presentation of Financial Statements

This statement requires the Group to present all non-owner changes in equity (comprehensive income) either in the statement of comprehensive income or in two separate statements (income statement and a statement of comprehensive income). It also requires the Group to present a statements of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement.

Management has considered all standards, interpretations and amendments that are in issue but not yet effective. The standards, interpretations and amendments that are relevant to the Group but which the Group has not early adopted are as follows:

New International Financial Reporting Interpretations

IFRIC 17 Distribution of Non-cash Assets to Owners (effective 1 March 2010)

IFRIC 18 Transfer of Assets from Customers (effective 1 March 2010)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)

New International Financial Reporting Standards

IFRS 9 Financial Instruments (effective 1 January 2013)

Amended International Accounting Standards

IFRS 2 Share-based Payment (effective 1 March 2010)

Scope of IFRS 2 and revised IFRS.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective 1 March 2010)

Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations.

IFRS 8 Operating Segments (effective 1 March 2010)

Disclosure of information about segment assets.

IAS 1 Presentation of Financial Statements (effective 1 March 2010)

Current/non-current classification of convertible instruments.

1.27 Future changes to accounting standards (continued)

Amended International Accounting Standards (continued)

IAS 7 Statement of Cash Flows (effective 1 March 2010)
Classification of expenditures on unrecognised assets.

IAS 17 Leases (effective 1 March 2010)
Classification of leases of land and buildings.

IAS 18 Revenue (no effective date, amendment to non-mandatory guidance)
Determining whether an entity is acting as a principal or as an agent.

IAS 36 Impairment of Assets (effective 1 March 2010)
Unit of accounting for goodwill impairment test.

IAS 38 Intangible Assets (effective 1 March 2010)
Additional consequential amendments arising from revised IFRS 3 measuring the fair value of an intangible asset acquired in a business combination.

IAS 39 Financial Instruments: Recognition and Measurement (effective 1 March 2010)
Loan prepayment penalties are treated as closely related embedded derivatives, scope exemption for business combination contracts and cash flow hedge accounting.

IFRIC 9 Reassessment of Embedded Derivatives (effective 1 March 2010)
Scope of IFRIC 9 and revised IFRS 3.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 March 2010)
Amendment to the restriction on the entity that can hold hedging instruments.

On 16 April 2009, the International Accounting Standards Board (IASB) issued its latest Standard, titled Improvements to IFRSs – a collection of amendments to International Financial Reporting Standards.

The Group is in the process of evaluating the effect of these new standards and interpretations but they are not expected to have a significant impact on the results or disclosure.

		2010 Cost/ valuation R'000	2010 Accumulated depreciation R'000	2010 Carrying value R'000	2009 Cost/ valuation R'000	2009 Accumulated depreciation R'000	2009 Carrying value R'000
2.	PLANT AND EQUIPMENT						
	Group						
	Plant and equipment	618	(121)	497	618	(84)	534
	Motor vehicles	3 840	(1 372)	2 468	4 560	(2 257)	2 303
	Furniture and fittings	2 155	(671)	1 484	2 176	(583)	1 593
	Leasehold improvements	976	(223)	753	582	(138)	444
	Office equipment	2 871	(1 166)	1 705	2 676	(915)	1 761
	Computer equipment	3 941	(1 906)	2 035	3 470	(1 395)	2 075
		14 401	(5 459)	8 942	14 082	(5 372)	8 710

Motor vehicles and office equipment held under instalment sale agreements with a carrying value of R1 151 356 (2009: R855 297) and R91 666 (2009: R175 137) 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 R12 869 335 (2009: R16 172 896).

There are no contractual commitments for plant or equipment.

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

	Carrying value at beginning of year R'000	Additions* R'000	Disposals R'000	Depreciation R'000	Translation profit/(loss) R'000	Carrying value at end of year R'000
2010						
Plant and equipment	534	2	(1)	(38)	–	497
Motor vehicles	2 303	1 804	(1 095)	(550)	6	2 468
Furniture and fittings	1 593	136	(68)	(164)	(13)	1 484
Leasehold improvements	444	394	–	(90)	5	753
Office equipment	1 761	256	–	(307)	(5)	1 705
Computer equipment	2 075	554	(28)	(549)	(17)	2 035
	8 710	3 146	(1 192)	(1 698)	(24)	8 942
2009						
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

* *Plant and equipment to the value of R997 226 (2009: Rnil) arising from acquisitions of subsidiaries is included in additions above.*

		2010 Cost/ valuation R'000	2010 Accumulated depreciation R'000	2010 Carrying value R'000	2009 Cost/ valuation R'000	2009 Accumulated depreciation R'000	2009 Carrying value R'000
2.	PLANT AND EQUIPMENT (continued)						
	Company						
	Furniture and fittings	38	(22)	16	50	(26)	24
	Computer equipment	336	(247)	89	282	(174)	108
		374	(269)	105	332	(200)	132

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:

	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
2010					
Furniture and fittings	24	3	(7)	(4)	16
Computer equipment	108	66	(9)	(76)	89
	132	69	(16)	(80)	105
2009					
Furniture and fittings	30	–	–	(6)	24
Computer equipment	168	24	–	(84)	108
	198	24	–	(90)	132

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
3. INTANGIBLE ASSETS				
3.1 Computer software				
Cost	2 268	2 676	211	1 589
Accumulated amortisation	(619)	(1 883)	(113)	(1 417)
Carrying value at beginning of year	1 649	793	98	172
Additions	1 293	1 147	–	–
Write-off	–	–	–	–
– cost	–	(1 520)	–	(1 378)
– accumulated amortisation	–	1 520	–	1 378
Disposals	–	–	–	–
– cost	–	(35)	–	–
– accumulated amortisation	–	35	–	–
Amortisation	(547)	(291)	(68)	(74)
Carrying value at end of year	2 395	1 649	30	98
Comprising:				
Cost	3 561	2 268	211	211
Accumulated amortisation	(1 166)	(619)	(181)	(113)
Group and Company computer software acquired consists both of internally developed systems and generic software purchases.				
3.2 Customer lists				
Cost	329	329	329	329
Accumulated amortisation	(329)	(329)	(329)	(329)
Carrying value at beginning of year	–	–	–	–
Additions*	2 608	–	–	–
Write-off	–	–	–	–
– cost	(329)	–	(329)	–
– accumulated amortisation	329	–	329	–
Amortisation	(424)	–	–	–
Translation loss	(12)	–	–	–
Carrying value at end of year	2 172	–	–	–
Comprising:				
Cost	2 596	329	–	329
Accumulated amortisation	(424)	(329)	–	(329)

* *Customer lists to the value of R1 555 060 (2009: Rnil) arising from acquisitions of subsidiaries are included in additions above.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2010

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
3. INTANGIBLE ASSETS (continued)				
3.3 Goodwill				
Carrying value at beginning of year	24 299	28 236	–	–
Amounts recognised from acquisitions of subsidiaries:				
– McGregor Sea and Air Services Pty Ltd (previously McGregor Customs Pty Ltd)	7 862	–	–	–
– Standard Insurance Consultants (acquired by Leading Edge)	1 152	–	–	–
– Santova Logistics B.V. (previously Maxxs B.V.)	1 647	–	–	–
Amounts recognised from acquisition of minority interests	–	386	–	–
Variation of restraint of trade agreement by previous owners of Impson	–	(4 323)	–	–
Carrying value at end of year	34 960	24 299	–	–
Comprising:				
Cost	34 960	24 299	–	–
Total intangible assets	39 527	25 948	30	98
The goodwill relates to shareholdings in:				
– Impson, an international logistics solutions provider;	20 818	20 818	–	–
– Leading Edge, an insurance broker;	2 826	2 826	–	–
– Mogal, an international logistics solution provider based in the United Kingdom;	655	655	–	–
– McGregor, an international logistics solutions provider based in Australia;	7 862	–	–	–
– Standard Insurance Consultants (acquired by Leading Edge), an insurance consultancy; and	1 152	–	–	–
– Santova Logistics B.V. (Rotterdam), an international logistics solutions provider based in the Netherlands	1 647	–	–	–
	34 960	24 299	–	–

For more detail on investments refer to note 4.

	Company Effective holding 2010 %	Company Effective holding 2009 %	Company Investment at cost 2010 R*	Company Investment at cost 2009 R*
4. INVESTMENTS IN SUBSIDIARIES				
Incorporated in South Africa				
e-OSCI Logistics (Pty) Ltd	–	100	–	100
Impson Logistics (Pty) Ltd	100	100	39 273 193	39 273 193
Leading Edge Insurance Brokers (Pty) Ltd	100	100	3 088 694	3 088 694
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
Spectrum Shipping 2007 (Pty) Ltd	–	100	–	100
Supply Chain Insurance Brokers (Pty) Ltd	–	100	–	100
Incorporated in Hong Kong				
Santova Logistics Ltd	100	100	9 352	9 352
Incorporated in Australia				
McGregor Sea and Air Services Pty Ltd	75	–	9 792 736	–
Santova Logistics Pty Ltd	100	100	6	6
Incorporated in Europe				
Mogal International Ltd (United Kingdom)	100	100	1 984 174	1 984 174
Owens International Freight Ltd (United Kingdom)	–	100	–	14
Santova Logistics B.V. (Netherlands)	100	–	1 797 748	–
			55 947 103	44 357 033

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 2010 (refer note 3.3).

Reconciliation of movements for the year:	2010 R*	2009 R*
Balance at beginning of year	44 357 033	48 161 830
Purchase of 75,0% of the share capital in McGregor Sea and Air Services Pty Ltd (previously McGregor Customs Pty Ltd)	9 792 736	–
Purchase of 100,0% of the share capital in Santova Logistics B.V. (previously Maxxs B.V.)	1 797 748	–
Deregistration of e-OSCI Logistics (Pty) Ltd	(100)	–
Deregistration of Santova Warehouse Solutions (Pty) Ltd	(100)	–
Deregistration of Spectrum Shipping 2007 (Pty) Ltd	(100)	–
Deregistration of Supply Chain Insurance Brokers (Pty) Ltd	(100)	–
Deregistration of Owens International Freight Ltd	(14)	–
Purchase of remaining 10,0% in Leading Edge Insurance Brokers (Pty) Ltd	–	518 000
Variation of restraint of trade agreement with the previous vendors of Impson Logistics (Pty) Ltd	–	(4 322 807)
Purchase of remaining 10,0% in e-OSCI Logistics (Pty) Ltd	–	10
Balance at end of year	55 947 103	44 357 033

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

Acquisition of subsidiaries

On 1 March 2009, the Group acquired the entire issued share capital of McGregor, an Australian registered company specialising in customs brokerage, trade facilitation and international freight forwarding. The acquisition was concluded for a purchase consideration of AUD1 930 000. The purchase consideration consists of AUD720 000 from the issue, on 31 August 2009, of 61 200 014 Santova Logistics ordinary shares at 8 cents per share (subject to profit warranties); a payment of AUD980 000 paid on 28 April 2009; 23 monthly payments of AUD6 666 commencing on 31 March 2009 with a final payment of AUD6 682 on 28 February 2011; and a payment of AUD70 000 to be paid on 28 February 2010.

4. INVESTMENTS IN SUBSIDIARIES (continued)

Acquisition of subsidiaries (continunued)

The fair value of the purchase consideration at the acquisition date was AUD1 906 803, computed using a discount rate of 10,5%. The fair value of the assets acquired amounted to AUD402 150 resulting in goodwill of AUD1 504 653 at acquisition. Subsequently, on 1 May 2009, the Group sold 25,0% of the issued share capital of McGregor to Patent International Co., Ltd, a company registered in Hong Kong, for AUD482 500 in cash. The net asset value of the minority interest sold amounted to AUD103 622. The acquisition gives the Group a strategic presence in Australia.

On 1 January 2010, the Group acquired the entire issued share capital of Santova Logistics B.V., a company registered in the Netherlands specialising in clearing and forwarding. The acquisition was concluded for a purchase consideration of EUR200 000, of which EUR150 000 is a contingent purchase consideration relating to the company meeting specified profit targets. The fair value of the purchase consideration at the acquisition date was EUR169 136, computed using a discount rate of 14,0%. The fair value of the assets acquired amounted to EUR15 723, resulting in goodwill EUR153 413 at acquisition. The acquisition gives the Group a strategic presence on the European continent.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
5. FINANCIAL ASSET/(LIABILITIES)				
Financial asset				
Non-current financial asset				
Future profit share on rental agreement[1] – Level 3	579	164	–	–
Financial liabilities				
Non-current financial liabilities				
Share commitments[2]	(3 519)	(4 080)	(3 517)	(4 080)
Contingent purchase considerations on acquisitions[3]	(4 149)	–	(1 310)	–
Less: current portion included in current liabilities				
Share commitments	1 062	1 050	1 062	1 050
Contingent purchase considerations on acquisitions[3]	2 400	–	467	–
	(4 206)	(3 030)	(3 298)	(3 030)
Current financial liabilities				
Current portion of share commitments	(1 062)	(1 050)	(1 062)	(1 050)
Current portion of contingent purchase considerations on acquisitions	(2 400)	–	(467)	–
Forward exchange contracts – Level 1	(23)	(42)	–	–
	(3 485)	(1 092)	(1 529)	(1 050)

Hierarchy for fair value measurement

Fair value determination:

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

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

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

1 *Impson entered into a profit sharing agreement with each of the landlords of their Durban and Johannesburg premises, on inception of the leases, in the 2007 and 2008 financial years respectively. As at 28 February 2010, the fair value of the profit share on the Durban premises amounted to R284 558 (2009: R164 006), whilst the Johannesburg premises amounted to R293 710 (2009: Rnil).*

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

3 *This represents the present value of the remaining contingent purchase obligation arising from the following acquisitions:*
– Santova Logistics B.V. (previously Maxxs B.V.);
– Standard Insurance Consultants; and
– Freightmatters customer list.

		Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
6.	DEFERRED TAXATION				
	Deferred tax comprises:				
	– Capital allowances and provisions	3 119	3 583	2 717	3 034
	– Other timing differences	116	–	–	–
	– Assessed loss	–	471	–	471
		3 235	4 054	2 717	3 505
	Reconciliation of deferred taxation:				
	Balance at beginning of year	4 054	4 975	3 505	4 003
	Movements during the year attributable to:				
	– timing differences	(958)	(2 037)	(788)	(1 465)
	– acquisition of businesses	116	–	–	–
	– rate change	–	(30)	–	–
	– prior year adjustment	23	1 146	–	967
	Balance at end of year	3 235	4 054	2 717	3 505
	Comprising:				
	Deferred tax assets	3 249	4 054	2 717	3 505
	Deferred tax liabilities	(14)	–	–	–
7.	TRADE RECEIVABLES				
	Trade receivables	183 289	210 464	3 976	4 299
	Provision for impairment of receivables	(6 713)	(7 306)	(3 855)	(4 270)
		176 576	203 158	121	29
	The movement in provision for impairment of receivables:				
	Balance at beginning of year	7 306	9 897	4 270	7 901
	Release for the year	(639)	(1 467)	(202)	(3 631)
	Amounts recovered/(written off)	46	(1 124)	(213)	–
	Balance at end of year	6 713	7 306	3 855	4 270

Certain trade receivables included above have been ceded to Nedbank Ltd (2010: R170 937 384; 2009: R203 846 018), the Royal Bank of Scotland Invoice Finance Ltd (2010: R1 091 574; 2009: R1 061 333) and Coface Finance Australia Pty Ltd (2010: R9 040 305; 2009: Rnil) 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 in South Africa incur interest at the South African prime rate plus 2,0% on a discretionary basis.

Included in the provision for impairment of receivables are specific trade receivables with a carrying value of R112 572 (2009: Rnil), which have been placed under liquidation.

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 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 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[1]	–	–	–	8 970
Employees of Santova Logistics Ltd and its subsidiaries[1]	–	4 413	–	–
Relating to subsidiaries and other related parties				
Previous shareholders of Santova Logistics B.V. (previously Maxxs B.V.)[2]	34	–	–	–
Leading Edge Insurance Brokers (Pty) Ltd[5]	–	–	1	–
Impson Logistics (Pty) Ltd[3]	–	–	12 743	14 946
Santova Logistics Ltd (United Kingdom)[4]	–	–	1 078	876
Santova Logistics Pty Ltd (Australia)[4]	–	–	138	–
Santova Logistics Ltd (Rotterdam)[4]	–	–	104	–
Santova NVOCC (Pty) Ltd[5]	–	–	–	300
	34	4 413	14 064	25 092

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

2 *Unsecured, interest is charged at 6,5% compounded annually in arrears, and specified terms of repayment arising from the agreement of sale.*

3 *Unsecured, interest is charged at South African prime rate less 2,0% (2009: nil), and no fixed terms of repayment.*

4 *Unsecured, interest is charged at South African prime rate, and no fixed terms of repayment.*

5 *Unsecured, interest-free, and no fixed terms of repayment.*

The amount outstanding from the employees of Santova Logistics Ltd and its subsidiaries represents the financing provided in terms of the Share Trust. 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 amounts outstanding were settled during the year through the repurchase of shares previously allocated to beneficiaries, as approved at the Santova Logistics Ltd AGM held on 20 July 2009.

		Group		Company	
		2010	2009	2010	2009
		R'000	R'000	R'000	R'000
9.	SHARE CAPITAL AND PREMIUM				
	Authorised				
	2 000 000 000 Ordinary shares of 0,1 cent each (2009: 2 000 000 000)	2 000	2 000	2 000	2 000
	Issued				
	1 256 048 523 Ordinary shares of 0,1 cent each (2009: 1 297 355 538)	1 256	1 297	1 256	1 297
	Share premium	146 680	151 840	146 680	151 840
	Carrying value of shares in issue	147 936	153 137	147 936	153 137
	Shares held by the Share Trust				
	Nil Ordinary shares of 0,1 cent each (2009: 45 607 175)	–	(45)	–	–
	Share premium	–	(4 506)	–	–
	Carrying value of shares in issue, excluding treasury shares	147 936	148 586	147 936	153 137
	Share commitments				
	39 720 960 Ordinary shares at 0,1 cent each (2009: 50 892 480)	(40)	(51)	(40)	(51)
	Share premium	(2 317)	(3 423)	(2 317)	(3 423)
	Total share capital and premium	145 579	145 112	145 579	149 663

The following share movements occurred during the 2010 financial year:

– 11 171 520 shares were repurchased on 31 August 2009 from the Camilla Coleman Trust in terms of the share commitments approved at the Santova Logistics AGM held on 23 September 2008;

– 61 200 014 shares were allotted on 31 August 2009 for the purchase of McGregor Sea and Air Services Pty Ltd (previously McGregor Customs Pty Ltd); and

– 91 335 509 shares were repurchased, (45 607 175 on 3 December 2009 and 45 728 334 on 26 February 2010), from the Share Trust in terms of share repurchases approved at the Santova Logistics AGM held on 20 July 2009.

9. SHARE CAPITAL AND PREMIUM (continued)

Reconciliation of number of ordinary shares in issue	2010 Shares	2009 Shares
Balance of ordinary shares in issue at beginning of year	1 297 355 538	1 366 787 730
Shares repurchased from Camilla Coleman Trust as approved at 2008 AGM[1]	(11 171 520)	(11 171 520)
Issued for the purchase of McGregor Sea and Air Services Pty Ltd (previously McGregor Customs Pty Ltd)	61 200 014	–
Shares repurchased from the Share Trust as approved at 2009 AGM[2]	(91 335 509)	–
Issued for purchase of Leading Edge Insurance Brokers (Pty) Ltd	–	8 568 981
Shares repurchased in terms of the variation of restraint of trade agreement approved at 2008 AGM[1]	–	(46 666 666)
Shares repurchased in terms of the put options approved at 2008 AGM[1]	–	(8 496 320)
Shares repurchased in terms of the call option approved at 2008 AGM[1]	–	(11 666 667)
Balance of ordinary shares in issue at end of year	1 256 048 523	1 297 355 538

1 *The above share repurchases were approved at the Santova Logistics AGM on 23 September 2008.*

2 *The above share repurchases were approved at the Santova Logistics AGM on 20 July 2009.*

Movement of share commitments during the year:	Approved at AGM	Repurchased	Balance
In terms of the repurchase agreement, dated 18 July 2008, with the Camilla Coleman Trust (refer note 5)			
– on the day following the 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	22 343 040	39 720 960

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
10. INTEREST-BEARING BORROWINGS				
Instalment sale agreements	737	458	–	–
Less: current portion included in current liabilities	(321)	(379)	–	–
	416	79	–	–

The instalment sale agreement loans are secured by motor vehicles and office equipment with carrying values of R1 151 356 (2009: R855 297) and R91 666 (2009: R175 137) (refer note 2).

The remaining loan period for motor vehicles ranges from 4 to 60 months, with instalments of between R2 820 (2009: R2 820) and R18 449 (2009: R8 900) at interest rates linked to the relevant base rates of the countries in which the subsidiaries operate.

The remaining loan period for equipment ranges from 4 to 35 months, with instalments of between R2 277 (2009: R2 277) and R5 283 (2009: R5 415) at interest rates linked to the relevant base rates of the countries in which the subsidiaries operate.

		Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
11.	LONG-TERM PROVISION				
	Post-retirement medical aid benefits for the Group and the Company	2 136	2 252	2 136	2 252
	Obligations under a defined benefit medical plan:				
	Present value obligation	2 136	2 252	2 136	2 252
	Less: liability already recognised	(2 252)	(2 212)	(2 252)	(2 212)
	(Decrease)/increase in liability	(116)	40	(116)	40
	Movement represented by:				
	– Net actuarial (gain)/loss	(15)	126	(15)	126
	– Interest cost	205	219	205	219
	– Contributions paid to fund	(306)	(305)	(306)	(305)
	(Decrease)/increase in liability	(116)	40	(116)	40

The Company contributes to a medical aid scheme for the benefit of 19 retired employees (2009: 19) with three dependants (2009: three). During the year under review there were no exits from the scheme amongst the continuation members. The Company contributes 75,0% of the monthly contribution (to a maximum of R1 600 per retired employee) and the retired employees contribute 25,0%. The liability has been actuarially determined and the present value of post-retirement medical aid obligations for these retired employees is shown above.

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

– medical aid inflation rate: 9,2% per annum (2009: 8,1%); and

– discount factor: 10,2% per annum (2009: 9,1%).

Sensitivity analysis: investment return

The actuaries have assumed that the required premiums to the medical aid schemes will increase in line with medical inflation. Most of the pensioners on this scheme are currently receiving their maximum subsidy or are close to the maximum, therefore, the liabilities will not be very sensitive to changes in the medical aid inflation rate. Instead, the actuaries have determined the sensitivity of the liabilities to changes in the current investment return assumption of 9,2%.

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

	-1,0% Investment return R'000	Valuation assumption R'000	+1,0% Investment return R'000
Total accrued liability	2 246	2 136	2 036
Interest cost for the following year	207	219	229

The liability is valued annually, the latest actuarial valuation was performed in February 2010, on a projected unit credit method, by an independent qualified actuary.

		Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
12.	AMOUNTS OWING TO RELATED PARTIES				
	Patent International Co., Ltd	97	156	–	–
	Santova Logistics Share Purchase and Option Scheme Trust	–	–	1	–
	Santova Logistics Ltd (Hong Kong)	–	–	–	18
		97	156	1	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	2 199	7 322	–	–
	Invoice discounting facility	60 392	88 166	–	–
		62 591	95 488	–	–

Certain trade receivables included at R181 069 263 (2009: R204 907 351) are ceded as security for the bank overdraft, invoice discounting facility and various acceptances (refer note 7).

The Group has an overdraft facility of R5 000 000 (2009: R5 000 000), with a maximum limit of R21 000 000 (2009: R21 000 000) when fully covered by ceded debit balances of up to R16 000 000 (2009: R16 000 000) within the same financial institution on a Rand for Rand basis; invoice discounting facilities of R207 783 645 (2009: R198 407 280) secured by unlimited suretyship from Impson and Santova Logistics and unlimited suretyships by our United Kingdom and Australian 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 South African prime less 0,5%. The maximum term of invoice sale is 120 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 credit balances held with First National Bank of South Africa Ltd.

Included in the above is an offshore invoice discounting facility of £450 000 (R5 333 445) (2009: £450 000 (R6 407 280)), set up with the Royal Bank of Scotland Invoice Finance Ltd on 26 February 2008. 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.

Included in the above is an offshore invoice discounting facility of AUD1 500 000 (R10 450 200), set up with Coface Finance Australia Pty Ltd on 18 February 2009. Interest on this facility is charged at the Australian base rate plus 1,4%. The facility is secured by the assets of McGregor and the maximum term of invoice sale is 90 days. Santova has issued a letter of guarantee to Coface Finance Australia Pty Ltd to the value of AUD2 000 000.

		Carrying value at beginning of year	Provisions (released)/ created	Carrying value at end of year
14.	SHORT-TERM PROVISIONS			
	Group			
	2010			
	Bonuses	1 528	(1 528)	–
	Leave pay	1 458	507	1 965
		2 986	(1 021)	1 965
	2009			
	Bonuses	933	595	1 528
	Leave pay	1 620	(162)	1 458
		2 553	433	2 986
	Company			
	2010			
	Bonuses	1 031	(1 031)	–
	Leave pay	282	1	283
		1 313	(1 030)	283
	2009			
	Bonuses	7	1 024	1 031
	Leave pay	279	3	282
		286	1 027	1 313

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

15. GROUP NET ASSET VALUE PER SHARE

The net asset value per share of 6,60 cents (2009: 6,19 cents) is calculated on the total shares in issue, excluding treasury shares and share commitments, which amounted to 1 216 327 563 (2009: 1 200 855 883) shares at the end of the year and net assets of R80 276 676 (2009: R74 364 014).

16. GROUP TANGIBLE NET ASSET VALUE PER SHARE

The tangible net asset value per share of 3,35 cents (2009: 4,03 cents) is calculated on the total shares in issue, excluding treasury shares and share commitments, which amounted to 1 216 327 563 (2009: 1 200 855 883) shares at the end of the year and tangible net assets of R40 749 729 (2009: R48 416 498).

		Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
17.	GROSS BILLINGS				
	Gross billings	1 493 371	1 885 240	11 079	27 131
	Gross billings indicate the total level of invoiced activity, including recoverable disbursements and value added taxation.				
18.	OPERATING INCOME				
	Operating income is stated after:				
	Income				
	Profit on disposals of plant and equipment	106	2	–	–
	Profit on disposal of investment	18	–	–	–
	Foreign exchange gains	155	1 827	–	–
	Net actuarial gain recognised (refer note 11)	116	–	116	–
	Bad debts recovered	734	–	–	–
	Future profit share on rental agreement (refer note 5)	415	164	–	–
	Variation of restraint of trade agreement	–	–	–	–
	– Variation of restraint of trade	–	4 323	–	4 323
	– Cost of variation of restraint of trade	–	(4 323)	–	(4 323)
	Expenditure				
	Auditors' remuneration	1 472	1 830	436	946
	– In respect of current year	1 109	1 038	200	165
	– In respect of other services	127	130	–	129
	– Underprovision in prior year	236	662	236	652
	Depreciation and amortisation	2 669	1 963	148	164
	– Plant and equipment (refer note 2)	1 698	1 672	80	90
	– Intangible assets (refer note 3)	971	291	68	74
	Lease rentals	5 936	4 995	182	202
	– Premises	5 678	4 605	182	202
	– Equipment	258	390	–	–
	Loss on disposals of plant and equipment	173	234	–	–
	Foreign exchange losses	327	9	23	7
	Net actuarial loss recognised (refer note 11)	–	40	–	40
	Staff costs	42 245	50 247	696	3 390
	Directors' emoluments (refer note 19)	10 271	11 392	3 656	3 913
	Directors and past directors – executive				
	– In connection with the affairs of the Company and its subsidiaries	10 025	11 183	3 410	3 704
	Directors and past directors – non-executive				
	– For services as directors for attending meetings	246	209	246	209

		Group		Company	
		2010	2009	2010	2009
		R'000	R'000	R'000	R'000
19.	DIRECTORS' EMOLUMENTS				
	Emoluments received				
	Directors and past directors – executive				
	In connection with the affairs of the Company or its subsidiaries	10 025	11 183	3 410	3 704
	Total cost to company				
	– SJ Chisholm	750	698	750	698
	– S Donner[1]	850	797	850	797
	– GH Gerber	1 400	1 400	1 400	1 400
	– MF Impson[2]	1 391	1 255	–	–
	– GM Knight[2]	1 250	1 038	–	–
	– TR Mezher[2]	–	295	–	–
	– R Singh	–	319	–	319
	Bonus and peformance related payments				
	– SJ Chisholm	–	54	–	54
	– MF Impson[2]	–	71	–	–
	– GM Knight[2]	–	109	–	–
	– TR Mezher[2]	–	42	–	–
	– R Singh	–	64	–	64
	Settlement of debt relating to Share Trust (refer note 8)				
	– SJ Chisholm	170	–	170	–
	Leave payout				
	– R Singh	–	100	–	100
	Directors' emoluments – subsidiaries				
	Other directors (subsidiary companies)	4 214	4 941	240	272
	Directors and past directors – non-executive				
	For services as directors for attending meetings	246	209	246	209
	– ESC Garner[3]	110	111	110	111
	– WA Lombard	104	70	104	70
	– M Tembe	32	28	32	28
		10 271	11 392	3 656	3 913

1 *Paid to Alvanley Services (Pty) Ltd*

2 *Paid by Impson*

3 *Paid to Delmas Crushers CC*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2010

		Group		Company	
		2010	2009	2010	2009
		R'000	R'000	R'000	R'000
20.	INTEREST RECEIVED				
	Interest received from third parties	3 626	2 790	–	18
	Interest received from related parties	22	607	1 562	616
		3 648	3 397	1 562	634
21.	FINANCE COSTS				
	Interest-bearing borrowings	93	155	–	–
	Bank overdrafts and invoice discounting facilities	8 337	17 824	–	41
	Financial liabilities (refer note 5)	783	606	585	606
	Interest paid to related parties	–	–	2	–
		9 213	18 585	587	647
22.	INCOME TAX EXPENSE				
	South African normal tax				
	Current tax				
	– Current period	546	2 248	94	–
	– Prior year	334	(40)	246	(3)
	Deferred tax				
	– Current period	1 071	1 617	788	1 465
	– Prior year	14	(1 149)	–	(967)
		1 965	2 676	1 128	495
	Foreign tax				
	– Current tax	851	97	–	–
	– Deferred tax	(150)	454	–	–
		701	551	–	–
	Tax for the year	2 666	3 227	1 128	495
	Reconciliation of rate of taxation	(%)	(%)	(%)	(%)
	South African normal tax rate	28,0	28,0	28,0	28,0
	Adjusted for:				
	– Disallowable expenditure	0,1	2,1	15,9	10,6
	– Foreign disallowable expenditure	4,9	2,0	–	–
	– Tax rate change	–	0,3	–	–
	– Prior year: current tax	6,0	(0,4)	12,3	(0,1)
	– Prior year: deferred tax	(0,1)	(6,5)	–	(35,4)
	– Utilisation of assessed loss	–	(0,1)	–	–
	– Capital gains tax	–	3,7	–	15,0
	Effective tax rate	38,9	29,1	56,2	18,1

			Group 2010	Group 2009
23.	EARNINGS PER SHARE			
	Basic earnings per share	(cents)	0,30	0,63
	Headline earnings per share	(cents)	0,31	0,68
	Diluted basic earnings per share	(cents)	0,29	0,62
	Diluted headline earnings per share	(cents)	0,29	0,67

Basic earnings per share

The calculation of basic earnings per ordinary share is based on net profit attributable to ordinary shareholders of R3 747 773 (2009: R7 793 771), and a weighted average number of ordinary shares, including share commitments, of 1 231 456 831 (2009: 1 235 843 176).

Headline earnings per share

The calculation of headline earnings per ordinary share is based on headline earnings of R3 796 217 (2009: R8 369 433), and a weighted average number of ordinary shares, including share commitments, of 1 231 456 831 (2009: 1 235 843 176).

Diluted earnings per share

The calculation of diluted earnings per ordinary share is based on earnings of R3 747 773 (2009: R7 793 771) and headline earnings of R3 796 217 (2009: R8 369 433), and a diluted weighted average number of ordinary shares of 1 291 038 271 (2009: 1 257 873 345).

Reconciliation between basic earnings and headline earnings:	Profit on ordinary activities R'000	Taxation effect R'000	Minority interest R'000	Net effect R'000
2010				
Profit for the year	6 853	(2 666)	(439)	3 748
Adjusted for:				
– Loss on disposals of plant and equipment (refer note 18)	67	(19)	–	48
Headline earnings	6 920	(2 685)	(439)	3 796
2009				
Profit for the year	11 087	(3 227)	(66)	7 794
Adjusted for:				
– 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

23. EARNINGS PER SHARE (continued)

Calculation of weighted average ordinary shares	2010 Shares	2009 Shares
Opening shares in issue at beginning of year	1 200 855 883	1 329 989 536
– Ordinary shares in issue at beginning of year	1 246 463 058	1 366 787 730
– Treasury shares	(45 607 175)	(45 367 175)
– Subscription awaiting allotment	–	8 568 981
Weighted average of shares allotted for purchase of McGregor Sea and Air Services Pty Ltd	30 851 514	–
Weighted average of shares repurchased from the Share Trust	(250 566)	–
Weighted average of put and call options approved at the 2008 AGM*	–	(47 020 209)
Weighted average of share commitments to Camilla Coleman Trust approved at the 2008 AGM*	–	(26 866 060)
Weighted average of shares returned in terms of the variation of restraint of trade agreement approved at the 2008 AGM*	–	(20 200 913)
Weighted average of shares returned in terms of the employee share scheme	–	(59 178)
Weighted average number of shares at end of year	1 231 456 831	1 235 843 176
Dilution effects:		
Share commitments to Camilla Coleman Trust approved at the 2008 AGM* (refer note 5)	59 581 440	22 030 169
Diluted weighted average number of shares	1 291 038 271	1 257 873 345

* *The full number of shares in terms of share commitments approved at the Santova Logistics AGM held on 23 September 2008 are excluded from the calculation of weighted average number of shares (refer note 5 and 9).*

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
24 NOTES TO THE STATEMENTS OF CASH FLOW				
24.1 Cash generated from operations				
Profit before taxation	6 853	11 087	2 008	2 732
Adjustments for:				
Depreciation and amortisation	2 669	1 963	148	164
Loss on disposal of plant and equipment	67	232	–	–
Profit on disposal of investment	(18)	–	–	–
Interest received	(3 648)	(3 397)	(1 562)	(634)
Finance costs	9 213	18 585	587	647
Movement in fair value of financial assets/liabilities	(415)	(79)	–	–
Movement in retirement benefits	(116)	40	(116)	40
Working capital changes:				
Decrease in trade and other receivables	31 448	68 848	1 325	2 618
(Decrease)/increase in trade and other payables and provisions	(352)	(33 753)	(1 733)	1 974
	45 701	63 526	657	7 541
24.2 Reconciliation of taxation paid during the year				
Charge in the statements of comprehensive income	2 666	3 227	1 128	495
Adjustment for deferred tax	(935)	(921)	(788)	(498)
Movement in taxation balance	(308)	1 074	219	381
	1 423	3 380	559	378
24.3 Net cash flow on acquisition of subsidiaries				
Fair value of assets acquired:				
Plant and equipment	997	–	–	–
Intangible assets	1 555	–	–	–
Trade receivables	6 279	–	–	–
Other receivables	539	–	–	–
Cash and cash equivalents	635	–	–	–
Deferred taxation	116	–	–	–
Interest-bearing borrowings	(327)	–	–	–
Trade and other payables	(4 915)	–	–	–
Short-term provisions	(580)	–	–	–
Net assets acquired	4 299	–	–	–
Goodwill	12 981	–	–	–
Purchase consideration	17 280	–	–	–
Financial liability at year end	(3 301)	–	–	–
Finance charges relating to financial liability	227	–	–	–
Effects of foreign currency translations	(247)	–	–	–
Settled in shares	(4 896)	–	–	–
Settled in cash	9 063	–	–	–
Less: cash and cash equivalents acquired on acquisition	(635)	–	–	–
Net cash outflow	8 428	–	–	–
24.4 Net cash flow on disposal of investment				
Decrease in goodwill	2 320	–	–	–
Increase in minority interests	638	–	–	–
Profit on disposal of investment	18	–	–	–
Effects of foreign currency translations	(1)	–	–	–
Net cash inflow	2 975	–	–	–

		Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
25.	EMPLOYEE BENEFITS				
	Retirement benefit expense				
	– Provident and pension	3 293	3 958	192	1 977
	Defined contribution retirement plans				
	The Group makes retirement benefits available to its employees. A defined contribution provident fund and pension fund, which are subject to the Pensions Fund Act 1956, exist for this purpose in South Africa, with similar alternative retirement benefit options available for employees of foreign subsidiaries. The schemes are funded by employer and employee contributions, which are charged to the respective entities' statement of comprehensive income as they are incurred.				
26.	COMMITMENTS				
	Operating lease commitments				
	No later than one year	5 802	3 951	–	–
	Later than one year and no later than five years	6 446	8 718	–	–
		12 248	12 669	–	–

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

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

Insurance cell captive

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

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

27. RELATED PARTIES

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

	Net of gross billings and cost of billings for goods and services		Net outstanding balances arising from sale/purchase of goods and services	
	2010	2009	2010	2009
Company	R'000	R'000	R'000	R'000
Alvanley Services (Pty) Ltd	180	–	–	–
Impson Logistics (Pty) Ltd	10 872	10 404	(2)	–
Leading Edge Insurance Brokers (Pty) Ltd	244	–	–	–
McGregor Sea and Air Services Pty Ltd	33	–	–	–
Santova Logistics Ltd (Hong Kong)	(20)	–	–	(18)
Santova NVOCC (Pty) Ltd	109	295	–	–
	11 418	10 669	(2)	(18)

	Interest on loans (from)/to related parties		Loans to/(from) related parties	
	2010	2009	2010	2009
Company	R'000	R'000	R'000	R'000
Impson Logistics (Pty) Ltd	1 193	–	12 743	14 946
Leading Edge Insurance Brokers (Pty) Ltd	6	–	1	–
Santova Logistics Ltd (United Kingdom)	115	18	1 078	876
Santova Logistics Pty Ltd (Australia)	233	–	138	–
Santova Logistics Ltd (Hong Kong)	(2)	33	–	–
Santova Logistics B.V. (Netherlands)	–	–	104	–
Santova Logistics Share Purchase and Option Scheme Trust	15	565	(1)	8 970
Santova NVOCC (Pty) Ltd	–	–	–	300
	1 560	616	14 063	25 092

28. SUBSEQUENT EVENTS

At signature date, Santova Logistics is in the process of acquiring the full share capital of a South African registered company specialising in clearing and forwarding of freight, which if successfully concluded, will be acquired effective 1 March 2010. This acquistion, if successful, will give the Group a stronger presence in Gauteng, South Africa.

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

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Loans and receivables	184 143	213 135	14 429	26 619
Financial assets at fair value through profit/loss	579	164	–	–
Financial liabilities				
Financial liabilities at fair value through profit/loss	23	42	–	–
Financial liabilities measured at amortised cost	156 347	178 947	6 963	6 993
Reconciliation to statements of financial position				
Trade receivables	176 576	203 158	121	29
Other receivables	6 911	4 959	82	1 499
Current tax receivable	622	605	162	–
Amounts owing from related parties	34	4 413	14 064	25 092
Loans and receivables	184 143	213 135	14 429	26 620
Financial asset	579	164	–	–
Financial assets at fair value through profit/loss	579	164	–	–
Financial liability	23	42	–	–
Financial liabilities at fair value through profit/loss	23	42	–	–
Trade and other payables	84 458	78 294	2 135	2 838
Current tax payable	796	471	–	57
Amounts owing to related parties	97	156	1	18
Interest-bearing borrowings	737	458	–	–
Financial liabilities	7 668	4 080	4 827	4 080
Short-term borrowings and overdraft	62 591	95 488	–	–
Financial liabilities measured at amortised cost	156 347	178 947	6 963	6 993

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 38 to 41 of these financial statements.

Financial risk management objectives

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

Foreign currency risk management

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

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

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

	2010			2009		
	Foreign currency balances R'000	Forward exchange contracts R'000	Net uncovered position R'000	Foreign currency balances R'000	Foreign exchange contracts R'000	Net uncovered position R'000
Credit balances						
Euro	(551)	591	40	(1 699)	1 517	(182)
British Pound	(90)	55	(35)	(185)	285	100
US Dollar	(1 441)	1 335	(106)	(904)	1 234	330
Australian Dollar	(66)	61	(5)	(49)	36	(13)
Other	(40)	54	14	(25)	19	(6)
Debit balances						
US Dollar	–	–	–	138	–	138
	(2 188)	2 096	(92)	(2 724)	3 091	367

Foreign currency sensitivity

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

Sensitivity analysis	2010 R'000	2009 R'000
If the foreign currency rates had been 10,0% higher/lower and all other variables held constant, the Group's profit (pre-tax) for the year would increase/decrease by	9	37

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

Forward exchange contracts

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

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

	Buy AUD[1]		Buy CAD[2]		Buy CHF[3]		Buy EUR[4]	
	<6 months	>6 months	<6 months	>6 months	<6 months	>6 months	<6 months	>6 months
Average exchange rate								
2010	6,96	–	7,44	–	7,30	–	10,74	–
2009	6,65	–	–	–	8,93	–	13,19	–
Foreign currency								
2010	8 792	–	706	–	5 397	–	55 000	–
2009	5 410	–	–	–	1 370	–	115 000	–
Contract value (Rands)								
2010	61 229	–	5 249	–	39 418	–	590 643	–
2009	35 983	–	–	–	12 230	–	1 517 123	–
Year end value (Rands)*								
2010	60 763	–	5 199	–	39 011	–	581 719	–
2009	35 029	–	–	–	11 948	–	1 493 375	–

	Buy GBP[5]		Buy NOK[6]		Buy SGD[7]		Buy USD[8]	
	<6 months	>6 months	<6 months	>6 months	<6 months	>6 months	<6 months	>6 months
Average exchange rate								
2010	12,09	–	1,33	–	5,57	–	7,85	–
2009	14,89	–	–	–	–	–	10,29	–
Foreign currency								
2010	4 581	–	5 156	–	414	–	170 000	–
2009	19 119	–	–	–	–	–	120 000	–
Contract value (Rands)								
2010	55 366	–	6 855	–	2 305	–	1 335 342	–
2009	284 654	–	–	–	–	–	1 234 344	–
Year end value (Rands)*								
2010	53 988	–	6 763	–	2 289	–	1 323 519	–
2009	277 672	–	–	–	–	–	1 224 873	–

1 *Australian Dollar* 2 *Canadian Dollar* 3 *Swiss Frank* 4 *Euro*
5 *British Pound* 6 *Norwegian Kroner* 7 *Singapore Dollar* 8 *US Dollar*

The Company does not have any balances or forward exchange contracts at the end of the current year relating to the Swedish Krona (SEK) or the Japanese Yen (JPY).

2009

SEK – Average exchange rate: 1,18; Foreign currency: 3 004; Contract value (Rands): 3 557; Year end value (Rands): 3 375
JPY – Average exchange rate: 0,11; Foreign currency: 28 418; Contract value (Rands): 3 200; Year end value (Rands): 2 982

* *The year end value represents the foreign currency exposure translated at the closing spot rate at year end.*

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

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	
	2010	2009
Sensitivity analysis	R'000	R'000
If the interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's profit (pre-tax) for the year would increase/decrease by	44	62

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy customers. Trade receivables comprise a widespread customer base and Group companies undertake ongoing credit evaluations of the financial condition of their customers. Where appropriate, credit guarantee insurance cover is purchased for all debtors in terms of the respective invoice discounting facilities, which is covered at a rate of 90,0%. Insurance cover is provided by Coface South Africa Services (Pty) Ltd for the South African operations and AIG South Africa (Pty) Ltd for the United Kingdom and Hong Kong subsidiaries. Management regularly assess the counter party risk of these insurers. At 28 February 2010, the Group does not consider there to be any material credit risk that has not been insured or adequately provided for.

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

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

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Past due by 0 – 30 days	6 872	11 021	–	–
Past due by 31 – 60 days	2 813	3 977	–	–
Past due by 61 – 90 days	4 272	764	–	–
Past due over 90 days	13 506	12 200	3 971	4 292
Not past due	155 826	182 502	5	7
Trade receivables	183 289	210 464	3 976	4 299
Provision for impairment of receivables (refer note 7)	(6 713)	(7 306)	(3 855)	(4 270)
Total trade receivables	176 576	203 158	121	29

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 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 facilities	207 784	198 407	–	–
Total facilities available	228 784	219 407	–	–
Facilities utilised at year end (refer note 13)				
Bank overdraft	2 199	7 322	–	–
Invoice discounting facilities	60 392	88 166	–	–
Total facilities utilised	62 591	95 488	–	–
Available unutilised facilities				
Bank overdraft	18 801	13 678	–	–
Invoice discounting facilities	147 392	110 241	–	–
Total available unutilised facilities	166 193	123 919	–	–

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 assets:

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2010					
Non-interest bearing	27 257	154 767	2 119	–	184 143
2009					
Non-interest bearing	28 678	176 954	3 090	4 413	213 135

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

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2010					
Non-interest bearing	84 555	–	796	–	85 351
Interest-bearing	62 635	132	3 607	4 622	70 996
	147 190	132	4 403	4 622	156 347
2009					
Non-interest bearing	78 294	–	627	–	78 921
Interest-bearing	95 540	155	1 222	3 109	100 026
	173 834	155	1 849	3 109	178 947

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

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2010					
Forward exchange contracts	(1)	(22)	–	–	(23)
Profit share derivative on rental agreement	–	–	–	579	579
	(1)	(22)	–	579	556
2009					
Forward exchange contracts	(6)	(36)	–	–	(42)
Profit share derivative on rental agreement	–	–	–	164	164
	(6)	(36)	–	164	122

SANTOVA LOGISTICS SHARE PURCHASE AND OPTION SCHEME 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 Deed of the Share Trust, which contains the rules of the Santova Logistics Share Purchase and Option 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.

Winding up of the Share Trust

At the annual general meeting held on 20 July 2009, shareholders approved a specific authority for the Company to repurchase the 91 335 509 shares held by the Trust, comprising 45 607 175 treasury shares (allocated but not issued by the Trust) and 45 728 334 shares that had been issued in terms of the Trust Deed of the Share Trust. The special resolution was registered on 24 August 2009. The JSE approved an application for the delisting of the remaining shares, which were delisted on 26 February 2010 and removed from the share register at 28 February 2010. The Share Trust held no shares at the end of the financial year under review.

The Share Trust is now in the process of being wound up and the Board will, during the course of the next financial year, give attention to an alternative means to motivate and create wealth for our staff.

SHARE ANALYSIS
for the year ended 28 February 2010

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Shareholder spread				
1 to 1 000 shares	54	5,43	41 591	0,00
1 001 to 10 000 shares	219	22,01	1 318 808	0,10
10 001 to 100 000 shares	396	39,80	19 710 822	1,57
100 001 to 1 000 000 shares	245	24,62	88 119 491	7,02
1 000 001 shares and over	81	8,14	1 146 857 811	91,31
Total	995	100,00	1 256 048 523	100,00
Distribution of shareholders				
Banks	17	1,71	231 702 727	18,45
Close Corporations	21	2,11	12 860 983	1,02
Endowment funds	2	0,20	540 000	0,04
Individuals	856	86,03	269 698 384	21,47
Investment companies	1	0,10	5 000 000	0,40
Mutual funds	1	0,10	23 847 000	1,90
Nominees and trusts	48	4,82	135 578 629	10,80
Other corporations	11	1,11	14 717 500	1,17
Private companies	36	3,62	506 057 634	40,29
Public companies	2	0,20	56 045 666	4,46
Total	995	100,00	1 256 048 523	100,00
Public/non-public shareholders				
Non-public shareholders	13	1,31	577 047 411	45,94
Directors and associates of the Company holdings	12	1,21	265 574 323	21,14
Strategic holdings (more than 10,0%)	1	0,10	311 473 088	24,80
Public shareholders	982	98,69	679 001 112	54,06
Total	995	100,00	1 256 048 523	100,00
Beneficial shareholders holding 5,0% or more				
Maitland Management Ltd			311 473 088	24,80
Custodians holding 5,0% or more				
SIX SIS			101 785 000	8,10

SHARE ANALYSIS (continued)
for the year ended 28 February 2010

Breakdown of directors and associates of the Company holdings as at 28 February 2010:

	Direct number of shares	Percentage of shares	Indirect number of shares	Percentage of shares
Directors' beneficial holdings	69 714 680	5,55	41 161 616	3,28
GH Gerber	875 000	0,07	41 161 616	3,28
GH Gerber	875 000	0,07	–	–
Lloyd Investment Trust	–	–	13 888 889	1,10
Staff Capital (Pty) Ltd	–	–	27 272 727	2,18
MF Impson	52 039 680	4,14	–	–
GM Knight	16 800 000	1,34	–	–
Directors of subsidiary companies beneficial holdings	33 700 415	2,68	120 997 612	9,63
TK Blond	10 266 667	0,82	–	–
GH Crews	1 373 000	0,11	–	–
G McGregor				
Coolaroo Holdings Pty Ltd	–	–	61 200 014	4,87
R Singh	7 870 081	0,63	50 165 200	3,99
R Singh	7 870 081	0,63	–	–
Rajin Singh Family Trust	–	–	50 165 200	3,99
CV Simpson				
The Impi Share Trust	–	–	9 632 398	0,77
GW Stay	14 190 667	1,13	–	–
Total	103 415 095	8,23	162 159 228	12,91

SHARE ANALYSIS (continued)
for the year ended 28 February 2010

Trade analysis

Year	Month	High sale	Low sale	Number of deals	Volume	Value
2009	March	6	4	70	7 002 920	363 566
2009	April	6	4	24	3 416 642	171 942
2009	May	6	4	69	5 520 901	264 018
2009	June	5	4	32	5 320 225	251 501
2009	July	5	3	53	5 264 734	218 712
2009	August	5	3	23	2 116 500	79 255
2009	September	5	4	35	4 456 159	180 346
2009	October	5	4	25	1 911 010	78 930
2009	November	5	3	44	10 619 739	434 834
2009	December	5	4	14	1 162 356	47 294
2010	January	5	3	28	2 606 056	111 656
2010	February	4	3	20	1 458 203	46 308

JSE statistics		Statistics
Traded price		
Close	(cents per share)	3
High	(cents per share)	6
Low	(cents per share)	3
Market capitalisation	(R millions)	38
Value of shares traded	(R millions)	2
Value traded as percentage of market capitalisation	(percentage)	6,0
Volume of shares traded	(millions)	51
Volume traded as a percentage of number in issue	(percentage)	4,0
Price earnings ratio	(ratio)	9,9
Dividend yield	(percentage)	0,0
Earnings yield	(percentage)	10,1
Year end market price/net asset value	(ratio)	0,5
Shares in issue at end of year	(millions)	1 256
Shares issued during the year	(millions)	61
Shares repurchased during the year	(millions)	103
Number of shareholders	(individuals)	995

SHAREHOLDERS' CALENDAR

Activity	Date
Financial year end	28 February
Release of trading update	4 May 2010
Release of abridged Group results on SENS	12 May 2010
Despatch of 2010 Annual Report	28 May 2010
2010 Annual general meeting	26 July 2010
Release of interim statements for the six months ending 31 August 2010	October 2010

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*
* *Independent non-executive*

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

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

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

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

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

Investor relations
Contact number +27 31 374 7000

E-mail
enquiries@santova.com

Website
www.santova.com

Group Bankers
Local
First National Bank of South Africa Ltd
Investec Bank Ltd
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 (NatWest)
Royal Bank of Scotland (RBS)
Rabobank Group (Europe)
Westpac Banking Corporation (Australia)

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
(registered in South Africa)
Impson head office and Durban branch
Business address
Santova House
88 Mahatma Gandhi Road
Durban, 4001
Contact number +27 31 374 7000

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

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

Impson Pietermaritzburg
Business address
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
(registered in South Africa)
Business address
Unit 3, Rydall Vale Park
1 Rydall Vale Crescent
La Lucia Ridge, 4051
Contact number +27 31 566 6642

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

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

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 of members of Santova Logistics Ltd will be held in the boardroom, Santova House, 88 Mahatma Gandhi Road, Durban on Monday, 26 July 2010 at 12:00 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 2010, 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. ESC (Ted) Garner retires by rotation but, being eligible, offers himself for re-election.

   (Mr Garner's curriculum vitae is set out on the directorate pages of this Annual Report, refer page 13.)

3. 3.1 To approve the remuneration of the directors for the year ended 28 February 2010.

   3.2 To approve the remuneration payable to the non-executive directors for the year ended 28 February 2011 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 as auditors and SD Munro as Registered Auditor of the Company to hold office until the conclusion of the next annual general meeting.

6. Special Resolution Number 1 – 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, 3,0% (three percent) of the number of securities in issue prior to the acquisition pursuant to which the 3,0% (three percent) threshold is reached, and in respect of every 3,0% (three percent) thereafter, which announcement shall contain full details of such acquisitions;
   - acquisitions of the Company's securities by the Company or its subsidiaries in the aggregate in any one financial year may not exceed 20,0% (twenty percent) of the Company's issued share capital from the date of the grant of this general authority;
   - repurchases may not be made at a price greater than 10,0% (ten percent) above the weighted average of the market value for such securities for the 5 (five) business days immediately preceding the date on which the transaction is effected;
   - the Company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf;
   - the Company or its subsidiaries may only undertake a repurchase if, after such a repurchase, it shall still comply with the spread requirements of the JSE Listings Requirements; and
   - the Company or its subsidiaries may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements."

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

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

Directors of the Company	pages 13 to 14
Major shareholders	page 26
Directors' interests in securities	pages 28 to 29
Share capital of the Company	pages 25 and 55 to 56
Responsibility statement	page 22
Material changes	pages 25 to 29

There are no legal or arbitration proceedings, either pending or threatened, against the Company or its subsidiaries of which the Company is aware, which may have, or have had in the last 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 trade 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.

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

7.1 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."

7.2 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 50,0% (fifty percent) of the number of issued ordinary shares;
- this general authority is valid until the earlier of the Company's next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given;
- a SENS announcement giving full details, including the impact on the net asset value per share, tangible net asset value per share, earnings per share and headline earnings per share, will be published when the Company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5,0% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10,0% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company;
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the 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 75,0% majority of the votes cast in favour of such resolution by all equity securities holders present or represented by proxy at the general meeting convened to approve such resolution. The resolution must be worded in such a way as to include the issue of any options/convertible securities that are convertible into an existing class of equity securities, where applicable."

7.3 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 number 1 and ordinary resolution numbers 1 and 2."

8. 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.

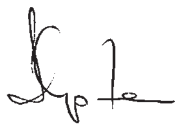
For the convenience of registered members of the Company, a form of proxy is enclosed herewith. The attached form of proxy is only to be completed by those ordinary shareholders who:

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

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

10 May 2010

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.

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, 26 July 2010 at 12H00 and at any adjournment thereof:

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

Forms of proxy must be completed and delivered to the Company's registered office, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 (PO Box 6148, Durban, 4000) to be received by no later than 12H00 on Thursday, 22 July 2010.

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 2010 annual financial statements and Annual Report			
To re-elect ESC (Ted) Garner as a director			
To approve the remuneration of the directors for the year ended 28 February 2010			
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 and SD Munro as the Registered Auditor			
Special Resolution Number 1 – 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 ______________ 2010

Signature ______________________________

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting "the Chairman of the meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than the total number of shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy.
3. Holders of dematerialised shares must inform their CSDP or broker of whether or not they intend to attend the annual general meeting and obtain the necessary letter of representation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person.
4. Forms of proxy must be received at the Company's registered office, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 (PO Box 6148, Durban, 4000) by no later than 12H00 on Thursday, 22 July 2010.
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 to be held at 12H00 on Monday, 26 July 2010 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, 22 July 2010.

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.

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
"AltX"	Alternative Exchange of the JSE
"AUD"	Australian Dollar
"£"	British Pound
"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
"€"	Euro
"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 Sea and Air Services Pty Ltd (Registered in Australia), a subsidiary of the Company (previously McGregor Customs Pty Ltd)
"Mogal"	Mogal International Ltd (Registered in the United Kingdom), a subsidiary of the Company
"NAV"	Net asset value
"OSCAR"	OSCAR™ is an Optimised Supply Chain Active Resource suite of software packages, 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
"R'000"	Rand thousands
"SA"	South Africa
"Santova" or "Group"	Santova Logistics Ltd and its subsidiaries
"Santova Logistics" or "the Company"	Santova Logistics Ltd
"Santova Logistics B.V."	Santova Logistics B.V. (registered in the Netherlands), a subsidiary of the Company (previously Maxxs B.V.)
"SARS"	South African Revenue Services
"the Share Trust" or "the Share Scheme"	Santova Logistics Share Purchase and Option Scheme Trust
"UK"	the United Kingdom

Santova

Logistics Ltd

www.santova.com