

GROUP INTERIM RESULTS

for the six months ended 31 August 2011



▲ **64,1%** headline earnings per share
 ▲ **14,9%** turnover
 ▲ **60,4%** tangible net asset value per share
 ▲ **176,7%** cash generated from operations

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31 August 2011 R'000	Unaudited 6 months to 31 August 2010 R'000	Audited 12 months to 28 February 2011 R'000
Turnover	81 330	70 759	144 230
Gross billings	1 144 366	995 487	2 044 439
Cost of billings	(1 063 036)	(924 278)	(1 900 209)
Other income	1 399	4 921	6 365
Depreciation and amortisation	(1 953)	(1 906)	(3 960)
Administrative expenses	(62 987)	(57 382)	(114 934)
Operating income	17 789	16 392	31 701
Interest received	595	1 120	2 265
Finance costs	(4 918)	(5 166)	(10 750)
Profit before taxation	13 466	12 346	23 216
Income tax expense	(3 746)	(2 758)	(5 891)
Profit for the period/year	9 720	9 588	17 325
Attributable to:			
Equity holders of the parent	9 639	9 313	16 964
Minority interest	81	275	361
Other comprehensive income			
Exchange differences from translation of foreign operations	887	(954)	188
Total comprehensive income for the period/year	10 607	8 634	17 513
Attributable to:			
Equity holders of the parent	10 427	8 359	16 884
Minority interest	180	275	629
Basic earnings per share (cents)	0,69	0,72	1,25
Diluted earnings per share (cents)	0,69	0,69	1,23

SUPPLEMENTARY INFORMATION

	Unaudited 6 months to 31 August 2011 R'000	Unaudited 6 months to 31 August 2010 R'000	Audited 12 months to 28 February 2011 R'000
Reconciliation between earnings and headline earnings			
Profit attributable to equity holders of the parent	9 639	9 313	16 964
Impairment of goodwill	-	-	1 152
Net loss on disposals of plant and equipment	85	48	215
Negative goodwill arising from purchase of subsidiary	-	(3 868)	(3 868)
Taxation effects	(24)	(14)	(60)
Headline earnings	9 700	5 479	14 403
Shares in issue (000's)	1 372 578	1 376 127	1 376 127
Weighted average number of shares (000's)	1 403 828	1 301 369	1 351 944
Diluted number of shares (000's)	1 403 828	1 344 193	1 380 493
Shares for net asset value calculation (000's)	1 403 828	1 403 828	1 403 828
Performance per ordinary share			
Basic headline earnings per share (cents)	0,69	0,42	1,07
Diluted headline earnings per share (cents)	0,69	0,41	1,04
Net asset value per share (cents)	8,12	6,73	7,37
Tangible net asset value per share (cents)	3,86	2,41	3,09

CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 6 months to 31 August 2011 R'000	Unaudited 6 months to 31 August 2010 R'000	Audited 12 months to 28 February 2011 R'000
Cash generated from operations before working capital changes	19 644	14 479	32 825
Changes in working capital	(4 419)	(34 317)	(28 370)
Cash generated from/(utilised in) operations	15 225	(19 838)	4 455
Interest received	595	1 120	2 265
Finance costs	(4 093)	(4 393)	(9 897)
Taxation paid	(3 041)	(3 047)	(7 671)
Net cash flows from operating activities	8 686	(26 158)	(10 848)
Cash utilised in other investing activities	(1 725)	(514)	(2 823)
Cash (outflow)/inflow from the acquisition of subsidiaries	(2 620)	1 230	(67)
Net cash flows from investing activities	(4 345)	716	(2 890)
Net cash flows from financing activities	(11 697)	39 346	22 888
Net (decrease)/increase in cash and cash equivalents	(7 356)	13 904	9 150
Effects of exchange rate changes on cash and cash equivalents	403	(806)	16
Cash and cash equivalents at beginning of period/year	13 488	4 322	4 322
Cash and cash equivalents at end of period/year	6 535	17 420	13 488

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent								Minority interest	Total equity
	Share capital R'000	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			
Balances at 28 February 2010	1 256	146 680	(2 357)	132	1 148	(67 633)	79 226	1 051	80 277	
Total comprehensive income	-	-	-	-	(954)	9 313	8 359	275	8 634	
Transfer of contingency reserve	-	-	-	22	-	(22)	-	-	-	
Share commitments arising on acquisition of subsidiary	-	-	5 625	-	-	-	5 625	-	5 625	
Issue of shares in terms of share commitments	131	3 807	(3 938)	-	-	-	-	-	-	
Repurchase of shares in terms of share commitments	(11)	(1 106)	1 117	-	-	-	-	-	-	
Balances at 31 August 2010	1 376	149 381	447	154	194	(58 342)	93 210	1 326	94 536	
Total comprehensive income	-	-	-	-	874	7 651	8 525	354	8 879	
Transfer of contingency reserve	-	-	-	27	-	(27)	-	-	-	
Balances at 28 February 2011	1 376	149 381	447	181	1 068	(50 718)	101 735	1 680	103 415	
Total comprehensive income	-	-	-	8	788	9 639	10 427	180	10 607	
Transfer of contingency reserve	-	-	-	-	-	(8)	-	-	-	
Issue of shares in terms of share commitments	25	725	(750)	-	-	-	-	-	-	
Repurchase of shares in terms of share commitments	(29)	(2 826)	2 855	-	-	-	-	-	-	
Balances at 31 August 2011	1 372	147 280	2 552	189	1 856	(41 087)	112 162	1 860	114 022	

CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 August 2011 R'000	Unaudited 31 August 2010 R'000	Audited 28 February 2011 R'000
ASSETS			
Non-current assets	71 676	75 481	72 422
Plant and equipment	8 641	9 172	8 540
Intangible assets	59 817	60 749	59 990
Financial asset	552	578	458
Deferred taxation	2 666	4 982	3 434
Current assets	334 835	320 042	275 454
Trade receivables	311 004	284 593	248 820
Other receivables	16 043	17 632	11 789
Current tax receivable	676	207	784
Amounts owing from related parties	577	190	573
Cash and cash equivalents	6 535	17 420	13 488
Total assets	406 511	395 523	347 876
EQUITY AND LIABILITIES			
Capital and reserves	114 022	94 536	103 415
Share capital and premium	151 204	151 204	151 204
Contingency reserve	189	154	181
Foreign currency translation reserve	1 856	194	1 068
Accumulated loss	(41 087)	(58 342)	(50 718)
Attributable to equity holders of the parent	112 162	93 210	101 735
Minority interest	1 860	1 326	1 680
Non-current liabilities	3 081	6 693	5 761
Interest-bearing borrowings	217	508	318
Long-term provision	2 013	2 136	2 013
Financial liabilities	850	4 034	3 429
Deferred taxation	1	15	1
Current liabilities	289 408	294 294	238 700
Trade and other payables	177 666	152 684	116 811
Current tax payable	421	3 054	593
Current portion of interest-bearing borrowings	175	94	151
Amounts owing to related parties	142	77	157
Current portion of financial liabilities	3 548	6 009	5 947
Short-term borrowings	100 241	126 529	108 991
Short-term provisions	7 215	5 847	6 050
Total equity and liabilities	406 511	395 523	347 876

CONDENSED SEGMENTAL ANALYSIS

	South Africa R'000	Australia R'000	Europe R'000	Hong Kong R'000	Group R'000
31 August 2011					
Turnover (external)	68 864	6 078	4 726	1 662	81 330
Operating income	16 195	759	580	255	17 789
Interest received	568	1	3	23	595
Finance costs	(4 727)	(36)	(155)	-	(4 918)
Income tax expense	(3 304)	(404)	-	(38)	(3 746)
Net profit	8 732	320	428	240	9 720
Segment assets	312 309	15 279	9 667	6 773	344 028
Intangible assets	59 817	-	4	-	59 817
Deferred taxation	2 459	207	-	-	2 666
Total assets	374 581	15 486	9 671	6 773	406 511
Total liabilities	268 281	8 615	11 395	4 198	292 489
Depreciation and amortisation	1 496	397	31	29	1 953
Capital expenditure	1 292	241	26	119	1 678
31 August 2010					
Turnover (external)	60 876	5 449	3 149	1 285	70 759
Operating income	14 503	1 438	179	272	16 392
Interest received	1 088	11	-	21	1 120
Finance costs	(4 997)	(35)	(134)	-	(5 166)
Income tax expense	(2 248)	(449)	-	(61)	(2 758)
Net profit	8 346	965	45	232	9 588
Segment assets	308 797	11 836	4 182	4 977	329 792
Intangible assets	60 247	497	5	-	60 749
Deferred taxation	4 577	405	-	-	4 982
Total assets	373 621	12 738	4 187	4 977	395 523
Total liabilities	284 515	7 464	6 083	2 925	300 987
Depreciation and amortisation	1 523	338	37	8	1 906
Capital expenditure	560	228	78	42	908

	Freight forwarding and clearing R'000	Insurance R'000	Group R'000
31 August 2011			
Net profit	9 608	112	9 720
Total assets	403 270	3 241	406 511
Total liabilities	290 935	1 554	292 489
31 August 2010			
Net profit	9 375	213	9 588
Total assets	390 640	4 883	395 523
Total liabilities	298 658	2 329	300 987

www.santova.com

COMMENTARY

GROUP PROFILE

Santova Logistics Limited ("the Company" or "Santova Logistics") and its subsidiary companies ("Santova" or "the Group"), operating out of South Africa, Australia, Europe (the Netherlands and United Kingdom), and Hong Kong, provide integrated "end-to-end" logistics solutions for importers/exporters and consumers worldwide.

OPERATIONAL REVIEW

The Santova Group is on an exciting growth path. This is reinforced by an impressive performance for the period under review, where headline earnings of R9 700 026 are 77,0% up on the previous period's figure of R5 478 892. Despite the Rand being firmer against the Dollar during this period, compared to the same period last year, the turnover of the Group improved by 14,9% from R70 759 490 to R81 329 988.

As far as the operational cost structure of the Group is concerned, the period-on-period increase in administrative expenses was 9,8%, which supports our strategy of investing further in intellectual capital and infrastructure. This has allowed us to explore untapped opportunities that should result in both financial and strategic gains – an essential 'antidote' in any turbulent economic climate.

Adjusting for the negative goodwill arising out of the acquisition of Santova Logistics South Africa (Pty) Limited ("Santova Logistics SA") in 2010, it is pleasing to report an increase in the operating margin of the Group from 17,7% to 21,9%. This 23,6% improvement has been achieved despite the industry experiencing continued margin squeeze. This has been made possible through focused new business development of niched clientele, as well as the benefits of greater efficiencies through streamlined workflow processes and systems.

South Africa

Despite the financial turmoil in Europe and the USA, our South African based operations have performed remarkably well, particularly as such growth is purely organic. Adjusting for the negative goodwill, the period-on-period net profit after tax growth for the segment was up 95,0%, an increase from R4 476 977 to R8 732 433. This growth can be attributed to successful new client acquisition and a greater number of projects undertaken for a number of our larger corporate clientele, who are participating in the infrastructural development of South Africa.

Whilst business and consumer confidence has declined, we must recognise that at the same time the National Ports Authority has reported that the volume of cargo handled in August 2011 is one of the highest ever recorded for the South African port system. Total cargo handled at all ports amounted to 23,028 million tonnes in August 2011 versus 21,061 million tonnes in August 2010. Containerised cargo, on the other hand, was slightly lower at 404 723 TEUs (Twenty-foot Equivalent Units) for August 2011 as opposed to 415 978 TEUs for the same month last year.

Taking cognisance of the general consensus that GDP is expected to be in the region of 3,6% for 2011, we believe we can continue to leverage off the changing economic climate and entrench ourselves further in niched sectors of the South African economy. These sectors relate specifically to those businesses that have commodities or products that are resilient to 'slowdowns' in the international economy.

International

The European debt crisis has had an impact on our offshore operations, particularly in the United Kingdom, the Netherlands and Australia where margins and reduced trade volumes have had an adverse impact on the profitability of these businesses. However, these businesses have taken the initiative and made strategic decisions, which should result in a much improved performance for the second six-month period. As opposed to cost reduction measures, the Group has taken the bold decision to invest further in these operations, particularly the Netherlands and the United Kingdom where untapped opportunities await the Group.

FINANCIAL REVIEW

Santova achieved an earnings per share ("EPS") of 0,69 cent, a 4,1% decrease from 31 August 2010's EPS of 0,72 cent. Adjusting for negative goodwill this represents a 64,1% increase on the adjusted 31 August 2010 EPS of 0,42 cent. This is evidenced by the impressive increase in headline earnings of 77,0%, mentioned above, resulting in an increase of 64,1% in headline EPS from 0,42 cent to 0,69 cent, despite the difficult trading environment.

Operationally, after adjusting for the negative goodwill, there has been a 42,0% improvement in operating income, increasing from R12 524 195 to R17 789 244. This is the result of organic growth arising from quality clients, enhanced efficiencies and improved buying power. The movement of net margin from 12,0% to 16,6%, represents a 38,2% improvement on the previous period and further supports the progress made in Group operational efficiency. Profit for the period was R9 720 200 compared to last period's R5 719 392, a 70,0% increase.

We have strengthened our balance sheet through these difficult times by ensuring strict compliance with our policies and procedures. Net asset value per share increased by 20,6% to 8,12 cents and tangible net asset value per share increased by 60,4% to 3,86 cents, predominantly due to the reinvestment of profits earned over the last 12 months.

A strong focus on working capital management throughout the Group has allowed us to generate cash from operations. The cash generated from operating activities during this period was utilised to reduce various short term borrowings and to invest further in the Group. The Group is trading well within its long and short-term facilities afforded to us by our respective financiers.

During the period, the following share movements took place in the issued share capital of the Company:

- On 5 July 2011, 25 000 000 ordinary shares were allotted to AL van Zyl for the purchase of Santova Logistics SA; and
- On 31 August 2011, the Company repurchased the final tranche of 28 549 440 ordinary shares from the Camilla Coleman Trust, in terms of the repurchase agreement approved by shareholders on 23 September 2008.

MF Impson resigned as an executive director of Santova Logistics and Impson Logistics (Pty) Limited effective 31 August 2011.

SUBSEQUENT