Santova Limited

30,5% INCREASE IN NORMALISED HEADLINE EARNINGS PER SHARE

44,5% INCREASE IN TANGIBLE NET ASSET VALUE PER SHARE

GROUP INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2013

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited 6 months to 31 August 2013 R'000	Unaudited 6 months to 31 August 2012 R'000	Audited 12 months to 28 February 2013 R'000
Gross billings		**1 463 985**	1 199 379	2 640 037
Turnover		**102 884**	80 322	178 790
Other income		**8 950**	3 751	8 535
Depreciation and amortisation		**(1 554)**	(1 551)	(3 070)
Administrative expenses		**(86 896)**	(63 802)	(143 221)
Operating profit		**23 384**	18 720	41 034
Interest received		**1 554**	683	2 014
Finance costs		**(7 207)**	(4 191)	(9 239)
Profit before taxation		**17 731**	15 212	33 809
Income tax expense		**(3 786)**	(3 914)	(8 712)
Profit for the period/year		**13 945**	11 298	25 097
Attributable to:				
Equity holders of the parent		**13 879**	11 124	24 688
Minority interest		**66**	174	409
Other comprehensive income				
Exchange differences arising from translation of foreign operations		**13 011**	1 684	(945)
Total comprehensive income		**26 956**	12 982	24 152
Attributable to:				
Equity holders of the parent		**26 834**	12 635	23 473
Minority interest		**122**	347	679
Basic earnings per share	(cents)	**10,17**	8,12	18,06
Diluted basic earnings per share	(cents)	**10,07**	8,12	18,00
Dividends per share	(cents)	**–**	–	2,50

SUPPLEMENTARY INFORMATION

		Unaudited 6 months to 31 August 2013 R'000	Unaudited 6 months to 31 August 2012 R'000	Audited 12 months to 28 February 2013 R'000
Reconciliation between earnings and headline earnings				
Profit attributable to equity holders of the parent		**13 879**	11 124	24 688
Net loss on disposals of plant and equipment		**70**	20	171
Fair value remeasurement of goodwill		**3 131**	–	–
Derecognition of financial liability		**–**	(713)	(713)
Taxation effects		**(19)**	(6)	(49)
Minority interest		**–**	–	(1)
Headline earnings		**17 061**	10 425	24 096
Fair value gain on remeasurement of financial liability		**(5 171)**	–	–
Recognition of financial liability due to lease termination agreement		**1 665**	–	–
Normalised headline earnings		**13 555**	10 425	24 096
Shares in issue	(000's)	**136 459**	136 459	136 459
Weighted average number of shares	(000's)	**136 459**	136 987	136 725
Diluted number of shares	(000's)	**137 760**	136 987	137 165
Shares for net asset value calculation	(000's)	**136 459**	136 459	136 459
Performance per ordinary share				
Headline earnings per share	(cents)	**12,50**	7,61	17,62
Diluted headline earnings per share	(cents)	**12,38**	7,61	17,57
Normalised headline earnings per share	(cents)	**9,93**	7,61	17,62
Net asset value per share	(cents)	**125,85**	100,16	108,43
Tangible net asset value per share	(cents)	**40,33**	55,44	27,91

OPERATIONAL REVIEW

The Group has continued its trend of generating consistent sound earnings growth, despite a challenging economic environment and a significant drop off in trade volumes that occurred in the first quarter of the current financial year.

The period under review witnessed no new acquisitions and was one primarily focused internally on:

- bedding down and integrating W.M. Shipping into the Group;
- developing and enhancing further our offshore capabilities, particularly in the Netherlands;
- launching Santova Express, a new international courier service; and
- 'refining' and formalising the Group's marketing strategies and initiatives.

In terms of the Group's stated strategies, the offshore operations continue to grow and become significant earnings contributors to the Group. The current financial year will see the inclusion of a full year's trading results from W.M. Shipping following last year's successful acquisition in the United Kingdom. In addition to this is a rejuvenated performance from the Netherlands following the take-on of a specialised logistics team late last year and the recent restructuring of the operational structures. All in all, this sees the contribution from foreign operations to the Group's results increasing from 19% to 39% during this period.

In South Africa the Group continues to experience intense competition within the logistics sector which has resulted in margins and profits coming under pressure. To counteract this, the Group has focused intensely during the period on refining and formalising its marketing procedures, and has invested in new resources and skills within the Supply Chain Management division. This highly specialised division works side by side with the core logistics divisions to provide sophisticated supply chain analysis and solutions to our customers, ensuring high levels of customer retention and growth opportunities going forward.

The in-house development and implementation of Santova Express during the current period is an exciting step in further expanding the Group's product offering and creating future revenue streams. Santova Express is the Group's new international courier service that provides international express delivery on demand, carrying out door-to-door delivery of freight, parcels and documents of a time-sensitive nature. Santova Express utilises the Group's existing in-house IT capabilities and extensive international representation to provide our clients with a reliable, cost effective courier solution.

The financial services division produced excellent results during the period under review and has become a mature business and a meaningful contributor to the Group, showing growth of 75% on normalised earnings from the prior period. The division is in the process of expanding its license categories and its product offering to clients, which will ensure its continued growth path going forward.

GROUP FINANCIAL REVIEW

For the six months to 31 August 2013 the Santova Group achieved headline earnings per share of 12,50 cents and basic earnings per share of 10,17 cents, an increase of 64,3% and 25,2% respectively over the prior period.

Both headline and basic earnings per share have been significantly impacted by the once-off inclusion in profit, in terms of IFRS, of a fair value gain of R5,2 million on the subsequent re-measurement of a portion of the contingent purchase consideration payable in respect of the acquisition of W.M. Shipping Limited and the resultant fair value loss of R3,1 million on the subsequent re-measurement of goodwill related to the acquisition. In terms of the Headline Earnings Circular 2/2013, the once-off fair value gain is specifically included in headline earnings per share and the fair value loss is specifically excluded, which causes headline earnings growth to be artificially inflated.

In addition, as detailed in the subsequent events note in the 2013 Annual Integrated Report, the Group is required, in terms of IFRS, to recognise the remaining obligations following the termination of the lease for the premises previously occupied by Santova Logistics South Africa (Pty) Limited as a financial liability. The total net impact of raising this financial liability in the current period is a pre-tax expense of R3 million, of which R2,3 million can be viewed as the once-off exceptional amount on a comparative basis with the related expense in the prior period.

CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 August 2013 R'000	Unaudited 31 August 2012 R'000	Audited 28 February 2013 R'000
ASSETS			
Non-current assets	**130 062**	72 508	122 247
Plant and equipment	**9 921**	8 080	8 308
Intangible assets	**116 694**	61 028	109 883
Financial asset	**529**	625	522
Deferred taxation	**2 918**	2 775	3 534
Current assets	**490 179**	361 016	436 369
Trade receivables	**406 738**	332 050	368 931
Other receivables	**39 509**	4 804	36 764
Current tax receivable	**1 852**	510	1 129
Amounts owing from related parties	**–**	797	–
Cash and cash equivalents	**42 080**	22 855	29 545
Total assets	**620 241**	433 524	558 616
EQUITY AND LIABILITIES			
Capital and reserves	**171 734**	136 678	147 963
Non-current liabilities	**35 486**	4 922	49 516
Interest-bearing borrowings	**31 783**	1 648	37 402
Long-term provision	**1 966**	1 976	1 966
Financial liabilities	**1 737**	1 280	10 148
Deferred taxation	**–**	18	–
Current liabilities	**413 021**	291 924	361 137
Trade and other payables	**219 397**	184 429	199 664
Current tax payable	**6 325**	1 421	3 650
Current portion of interest-bearing borrowings	**7 638**	354	3 430
Amounts owing to related parties	**195**	240	167
Financial liabilities	**14 591**	–	5 293
Short-term borrowings and overdraft	**154 305**	99 460	137 829
Short-term provisions	**10 570**	6 020	11 104
Total equity and liabilities	**620 241**	433 524	558 616

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Unaudited 31 August 2013 R'000	Unaudited 31 August 2012 R'000	Audited 28 February 2013 R'000
Capital and reserves			
Balance at beginning of period/year	**147 963**	123 699	123 699
Total comprehensive income	**26 956**	12 982	24 152
Issue of shares in terms of share commitments	**–**	(3)	–
Equity reserves arising from grant of equity-settled share options	**225**	–	115
Recognition of costs directly related to share issues capitalised to equity	**–**	–	(3)
Dividends paid	**(3 410)**	–	–
Balance at end of period/year	**171 734**	136 678	147 963
Comprising:			
Stated capital	**145 533**	145 192	145 307
Foreign currency translation reserve	**14 741**	4 511	1 785
Accumulated profit/(loss)	**8 312**	(15 719)	(2 155)
Attributable to equity holders of the parent	**168 586**	133 984	144 937
Minority interest	**3 148**	2 694	3 026
Capital and reserves	**171 734**	136 678	147 963

INTERNATIONAL LOGISTICS SOLUTIONS

Santova Limited is a public company listed on the main board of the Johannesburg Stock Exchange, with offices throughout **South Africa** and in **Hong Kong, Australia**, the **Netherlands** and the **United Kingdom**, as well as strategic partners throughout the world.

Santova provides INTEGRATED END-TO-END LOGISTICS SOLUTIONS that ensure the seamless flow of products into the market place for importers, exporters and consumers worldwide, by assuming RESPONSIBILITY FOR THE ENTIRE SUPPLY CHAIN, from supplier to consumer.

Santova offers a UNIQUE CLIENT-CENTRIC APPROACH, which provides SUPPLY CHAIN OPTIMISATION SOLUTIONS, through industry-leading strategic logistics management practices and VIRTUAL SUPPLY CHAIN MANAGEMENT, through the use of the Group's in-house developed intelligent management information system, OSCAR®.

CONDENSED STATEMENT OF CASH FLOW

	Unaudited 6 months to 31 August 2013 R'000	Unaudited 6 months to 31 August 2012 R'000	Audited 12 months to 28 February 2013 R'000
Cash generated from operations	**7 660**	56 202	30 655
Interest received	**1 554**	683	2 014
Finance costs	**(6 975)**	(4 156)	(9 087)
Taxation paid	**(1 219)**	(1 783)	(8 827)
Net cash flows from operating activities	**1 020**	50 946	14 755
Cash outflows from the acquisition of subsidiaries	**–**	(2 502)	(35 738)
Cash utilised in other investing activities	**(3 393)**	(1 114)	(2 332)
Net cash flows from investing activities	**(3 393)**	(3 616)	(38 070)
Net cash flows from financing activities	**12 689**	(35 226)	41 217
Net increase in cash and cash equivalents	**10 316**	12 104	17 902
Effects of exchange rate changes on cash and cash equivalents	**3 224**	799	1 012
Cash and cash equivalents at beginning of period/year	**28 540**	9 626	9 626
Cash and cash equivalents at end of period/year	**42 080**	22 529	28 540

CONDENSED SEGMENTAL ANALYSIS

GEOGRAPHICAL SEGMENT	South Africa R'000	Foreign Operations R'000	Group R'000
31 August 2013			
Turnover	**65 692**	**37 192**	**102 884**
Operating income	**15 757**	**7 627**	**23 384**
Profit for the period	**8 503**	**5 442**	**13 945**
Total assets	**525 847**	**94 394**	**620 241**
Total liabilities	**390 588**	**57 919**	**448 507**
Depreciation and amortisation	**1 134**	**420**	**1 554**
Capital expenditure	**3 397**	**74**	**3 471**
31 August 2012			
Turnover	63 917	16 405	80 322
Operating income	15 776	2 944	18 720
Profit for the period	9 157	2 141	11 298
Total assets	399 070	34 454	433 524
Total liabilities	274 980	21 866	296 846
Depreciation and amortisation	1 345	206	1 551
Capital expenditure	854	223	1 077

BUSINESS SEGMENT	Logistics Services R'000	Insurance R'000	Group R'000
31 August 2013			
Profit for the period	**12 543**	**1 402**	**13 945**
Total assets	**614 679**	**5 562**	**620 241**
Total liabilities	**447 234**	**1 273**	**448 507**
31 August 2012			
Profit for the period	9 880	1 418	11 298
Total assets	430 368	3 156	433 524
Total liabilities	295 561	1 285	296 846

Therefore, a more appropriate basis for the measurement of the actual performance by Santova in this period from on-going operations is the computation of 'normalised' headline earnings per share, which eliminates the effect of these once-off items. The result is 'normalised' headline earnings per share of 9,93 cents, an increase of 30,5% over the headline earnings per share reported in the prior comparative period.

This increase in normalised headline earnings is primarily as a result of:

- the first time inclusion of six months' trading results from the acquisition of W.M. Shipping in the interim reporting period, resulting in a contribution of R4,9 million to profit before tax; and
- strong performances from both the Netherlands and Hong Kong regions resulting in additional contributions of R2,9 million and R1 million to net profit before tax respectively compared to the prior period.

The effect of these strong earnings and the weakening of the rand, which resulted in significant foreign exchange profits from the translation of the Group's foreign assets, led to a 16,1% increase in net asset value per share from 108,43 cents in February 2013 to 125,85 cents.

OUTLOOK FOR THE NEXT SIX MONTHS

Following a relatively slow start to the year, trade volumes appear to have recovered their lost territory which is a positive indicator for the second six months. This, coupled with the initiatives implemented and investments made by the Group in the first six months, places the Group in a very good position to continue to achieve its target of consistent earnings growth.

BASIS OF PREPARATION

The condensed consolidated financial information for the six months ended 31 August 2013 has been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the listings requirements of the JSE Limited, the information as required by IAS 34: Interim Financial Reporting, and the requirements of the South African Companies Act 71 of 2008.

These condensed consolidated interim results have not been audited by the Group's auditors.

For and on behalf of the Board,

GH Gerber
Chief Executive Officer

DC Edley
Group Financial Director

30 October 2013

REGISTRATION NUMBER 1998/018118/06 **SHARE CODE** SNV **ISIN** ZAE000159711

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INDEPENDENT NON-EXECUTIVE DIRECTORS ESC Garner *(Chairman)*, AD Dixon, WA Lombard

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JSE SPONSOR River Group **AUDITORS** Deloitte & Touche **www.santova.com**