Santova
Logistics Ltd


Annual Report 2008


Together we move the world

Contents

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

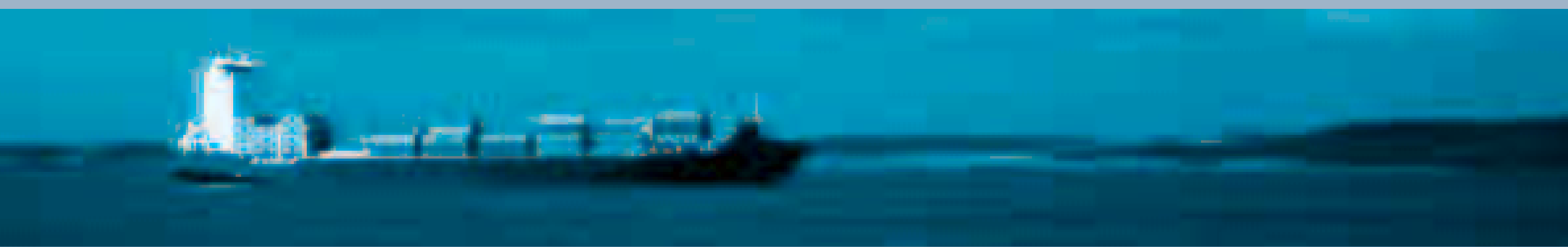
Santova
Logistics Ltd

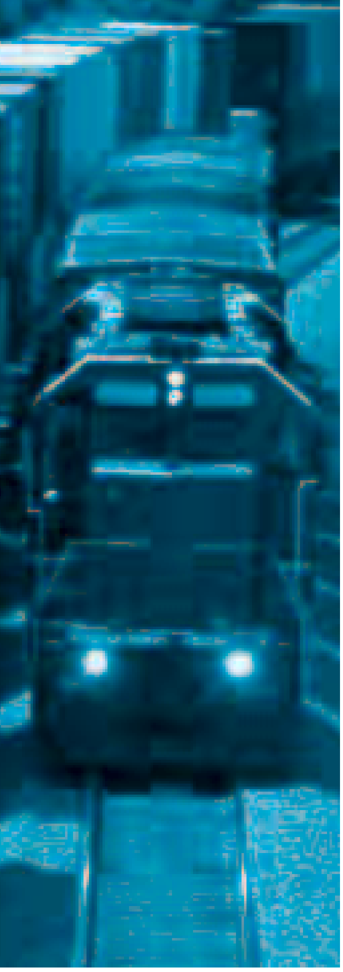
Group mission statement

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.





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.

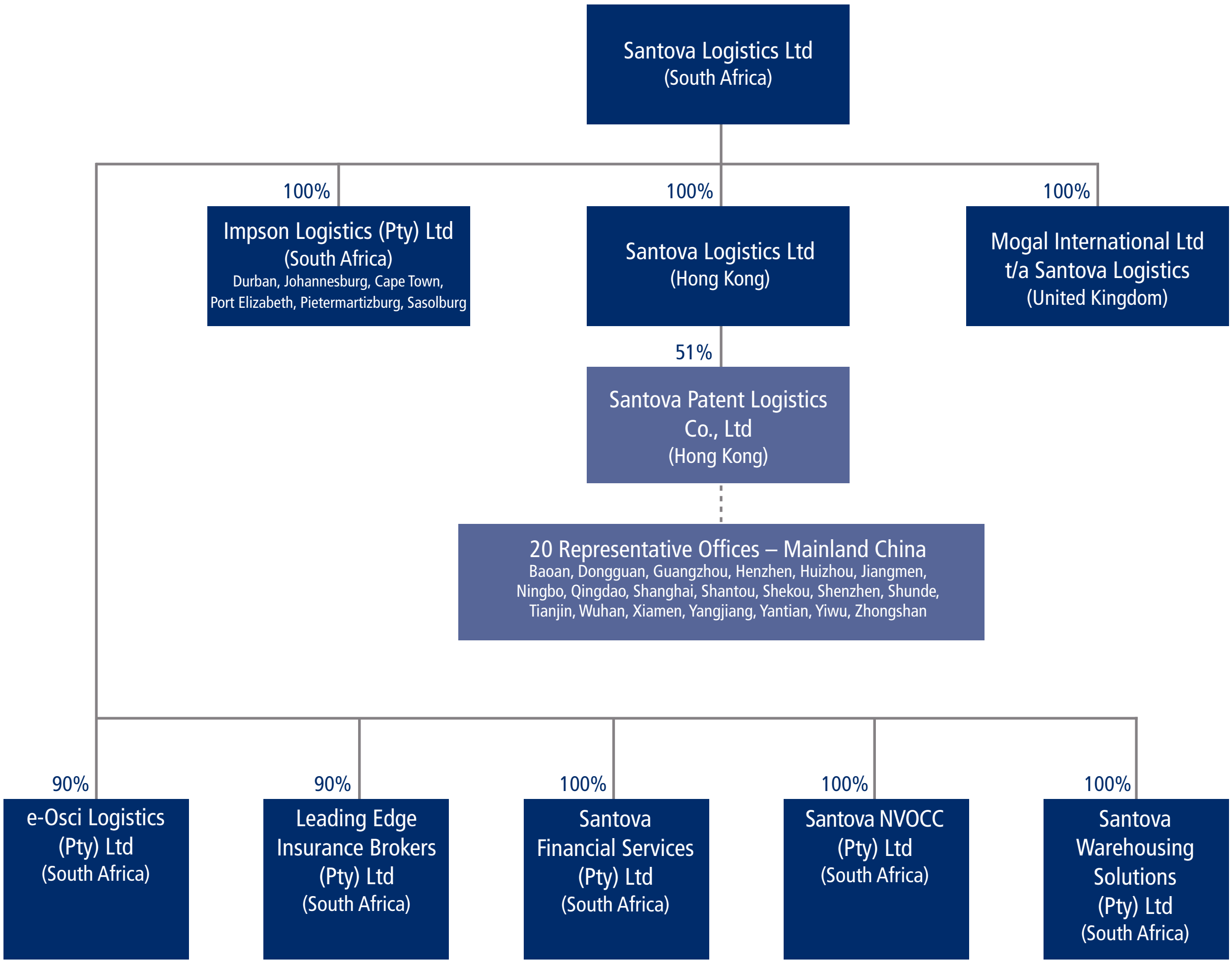
The open architectural design of OSCAR® enables optimisation of the supply chain management process through virtual management at the lowest possible cost whilst retaining high levels of client service.

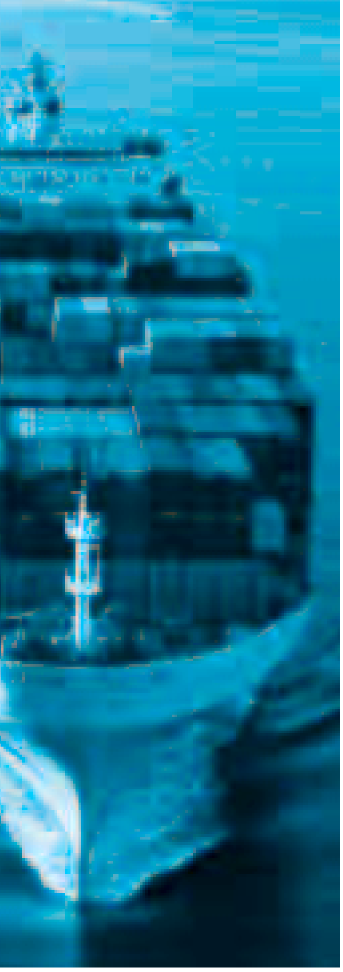
"Virtual management at the lowest possible cost"

Services
sea, air, road and rail

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

Group structure





“The Group is set to move forward to the next level of development”

Abbreviations

The following abbreviations have been used throughout this report:

“the Act”	the Companies Act, Act 61 of 1973, as amended
“Alt^{x}”	Alternative Exchange of the JSE
“B-BBEE”	Broad-based Black Economic Empowerment
“Deloitte”	Deloitte & Touche
“DTI”	Department of Trade and Industry
“EPS”	Earnings per share
“£”	Great British Pound (Sterling)
“IFRS”	International Financial Reporting Standards
“Impson”	Impson Logistics (Proprietary) Limited, a wholly-owned subsidiary of the Company
“JSE”	JSE Limited, South Africa’s Securities Exchange
“Leading Edge”	Leading Edge Insurance Brokers (Proprietary) Limited, a subsidiary of the Company
“Ltd”	Limited
“Mogal”	Mogal International Limited (United Kingdom)
“NAV”	Net asset value
“Pty”	Proprietary
“R”	Rand
“SA”	South Africa
“Santova” or “Group”	Santova Logistics Limited and its subsidiaries
“Santova Logistics” or “the Company”	Santova Logistics Limited
“SARS”	South African Revenue Services
“Spectrum”	Spectrum Shipping Limited (now Santova Logistics, after a name change in 2007)
“the Share Trust”	Santova Logistics Share Purchase and Option Scheme Trust

Our history

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

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

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

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

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

Following the acquisition of Impson, the Group's financial year end was changed from December 2006 to February 2007. During this fourteen month period the name of Spectrum was changed to Santova Logistics Limited and the name of Impson was changed to Impson Logistics (Proprietary) Limited. Impson became the main South African operating entity of the Group under the control of Malcolm Impson, with Santova remaining as the holding company with Glen Gerber as Chief Executive Officer.

During the current twelve month period, the head offices and Durban branches of Santova and Impson were integrated and moved into new premises in Santova House, 88 Mahatma Gandhi Road, Durban. Also, the Company acquired 100% of the issued share capital of Mogal International Limited and its operating subsidiaries, Owens International Freight Limited and Antipodes Shipping Limited, each company registered in the United Kingdom. The integration of the businesses of Spectrum and Impson has required a considerable amount of time and energy but has now been successfully completed.

With the recent changes to the Board of directors, the Group is set to move forward to the next level of development.

Group financial summary
for the year ended 29 February 2008

RESULTS		12 months to 29 February 2008 R'000	Restated* 14 months to 28 February 2007 R'000
Summary			
Gross billings		**1 956 021**	1 451 862
Turnover		**108 243**	77 395
Operating income before interest and taxation		**21 132**	15 053
Profit for the year/period		**6 071**	2 605
Profit attributable to equity holders of the parent		**6 026**	2 625
Net assets		**77 399**	71 322
Tangible net assets		**48 370**	42 710
Financial ratios			
Return on average ordinary shareholders' funds	(percentage)	**8,1**	5,6
Return on net assets	(percentage)	**7,8**	3,7
Return on tangible net assets	(percentage)	**12,5**	6,1
Operating margin	(percentage)	**19,5**	19,4
Interest cover		**1,61**	1,39
Current ratio		**2,40**	2,58
Ordinary share performance			
Ordinary shares in issue at year end	(shares – 000's)	**1 366 788**	1 122 682
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)	**45 367**	10 755
Basic earnings per share	(cents)	**0,45**	0,24
Headline earnings per share	(cents)	**0,45**	0,23
Diluted basic earnings per share	(cents)	**0,45**	0,24
Diluted headline earnings per share	(cents)	**0,45**	0,23
Closing share price at year end	(cents)	**7**	16
Net asset value per share	(cents)	**5,82**	5,34
Tangible net asset value per share	(cents)	**3,64**	3,20
Market capitalisation at year end			
Ordinary shares	(R'000)	**95 675**	179 629

* *Refer to note 28 of the annual financial statements*

Definitions

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

Basic 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) in issue during the year. 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 shares outstanding at year end.

Net assets or total equity
Total assets less total liabilities.

Net asset value per share
Ordinary shareholders' funds (capital and reserves attributable to equity holders of the parent) over the weighted average number of ordinary shares (including subscriptions awaiting allotment, but excluding treasury shares) in issue during the year under review.

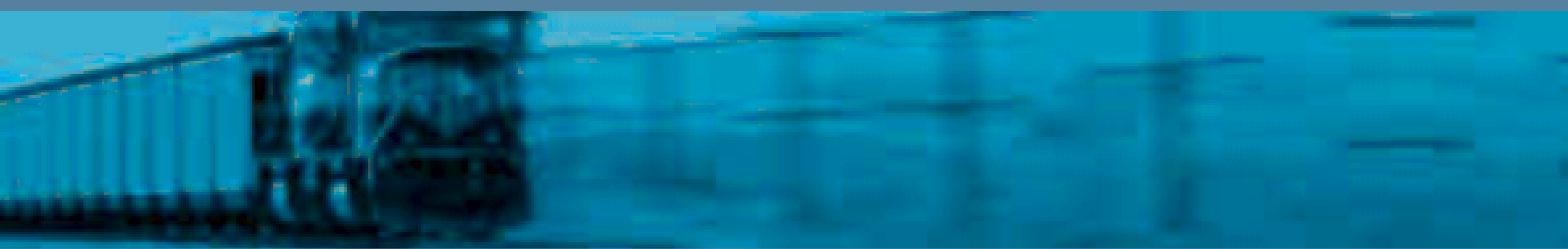
Operating margin
Operating income before interest and taxation expressed as a percentage of turnover.

Return on net assets or return on total equity
Profit for the year expressed as a percentage of net assets.

Return on tangible net assets
Profit for the year expressed as a percentage of tangible net assets.

Return on average ordinary shareholders' funds
Profit for the year attributable to equity holders of the parent expressed as a percentage of average ordinary shareholders' funds (capital and reserves attributable to equity holders of the parent for this and last year divided by two).

Tangible net assets
Total assets less total liabilities and intangible assets.



"Higher earnings growth and improved return on equity"

"Further development of OSCAR®"

Group financial review

for the year ended 29 February 2008

	29 February 2008 R'000	Restated* 28 February 2007 R'000
BALANCE SHEET		
Assets		
Non-current assets	**43 502**	41 836
Current assets	**286 789**	290 011
Total assets	**330 291**	331 847
Liabilities		
Non-current liabilities	**2 658**	3 276
Current liabilities	**250 195**	257 249
Total liabilities	**252 853**	260 525
Capital and reserves	**77 438**	71 322
Total equity and liabilities	**330 291**	331 847

	12 months ended 29 February 2008 R'000	Restated* 14 months ended 28 February 2007 R'000
INCOME STATEMENT		
Gross billings	**1 956 021**	1 451 862
Cost of billings	**1 847 778**	1 374 467
Turnover	**108 243**	77 395
Operating income before interest and taxation	**21 132**	15 053
Net interest paid	**13 096**	10 799
Profit before taxation	**8 036**	4 254
Income tax expense	**1 965**	1 649
Net profit for the year/period	**6 071**	2 605

* *Refer to note 28 of the annual financial statements*

Chief Executive Officer's review
for the year ended 29 February 2008

The past year has been another year of considerable progress for the Group with higher earnings growth and improved return on equity.

This growth has been organic and, most importantly, has confirmed the strategic value of the model and the steps taken by the Board in prior years to build a comprehensive supply chain logistics business. In fact, the very strength and momentum displayed in 2008 is evidence of the fact that we have a strong business with leading market positions whose diversity, scale, delivery capacity and operational excellence will be developed even further going forward. To effectively meet our challenges and achieve our strategic goals, it is essential that we continue to build on the future capabilities of the business by investing in quality human, financial and physical resources. Thanks to our team and underlying business plan, I believe our strategy will continue to deliver increasingly better returns to our shareholders in the years ahead.

Whilst the financial performance of the Group was strong during the period under review, 1 September 2007 represented somewhat of a milestone for the Group. It was on this date that the operational business of the "old Spectrum" was closed and select, quality clients of this business transferred to Impson, now the South African logistics arm of the Group. This represented a conscious decision by the Board to cease trading with clients where risk or the business relationship was considered imprudent. After all, this aspect of the "old Spectrum", particularly the Durban operation, has been a contentious challenge that the Group has struggled with for a number of years. The closure of the "old Spectrum" provided the Group with the long-awaited opportunity to place the management of the logistics business under Impson, which has the infrastructure, skills and expertise essential for the sustainable growth of our logistics business within South Africa.

PRIOR PERIOD ADJUSTMENTS

The rationalisation of the "old Spectrum" business, and the integration of the acquired businesses brought with it the need to standardise the critical accounting judgements used in preparing the financial statements of the companies in the Group. This process resulted in previously reported numbers being revised and restated, as is set out fully in this annual report.

FULL STEAM AHEAD

The business today is one that constitutes skilled experienced leadership, quality clients, and sound operational structures and procedures. It is important to recognise that the progress of earnings of the Group could be described as being in the preliminary phase as the Group comes out of its initial developmental stage; we believe that our true potential has yet to be achieved.

It is pleasing to note that, whilst the Group made considerable progress in its performance, the results could have been far more favourable had it not been for the impact that the following factors have had on the business:

Chief Executive Officer's review
for the year ended 29 February 2008

- The South African Authorities' decision to impose import restrictions (quota imports) for a vast array of textile and clothing products originating from China from 28 September 2006 until 31 December 2008. The fact that the Group had a significant exposure to this industry has resulted in reduced client import activity levels from China and consequently diminished revenue streams.
- An increase in funding costs for certain clients that were not linked to the South African prime interest rate. With the prime rate increasing rapidly from 11,5% to 14,5% within a relatively short period of time, the Group had to partially absorb these interest rate increases until such time as these clients were re-priced and/or linked to prime. As the results highlight, the impact of this in the second period of the financial year was not as obvious.
- The decision by management to cease trading with clients with unacceptably high risk profiles and/or unacceptable 'payment profiles' resulted in the Group having to absorb overdue interest charges which were not recoverable from these clients. Furthermore, by design, a loss of clients in this category resulted in a consequential loss of revenue for the Group.
- The costs of relocating the KwaZulu-Natal businesses to new premises which could accommodate the Durban branches of both the "old Spectrum" and Impson, and upgrading the IT infrastructure, furniture and equipment.

In the year under review the Group took a significant step towards achieving the new business model that it set out to achieve in 2003, namely a leading designer and implementer of international "end-to-end" supply chain logistics solutions that synchronise each component of the value chain. From the standpoint of increasing shareholder value, our business model is a sustainable one capable of taking advantage of the opportunities that present themselves in the global market.

BUSINESS OVERVIEW

Impson Logistics (Pty) Ltd

As anticipated, the depth of management skills, expertise and infrastructure that Impson brought to the Group proved essential for the success of the Group in evolving to this next level of sophistication. Whilst the Impson business enhanced the stability and profitability of the Group, it also played a vital role in the synchronisation of infrastructure, systems, resources and work-flow processes of the Group.

Recognising information technology systems as a true differentiator, Impson has continued with the investment and further development of the OSCAR® "Optimised Supply Chain Active Resource" suite of software packages. The very nature of OSCAR®'s open architectural design has allowed our international offices, agents and clients the visibility needed to manage the process collectively and effectively. The ability of OSCAR® to generate reports and analyse transactions has also enabled participants in the supply chain to significantly reduce the landed cost of product for their clients.

Chief Executive Officer's review
for the year ended 29 February 2008

Santova Logistics Ltd (Hong Kong)

The performance of the Hong Kong office has been particularly impressive, its growth being driven by growing global demand for goods out of Hong Kong and China. As anticipated, this office improved the efficiency and effectiveness of our clients' supply chains whilst reducing the overall costs of their supply distribution. The overriding advantage is that Santova clients can now 'partner' a single service provider who has a thorough 'hands on' knowledge and understanding of the intricacies relating to supply chain streamlining and efficiencies. This office also played a pivotal role in managing complex multi-partner relationships between our twenty representative offices in Mainland China and our clients in the United Kingdom and in particular South Africa.

Santova Logistics (United Kingdom) t/a Owens International Freight Ltd

Whilst this region reported a loss for the period under review, their results were only included in the Group results for 11 months. It is important to highlight that this loss was in large attributed to three factors. Firstly, the former shareholder from whom the Group acquired Owens International made the decision to change service providers, which resulted in a significant loss of revenue. Secondly, the Group made a decision to invest further and appointed a senior supply chain logistics executive to assist with the development of the business. Thirdly, once-off operational costs in the form of "damages" relating to a fairly large new client were absorbed to retain the client. However, whilst the absence of the former shareholders' clients left a 'vacuum' in the business, the subsequent transfer of the Group's clients in both China and South Africa to this operation has replenished this loss. The business is once again on an equal footing.

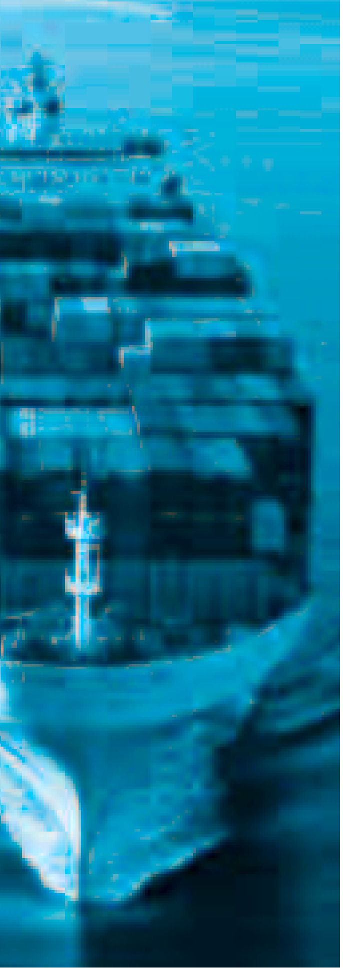
The United Kingdom office constitutes an important link in the management and control of the logistics of the supply chain between South Africa, Hong Kong, China and the United Kingdom. The year ahead will see the focus of the Group on building the capabilities of this business, particularly that of information technology driven supply chain solutions.

Leading Edge Insurance Brokers (Pty) Ltd

This insurance brokerage has performed well in complementing our 'one-stop' value-added logistics solutions chain. That the decision to provide 'in-house' rather than outsourced international insurance services was right has been confirmed by this business making a significant contribution to the earnings of the Group in its first full year as a subsidiary company.

OUTLOOK TO FEBRUARY 2009

Whilst the year under review was characterised by a buoyant economy, fiscal 2009 is set to be a challenging year. The unfavourable US economy, compounded even further by the sub-prime crisis, has suggested a slowdown in the global economy. In South Africa, the decision by the Reserve Bank to raise interest rates has resulted in a slowdown in consumer consumption, a trend that is expected to continue for the year ahead. In addition, load shedding by Eskom has had an adverse impact on the logistics business, with closures of the Ports and Customs during these periods.



Chief Executive Officer's review
for the year ended 29 February 2008

"My gratitude goes out to staff, executive management and fellow directors"

However, in a slow-growth economic environment, cost control becomes all the more important for commerce and industry. This presents an exciting opportunity for logistics and supply chain management companies such as Santova which can provide clients with a unique suite of supply chain technology systems. These web-based systems enable the management of the supply chain on a real-time basis, ensuring greater efficiencies, synchronisation and improved cash flows as a consequence. Closely aligned to this opportunity is the ever-increasing tendency for commerce and industry to view effective logistics and supply chain management not as a cost centre, but rather as a competitive advantage. Hence a decision by companies to outsource the logistics and management of their supply chains is becoming more prevalent.

The market holds huge opportunities for our Group. Our leading edge technology, integrated portfolio of services, and global network, together with our expertise in supply chain logistics, will allow us to capitalise on these opportunities to meet the demands of our organic growth strategy. We will also continue to acquire businesses that are both strategic and complementary to our long-term strategy. By expediting the collaboration between business units and throughout the Group, we aim to fast track the Group's growth and profitability. Furthermore, globalisation and "cross border" trade is a certainty. Trade with China, India, Australia, United Kingdom and Europe will continue to grow and present an exciting opportunity for the Group.

ACKNOWLEDGEMENT AND APPRECIATION

Fiscal 2008 is the first twelve-month period in which all the recently acquired businesses have operated as one entity. I am proud to say that in spite of the challenges faced during this period, the business has demonstrated that it has strong underlying strategies and protocols capable of sustainable growth. As mentioned in my previous report, we have embarked on "unchartered territories" which have resulted in an exciting yet challenging arena for Santova. Not only have we successfully met these challenges, we have turned many of them into opportunities with a great level of success, which has further improved the resilience of the Group to unforeseen factors.

My gratitude goes out to staff, executive management and fellow directors. I am truly grateful for the commitment and dedication that you have all given to ensure that Santova is a great company in the making. Our vision is an exciting one whose 'stretch' demands of us tenacity and entrepreneurial flair.

Chief Executive Officer's review
for the year ended 29 February 2008

To all our clients, shareholders, suppliers and business associates, thank you for your support and confidence in us. It is your support that will allow us to achieve our vision of creating an international business that will ensure the successful growth and development of Santova going forward.

Finally, there have been some changes to our Board of directors in the three months immediately prior to the release of this report. It is my pleasure to welcome three new directors to the Board. Ted Garner and Warwick Lombard join the Board as independent non-executive directors and Gary Knight, who has recently been appointed Managing Director of Impson, joins the Board as an executive director. I look forward to working with all three directors in the years ahead and benefiting from the wealth of experience that Ted and Warwick bring to the Board. Abbreviated *curricula vitae* of all three directors can be found on pages 17 and 18.

Benny Singh, who is one of the founding directors of the Company, has stepped down from the Board of Santova Logistics to join the board of Impson, and Prince Sifiso Zulu has resigned as director and Chairman of Santova Logistics.

I am also happy to announce that on 5 August 2008 Ted Garner was appointed Chairman of the Board of Directors of Santova Logistics.

GH Gerber

Chief Executive Officer

Durban

20 August 2008

Report of the Group Financial Director
for the year ended 29 February 2008

The annual report incorporates the Group's operations in Southern Africa, the Far East and the United Kingdom. The Group reports its financial performance and position in compliance with International Financial Reporting Standards.

During the year the process of applying new and revised accounting standards and aligning accounting policies across the old and newly acquired businesses in the Group continued. This annual report has been prepared on the basis of applying such policies consistently for the year ended 29 February 2008 and the prior fourteen month period ended 28 February 2007. Where appropriate, the amounts for 2007 and 2005 have been restated. Note 28 in the annual financial statements sets out the detail of the changes made.

In addition, the Group has adopted IFRS 7 Financial Instruments: Disclosures. This is a disclosure standard which has no impact on the recognition, measurement or presentation of financial instruments and consequently has no impact on profit, loss or equity for the year. See note 29 for further details.

"Increase in attributable profits of 167,8%"

"Borrowings repaid of R15,9 million"

FINANCIAL PERFORMANCE OF 2008

When comparing the performance for the year under review to the restated prior fourteen month period, with Impson and Leading Edge only included for a part of that period, there was a 63,2% increase in turnover and a 65,6% increase in the operating income. Finance costs reflect a 41,5% increase, resulting in an increase in attributable profits of 167,8%.

Net asset value ("NAV") has increased from 5,34 cents per share to 5,82 cents, an 8,9% increase; whilst the tangible net asset value ("TNAV") has moved from 3,20 cents per share to 3,64 cents, a 13,7% increase.

The cash flow statement for the Group reflects borrowings repaid of R15,9 million (2007: R11,9 million) despite the increased trade undertaken by the Group.

Return on total equity increased from the last period at 3,7% (fourteen months) to 7,8% in the current year.

The above results were achieved after taking into account the disruption of the Durban and Head Office move in early March 2007.

Report of the Group Financial Director
for the year ended 29 February 2008

During the year, further shares were issued as follow:

- 4 818 750 shares to the vendors of Mogal on 13 March 2007;
- 210 000 000 shares to the vendors of Impson on 18 June 2007;
- 4 286 490 shares to the vendors of Leading Edge on 18 June 2007; and
- 25 000 000 shares were issued to the Share Trust on 14 September 2007.

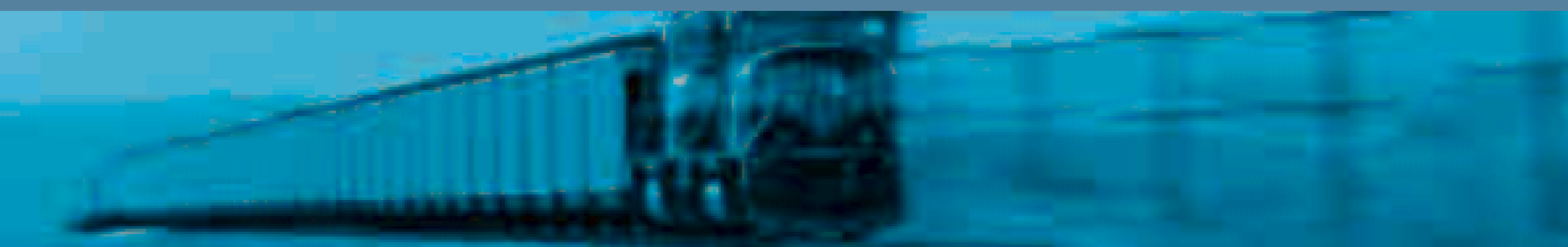
We move forward in the year ahead determined to optimise costs and service levels even further, and to ensure that the Group structure is running optimally for the new business that is to be introduced.

ACCUMULATED LOSS

The Board draws attention to the accumulated loss which was incurred in Micrologix Limited prior to the 'reverse-listing' of the business in 2002. The profitable results of the business of Santova have been fully disclosed and in no way resulted in the accumulated loss as reflected in the balance sheet since the 'reverse-listing'.

SJ Chisholm
Group Financial Director

Durban
20 August 2008



Directorate

EXECUTIVE DIRECTORS

GLEN GERBER 45, 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 Limited where he headed both the Northern Transvaal and later the KwaZulu-Natal operations for a continuous period of twelve years, focusing on specialised and structured finance, trust, global fiduciary and tax advisory services as well as private equity and direct investment activities. Glen was appointed as a divisional director of Investec Private Bank in 1995. In 2003 Glen joined Spectrum (now Santova Logistics) as Chief Executive Officer.

SEAN CHISHOLM 33, Group Financial Director
BCompt (Hons), CTA, CA (SA)

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

STANLEY DONNER 55, International Marketing
BCom, LLB

Stanley graduated from the University of the Witwatersrand with a law degree, sub-majoring in accounting and finance. He then completed a shipping diploma part-time whilst in the employ of Freight Services, an Anglo American Group company. His service with Freight Services covered a number of departmental job situations from import clearing to ship chartering. Thereafter, Stanley and his brother started an international trading company, with a small shipping company to look after terminal cargo requirements. Stanley is actively involved in promoting the interests of Santova.

Directorate

MALCOLM IMPSON 65, Chairman of Impson

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

GARY KNIGHT 41, 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.

TOM MEZHER 73
ACIS

Tom commenced his career working as an accountant at Bryce Transport and Shipping Co (Pty) Ltd formerly in Point Road, Durban, and after purchasing shares in the company became the Managing Director. Bryce Transport then purchased Storm & Co (Pty) Ltd and established the business in Maydon Wharf. In 1972 Safcor purchased 50% of Storm & Co, which commenced a long and fruitful partnership, during which time the business of Maydon Wharf Cold Storage (Pty) Ltd was established. In 1996, Storm & Co was sold to Grindrod Limited and Tom became an executive director of Grindrod, responsible for transport, warehousing and container facilities throughout South Africa.

Amongst Tom's other business interests, there is Cobro Concrete (Pty) Ltd, where he is Chairman, and Impson Freight (Pty) Ltd which was started in conjunction with Malcolm Impson as Managing Director and Tom as Chairman. When Tom retired from Grindrod, he joined Malcolm at Impson Freight with the added responsibility of Financial Director. Impson Freight has since become Impson Logistics (Pty) Ltd following its acquisition by Santova Logistics.

Tom also served as Chairman of the Durban Chamber of Commerce Transportation Committee from 1981 to 1986; of the Durban Harbour Carriers Association; and Natal Owners and Trainers Association, and was for a time a director of Gold Circle Limited.

Directorate

INDEPENDENT NON-EXECUTIVE DIRECTORS

EDWARD (TED) GARNER 69, Chairman

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

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

WARWICK LOMBARD 51

CA (SA)

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

MOSES TEMBE 46

BA Public Administration and Political Science

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

Directorate

COMPANY SECRETARY

JENNIFER LUPTON 66

ACIS

Jenny began her career in Rhodesia in the early 1970s 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 Administrators, and was appointed Company Secretary. She left AFC in 1984 and assisted in the startup 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 concentrate on building Highway Corporate Services (Pty) Ltd, a professional corporate secretarial services company, which she had started five years previously as a part-time interest. In addition to Santova Logistics Ltd, Jenny is also Company Secretary of Fairvest Property Holdings Ltd and Highway Corporate Services are Secretaries of Sanyati Construction Ltd, as well as a number of other unlisted public and private companies.

Group social responsibility report

incorporating human resources and broad-based black economic empowerment

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

"Staff motivation continues to be a priority for the Group"

"Focus on Black Enterprise Development"

"New training facility built in Durban"

HUMAN RESOURCES

The effect of the acquisition of three separate and distinct entities over the last two years has resulted in a challenging and busy period for the human resources department.

The increased workload has been maintained by the professional specialist assistance of the strong network of suppliers set up in the last financial year. This has resulted in the department functioning efficiently and effectively with all entities which form part of the Group. The majority of post 'merger' issues have now been resolved and the department as a whole can now focus on new areas in the year ahead.

The 2008 financial year saw the drafting of a number of new policies and procedures for the Group in accordance with the Audit and Risk Committee's internal control measures.

Last year also saw the formation of the Human Resources Committee which deals with Group social issues such as human resources, employment equity, labour and training initiatives.

Staffing, staff wellness and staff motivation continue to be a priority for the Group. A staff wellness programme utilising an independent third party has been identified and is in the process of being implemented. However, the human resources department itself continues to provide assistance and advice to employees with personal issues. The Share Incentive Scheme also plays a strong role in building on these motivation initiatives, refer to page 81 for further detail.

The staff social committees have performed very well in the last year, with both soccer and indoor-cricket teams being formed and other social events being arranged, to build on the already strong team-spirit.

The main areas being focused on for the coming year are skills development and training, employment equity and goals set by the B-BBEE committee.

SOCIAL TRANSFORMATION

1. **Broad-based black economic empowerment**
   At the beginning of the 2008 financial year the Santova Logistics B-BBEE verification process proceeded as planned, taking into consideration the DTI B-BBEE Codes (published in February 2007). Dealing with the new Codes has ensured that it has been a challenging yet positive year in this area of our business.

Group social responsibility report
incorporating human resources and broad-based black economic empowerment

Achievements during the year included:

- the formation of a B-BBEE Committee, which is charged with monitoring all aspects of B-BBEE; and
- the drafting of a B-BBEE policy for the Group.

The B-BBEE policy will guide us through the development and implementation stages of ensuring our improved compliance with the seven elements of B-BBEE within the Group. Our B-BBEE consultant has continued to provide advice and support on the planning, development, implementation and monitoring of B-BBEE.

In the 2008 financial year, the verification process was completed for the following entities within the Group:

- e-OSCI Logistics (Pty) Ltd;
- Leading Edge Insurance Brokers (Pty) Ltd;
- Santova Financial Services (Pty) Ltd;
- Santova NVOCC (Pty) Ltd; and
- Santova Warehousing Solutions (Pty) Ltd.

Each of these entities has a B-BBEE status of a Level Four Contributor and a B-BBEE procurement recognition level of 100%. The verification process in respect of Impson (the largest trading entity within the Group) took the form of an "in-house" audit. An external independent verification process will commence once verification agents have been accredited in terms of the B-BBEE Codes and once we have had an opportunity to assess the final Forwarding and Clearing Sub-sector B-BBEE Charter which is still in draft stage.

The "in-house" audit revealed that Impson scored well in elements of "Preferential Procurement" and "Socio-economic Development". Whilst these areas do not require improvement from a score card perspective, they will continue to be closely monitored. The elements of "Management Control", "Employment Equity" and "Skills Development" will continue to be actively targeted with a view to achieving improved results within the medium term. The short-term goals for the 2009 fiscal year are to focus on Black "Enterprise Development" and associated initiatives.

2. Affirmative action and training initiatives

From a training and affirmative action perspective, the year under review represented the year in which the "merging" of all the Group's entities took place. This substantial task included taking control of the training initiatives of new subsidiaries to the Group, the physical movement of staff to new offices and the transfer of former "Spectrum" staff into the Impson training programmes. Despite the complexities and additional workloads placed on this department within the last year, the year proved to be very successful.

Adult Basic Education and Training, ("ABET"), grew from nine to nineteen previously disadvantaged learners over this last financial year. It is an area of training that the Group considers vital as it addresses the much needed literacy and numeracy skills, as well as the general upliftment and motivation of previously disadvantaged individuals. ABET also serves as a stepping stone for staff to move into more substantial training offered by the Group such as direct shipping occupational programmes which provide opportunities for staff to advance both their career and their personal lives. Almost all staff, at an elementary level, are involved in some form of training in line with the National Skills Development Strategy from the Department of Labour.

The Learnership programme has been the most successful area of achievement for the Group in the last year in terms of the Group's social responsibilities. In the year we have seen staff enrolled in permanent employment after the successful completion of a Learnership programme and we have also seen a large increase in the total number of Learnerships. Since our last report, the Learnership programme for previously disadvantaged individuals has expanded from two to eleven learners – eight of whom are female. This programme has been targeted as one of the most important areas to assist us with the medium to long-term goals of employment equity and the upliftment of previously disadvantaged employees within the Group.

The Company was accredited as a South African Institute of Chartered Accountants ("SAICA") Training Out of Public Practice ("TOPP") training organisation under the Group Financial Director as the training officer. This will allow the Group to train Chartered Accountants within the industry.

General training of employees has improved over the last year despite the administrative distractions emanating from the three entity acquisitions over the last two years. 72 training interventions (excluding ABET and Learnerships) were held for staff within the Group over the last year, which represents an increase in comparison to the previous period. This includes three staff who are currently studying towards degrees from the University of South Africa. The most common type of general training in the last year was the Occupational Skills Programme Training for Impson staff within the customs clearing and forwarding industry through various accredited training providers in each of the regions. Other highlights include a new training facility built in Durban to cater for the increased number of employees receiving training in Durban. This facility has assisted in increasing the number of 'in-house' training sessions as opposed to external interventions. The new Health and Safety training initiative was launched in 2008.

The Group remains committed to training and skills development. Over R1,1 million has been budgeted for this area in 2009. This budget includes funding for ABET, Learnerships, SAICA TOPP, General Training, Occupational Skills Programmes Training, Health and Safety Training, Management Development Programmes and Computer Literacy. Training is planned for 60% of all Group staff in the coming year.

3. Employment equity

During the 2008 financial year, the Group consolidated and integrated the two pre-existing employment equity plans of Impson and Santova, into a single plan for the newly established trading entity for all freight forwarding and clearing services, Impson.

The process involved:

- the appointment of a new consultative Employment Equity Committee, representative of the company's staff race and gender profile at the different occupational categories and levels;

Group social responsibility report

incorporating human resources and broad-based black economic empowerment

- a review of the organisation's human resource policies and procedures, which were found to be fair and equitable in respect of the prevailing labour-related legislation;
- an analysis of the consolidated company's profile, and the changes to that profile in the period September 2006 to August 2007, of which key findings are described below;
- the writing of a new Employment Equity Plan for the consolidated organisation for the period October 2007 to September 2010; and
- the preparation and submission of an Employment Equity Report to the Department of Labour for the period 1 October 2007 to 30 September 2008.

The analysis, referred to above, revealed that the overall change in the race profile reflected a 2,2% decline in the number of Whites relative to the other population groups. The change in the gender profile reflected a 4,8% increase in females over males. Notwithstanding these positive trends, a closer analysis indicated a need for a more targeted approach so as to achieve more balanced profiles at staff and management levels.

The single largest grouping of employees is the clerical administrative category, and the analysis revealed a significant increase in African and Indian representation had taken place, accompanied by an equivalent decrease in White representation. The biggest increase was in Indian numbers (from 21 to 34) and African numbers (15 to 21). These trends are positive, and employees at this level in the organisation will hopefully provide the source of future supervisors and managers.

In managerial/supervisory positions the percentage of White persons also declined, but there is room for further improvement in this area. A significant increase in gender representation took place, considerably ahead of the company goals.

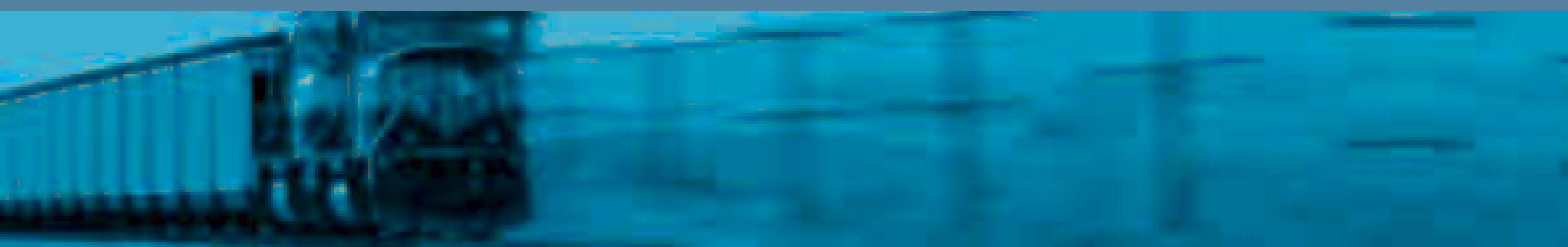
The new three year Impson Employment Equity Plan outlines measurable targets for each occupational level and categories within the Company. Impson also drafted regional plans in line with the requirements of the Employment Equity Act.

In the five months since the report was filed with the Department of Labour, Impson has encouraged its Employment Equity policies. Of the 32 staff hired in this period, 75% were Black individuals.

Targeted internal staff identification, training and development, promotion, regular internal audit and a new external recruitment procedure are among the strategies for Impson which will ensure the targets and goals are achieved for the 2007 to 2010 Employment Equity Plan period.

SOCIAL RESPONSIBILITY

In the year 1 March 2007 to 29 February 2008, the various entities within the Group made 126 donations to 56 different charities, many of which were in the form of monthly donations.



Corporate governance report

“Promotion of good corporate governance”

“Unitary Board of directors”

“Group’s SARS Customs compliance”

COMPLIANCE WITH KING II

The Group is committed to the promotion of good corporate governance and to compliance with the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance for South Africa – 2002 (“King II”). Whilst every effort has been made to institute “best practice” wherever possible, there are still areas where this has not been achieved and these are highlighted in this report.

THE BOARD OF DIRECTORS

The Company has a unitary Board of directors with the roles of the Chairman and Chief Executive Officer separated and their responsibilities clearly defined. The Chairman is an independent, non-executive director. The composition of the Board has been enhanced, subsequent to the financial year end, by the addition of two experienced independent non-executive directors with strong financial backgrounds. With the appointments and resignations mentioned in the Chief Executive Officer’s review, the Board now has a total of nine directors, three of whom are independent non-executive directors.

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

BOARD CHARTER

The Board has formulated and adopted a Board Charter during the year which embodies the following principles, amongst others:

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

Corporate governance report

BOARD COMMITTEES

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

AUDIT AND RISK COMMITTEE (Four meetings)

Prince S Zulu	(Chairman, Independent non-executive director, resigned 1 August 2008)
ESC Garner	(Independent non-executive director, appointed 21 July 2008)
WA Lombard	(Independent non-executive director, appointed 21 July 2008)
M Tembe	(Independent non-executive director)
Invitees	
SJ Chisholm	(Group Financial Director)
GH Gerber	(Chief Executive Officer)
A Lianos	(representing the designated advisors)
TR Mezher	(Executive director)

While it has been acknowledged that it is not “best practice” for the chairman of the Board to act as chairman of the Audit and Risk Committee, this was unavoidable in the past year. With the appointment of the two new directors, both with the necessary financial expertise, and the resignation of Prince Sifiso Zulu, this situation will be addressed for the current financial year.

The Audit and Risk Committee has adopted a Charter which sets out the terms of reference of the Committee and this has been updated in the year under review to incorporate the Risk Management function.

The Committee meets at least four times a year; two of those meetings will deal with a review of the Group’s annual and interim financial statements and reports and Group budgets; the remaining two deal with consideration of the reports of the Risk Management Committee and the Internal Auditors.

INTERNAL CONTROL

No formal internal audits were carried out in the year under review due to the fact that, with the merging of the businesses of Santova and Impson, an ongoing internal audit was undertaken in all departments throughout the Group to establish which were the “best practices”, which areas required new procedures or tighter controls and how best to integrate the two. Now that the exercise has been substantially completed, the matter will be attended to by the Audit and Risk Committee and a new appointment, either externally or internally, will be made within the year.

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

Corporate governance report

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

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

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

The first task of the Committee was to draw up combined Group policies and procedures for all identified risk areas and to ensure that these policies and procedures are adhered to within the Group. This work was completed in the current financial year. The next step was to establish a Risk Analysis Master, which is a "living" document and is used in the assessment and management of future risk. This is a document that analyses the identified risks into categories of probability and impact on the Group and is updated on a regular basis. Middle and senior managers are requested prior to each Risk Management meeting to report any new areas of perceived risk not previously identified, which are then assessed by the Committee and, if pertinent, incorporated into the Risk Analysis Master. This channel of reporting remains open throughout the year.

REMUNERATION COMMITTEE (One meeting)

Prince S Zulu	(Chairman, Independent non-executive director, resigned 1 August 2008)
ESC Garner	(Independent non-executive director, appointed 21 July 2008)
WA Lombard	(Independent non-executive director, appointed 21 July 2008)
M Tembe	(Independent non-executive director)
Attendees	
S Donner	(Executive director)
TR Mezher	(Executive director)

During the year under review the integration of the policies of Impson and Santova has been an on-going process by management, which has now been completed. Whilst this has been going on, the Remuneration Committee has done little more than set overall parameters for salary increases and the awarding of bonuses. However, with the appointment of the new directors, the Committee has been re-constituted and now that the management side of the integration process has been completed, it will become more pro-active in the current financial year.

Remuneration is one of the largest cost components of the Group and optimising the remuneration expense remains a core focus area. The Company's executive directors' remuneration for the year under review amounted to R5 169 274 (2007: R3 176 978).

Corporate governance report

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation, integrity and objectivity of the financial statements and other information contained in the annual report in a manner that fairly presents the state of affairs and results of the operations of the Group. The financial statements have been prepared in accordance with International Financial Reporting Standards. They are based on appropriate accounting policies and are supported by reasonable and prudent judgements and estimates.

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

CODE OF ETHICS

Santova Logistics introduced a Code of Ethics in 2003, which has been updated during the year. The Code clearly defines the ethical standards and business practices of the Company 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 Company are committed to upholding its principles. The Code is attached to all employment contracts, and employees, in signing the contract, agree to be bound by the Code.

GOING CONCERN

Due to the positive impact on earnings resulting from the acquisition and strategic initiatives undertaken during the year, and in particular the further expansion into Hong Kong, the directors believe that the Group will continue trading as a going concern into the foreseeable future. The key risks, which have been identified by the Risk Management Committee in consultation with Group management and through internal strategy sessions, have been addressed by the Audit and Risk Committee and are being actively managed on an ongoing basis by the Risk Management Committee.

NON-EXECUTIVE REMUNERATION

Directors' fees are paid to non-executive directors on the basis of attendance at Board and Committee meetings. Non-executive directors' fees paid for Board and Committee meetings in respect of the year under review amounted to R107 500 (2007: R76 000). Fees paid to the Chairman of the Board for his services as such amounted to R72 000 (2007: R48 000).

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

DIRECTORS' ATTENDANCE AT BOARD MEETINGS DURING THE YEAR UNDER REVIEW (4 meetings)

SJ Chisholm	4	
S Donner	4	
GH Gerber	4	
MF Impson	3	
TR Mezher	3	
R Singh	4	(resigned 5 August 2008)
M Tembe	4	
Prince S Zulu	4	(resigned 1 August 2008)

Directors' responsibilities and approval
for the year ended 29 February 2008

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 Limited and its subsidiaries and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company and the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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

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

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

The directors have reviewed the Group's cash flow forecast for the year to 28 February 2009 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 31 to 80, which have been prepared on the going concern basis, were approved by the Board of directors on 20 August 2008 and were signed on its behalf by:

GH Gerber
Chief Executive Officer

SJ Chisholm
Group Financial Director

Durban
20 August 2008

Report of the Company Secretary
for the year ended 29 February 2008

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

I hereby certify that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 1973, as amended, and that all such returns are true, correct and up to date.

JA Lupton ACIS
Company Secretary

Practice number: PPG00290

Durban
20 August 2008

Independent auditors report
to the members of Santova Logistics Limited

We have audited the annual financial statements and the Group annual financial statements of Santova Logistics Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet at 29 February 2008, the income statement and the consolidated income statement, the cash flow statement and the consolidated cash flow statement, the statement of changes in equity and the consolidated statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 80.

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.

Auditors 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 29 February 2008, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 1973, as amended.

Deloitte + Touche

Deloitte & Touche
Audit KZN
Registered Auditors
Per KE Schmidt
Partner

20 August 2008

2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban

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

Report of the directors

for the year ended 29 February 2008

The directors present their report for the year ended 29 February 2008. This report forms part of the audited financial statements.

1. INCORPORATION

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

2. GENERAL REVIEW

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

3. STATE OF AFFAIRS

There were no major changes in the Group during the year under review, which was one of consolidation. The main focus during the year was the integration of the Durban based operational business of the "old Spectrum" with the business of Impson and the melding of two differing cultures into one. This process has now been successfully completed. The only acquisition during the year was that in March 2007, of Mogal International Limited, a company registered according to the laws of England and Wales, and its subsidiaries, for a purchase consideration of 4 818 750 Santova Logistics' ordinary shares and cash in the amount of R1 274 372 (£88 116) in order to give the Group a presence in the United Kingdom, refer note 24.3 of the financial statements.

4. PRIOR YEAR ADJUSTMENTS

During the year there were four distinct restatements of prior year results, which are reflected further in note 28 of these annual financial statements.

5. REVIEW OF BUSINESS AND FINANCIAL RESULTS

The Group's profit on ordinary activities before taxation for the year amounted to R8 035 651 (2007: R4 253 651), before deducting taxation of R1 964 925 (2007: R1 649 000).

The net income attributable to ordinary shareholders for the year amounted to R6 025 910 (2007: R2 624 710), which represents earnings per share of 0,45 cent (2007: 0,24 cent).

The financial position of the Group, which is set out in the balance sheets, show that borrowings are within limits and are regarded as being acceptable for the Group.

The results, together with the restatement, 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.

6. 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.

7. SHARE CAPITAL

There has been no change in the authorised share capital of the Company during the year under review.
The issued share capital has been increased by the following allotments of shares:

		Shares
13 March 2007	To the vendors of Mogal, on acquisition	4 818 750
18 June 2007	To the vendors of Impson	210 000 000
18 June 2007	To the vendors of Leading Edge	4 286 490
14 September 2007	To the Share Trust	25 000 000

This brought the total issued capital of the Company to 1 366 787 730 ordinary shares (2007: 1 122 682 490).

Report of the directors
for the year ended 29 February 2008

8. CONTROLLING AND MAJOR SHAREHOLDERS

There are 1 088 (2007: 895) shareholders. Controlling and major shareholders are listed below:

	Number of shares held	Percentage of issued share capital
February 2008		
JP Morgan Chase Bank – Onshore Clients Omnibus	**310 674 603**	**22,73**
Rothschild Bank AG	**100 000 000**	**7,31**
The Share Trust	**91 473 842**	**6,69**
Other shareholders	**864 639 285**	**63,27**
	1 366 787 730	**100,00**
February 2007		
JP Morgan Chase Bank – Onshore Clients Omnibus	262 408 694	23,37
Rothschild Bank AG	101 121 591	9,01
Brown Brothers Harriman	80 000 989	7,13
JP Morgan NA ITS LDN A/C First	66 111 750	5,89
The Share Trust	63 305 555	5,64
Other shareholders	549 733 911	48,96
	1 122 682 490	100,00

9. PLANT AND EQUIPMENT

There have been no major changes in the plant and equipment during the period or any changes in the policy relating to their use within the Group. The plant and equipment in all regions of Santova Logistics, excluding the head office, have now been transferred into Impson, together with all the respective branchs' operations. During the year the residual values of certain motor vehicles values were restated (refer to note 28 further for details).

10. BORROWINGS

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

11. EVENTS SUBSEQUENT TO THE YEAR END

Proposed share repurchase programme

The notice of the annual general meeting at the end of this annual report sets out various proposed transactions requiring shareholder approval.

Changes to the Board of directors

Refer note 15 of this report.

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

Report of the directors
for the year ended 29 February 2008

12. HOLDING COMPANY, SUBSIDIARY AND SUB-SUBSIDIARY DETAILS

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

Name	Percentage held	Registration number	Nature of business
Antipodes Shipping Limited (registered in the United Kingdom, sub-subsidiary)	100	4174431	Shipping and forwarding agents
e-OSCI Logistics (Proprietary) Limited	90	2006/000544/07	Optimising supply chain logistics
Impson Logistics (Proprietary) Limited	100	1987/001296/07	International logistics solutions provider
Leading Edge Insurance Brokers (Proprietary) Limited	90	2002/004034/07	Insurance brokers
Mogal International Limited (registered in the United Kingdom)	100	2204157	Management company
Owens International Freight Limited (registered in the United Kingdom, sub-subsidiary)	100	2463065	Shipping and forwarding agents
Santova Financial Services (Proprietary) Limited	100	2005/008170/07	Financial consulting
Santova Logistics Limited (registered in Australia)	100	123200760	Dormant company – name reservation
Santova Logistics Limited (registered in Hong Kong)	100	36495437	International logistics solutions provider
Santova Logistics Limited (registered in the United Kingdom)	100	5963125	Dormant company – name reservation
Santova NVOCC (Proprietary) Limited	100	2004/031099/07	Non-vessel owner common carrier operations
Santova Patent Logistics Co Limited (registered in Hong Kong, sub-subsidiary)	51	36771425	Logistics solutions provider
Santova Warehousing Solutions (Proprietary) Limited	100	2005/004401/07	Warehousing solutions
Spectrum Shipping 2007 (Proprietary) Limited	100	2006/013508/07	Dormant company – name reservation
Supply Chain Insurance Brokers (Proprietary) Limited	100	2005/010339/07	Dormant company

13. SPECIAL RESOLUTIONS

At the annual general meeting held on 19 July 2007 the following special resolutions were passed:

- amendment of the Articles of Association to allow for electronic distribution of documents to shareholders; and
- a general authority for the directors to repurchase ordinary shares in the issued share capital of the Company.

No other special resolutions were passed during the year under review.

14. THE SHARE TRUST

During the year under review an additional 25 000 000 ordinary shares of 0,1 cent each were made available to the Share Trust, to enable the trustees to make allocations to new and existing staff members.

A full report on the Share Trust appears on page 81.

Report of the directors
for the year ended 29 February 2008

15. DIRECTORS

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

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

* *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 29 February 2008 are:

Beneficial interests

February 2008

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

The directors are entitled to participate in the Share Trust. The following shares have been acquired in terms of the Share Scheme:

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

February 2007

Shares held	Direct	Percentage	Indirect	Percentage
GH Gerber	875 000	0,08	41 161 616	3,67
R Singh	8 370 081	0,75	50 165 200	4,47

The Share Trust shares held	Indirect	Percentage
SJ Chisholm	7 000 000	0,62

Non-beneficial interests

February 2008

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

* *410 733 ordinary shares were sold by the Moses Tembe Family Trust on 7 June 2008 bringing the total number of shares held by the Trust to 3 489 267. Moses Tembe, a director of Santova, has an indirect non-beneficial interest in the shares.*

February 2007

Shares held	Indirect	Percentage
R Singh	408 000	0,04

Report of the directors
for the year ended 29 February 2008

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 29 February 2008 are set out below:

February 2008	Direct beneficial	Percentage	Indirect beneficial	Percentage
K Blond	**11 666 667**	**0,85**	**–**	**–**
S Copland-Mander	**4 818 750**	**0,35**	**–**	**–**
GM Knight	**16 800 000**	**1,23**	**–**	**–**
P Naidoo	**23 333 333**	**1,71**	**–**	**–**
GR Robinson	**23 333 333**	**1,71**	**–**	**–**
CV Simpson	**–**	**–**	**4 563 417***	**0,33**
GW Stay	**23 333 334**	**1,71**	**–**	**–**
February 2007				
CV Simpson	–	–	2 282 490	0,20
GW Stay	11 666 667	1,04	–	–

* *A further 8 568 981 ordinary shares were allotted to the Impi Share Trust, for which the JSE granted a listing from 5 June 2008. The Impi Share Trust sold 1 million shares on 11 June and 500 000 shares on 20 June 2008. Craig Simpson, a director of a subsidiary of Santova, has an indirect beneficial interest in the shares.*

17. SECRETARIES

The Secretary of the Company is JA Lupton, ACIS, whose business and postal addresses are:
Highway Corporate Services (Proprietary) Limited
Suite 17, Marwick Centre
Lucas Drive
Hillcrest
3610

PO Box 1319
Hillcrest 3650

The share registrars are Computershare Investor Services (Proprietary) Limited, whose business and postal addresses are:
70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown 2107

18. AUDITORS

Deloitte & Touche was appointed auditor of the Company at the annual general meeting held on 19 July 2007.

19. CORPORATE GOVERNANCE

The directors subscribe to the values of good corporate governance as set out in the King II Report on Corporate Governance for the Republic of South Africa. By supporting this Code of Corporate Practices and Conduct, the directors have recognised the need to conduct the business with integrity and in accordance with generally accepted corporate practices. Please refer to the corporate governance report, on pages 24 to 27, for specific disclosure requirements.

20. NUMBER OF EMPLOYEES

The average number of permanent employees during the period was 286 (2007: 280).

Balance Sheets
as at 29 February 2008

		Group		Company	
			Restated		Restated
		29 February	28 February	**29 February**	28 February
		2008	2007	**2008**	2007
	Notes	**R'000**	R'000	**R'000**	R'000
ASSETS					
Non-current assets		**43 502**	41 836	**52 535**	51 469
Plant and equipment	2	**9 498**	8 770	**198**	584
Intangible assets	3	**29 029**	28 612	**172**	627
Investments in subsidiaries	4	**–**	–	**48 162**	46 178
Deferred taxation	5	**4 975**	4 454	**4 003**	4 080
Current assets		**286 789**	290 011	**29 399**	94 666
Trade receivables	6	**263 110**	273 673	**2 111**	74 969
Other receivables		**13 855**	4 464	**2 035**	5 389
Amounts owing from related parties	7	**3 871**	3 901	**23 907**	8 525
Financial asset	8	**43**	–	**–**	–
Cash and cash equivalents		**5 910**	7 973	**1 346**	5 783
Total assets		**330 291**	331 847	**81 934**	146 135
EQUITY AND LIABILITIES					
Capital and reserves		**77 438**	71 322	**77 107**	70 007
Share capital and premium	9	**156 401**	156 395	**160 937**	157 211
Foreign currency translation reserve		**41**	(3)	**–**	–
Accumulated loss		**(79 043)**	(85 070)	**(83 830)**	(87 204)
Attributable to equity holders of the parent		**77 399**	71 322	**77 107**	70 007
Minority interest		**39**	–	**–**	–
Non-current liabilities		**2 658**	3 276	**2 212**	2 255
Interest-bearing borrowings	10	**446**	1 021	**–**	–
Long-term provision	11	**2 212**	2 255	**2 212**	2 255
Current liabilities		**250 195**	257 249	**2 615**	73 873
Trade and other payables		**112 480**	104 939	**1 891**	24 137
Current tax payable		**940**	278	**438**	–
Amounts owing to related parties	12	**120**	–	**–**	1 483
Current portion of interest-bearing borrowings	10	**772**	791	**–**	–
Financial liability	8	**–**	25	**–**	–
Short-term borrowings and overdraft	13	**133 330**	148 096	**–**	47 608
Short-term provisions	14	**2 553**	3 120	**286**	645
Total equity and liabilities		**330 291**	331 847	**81 934**	146 135

Income Statements
for the year ended 29 February 2008

		Group		Company	
			Restated		Restated
		12 months to 29 February 2008	14 months to 28 February 2007	**12 months to 29 February 2008**	14 months to 28 February 2007
	Notes	**R'000**	R'000	**R'000**	R'000
Turnover		**108 243**	77 395	**14 433**	33 818
Gross billings	17	**1 956 021**	1 451 862	**182 236**	668 914
Cost of billings		**1 847 778**	1 374 467	**167 803**	635 096
Other income		**3 954**	792	**84**	116
Income from subsidiaries		**–**	–	**2 980**	2 283
Administrative expenses		**88 502**	61 496	**11 174**	29 524
Operating income	18	**23 695**	16 691	**6 323**	6 693
Depreciation and amortisation		**2 563**	1 638	**918**	773
Interest received	20	**4 454**	3 077	**1 933**	3 165
Finance costs	21	**17 550**	13 876	**2 979**	7 970
Profit before taxation		**8 036**	4 254	**4 359**	1 115
Income tax expense	22	**1 965**	1 649	**985**	624
Profit for the year/period		**6 071**	2 605	**3 374**	491
Attributable to:					
Equity holders of the parent		**6 026**	2 625	**3 374**	491
Minority interests		**45**	(20)	**–**	–
Basic earnings per share (cents)	23	**0,45**	0,24		
Diluted basic earnings per share (cents)	23	**0,45**	0,24		

Group Statement of Changes in Equity

for the year ended 29 February 2008

	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	Sub-scriptions awaiting allotment R'000	Foreign currency trans-lation reserve R'000	Accu-mulated loss R'000	Total R'000	Minority interest R'000	Total equity R'000
Balances at 31 December 2005 as previously reported	900	110 161	(51)	(3 319)	–	–	(76 652)	31 039	–	31 039
Effect of prior years' restatements:										
IAS 36/37 impairments and provisions	–	–	–	–	–	–	(13 084)	(13 084)	–	(13 084)
Related deferred taxation	–	–	–	–	–	–	2 026	2 026	–	2 026
Employee share scheme changes	–	(16)	39	2 515	–	–	16	2 554	–	2 554
Restated balances at 31 December 2005	**900**	**110 145**	**(12)**	**(804)**	**–**	**–**	**(87 694)**	**22 535**	**–**	**22 535**
Net profit for the period as restated	–	–	–	–	–	–	2 625	2 625	(20)	2 605
Net profit as previously reported	–	–	–	–	–	–	4 073	4 073	(20)	4 053
Re-assessment of plant and equipment under IAS 16 and IFRS 3	–	–	–	–	–	–	71	71	–	71
Providing for subsidiary at acquisition tax liability	–	–	–	–	–	–	427	427	–	427
IAS 36/37 impairments and provisions	–	–	–	–	–	–	(2 159)	(2 159)	–	(2 159)
Related deferred taxation	–	–	–	–	–	–	227	227	–	227
Employee share scheme as previously reported	–	55	–	–	–	–	–	55	–	55
Re-assessment of shares offered under IFRS 2	–	(55)	–	–	–	–	55	–	–	–
Change in accounting for the employee share scheme	–	–	–	–	–	–	(96)	(96)	–	(96)
Related deferred taxation	–	–	–	–	–	–	27	27	–	27
Share capital movements for period as restated	223	23 015	1	(1)	22 928	–	–	46 166	–	46 166
Issue of shares as previously reported	223	41 915	–	–	–	–	–	42 138	–	42 138
Reclassification of vendor liability to equity	–	–	–	–	41 828	–	–	41 828	–	41 828
Re-assessment of purchase price of subsidiaries	–	(18 900)	–	–	(18 900)	–	–	(37 800)	–	(37 800)
Treasury shares as previously reported	–	–	(13)	(830)	–	–	–	(843)	–	(843)
Restatement of treasury shares	–	–	14	829	–	–	–	843	–	843
Foreign currency translation adjustment	–	–	–	–	–	(3)	–	(3)	–	(3)
Minority interest acquired	–	–	–	–	–	–	–	–	19	19
Minority interest allocated against the parent	–	–	–	–	–	–	(1)	(1)	1	–
Restated balances at 28 February 2007	**1 123**	**133 160**	**(11)**	**(805)**	**22 928**	**(3)**	**(85 070)**	**71 322**	**–**	**71 322**
Net profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**6 026**	**6 026**	**45**	**6 071**
Minority interest adjustment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Reversal of minority interest allocated against the parent	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**(1)**	**–**
Issue of share capital	**244**	**25 125**	**(25)**	**(2 974)**	**(21 643)**	**–**	**–**	**727**	**–**	**727**
Foreign currency translation adjustment	**–**	**–**	**–**	**–**	**–**	**44**	**–**	**44**	**–**	**44**
Shares repurchased	**–**	**–**	**(9)**	**(712)**	**–**	**–**	**–**	**(721)**	**–**	**(721)**
Balances at 29 February 2008	**1 367**	**158 285**	**(45)**	**(4 491)**	**1 285**	**41**	**(79 043)**	**77 399**	**39**	**77 438**

Company Statement of Changes in Equity
for the year ended 29 February 2008

	Share capital R'000	Share premium R'000	Subscriptions awaiting allotment R'000	Accumulated loss R'000	Total R'000
Balances at 31 December 2005 as previously reported	900	110 161	–	(76 653)	34 408
Effect of prior years' restatements:					
IAS 36/37 impairments and provisions	–	–	–	(13 084)	(13 084)
Related deferred taxation	–	–	–	2 026	2 026
Employee share scheme changes	–	(16)	–	16	–
Restated balances at 31 December 2005	**900**	**110 145**	**–**	**(87 695)**	**23 350**
Net profit for the period as restated	–	–	–	491	491
Net profit as previously reported	–	–	–	1 996	1 996
IAS 36/37 impairments and provisions	–	–	–	(1 641)	(1 641)
Related deferred taxation	–	–	–	150	150
Employee share scheme as previously reported	–	55	–	–	55
Re-assessment of shares offered under IFRS 2	–	(55)	–	55	–
Change in accounting for the employee share scheme	–	–	–	(96)	(96)
Related deferred taxation	–	–	–	27	27
Share capital movements for period	223	23 015	22 928	–	46 166
Issue of shares as previously reported	223	41 915	–	–	42 138
Reclassification of vendor liability to equity	–	–	41 828	–	41 828
Re-assessment of purchase price of subsidiaries	–	(18 900)	(18 900)	–	(37 800)
Restated balances at 28 February 2007	**1 123**	**133 160**	**22 928**	**(87 204)**	**70 007**
Net profit for the year	**–**	**–**	**–**	**3 374**	**3 374**
Issue of share capital	**244**	**25 125**	**(21 643)**	**–**	**3 726**
Balances at 29 February 2008	**1 367**	**158 285**	**1 285**	**(83 830)**	**77 107**

Cash Flow Statements

for the year ended 29 February 2008

	Notes	Group 12 months to 29 February 2008 R'000	Group Restated 14 months to 28 February 2007 R'000	Company 12 months to 29 February 2008 R'000	Company Restated 14 months to 28 February 2007 R'000
OPERATING ACTIVITIES					
Cash generated from operations	24.1	**31 744**	1 730	**59 879**	23 792
Interest received		**4 454**	3 077	**1 933**	3 165
Finance costs		**(17 550)**	(13 876)	**(2 979)**	(7 970)
Taxation paid	24.2	**(1 824)**	(1 207)	**(470)**	–
Net cash flows from operating activities		**16 824**	(10 276)	**58 363**	18 987
INVESTING ACTIVITIES					
Plant and equipment acquired		**(3 156)**	(2 273)	**(153)**	(743)
Intangible assets acquired		**(525)**	(525)	**(211)**	(148)
Proceeds on disposals of plant and equipment		**842**	1 273	**295**	993
Proceeds on disposals of intangible assets		**1**	–	**1**	–
Increase in amounts owing from related parties		**(673)**	(326)	**(12 366)**	(4 145)
Cash inflows on acquisition of subsidiaries	24.3	**1 001**	10 110	**–**	–
Acquisition of subsidiaries		**–**	–	**(1 274)**	–
Net cash flows from investing activities		**(2 510)**	8 259	**(13 708)**	(4 043)
FINANCING ACTIVITIES					
Borrowings repaid		**(15 932)**	(11 900)	**(47 609)**	(30 782)
Loans (repaid)/raised		**(475)**	1 813	**(1 483)**	1 483
Net cash flows from financing activities		**(16 407)**	(10 087)	**(49 092)**	(29 299)
Net decrease in cash and cash equivalents		**(2 093)**	(12 104)	**(4 437)**	(14 355)
Effects of exchange rate changes on cash and cash equivalents		**30**	(73)	**–**	–
Cash and cash equivalents at beginning of the year/period		**7 973**	20 150	**5 783**	20 138
Cash and cash equivalents at end of the year/period		**5 910**	7 973	**1 346**	5 783

Group Segmental Analysis
for the year ended 29 February 2008

GEOGRAPHICAL SEGMENTS	Southern Africa R'000	Far East R'000	United Kingdom R'000	Group R'000
2008				
Gross billings	**1 928 652**	**4 590**	**22 779**	**1 956 021**
Turnover (external)	**101 091**	**2 389**	**4 763**	**108 243**
Net profit/(loss) before interest and tax	**21 267**	**1 184**	**(1 319)**	**21 132**
Interest received	**4 429**	**17**	**8**	**4 454**
Finance costs	**17 416**	**61**	**73**	**17 550**
Income tax (expense)/credit	**(2 206)**	**(213)**	**454**	**(1 965)**
Net profit/(loss)	**6 074**	**927**	**(930)**	**6 071**
Segment assets	**286 348**	**3 625**	**6 314**	**296 287**
Intangible assets	**28 374**	**–**	**655**	**29 029**
Deferred taxation	**4 521**	**–**	**454**	**4 975**
Total assets	**319 243**	**3 625**	**7 423**	**330 291**
Total liabilities	**244 406**	**2 720**	**5 727**	**252 853**
Depreciation and amortisation	**2 488**	**13**	**62**	**2 563**
Capital expenditure	**3 268**	**3**	**410**	**3 681**
2007				
Gross billings	1 450 457	1 405	–	1 451 862
Turnover (external)	77 052	343	–	77 395
Net profit/(loss) before interest and tax	15 118	(65)	–	15 053
Interest received	3 077	–	–	3 077
Finance costs	13 876	–	–	13 876
Income tax (expense)/credit	(1 649)	–	–	(1 649)
Net profit/(loss)	2 670	(65)	–	2 605
Segment assets	297 358	1 423	–	298 781
Intangible assets	28 612	–	–	28 612
Deferred taxation	4 454	–	–	4 454
Total assets	330 424	1 423	–	331 847
Total liabilities	259 029	1 496	–	260 525
Depreciation and amortisation	1 636	2	–	1 638
Capital expenditure	2 763	35	–	2 798

BUSINESS SEGMENTS	Freight forwarding and clearing R'000	Insurance R'000	Consolidated R'000
2008			
Net profit	**5 530**	**541**	**6 071**
Total assets	**326 098**	**4 193**	**330 291**
Total liabilities	**251 775**	**1 078**	**252 853**
2007			
Net profit/(loss)	2 616	(11)	2 605
Total assets	331 271	576	331 847
Total liabilities	260 082	443	260 525

Geographical segments

For management purposes, the Group is organised into three major geographical operating divisions, namely Southern Africa, the Far East and the United Kingdom. These divisions are the basis on which the Group reports its primary segment information.

Notes to the annual financial statements
for the year ended 29 February 2008

1. INTRODUCTION

Santova Logistics Limited is incorporated in South Africa and listed on the Alt^x, of the JSE.

The addresses of its registered office and principal place of business are disclosed in the administration page of this annual report – see page 85.

The principal activities of the Company and its subsidiaries ("the Group") are described on page 33.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board (IASB), the requirements of the South African Companies Act, 1973, as amended, and the JSE Listings Requirements.

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

The financial statements are presented in South African Rand which is the Company's functional currency. All financial information has been rounded to the nearest 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, except as more fully disclosed in note 28.

The preparation of financial statements in conformity with IFRS require management to make judgments, 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 judgments 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 affect both current and future periods.

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

1.2 Basis of consolidation

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

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

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

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

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

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

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

1.3 Business combinations

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

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

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

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

1.4 Translation of foreign currency financial statements

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

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

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

1.5 Plant and equipment

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

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

Plant and equipment	5 to 15 years
Motor vehicles	4 to 6 years
Furniture and fittings	6 to 10 years
Leasehold improvements	5 years or lease period
Office equipment	5 years
Computer equipment	3 to 5 years

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

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

Notes to the annual financial statements
for the year ended 29 February 2008

1.6 Intangible assets

Intangible assets acquired separately

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

Computer software	3 to 6 years

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

Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

Intangible assets acquired in a business combination

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

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

1.7 Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

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; and
- financial assets 'at fair value through profit or loss' (FVTPL); and
- 'available-for-sale' (AFS) financial assets.

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

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

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

Loans and receivables

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

Held-to-maturity investments

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

Other investments

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

Notes to the annual financial statements
for the year ended 29 February 2008

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.

Available for sale financial assets

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

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

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

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

1.10 Impairment of financial assets

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

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

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

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

Assets carried at amortised cost

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

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

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 asset, 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 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Investments

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

Available for sale financial assets

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

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

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

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

1.11 Derecognition of financial assets

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

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

1.12 Equity instruments

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

Classification as debt or equity

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

1.13 Financial guarantee contract liabilities

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

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

1.14 Financial liabilities

Financial liabilities are classified as either:

- ‘financial liabilities at FVTPL’, or
- ‘other financial liabilities’.

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.15 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 29.

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

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

Embedded derivatives

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

Notes to the annual financial statements
for the year ended 29 February 2008

1.16 Provisions

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

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

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

1.17 Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

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

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

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching 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.

Notes to the annual financial statements

for the year ended 29 February 2008

The Group as lessee

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

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

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

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

1.20 Borrowing costs

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

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

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

1.21 Retirement benefit costs

Defined contribution benefit plans

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

Post-employment healthcare benefits

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

1.22 Share-based payments

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

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

During the year the Group reassessed the basis on which the Share Trust had been operating and determined that its method of financing share purchases for employees fell outside of the share based payment recognition criteria in IFRS 2.

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

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

Notes to the annual financial statements
for the year ended 29 February 2008

1.23 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

Current and deferred tax for the period

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

1.24 Foreign currencies

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

1.25 Critical accounting judgements

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

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

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

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

1.26 Segmental information

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

1.27 Future changes to accounting standards

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

Standards

IFRS 8 Operating Segments (effective from 1 January 2009)

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

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

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

IFRS 3 Business Combinations (effective from 1 July 2009)

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

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

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

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

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

Interpretations

IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
(effective from 1 January 2008)

IFRIC 14 provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.

Amendments

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

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

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

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

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

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

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	2008 Cost/ valuation R'000	**2008** Accumulated depreciation R'000	**2008** Carrying value R'000	Restated 2007 Cost/ valuation R'000	Restated 2007 Accumulated depreciation R'000	Restated 2007 Carrying value R'000
2. PLANT AND EQUIPMENT						
Group						
Plant and equipment	**291**	**(46)**	**245**	53	(29)	24
Motor vehicles	**5 241**	**(2 100)**	**3 141**	5 767	(1 947)	3 820
Furniture and fittings	**2 153**	**(435)**	**1 718**	1 987	(360)	1 627
Leasehold improvements	**589**	**(81)**	**508**	214	(17)	197
Office equipment	**2 673**	**(880)**	**1 793**	2 162	(859)	1 303
Computer equipment	**3 262**	**(1 169)**	**2 093**	2 630	(831)	1 799
	14 209	**(4 711)**	**9 498**	12 813	(4 043)	8 770

Motor vehicles and equipment held under instalment sale agreements with a carrying value of R1 763 036 (2007: R2 780 417) and R53 767 (2007: Rnil) respectively are pledged as security for the related instalment sale agreements (refer to 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 R15 839 984 (2007: R15 208 415).

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/period R'000	Additions* R'000	Disposals R'000	Depreciation R'000	Translation profit/(loss) R'000	Carrying value at end of year/period R'000
2008						
Plant and equipment	**24**	**239**	**–**	**(18)**	**–**	**245**
Motor vehicles	**3 820**	**539**	**(427)**	**(789)**	**(2)**	**3 141**
Furniture and fittings	**1 627**	**433**	**(156)**	**(198)**	**12**	**1 718**
Leasehold improvements	**197**	**381**	**–**	**(70)**	**–**	**508**
Office equipment	**1 303**	**856**	**(59)**	**(303)**	**(4)**	**1 793**
Computer equipment	**1 799**	**900**	**(186)**	**(423)**	**3**	**2 093**
	8 770	**3 348**	**(828)**	**(1 801)**	**9**	**9 498**
2007						
Plant and equipment	–	51	–	(27)	–	24
Motor vehicles	163	5 330	(1 054)	(619)	–	3 820
Furniture and fittings	346	1 414	(28)	(105)	–	1 627
Leasehold improvements	50	183	–	(36)	–	197
Office equipment	437	1 115	(18)	(231)	–	1 303
Computer equipment	284	1 831	(16)	(300)	–	1 799
	1 280	9 924	(1 116)	(1 318)	–	8 770

* *Plant and equipment to the value of R191 576 (2007: R7 651 489) arising from acquisitions of subsidiaries is included in additions above.*

Notes to the annual financial statements

for the year ended 29 February 2008

	2008 Cost/ valuation R'000	2008 Accumulated depreciation R'000	2008 Carrying value R'000	2007 Cost/ valuation R'000	2007 Accumulated depreciation R'000	2007 Carrying value R'000
2. PLANT AND EQUIPMENT (continued)						
Company						
Motor vehicles	**–**	**–**	**–**	226	(72)	154
Furniture and fittings	**50**	**(20)**	**30**	263	(99)	164
Leasehold improvements	**–**	**–**	**–**	6	(4)	2
Office equipment	**–**	**–**	**–**	365	(268)	97
Computer equipment	**258**	**(90)**	**168**	405	(238)	167
	308	**(110)**	**198**	1 265	(681)	584

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/period R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying value at end of year/period R'000
2008					
Motor vehicles	**154**	**–**	**(132)**	**(22)**	**–**
Furniture and fittings	**164**	**–**	**(73)**	**(61)**	**30**
Leasehold improvements	**2**	**–**	**–**	**(2)**	**–**
Office equipment	**97**	**–**	**(45)**	**(52)**	**–**
Computer equipment	**167**	**153**	**(36)**	**(116)**	**168**
	584	**153**	**(286)**	**(253)**	**198**
2007					
Motor vehicles	163	305	(225)	(89)	154
Furniture and fittings	346	142	(273)	(51)	164
Leasehold improvements	50	93	(118)	(23)	2
Office equipment	437	15	(206)	(149)	97
Computer equipment	284	188	(109)	(196)	167
	1 280	743	(931)	(508)	584

Notes to the annual financial statements
for the year ended 29 February 2008

	Group		Company	
		Restated		Restated
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
3. INTANGIBLE ASSETS				
3.1 Computer software				
Cost	**2 154**	1 233	**1 381**	1 233
Accumulated amortisation	**(1 388)**	(754)	**(1 019)**	(754)
Carrying amount at the beginning of year/period	**766**	479	**362**	479
Additions	**525**	525	**211**	148
Amounts recognised from acquisitions of subsidiaries	**–**	82	**–**	–
– cost	**–**	396	**–**	–
– accumulated amortisation	**–**	(314)	**–**	–
Disposals	**(1)**	–	**(1)**	–
– cost	**3**	–	**3**	–
– accumulated amortisation	**(2)**	–	**(2)**	–
Amortisation	**(497)**	(320)	**(400)**	(265)
Carrying amount at end of the year/period	**793**	766	**172**	362
Comprising:				
Cost	**2 676**	2 154	**1 589**	1 381
Accumulated amortisation	**(1 883)**	(1 388)	**(1 417)**	(1 019)
Group and Company computer software acquired consists both of internally developed systems and generic software purchases.				
3.2 Customer database				
Cost	**329**	329	**329**	329
Accumulated amortisation	**(64)**	(64)	**(64)**	(64)
Carrying amount at the beginning of year/period	**265**	265	**265**	265
Amortisation	**(265)**	–	**(265)**	–
Carrying amount at end of the year/period	**–**	265	**–**	265
Comprising:				
Cost	**329**	329	**329**	329
Accumulated amortisation	**(329)**	(64)	**(329)**	(64)
3.3 Goodwill				
Cost	**27 581**	–	**–**	–
Accumulated amortisation	**–**	–	**–**	–
Carrying amount at the beginning of year/period	**27 581**	–	**–**	–
Amounts recognised from acquisitions of subsidiaries	**655**	27 581	**–**	–
Carrying amount at end of the year/period	**28 236**	27 581	**–**	–
Comprising:				
Cost	**28 236**	27 581	**–**	–
Accumulated amortisation	**–**	–	**–**	–
Total intangible assets	**29 029**	28 612	**172**	627
The remaining goodwill relates to shareholdings in:				
– Impson Logistics (Proprietary) Limited, an international logistics solutions provider;	**25 141**	25 141	**–**	–
– Leading Edge Insurance Brokers (Proprietary) Limited, an insurance broker; and	**2 440**	2 440	**–**	–
– Mogal International Limited, an international logistics solution provider based in the United Kingdom.	**655**	–	**–**	–

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

Notes to the annual financial statements
for the year ended 29 February 2008

	Company			
	Effective holding		Investment at cost	
				Restated
	2008	2007	**2008**	2007
	%	%	**R***	R*
4. INVESTMENTS IN SUBSIDIARIES				
Incorporated in South Africa				
e-OSCI Logistics (Proprietary) Limited	**90**	90	**90**	90
Impson Logistics (Proprietary) Limited	**100**	100	**43 596 000**	43 596 000
Leading Edge Insurance Brokers (Proprietary) Limited	**90**	90	**2 570 694**	2 570 694
Santova Financial Services (Proprietary) Limited	**100**	100	**100**	100
Santova Logistics Share Purchase and Option Scheme Trust	**100**	100	**1 000**	1 000
Santova NVOCC (Proprietary) Limited	**100**	100	**100**	100
Santova Warehousing Solutions (Proprietary) Limited	**100**	100	**100**	100
Spectrum Shipping 2007 (Proprietary) Limited	**100**	100	**100**	100
Supply Chain Insurance Brokers (Proprietary) Limited	**100**	100	**100**	100
Incorporated in Hong Kong				
Santova Logistics Limited	**100**	100	**9 352**	9 352
Incorporated in the United Kingdom				
Mogal International Limited	**100**	–	**1 984 174**	–
Santova Logistics Limited	**100**	100	**14**	14
Incorporated in Australia				
Santova Logistics Limited	**100**	100	**6**	6
			48 161 830	46 177 656

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

Based on an assessment of the underlying potential of the businesses housed in the major subsidiaries listed above, the directors are of the opinion that there has been no impairment in the above investments, or the underlying goodwill as at 29 February 2008 (refer note 3.3).

	Group		Company	
		Restated		Restated
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
5. DEFERRED TAXATION				
Balance at beginning of the year/period	**4 454**	4 704	**4 080**	4 704
Movements during the period attributable to:				
– Timing differences	**574**	1 046	**73**	587
– Deductible temporary differences for tax loss	**–**	(1 228)	**–**	(1 229)
– Rate change	**(91)**	–	**(65)**	–
– Prior year adjustment	**38**	(68)	**(85)**	18
Balance at end of the year/period	**4 975**	4 454	**4 003**	4 080
The balance comprises:				
– Capital allowances and provisions	**4 975**	3 225	**4 003**	2 851
– Assessed loss	**–**	1 229	**–**	1 229
	4 975	4 454	**4 003**	4 080

Notes to the annual financial statements
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		Group		Company	
			Restated		Restated
		2008	2007	**2008**	2007
		R'000	R'000	**R'000**	R'000
6.	**TRADE RECEIVABLES**				
	Trade receivables	**273 007**	282 376	**10 012**	82 714
	Impairment of receivables	**(9 897)**	(8 703)	**(7 901)**	(7 745)
		263 110	273 673	**2 111**	74 969
	Movement of impairment of receivables:				
	Opening balance	**8 703**	7 541	**7 745**	7 541
	Charge for the year/period	**2 522**	2 082	**1 138**	1 045
	Amounts written off	**(1 328)**	(920)	**(982)**	(841)
	Closing balance	**9 897**	8 703	**7 901**	7 745

Certain trade receivables included above have been ceded to Nedbank Limited (2008: R265 239 052; 2007: R275 641 539) and The Royal Bank of Scotland Invoice Finance Limited (2008: R2 851 145; 2007: Rnil) as security for the invoice discounting facilities included in short-term borrowings (refer to note 13). Trade receivables are non interest-bearing and are generally settled on 30 to 60 day terms. Overdue receivables incur interest at the South African prime rate plus 2,0% on a discretionary basis.

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

		Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
7.	**AMOUNTS OWING FROM RELATED PARTIES**				
	Relating to Santova Logistics Share Purchase and Option Scheme Trust				
	Santova Logistics Share Purchase and Option Scheme Trust*	**–**	–	**8 466**	5 070
	Employees of Santova Logistics Limited	**3 866**	3 901	**–**	–
	Relating to subsidiaries and other related parties				
	Impson Logistics (Proprietary) Limited**	**–**	–	**9 002**	3 037
	Owens International Freight Limited, a subsidiary of Mogal International Limited***	**–**	–	**2 105**	–
	Patent International Logistics Co., Limited**	**5**	–	**–**	–
	Santova Logistics Limited (Hong Kong)***	**–**	–	**364**	301
	Santova NVOCC (Proprietary) Limited**	**–**	–	**3 970**	–
	Supply Chain Insurance Brokers (Proprietary) Limited	**–**	–	**–**	107
	Santova Warehousing Solutions (Proprietary) Limited	–	–	**–**	10
		3 871	3 901	**23 907**	8 525

* *Unsecured, interest is charged to match the interest accrued from the beneficiaries of the Share Trust (refer to page 81 for information on the Share Trust), with no fixed terms of repayment (consistent with the prior period).*

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

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

The amount outstanding from the employees of Santova Logistics Limited represents the financing provided in terms of the Share Trust. Interest is charged at the South African prime rate, and the related shares are held as security until settled in full (consistent with the prior period, refer to page 81 for more information).

Notes to the annual financial statements
for the year ended 29 February 2008

		Group		Company	
			Restated		Restated
		2008	2007	**2008**	2007
		R'000	R'000	**R'000**	R'000
8.	**FINANCIAL ASSET/(LIABILITY)**				
	Forward exchange contracts	**43**	(25)	**–**	–
		43	(25)	**–**	–
	Refer note 29 for more detail.				
9.	**SHARE CAPITAL AND PREMIUM**				
	Authorised				
	2 000 000 000 Ordinary shares of 0,1 cent each				
	(2007: 2 000 000 000)	**2 000**	2 000	**2 000**	2 000
	Issued				
	1 366 787 730 Ordinary shares of 0,1 cent each	**1 367**	1 123	**1 367**	1 123
	(2007: 1 122 682 490)				
	Share premium	**158 285**	133 160	**158 285**	133 160
	Total shares in issue	**159 652**	134 283	**159 652**	134 283
	Shares held by the Share Trust				
	45 367 175 Ordinary shares of 0,1 cent each	**(45)**	(11)	**–**	–
	(2007: 10 754 888)				
	Share premium	**(4 491)**	(805)	**–**	–
	Total shares in issue, after treasury shares	**155 116**	133 467	**159 652**	134 283
	Subscriptions awaiting allotment				
	8 568 981 Ordinary shares of 0,1 cent each	**9**	223	**9**	223
	(2007: 222 855 471)				
	Share premium	**1 276**	22 705	**1 276**	22 705
	Total share capital and premium	**156 401**	156 395	**160 937**	157 211

The directors are authorised to issue up to 50% of the Company's issued shares for cash, and to repurchase shares in the Company, in terms of the JSE Listings requirements. These authorisations are valid until the conclusion of the next annual general meeting.

There were four allotments of shares during the 2008 financial year:

- 4 818 750 ordinary shares were allotted on 13 March 2007 for the purchase of Mogal International Limited;
- the final allotment of 210 000 000 ordinary shares on 18 June 2007 for the purchase of Impson Logistics (Proprietary) Limited;
- the second allotment of 4 286 490 ordinary shares on 18 June 2007 for the purchase of Leading Edge Insurance Brokers (Proprietary) Limited; and
- 25 000 000 ordinary shares were allotted on 14 September 2007 to the Share Trust.

	2008	2007
Reconciliation of number of ordinary shares in issue	**Shares**	Shares
Opening balance of ordinary shares in issue	**1 122 682 490**	900 000 000
Issued for purchase of Mogal International Limited	**4 818 750**	–
Issued for purchase of Impson Logistics (Proprietary) Limited	**210 000 000**	218 400 000
Issued for purchase of Leading Edge Insurance Brokers (Proprietary) Limited	**4 286 490**	4 282 490
Issued to the Share Trust	**25 000 000**	–
Closing balance of ordinary shares in issue	**1 366 787 730**	1 122 682 490

	Group 2008 R'000	Group Restated 2007 R'000	Company 2008 R'000	Company Restated 2007 R'000
10. INTEREST-BEARING BORROWINGS				
Instalment sale agreements	**1 218**	1 812	**–**	–
Less: Current portion included in current liabilities	**(772)**	(791)	**–**	–
	446	1 021	**–**	–

These loans are secured by instalment sale agreements over motor vehicles and equipment with carrying values of R1 763 036 (2007: R2 780 417) and R 53 767 (2007: Rnil) respectively (refer to note 2).

The remaining loan period for motor vehicles ranges from 4 to 60 months, with instalments of between R2 592 and R8 898 at interest rates ranging from the South African prime rate less 1,5% to prime less 4,0%.

The remaining loan period for equipment ranges from 22 to 35 months, with instalments of between R2 232 and R5 382 at interest rates ranging from the South African prime rate less 1,0% to prime plus 0,814%.

	Group 2008 R'000	Group Restated 2007 R'000	Company 2008 R'000	Company Restated 2007 R'000
11. LONG-TERM PROVISION				
Post-retirement medical aid benefits for the Group and the Company				
Obligations under a defined benefit medical plan:				
Present value obligation	**2 212**	2 255	**2 212**	2 255
Less: liability already recognised	**2 255**	2 397	**2 255**	2 397
Decrease in liability	**(43)**	(142)	**(43)**	(142)
Movement represented by:				
– Net actuarial gain/(loss)	**43**	(47)	**43**	(47)
– Interest cost	**203**	254	**203**	254
– Contributions paid to fund	**(289)**	(349)	**(289)**	(349)
Decrease in liability	**(43)**	(142)	**(43)**	(142)

The Company contributes to a medical aid scheme for the benefit of 20 retired employees (2007: 20) with four dependents (2007: five). During the year under review there was one exit from the scheme, a dependant. The Company contributes 75% of the monthly contribution (to a maximum of R1 600 per retired employee) and the retired employees contribute 25%. The liability has been actuarially determined and the present value of post-retirement medical aid obligations for these retired employees is shown above.

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

- medical aid inflation rate: 6,9% per annum (2007: 6,0%); and
- discount factor: 9,9% per annum (2007: 9,0%).

Sensitivity analysis: medical aid inflation and discount factor

In order to vary the assumed medical aid inflation, the actuaries calculated the values using different real interest rate assumptions. In this exercise the actuaries changed the medical aid inflation rate to 5,9% per annum (-1,0%) and 7,9% per annum (+1,0%), giving real rates of 4,0% per annum and 2,0% per annum respectively.

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

	-1% Medical inflation	Valuation assumption	+1% Medical inflation
Total accrued liability	2 184	2 212	2 235
Interest cost year following	216	219	221

The liability is valued annually, the latest actuarial valuation was performed in February 2008, on a projected unit credit method, by an independent qualified actuary.

Notes to the annual financial statements
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		Group		Company	
			Restated		Restated
		2008	2007	**2008**	2007
		R'000	R'000	**R'000**	R'000
12.	**AMOUNTS OWING TO RELATED PARTIES**				
	Patent International Logistics Co., Limited	**120**	–	**–**	–
	Santova NVOCC (Proprietary) Limited	**–**	–	**–**	1 483
		120	–	**–**	1 483
	The above loans are unsecured, interest-free and have no fixed terms of repayment (consistent with the prior period).				
13.	**SHORT-TERM BORROWINGS AND OVERDRAFT**				
	Bank overdraft	**9 996**	17 261	**–**	4 173
	Invoice discounting facility	**123 334**	130 835	**–**	43 435
		133 330	148 096	**–**	47 608

Certain trade receivables included at R268 090 197 (2007: R275 641 539) are ceded as security for the bank overdraft, invoice discounting facility and various acceptances (refer to note 6).

The Group has an overdraft facility of R5 000 000 (2007: R4 000 000), with a maximum limit of R21 000 000 (2007: R16 000 000) when fully covered by ceded credit balances of up to R16 000 000 (2007: R12 000 000) within the same financial institution on a Rand for Rand basis; invoice discounting facilities of R198 690 645 (2007: R192 000 000) secured by unlimited suretyships from Impson and Santova Logistics; a R3 000 000 limited suretyship from Santova NVOCC (Proprietary) Limited; and unlimited suretyships by our United Kingdom subsidiaries. Securities and guarantees in respect of Santova Logistic's and Impson's invoice discounting facility, include the agreement of sale of book debts and the cession of the Coface South Africa Services (Proprietary) Limited Policy. Interest is charged on these facilities at the South African prime less 0,75%. The maximum term of invoice sale is 120 days.

Included above is an offshore invoice discounting facility of £450 000 (R6 690 645), set up with The Royal Bank of Scotland Invoice Finance Limited on 26 February 2008. Interest on this facility is charged at the Bank of England base rate plus 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 Limited policy. The maximum term of invoice sale is 90 days.

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

- unlimited suretyship from Santova Logistics Limited;
- unlimited cession of current, call and fixed deposits held with First National Bank of South Africa Limited; and
- unlimited cession of credit balances held with First National Bank of South Africa Limited.

Notes to the annual financial statements
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		Carrying amount at beginning of the year/period	Provisions (released)/ created	Carrying amount at end of the year/period
14.	**SHORT-TERM PROVISIONS**			
	Group			
	2008			
	Bonuses	**1 726**	**(793)**	**933**
	Leave pay	**1 394**	**226**	**1 620**
		3 120	**(567)**	**2 553**
	2007			
	Bonuses	–	1 726	1 726
	Leave pay	273	1 121	1 394
		273	2 847	3 120
	Company			
	2008			
	Bonuses	**223**	**(216)**	**7**
	Leave pay	**422**	**(143)**	**279**
		645	**(359)**	**286**
	2007			
	Bonuses	–	223	223
	Leave pay	273	149	422
		273	372	645

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

15. GROUP NET ASSET VALUE PER SHARE

The net asset value per share of 5,82 cents (2007: 5,34 cents) is calculated on the total shares in issue, including subscriptions awaiting allotment but excluding the treasury shares, which amounted to 1 329 989 536 (2007: 1 334 783 073) shares at the end of the year and net assets of R77 398 944 (2007: R71 321 867).

16. GROUP TANGIBLE NET ASSET VALUE PER SHARE

The tangible net asset value per share of 3,64 cents (2007: 3,20 cents) is calculated on the total shares in issue, including subscriptions awaiting allotment but excluding the treasury shares, which amounted to 1 329 989 536 (2007: 1 334 783 073) shares at the end of the year and tangible net assets of R48 370 440 (2007: R42 709 249).

		Group		Company	
			Restated		Restated
		2008	2007	**2008**	2007
		R'000	R'000	**R'000**	R'000
17.	**GROSS BILLINGS**				
	Gross billings	**1 956 021**	1 451 862	**182 236**	668 914

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

Notes to the annual financial statements
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		Group		Company	
			Restated		Restated
		2008	2007	**2008**	2007
		R'000	R'000	**R'000**	R'000
18.	**OPERATING INCOME**				
	Income				
	Profit on disposals of plant and equipment	**14**	157	**8**	62
	Foreign exchange gains	**420**	253	**39**	–
	Net actuarial gain/(loss) recognised (refer to note 11)	**43**	(47)	**43**	(47)
	Expenditure				
	Auditors' remuneration	**873**	929	**142**	533
	– In respect of current year/period	**876**	595	**151**	357
	– In respect of other services	**40**	334	**–**	176
	– Overprovision in prior year/period	**(43)**	–	**(9)**	–
	Depreciation and amortisation	**2 563**	1 638	**918**	773
	– Plant and equipment (refer to note 2)	**1 801**	1 318	**253**	508
	– Intangible assets (refer to note 3)	**762**	320	**665**	265
	Lease rentals	**5 563**	2 165	**222**	1 213
	– Premises	**5 151**	1 876	**180**	996
	– Equipment	**412**	289	**42**	217
	Foreign exchange losses	**–**	–	**–**	118
	Staff costs	**42 405**	28 211	**4 425**	9 179
	Directors' emoluments (refer to note 19)	**10 774**	6 703	**3 316**	3 254
	Directors and past directors – Executive				
	– In connection with the affairs of the Company or its subsidiaries	**10 666**	6 627	**3 208**	3 178
	Directors and past directors – Non-executive				
	– For services as directors	**108**	76	**108**	76

Notes to the annual financial statements
for the year ended 29 February 2008

	Group		Company	
	2008	2007	**2008**	2007
	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	**10 666**	6 627	**3 208**	3 178
Basic – Santova				
– SJ Chisholm	**455**	337	**455**	337
– S Donner	**700**	703	**700**	703
– GH Gerber	**884**	723	**884**	723
– MF Impson	**904**	373	**–**	–
– DC Kelly	**–**	107	**–**	107
– TR Mezher	**390**	180	**–**	–
– R Singh	**581**	616	**581**	616
Bonus and performance related payments – Santova				
– SJ Chisholm	**42**	–	**42**	–
– MF Impson	**186**	62	**–**	–
– TR Mezher	**90**	30	**–**	–
Leave pay – Santova				
– DC Kelly	**–**	45	**–**	45
– R Singh	**–**	50	**–**	50
Pension/provident fund contributions – Santova				
– SJ Chisholm	**68**	51	**68**	51
– MF Impson	**133**	58	**–**	–
– DC Kelly	**–**	8	**–**	8
– R Singh	**39**	45	**39**	45
Medical aid contributions – Santova				
– SJ Chisholm	**11**	8	**11**	8
– GH Gerber	**29**	30	**29**	30
– MF Impson	**39**	19	**–**	–
– DC Kelly	**–**	15	**–**	15
– TR Mezher	**39**	19	**–**	–
– R Singh	**50**	52	**50**	52
Car allowances – Santova				
– SJ Chisholm	**66**	61	**66**	61
– GH Gerber	**120**	185	**120**	185
– MF Impson	**10**	7	**–**	–
– DC Kelly	**–**	30	**–**	30
– TR Mezher	**16**	4	**–**	–
– R Singh	**96**	112	**96**	112
Use of motor vehicle – Santova				
– MF Impson	**120**	60	**–**	–
– TR Mezher	**25**	38	**–**	–
Other benefits – Santova				
– GH Gerber	**67**	–	**67**	–
– MF Impson	**10**	10	**–**	–
– TR Mezher	**–**	1	**–**	–
Directors' emoluments – subsidiaries				
Other directors (subsidiary companies)	**5 496**	2 588	**–**	–
Directors and past directors – Non-executive				
For services as directors for attending meetings (Santova)	**108**	76	**108**	76
– M Tembe	**36**	28	**36**	28
– Prince S Zulu	**72**	24	**72**	24
– SDM Zungu	**–**	24	**–**	24
	10 774	6 703	**3 316**	3 254

Notes to the annual financial statements
for the year ended 29 February 2008

		Group		Company	
			Restated		Restated
		2008	2007	**2008**	2007
		R'000	R'000	**R'000**	R'000
20.	**INTEREST RECEIVED**				
	Interest received from third parties	**3 563**	2 516	**956**	2 604
	Interest received from related parties	**891**	561	**977**	561
		4 454	3 077	**1 933**	3 165
21.	**FINANCE COSTS**				
	Interest-bearing borrowings	**178**	98	**–**	–
	Bank overdrafts and acceptances	**17 372**	13 778	**2 979**	7 970
		17 550	13 876	**2 979**	7 970
22.	**INCOME TAX EXPENSE**				
	South African normal tax				
	– Current tax	**2 486**	1 511	**908**	–
	– Deferred tax				
	– Current period	**(483)**	70	**(8)**	641
	– Prior year adjustments	**(38)**	68	**85**	(17)
	Tax for the year/period	**1 965**	1 649	**985**	624
	Reconciliation of taxation				
	South African normal tax on accounting profit	**2 330**	1 234	**1 264**	323
	Adjusted for:				
	– (Exempt income)/disallowable expenditure	**(491)**	347	**(510)**	318
	– Tax rate change	**169**	–	**146**	–
	– Prior year adjustment	**(43)**	68	**85**	(17)
	Net (reduction)/increase	**(365)**	415	**(279)**	301
	Effective tax	**1 965**	1 649	**985**	624
	Reconciliation of rate of taxation	**%**	%	**%**	%
	South African normal tax rate	**29,0**	29,0	**29,0**	29,0
	Adjusted for:				
	– (Exempt income)/disallowable expenditure	**(6,1)**	8,2	**(11,7)**	28,5
	– Tax rate change	**2,1**	–	**3,3**	–
	– Prior year adjustment	**(0,5)**	1,6	**2,0**	(1,6)
	Net (reduction)/increase	**(4,5)**	9,8	**(6,4)**	26,9
	Effective tax rate	**24,5**	38,8	**22,6**	55,9

		Group 2008	Restated 2007
23.	**EARNINGS PER SHARE**		
	Basic earnings per share (cents)	**0,45**	0,24
	Headline earnings per share (cents)	**0,45**	0,23
	Diluted basic earnings per share (cents)	**0,45**	0,24
	Diluted headline earnings per share (cents)	**0,45**	0,23

Basic earnings per share

The calculation of basic earnings per ordinary share is based on net profit attributable to ordinary shareholders of R6 025 910 (2007: R2 624 710), and a weighted average number of ordinary shares, including subscriptions awaiting allotment, of 1 335 522 121 (2007: 1 091 394 338).

Headline earnings per share

The calculation of headline earnings per ordinary share is based on headline earnings of R6 016 154 (2007: R2 512 823), and a weighted average number of ordinary shares, including subscriptions awaiting allotment, of 1 335 522 121 (2007: 1 091 394 338).

There were no share dilutions for the current nor prior year.

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
2008				
Net profit for the year	**8 036**	**(1 965)**	**(45)**	**6 026**
Adjusted for:				
– Profit on disposals of plant and equipment (refer to note 18)	**(14)**	**4**	**–**	**(10)**
Headline earnings	**8 022**	**(1 961)**	**(45)**	**6 016**
2007				
Restated net profit for the period	4 254	(1 649)	20	2 625
Adjusted for:				
– Profit on disposals of plant and equipment (refer to note 18)	(157)	45	–	(112)
Restated headline earnings	4 097	(1 604)	20	2 513

Notes to the annual financial statements
for the year ended 29 February 2008

	Group		Company	
		Restated		Restated
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
24. NOTES TO THE CASH FLOW STATEMENT				
24.1 Cash generated from operations				
Profit before taxation	**8 036**	4 254	**4 359**	1 115
Adjustments for:				
Depreciation and amortisation	**2 563**	1 638	**918**	773
Profit on disposal of plant and equipment	**(14)**	(157)	**(8)**	(62)
Interest received	**(4 454)**	(3 077)	**(1 933)**	(3 165)
Finance costs	**17 550**	13 876	**2 979**	7 970
(Decrease)/increase in fair value of financial assets	**(68)**	25	**–**	–
Decrease in retirement benefits	**(43)**	(142)	**(43)**	(142)
Working capital changes				
Decrease/(increase) in trade and other receivables	**2 889**	(4 465)	**76 212**	27 910
Increase/(decrease) in trade and other payables and provisions	**5 285**	(10 222)	**(22 605)**	(10 607)
	31 744	1 730	**59 879**	23 792
24.2 Reconciliation of taxation paid during the year				
Charge in the income statement	**1 965**	1 649	**985**	624
Adjustment for deferred tax	**521**	(138)	**(77)**	(624)
Movement in taxation balance	**(662)**	(304)	**(438)**	–
	1 824	1 207	**470**	–
24.3 Net cash flow on acquisition of subsidiaries				
Fair values of (assets) and liablilities acquired				
Plant and equipment	**(192)**	(7 651)	**–**	–
Intangible assets	**–**	(82)	**–**	–
Loans receivable	**(1 226)**	(219)	**–**	–
Trade and other receivables	**(491)**	(160 536)	**–**	–
Income tax receivable	**–**	(27)	**–**	–
Cash and cash equivalents	**(2 275)**	(10 110)	**–**	–
Interest-bearing borrowings	**1 166**	79 081	**–**	–
Deferred taxation liabilities	**–**	188	**–**	–
Trade and other payables	**1 689**	80 757	**–**	–
Net assets	**(1 329)**	(18 599)	**–**	–
Minority interests	**–**	19	**–**	–
Net assets acquired	**(1 329)**	(18 580)	**–**	–
Goodwill	**(655)**	(27 581)	**–**	–
Purchase consideration	**(1 984)**	(46 161)	**–**	–
Settled in shares	**710**	46 161	**–**	–
Cash and cash equivalents acquired on acquisition	**2 275**	10 110	**–**	–
Net cash inflow	**1 001**	10 110	**–**	–

Notes to the annual financial statements
for the year ended 29 February 2008

		Group		Company	
			Restated		Restated
		2008	2007	**2008**	2007
		R'000	R'000	**R'000**	R'000
25.	**EMPLOYEE BENEFITS**				
	Retirement benefit expense				
	– Provident and pension	**3 360**	3 014	**246**	1 098
	Defined contribution retirement plans				
	The Group makes retirement benefits available to its employees. A defined contribution provident fund and pension fund, which are subject to the Pensions Fund Act, 1956, exist for this purpose. The schemes are funded by the employer and employee contributions, which are charged to the respective income statements as they are incurred.				
26.	**COMMITMENTS**				
	Operating lease commitments				
	No later than one year	**3 876**	3 234	**–**	787
	Later than one year and no later than five years	**10 618**	9 678	**–**	217
		14 494	12 912	**–**	1 004

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 these leases. There are no restrictions imposed by the leases. The future minimum lease payments under non-cancellable operating leases are shown above.

27. RELATED PARTIES

During the year the Company, in the ordinary course of business, entered into various transactions with subsidiaries. These transactions occurred under terms that are no more or less favourable than those arranged with third party companies. All intercompany transactions and balances within the Group are eliminated in full on consolidation. Refer to notes 7 and 12 for amounts owing to related parties which are not part of the Group structure.

	Company			
	Net of gross billings and cost of billings for goods and services		Net outstanding balances arising from sale/purchase of goods and services	
				Restated
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
Impson Logistics (Proprietary) Limited	**21 688**	2 790	**(2)**	(160)
Leading Edge Insurance Brokers (Proprietary) Limited	**(650)**	(21)	**18**	–
Santova Logistics Limited (registered in Hong Kong)	**52**	–	**–**	–
Santova NVOCC (Proprietary) Limited	**(1 053)**	74 849	**–**	79
Supply Chain Insurance Brokers (Proprietary) Limited	**–**	7	**–**	(3)
	20 037	77 625	**16**	(84)

	Interest on loans (from)/to related parties		Loans to/(from) related parties	
		Restated		Restated
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
Impson Logistics (Proprietary) Limited	**–**	–	**9 002**	3 037
Leading Edge Insurance Brokers (Proprietary) Limited	**(17)**	–	**–**	–
Owens International Freight Limited	**39**	–	**2 105**	–
Santova Logistics Limited (registered in Hong Kong)	**64**	–	**364**	301
Santova Logistics Share Purchase and Option Scheme Trust	**891**	561	**8 466**	5 070
Santova NVOCC (Proprietary) Limited	–	–	**3 970**	(1 483)
Santova Warehousing Solutions (Proprietary) Limited	**–**	–	**–**	10
Supply Chain Insurance Brokers (Proprietary) Limited	**–**	–	**–**	107
	977	561	**23 907**	7 042

	Subscriptions awaiting allotment	
		Restated
	2008	2007
	R'000	R'000
Previous shareholders of Leading Edge (Proprietary) Limited	**(1 285)**	(1 928)
Previous shareholders of Impson Logistics (Proprietary) Limited	**–**	(21 000)
	(1 285)	(22 928)

Notes to the annual financial statements
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28. PRIOR PERIOD ADJUSTMENTS

Shareholders were advised through the stock exchange news service ("SENS"), and in the reviewed abridged results for the 12 months ended 29 February 2008 posted to all shareholders, of changes to the Group's results for the fourteen month period ended 28 February 2007 and the balance sheet as at that date, as previously reported. The restated Group numbers were disclosed for all significant amounts where restatements had been made. The background to and details of the restatements provided in the abridged results announcement are expanded on below.

Background

Following the acquisition of Impson during 2006, a process of standardising operating procedures and the application of accounting policies commenced.

An assessment of the application of new and revised accounting standards identified the need for restatements and corrections in the presentation of the 2007 Group and Company balance sheets, income statements, statements of changes in equity, cash flow statements and related disclosure notes.

In this annual report, the restatements to the statements of changes in equity are shown on pages 38 and 39.

The changes to the 2007 balance sheets and income statements are shown in this note and have been grouped into four columns covering the following areas:

- Accounting and disclosure of the employee share purchase and option scheme;
- Implementing consistent provisioning and impairment policies across the Group;
- Re-assessing the fair values of the recently acquired subsidiary companies, as well as the valuation placed on the Santova Logistics shares issued and issuable to the vendors of those businesses; and
- Making disclosure and reclassification changes to achieve compliance with new and revised International Financial Reporting Standards.

A brief explanation of the four groupings is as follows:

Employee share purchase and option scheme

To date, the only awards made by the Share Trust have been made under the share purchase basis in terms of which shares are made available to employees who are given a facility to fund such purchases through a loan from the Share Trust at the South African prime rate of interest. The restatements corrected the manner in which interest was accrued between the Company and the Share Trust, on consolidation, and corrected an income statement charge previously credited to equity in terms of IFRS 2.

Implementing consistent provisioning and impairment policies across the Group

The rationalisation of the Santova Logistics operations into Impson highlighted the need to standardise the processes for providing for possible impairments, and also crystallised a significant core of long overdue amounts in the accounts receivable balances of the old "Spectrum" businesses. The standardisation of accounting policies across Santova has resulted in increased provisions to reflect possible impairments in accounts receivable. Where appropriate, the results and balances in prior periods have been restated.

Restating the Impson acquisition

Adjustments were made to account for:

- higher fair values of motor vehicles, which had previously been determined without reference to their residual values;
- at acquisition liabilities for taxation, which had been included in the post acquisition 2007 Group tax expense;
- correcting the purchase price payable to the vendors to R42 000 000 as specified in the purchase agreement, notwithstanding that the whole consideration was to be settled by the issue of shares of Santova Logistics; and
- reclassifying the amounts owing to vendors as "subscriptions awaiting allotment", in equity, whereas they had previously been shown as "amounts due to related parties", as a liability.

Other reclassifications

These comprise mainly:

- showing computer software separately from plant and equipment as an intangible asset; and
- correcting the disclosure and classification of intergroup and related party balances.

As stated in note 1, the Group continues to evaluate the effects of new and revised accounting standards and interpretations.

Notes to the annual financial statements

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28. PRIOR PERIOD ADJUSTMENTS (continued)

The effects on the Group income statement for the fourteen month period ended 28 February 2007 were as follows:

Group	As previously reported 28 February 2007 R'000	Employee share scheme changes R'000	IAS 36/37 Impairments and provisions R'000	IFRS 3 and IAS 16 changes R'000	Re-classification R'000	Restated 28 February 2007 R'000
Turnover	77 395	–	–	–	–	77 395
Gross billings	1 451 862	–	–	–	–	1 451 862
Cost of billings	1 374 467	–	–	–	–	1 374 467
Other income	792	–	–	–	–	792
Administrative expenses	59 399	(62)	2 159	–	–	61 496
Operating income	18 788	62	(2 159)	–	–	16 691
Depreciation and amortisation	1 709	–	–	(71)	–	1 638
Interest received	3 180	(103)	–	–	–	3 077
Finance costs	13 876	–	–	–	–	13 876
Profit before taxation	6 383	(41)	(2 159)	71	–	4 254
Income tax expense	2 330	(27)	(296)	(358)	–	1 649
Profit for the period	4 053	(14)	(1 863)	429	–	2 605
Attributable to:						
Equity holders of the parent	4 073	(14)	(1 863)	429	–	2 625
Minority interests	(20)	–	–	–	–	(20)

Notes to the annual financial statements
for the year ended 29 February 2008

28. PRIOR PERIOD ADJUSTMENTS (continued)

The effects on the Group balance sheet as at 28 February 2007 were as follows:

Group	As previously reported 28 February 2007 R'000	Employee share scheme changes R'000	IAS 36/37 Impairments and provisions R'000	IFRS 3 and IAS 16 changes R'000	Re-classification R'000	Restated 28 February 2007 R'000
ASSETS						
Non-current assets						
Plant and equipment	8 407	–	–	725	(362)	8 770
Intangible assets	66 136	–	–	(37 886)	362	28 612
Loans receivable	504	–	–	–	(504)	–
Deferred taxation	2 315	27	2 322	(210)	–	4 454
Total non-current assets	77 362	27	2 322	(37 371)	(504)	41 836
Current assets						
Trade receivables	279 085	–	(5 314)	–	(98)	273 673
Other receivables*	7 505	(96)	(3 043)	–	98	4 464
Amounts owing from related parties	–	3 397	–	–	504	3 901
Cash and cash equivalents	9 438	–	(1 465)	–	–	7 973
Total current assets	296 028	3 301	(9 822)	–	504	290 011
Total assets	373 390	3 328	(7 500)	(37 371)	–	331 847
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital and premium	149 041	3 326	–	4 028	–	156 395
Foreign currency translation reserve	(3)	–	–	–	–	(3)
Accumulated loss – prior years	(76 653)	16	(11 058)	–	–	(87 695)
Profit for the period	4 073	(14)	(1 863)	429	–	2 625
Attributable to equity holders of the parent	76 458	3 328	(12 921)	4 457	–	71 322
Minority interest	–	–	–	–	–	–
Total equity	76 458	3 328	(12 921)	4 457	–	71 322
Non-current liabilities						
Amounts owing to related parties	41 185	–	–	(41 185)	–	–
Interest-bearing borrowings	1 021	–	–	–	–	1 021
Long-term provision	2 255	–	–	–	–	2 255
Total non-current liabilities	44 461	–	–	(41 185)	–	3 276
Current liabilities						
Trade and other payables	99 518	–	5 421	–	–	104 939
Current tax payable	278	–	–	–	–	278
Amounts owing to related parties	643	–	–	(643)	–	–
Current portion of interest-bearing borrowings	791	–	–	–	–	791
Financial liability	25	–	–	–	–	25
Short-term borrowings and overdraft	148 096	–	–	–	–	148 096
Short-term provisions	3 120	–	–	–	–	3 120
Total current liabilities	252 471	–	5 421	(643)	–	257 249
Total equity and liabilities	373 390	3 328	(7 500)	(37 371)	–	331 847

* *This was previously referred to as "other current assets" in the 28 February 2007 annual financial statements.*

Notes to the annual financial statements
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28. PRIOR PERIOD ADJUSTMENTS (continued)

The effects on the Company income statement for the fourteen month period ended 28 February 2007 were as follows:

Company	As previously reported 28 February 2007 R'000	Employee share scheme changes R'000	IAS 36/37 Impairments and provisions R'000	IFRS 3 and IAS 16 changes R'000	Re-classification R'000	Restated 28 February 2007 R'000
Turnover	33 818	–	–	–	–	33 818
Gross billings	668 914	–	–	–	–	668 914
Cost of billings	635 096	–	–	–	–	635 096
Other income	116	–	–	–	–	116
Income from subsidiaries	2 283	–	–	–	–	2 283
Administrative expenses	27 946	(62)	1 640	–	–	29 524
Operating income	8 271	62	(1 640)	–	–	6 693
Depreciation and amortisation	773	–	–	–	–	773
Interest received	3 268	(103)	–	–	–	3 165
Finance costs	7 970	–	–	–	–	7 970
Profit before taxation	2 796	(41)	(1 640)	–	–	1 115
Income tax expense	801	(27)	(150)	–	–	624
Profit for the period	1 995	(14)	(1 490)	–	–	491

Notes to the annual financial statements
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28. PRIOR PERIOD ADJUSTMENTS (continued)

The effects on the Company balance sheet as at 28 February 2007 were as follows:

Company	As previously reported 28 February 2007 R'000	Employee share scheme changes R'000	IAS 36/37 Impairments and provisions R'000	IFRS 3 and IAS 16 changes R'000	Re-classification R'000	Restated 28 February 2007 R'000
ASSETS						
Non-current assets						
Plant and equipment	946	–	–	–	(362)	584
Intangible assets	265	–	–	–	362	627
Investment in subsidiaries	83 978	–	–	(37 800)	–	46 178
Loans receivable	5 070	–	–	–	(5 070)	–
Deferred taxation	1 878	27	2 175	–	–	4 080
Total non-current assets	92 137	27	2 175	(37 800)	(5 070)	51 469
Current assets						
Trade receivables	84 411	–	(5 254)	–	(4 188)	74 969
Other receivables*	7 220	(96)	(2 585)	–	850	5 389
Amounts owing from related parties	–	–	–	–	8 525	8 525
Cash and cash equivalents	7 248	–	(1 465)	–	–	5 783
Total current assets	98 879	(96)	(9 304)	–	5 187	94 666
Total assets	191 016	(69)	(7 129)	(37 800)	117	146 135
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital and premium	153 254	(71)	–	4 028	–	157 211
Accumulated loss – prior years	(76 653)	16	(11 058)	–	–	(87 695)
Profit for the period	1 996	(14)	(1 491)	–	–	491
Total equity	78 597	(69)	(12 549)	4 028	–	70 007
Non-current liabilities						
Amounts owing to related parties	41 185	–	–	(41 185)	–	–
Long-term provision	2 255	–	–	–	–	2 255
Total non-current liabilities	43 440	–	–	(41 185)	–	2 255
Current liabilities						
Trade and other payables	20 083	–	5 420	–	(1 366)	24 137
Amounts owing to related parties	643	–	–	(643)	1 483	1 483
Short-term borrowings and overdraft	47 608	–	–	–	–	47 608
Short-term provisions	645	–	–	–	–	645
Total current liabilities	68 979	–	5 420	(643)	117	73 873
Total equity and liabilities	191 016	(69)	(7 129)	(37 800)	117	146 135

* *This was previously referred to as "other current assets" in the 28 February 2007 annual financial statements.*

Notes to the annual financial statements
for the year ended 29 February 2008

	Group 2008 R'000	Group Restated 2007 R'000	Company 2008 R'000	Company Restated 2007 R'000
29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Loans and receivables	**286 746**	290 011	**29 399**	94 666
Available for sale financial assets	**–**	–	**48 162**	46 178
Financial assets at fair value through profit/loss	**43**	–	**–**	–
Financial liabilities				
Financial liabilities at fair value through profit/loss	**–**	25	**–**	–
Financial liabilities measured at amortised cost	**248 088**	255 125	**2 329**	73 228
Reconciliation to balance sheet				
Trade receivables	**263 110**	273 673	**2 111**	74 969
Other receivables	**13 855**	4 464	**2 035**	5 389
Amounts owing from related parties	**3 871**	3 901	**23 907**	8 525
Cash and cash equivalents	**5 910**	7 973	**1 346**	5 783
Loans and receivables	**286 746**	290 011	**29 399**	94 666
Investments in subsidiaries	**–**	–	**48 162**	46 178
Available for sale financial assets	**–**	–	**48 162**	46 178
Financial asset (forward exchange contract)	**43**	–	**–**	–
Financial assets at fair value through profit/loss	**43**	–	**–**	–
Financial liability (forward exchange contract)	**–**	25	**–**	–
Financial liabilities at fair value through profit/loss	**–**	25	**–**	–
Trade and other payables	**112 480**	104 939	**1 891**	24 137
Current tax payable	**940**	278	**438**	–
Amounts owing to related parties	**120**	–	**–**	1 483
Interest-bearing borrowings	**1 218**	1 812	**–**	–
Short-term borrowings and overdraft	**133 330**	148 096	**–**	47 608
Financial liabilities measured at amortised cost	**248 088**	255 125	**2 329**	73 228

Potential defaults and breaches

There were no defaults of terms with lenders during the year, with the exception of the prior period adjustments (refer note 28) where certain of the financial institutions, insurance providers, and guarantors of Santova had the option to call in advances or adjust contracts, as the case may be, with any out-of-the-ordinary change in capital and reserves. Each of these organisations has been notified of the prior period adjustments.

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

	Group 2008 R'000	Group Restated 2007 R'000	Company 2008 R'000	Company Restated 2007 R'000
First National Bank of South Africa Limited (overdraft facility)	**9 996**	11 271	**–**	–
Nedbank Limited (overdraft facility)	**–**	5 990	**–**	4 173
Nedbank Limited (invoice discounting facility)	**123 334**	130 835	**–**	43 435
	133 330	148 096	**–**	47 608

Notes to the annual financial statements
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	Company 2008 R	Restated 2007 R
29. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)		
Investments in subsidiaries		
e-OSCI Logistics (Proprietary) Limited		
Net asset value	**100**	100
Profit after taxation	**–**	–
Impson Logistics (Proprietary) Limited		
Net asset value	**23 588 348**	21 180 075
Profit after taxation	**2 408 272**	2 311 330
Leading Edge Insurance Brokers (Proprietary) Limited		
Net asset value	**674 651**	133 317
Profit/(loss) after taxation	**541 334**	(11 311)
Santova Financial Services (Proprietary) Limited		
Net asset value	**100**	100
Profit after taxation	**–**	–
Santova NVOCC (Proprietary) Limited		
Net liability value	**(515 491)**	(377 346)
Loss after taxation	**(138 145)**	(378 022)
Santova Warehousing Solutions (Proprietary) Limited		
Net liability value	**(9 598)**	(9 598)
Loss after taxation	**–**	(9 698)
Spectrum Shipping 2007 (Proprietary) Limited		
Net asset value	**100**	100
Profit after taxation	**–**	–
Supply Chain Insurance Brokers (Proprietary) Limited		
Net (liability)/asset value	**(2 579)**	2 186
(Loss)/profit after taxation	**(4 765)**	1 830
Santova Logistics Limited (Incorporated in Hong Kong)		
Net asset/(liability) value	**970 382**	(30 039)
Profit/(loss) after taxation	**945 842**	(40 109)
Mogal International Limited (Incorporated in the United Kingdom)		
Net asset value	**1 042 213**	–
Loss after taxation	**(102 669)**	–
Santova Logistics Limited (Incorporated in the United Kingdom)		
Net asset value	**14**	14
Profit after taxation	**–**	–
Santova Logistics Limited (Incorporated in Australia)		
Net asset value	**6**	6
Profit after taxation	–	–
Investments in sub-subsidiaries		
Santova Patent Logistics Co., Limited (Incorporated in Hong Kong)		
Net liability value	**(60 269)**	(38 084)
Loss after taxation	**(19 016)**	(48 346)
Owens International Freight Limited (Incorporated in the United Kingdom)		
Net asset value	**1 096 985**	–
Loss after taxation	**(1 361 901)**	–
Antipodes Shipping Limited (Incorporated in the United Kingdom)		
Net liability value	**(10 036)**	–
Profit after taxation	**78 841**	–

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

Notes to the annual financial statements
for the year ended 29 February 2008

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

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 45 to 48 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.

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

	Assets		Liabilities	
	2008	2007	**2008**	2007
Euro	**1 559 831**	–	**–**	1 474 696
British Pound (Sterling)	**701 789**	–	**487 912**	504 102
Hong Kong Dollar	**1 077 694**	570 181	**2 066 604**	859 954
US Dollar	**543 391**	–	**–**	1 079 219

Foreign currency sensitivity

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

	Euro		British Pound (Sterling)	
	2008	2007	**2008**	2007
10% foreign currency sensitivity (Rands)	**15 598**	(14 747)	**2 139**	(5 041)

	Hong Kong Dollar		US Dollar	
	2008	2007	**2008**	2007
10% foreign currency sensitivity (Rands)	**(9 889)**	(2 898)	**5 434**	(10 792)

The Group's sensitivity to foreign currency has decreased during the year mainly due to better usage of forward exchange contracts and inter-group loans.

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.

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

Outstanding contracts

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

	Buy AUD[1] <6 months	Buy AUD[1] >6 months	Buy CAD[2] <6 months	Buy CAD[2] >6 months	Buy CHF[3] <6 months	Buy CHF[3] >6 months	Buy Euro <6 months	Buy Euro >6 months	Buy £ <6 months	Buy £ >6 months	Buy SEK[4] <6 months	Buy SEK[4] >6 months	Buy SGD[5] <6 months	Buy SGD[5] >6 months	Buy USD[6] <6 months	Buy USD[6] >6 months
Average exchange rate																
2008	**7,19**	**–**	**7,77**	**–**	**7,15**	**–**	**11,44**	**–**	**15,37**	**–**	**–**	**–**	**–**	**–**	**7,81**	**–**
2007	5,66	–	–	–	5,91	–	9,53	–	14,17	–	1,04	–	4,77	–	7,24	–
Foreign currency																
2008	**9 696**	**–**	**2 773**	**–**	**2 405**	**–**	**132 500**	**–**	**14 220**	**–**	**–**	**–**	**–**	**–**	**70 000**	**–**
2007	3 540	–	–	–	2 415	–	154 500	–	35 571	–	10 935	–	2 652	–	149 145	–
Contract value (Rands)																
2008	**69 750**	**–**	**21 545**	**–**	**17 189**	**–**	**1 515 595**	**–**	**218 530**	**–**	**–**	**–**	**–**	**–**	**546 371**	**–**
2007	20 034	–	–	–	14 274	–	1 471 696	–	504 101	–	11 369	–	12 646	–	1 079 218	–
Fair value (Rands)																
2008	**70 305**	**–**	**22 003**	**–**	**17 844**	**–**	**1 559 831**	**–**	**218 449**	**–**	**–**	**–**	**–**	**–**	**543 391**	**–**
2007	20 273	–	–	–	14 436	–	1 487 041	–	507 472	–	11 361	–	12 655	–	1 084 842	–

1 Australian Dollar
2 Canadian Dollar
3 Swiss Frank
4 Swedish Krona
5 Singapore Dollar
6 United States Dollar

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 on-going basis with financing suppliers and customers.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

	2008 R000	2007 R000
If interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's profit (pre-tax) for the year would decrease/increase approximately by:	**83**	92

The Group's sensitivity to interest rates has decreased during the current year, mainly due to the linking of clients facility fees to the respective base interest rates.

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, this is covered at a rate of 90%. At 29 February 2008, 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 for losses, represents the Group's maximum exposure to credit risk.

Notes to the annual financial statements
for the year ended 29 February 2008

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

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

	Group		Company	
		Restated		Restated
	2008	2007	**2008**	2007
	R000	R000	**R000**	R000
Past due by 0 to 30 days	**25 343**	16 803	**(219)**	7 612
Past due by 31 to 60 days	**4 985**	15 127	**239**	7 999
Past due by 61 to 90 days	**1 923**	3 651	**36**	1 978
Past due over 90 days and impaired	**12 715**	9 560	**9 884**	7 785
Not past due	**228 041**	237 235	**72**	57 340
	273 007	282 376	**10 012**	82 714
Less: Impairment of receivables	**(9 897)**	(8 703)	**(7 901)**	(7 745)
Total trade receivables	**263 110**	273 673	**2 111**	74 969
Movement in impairment of receivables				
Balance at beginning of the year/period	**8 703**	7 541	**7 745**	7 541
Amounts written off during the year/period	**(1 328)**	(920)	**(982)**	(841)
Increase in allowance recognised in profit or loss	**2 522**	2 082	**1 138**	1 045
Balance at end of the year/period	**9 897**	8 703	**7 901**	7 745

Included in the impairment of receivables are specific trade receivables with a carrying value of R110 365 (2007: Rnil), which have been placed under liquidation.

Liquidity risk management

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 cashflows and the maturity profiles of financial assets and financial liabilities.

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

	Within 1 month R'000	1 to 3 months R'000	3 to 12 months R'000	Greater than 12 months R'000
2008				
Non interest-bearing	**240 370**	**30 370**	**6 230**	**–**
Interest-bearing	**5 910**	**–**	**–**	**3 866**
	246 280	**30 370**	**6 230**	**3 866**
2007				
Non interest-bearing	243 119	33 490	1 528	–
Interest-bearing	7 973	–	–	3 901
	251 092	33 490	1 528	3 901

Notes to the annual financial statements
for the year ended 29 February 2008

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

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

	Within 1 month R'000	1 to 3 months R'000	3 to 12 months R'000	Greater than 12 months R'000
2008				
Non interest-bearing	**112 480**	**–**	**1 060**	**–**
Interest-bearing	**133 413**	**167**	**753**	**215**
	245 893	**167**	**1 813**	**215**
2007				
Non interest-bearing	104 939	–	278	–
Interest-bearing	148 174	155	702	877
	253 113	155	980	877

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

	Within 1 month R'000	1 to 3 months R'000	3 to 12 months R'000	Greater than 12 months R'000
2008				
Forward exchange contracts	**2**	**41**	**–**	**–**
	2	**41**	**–**	**–**
2007				
Forward exchange contracts	–	25	–	–
	–	25	–	–

Santova Logistics share purchase and option scheme trust
("the Share Trust")

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

The rules of the Share Trust ("the Scheme") make provision for shares to be made available, by invitation, on a purchase or on an option basis to all employees of the Group, including directors.

Purchase basis

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

In terms of the Share Trust deed, the aggregate number of shares purchased for the purposes of the Scheme may not exceed 10% of the issued share capital of the Company, which equates to 136 678 773 (2007: 112 268 249) shares at year end. The shares that may currently be utilised for purposes of the Scheme are set out below:

- To date, shareholders have authorised the issue of 105 000 000 (2007: 105 000 000) shares to the Share Trust. Of this number, the Share Trust has to date acquired 75 000 000 (2007: 50 000 000) shares from the Company as well as 20 140 175 (2007: 16 638 888) shares purchased externally, all financed by loans from Santova Logistics, which at year end amounted to R8 465 808 (2007: R5 069 742);
- To date, 3 804 666 (2007: 3 333 333) shares have been fully paid for and of these shares 138 333 (2007: nil) remain to be transferred to participants; and
- At year end, the Share Trust had the following shares registered in its name: due for transfer 138 333 (2007: nil) shares; secured by loan agreements to participants 45 968 334 (2007: 52 550 667) shares; and available for allocation to prospective participants 45 367 175 (2007: 10 754 888) shares.

Option basis

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

Share analysis

for the year ended 29 February 2008

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Shareholder spread				
1 to 1 000 shares	50	4,60	37 503	0,00
1 001 to 10 000 shares	227	20,86	1 398 349	0,10
10 001 to 100 000 shares	467	42,92	23 998 843	1,76
100 001 to 1 000 000 shares	260	23,90	91 169 922	6,67
1 000 001 shares and over	84	7,72	1 250 183 113	91,47
Total	**1 088**	**100,00**	**1 366 787 730**	**100,00**
Distribution of shareholders				
Banks	20	1,84	543 785 588	39,79
Close corporations	28	2,57	16 517 087	1,21
Endowment funds	5	0,45	620 512	0,04
Individuals	913	83,92	334 202 819	24,45
Investment companies	8	0,74	42 682 880	3,12
Mutual funds	1	0,09	23 847 000	1,74
Nominees and trusts	53	4,87	156 023 876	11,42
Other corporations	21	1,93	18 579 738	1,36
Private companies	35	3,22	83 735 995	6,13
Public companies	3	0,28	55 318 393	4,05
The Share Trust	1	0,09	91 473 842	6,69
Total	**1 088**	**100,00**	**1 366 787 730**	**100,00**
Public/non-public shareholders				
Non-public shareholders	18	1,65	735 669 176	53,82
Directors and associates of the Company holdings (excluding the Share Trust shares)	16	1,47	333 520 731	24,40
The Share Trust	1	0,09	91 473 842	6,69
Strategic holdings (more than 10%)	1	0,09	310 674 603	22,73
Public shareholders	1 070	98,35	631 118 554	46,18
Total	**1 088**	**100,00**	**1 366 787 730**	**100,00**

	Number of shares	Percentage of shares
Beneficial shareholders holding 5% or more		
Santova Logistics Share Purchase and Option Scheme Trust	91 473 842	6,69
Custodian holdings of 5% or more		
JP Morgan Chase Bank – Onshore Clients Omnibus	310 674 603	22,73
Rothschild Bank AG	100 000 000	7,31

Share analysis
for the year ended 29 February 2008

Breakdown of directors and associates of the Company holdings for the year ended 29 February 2008

	Direct number of shares	Percentage of shares	Indirect number of shares	Percentage of shares
Directors' beneficial holdings	**68 381 081**	**5,00**	**157 290 816**	**11,51**
Gerber, GH	875 000	0,06	41 161 616	3,01
GH Gerber	875 000	0,06	–	–
Lloyd Investment Trust	–	–	13 888 889	1,02
Staff Capital (Proprietary) Limited	–	–	27 272 727	1,99
Impson, MF	59 136 000	4,33	–	–
MF Impson	59 136 000	4,33	–	–
Mezher, TR	**–**	–	62 064 000	4,54
Camilla Coleman Trust	–	–	62 064 000	4,54
Singh, R	8 370 081	0,61	50 165 200	3,67
Rajin Singh Family Trust	–	–	50 165 200	3,67
R Singh	7 870 081	0,57	–	–
R Singh (immediate family member)	500 000	0,04	–	–
Tembe M	–	–	3 900 000	0,29
The Moses Tembe Family Trust	–	–	3 900 000	0,29
Directors of subsidiary companies	**103 285 417**	**7,56**	**4 563 417**	**0,33**
K Blond	11 666 667	0,85	–	–
S Copland-Mander	4 818 750	0,35	–	–
GM Knight	16 800 000	1,23	–	–
P Naidoo	23 333 333	1,71	–	–
GR Robinson	23 333 333	1,71	–	–
CV Simpson	–	–	4 563 417	0,33
GW Stay	23 333 334	1,71	–	–
Total	**171 666 498**	**12,56**	**161 854 233**	**11,84**

	Number of shares	Indirect percentage of shares
Part of the Share Trust		
SJ Chisholm	7 000 000	0,51

	Indirect non-beneficial	Percentage of shares
Director's indirect non-beneficial interests		
R Singh	408 000	0,03

Share analysis
for the year ended 29 February 2008

Trade analysis for the year ended 29 February 2008

Year	Month	High sale	Low sale	Number of deals	Volume	Value
2007	March	18	14	158	18 169 411	2 912 994
2007	April	19	16	107	9 380 336	1 630 408
2007	May	21	16	261	24 904 622	4 657 514
2007	June	17	14	169	15 527 397	2 351 631
2007	July	15	12	206	36 772 680	4 643 141
2007	August	13	11	80	8 389 730	1 015 940
2007	September	13	10	153	15 839 696	1 758 004
2007	October	15	11	249	17 954 218	2 206 965
2007	November	12	9	303	48 280 472	4 740 507
2007	December	10	8	102	12 426 130	1 061 784
2008	January	9	7	88	6 928 455	543 813
2008	February	9	6	144	17 255 617	1 215 654

JSE statistics for the year ended 29 February 2008		Statistics
Traded price		
Close	(cents per share)	**7**
High	(cents per share)	**21**
Low	(cents per share)	**6**
Market capitalisation	(Rmillions)	**96**
Value of shares traded	(Rmillions)	**29**
Value traded as percentage of market capitalisation	(percentage)	**30,04**
Volume of shares traded	(millions)	**232**
Volume traded as percentage of number in issue	(percentage)	**16,96**
Price earnings (“PE”) ratio		**16**
Dividend yield	(percentage)	**0,00**
Earnings yield	(percentage)	**6,43**
Year end market price/net asset value (“NAV”)		**1,2**
Shares in issue net of treasury shares	(millions)	**1 321**
Shares issued during the year	(millions)	**244**
Number of shareholders		**1 088**

Administration

Country of incorporation
Republic of South Africa

Registration number
1998/018118/06

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*
TR Mezher
M Tembe*
* *Independent Non-executive*

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

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

Designated advisors
River Group
Block B, First Floor, 335 Veale Street, Brooklyn, 0181

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

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

Impson head office and Durban
Business address
Santova House, 88 Mahatma Gandhi Road, Durban, 4001
Postal address
PO Box 1870, Durban, 4000

Impson Cape Town
Business address
9th Floor, Metropolitan Building
Coen Steytler Road, Foreshore, 8001
Postal address
PO Box 6456, Roggebaai, 8012

Impson Johannesburg
Business address
3 Michael Place (off Yaldwyn Road), Jet Park, 1469
Postal address
PO Box 14111, Witfield, 1467

Impson Pietermaritzburg
Business address
7 Tomlinson Road, Pietermaritzburg, 3201
Postal address
PO Box 21478, Pietermaritzburg, 3208

Impson Port Elizabeth
Business address
3rd Floor, Greyville House, Ring Road, Greenacres
Port Elizabeth, 6045
Postal address
PO Box 110, Port Elizabeth, 6000

Impson Sasolburg
Business address
No 1 Carl Bosch Road, Chemcity 2, Sasolburg, 1947
Postal address
PO Box 1, Sasolburg, 1947

Leading Edge Insurance Brokers (Proprietary) Limited
Business address
3 Storm Building, 1 Rydall Vale Park, Douglas Saunders Drive
La Lucia Ridge, 4019
Postal address
PO Box 5205, Rydall Vale Park, La Lucia Ridge, 4019

Santova Logistics Limited (registered in Hong Kong)
Business and postal address
Rm1104-5, 11/F, Bonham Trade Centre
50 Bonham Strand East, Sheung Wan, Hong Kong

Mogal International Limited (registered in the United Kingdom)
Trading entity – Owens International Freight Limited
Business and postal address
Churchill House, Horndon Business Park, Station Road
West Horndon, Brentwood, Essex, CM13 3XD

Shareholders' calendar

Activity	Date
Financial year end	29 February
Release of abridged results on SENS	4 June 2008
Despatch of 2008 annual report	30 August 2008
2008 annual general meeting	23 September 2008
Release of interim statements for the six months ending 31 August 2008	October 2008

Notice of annual general meeting

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

Notice is hereby given that the annual general meeting ("AGM") of members of Santova Logistics Limited will be held in the boardroom, Santova House, 88 Mahatma Gandhi Road, Durban on Tuesday, 23 September 2008 at 12H00 for the following purposes:

1. To receive and accept the annual financial statements of the Company and the Group for the year ended 29 February 2008, 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. Ted Garner, Gary Knight and Warwick Lombard, who were appointed directors of the Company subsequent to the financial year end, retire in terms of Article 83.2.1. Being eligible, the directors offer themselves for re-election.

The Chairman to propose that the above directors be re-elected in one resolution. In the event that the motion is not carried, then each of the directors must be re-elected by individual resolutions.

(Curricula vitae of the directors are set out on the directorate pages of this annual report.)

3. **3.1** To approve the remuneration of the directors for the year ended 29 February 2008.

3.2 To approve the remuneration payable to the non-executive directors for the year ended 28 February 2009 as follows:

For attendance at Board meetings	R2 500 per meeting
Audit Committee Chairman	R9 000 per meeting
Remuneration Committee Chairman	R9 000 per meeting
Chairman	R9 000 per meeting

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

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

6. **Special Resolution Number 1 – Specific authority to buy own shares**

As advised to shareholders in the SENS announcement released on 24 July 2008, the Company has entered into put option programmes with certain shareholders of the Company, who are or were directors or employees of the Company and/or one of its subsidiaries, in terms of which and subject to the approval of shareholders at this annual general meeting, and at the option of each specific shareholder, the Company will buy back the shares held by them on the terms and conditions set out in each individual option agreement. The total number of shares for which the Company is seeking authority to repurchase is 219 666 667, representing 15,97% of the total issued share capital of Santova Logistics as at the date of this annual report.

The Company has also entered into a call option with one of those same shareholders in terms of which the Company has the option to buy back from that shareholder 11 666 667 shares held by him, representing 0,85% of the total issued share capital of Santova Logistics as at the date of this annual report, within a period of three (3) months from the date of this meeting.

Certain of the Impson vendors had indicated their desire to exchange their shares for cash and your Board saw this as an opportunity to reduce the share capital of the Company by a large block of shares rather than affect the market through a general share buy back or a large block of shares such as this being traded through the market.

The Board of directors of the Company is of the opinion that the proposed repurchases are fair insofar as the shareholders of the issuer are concerned and have been so advised by an independent expert acceptable to the JSE. The fairness opinion required in terms of paragraph 5.69 of the JSE Listings Requirements, prepared by SAB&T, can be found on page 94. Shareholders are also directed to other relevant information required by the JSE Listings Requirements in this regard which can be found at the end of the second special resolution, which is a general authority to buy own shares. A seperate circular has not been issued in this regard, all the required information being contained in this annual report.

The directors, whose names are given in paragraph 15 on page 34 of this annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this annual report contains all information required by law and the JSE Listings Requirements.

The special resolution that shareholders are asked to pass at this meeting is set out below and details each specific transaction:

Notice of annual general meeting

"THAT the company hereby approves, as a specific authority contemplated in Section 85(2) and 85(8) of the Companies Act (Act No. 61 of 1973, as amended) ("the Act") and in terms of Article 33.7 of the Company's Articles of Association, the repurchase by the Company of the shares detailed below:

1. In terms of the put options

1.1 From Malcolm Frederick Impson, who is a director of the Company and of Impson – 59 136 000 (fifty-nine million one hundred and thirty-six thousand) ordinary shares at a price of 10 (ten) cents per share over a period of three years commencing in 2008 provided the Company does not meet a specific profit target in each year.

1.2 From Gordon Walter Stay, who is a director of Impson – 23 333 334 (twenty-three million three hundred and thirty-three thousand three hundred and thirty-four) ordinary shares at a price of 10 (ten) cents per share over a period of three years commencing in 2008 provided the Company does not meet a specific profit target in each year.

1.3 From Gary Malcolm Knight, who is a director of the Company and of Impson – 16 800 000 (sixteen million eight hundred thousand) ordinary shares at a price of 10 (ten) cents per share over a period of three years commencing in 2008 provided the Company does not meet a specific profit target in each year.

1.4 From Theodore Keith Blond, who is a director of Impson – 11 666 667 (eleven million six hundred and sixty-six thousand six hundred and sixty-seven) ordinary shares at a price of 10 (ten) cents per share over a period of three years commencing in 2008 provided the Company does not meet a specific profit target in each year.

Each of the above agreements, dated 3 April 2008, accrue in four tranches, as listed below:

- On the day following the 2008 AGM the various shareholders above will be entitled to put 12 (twelve) percent of their shares to Santova Logistics at 10 cents per share;
- If the pretax profit of the Group does not exceed R10,8 million as at 28 February 2009, then the various shareholders will be entitled to put a further 12 (twelve) percent of their shares to the Company, settlement being on the day following the 2009 AGM;
- If the pretax profit of the Group does not exceed R10,8 million as at 28 February 2010, then the various shareholders will be entitled to put a further 12 (twelve) percent of their shares to the Company, settlement being on the day following the 2010 AGM; and
- If the pretax profit of the Group does not exceed R10,8 million as at 28 February 2011, then the various shareholders will be entitled to put a the remaining 64 (sixty-four) percent of their shares to the Company, settlement being on the day following the 2011 AGM;

If the pre-tax profit target of R10,8 million is achieved in any of the financial years all of the above options will lapse.

2. In terms of the call option, dated 18 March 2008
From Gordon Walter Stay, who is a director of Impson, a total of 11 666 667 (eleven million six hundred and sixty-six thousand six hundred and sixty-seven) ordinary shares, at a price of 10 (ten) cents per share within a period of three (3) months from the date of the 2008 annual general meeting.

3. In terms of the agreement, dated 18 July 2008, with the Camilla Coleman Trust
From the Camilla Coleman Trust ("Camilla"), of which Thomas Ronald Mezher is a Trustee and also a director of the Company and of Impson – 62 064 000 (sixty two million and sixty-four thousand) ordinary shares at a price of 10 (ten) cents per shares over a period of three years, in the following tranches:

- On the day following the 2008 AGM 11 171 520 shares;
- On 1 March 2009 11 171 520 shares, payable on or before 31 August 2009
- On 1 March 2010 11 171 520 shares, payable on or before 31 August 2010; and
- On 1 March 2011 28 549 440 shares, payable on or before 31 August 2011.

4. In terms of the agreement, dated 7 July 2008, with Gerald Anthony Robinson and Premanand Naidoo
From Gerald Anthony Robinson ("Robinson") and Premanand Naidoo ("Naidoo"), previously employees and directors of Impson – 46 666 666 (forty-six million, six hundred and sixty-six thousand, six hundred and sixty-six) ordinary shares, at 10 (ten) cents per share, in return for the variation of their restraint of trade agreements specified in and on the terms and conditions set out in the said agreement."

The variation of restraint of trade agreements refers to varying Robinson and Naidoo's executive service agreements, in which there is a restraint on trading in the same environment as Impson and approaching either clients or staff of Impson's, to allowing Robinson and Naidoo to trade in the same environment as Impson and approach an agreed specific list of clients and staff.

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At the time that the contemplated re-purchases take place, the directors of the Company will ensure that for a period of twelve months after the date of each repurchase, or tranche of the specific repurchases:

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

The reason for the passing of the special resolution is to enable the Company to implement the terms of the various agreements set out above and the effect of the passing of the special resolution is that, at the appropriate times in each case, the shares will be repurchased, cancelled and restored to authorised share capital.

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

The table below sets out the *pro forma* financial effects of the above transactions, based on Santova's audited results for the year ended 29 February 2008. The financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of the Company's results, financial position and changes in equity after the transaction. It has been assumed for purposes of the *pro forma* financial effects that the above transaction took place with effect from 1 March 2007 for income statement purposes and 29 February 2008 for balance sheet purposes. The directors of Santova are responsible for the preparation of the financial effects, which have not been reviewed by the auditors.

		Before[1] buy back Audited 12 months to 29 February 2008	Camilla[2]	*Pro forma*[3] After buy back Unaudited 12 months to 29 February 2008	Robinson[4] and Naidoo	*Pro forma*[5] After buy back Unaudited 12 months to 29 February 2008	First year[6] put options	*Pro forma*[7] After buy back Unaudited 12 months to 29 February 2008	Percentage[8] change
Weighted average number of shares*	(shares)	1 335 522 121	11 171 520	1 324 350 601	46 666 666	1 277 683 935	13 312 320	1 264 371 615	(5,3)
Shares for net asset value calculation	(shares)	1 329 989 536	11 171 520	1 318 818 016	46 666 666	1 272 151 350	13 312 320	1 258 839 030	(5,3)
Performance per ordinary share									
Basic earnings per share	(cents)	0,45	0,01	0,46	0,38	0,84	0,01	0,85	87,4
Basic headline earnings per share	(cents)	0,45	0,01	0,46	0,38	0,84	0,01	0,85	87,6
Diluted earnings per share	(cents)	0,45	0,01	0,46	0,38	0,84	0,01	0,85	87,4
Diluted headline earnings per share	(cents)	0,45	0,01	0,46	0,38	0,84	0,01	0,85	87,6
Net asset value per share	(cents)	5,82	(0,04)	5,78	(0,15)	5,63	(0,05)	5,58	(4,1)
Tangible net asset value per share	(cents)	3,64	(0,05)	3,59	(0,24)	3,35	(0,07)	3,28	(9,9)

* *There was no dilution in shares during the year under review.*

Notes:

1. *This column reflects the "Before" financial information, which has been extracted, without adjustment, from the published audited consolidated results of Santova for the twelve months ended 29 February 2008.*
2. *This column reflects the effect of the Camilla agreement.*
3. *This column reflects the effects after the Camilla agreement.*
4. *This column reflects the effect of the Robinson and Naidoo agreement.*
5. *This column reflects the effects after the Camilla, and Robinson and Naidoo agreements.*
6. *This column reflects the effect of the first year of the put options.*
7. *This column reflects the effects after the Camilla, the Robinson and Naidoo agreements and the first year of the put options.*
8. *This column reflects the percentage change the above transactions have on the performance per ordinary shares of Santova.*

The assumptions used above are:

- earnings remain constant, except for the effects with regard to the variation of restraint as per note 4 above totalling R4 666 666;
- the acquistions will be funded by cash; and
- no adjustments have been made for interest nor taxation effects.

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Each tranche will be financed annually within the current working capital facility of the Group.

Copies of the individual option agreements, the relevant employment contracts and executive service agreements, the Memorandum and Articles of Association of the Company, the historical financial statements, and all relevant original expert content letters will be available for inspection at the registered office of the Company for a period of 21 days prior to the annual general meeting.

All of the shareholders who are parties to the various agreements detailed in paragraphs 1 to 4 of the special resolution set out on page 88, together with all shares held by the Share Trust, are excluded from voting on this special resolution at the annual general meeting. To pass the special resolution 75% of the shareholders present in person, by representation or by proxy (excluding the shareholders who are parties to the various agreements detailed in paragraphs 1 to 4 of the special resolution set out on page 88, together with all shares held by the Share Trust) and eligible to vote at the meeting must vote in favour of the passing of the special resolution. The Company undertakes not to call nor accept any of the above options during a closed period.

7. Special Resolution Number 2 – 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 the JSE Limited ("the JSE Listings Requirements")), upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Articles of Association of the Company, the provisions of the Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time by JSE Limited ("JSE"), and provided that:

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

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

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

Directors of the Company	pages 16 to 18
Major shareholders	page 32
Directors' interests in securities	pages 34 and 35
Share capital of the Company	pages 31 and 59
Responsibility statement	page 28
Material changes	pages 31 and 32

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

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

The directors of the Company hereby state that:

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

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

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

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

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

8.1 Ordinary Resolution Number 1 – Unissued shares to be placed under the control of the directors
"THAT the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares to such person or persons on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended and the Listings Requirements of the JSE Limited ("JSE")."

8.2 Ordinary Resolution Number 2 – General authority to issue shares, and to sell treasury shares, for cash
"THAT the directors of the Company and/or any of its subsidiaries from time to time be and they are hereby authorised, by way of a general authority, to:

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

for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the Articles of Association of the Company, the Listings Requirements of the JSE and the following limitations:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to public shareholders as defined by the Listings Requirements of the JSE and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 50% (fifty percent) of the number of issued ordinary shares;
- this general authority is valid until the earlier of the Company's next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given;

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

8.3 Ordinary Resolution Number 3 – Authority to execute requisite documentation

"THAT any director of the Company, or the Company Secretary where appropriate, be and hereby is authorised to do all such things and to sign all such documents issued by the Company required to give effect to special resolution numbers 1 and 2 and ordinary resolution numbers 1 and 2."

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

VOTING AND PROXIES

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

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

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

Ordinary shareholders who have dematerialised their ordinary shares through a 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

20 August 2008

Registered Office
Santova House
88 Mahatma Gandhi Road
Durban
4001

Notice of annual general meeting

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

   2.1 If you wish to attend the annual general meeting you should contact your Central 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.

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The Directors
Santova Logistics Limited
PO Box 6148
Durban
4000

20 August 2008

Dear Sirs

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

Introduction

Moore Stephens Corporate Finance and SAB&T Incorporated have been appointed by the board of directors of Santova Logistics Limited ("Santova", or "the Company") to provide an independent fairness opinion to the shareholders of Santova with regard to Santova's proposed share repurchase programme, which comprises the following transactions:

(a) Acquisition of Santova shares held by the Camilla Coleman Trust, comprising 62 064 000 shares, representing approximately 4,51% of the issued share capital, in the following tranches, at 10 cents per share, over the next four years:

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

(b) Acquisition of Santova shares held by certain Impson Logistics (Pty) Ltd ("Impson") directors by the granting of put options to repurchase up to 110 936 001 shares representing approximately 8,07% of the issued share capital of Santova;

(c) Call option agreement, to acquire at Santova's option and exercisable within three months of the AGM, 11 666 667 shares representing approximately 0,85% of the issued share capital of Santova, from GW Stay, a director of Impson at a price of 10 cents per share; and

(d) Acquisition of 46 666 666 shares representing 3,39% of the Company's share capital from Mssrs GA Robinson and P Naidoo, both directors of Impson who have resigned, in exchange for the variation of their restraint of trade agreements.

(collectively, "the specific repurchase")

The Camilla Coleman Trust is a material shareholder of Santova and is therefore a related party to Santova in terms of section 10.1(b)(i) of the JSE Listings Requirements. Impson is a subsidiary of Santova, and the directors of Impson referred to above are therefore also related parties to Santova in terms of section 10.1(b)(ii) of the JSE Listings Requirements.

Fairness opinion required in terms of Section 5 of the JSE Listings Requirements

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

("the fairness opinion")

The fairness opinion will be available for inspection at the offices of Santova during normal business hours for 28 days from the date of this opinion.

Responsibility

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

Explanation as to how the term "fair" applies in the context of the transaction

Schedule 5.7 of the JSE Listings Requirements states that the "fairness" of a transaction is based on quantitative issues. In the case of the acquisition of an asset from a related party, a transaction may be said to be fair if the value of the consideration payable is less than or equal to the value of the asset that is the subject of the transaction.

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

Details and sources of information
In arriving at our valuation, we considered the following information:

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

- Audited financial statements of Santova for the periods ended 31 December 2005, 28 February 2007 and 29 February 2008;
- Budgeted income statements for Santova for the year ended 28 February 2009, prepared by Santova management;
- Management accounts of Santova for the period ended 30 June 2008;
- The signed legal agreements and memoranda of understanding relating to the transactions, which collectively comprise the specific repurchase;
- Discussions with Santova directors and Designated Advisors regarding the forecast information presented;
- The circular, included in the annual report, to Santova shareholders dated 30 August 2008, which sets out the terms and conditions of the specific repurchase;
- Prevailing market, economic, legal and other conditions which may affect underlying value; and
- Publicly available information relating to Santova we deemed to be relevant, including Company announcements, analysts' reports and media articles.

The information above was sourced from:

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

Assumptions
We arrived at our opinion based on the following assumptions:

- That all agreements that will be entered into in terms of the specific repurchase will be legally enforceable;
- That reliance can be placed on the audited financial statements of Santova; and
- That Santova's budgeted revenues and earnings before interest, tax, depreciation and amortisation ("EBITDA") for the period ended 28 February 2009 are likely to be achieved and are maintainable going forward

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

- Reliance on audit reports in the financial statements of Santova;
- Analysis of Santova's management accounts for the period ended 30 June 2008 to assess the achievability of the budgeted revenues and EBITDA for the period ended 28 February 2009;
- Conducting analytical reviews on the financial statements and management accounts of Santova, such as key ratio and trend analyses; and
- Determining the extent to which representations from management and Designated Advisors of Santova were confirmed by third party and documentary evidence, as well as our understanding of the Company and the economic environment in which it operates.

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

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

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

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

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

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

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

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

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

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

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

Key value drivers to the discounted cash flow valuation included the discount rate, working capital and capital expenditure requirements, operating margins and future growth in the business. Prevailing market and industry conditions were also considered in assessing the risk profile of Santova.

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

In undertaking the discounted cash flow valuation exercise above, incorporating certain assumptions regarding the future profitability of Santova, we determined a valuation range for Santova of 9.96 cents to 10.56 cents per share.

Based on the above valuation range per Santova share, the consideration of 10 cents per share to be paid in terms of the specific repurchase is less than or equal to the fair value per Santova share.

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

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

- Reviewed the terms and conditions of the specific repurchase as detailed in the draft circular;
- Reviewed the audited and unaudited financial information related to Santova, as detailed above;
- Held discussions with certain directors and Designated Advisors of Santova and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Reviewed Santova's forecast income statement and the basis of the assumptions therein including the prospects of the business. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management and Designated Advisors;

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- Compiled a financial model using the forecast financial information prepared by the management of Santova and applied Moore Stephens Corporate Finance's assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow valuation of Santova;
- Performed a sensitivity analysis on key assumptions included in the financial model relating to cost of capital and growth in the business;
- Assessed comparable market-related earnings multiples relevant to Santova;
- Assessed the long-term potential of Santova and its operations;
- Evaluated the relative risks associated with Santova and the industry in which it operates;
- Reviewed the nature of the assets of Santova;
- Considered the historical share price movement of Santova over the last 12 months to assess the relative liquidity and volatility of Santova;
- Reviewed certain publicly available information relating to Santova that we deemed to be relevant, including company announcements, analysts' reports and media articles; and
- Where relevant, representations made by management and/or directors were corroborated to audited financial statements, or independent analytical procedures were performed by us to examine and understand the industry in which Santova operates, and to analyse external factors that could influence the business of Santova.

Opinion

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

Our opinion is necessarily based upon the information available to us up to 15 August 2008, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the transaction have been fulfilled or obtained.

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

Yours faithfully

Andrew Naude
Director

Nick Lazanakis
Director

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

Bashier Adam
Director

BKV de Nil
Director

SAB&T Incorporated
119 Witch Hazel Avenue
Highveld Technopark
Centurion

Notice of annual general meeting

SAB&T

INVESTOR IN PEOPLE

The Directors
Santova Logistics Limited
PO Box 6148
Durban
4000

20 August 2008

Dear Sirs

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

We have performed our limited assurance engagement in respect of the *pro forma* financial effects as set out on page 89 of the Annual Report of Santova Logistics Limited ("Santova"), Notice to the Annual General Meeting. The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the various repurchase transactions might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

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

Reporting accountant's responsibility
Our responsibility is to express our limited assurance conclusion on the *pro forma* financial effects included in the Annual Report, Notice of Annual General Meeting. We conducted our engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro Forma* Financial Information issued by SAICA.

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

Sources of information and work performed
Our procedures consisted primarily of comparing the unadjusted financial information with the underlying records, considering the *pro forma* adjustments, if any, in light of the International Reporting Standards and the accounting policies of Santova, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of Santova in respect of the corporate actions that are the subject of the Annual General Meeting and related documentation.

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

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

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

Notice of annual general meeting

Conclusion

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

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

Yours faithfully

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

Centurion
20 August 2008

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

Notes

Designed by motiv

Printed by Ince

Form of proxy

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

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 Tuesday, 23 September 2008 at 12H00 and at any adjournment thereof:

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

Forms of proxy must be completed and delivered to the Company's registered office, Santova House, 88 Mahatma Gandhi Road, Durban (PO Box 6148, Durban, 4000) to be received by no later than 12H00 on Friday, 19 September 2008.

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 29 February 2008 annual financial statements and annual report			
To re-elect Ted Garner, Gary Knight and Warwick Lombard in one resolution			
To re-elect Ted Garner as a director			
To re-elect Gary Knight as a director			
To re-elect Warwick Lombard as a director			
To approve the remuneration of the directors for the year ended 29 February 2008			
To approve the remuneration payable to non-executive directors			
To authorise the directors to fix the remuneration of the auditors			
To approve the appointment of Deloitte & Touche as auditors			
Special Resolution Number 1 – Specific authority to acquire own shares			
Special Resolution Number 2 – General authority to acquire own shares			
Ordinary Resolution Number 1 – Unissued shares placed under directors' control			
Ordinary Resolution Number 2 – General authority to issue shares for cash			
Ordinary Resolution Number 3 – Authority to execute requisite documentation			

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

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

Signed this day of 2008

Signature

Please read the notes on the reverse side hereof.

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 than 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 not later than 12H00 on Friday, 19 September 2008.

5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the Chairman of the annual general meeting.

7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.

9. The Chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the Chairman is satisfied as to the manner in which the member wishes to vote.

Certificated and "own name" registered dematerialised shareholders

If you are unable to attend the annual general meeting of Santova Logistics Limited to be held at 12H00 on Tuesday, 23 September 2008 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 Friday, 19 September 2008.

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.

Santova
Logistics Ltd