Santova
Limited

Annual Integrated Report
February 2012

Business overview

Contents

Financial information

Shareholder information

Group mission statement

To partner our clients with integrity and passion in providing them with intelligent supply chain solutions.

Our philosophy

We recognise that our clients' needs are unique and our distinctive client-centric approach is attuned to the constantly changing trends and dynamics in the market place, ensuring flexibility, innovation and delivery on assurances.

Santova Limited is a company listed on the Main Board of the JSE Limited, with offices throughout South Africa, Hong Kong, Australia, the United Kingdom and the Netherlands, as well as strategic partners throughout the world. With more than eighty years' extensive experience in the logistics domain, Santova provides supply chain optimisation solutions to our international and domestic clients, through industry-leading strategic logistics management practices and resources.

Our value proposition

Supply Chain Optimisation

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

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

Services

Sea, Air, Road and Rail

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

Group operational structure

SANTOVA LIMITED

- International Supply Chain Management Services
  - 100%
    - **Santova Logistics B.V.** (Netherlands)
      - Rotterdam
      - Schiphol Airport
    - **Santova Logistics Limited** (United Kingdom)
      - Essex
      - Heathrow Airport
    - 75% **Santova Logistics Pty Limited** (Australia)
    - **Santova Logistics Limited** (Hong Kong)
      - 51% **Santova Patent Logistics Co., Limited** (Hong Kong)
        - **19 Representative Offices** (Mainland China)
    - **Santova Financial Services (Pty) Limited** (South Africa)
    - **Santova Admin Services (Pty) Limited** (South Africa)
    - **Santova Logistics South Africa (Pty) Limited** (South Africa)
    - **Impson Logistics (Pty) Limited** (South Africa)
      - Johannesburg
        - Sasolburg
      - Durban
        - Pietermaritzburg
      - Cape Town
        - Port Elizabeth

Group financial summary

RESULTS		2012	2011	2010	2009	2008
Summary						
Gross billings	(R'000)	**2 605 858**	2 044 439	1 493 371	1 885 240	1 956 021
Turnover	(R'000)	**167 107**	144 230	98 038	118 229	108 243
Operating profit before interest and taxation	(R'000)	**39 425**	31 701	12 418	26 275	21 132
Profit for the year	(R'000)	**22 499**	17 325	4 187	7 860	6 071
Profit attributable to equity holders of the parent	(R'000)	**22 079**	16 964	3 748	7 794	6 026
Net assets	(R'000)	**123 699**	103 415	80 277	74 366	77 438
Tangible net assets	(R'000)	**63 343**	43 425	40 750	48 418	48 370
Capital and reserves attributable to equity holders of the parent	(R'000)	**121 352**	101 735	79 226	74 366	77 399
Financial ratios						
Return on average ordinary shareholders' funds	(%)	**19,8**	18,8	4,9	10,3	8,1
Return on net assets	(%)	**18,2**	16,8	5,2	10,6	7,8
Return on tangible net assets	(%)	**35,5**	40,0	10,3	16,2	12,5
Operating margin	(%)	**23,6**	22,0	12,7	22,2	19,5
Interest cover	(ratio)	**4,21**	3,74	2,23	1,73	1,61
Current ratio	(ratio)	**2,20**	2,02	2,02	2,56	2,40
Ordinary share performance*						
Ordinary shares in issue at year end	(000's)	**134 277**	137 613	125 605	129 736	136 679
Share commitments at year end	(000's)	**2 182**	2 770	(3 972)	(5 089)	–
Basic earnings per share	(cents)	**15,82**	12,55	3,04	6,31	4,51
Headline earnings per share	(cents)	**15,99**	10,65	3,08	6,77	4,50
Diluted basic earnings per share	(cents)	**15,82**	12,29	2,90	6,20	4,51
Diluted headline earnings per share	(cents)	**15,99**	10,43	2,94	6,65	4,50
Closing share price at year end						
– Actual	(cents)	**81**	8	3	5	7
– Adjusted for 10 to 1 share consolidation	(cents)	**81**	80	30	50	70
Net asset value per share	(cents)	**92,12**	75,15	63,91	57,32	56,66
Tangible net asset value per share	(cents)	**47,17**	31,56	32,44	37,32	35,39
Net worth per share	(cents)	**90,37**	73,93	63,08	57,32	56,63
Market capitalisation at year end	(R'000)	**108 764**	110 090	37 681	64 868	95 675

* *During the current year the Group consolidated its shares on a 10 to 1 basis. In order to maintain comparability with prior years, these amounts have been adjusted as if the share consolidation occurred at the beginning of the 2008 financial year.*

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets	**73 171**	72 422	52 297	38 876	43 502
Current assets	**345 208**	275 454	188 465	219 717	286 789
Total assets	**418 379**	347 876	240 762	258 593	330 291
Liabilities					
Non-current liabilities	**5 023**	5 761	6 772	5 361	2 658
Current liabilities	**289 657**	238 700	153 713	178 866	250 195
Total liabilities	**294 680**	244 461	160 485	184 227	252 853
Capital and reserves	**123 699**	103 415	80 277	74 366	77 438
Total equity and liabilities	**418 379**	347 876	240 762	258 593	330 291
STATEMENT OF COMPREHENSIVE INCOME					
Gross billings	**2 605 858**	2 044 439	1 493 371	1 885 240	1 956 021
Cost of billings	**(2 438 751)**	(1 900 209)	(1 395 333)	(1 767 011)	(1 847 778)
Turnover	**167 107**	144 230	98 038	118 229	108 243
Operating profit before interest and taxation	**39 425**	31 701	12 418	26 275	21 132
Net interest paid	**(9 362)**	(8 485)	(5 565)	(15 188)	(13 096)
Profit before taxation	**30 063**	23 216	6 853	11 087	8 036
Income tax expense	**(7 564)**	(5 891)	(2 666)	(3 227)	(1 965)
Net profit for the year	**22 499**	17 325	4 187	7 860	6 071

Definitions

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

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

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

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

NET ASSETS
Total assets less total liabilities.

NET ASSET VALUE PER SHARE
Net assets divided by the number of ordinary shares in issue at year end.

NET WORTH PER SHARE
Ordinary shareholders' funds (capital and reserves attributable to the equity holders of the parent) divided by the number of ordinary shares in issue at year end.

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

RETURN ON NET ASSETS
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 current and prior year divided by two).

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

Group highlights

19,8% Return on average ordinary shareholders' funds

▲ 50,1% Headline earnings per share

▲ 49,4% Tangible net asset value per share

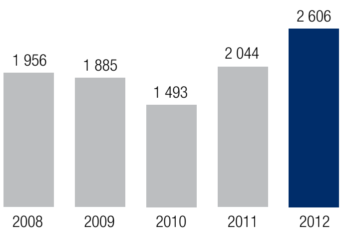
▲ 27,5% Gross billings

▲ 29,5% Profit before tax

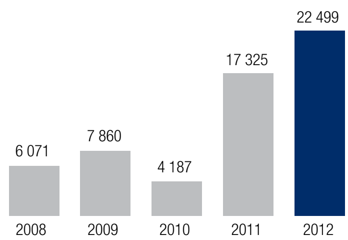
Average annual growth of 67,6% in profit over the last four years

		2012	2011	% movement
Basic earnings per share	(cents)	**15,82**	12,55	26,1
Headline earnings per share	(cents)	**15,99**	10,65	50,1
Operating margin	(%)	**23,6**	22,0	7,3
Return on average ordinary shareholders' funds	(%)	**19,8**	18,8	5,3
Return on net assets	(%)	**18,2**	16,8	8,3
Net asset value per share	(cents)	**92,1**	75,2	22,5
Tangible net asset value per share	(cents)	**47,2**	31,6	49,4
Net asset value	(R'000)	**123 699**	103 415	19,6
Tangible net asset value	(R'000)	**63 343**	43 425	45,9
Current ratio	(ratio)	**2,20**	2,02	8,9
Gross billings	(R'000)	**2 605 858**	2 044 439	27,5
Turnover	(R'000)	**167 107**	144 230	15,9
Operating profit	(R'000)	**39 425**	31 701	24,4
Profit before tax	(R'000)	**30 063**	23 216	29,5
Profit for the year	(R'000)	**22 499**	17 325	29,9

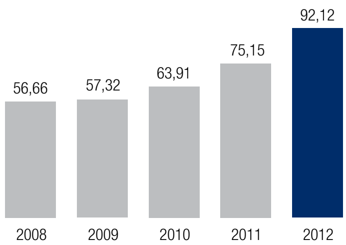
Gross billings (Rm)



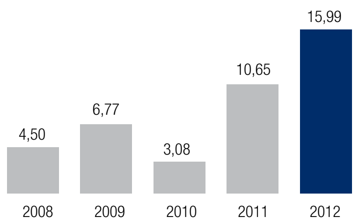
Profit for the year (R'000)



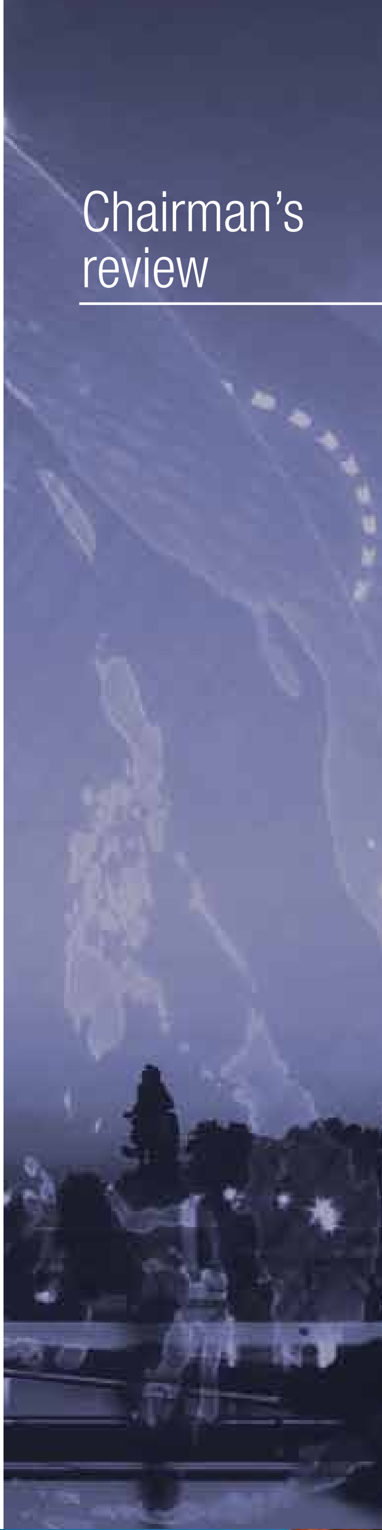
Net asset value per share (cents)



Return on average ordinary shareholders' funds (%)



Chairman's review



The Group came of age this year with its move from the Alternative Exchange to the Main Board of the JSE Limited in November 2011. Prior to that, at a general meeting held on 6 October 2011, shareholders authorised the change of the Company's name to Santova Limited. The change of name was made as the holding company no longer engages in logistics only, and to more clearly identify the Company as the holding company of the Group. With the exception of Impson Logistics, which has an established and highly regarded brand in the market, all of the subsidiary companies in the Group now bear the name Santova.

Stated capital

At the same general meeting mentioned above, shareholders approved an odd-lot and specific repurchase offer; the consolidation of the Company's authorised and issued shares on a 10 to 1 basis; an increase in its authorised share capital; and the conversion of its ordinary shares of par value to shares of no par value, the latter to bring the share capital in line with the requirements of the 2008 Companies Act. Details of the special resolutions passed in this regard may be found in the Report of the Directors on page 29 of this Annual Integrated Report.

Board changes

On 31 August 2011 Malcolm Impson retired from the Santova Board. Malcolm was appointed to the Board on 1 September 2006 on the acquisition by Santova of Impson Logistics, a company Malcolm started over 25 years ago. Malcolm was an icon in the logistics business and well known for his high principled business approach. We thank him for the legacy he left behind in Impson and his years of service and dedication to the Group, and our good wishes go with him for a long and happy retirement.

Sean Chisholm resigned as Group Financial Director on 29 February 2012 to explore new pastures; we wish him good fortune in his future career. David Edley has been appointed in his stead effective 1 March 2012 and we welcome David to the Group.

Organic growth

The Group achieved impressive organic growth for the financial year under review, building on the solid platform developed in the previous three years despite the depressed trading conditions world-wide. This culminated in the Group achieving in excess of R30 million profit before tax for the first time in its history. Congratulations are due to management for the tight controls, innovative systems and dedication to strategic initiatives that made this possible.

Dividends

The Board has decided to review its dividend policy and will make a final decision at the July board meeting, which decision will be conveyed to shareholders at the Annual General Meeting.

Sustainability

I look forward with confidence to continued growth in the year ahead, building on the infrastructure already in place. I extend my thanks to all staff members around the globe for the continued success of the Group.

ESC Garner
Chairman

Durban
16 May 2012

Chief executive officer's review

I am pleased to report that once again the year under review has been characterised by an impressive set of results. The average annual growth of 67,6% in profit over the last four years has been achieved despite the prevailing difficult global economic trading conditions during that period. It is important to highlight the fact that this growth has been largely organic in nature, particularly in the 2012 financial year. Our unrelenting focus on an effective business model, internal operational efficiencies and the successful acquisition of quality new clients has ensured sustainable earnings growth over this period.

In spite of 'sluggish' international trade volumes and the intense price competition among service providers across the spectrum, turnover of R167 million (2011: R144 million) is 15,9% up on the previous year and operating profit increased by 24,4% to R39,4 million from R31,7 million. Operating margin increased from 22,0% to 23,6%, an increase of 7,3%. Most notable, however, are headline earnings of R22,3 million which are 54,9% up on the previous year's figure of R14,4 million.

Emerging economies at the centre of the global economy

Whilst it is widely reported by Business Unity South Africa that the year ahead could be vulnerable to the impact of a deteriorating global economy, emerging nations are still expected to achieve reasonable growth in 2012. According to the World Bank, whilst the Eurozone is set for a mild contraction in 2012 of minus 0,3% (June 2011: 1,8%), the sub-Saharan African region is projected to grow by 5,3% in 2012 and 5,6% in 2013.

The fact that South Africa accounts for two-thirds of sub-Saharan Africa's growth gives Santova the opportunity to capitalise on the reshaping and shifting of the global industry. This would serve to hedge the Group against slow global growth or demand in other regions, particularly the Eurozone which accounts for approximately a third of South Africa's trade.

South African economy

The South African economy is currently in a 'peculiar' state. In general, whilst manufacturing in South Africa has been under pressure for most part of 2011, retail sales have performed better, growing by 6,8% year-on-year in November 2011. This is largely as a result of moderate consumer spending, which has contributed to the positive economic growth for the year under review. Growth forecasts by the South African Reserve Bank have been revised downwards to 2,8% for 2012 from the previous forecast of 3,0%, while growth expectations for 2013 are 3,8% (down from 4,0% previously forecast). Perhaps the obvious concern here is the high unemployment rate which, if it continues to worsen, could hinder consumer demand for domestically manufactured and imported goods and stifle growth still further.

Whilst growth in the South African economy has been slow (gross domestic product 3,1% in 2011) and is projected to grow by a mediocre 2,7% in 2012, the South African government has initiated the New Economic Growth Path – a 10-year governmental programme culminating in 2020. The programme includes significant investments in energy, transport, communication, water, housing and the development of public-private partnerships in green economy, mining, manufacturing and tourism and, if rolled out efficiently, could see a tremendous boost to the South African economy.

In view of the above, we believe South Africa and particularly sub-Saharan Africa, offer the Santova Group a window of opportunity. To this end, we have already launched strategic initiatives that seek to leverage off the mining, agricultural and manufacturing sectors in this region.

Australian economy

Whilst Australia might have outpaced most other advanced economies in 2011, largely due to Asia-Pacific demand for Australian commodities, statistics from the final quarter of 2011 leading into the first quarter of 2012 raise concern. The Australian Bureau of Statistics figures released on 19 January 2012 show that Australia lost 29 300 jobs in December. Furthermore, excessively high levels of household debt and falling house prices have resulted in discretionary spending being curtailed, causing retail sales to decline, thus making it the worst period for retailing in a number of decades.

Outlook: Challenging yet exciting times ahead

There is no doubt that as long as the advanced economies of the world, particularly the Eurozone, are forecasting negative to minimal growth for the year ahead, fiscal 2012 will have its challenges. In such flat to moderate economic environments, we believe that there are lucrative possibilities accessible only to those organisations that have the entrepreneurial flair and willingness to engage those challenges. We will be looking to take advantage of the crisis in the Eurozone by seeking strategic acquisitions in niche markets that will enhance both our supply chain management capability and earnings growth going forward.

A second area of focus is the renewed commitment to promoting industrial development in South Africa and Africa in general. This, combined with the emerging new 'growth poles' – particularly sub-Saharan Africa – justifies further investment in our ability to leverage off the opportunities in mining, agriculture and manufacturing. After all, these opportunities are on our own continent and Africa is the second fastest growing region in the world at present.

Globalisation is not only here to stay, it is increasing at a rate that has exceeded all expectations. The obvious result of this is enhanced interdependence and connectivity of world markets and traders. Amidst the transformation of world markets, companies are seeking service providers who have global capability, and specifically, advanced information technology systems that facilitate 'virtual' access to shipment data critical to management decision-making. Santova is well placed to fulfil such a need both now and in the future.

Whilst we anticipate an interesting year ahead, we believe that the strategies that have allowed us to achieve average annual growth of 67,6% in profit over the last four years will hold us in good stead going forward. In essence, we will concentrate on being more focused on those key strategies that have enabled us to achieve the milestones we have attained to date.

We will continue to grow both organically and through strategic acquisitions whilst at the same time embracing the opportunities that fast-changing world markets bring to the fore.

Acknowledgement and appreciation

I would like to take this opportunity to express my sincere appreciation to all staff, executive management and fellow Board members for their commitment and unrelenting drive to achieve what are very impressive results. The past few years have indeed been challenging, but despite the difficulties encountered we have been able to deliver exceptional growth through a unifying innovative culture.

I would also like to thank our clients, shareholders, suppliers and business associates for their support and encouragement over the years. Your belief in our purpose and support during both good and testing times has ensured that we have remained on track to achieving our goals and objectives.

GH Gerber
Chief Executive Officer

Durban
16 May 2012

Directorate

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward (Ted) Garner 72, **Chairman**

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

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

Anthony (Tony) David Dixon 65

CA (SA), F Inst. D

Tony spent 30 years of his business career with Coopers & Lybrand (PricewaterhouseCoopers), becoming Regional Chairman – KwaZulu-Natal and was a long-serving member of the firm’s National Executive and Governing Board. Since 1995 Tony has held executive and non-executive directorships on a number of major listed and unlisted boards, including one of South Africa’s largest short-term insurance companies – Guardian National Insurance Company, before its merger with Santam. These directorships included the positions of Managing Director, Financial Director and Chairman. Tony has considerable Audit Committee experience. Tony was Executive Director of the Institute of Directors for the four years from 2004 to 2007. He is acknowledged as an expert in corporate governance and has been instrumental in establishing the Institute of Directors in South Africa as the recognised custodians of corporate governance in the country. For a number of years Tony provided the secretariat role to the King Committee of which he is currently a member. Tony is a member of the Audit and Risk Committee and of the Remuneration and Nominations Committee.

Warwick Adrian Lombard 56

CA (SA)

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

NON-EXECUTIVE DIRECTOR

Stanley Donner 59

BCom, LLB

Stanley graduated from the University of the Witwatersrand with a law degree, sub-majoring in accounting and finance. He then completed a shipping diploma part-time whilst in the employ of Freight Services, an Anglo American Group company. His service with Freight Services covered a number of departmental job situations from import clearing to ship chartering. Thereafter, Stanley and his brother started an international trading company, with a small shipping company to look after terminal cargo requirements. Stanley is the longest serving director of Santova having been one of the members of the Board when the Company listed in 2002. He is actively involved in promoting the interests of Santova.

Directorate

continued

EXECUTIVE DIRECTORS

Glen Henry Gerber 49, 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) Limited 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 Santova as Chief Executive Officer.

David Charles Edley 44, Group Financial Director

CA (SA)

David completed his articles with Deloitte & Touche in Durban in 1992. Since then he has held a number of senior financial positions, both in South Africa and in the United Kingdom. David's most recent appointment was as Chief Executive Officer of Gane Capital, a privately held company involved in specialised lending and asset management. Prior to this he was Chief Operating Officer of Investec Private Bank, Durban.

Gary Malcolm Knight 45, Managing Director of Impson

MSc (cum laude)

Gary graduated with an MSc (cum laude) degree 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 the Group's key differentiators. In 2006, Gary was appointed regional director for the coastal offices of Impson, and in 2008 Managing Director of Impson. In August 2008, Gary was appointed a director of Santova.

Anthony Lance van Zyl 38, Managing Director of Santova Logistics SA

Lance started his freight career in 1993 as a consolidator with a medium-sized company specialising in import and export consolidations. He received 'in house' training and worked through all the divisions, culminating in a managerial position. In 2001, he left the organisation to join Aviocean as General Manager and six months later bought out his partner to acquire 100% of the business. During the next eight years Lance built the business into a dynamic supply chain solutions business with 'blue chip' clients. Lance sold his interest in Aviocean to Santova in March 2010 and continues to act as its Managing Director. In February 2011, Lance was appointed a director of Santova.

COMPANY SECRETARY

Jennifer Ann Lupton 70

FCIS, M Inst. D

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 immigrated to South Africa in 1975 and joined African Finance Corporation Limited (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 subsequently became a Fellow of the Institute. In 1994, she moved to KwaZulu-Natal and after eight years as Office Manager of an Auditing Practice, left in 2002 to devote all her energies into building her own company, Highway Corporate Services, which provides company secretarial services to listed and unlisted companies and hands-on training to students aspiring to become Company Secretaries. She was appointed Company Secretary of Santova in 2003.

Group sustainability report

INTRODUCTION

The sustainability of the Group depends not only upon its financial status but also upon the soundness of its strategic objectives; its culture and values; governance practices in all areas of the business; business processes and practices; management of its employees and environment; social responsibility; and its management of risk. The purpose of this sustainability report is to provide stakeholders with a review of how the Group addresses these aspects so as to ensure long-term sustainability.

ETHICAL VALUES

The directors subscribe to the values of good corporate governance, without which a company is not sustainable, and recognise the need to conduct the business with integrity and in accordance with generally accepted corporate practices.

The Santova Group mission statement, philosophy relating to clients and service, and value proposition are found on the inside of the cover of this report. In addition, every employee within the Group is contractually bound to the document entitled "Our culture, philosophies and values" which serves as a code of ethics to instil moral and ethical principles as well as a value system to set consistent personal and cultural values and philosophies in all employees and representatives of the Santova Group.

ENVIRONMENT

The majority of the activities of the Santova Group are office-based and therefore do not have a major impact on any particular environmental area. However, Santova is committed to the principles of promoting a healthy and sustainable environment and recognises the opportunity to play an important role in this area to ensure its good corporate citizenship. Employees in all regions are encouraged to pursue any activities which positively impact on the environment and its preservation. A Group environmental policy is in the process of being drafted to consider all aspects of our business and this policy will address the measurement, awareness, communication, strategy, goals and targets of this important area as well as enforce the legislative requirements.

TECHNOLOGY AND INNOVATION

Santova, with its emphasis on learning curves and response times, has over the years invested significantly in intellectual infrastructure to ensure its relevance both now and in the future. As a supply chain integrator, Santova focuses on key supply chain processes rather than managing individual functions. From ex-works to point of consumption, Santova has the ability to manage the entire supply chain for suppliers and consumers.

Our distinctive strategy of end-to-end integrated supply chain optimisation through one IT interface, OSCAR, facilitates the following:

- Total transparency and control – enabling educated decision-making;
- Multiple view rights – for suppliers, consignees, agents, truckers and shipping lines;
- Multiple access points for data entry;
- Access to all data for report writing, management tools, Electronic Data Interchange ("EDI");
- EDI transfer to and from customer software; and
- Communication applications between key role players.

This eliminates duplication in infrastructure, systems, physical resources and workflow processes.

Santova is constantly investing more resources in the development of OSCAR, so as to ensure its long-term viability and status as a key differentiating factor for the Group. Most recently, the addition of a Business Intelligence Module enables our clients to access and manipulate critical supply chain information at any time and from anywhere.

Most importantly, as this is an in-house package we are able to accommodate client specific requests and adaptations/additions to the software/interface with client systems.

INTERNATIONAL STANDARDS ORGANISATION ("ISO") 9001:2008

Impson Logistics, the largest trading entity within the Group, has been officially certified ISO 9001:2008 (Quality Management Systems) for the past two years. Impson Logistics is certified for the activities of import and export handling and customs clearing, import and export forwarding, project cargo, warehousing and transport of cargo.

On 23 and 24 January 2012, a successful surveillance audit was undertaken in the Durban and Port Elizabeth offices respectively. The ISO auditing firm were pleased with the progress made and the continued effort by the ISO team to strive for constant improvement within the management system. The review also served as a clear indication that the ISO system is not only growing in the right direction, but that employees have embraced the system. All non-conformances are measured by Corrective

Action Reports which ensure support of the measurable standards and continuous improvement of operating efficiencies. The Management Review Committee periodically holds meetings to discuss ways of addressing non-conformities and reviewing the policy statement.

BUSINESS REVIEW

South Africa

In the face of the Eurozone crisis and weakening trade, our major operating entities in South Africa (Impson Logistics and Santova Logistics SA) have continued to deliver solid results. Year-on-year the operating profit from these entities is up 36,9%, an increase from R23,3 million to R31,9 million. Once again it is the combined result of an effective campaign of quality new client acquisition, allied with streamlined business processes and systems, which have resulted in improved operating margins. As long as our operations are at the forefront of assisting clients to deal with demand volatility, increased supply chain complexity, and the costs and risks that accompany global supply chains, they will continue to entrench further the past successes going forward.

Our short-term insurance business, Santova Financial Services, has effectively navigated its way through a highly regulated and competitive market. With regulatory reform a work in progress, compliance now demands cost and has come at a time when many insurers face significant market pressures in the form of a soft market cycle, dampening pricing and reducing premium volume growth. This, together with the arrival of virtual (online) consumers, has resulted in the industry as a whole experiencing a period of unparalleled change which should result in a transformation of current operating models. For Santova Financial Services, this era presents an opportunity as we could witness disintermediation of some of the smaller short-term insurance brokers.

During the course of the year, our insurance business has undergone improvements to core operations (specifically claims management, underwriting and policy administration). This has resulted in greater operational efficiency, reduced costs and increased revenue, the benefits of which have clearly had a positive impact on earnings during the second six-month period of the financial year. We are anticipating that this trend will continue going forward.

Europe and United Kingdom

In spite of the impact of the on-going European debt crisis, our operations in both the United Kingdom and the Netherlands have made significant progress in entrenching themselves further in the domestic market. Our decision to invest further in these regions by establishing additional offices at both Heathrow and Schiphol Airports has resulted in improved capability, and in particular, enhanced client service levels.

By having a presence at these strategic locations we are able to actively engage in the management, co-ordination of and collaboration with all participants in the supply chain. This includes ‘hands-on’ facilitation of supply and demand management within and across companies and countries that we are either associated with or within which we have a physical presence. Furthermore, the increased impetus on the need for more sophisticated ‘hands-on’ services, such as international trade rules compliance and multi-modal transport in Europe, entrenches further the added value that these operations have to offer our clients.

Netherlands

What is encouraging is the fact that year-on-year turnover in Santova B.V. (Netherlands) has increased by 100%, from R2,77 million to R5,54 million, constituting significant growth in operational performance. What has curtailed earnings in this region is the additional investment in infrastructure necessitated by our decision to ‘bulk up’ in anticipation of additional new business in the year ahead.

United Kingdom

No less impressive are our operations in the United Kingdom. These operations have emerged from a prolonged four year recessionary environment in an admirable fashion. Turnover for the year is R6,37 million (2011: R3,97 million), an increase of 60,5%; this being achieved in the main through the successful integration of an extensive quality new client base which we are confident will be maintained going forward.

Australia and Asia

Australia

Despite one of the worst periods for the Australian retail sector in a number of decades, our Sydney based operation has managed to retain its status as a meaningful contributor to Group earnings. As a result of a focused campaign of business reorganisation over the past 12 months, this operation is now well placed to pursue a growth strategy without making wholesale changes to its existing facilities or operational structures. This will take the form of new markets, new geographies (Melbourne) or a combination of both whereby greater market share, increased number of clients, greater transactional value and new sales would be our objective.

Hong Kong and China

In so far as Hong Kong and China are concerned, our office in this region played an increasingly important role in planning, implementing and controlling the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption.

Considering that the market in this region slowed down after the third quarter and the traditional peak season was not as prevalent, our operation still managed to exceed budget. Whilst cautious of weaker global economic growth, we are confident that this office will continue to excel in the year ahead. In particular, it will be able to capitalise on the fast-developing import demand of the South African domestic market. Just as important, however, is the reliance of Santova's global operational offices and their clients on our Hong Kong office for regional cost-optimised supply chain configurations – the financial benefit of which resides with our international offices located at point of final consumption.

KEY GROUP RISK FACTORS

The main risk factors that may affect the business of the Santova Group in the next 12 months and are largely beyond its control include the following:

- The possibility of a return to recessionary times, particularly in the Eurozone and the United States;
- The possibility of slowing down of the Chinese economy;
- Political instability in South Africa following the ANC's elective conference at the end of 2012;
- The skills shortage worldwide and difficulty in finding quality people to employ in the organisation; and
- A continued decline in consumer spending resulting in increased unemployment and consequent political instability.

While there is a strong focus on the risks facing the business, both external and internal, at Board level, a Group Risk Workshop, followed by a Directors' Strategy Workshop has been scheduled to take place within the first six months of the year to re-visit the process of identification and management of risk within the Group.

STRATEGIC OBJECTIVES

The focus for the year ahead will be on the following areas:

- The on-going sourcing of quality new clients;
- Continuing the search for quality people;
- Organic growth from existing infrastructure;
- Taking advantages of the opportunities that exist to grow by acquisition; and
- Exploring strategic initiatives into sub-Saharan Africa.

FINANCIAL REVIEW

The 2012 financial year has been a successful one for the Group, for both the local and foreign subsidiaries. Not only has there been a significant increase in profitability but also a solid improvement in the Group's key financial ratios and statistics. It is noteworthy that this performance has been achieved purely through organic growth in a period where the Group did not make any acquisitions and the world's major economies have continued to be subjected to significant financial turmoil and uncertainty.

Profitability

The increase in profitability has been a key financial highlight of the 2012 financial year, and significant achievements include:

- Headline earnings per share of 15,99 cents, up 50,1% on the prior year;
- Achievement of profitability by all geographical and business segments of the Group during the current year;
- Group net profit before tax of R30,1 million, which is up 29,5% on the prior year;
- An 18,2% return on net assets, up from 16,8% in the prior year; and
- Continued growth in operating margin, achieving 23,6% in the current year, up from 22,0% last year.

Net asset value

The significant improvement in profitability had the effect of increasing the net asset value per share from 75,2 cents to 92,1 cents in the current financial year. This was a 22,5% increase and a positive sign for shareholders, particularly considering the year end closing share price of 81 cents and the resultant earnings yield of 19,53% per share.

Gearing

The nature of the Group's logistics business makes traditional measurement of debt ratios within the business difficult due to the fact that the Group incurs shipping disbursements, duties and value added taxes on behalf of clients. The result of this on the statement of financial position is a level of debt that appears to exceed traditional debt to equity ratios.

Management thus monitors the level of debt by comparing it to the level of current assets and gross billings so as to ensure growth is consistent and there are no negative movements in the current ratio. In the current financial year short-term borrowings and overdrafts increased by 26,8%, whilst gross billings and trade receivables both increased by 27,5% and 28,7% respectively. In addition, there was a positive improvement in the current ratio from 2,0 to 2,2 in the current financial year.

From this it can be seen that the increase in debt is consistent with the increased business activity and as profitability grows a larger proportion of current assets are being financed from capital and reserves, thus lowering the relative level of debt within the Group and increasing interest cover.

Cash flow

Cash and cash equivalents of the Group decreased by R4,8 million during the current year, versus an increase of R9,2 million in the prior year. This movement is primarily a result of the further investment of R71,5 million in trade receivables, which in percentage terms is an increase of 28,7% and is caused directly by the 27,5% increase in gross billings achieved during the year.

In addition, management monitors Group cash flow on a daily basis and as at year end the Group had R147,7 million in total unutilised facilities available (refer note 26 of the notes to the financial statements).

Taxation

There were no significant movements in taxation, and the current year charge increased proportionately with the increase in profitability during the year, with a slight decrease in the effective tax rate from 25,5% to 25,2%.

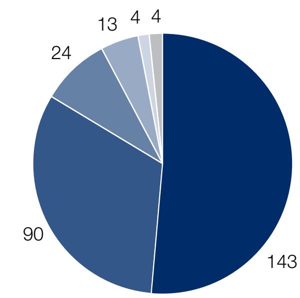
In summary, the Group has achieved strong earnings growth during the 2012 financial year, resulting in an improvement in the Group's key financial ratios and statistics and an increase in current assets and liabilities that is consistent with such growth and well within the funding capabilities of the Group. This has provided the Group with a solid financial platform to continue the growth path established over the past three financial periods, into the new financial year.

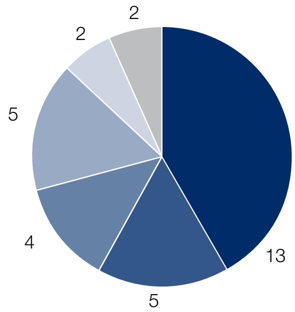
HUMAN RESOURCES AND LABOUR PRACTICES

The human resources function in South Africa and around the world is managed by the Group Human Resources Department in the Santova Head Office. This department manages a wide range of areas which include employee management, payroll, medical aid, provident and pension funds, wellness, training and development, aspects of employment equity and broad-based black economic empowerment and other more general human resource areas. The department utilises a network of professional specialist suppliers which provide additional expertise in the various fields when required.

Santova Group workforce by region

South Africa	**278**
Durban	143
Johannesburg	90
Cape Town	24
Port Elizabeth	13
Pietermaritzburg	4
Sasolburg	4
International	**31**
Australia	
Sydney	13
United Kingdom	
London	5
West Horndon	4
China	
Hong Kong	5
The Netherlands	
Rotterdam	2
Amsterdam	2
Total	**309**





All employees are required to have medical aid in place or to join the Group scheme so as to ensure employees can gain access to and afford good medical practitioners and treatments. Membership of the Group provident fund is also compulsory. This fund provides the employees with life cover, disability cover and retirement funding, so as to provide adequately for employees' financial needs following retirement from the Group.

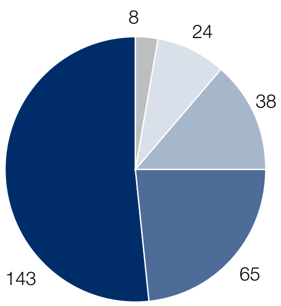
A significant number of new policies and procedures were drafted during the period to deal with the evolving legislative and statutory requirements as well as to ensure the high standards of the Group are consistently applied in all regions. Whilst all policies and procedures are drafted as far as reasonably possible with international laws and standards in mind, the Group policies and procedures are applicable to the international offices as far as their local laws and practices will allow.

EMPLOYMENT EQUITY*

The Employment Equity and Skills Development Committee controls, measures and drives the entire function of employment equity in conjunction with the assistance of the Group Human Resources Department, where relevant. However, each South African entity within the Group is fully responsible to manage their employment equity planning, and implementation to achieve the required targets.

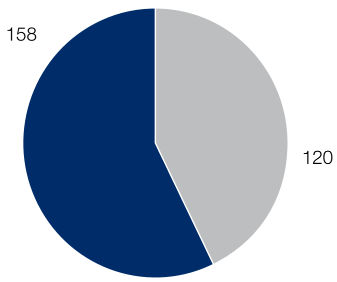
While the Group strives to be non-racial in all its dealings and to reward on merit, the Group in South Africa is committed to changing the demographics within the South African entities and the measures put in place to achieve this are beginning to bear fruit. The learnership programme outlined below is one of the key measures that is effecting the change. In terms of employment equity, Impson Logistics was the only entity in the Group that was required to submit an Employment Equity Report to the Department of Labour in the 2012 financial year.

Santova, Santova Logistics SA and Santova Financial Services will report once again in 2012, as they are defined as small companies in terms of the Employment Equity Act, as amended, employing under 150 employees, and are only required to report every 24 months.



Occupational levels	Total
Top management	8
Senior management	24
Professionally qualified and experienced specialists and mid-management	38
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	65
Semi-skilled and discretionary decision-making	143
Total	**278**

High staff turnover, particularly in designated groups, has had an effect on the employment equity plans of the South African entities. Whilst this does present an opportunity to hire better employees, skills shortages in our industries amongst designated groups has made this a very challenging area for employment equity. The responsibility falls on the Group to find creative ways to alleviate this problem and the learnership programme, discussed below, has been earmarked to assist in addressing this issue.



Gender	Total	Percentage
Male	120	43
Female	158	57
Total	**278**	**100**

* *The statistics and graphs prepared for this section of the Group sustainability report are based on consolidated statistics from all the South African entities.*

BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE")

The Group, through its B-BBEE Committee, has continued to work closely with its B-BBEE consultant in the on-going implementation and development of B-BBEE and to build on previous progress made.

Impson Logistics is, for the purposes of B-BBEE, a 'generic' enterprise with an annual turnover in excess of R35 million. As such, all seven elements of B-BBEE must be focused on by Impson Logistics. In August 2012, Impson Logistics was subject to B-BBEE verification and achieved a B-BBEE score of 60,83 and as such is classified as a Level 5 contributor.

It is important to note that Impson Logistics is a 'value-adding enterprise' for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Impson Logistics (80%) may be multiplied by 1,25 by any client of Impson Logistics. The effect of this is that Impson Logistics has a procurement recognition of 100%.

Areas of continued focus for Impson Logistics included Employment Equity, Skills Development, Enterprise Development and Socio-economic Development. Impson Logistics has continued to make Enterprise Development contributions to two suppliers within the industry, ABI Freight Carriers and Isiqiniseko Deliveries.

Santova Financial Services is, for the purposes of B-BBEE, a Qualifying Small Enterprise (QSE). Santova Financial Services was verified in January 2012 and achieved a score of 99,16 and as such is classified as a Level 2 contributor.

Santova Financial Services is a 'value-adding enterprise' for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Santova Financial Services (125%) may be multiplied by 1,25 by any client of Santova Financial Services. The effect of this is that Santova Financial Services has a procurement recognition of 156,3%.

Santova Logistics SA is for the purposes of B-BBEE, a Qualifying Small Enterprise (QSE). Santova Logistics SA was verified in May 2011 and achieved a score of 81.6 and as such is classified as a Level 3 contributor.

Santova Logistics SA is a 'value-adding enterprise' for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Santova Logistics SA (110%) may be multiplied by 1,25 by any client of Santova Logistics SA. The effect of this is that Santova Logistics SA has a procurement recognition of 137,5%.

TRAINING AND SKILLS DEVELOPMENT

Training and Skills Development initiatives were undertaken in all regions within the Santova Group during the period. A total of 181 employees, representing 58,6% of the total Group workforce, were trained in 68 different in-house and external training courses. Training and Skills Development is overseen internationally by the Santova Group Head Office. The majority of training was focused on customs clearing, freight forwarding and associated information technology areas. However, other well supported training events were HIV/AIDS, insurance and health and safety training.

In South Africa, training is funded by the Group and by way of various government grants that are applied for each year. The support of government training initiatives remains an important part of the goals of the Group. There is an Employment Equity and Skills Development Committee in place and the various South African entities within the Group have each reported, in the form of their Annual Training Report and Workplace Skills Plan, to the Department of Labour timeously. The Group uses the services of an external specialist where required, and now also has its own permanent skills development facilitator, who was trained from within the ranks of the Group.

LEARNERSHIP PROGRAMME

The Learnership Programme is a South African initiative which enables the Group to play its part in the address of social upliftment and reform. This vital area is reported under its own heading as it has significant impact on many different areas of sustainability and social responsibility for the Group, including Employment Equity, B-BBEE, Training and Skills Development and Corporate Social Investment.

The programme expanded notably in the period with a record 20 learners having been taken on by the Group. This successful programme will be extended to include Santova SA in the coming year. A key success of the project has been the calibre of individuals that have emerged from the programme. A management programme will be developed to fast-track top achievers for junior management positions in the near future. Thus, the project has now started to reach the medium-term goals of the original goals set just over four years ago. Retention of learners is also a priority and the Group has 17 graduate learners in its workforce since the project began. This brings the total of current and past learners to 37 in the Group which represents 13,3% of the South African workforce.

HEALTH AND SAFETY

Each entity within the Santova Group falls within one of the Health and Safety 'locations' as defined by the Santova Health and Safety Manual. Each 'location' is responsible for the complete process of Health and Safety in their region or designated area and has its own appointed representatives and committee. Regular audits by the various appointed representatives form part of the process. These 'locations' report into a Group Health and Safety Committee which monitors the various 'locations' and their compliance with the relevant laws and regulations. The Group also uses the services of an external specialist who provides guidance and assistance where required.

HIV/AIDS AND OTHER LIFE THREATENING DISEASES

The Group recognises that HIV/AIDS, Life Threatening and Notifiable Diseases are an issue of serious concern to those in any workplace. Thus, the Group has an HIV/AIDS, Life Threatening and Notifiable Diseases policy in place to ensure fairness and consistent compliance with applicable legislation by providing procedures and guidelines for dealing with employees who contract a life threatening, notifiable or communicable illness. The policy is also in place to create a working environment where employees, who suspect that they might be suffering from a life threatening illness, can seek assistance and feel free to confide in their management regarding their suspected condition. The Group also recognises that it has a responsibility to ensure employees are sufficiently educated regarding the facts relating to HIV/AIDS and other life threatening illnesses. A specific HIV/AIDS training programme was planned and implemented during the period.

CORPORATE SOCIAL INVESTMENT AND RESPONSIBILITY

In the period 1 March 2011 to 29 February 2012, the various entities within the Group made 81 donations to 30 different charities and causes, many of which were in the form of monthly donations.

Aside from the above financial contributions and the Group's extensive Learnership Programme, the Group also promotes other social contributions and initiatives in all offices around the world. These contributions and initiatives included participation by all South African entities in Casual Day, providing work experience to local students and the promotion of support by individual offices for their various local charities and causes. Blood donation remained a focus area and a number of blood donor clinics were held in the period which included the 100th donation of blood platelets by an employee in the United Kingdom region.

Employee wellness remained important and the development of the Wellness Days was a specific goal of the Group Human Resources Department. The project is currently being expanded to include the two Johannesburg offices for the first time. Individual offices each hosted their own wellness and social events during the year which included the support of employees to undertake sporting events or to support local sporting teams and events as a corporate group.

CORPORATE GOVERNANCE

The Board of Directors

The Company has a small Board of Directors with extensive financial and corporate governance expertise balanced with entrepreneurial flair. There are now an equal number of non-executive and executive directors following the retirement of Malcolm Impson at the end of August 2011, still short of the majority of non-executive directors recommended by King III, but that will be achieved in time. The Board is a unitary Board 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 expertise and experience of the Group Financial Director is assessed each year by the Audit and Risk Committee, as required by the JSE Listings Requirements.

The Company Secretary, who attends all Board and Board Committee meetings of the Company, and Board meetings of the South African subsidiaries, has the necessary qualifications and experience required to fulfil the role and the responsibilities placed upon a company secretary by the 2008 Companies Act.

The Board has adopted a policy detailing procedures for appointments to the Board, which falls under the mandate of the Remuneration and Nominations Committee. 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 adopted a Board Charter which regulates its role and defines the matters reserved for Board approval. The Board Charter is reviewed annually to ensure it is kept current. The responsibilities of the Board include the following:

- Compliance with all applicable laws, regulations and codes of business practice;
- Responsibility 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 Group;
- Defining levels of materiality, reserving specific powers to itself and delegating other matters to executive management in terms of a limits of authority framework;
- Responsibility for monitoring the management of key risk issues and performance areas and identifying key non-financial issues relevant to the Group; and
- Reviewing the performance of the various Board committees established to assist in the discharge of its duties.

In November 2011, the Company transferred its listing from the Alternative Exchange to the Main Board of the JSE Limited. The Company's Designated Adviser, River Group, has been retained as the Company's Sponsor and close contact is maintained with the Sponsor on all matters related to the Company's listing.

The Board meets at least quarterly on a formal basis and the Board calendar is set at the end of each calendar year, for the year ahead, to facilitate maximum attendance by directors at Board meetings. Four meetings were held during the year under review and the directors' attendance record is set out below:

Meetings

Director	**May 2011**	**July 2011**	**October 2011**	**February 2012**
ESC Garner (Chairman)	•	•	•	•
SJ Chisholm (GFD)*	•	•	•	•
AD Dixon	•	•	•	
S Donner	•	•	•	•
GH Gerber (CEO)	•	•	•	•
WA Lombard	•	•	•	•
AL van Zyl	•	•	•	•

* *Resigned 29 February 2012.*

Subsidiary companies
Each of the four South African operating entities has its own Board of Directors on which at least two members of the Board of the holding company sit. Board meetings are held as and when required but at least twice a year and dates of meetings are fixed when the main Board calendar is set. The Company Secretary attends all Board meetings and provides secretarial services. The holding company Audit and Risk Committee has taken on the Audit and Risk Committee function of all of the subsidiaries and deals with the matters required to be dealt with in terms of the 2008 Companies Act, the JSE Listings Requirements, and King III.

Board Committees

The statutory requirement for all listed companies to have a Social and Ethics Committee has placed an additional burden of responsibility on independent non-executive directors and additional costs to those companies. As a medium sized company, Santova has met this challenge with the compromise of absorbing the function of the Remuneration and Nominations Committee into the newly established Social and Ethics Committee from 1 May 2012. The Committee will be known as the Social, Ethics and Remuneration Committee. The members of the Committee will be as follows:

ESC Garner (Chairman)
AD Dixon
WA Lombard

Audit and Risk Committee

As this Committee was in place at the financial year end, it has been reported as such. A full report by the Audit and Risk Committee can be found on page 24. A report on the internal Risk Management Committee, which reports into the Audit and Risk Committee, may be found below under the heading of Risk management.

Remuneration and Nominations Committee

The three independent non-executive members of the Board comprise the members of the Remuneration and Nominations Committee, with the Chairman of the Board acting as the Chairman of the Committee. The CEO is a permanent invitee on the Committee.

The Committee has adopted a charter setting out its responsibilities, which has been approved by the Board. During the year the Committee reviewed all Group remuneration policies, approved the remuneration of senior executives and determined the remuneration of executive directors. It also looked for an alternative wealth creating scheme to assist in retaining key senior individuals. Remuneration is one of the largest cost components of the Group and optimising the remuneration expense remains a core focus area.

The Group has an extremely active and pro-active Group Human Resources team which looks after the issues of human resource management in terms of social transformation, moral and social responsibility. The Group also has an active training programme to enhance the skills of all its employees and train them in the Group's business.

The Remuneration Report setting out the Group's policy on remuneration with specific reference to directors' remuneration may be found on page 22.

Meetings

The Remuneration and Nominations Committee held only one meeting during the year which Mr AD Dixon was unable to attend.

Risk management

Risk Management Committee

The Company has an internal Risk Management Committee, comprising senior executives and reporting to the Audit and Risk Committee of the Board. The Committee has adopted specific terms of reference. Three meetings were held during the year under review, which were reported on in two of the Audit and Risk Committee meetings. As at 1 March 2012, the Risk Management Committee comprised:

AKG Lewis	(Committee Chairman, Group Legal Advisor and a director of Impson Logistics)
GD Chaplin	(Committee Secretary, Group Financial Accountant)
DC Edley	(GFD)
GH Gerber	(CEO)
GM Knight	(MD of Impson Logistics and main Board director)
AL van Zyl	(MD of Santova SA and main Board director)

The management of risk is an on-going process throughout the Group and will be given particular focus in the current year when a Group Risk Workshop will be held.

IT Risk Management Committee

The Company has an internal IT Risk Management Committee which concerns itself with the identification and management of IT risk on a global group basis. Members of the committee are as follows:

DC Edley	(GFD)
GM Knight	(MD of Impson Logistics and main Board director)
M Desai	(Financial Director of Impson Logistics)
TE Lewis	(Group IT Management Consultant)
B Stirk	(Group IT Co-ordinator)

The IT Risk Management Committee has oversight of all IT risk related issues within the Group and reports directly to the Audit and Risk Committee on any matters of concern.

National Customs Committee

The National Customs Committee monitors compliance with Customs regulations throughout the Group in South Africa. The Committee meets on a regular basis and reports to the Audit and Risk Committee.

The minutes of all three subcommittees are tabled and debated at Audit and Risk Committee meetings and any matters of concern brought to the attention of the members of that committee.

Insurance

Each entity within the Santova Group has the relevant insurance in place to assist with the management of risks in that region. Insurance is managed by the individual entities and is also monitored at a Group level by the Santova Head Office to ensure the necessary steps have been taken in the offices around the world. Aside from the usual short-term insurance policies, each entity within the Santova Group has a liability insurance policy or professional indemnity policy which protects the Group against claims arising from, amongst other areas, errors and omissions. The larger entities within the Group which deal with term clients have domestic credit insurance in place to manage the risk of debtors.

King III

The Group is committed to the promotion of good corporate governance and every effort has been made to institute "best practice" wherever possible. The Board undertook a full assessment of its readiness for King III in the previous financial year, a summary of which appeared in the 2011 Annual Integrated Report. Compliance with King III, where appropriate to the Company, is a work in progress.

The three main areas of focus in the year ahead are:

- To reassess the Group's response to risk management through the Group Risk Workshop to be held later in the year;
- To review and further consolidate the internal audit functions within the Group; and
- To review the effectiveness of the Board and its Committees.

External assurance

The Board received external assurance from the following:

- From the Auditor's year end IT audit on general computer controls in respect of application systems used within the Group;
- From annual ISO 9001:2008 (Quality Management Systems) audits;
- From its annual B-BBEE audits;
- From the training audit by the Transport Education and Training Authority; and
- From the audits by SARS Customs on specific clients and/or areas.

GOING CONCERN

As a result of the impressive growth experienced by the Group over the past four years, the quality of its existing client base, the strategic initiatives undertaken during the year and the funding facilities available to the Group, the directors believe that the Group will continue trading as a going concern into the foreseeable future. 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 on-going basis by the Risk Management Committee.

Remuneration report

The Remuneration and Nominations Committee ("Remco" or "the Committee") is mandated by the Santova Board ("the Board") to support and advise on the Group's remuneration philosophy and policy.

For details on the composition, meetings and mandate of the Committee, refer to the Corporate governance section of the Group sustainability report on page 18. During the year under review, the Board accepted the recommendations of the Remco under its delegated powers.

The Chairman of the Board ensures that Remco has access to professional advice from outside the Group where necessary.

Policy on directors' remuneration

The directors are appointed to the Board to bring to the management and direction of the Group the skills and experience appropriate to its needs as a diversified leading global business. The guaranteed remuneration is based just below the median of the market, with discretion to pay a premium to the median for the attraction and retention of the directors.

Our reward strategies and remuneration structure are designed to attract, motivate and retain high-calibre people at all levels of the Group, in a highly competitive environment. Consideration is given to total reward and the appropriate balance between fixed and variable pay for all employees, depending on seniority and roles.

Non-executive directors

Non-executive directors do not have service contracts with the Company but instead have letters of appointment. All non-executive directors have terms of appointment of three years and one-third of the non-executive directors retire each year at the Annual General Meeting in terms of the Company's existing Articles of Association. Each retiring Director who is eligible and offers himself for re-election is then subject to re-election by shareholders.

The Chairman receives an annual fee which takes into account his role as Chairman of the Group, his attendance at Board and Board committee meetings, and the breadth of that role coupled with its associated levels of commitment and expertise.

Other non-executive directors receive fixed fees for service on the Board and Board committees on the basis of meetings attended and chairmanship of Board committees. Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes. The fees paid to non-executive directors for the past financial year, as set out below, were based on the fees approved by Remco and the Board of directors, and subsequently by shareholders at the Annual General Meeting held on 26 July 2011. At the Annual General Meeting to be held on 24 July 2012, shareholders will be asked to pass a special resolution to increase the fees of non-executive directors to the amounts set out in the notice of Annual General Meeting. If the special resolution is passed by shareholders, payment of those fees will only become effective from 1 August 2012

	Chairman's fees R'000	**Consulting fees R'000**	**Meeting attendance fees R'000**	**Year ended 29 February 2012 R'000**	Year ended 28 February 2011 R'000
ESC Garner	**194**	**–**	**24**	**218**	207
AD Dixon	**–**	**–**	**38**	**38**	12
S Donner[1]	**–**	**1 026**	**24**	**1 050**	1 227
WA Lombard	**54**	**–**	**48**	**102**	132
Total	**248**	**1 026**	**134**	**1 408**	1 578

[1] *In addition to meeting attendance fees, S Donner receives a monthly consulting fee for marketing services provided to the Group.*

Executive directors' service contracts

Each executive director enters into a service contract, executed at the time of his original appointment. The contract may be varied from time to time to take account of changes in terms and conditions, as well as to incorporate best practice. These contracts are formulated in a manner which is consistent with the provisions of the Basic Conditions of Employment Act.

Executive directors' remuneration

The Committee aims to align the directors' total remuneration with shareholders' interest by ensuring that a significant portion of their package is linked to the achievement of performance targets.

Executive directors' salaries comprise a cash salary which is reviewed annually by the Committee. Salaries are compared to pay levels of other South African companies to ensure sustainable performance and market competitiveness. The individual salaries of directors are reviewed annually in light of their own performance, experience, responsibility and Group performance. The Company makes contributions to defined contribution plans on behalf of the executive directors on the basis of a percentage of pensionable

salary, which is included in their total cost to company ("TCC"). Death and disability cover reflects best practice amongst comparable employers in South Africa and is included in directors' TCC, as is cover on the Group's medical healthcare scheme. These elements comprise the fixed remuneration component. Executive directors do not receive directors' fees for attending board and committee meetings and are not specifically remunerated in any way for their role as directors of the Company.The following tables show a breakdown of the annual remuneration (excluding equity awards) of directors for the years ended 29 February 2012 and 28 February 2011.

29 February 2012	Basic re-muneration[1] R'000	Other material benefits[2] R'000	Total excluding per-formance bonus R'000	Per-formance bonus R'000	Total R'000
GH Gerber	**1 800**	**–**	**1 800**	**346**	**2 146**
SJ Chisholm[3]	**1 013**	**–**	**1 013**	**160**	**1 173**
MF Impson[4]	**816**	**–**	**816**	**609**	**1 425**
GM Knight	**1 440**	**–**	**1 440**	**240**	**1 680**
AL van Zyl[5]	**1 512**	**–**	**1 512**	**1 229**	**2 741**
Total	**6 581**	**–**	**6 581**	**2 584**	**9 165**
28 February 2011					
GH Gerber	1 500	–	1 500	94	1 594
SJ Chisholm[3]	900	–	900	56	956
MF Impson[4]	1 470	–	1 470	61	1 531
GM Knight	1 349	–	1 349	84	1 433
AL van Zyl	1 381	41	1 422	409	1 831
Total	6 600	41	6 641	704	7 345

1 *Remuneration comprises TCC.*

2 *Fringe benefit on settlement of debt.*

3 *Resigned 29 February 2012.*

4 *Retired 31 August 2011.*

5 *The performance bonus paid to AL van Zyl was in terms of a warranty and profit share agreement negotiated at the time of acquisition of Santova Logistics SA. This agreement expired on 29 February 2012.*

Incentive scheme

The Group does not at present have any form of share plan in place, the Share Purchase and Option scheme previously in place having been dissolved in September 2010. However, the Remco with the assistance of external consultants has devised a different type of share option scheme which, if approved by the Board, will be presented to shareholders for approval at the Annual General Meeting with a view to implementing it immediately thereafter. A summary of the Share Option Scheme may be found on page 77 of this Annual Integrated Report and the Rules of the Share Option Scheme will be available to inspection at the registered office of the Company on the dates mentioned in that summary.

Beneficial and non-beneficial shareholding

The beneficial and non-beneficial shareholdings of directors of the Company and its subsidiaries may be found on pages 32 and 33 of this Annual Integrated Report.

Interest of directors in contracts

The directors have certified that they were not materially interested in any transaction of material significance and which significantly affected the business of the Group, with the Company or any of its subsidiaries. Accordingly, no conflict of interest with regard to directors' interests in contracts exists. There have been no material changes in the aforegoing since 29 February 2012 and the date of this Annual Integrated Report.

Directors trading in company securities

All directors and senior executives of the Company and of Group subsidiary companies are required to obtain clearance prior to trading in company securities. Such clearance must be obtained from the Chairman or in his absence by a designated director. Directors are required to inform their portfolio/investment managers not to trade in the securities of the Company unless they have specific written instructions from the Chairman or the designated director to do so. Directors also may not trade in their shares during closed periods. Directors and senior executives of the Group are further prohibited from dealing in their shares at any time when they are in possession of unpublished price-sensitive information in relation to those securities, or otherwise where clearance to deal is not given.

In terms of the 2008 Companies Act, the Audit Committee is no longer a committee of the Board of Directors but reports directly to shareholders, who also appoint its members. In practice, in order for the Committee to fulfil its mandate on a continuing basis, the Board still appoints the members of the Audit Committee, who are then subject to re-election by shareholders at the AGM. In addition to having specific statutory responsibilities to the shareholders in terms of the 2008 Companies Act, the Committee continues to assist the Board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the Company and Group. The Company has chosen to include the oversight of risk under the mandate of the Audit Committee and therefore has an Audit and Risk Committee.

Terms of reference

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

Composition

The Committee consists of three independent non-executive directors, all of whom have the required qualifications, experience and expertise to be members of an Audit and Risk Committee. As at 29 February 2012, the Audit and Risk Committee comprised:

Name	Financial qualifications	Period served
WA Lombard (Committee Chairman, Independent non-executive director)	CA (SA)	1 March 2010 – 29 February 2012
ESC Garner (Independent non-executive director)	CA (SA)	1 March 2010 – 29 February 2012
AD Dixon (Independent non-executive director)	CA (SA)	1 December 2010 – 29 February 2012

The Chief Executive Officer, the Group Financial Director, the Group Financial Accountant and representatives from the external auditors attend the committee meetings by invitation. The external auditors have unrestricted access to the members of the Audit and Risk Committee. The Company Secretary is the Committee Secretary.

Meetings

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

Director	11 May 2011	19 July 2011	22 November 2011	20 February 2011
WA Lombard (Committee Chairman)	•	•	•	•
ESC Garner	•	•	•	•
AD Dixon	•	•	•	

Statutory duties

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

- Nominated for appointment as auditors, Deloitte & Touche ("Deloitte"), who in our opinion are independent of the Company and Group;
- Nominated for appointment SD Munro as the Registered Auditor, who in our opinion is independent of the Company and Group;
- Nominated for appointment the external auditors of subsidiary companies in the Group;
- Determined the fees to be paid to Deloitte and the external auditors of the subsidiaries;
- Determined Deloitte's terms of engagement;
- Believe that the appointment of Deloitte and SD Munro complies with the relevant provisions of the 2008 Companies Act and the JSE Listings Requirements;
- Developed and implemented a policy which determines that no non-audit services may be provided by the South African Group external auditors and approved the provision of non-audit services by the auditors of specific subsidiaries;
- Did not receive any complaints relating to the accounting practices and internal control of the Company and the Group, the content or auditing of its financial statements, the internal financial controls of the Company and the Group, or any other related matters; and
- Made submissions to the Board on matters concerning the Company's accounting policies, financial control, records and reporting of the Company and the Group.

Delegated duties

Oversight of risk management

The Committee has:

- Received assurance that the process and procedures followed by the Risk Management Committee are adequate to ensure that financial risks are identified and monitored;
- The Committee has received assurance that the following areas have been appropriately addressed:
  - Financial reporting risks
  - Internal financial controls
  - Fraud risks as they relate to financial reporting
  - IT risks as they relate to financial reporting
- Reviewed tax and technology risks, in particular how they are managed; and
- Instigated a Group Risk Workshop to be held later in the current financial year to reassess Group risk in general and the management of such risk.

Internal financial controls

The Committee has:

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

Nothing has come to our attention that leads us to believe that there are any material deficiencies in internal financial controls.

Regulatory compliance

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

External audit

Based on processes followed and assurances received, we have satisfied ourselves as to the independence of Deloitte and of the external auditors of the subsidiary companies. Group audit fees for the February 2012 audit are set out below.

Group audit fees	**R'000**	**% of total**
Audit services	1 162	92,7
Non-audit services	92	7,3
Total	**1 254**	**100,0**

We have recommended the re-appointment of Deloitte as Group lead auditors to the Board and the shareholders.

Report of the Audit and Risk Committee

for the year ended 29 February 2012

continued

Internal audit

The Committee has reviewed the needs of the Company and the Group, and following the Group Risk Workshop to be held later in the year will decide whether to consolidate existing internal audit resources at subsidiary level into a Group resource.

Finance function

We have satisfied ourselves that the Group Financial Director possesses the appropriate expertise and experience to meet his responsibilities in that position as required by the JSE Limited. We have reviewed the capabilities of the finance function within the Company and its subsidiaries, and have addressed the areas where improvement was required. Based on the above we consider the accounting practices to be effective.

Annual integrated report

We are satisfied with the basis of preparation and the appropriateness of the accounting policies, and therefore recommend the Annual Integrated Report to the Board for approval.

On behalf of the Audit and Risk Committee

WA Lombard
Chairman

16 May 2012
Durban

Report of the Company Secretary

for the year ended 29 February 2012

During the year under review, I conducted the duties of Company Secretary for Santova 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 Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the 2008 Companies Act, and that all such returns are true, correct and up to date.

JA Lupton FCIS
Company Secretary

Practice number: PPG00290

Durban
16 May 2012

Directors' responsibilities and approval

for the year ended 29 February 2012

The directors are required by the 2008 Companies Act, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements of Santova Limited (formerly 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 annual financial statements have been audited in compliance with the applicable requirements of the 2008 Companies Act.

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

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

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

The directors have reviewed the Group's budgets for the year to 29 February 2012 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.

Preparer of financial statements

The annual financial statements have been prepared under the supervision of DC Edley, CA (SA).

The annual financial statements of the Group and Company set out on pages 28 to 72, which have been prepared on the going concern basis, were approved by the Board of Directors on 16 May 2012 and were signed on its behalf by:

GH Gerber
Chief Executive Officer

DC Edley
Group Financial Director

Durban
16 May 2012

We have audited the Group annual financial statements and annual financial statements of Santova Limited, which comprise the consolidated and separate statements of financial position as at 29 February 2012, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the report of directors, as set out on pages 29 to 72.

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 the requirements of the Companies Act of South Africa. 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.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Santova Limited as at 29 February 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per SD Munro
Partner
Registered Auditor

16 May 2012

2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban

National executive: GG Gelink (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Risk Advisory and Legal Services), NB Kader (Tax), L Geeringh (Consulting), L Bam (Corporate Finance), JK Mazzocco (Talent and Transformation), CR Beukman (Finance), TJ Brown (Chairman of the Board), MJ Comber (Deputy Chairman of the Board)
Regional Leader: GC Brazier

A full list of partners and directors is available on request.

The directors present their report for the year ended 29 February 2012. This report forms part of the audited financial statements.

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.

CHANGE OF NAME

By special resolution passed by shareholders on 6 October 2011, the name of the company was changed from Santova Logistics Limited to Santova Limited.

GENERAL REVIEW

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

STATE OF AFFAIRS

There were no material changes to the principal business of the Group during the year under review, which was focused on growth and improving the sustainability of the Group.

REVIEW OF BUSINESS AND FINANCIAL RESULTS

The Group's profit on ordinary activities before taxation for the year amounted to R30 062 919 (2011: R23 216 357), before deducting taxation of R7 564 359 (2011: R5 891 455).

The profit for the year attributable to equity holders of the parent amounted to R22 079 280 (2011: R16 963 883), which represents earnings per share of 15,82 cents (2011: 12,55 cents after having adjusted for the effect of the 10 to 1 share consolidation that took place during the year under review).

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

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

DIVIDENDS

The Board has decided to review its dividend policy and will make a final decision at the July board meeting, which decision will be conveyed to shareholders at the AGM.

STATED CAPITAL

There have been a number of changes to the authorised and issued share capital of the Company during the year under review. At the general meeting held on 6 October 2011, shareholders approved the following:

- The consolidation of the share capital of the Company on a 10 to 1 basis;
- The conversion of par value shares to shares of no par value; and
- The increase in the authorised share capital of the Company from 200 000 000 ordinary shares, after the effect of the share consolidation, to 300 000 000 ordinary shares.

In line with IFRS, all comparative EPS and share figures have been adjusted using the relevant number of shares as if the consolidation had occurred at the beginning of the prior year.

During the financial year ended 29 February 2012, the following movements occurred in the issued share capital of the Company:

- A 10 to 1 share consolidation, approved at the Santova general meeting on 6 October 2011;
- 2 500 000 shares were allotted to the previous vendor of Santova Logistics SA on 16 May 2011, having achieved the terms of a profit warranty in respect of the 2011 financial year;
- 2 854 944 shares were repurchased on 31 August 2011 in respect of the final tranche of a specific authority granted by shareholders at the AGM held on 28 September 2008;
- 280 572 shares were repurchased on 24 October 2011 in terms of an odd-lot and specific offer made to shareholders for which specific authority was granted by shareholders at the general meeting held on 6 October 2011; and
- 2 700 000 shares were repurchased on 21 November 2011 in terms of a put option agreement for which specific authority was granted by shareholders at the general meeting held on 6 October 2011.

The net effect of these transactions brought the issued share capital to 134 277 186 ordinary shares (2011: 137 612 702 after having adjusted for the effects of the 10 to 1 share consolidation that took place during the year under review). For further information, please refer to the Special Resolutions section of this report.

ACCUMULATED LOSS

Attention is drawn to the accumulated loss, which arose in Micrologix Limited prior to the 'reverse-listing' of the original Spectrum Shipping Limited business into that entity in 2002. The profitable results of the business of Santova have been fully disclosed and in no way contributed to the accumulated loss as reflected in the statement of financial position since the 'reverse-listing'.

CONTROLLING AND MAJOR SHAREHOLDERS

There are 788 (2011: 925) shareholders. Controlling and major shareholders are listed below, adjusted for the effect of the consolidation.

	Number of shares held	% of issued share capital
February 2012		
Maitland Management Limited	**31 147 309**	**23,20**
AL van Zyl	**15 625 000**	**11,63**
SIX SIS*	**10 700 000**	**7,97**
Other shareholders	**76 804 877**	**57,20**
	134 277 186	**100,00**
February 2011		
Maitland Management Limited	31 147 309	22,63
AL van Zyl	13 125 000	9,54
SIX SIS*	10 878 500	7,91
Other shareholders	82 461 893	59,92
	137 612 702	100,00

* *Custodians holding.*

PLANT AND EQUIPMENT

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

BORROWINGS

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

EVENTS SUBSEQUENT TO THE YEAR END

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

DETAILS OF SUBSIDIARIES

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

Name	% held	Registration number	Nature of business
ACN 123 200 760 Pty Limited (formerly Santova Logistics Pty Limited) (registered in Australia)	100	123 200 760	Dormant name preservation company (to be deregistered)
Impson Logistics (Pty) Limited	100	1987/001296/07	International logistics solutions provider
Mogal International Limited (registered in United Kingdom)	100	2204157	Management company
Santova Administration Services (Pty) Limited (formerly Santova (Pty) Limited)	100	2005/008170/07	Administration services
Santova Financial Services (Pty) Limited	100	2002/004034/07	Insurance brokerage
Santova Logistics B.V. (registered in Netherlands)	100	24457789	International logistics solutions provider

DETAILS OF SUBSIDIARIES continued

Name	% held	Registration number	Nature of business
Santova Logistics Pty Limited (formerly McGregor Sea and Air Services Pty Limited) (registered in Australia)	75	093 012 901	International logistics solutions provider
Santova Logistics Limited (registered in Hong Kong)	100	36495437-000-11-08-0	International logistics solutions provider
Santova Logistics Limited (registered in United Kingdom)	100	2463065	International logistics solutions provider
Santova Logistics South Africa (Pty) Limited	100	2005/042259/07	International logistics solutions provider
Santova NVOCC (Pty) Limited	100	2004/031099/07	Non-vessel owning common carrier operations
Santova Patent Logistics Co., Limited (registered in Hong Kong)	51	36771425-000-05-08-7	International logistics solutions provider

An insurance cell captive, Impson Logistics (Pty) Limited cell number 00180, is 100% held by Impson Logistics through Guardrisk Insurance Company Limited (refer note 24 for further information).

SPECIAL RESOLUTIONS

At the Santova Limited Annual General Meeting held on 26 July 2011, the following special resolutions were passed:

- A general authority as required by the 2008 Companies Act to pay remuneration to executive directors;
- Approving the remuneration to be paid to non-executive directors for the forthcoming year;
- An amendment to the Company's Articles of Association authorising the expropriation of shares where no response was received from shareholders;
- An amendment to the Company's Memorandum of Incorporation prohibiting the Board from making rules for the Company;
- An amendment to the Company's Memorandum of Incorporation prohibiting the Board from issuing unclassified shares;
- An amendment to the Company's Memorandum of Incorporation prohibiting the issues of cheques for amounts less than R50; and
- A general authority for the directors to repurchase ordinary shares in the issued share capital of the Company.

All of the above resolutions were accepted by the Companies and Intellectual Property Commission on 19 August 2011.

At the general meeting of shareholders of Santova Limited held on 6 October 2011, the following special resolutions were passed:

- Approving a specific share repurchase and the granting of a put option;
- Approving a specific offer to shareholders holding more than 3 300 but less than 10 000 shares to repurchase their shares;
- Approval of the consolidation of the share capital on a 10 to 1 basis;
- Authority to convert par value shares to shares having no par value;
- Authority to increase the authorised share capital;
- Authority to change the name of the company to Santova Limited; and
- A general authority to give inter-company loans and financial assistance to related or inter-related companies in the normal course of business.

All of the above special resolutions were accepted by the Companies and Intellectual Property Commission on 11 November 2011.

SPECIAL RESOLUTIONS continued

Subsidiary companies passed the following special resolutions during the year under review:

- McGregor Sea and Air Services Pty Limited, registered in Australia, passed a special resolution changing its name to Santova Logistics Pty Limited and at the same time the dormant name preservation company, Santova Logistics Pty Limited, changed its name to its registration number ACN 123 200 760 Pty Limited; and
- Santova (Pty) Limited, a dormant name preservation company, passed a special resolution changing its name to Santova Administration Services (Pty) Limited. The special resolution was registered by the Companies and Intellectual Property Registration Office on 12 December 2011.

THE SHARE OPTION SCHEME

If approved by shareholders at the forthcoming Annual General Meeting, a share option scheme as detailed on page 77 of this Annual Integrated Report will be implemented in the 2013 financial year.

DIRECTORS

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

ESC Garner*	Chairman
GH Gerber	Chief Executive Officer
SJ Chisholm	Group Financial Director (resigned 29 February 2012)
DC Edley	Group Financial Director (appointed 1 March 2012)
AD Dixon*	
S Donner**	
MF Impson	(retired 31 August 2011)
GM Knight	
WA Lombard*	
AL van Zyl	

** Independent non-executive*
***Non-executive*

DIRECTORS' INTERESTS

The direct and indirect beneficial and non-beneficial interests of directors in the share capital of the Company as at 29 February 2012, adjusted for the effect of the share consolidation, are:

Beneficial interests

Shares held	Direct	%	Indirect	%
February 2012				
SJ Chisholm*	**34 988**	**0,03**	**–**	**–**
AD Dixon	**280 000**	**0,21**	**–**	**–**
ESC Garner	**–**	**–**	**300 000**	**0,22**
GH Gerber	**87 500**	**0,07**	**4 116 162**	**3,07**
GM Knight	**1 680 000**	**1,25**	**–**	**–**
AL van Zyl	**15 625 000**	**11,64**	**–**	**–**
February 2011				
SJ Chisholm	34 988	0,03	–	–
AD Dixon	280 000	0,20	–	–
ESC Garner	–	–	300 000	0,22
GH Gerber	87 500	0,06	4 116 162	3,99
MF Impson	5 203 968	3,78	–	–
GM Knight	1 680 000	1,22	–	–
AL van Zyl	13 125 000	9,54	–	–

* *Resigned 29 February 2012.*

Non-beneficial interests

There were no non-beneficial interests held by directors in 2012 or in 2011.

Directors of subsidiary companies
The direct and indirect beneficial and non-beneficial interests of directors of subsidiary companies in the share capital of the Company as at 29 February 2012, are set out below:

Shares held	Direct beneficial	%	Indirect beneficial and non-beneficial	%
February 2012				
TK Blond	**1 272 495**	**0,95**	**–**	**–**
GH Crews	**237 300**	**0,18**	**–**	**–**
L Notelovitz	**52 333**	**0,04**	**–**	**–**
R Singh	**787 008**	**0,59**	**5 016 520**	**3,74**
GW Stay	**1 419 067**	**1,06**	**–**	**–**
February 2011				
TK Blond	1 272 495	0,93	–	–
GH Crews	137 300	0,10	–	–
G McGregor (Cooleroo Holdings Pty Limited)[1]	–	–	6 120 001	4,45
CV Simpson (Impi Share Trust)[2]	–	–	963 240	0,70
R Singh	837 008	0,61	5 016 520	3,64
GW Stay	1 410 967	1,03	–	–

1 *Retired 18 November 2011.*
2 *Resigned 20 June 2011.*

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

Highway Corporate Services (Pty) Limited
14 Hillcrest Office Park
2 Old Main Road
Hillcrest
3610

PO Box 1319
Hillcrest
3650

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

70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

JSE SPONSOR
River Group is the sponsor for the Company as required by the JSE Listings Requirements.

AUDITOR
Deloitte & Touche are the auditors of the Company.

CORPORATE GOVERNANCE
The directors subscribe to the values of good corporate governance as set out in the King III Report on Corporate Governance. 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 general accepted corporate practices.

NUMBER OF EMPLOYEES
The number of permanent employees within the Group as at 29 February 2012 was 309 (2011: 300).

Statements of financial position

as at 29 February 2012

	Notes	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
ASSETS					
Non-current assets		**73 171**	72 422	**79 886**	77 916
Plant and equipment	2	**8 365**	8 540	**319**	72
Intangible assets	3	**60 356**	59 990	**2 320**	–
Investments in subsidiaries	4	**–**	–	**75 899**	75 899
Financial asset	5	**522**	458	**–**	–
Deferred taxation	6	**3 928**	3 434	**1 348**	1 945
Current assets		**345 208**	275 454	**4 110**	6 505
Trade receivables	7	**320 311**	248 820	**308**	2 428
Other receivables		**11 046**	11 789	**129**	37
Current tax receivable		**304**	784	**–**	–
Amounts owing from related parties	8	**761**	573	**2 883**	3 673
Cash and cash equivalents		**12 786**	13 488	**790**	367
Total assets		**418 379**	347 876	**83 996**	84 421
EQUITY AND LIABILITIES					
Capital and reserves		**123 699**	103 415	**68 028**	71 753
Stated capital	9	**145 195**	151 204	**145 195**	151 204
Contingency reserve		**210**	181	**–**	–
Foreign currency translation reserve		**3 000**	1 068	**–**	–
Accumulated loss		**(27 053)**	(50 718)	**(77 167)**	(79 451)
Attributable to equity holders of the parent		**121 352**	101 735	**68 028**	71 753
Minority interest		**2 347**	1 680	**–**	–
Non-current liabilities		**5 023**	5 761	**4 144**	5 442
Interest-bearing borrowings	10	**164**	318	**–**	–
Long-term provision	11	**1 976**	2 013	**1 976**	2 013
Financial liabilities	5	**2 882**	3 429	**2 168**	3 429
Deferred taxation	6	**1**	1	**–**	–
Current liabilities		**289 657**	238 700	**11 824**	7 226
Trade and other payables		**139 002**	116 811	**1 514**	2 003
Current tax payable		**253**	593	**–**	–
Current portion of interest-bearing borrowings	10	**157**	151	**–**	–
Amounts owing to related parties	12	**246**	157	**6 815**	–
Financial liabilities	5	**2 596**	5 947	**2 465**	4 707
Short-term borrowings and overdrafts	13	**138 252**	108 991	**–**	–
Short-term provisions	14	**9 151**	6 050	**1 030**	516
Total equity and liabilities		**418 379**	347 876	**83 996**	84 421

Statements of comprehensive income

for the year ended 29 February 2012

	Notes	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Turnover		**167 107**	144 230	**15 055**	10 914
Gross billings	15	**2 605 858**	2 044 439	**18 920**	14 599
Cost of billings		**(2 438 751)**	(1 900 209)	**(3 865)**	(3 685)
Other income		**3 910**	6 365	**28**	167
Depreciation and amortisation		**(3 776)**	(3 960)	**(549)**	(83)
Administrative expenses		**(127 816)**	(114 934)	**(12 959)**	(8 839)
Operating profit	16	**39 425**	31 701	**1 575**	2 159
Interest received	18	**1 328**	2 265	**243**	486
Finance costs	19	**(10 690)**	(10 750)	**(552)**	(742)
Profit before taxation		**30 063**	23 216	**1 266**	1 903
Income tax expense	20	**(7 564)**	(5 891)	**(597)**	(641)
Profit for the year		**22 499**	17 325	**669**	1 262
Attributable to:					
Equity holders of the parent		**22 079**	16 964	**669**	1 262
Minority interest		**420**	361	**–**	–
Other comprehensive income					
Exchange differences arising from translation of foreign operations		**2 179**	188	**–**	–
Total comprehensive income		**24 678**	17 513	**669**	1 262
Attributable to:					
Equity holders of the parent		**24 011**	16 884	**669**	1 262
Minority interest		**667**	629	**–**	–
Basic earnings per share (cents)	21	**15,82**	12,55		
Diluted basic earnings per share (cents)	21	**15,82**	12,29		

Statements of changes in equity

for the year ended 29 February 2012

	Attributable to equity holders of the parent							
GROUP	**Stated capital[1] R'000**	**Share commit-ments R'000**	**Con-tingency reserve 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 28 February 2010	147 936	(2 357)	132	1 148	(67 633)	79 226	1 051	80 277
Total comprehensive income	–	–	–	(80)	16 964	16 884	629	17 513
Transfer of contingency reserve (refer note 24)	–	–	49	–	(49)	–	–	–
Share commitments arising on acquisition of subsidiary	–	5 625	–	–	–	5 625	–	5 625
Issue of shares in terms of share commitments	3 938	(3 938)	–	–	–	–	–	–
Repurchase of shares in terms of share commitments	(1 117)	1 117	–	–	–	–	–	–
Balances at 28 February 2011	150 757	447	181	1 068	(50 718)	101 735	1 680	103 415
Total comprehensive income	**–**	**–**	**–**	**1 932**	**22 079**	**24 011**	**667**	**24 678**
Transfer of contingency reserve (refer note 24)	**–**	**–**	**29**	**–**	**(29)**	**–**	**–**	**–**
Issue of shares in terms of share commitments	**750**	**(750)**	**–**	**–**	**–**	**–**	**–**	**–**
Repurchase of shares in terms of share commitments	**(2 855)**	**2 855**	**–**	**–**	**–**	**–**	**–**	**–**
Repurchase of shares in terms of odd-lot and specific offer	**(281)**	**–**	**–**	**–**	**–**	**(281)**	**–**	**(281)**
Share commitments arising on grant of put options	**–**	**(3 642)**	**–**	**–**	**–**	**(3 642)**	**–**	**(3 642)**
Repurchase of shares in terms of put options exercised	**(2 700)**	**2 700**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer of residual amounts arising from completed share commitments	**–**	**(1 615)**	**–**	**–**	**1 615**	**–**	**–**	**–**
Recognition of costs directly related to share repurchases in equity	**(471)**	**–**	**–**	**–**	**–**	**(471)**	**–**	**(471)**
Balances at 29 February 2012	**145 200**	**(5)**	**210**	**3 000**	**(27 053)**	**121 352**	**2 347**	**123 699**

1 *At a general meeting held on 6 October 2011, a special resolution was passed providing authority for the conversion of Santova Limited's par value shares to shares with no par value. As a result the share capital and share premium accounts have been combined into a stated capital account. The share consolidation described in notes 9 and 23 will have had no impact on the value of the share capital and stated capital of Santova Limited.*

COMPANY	Stated capital[1] R'000	Share commitments R'000	Accumulated loss R'000	Total R'000
Balances at 28 February 2010	147 936	(2 357)	(80 713)	64 866
Total comprehensive income	–	–	1 262	1 262
Share commitments arising on acquisition of subsidiary	–	5 625	–	5 625
Issue of shares in terms of share commitments	3 938	(3 938)	–	–
Repurchase of shares in terms of share commitments	(1 117)	1 117	–	–
Balances at 28 February 2011	150 757	447	(79 451)	71 753
Total comprehensive income	**–**	**–**	**669**	**669**
Issue of shares in terms of share commitments	**750**	**(750)**	**–**	**–**
Repurchase of shares in terms of share commitments	**(2 855)**	**2 855**	**–**	**–**
Repurchase of shares in terms of odd-lot and specific offer	**(281)**	**–**	**–**	**(281)**
Share commitments arising on grant of put options	**–**	**(3 642)**	**–**	**(3 642)**
Repurchase of shares in terms of put options exercised	**(2 700)**	**2 700**	**–**	**–**
Transfer of residual amounts arising from completed share commitments	**–**	**(1 615)**	**1 615**	**–**
Recognition of costs directly related to share repurchase in equity	**(471)**	**–**	**–**	**(471)**
Balances at 29 February 2012	**145 200**	**(5)**	**(77 167)**	**68 028**

[1] *At a general meeting held on 6 October 2011, a special resolution was passed providing authority for the conversion of Santova Limited's par value shares to shares with no par value. As a result the share capital and share premium accounts have been combined into a stated capital account. The share consolidation described in notes 9 and 23 will have had no impact on the value of the share capital and stated capital of Santova Limited.*

Statements of cash flows

for the year ended 29 February 2012

	Notes	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
OPERATING ACTIVITIES					
Cash (utilised in)/generated from operations	22.1	**(1 973)**	4 455	**4 210**	(187)
Interest received		**1 328**	2 265	**243**	486
Finance costs		**(10 319)**	(9 897)	**(207)**	–
Taxation (paid)/refunded	22.2	**(7 918)**	(7 671)	**–**	292
Net cash flows from operating activities		**(18 882)**	(10 848)	**4 246**	591
INVESTING ACTIVITIES					
Plant and equipment acquired		**(2 238)**	(1 588)	**(318)**	(22)
Intangible assets acquired and developed		**(3 222)**	(1 750)	**(2 806)**	–
Proceeds on disposals of plant and equipment		**2 424**	738	**3**	4
(Increase)/decrease in amounts owing from related parties		**(188)**	(223)	**790**	10 391
Net cash flows on acquisition of subsidiaries	22.3	**(2 426)**	(67)	**(2 000)**	–
Increase in investments in subsidiaries		**–**	–	**–**	(10 500)
Net cash flows from investing activities		**(5 650)**	(2 890)	**(4 331)**	(127)
FINANCING ACTIVITIES					
Repurchase of stated capital		**(6 307)**	(1 117)	**(6 307)**	(1 117)
Borrowings raised		**25 953**	23 945	**–**	–
Increase in amounts owing to related parties		**89**	60	**6 815**	–
Net cash flows from financing activities		**19 735**	22 888	**508**	(1 117)
Net (decrease)/increase in cash and cash equivalents		**(4 797)**	9 150	**423**	(653)
Effects of exchange rate changes on cash and cash equivalents		**935**	16	**–**	–
Cash and cash equivalents at beginning of year		**13 488**	4 322	**367**	1 020
Cash and cash equivalents at end of year		**9 626**	13 488	**790**	367

GEOGRAPHICAL SEGMENTS	South Africa R'000	Australia R'000	Europe R'000	Hong Kong R'000	Group R'000
29 February 2012					
Gross billings	**2 440 843**	**113 729**	**44 725**	**6 561**	**2 605 858**
Turnover	**138 300**	**13 429**	**11 907**	**3 471**	**167 107**
Operating income	**34 934**	**2 352**	**1 636**	**503**	**39 425**
Interest received	**1 253**	**2**	**25**	**48**	**1 328**
Finance costs	**(10 093)**	**(85)**	**(512)**	**–**	**(10 690)**
Income tax (expense)/credit	**(7 313)**	**(594)**	**417**	**(74)**	**(7 564)**
Profit for the year	**18 781**	**1 675**	**1 566**	**477**	**22 499**
Segment assets	**322 135**	**14 314**	**11 886**	**5 760**	**354 095**
Intangible assets	**60 353**	**–**	**3**	**–**	**60 356**
Deferred taxation	**3 150**	**355**	**423**	**–**	**3 928**
Total assets	**385 638**	**14 669**	**12 312**	**5 760**	**418 379**
Total liabilities	**273 082**	**5 852**	**12 974**	**2 772**	**294 680**
Depreciation and amortisation	**3 072**	**565**	**77**	**62**	**3 776**
Capital expenditure	**4 812**	**335**	**185**	**128**	**5 460**
28 February 2011					
Gross billings	1 910 424	92 142	34 729	7 144	2 044 439
Turnover	123 679	10 861	6 736	2 954	144 230
Operating income	28 901	2 321	189	290	31 701
Interest received	2 206	15	1	43	2 265
Finance costs	(10 341)	(95)	(314)	–	(10 750)
Income tax (expense)/credit	(5 328)	(818)	–	255	(5 891)
Profit/(loss) for the year	15 438	1 423	(124)	588	17 325
Segment assets	261 057	11 902	6 112	5 381	284 452
Intangible assets	59 718	268	4	–	59 990
Deferred taxation	3 192	242	–	–	3 434
Total assets	323 967	12 412	6 116	5 381	347 876
Total liabilities	226 881	6 255	8 246	3 079	244 461
Depreciation and amortisation	3 145	717	81	17	3 960
Capital expenditure	3 208	378	80	53	3 719

BUSINESS SEGMENT	Freight forwarding and clearing R'000	Insurance R'000	Group R'000
29 February 2012			
Net profit	**21 523**	**976**	**22 499**
Total assets	**413 547**	**4 832**	**418 379**
Total liabilities	**292 399**	**2 281**	**294 680**
28 February 2011			
Net profit/(loss)	18 090	(765)	17 325
Total assets	344 333	3 543	347 876
Total liabilities	242 493	1 968	244 461

Geographical segments

For management purposes, the Group is organised into four major geographical operating divisions, namely South Africa, Australia, Europe (Netherlands and United Kingdom) and Hong Kong.

These divisions are the basis on which the Group reports its primary segment information.

1. ACCOUNTING POLICIES

Santova Limited (formerly Santova Logistics Limited) is incorporated in South Africa and listed on the Main Board of the JSE Limited.

The addresses of its registered office and principal place of business are disclosed in the Corporate information page of this Annual Integrated Report (see page 76).

The principal activities of the Company and its subsidiaries ("the Group") are described on page 29.

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 2008 Companies Act, and the JSE Listings Requirements.

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

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

1.2 Basis of consolidation

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

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

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

All inter-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. ACCOUNTING POLICIES continued

1.3 Business combinations

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

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

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

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

1.4 Translation of foreign currency financial statements

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

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

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

1.5 Plant and equipment

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

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

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

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

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

1.6 Intangible assets

Intangible assets acquired separately

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

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

1. ACCOUNTING POLICIES continued

1.6 Intangible assets continued

Intangible assets acquired separately continued

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

Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

Intangible assets acquired in a business combination

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

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

1.7 Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

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. ACCOUNTING POLICIES continued

1.8 Goodwill

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

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

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

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

1.9 Financial assets

Financial assets are classified into the following specified categories:

- Loans and receivables;
- Held-to-maturity investments;
- Financial assets at fair value through profit or loss (FVTPL); and
- Available-for-sale (AFS) financial assets.

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

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

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

Loans and receivables

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

Held-to-maturity investments

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

Other investments

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

Financial assets at fair value through profit or loss

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

Set-off

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

Effective interest method

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

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

1. ACCOUNTING POLICIES continued

1.10 Impairment of financial assets

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

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

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

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

Assets carried at amortised cost

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

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

Loans and receivables

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

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

Investments

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

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;
- 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. ACCOUNTING POLICIES continued

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 26.

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

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

Embedded derivatives

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

1. ACCOUNTING POLICIES continued

1.16 Provisions

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

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

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

1.17 Cash and cash equivalents

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

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

1.18 Revenue recognition

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

Rendering of services

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

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

Dividend and interest revenue

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

1.19 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

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

1. ACCOUNTING POLICIES continued

1.19 Leasing continued

The Group as lessee continued

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

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

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

1.20 Borrowing costs

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

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

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

1.21 Retirement benefit costs

Defined contribution benefit plans

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

Post-employment healthcare benefits

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

Other benefits

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

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

1.22 Share-based payments

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

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

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

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

1. ACCOUNTING POLICIES continued

1.23 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

Current and deferred tax for the period

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

1.24 Foreign currencies

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

1. ACCOUNTING POLICIES continued

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 New/revised accounting standards/interpretations

Management has assessed the impact of the revised standards/interpretations that were effective for the current year and concluded that the adoption of these revised standards/interpretations had no material impact on the results presented.

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 Company but which the Company has not early adopted are as follows:

New International Financial Reporting Standards

IFRS 7: Financial Instruments – Disclosures (effective for periods beginning on or after 1 January 2013)

IFRS 9: Financial Instruments (effective for periods beginning on or after 1 January 2015)

IFRS 10: Consolidated Financial Statements (effective for periods beginning on or after 1 January 2013)

IFRS 12: Disclosure of Interests in Other Entities (effective for periods beginning on or after 1 January 2013)

IFRS 13: Fair Value Measurement (effective for periods beginning on or after 1 January 2013)

Amended International Accounting Standards

IAS 1: Presentation of Financial Statements (effective for periods beginning on or after 1 January 2012)

IAS 12: Income Taxes (effective for periods beginning on or after 1 January 2012)

IAS 19: Employee Benefits (effective for periods beginning on or after 1 January 2013)

IAS 27: Consolidated and Separate Financial Statements (effective for periods beginning on or after 1 January 2013)

IAS 32: Offsetting a Financial Asset and a Financial Liability (effective for periods beginning on or after 1 January 2014)

Management anticipate that the implementation of these standards and interpretations will not have a significant impact on the Company.

		2012 Cost/ valuation R'000	2012 Accumulated depreciation R'000	2012 Carrying value R'000	2011 Cost/ valuation R'000	2011 Accumulated depreciation R'000	2011 Carrying value R'000
2.	**PLANT AND EQUIPMENT**						
	Group						
	Plant and equipment	**626**	**(202)**	**424**	626	(161)	465
	Motor vehicles	**3 548**	**(1 434)**	**2 114**	4 031	(1 806)	2 225
	Furniture and fittings	**2 605**	**(1 407)**	**1 198**	2 545	(1 200)	1 345
	Leasehold improvements	**1 500**	**(574)**	**926**	1 035	(370)	665
	Office equipment	**3 307**	**(1 885)**	**1 422**	3 039	(1 536)	1 503
	Computer equipment	**6 368**	**(4 087)**	**2 281**	5 833	(3 496)	2 337
		17 954	**(9 589)**	**8 365**	17 109	(8 569)	8 540

Motor vehicles held under instalment sale agreements with a carrying value of R530 707 (2011: R585 203) are pledged as security for the related instalment sale agreements (refer note 10). Assets with a carrying value of R1 109 545 have been pledged as security for the Allianz Finance Pty Limited facility (refer note 13).

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 carrying value of plant and equipment can be reconciled as follows:

	Carrying value at beginning of year R'000	Additions[1] R'000	Disposals R'000	Depreciation R'000	Translation profit/(loss) R'000	Carrying value at end of year R'000
2012						
Plant and equipment	**465**	**–**	**–**	**(41)**	**–**	**424**
Motor vehicles	**2 225**	**743**	**(446)**	**(470)**	**62**	**2 114**
Furniture and fittings	**1 345**	**61**	**(2)**	**(208)**	**2**	**1 198**
Leasehold improvements	**665**	**411**	**–**	**(192)**	**42**	**926**
Office equipment	**1 503**	**239**	**–**	**(339)**	**19**	**1 422**
Computer equipment	**2 337**	**784**	**(145)**	**(735)**	**40**	**2 281**
	8 540	**2 238**	**(593)**	**(1 985)**	**165**	**8 365**
2011						
Plant and equipment	497	8	–	(40)	–	465
Motor vehicles	2 468	948	(642)	(554)	5	2 225
Furniture and fittings	1 484	199	(116)	(220)	(2)	1 345
Leasehold improvements	753	12	–	(104)	4	665
Office equipment	1 705	299	(122)	(365)	(14)	1 503
Computer equipment	2 035	1 070	(73)	(703)	8	2 337
	8 942	2 536	(953)	(1 986)	1	8 540

[1] *Plant and equipment to the value of Rnil (2011: R947 610) arising from acquisitions of subsidiaries is included in additions above.*

	2012 Cost/ valuation R'000	2012 Accumulated depreciation R'000	2012 Carrying value R'000	2011 Cost/ valuation R'000	2011 Accumulated depreciation R'000	2011 Carrying value R'000
2. PLANT AND EQUIPMENT continued						
Company						
Furniture and fittings	**38**	**(30)**	**8**	38	(26)	12
Computer equipment	**615**	**(304)**	**311**	337	(277)	60
	652	**(333)**	**319**	375	(303)	72

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

	Carrying value at beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying value at end of year R'000
2012					
Furniture and fittings	**12**	**–**	**–**	**(4)**	**8**
Computer equipment	**60**	**318**	**(8)**	**(59)**	**311**
	72	**318**	**(8)**	**(63)**	**319**
2011					
Furniture and fittings	16	–	–	(4)	12
Computer equipment	89	22	(2)	(49)	60
	105	22	(2)	(53)	72

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
3. INTANGIBLE ASSETS				
3.1 Computer software				
Cost	**4 739**	3 561	**206**	211
Accumulated amortisation	**(2 132)**	(1 166)	**(206)**	(181)
Carrying value at beginning of year	**2 607**	2 395	**–**	30
Additions	**3 222**	1 183	**2 806**	–
Disposals	**(2 145)**	–	**–**	–
– Cost	**(3 851)**	(5)	**–**	(5)
– Accumulated amortisation	**1 706**	5	**–**	5
Amortisation	**(1 057)**	(971)	**(486)**	(30)
Carrying value at end of year	**2 627**	2 607	**2 320**	–
Comprising:				
Cost	**4 110**	4 739	**3 012**	206
Accumulated amortisation	**(1 483)**	(2 132)	**(692)**	(206)
Group and Company computer software additions consists both of internally developed systems and generic software purchases.				
The Company additions during the current year relate to the transfer of OSCAR software and licences from Impson Logistics, in order to facilitate its use throughout the Group.				
3.2 Customer lists				
Cost	**2 583**	2 596	**–**	–
Accumulated amortisation	**(1 427)**	(424)	**–**	–
Carrying value at beginning of year	**1 156**	2 172	**–**	–
Amortisation	**(734)**	(1 003)	**–**	–
Translation profit/(loss)	**22**	(13)	**–**	–
Carrying value at end of year	**444**	1 156	**–**	–
Comprising:				
Cost	**2 605**	2 583	**–**	–
Accumulated amortisation	**(2 161)**	(1 427)	**–**	–
3.3 Goodwill				
Carrying value at beginning of year	**56 227**	34 960	**–**	–
Amounts recognised from acquisitions of subsidiaries:				
– Santova Logistics SA	**–**	22 246	**–**	–
Amounts written-off in subsidiary:				
– Impairment (Standard Insurance Consultants)	**–**	(1 152)	**–**	–
Translation profit	**1 058**	173	**–**	–
Carrying value at end of year	**57 285**	56 227	**–**	–
Comprising:				
Cost	**57 285**	56 227	**–**	–
The goodwill relates to:				
– Impson Logistics	**20 818**	20 818	**–**	–
– Santova Financial Services	**2 826**	2 826	**–**	–
– Mogal (United Kingdom)	**655**	655	**–**	–
– Santova Australia	**9 151**	7 999	**–**	–
– Santova Logistics B.V. (Netherlands)	**1 589**	1 683	**–**	–
– Santova Logistics SA	**22 246**	22 246	**–**	–
For more detail on investments, refer note 4.				
Total intangible assets	**60 356**	59 990	**2 320**	–

	Company effective holding 2012 %	Company effective holding 2011 %	Company investment at cost 2012 R*	Company investment at cost 2011 R*
4. INVESTMENTS IN SUBSIDIARIES				
Incorporated in South Africa				
Impson Logistics (Pty) Limited	**100**	100	**39 273 193**	39 273 193
Santova Administration Services (Pty) Limited (previously Santova (Pty) Limited)	**100**	100	**100**	100
Santova Financial Services (Pty) Limited	**100**	100	**3 088 694**	3 088 694
Santova Logistics South Africa (Pty) Limited	**100**	100	**19 952 529**	19 952 529
Santova NVOCC (Pty) Limited	**100**	100	**100**	100
Incorporated in Australia				
ACN 123 200 760 Pty Limited (previously Santova Logistics Pty Limited)	**100**	100	**6**	6
Santova Logistics Pty Limited (previously McGregor Sea and Air Services Pty Limited)	**75**	75	**9 792 736**	9 792 736
Incorporated in Europe				
Mogal International Limited (United Kingdom)	**100**	100	**1 984 174**	1 984 174
Santova Logistics B.V. (Netherlands)	**100**	100	**1 797 748**	1 797 748
Incorporated in Hong Kong				
Santova Logistics Limited	**100**	100	**9 352**	9 352
			75 898 632	75 898 632

An insurance cell captive, Impson Logistics (Pty) Limited cell number 00180, is 100% held by Impson Logistics through Guardrisk Insurance Company Limited (refer note 24 for further information).

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 (refer note 3.3) as at 29 February 2012.

Reconciliation of movements for the year	2012 R*	2011 R*
Balance at beginning of year	**75 898 632**	55 947 103
Purchase of 100% of the share capital in Santova Logistics South Africa (Pty) Limited	**–**	19 952 529
Deregistration of Santova Logistics Share Purchase and Option Scheme Trust	**–**	(1 000)
Balance at end of year	**75 898 632**	75 898 632

* *Due to investments in certain subsidiaries having values below R500, amounts have been presented in Rands.*

		Level	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
5.	**FINANCIAL ASSET/(LIABILITIES)**					
	Financial asset					
	Non-current financial asset					
	Profit share on rental agreement[1]	3	**522**	458	**–**	–
	Financial liabilities					
	Non-current financial liabilities					
	Share commitments[2,4]	3	**(943)**	(2 735)	**(943)**	(2 735)
	Contingent purchase considerations on acquisitions[3,4]	3	**(4 404)**	(6 488)	**(3 690)**	(5 401)
	Less: current portion included in current liabilities					
	Share commitments[2]	3	**–**	2 735	**–**	2 735
	Contingent purchase considerations on acquisitions[3]	3	**2 465**	3 059	**2 465**	1 972
			(2 882)	(3 429)	**(2 168)**	(3 429)
	Current portion of financial liabilities					
	Current portion of share commitments	3	**–**	(2 735)	**–**	(2 735)
	Current portion of contingent purchase considerations on acquisitions	3	**(2 465)**	(3 059)	**(2 465)**	(1 972)
	Forward exchange contracts	1	**(131)**	(153)	**–**	–
			(2 596)	(5 947)	**(2 465)**	(4 707)

Hierarchy for fair value measurement

Fair value determination:

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

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

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

1 *Impson Logistics entered into a profit sharing agreement with the landlord of its Durban premises on inception of the lease in the 2007 financial year. The agreement gives Impson Logistics a specified portion of the profit made should the building be sold.*

2 *This represents the present value of the remaining obligation in terms of the irrevocable put option entered into between the Company and MF Impson (refer note 9 for further details).*

3 *This represents the present value of the remaining contingent purchase obligation arising from the following acquisitions:*
– Santova Logistics B.V.; and
– Santova Logistics South Africa.

4 *These financial liabilities represent amounts owed to related parties (refer note 12).*

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
6. DEFERRED TAXATION				
Deferred tax comprises:				
– Capital allowances and provisions	**2 794**	2 800	**638**	1 696
– Other timing differences	**–**	384	**–**	–
– Assessed losses	**1 133**	249	**710**	249
	3 927	3 433	**1 348**	1 945
Reconciliation of deferred taxation:				
Balance at beginning of year	**3 433**	3 235	**1 945**	2 717
Movements during the period attributable to:				
– Timing differences	**(506)**	(385)	**(889)**	(1 021)
– Acquisition of subsidiaries	**–**	384	**–**	–
– Prior year	**115**	(50)	**–**	–
– Transfer of assets	**–**	–	**(169)**	–
– Assessed losses	**885**	249	**461**	249
Balance at end of year	**3 927**	3 433	**1 348**	1 945
Comprising:				
Deferred tax assets	**3 928**	3 434	**1 348**	1 945
Deferred tax liabilities	**(1)**	(1)	**–**	–
7. TRADE RECEIVABLES				
Trade receivables	**321 991**	254 393	**317**	5 530
Provision for impairment of trade receivables	**(1 680)**	(5 573)	**(9)**	(3 102)
	320 311	248 820	**308**	2 428
The movement in provision for impairment of trade receivables:				
Balance at beginning of year	**5 573**	6 713	**3 102**	3 855
(Release)/charge for the year	**(391)**	167	**(68)**	(216)
Amounts written-off	**(3 502)**	(1 307)	**(3 025)**	(537)
Balance at end of year	**1 680**	5 573	**9**	3 102

Certain trade receivables included above have been ceded to various banks as security for the respective invoice discounting facilities included in short-term borrowings (refer note 13). Details of ceded trade receivables within the Group are set out in the following table:

	2012 R'000*	2011 R'000*
Nedbank Limited	**313 446 475**	243 295 548
Royal Bank of Scotland Invoice Finance Limited	**5 817 561**	2 443 334
Allianz Finance Pty Limited	**10 122 345**	–
Coface Finance Australia Pty Limited	**–**	9 306 110
	329 386 381	255 044 992

* *Includes intercompany balances eliminated on consolidation.*

Trade receivables are non-interest-bearing and are generally settled on 30 – 60 day terms.

Overdue receivables in South Africa incur interest at rates linked to the South African prime rate on a discretionary basis.

There are subsequent cessions on the trade receivables ceded to Nedbank Limited, in favour of Coface South Africa Insurance Company Limited, Credit Guarantee Insurance Corporation and Lombard Insurance Company Limited for the respective facilities afforded.

		GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
8.	**AMOUNTS OWING FROM RELATED PARTIES**				
	Relating to subsidiaries and other related parties				
	ACN 123 200 760 Pty Limited (formerly Santova Logistics Pty Limited) (Australia)[1]	**–**	–	**–**	9
	Impson Logistics (Pty) Limited[2]	**–**	–	**–**	1 082
	Previous vendors of Santova Logistics B.V. (Netherlands)[3]	**761**	573	**–**	–
	Santova Administration Services (Pty) Limited (formerly Santova (Pty) Limited)[4]	**–**	–	**297**	–
	Santova Financial Services (Pty) Limited[4]	**–**	–	**200**	–
	Santova Logistics B.V. (Netherlands)[1]	**–**	–	**1 529**	1 395
	Santova Logistics Limited (Hong Kong)[5]	**–**	–	**2**	–
	Santova Logistics Limited (United Kingdom)[1]	**–**	–	**834**	1 187
	Santova Logistics Pty Limited (formerly McGregor Sea and Air Services Pty Limited) (Australia)[5]	**–**	–	**11**	–
	Santova Logistics South Africa (Pty) Limited[5]	**–**	–	**10**	–
		761	573	**2 883**	3 673

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

2 *Unsecured, interest is charged at South African prime rate less 2,0%, and no fixed terms of repayment (consistent with prior year).*

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

4 *Unsecured, interest is charged at South African prime rate less 0,5%, and no fixed terms of repayment.*

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

		GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
9.	**STATED CAPITAL**				
	Authorised				
	300 000 000 Ordinary shares of no par value[1] (2011: 200 000 000 Ordinary shares of 1,0 cent each[2])	**–**	2 000	**–**	2 000
	Issued				
	134 277 184 Ordinary shares of no par value[1] (2011: 137 612 700 Ordinary shares of 1,0 cent each[2])	**145 200**	1 376	**145 200**	1 376
	Share premium[1]	**–**	149 381	**–**	149 381
	Carrying value of shares in issue	**145 200**	150 757	**145 200**	150 757
	Share commitments				
	Nil ordinary shares of no par value to repurchase[1] (2011: 2 854 944 shares at 1,0 cent each to repurchase[2])	**–**	(29)	**–**	(29)
	Share premium[1]	**–**	(1 211)	**–**	(1 211)
	3 125 000 Ordinary shares of no par value to issue[1] (2011: 5 625 000 shares at 1,0 cent each to repurchase[2])	**938**	56	**938**	56
	Share premium[1]	**–**	1 631	**–**	1 631
	942 778 Ordinary shares of no par value to repurchase[1] (2011: nil)	**(943)**	–	**(943)**	–
	Total stated capital[1]	**145 195**	151 204	**145 195**	151 204

9. STATED CAPITAL continued

The following share movements occurred during the 2012 financial year[2]:

- A 10 to 1 share consolidation, approved at the Santova general meeting on 6 October 2011;
- 2 500 000 shares were allotted to the previous vendor of Santova Logistics SA on 16 May 2011, having achieved the terms of a profit warranty in respect of the 2011 financial year;
- 2 854 944 shares were repurchased on 31 August 2011 in respect of the final tranche of a specific authority granted by shareholders at the AGM held on 28 September 2008;
- 280 572 shares were repurchased on 24 October 2011 in terms of an odd-lot and specific offer made to shareholders for which specific authority was granted by shareholders at the general meeting held on 6 October 2011; and
- 2 700 000 shares were repurchased on 21 November 2011 in terms of a put option agreement for which specific authority was granted by shareholders at the general meeting held on 6 October 2011.

Reconciliation of number of ordinary shares in issue	**2012 Shares**	2011[2] Shares
Balance of ordinary shares in issue at beginning of year	**1 376 127 003**	1 256 048 523
Ordinary shares in issue at beginning of year adjusted for the effect of the 10 to 1 share consolidation[2]	**137 612 702**	125 604 854
Issued for purchase of Santova Logistics SA	**2 500 000**	13 125 000
Shares repurchased from Camilla Coleman Trust as approved at 2008 annual general meeting[3]	**(2 854 944)**	(1 117 152)
Shares repurchased relating to odd-lot and specific offers[4]	**(280 572)**	–
Shares repurchased from MF Impson in terms of put options exercised[4]	**(2 700 000)**	–
Ordinary shares in issue at end of year	**134 277 186**	137 612 702

Movement of share commitments during the year (number of shares)[5]:	**Per agreement/ approved at AGM**	**(Issued)/ repurchased**	**Balance**
In terms of the acquisition of Santova Logistics SA (refer note 4)			
– On completion date	13 125 000	(13 125 000)	–
– On achieving the first profit warranty at the end of the 28 February 2011 financial year	2 500 000	(2 500 000)	–
– On achieving the second profit warranty at the end of the 29 February 2012 financial year[6]	3 125 000	–	3 125 000
In terms of the repurchase agreement, dated 18 July 2008, with the Camilla Coleman Trust (refer note 5)			
– On the day following the annual general meeting	(1 117 152)	1 117 152	
– 31 August 2009	(1 117 152)	1 117 152	
– 31 August 2010	(1 117 152)	1 117 152	
– 31 August 2011	(2 854 944)	2 854 944	
In terms of the irrevocable put option agreement with MF Impson, expiring on 1 August 2013, and approved at the general meeting held on 6 October 2011			
– Options exercised on 21 November 2011	(3 642 778)	2 700 000	(942 778)
	8 900 822	**(6 718 600)**	**2 182 222**

1 *At the Santova general meeting held on 6 October 2011, a special resolution was passed to provide authority to convert the par value shares to shares of no par value.*

This has been done in line with the amendments to the 2008 Companies Act, which abolishes the use of par value shares. As a result of the conversion all amounts in share capital and share premium were transferred to the stated capital account during the 2012 financial year.

At the Santova general meeting held on 6 October 2011, a special resolution was passed to provide authority to increase the authorised ordinary shares to 300 000 000 shares.

2 *During the year, the Group effected a 10 to 1 share consolidation. In order to show the comparative effect of the consolidation on the prior year number of ordinary shares, the amounts have been adjusted as if the share consolidation took place at the beginning of the prior year.*

3 *The above shares repurchased were approved at the Santova annual general meeting on 23 September 2008.*

4 *The above actions were approved at the Santova general meeting on 6 October 2011.*

5 *Movement in number of shares arising in share commitments has been adjusted to take into account the share consolidation as if it had been in effect in the current and all prior years.*

6 *This profit warranty was achieved during the year and the Board resolved that shares will be issued within the subsequent financial year.*

		GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
10.	**INTEREST-BEARING BORROWINGS**				
	Instalment sale agreements	**321**	469	**–**	–
	Less: current portion included in current liabilities	**(157)**	(151)	**–**	–
		164	318	**–**	–

The instalment sale agreement loans are secured by motor vehicles with carrying values of R530 707 (2011: R585 203) (refer note 2).

The remaining loan period for motor vehicles ranges from 18 to 35 months, with instalments of between R5 743 (2011: R2 680) and R8 846 (2011: R8 846) at interest rates linked to the relevant base rates of the country in which each subsidiary operates.

		GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
11.	**LONG-TERM PROVISION**				
	Post-retirement medical aid benefits for the Group and the Company	**1 976**	2 013	**1 976**	2 013
	Obligations under a defined benefit medical plan:				
	Present value obligation	**1 976**	2 013	**1 976**	2 013
	Less: liability already recognised	**(2 013)**	(2 136)	**(2 013)**	(2 136)
	Decrease in liability	**(37)**	(123)	**(37)**	(123)
	Movement represented by:				
	– Net actuarial loss/(gain)	**109**	(13)	**109**	(13)
	– Interest cost	**175**	219	**175**	219
	– Contributions paid to fund	**(321)**	(329)	**(321)**	(329)
	Decrease in liability	**(37)**	(123)	**(37)**	(123)

The Company contributes to a medical aid scheme for the benefit of 17 retired employees (2011: 17) with three dependants (2011: three). During the year under review there were no exits from the scheme amongst the continuation members. The Company contributes 75,0% of the monthly contribution (to a maximum of R1 600 per retired employee) and the retired employees contribute the remainder. 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: 7,6% per annum (2011: 7,7%); and
- Discount factor: 8,2% per annum (2011: 8,7%).

Sensitivity analysis: investment return

The actuaries have assumed that the required premiums to the medical aid schemes will increase in line with medical inflation. Most of the retired employees on this scheme are currently receiving their maximum subsidy or are close to the maximum, therefore, the liabilities will not be very sensitive to changes in the medical aid inflation rate. Instead, the actuaries have determined the sensitivity of the liabilities to changes in the current investment return assumption of 8,2%.

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

	-1,0% Investment return R'000	Valuation assumption R'000	+1,0% Investment return R'000
Total accrued liability	**2 081**	**1 976**	**1 881**
Interest cost for the following year	**150**	**163**	**174**

The liability is valued annually. The latest actuarial valuation was performed in February 2012, on a projected unit credit method, by Jacques Malan Consultants and Actuaries (RSA) (Pty) Limited, independent qualified actuaries.

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
12. AMOUNTS OWING TO RELATED PARTIES				
Impson Logistics[1]	**–**	–	**6 303**	–
Patent International Co, Limited[2]	**142**	73	**–**	–
Previous vendors of Santova Logistics B.V.[3]	**104**	84	**–**	–
Santova Logistics SA[1]	**–**	–	**512**	–
	246	157	**6 815**	–

1 *Unsecured, interest is charged at prime less 0,50% and have no fixed terms of repayment.*

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

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

4 *Refer note 5 for details of amounts owed to related parties in terms of financial liabilities.*

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
13. SHORT-TERM BORROWINGS AND OVERDRAFTS				
Bank overdrafts	**3 160**	306	**–**	–
Invoice discounting facilities	**135 092**	108 685	**–**	–
	138 252	108 991	**–**	–

The Group has an overdraft facility of R5 000 000 (2011: R5 000 000), with a maximum limit of R21 000 000 (2011: R21 000 000) when fully covered by ceded debit balances of up to R16 000 000 (2011: R16 000 000) within the same financial institution on a Rand for Rand basis; an overdraft facility of R5 000 (2011: R5 000); and an off-shore overdraft facility of EUR200 000 (R2 023 520) (2011: EUR200 000 (R1 922 920)), secured by a letter of credit from Santova; invoice discounting facilities of R262 973 780 (2011: R257 425 325) secured by unlimited suretyship from Impson Logistics, Santova Logistics SA and Santova, and unlimited suretyships by Santova Logistics (United Kingdom) and Santova Australia.

Certain trade receivables included of R329 386 381 (2011: R255 044 992), which includes intercompany balances eliminated on consolidation, are ceded as security for the bank overdraft, invoice discounting facility and various acceptances (refer note 7).

Securities and guarantees in respect of Impson Logistics invoice discounting facility include the agreement of sale of book debts and the cession of the Coface South Africa Insurance Company Limited policies. Interest is charged on these facilities at the South African prime rate less 0,5%. The maximum term of invoice sale is 120 days.

Securities and guarantees held by FirstRand Bank Limited in respect of overdraft facilities granted to Impson Logistics include:

- Unlimited cession of any and all rights in, and to deposits held at FirstRand Bank Limited; and
- Unlimited cession of debit balances held with FirstRand Bank Limited supported by a special indemnity authorising the bank to apply available debit balances against outstanding liabilities.

Securities and guarantees in respect of Santova Logistics SA's invoice discounting facility include the agreement of sale of book debts and the cession of the Credit Guarantee Insurance Corporation Policy. Interest is charged on these facilities at the South African prime rate less 0,5%. The maximum term of invoice sale is 120 days.

Included in the above is an offshore invoice discounting facility of GBP150 000 (R1 791 030) (2011: GBP150 000 (R1 691 820)), 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 3,0% (2011: Bank of England base rate plus 3,0%), and securities and guarantees include the agreement of sale of book debts. The maximum term of invoice sale is 90 days.

There is also an offshore invoice discounting facility of AUD1 500 000 (R12 182 750) (2011: AUD950 000 (R6 733 505)), set up with Allianz Finance Pty Limited (2011: Coface Finance Australia Pty Limited). Interest on this facility is charged at the Australian base rate plus 4,25%. The facility is secured by the assets of Santova Australia and an AUD2 000 000 unconditional guarantee and indemnity from the Holding Company, Santova. The maximum term of invoice sale is 90 days.

	Carrying value at beginning of year R'000	Provisions created/ (released) R'000	Carrying value at end of year R'000
14. SHORT-TERM PROVISIONS			
Group			
2012			
Bonuses	**3 752**	**2 565**	**6 317**
Leave pay	**2 298**	**536**	**2 834**
	6 050	**3 101**	**9 151**
2011			
Bonuses	–	3 752	3 752
Leave pay	1 965	333	2 298
	1 965	4 085	6 050
Company			
2012			
Bonuses	**250**	**423**	**673**
Leave pay	**266**	**91**	**357**
	516	**514**	**1 030**
2011			
Bonuses	–	250	250
Leave pay	283	(17)	266
	283	233	516

Leave pay benefits are expected to be realised within one year of reporting date. Group policy requires all leave pay benefits accrued in the period to be utilised within six months of the subsequent year.

Bonuses are paid on an annual basis, and are based on the Group, subsidiary and individual employee's performance, as assessed and approved by the Remuneration and Nominations Committee.

	GROUP 2012 R'000	GROUP 2011 R'000	**COMPANY 2012 R'000**	COMPANY 2011 R'000
15. GROSS BILLINGS				
Gross billings	**2 605 858**	2 044 439	**18 920**	14 599

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

		GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
16.	**OPERATING PROFIT**				
	Operating profit is stated after:				
	Income				
	Bad debts recovered	**5**	15	**–**	–
	Foreign exchange gains	**2 089**	777	**–**	145
	Profit share on rental agreement (refer note 5)	**64**	570	**–**	–
	Negative goodwill arising from acquisition of subsidiary	**–**	3 868	**–**	–
	Net actuarial gain recognised (refer note 11)	**37**	123	**37**	123
	Profit on disposals of plant and equipment	**111**	94	**–**	2
	Expenditure				
	Auditors' remuneration	**1 254**	1 488	**320**	289
	– In respect of audit services	**1 162**	1 393	**320**	289
	– In respect of other services	**92**	95	**–**	–
	Depreciation and amortisation	**3 776**	3 960	**549**	83
	– Plant and equipment (refer note 2)	**1 985**	1 986	**63**	53
	– Intangible assets (refer note 3)	**1 791**	1 974	**486**	30
	Lease rentals	**9 646**	8 888	**219**	119
	– Premises	**9 210**	8 460	**219**	119
	– Equipment	**436**	428	**–**	–
	Loss on disposals of plant and equipment	**425**	309	**5**	–
	Loss on foreign exchange	**64**	115	**64**	–
	Impairment loss (refer note 3.3)	**–**	1 152	**–**	
	Staff costs	**62 423**	56 580	**4 009**	1 587
	Directors' emoluments (refer note 17)	**19 317**	15 518	**5 476**	4 378
	Directors and past directors – executive				
	– In connection with the affairs of the Company and its subsidiaries	**17 909**	13 940	**4 068**	2 800
	Directors and past directors – non-executive				
	– For services rendered	**1 026**	1 199	**1 026**	1 199
	– For attending meetings	**382**	379	**382**	379

	Directors' fees R'000	Committee fees R'000	Consulting fees R'000	Basic remuneration R'000	Performance bonus R'000	Retirement, medical and other benefits R'000	Total R'000
17. DIRECTORS' EMOLUMENTS							
2012							
Executive							
SJ Chisholm	**–**	**–**	**–**	**848**	**160**	**165**	**1 173**
GH Gerber	**–**	**–**	**–**	**1 633**	**346**	**167**	**2 146**
MF Impson[1]	**–**	**–**	**–**	**674**	**609**	**142**	**1 425**
GM Knight[1]	**–**	**–**	**–**	**1 168**	**240**	**272**	**1 680**
AL van Zyl[2, 3]	**–**	**–**	**–**	**1 440**	**1 229**	**72**	**2 741**
Other directors – subsidiaries	**–**	**–**	**–**	**6 882**	**542**	**1 320**	**8 744**
	–	**–**	**–**	**12 645**	**3 126**	**2 138**	**17 909**
Non-executive							
AD Dixon	**24**	**14**	**–**	**–**	**–**	**–**	**38**
S Donner[4]	**24**	**–**	**1 026**	**–**	**–**	**–**	**1 050**
ESC Garner[5]	**210**	**8**	**–**	**–**	**–**	**–**	**218**
WA Lombard[6]	**28**	**74**	**–**	**–**	**–**	**–**	**102**
	286	**96**	**1 026**	**–**	**–**	**–**	**1 408**
	286	**96**	**1 026**	**12 645**	**3 126**	**2 138**	**19 317**
2011							
Executive							
SJ Chisholm	–	–	–	770	56	130	956
GH Gerber	–	–	–	1 341	94	159	1 594
MF Impson[1]	–	–	–	1 181	61	289	1 531
GM Knight[1]	–	–	–	1 070	84	279	1 433
AL van Zyl[2, 3]	–	–	–	1 366	409	56	1 831
Other directors – subsidiaries	–	–	–	5 239	339	1 017	6 595
	–	–	–	10 967	1 043	1 930	13 940
Non-executive							
AD Dixon	4	8	–	–	–	–	12
S Donner[4]	28	–	1 199	–	–	–	1 227
ESC Garner[5]	148	59	–	–	–	–	207
WA Lombard[6]	40	92	–	–	–	–	132
	220	159	1 199	–	–	–	1 578
	220	159	1 199	10 967	1 043	1 930	15 518

1 *Paid by Impson Logistics.*

2 *Paid by Santova Logistics SA.*

3 *Performance bonus paid in terms of agreement of sale.*

4 *Paid to Alvanley Services (Pty) Limited.*

5 *Paid to Delmas Crushers CC.*

6 *Paid to WAAM CC.*

		GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
18.	**INTEREST RECEIVED**				
	Interest received from third parties	**1 328**	2 265	**–**	7
	Interest received from related parties	**–**	–	**243**	479
		1 328	2 265	**243**	486
19.	**FINANCE COSTS**				
	Bank overdrafts and invoice discounting facilities (refer note 13)	**10 122**	9 728	**–**	–
	Financial liabilities (refer note 5)	**372**	853	**345**	742
	Interest-bearing borrowings (refer note 10)	**84**	120	**9**	–
	Interest paid to related parties (refer note 12)	**–**	6	**198**	–
	Other interest paid	**112**	43	**–**	–
		10 690	10 750	**552**	742
20.	**INCOME TAX EXPENSE**				
	South African tax				
	Current tax				
	– Current year	**7 286**	5 197	**–**	–
	– Prior year	**(17)**	(27)	**–**	(130)
	Deferred tax				
	– Current year	**205**	108	**428**	771
	– Prior year	**(115)**	50	**–**	–
	– Transfer of assets	**–**	–	**169**	–
		7 359	5 328	**597**	641
	Foreign tax				
	– Current tax	**789**	523	**–**	–
	– Deferred tax	**(584)**	40	**–**	–
		205	563	**–**	–
	Tax for the year	**7 564**	5 891	**597**	641
	Reconciliation of rate of taxation	**%**	%	**%**	%
	South African normal tax rate	**28,0**	28,0	**28,0**	28,0
	Adjusted for:				
	– Disallowable expenditure	**0,4**	2,9	**5,9**	12,5
	– Foreign exempt income	**(2,4)**	(4,2)	**–**	–
	– Prior year: current tax	**(0,4)**	(1,0)	**–**	(6,8)
	– Prior year: deferred tax	**(0,4)**	0,2	**–**	–
	– Transfer of assets	**–**	–	**13,3**	–
	– Capital gains tax	**–**	(0,4)	**–**	–
	Effective tax rate	**25,2**	25,5	**47,2**	33,7

		GROUP Actual 2012	GROUP Adjusted[1] 2011	GROUP Actual 2011
21. EARNINGS PER SHARE				
Basic earnings per share	(cents)	**15,82**	12,55	1,25
Headline earnings per share	(cents)	**15,99**	10,65	1,07
Diluted basic earnings per share	(cents)	**15,82**	12,29	1,23
Diluted headline earnings per share	(cents)	**15,99**	10,43	1,04

Basic earnings per share

The calculation of basic earnings per ordinary share is based on net profit attributable to ordinary shareholders of R22 079 280 (2011: R16 963 884), and a weighted average number of ordinary shares, including share commitments, of 139 546 928 (2011: 135 194 400).

Headline earnings per share

The calculation of headline earnings per ordinary share is based on headline earnings of R22 317 997 (2011: R14 402 011), and a weighted average number of ordinary shares, including share commitments, of 139 546 928 (2011: 135 194 400).

Diluted earnings per share

The calculation of diluted earnings per ordinary share is based on earnings of R22 079 280 (2011: R16 963 884) and headline earnings of R22 317 997 (2011: R14 402 011), and a diluted weighted average number of ordinary shares of 139 546 928 (2011: 138 049 344).

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
February 2012				
Profit for the year	**30 063**	**(7 564)**	**(420)**	**22 079**
Adjusted for:				
– Net loss on disposals of plant and equipment (refer note 16)	**314**	**(91)**	**(25)**	**198**
– Impairment of loan	**41**	**–**	**–**	**41**
Headline earnings	**30 418**	**(7 655)**	**(445)**	**22 318**
February 2011				
Profit for the year	23 216	(5 891)	(361)	16 964
Adjusted for:				
– Impairment of goodwill (refer note 3.3)	1 152	–	–	1 152
– Net loss on disposals of plant and equipment (refer note 16)	215	(60)	–	155
– Negative goodwill arising from purchase of subsidiary (refer note 4)	(3 868)	–	–	(3 868)
Headline earnings	20 715	(5 951)	(361)	14 403

Calculation of weighted average number of ordinary shares ("WANOS")	2012 Shares	2011 Shares[2]
Shares in issue at beginning of year	**1 403 827 563**	1 216 327 563
WANOS in issue at beginning of year adjusted for the effect of the 10 to 1 share consolidation	**140 382 756**	121 632 756
WANOS repurchased from MF Impson in terms of exercised put options	**(737 705)**	–
WANOS allotted for purchase of Santova Logistics South Africa (Pty) Limited	**–**	13 561 644
WANOS repurchased in terms of specific and odd-lot offers	**(98 123)**	–
WANOS at end of year	**139 546 928**	135 194 400
Dilution effects:		
Share commitments to Camilla Coleman Trust approved at the 2008 annual general meeting	**–**	2 854 944
Diluted WANOS	**139 546 928**	138 049 344

1 *The "Adjusted" column has been included to illustrate the effect of the 10 to 1 share consolidation on the comparative figures.*

2 *During the year, the Group effected a 10 to 1 share consolidation. In order to show the comparative effect of the consolidation on the prior year WANOS, the amounts have been adjusted as if the share consolidation took place at the beginning of the prior year. The consolidation has no effect on prior year earnings, but the prior year WANOS and diluted WANOS have been adjusted to 135 194 400 and 138 049 344 respectively.*

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
22. NOTES TO THE STATEMENTS OF CASH FLOWS				
22.1 Cash (utilised in)/generated from operations				
Profit before taxation	**30 063**	23 216	**1 266**	1 903
Adjustments for:				
Depreciation and amortisation	**3 776**	3 960	**549**	83
Net loss/(profit) on disposal of plant and equipment	**314**	215	**6**	(1)
Interest received	**(1 328)**	(2 265)	**(243)**	(486)
Finance costs	**10 690**	10 750	**552**	742
Foreign exchange loss/(gain) on financial liabilities	**91**	(147)	**64**	(144)
Loss limitation adjustment in subsidiary	**–**	(315)	**–**	–
Impairment loss	**–**	1 152	**–**	–
Movement in fair value of financial assets and liabilities	**(86)**	250	**–**	–
Movement in retirement benefits	**(37)**	(123)	**(37)**	(123)
Negative goodwill arising from acquisition of subsidiary	**–**	(3 868)	**–**	–
Working capital changes:				
(Increase)/decrease in trade and other receivables	**(70 748)**	(40 996)	**2 028**	(2 262)
Increase in trade payables and provisions	**25 292**	12 626	**25**	101
	(1 973)	4 455	**4 210**	(187)
22.2 Taxation paid/(refunded)				
Charge in the statements of comprehensive income	**7 564**	5 891	**(597)**	641
Adjustment for deferred tax	**494**	(198)	**597**	(771)
Movement in taxation balance	**(140)**	1 978	**–**	(162)
	7 918	7 671	**–**	(292)
22.3 Net cash flows on acquisition of subsidiaries				
Fair value of assets acquired:				
Plant and equipment	**–**	948	**–**	–
Intangible assets	**–**	22 246	**–**	–
Trade receivables	**–**	35 324	**–**	–
Other receivables	**–**	802	**–**	–
Cash and cash equivalents	**–**	11 730	**–**	–
Deferred taxation	**–**	384	**–**	–
Interest-bearing borrowings	**–**	(588)	**–**	–
Trade and other payables	**–**	(23 812)	**–**	–
Current tax payable	**–**	(1 613)	**–**	–
Short-term borrowings and overdraft	**–**	(21 599)	**–**	–
Net assets acquired	**–**	23 822	**–**	–
Goodwill	**–**	(3 868)	**–**	–
Purchase consideration	**–**	19 954	**–**	–
Financial liability at beginning of year	**6 487**	3 301	**4 237**	–
Financial liabilities at end of year	**(4 404)**	(6 208)	**(2 465)**	–
Finance charges relating to financial liability	**252**	523	**228**	–
Effects of foreign currency translations	**91**	(148)	**–**	–
Settled in shares	**–**	(5 625)	**–**	–
Settled in cash	**2 426**	11 797	**2 000**	–
Less: cash and cash equivalents acquired on acquisition	**–**	(11 730)	**–**	–
	2 426	67	**2 000**	–

		GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
23.	**EMPLOYEE BENEFITS**				
	Retirement benefit expense				
	– Provident and pension funds	**4 888**	4 082	**591**	192

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 Pension Funds Act, 1956, exist for this purpose in South Africa, with similar alternative retirement benefit options available for employees of foreign subsidiaries. The schemes are funded by employer and employee contributions, which are charged to the respective entities' statement of comprehensive income as they are incurred.

		GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
24.	**COMMITMENTS**				
	Operating lease commitments				
	No later than one year	**7 870**	8 026	**–**	–
	Later than one year and no later than five years	**13 868**	13 830	**–**	–
	Later than five years	**1 506**	–	**–**	–
		23 244	21 856	**–**	–

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

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

Insurance cell captive

Impson Logistics operates a cell captive with Guardrisk Insurance Company Limited to cover the underlying deductibles of their Open Marine Cargo Insurance policy. In the event of claims being lodged in terms of the Marine Insurance Policy, the insurance cell captive referred to in note 4 will be required to cover the first R50 000 of any claim up to a limit of R100 000 for any one loss or series of losses arising from the same event. The balance of the claim is covered by the Marine Insurance Policy's underwriters.

The maximum claims liability of the cell captive is limited to R750 000 per year, provided that this is matched by the premiums received during the year. Should the premiums received for the year amount to less than R750 000, then Impson Logistics will be liable to fund the cell captive to cover the shortfall.

The cell has received premiums in excess of the R750 000 minimum required during the current year.

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

25. RELATED PARTIES

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

	Net of gross billings and cost of billings for goods and services		Net outstanding balances arising from sale/purchase of goods and services	
Company	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
Alvanley Services (Pty) Limited	**–**	119	**–**	–
Impson Logistics (Pty) Limited	**10 415**	10 454	**37**	–
Santova Administration Services (Pty) Limited (formerly Santova (Pty) Limited)	**96**	–	**32**	–
Santova Financial Services (Pty) Limited	**785**	702	**15**	–
Santova Logistics B.V. (Netherlands)	**287**	–	**–**	–
Santova Logistics Limited (Hong Kong)	**204**	600	**1**	486
Santova Logistics Limited (United Kingdom)	**235**	71	**23**	71
Santova Logistics Pty Limited (formerly McGregor Sea and Air Services Pty Limited)	**448**	389	**–**	389
Santova Logistics South Africa (Pty) Limited	**2 617**	1 378	**1**	1 368
	15 087	13 713	**109**	2 314

	Interest on loans (from)/to related parties		Loans to/(from) related parties	
Company	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
ACN 123 200 760 Pty Limited (formerly Santova Logistics Pty Limited)	**–**	4	**–**	9
Impson Logistics (Pty) Limited	**(171)**	256	**(6 303)**	1 082
Santova Administration Services (Pty) Limited (formerly Santova (Pty) Limited)	**1**	–	**297**	–
Santova Financial Services (Pty) Limited	**–**	–	**200**	–
Santova Logistics B.V. (Netherlands)	**131**	111	**1 529**	1 395
Santova Logistics Limited (Hong Kong)	**–**	–	**2**	–
Santova Logistics Limited (United Kingdom)	**96**	109	**834**	1 186
Santova Logistics Pty Limited (formerly McGregor Sea and Air Services Pty Limited)	**–**	–	**11**	–
Santova Logistics South Africa (Pty) Limited	**(12)**	–	**(502)**	–
	45	476	**(3 932)**	3 663

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
26. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES				
Categories of financial instruments				
Financial assets				
Loans and receivables	**344 904**	274 670	**4 110**	6 505
Financial assets at fair value through profit or loss	**522**	458	**–**	–
Financial liabilities				
Financial liabilities at fair value through profit or loss	**131**	153	**–**	–
Financial liabilities measured at amortised cost	**283 168**	235 651	**12 962**	10 139
Reconciliation to statements of financial position				
Trade receivables	**320 311**	248 820	**308**	2 428
Other receivables	**11 046**	11 789	**129**	37
Amounts owing from related parties	**761**	573	**2 883**	3 673
Cash and cash equivalents	**12 786**	13 488	**790**	367
Loans and receivables	**344 904**	274 670	**4 110**	6 505
Financial asset	**522**	458	**–**	–
Financial assets at fair value through profit or loss	**522**	458	**–**	–
Financial liability	**131**	153	**–**	–
Financial liabilities at fair value through profit or loss	**131**	153	**–**	–
Trade and other payables	**139 002**	116 811	**1 514**	2 003
Amounts owing to related parties	**246**	157	**6 815**	–
Interest-bearing borrowings	**321**	469	**–**	–
Financial liabilities	**5 347**	9 223	**4 633**	8 136
Short-term borrowings and overdraft	**138 252**	108 991	**–**	–
Financial liabilities measured at amortised cost	**283 168**	235 651	**12 962**	10 139

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 43 to 45 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.

26. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

26.1 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:

	2012 Foreign currency balances R'000	2012 Forward exchange contracts R'000	2012 Net uncovered position R'000	2011 Foreign currency balances R'000	2011 Forward exchange contracts R'000	2011 Net uncovered position R'000
Credit balances						
Australian Dollar	**(1 528)**	**1 278**	**(250)**	(119)	105	(14)
British Pound	**(362)**	**215**	**(147)**	(640)	814	174
Euro	**(2 548)**	**3 386**	**838**	(2 671)	1 784	(887)
US Dollar	**(34)**	**35**	**1**	(2 742)	2 927	185
Other	**(254)**	**285**	**31**	(253)	124	(129)
Debit balances						
US Dollar	**335**	**–**	**335**	67	–	67
	(4 391)	**5 199**	**808**	(6 358)	5 754	(604)

Foreign currency sensitivity

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

Sensitivity analysis	**2012 R'000**	2011 R'000
If the foreign currency rates had been 10,0% higher/lower and all other variables held constant, the Group's profit before taxation for the year would increase/decrease by	**81**	60

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.

26. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

26.1 Foreign currency risk management continued

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

	Buy AUD[1]	Buy CHF[2]	Buy EUR[3]	Buy GBP[4]	Buy CAD[5]	Buy SEK[6]	Buy USD[7]	Buy HKD[8]
Average exchange rate								
2012	**8,34**	**8,51**	**10,30**	**12,30**	**7,66**	**1,18**	**7,70**	**1,05**
2011	7,34	7,73	9,81	11,63	–	1,14	7,24	0,92
Foreign currency								
2012	**4 198**	**14 015**	**124 000**	**17 500**	**548**	**52 627**	**440 000**	**94 797**
2011	14 284	6 734	181 885	69 999	–	3 224	404 018	70 936
Contract value (Rands)								
2012	**35 025**	**119 324**	**1 277 732**	**215 302**	**4 199**	**61 921**	**3 385 836**	**99 445**
2011	104 849	52 033	1 783 544	814 410	–	3 665	2 926 625	65 146
Year end value (Rands)[9]								
2012	**33 895**	**117 162**	**1 248 382**	**208 475**	**4 144**	**60 132**	**3 377 562**	**92 095**
2011	101 236	50 779	1 758 164	790 047	–	3 567	2 821 338	63 509

[1] *Australian Dollar* [2] *Swiss Frank* [3] *Euro* [4] *British Pound*
[5] *Canadian Dollar* [6] *Swedish Krona* [7] *United States Dollar* [8] *Hong Kong Dollar*
[9] *The year end value represents the foreign currency exposure translated at the closing spot rate at year end.*

The Group does not have any balances or forward exchange contracts at the end of the current year relating to the New Zealand Dollar (NZD). (2011: NZD – Average exchange rate: 5.74; Foreign currency: 544; Contract value (Rands): 3 123; Fair value (Rands): 2 856)

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

26.2 Interest rate risk management

The Group is exposed to interest rate risk in respect of variable rate borrowings and fixed and variable rate disbursement fees on monies disbursed on behalf of customers. This risk is managed predominantly through monitoring and negotiation of interest rates by management on an ongoing basis with financing suppliers and customers.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure of short-term borrowings and overdraft to interest rates. A 50 basis point increase or decrease has been used for a period of 45 days, being the average credit term from invoice date of trade receivables.

Sensitivity analysis	**GROUP 2012 R'000**	GROUP 2011 R'000
If the interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's profit before taxation would increase/decrease by	**81**	73

26.3 Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy customers. Trade receivables comprise a widespread customer base and Group companies undertake ongoing credit evaluations of the financial condition of their customers. Where appropriate, credit guarantee insurance cover is purchased for all debtors in terms of the respective invoice discounting facilities, which is covered at a rate of 90,0%. Insurance cover is provided by Coface South Africa Services (Pty) Limited and Credit Guarantee Insurance Corporation for the South African operations, and AIG South Africa (Pty) Limited for the United Kingdom and Hong Kong subsidiaries. Management regularly assesses the counterparty risk of these insurers. At 29 February 2012, the Group does not consider there to be any material credit risk that has not been insured or adequately provided for.

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

26. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

26.3 Credit risk management continued

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

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Not past due	**260 420**	215 264	**308**	2 247
Past due by 0 to 30 days	**41 743**	22 808	**–**	–
Past due by 31 to 60 days	**9 199**	8 438	**–**	26
Past due by 61 to 90 days	**5 360**	3 658	**–**	71
Past due over 90 days	**5 269**	4 225	**9**	3 186
Trade receivables	**321 991**	254 393	**317**	5 530
Provision for impairment of receivables (refer note 7)	**(1 680)**	(5 573)	**(9)**	(3 102)
Total trade receivables	**320 311**	248 820	**308**	2 428

26.4 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring cash flows and the maturity profiles of financial assets and financial liabilities.

There were no defaults of terms with lenders during the year.

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

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Facilities available (refer note 13)				
Bank overdraft	**23 029**	22 928	**–**	–
Invoice discounting facilities	**262 954**	257 425	**–**	–
Total facilities available	**285 983**	280 353	**–**	–
Facilities utilised at year end (refer note 13)				
Bank overdraft	**3 160**	306	**–**	–
Invoice discounting facilities	**135 092**	108 685	**–**	–
Total facilities utilised	**138 252**	108 991	**–**	–
Available unutilised facilities				
Bank overdraft	**19 869**	22 622	**–**	–
Invoice discounting facilities	**127 862**	148 740	**–**	–
Total available unutilised facilities	**147 731**	171 362	**–**	–

26. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES continued

26.4 Liquidity risk management continued

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

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2012					
Non-interest-bearing	**63 332**	**263 496**	**5 290**	**–**	**332 118**
Interest-bearing	**12 786**	**–**	**–**	**–**	**12 786**
	76 118	**263 496**	**5 290**	**–**	**344 904**
2011					
Non-interest-bearing	40 221	217 097	3 864	–	261 182
Interest-bearing	13 488	–	–	–	13 488
	53 709	217 097	3 864	–	274 670

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

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2012					
Non-interest-bearing	**139 002**	**–**	**–**	**–**	**139 002**
Interest-bearing	**138 512**	**52**	**2 557**	**3 045**	**144 166**
	277 514	**52**	**2 557**	**3 045**	**283 168**
2011					
Non-interest-bearing	116 884	–	–	–	116 884
Interest-bearing	109 070	2 203	3 663	3 831	118 767
	225 954	2 203	3 663	3 831	235 651

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

	Within one month R'000	One to three months R'000	Three to 12 months R'000	Greater than 12 months R'000	Total R'000
2012					
Forward exchange contracts	**–**	**(131)**	**–**	**–**	**(131)**
Profit share derivative on rental agreement	**522**	**–**	**–**	**–**	**522**
	522	**(131)**	**–**	**–**	**391**
2011					
Forward exchange contracts	3	(156)	–	–	(153)
Profit share derivative on rental agreement	–	–	–	458	458
	3	(156)	–	458	305

	Number of shareholders	% of shareholders	Number of shares*	% of shares
Shareholder spread				
1 to 1 000 shares	**149**	**18,91**	**100 205**	**0,07**
1 001 to 10 000 shares	**315**	**39,97**	**1 513 897**	**1,13**
10 001 to 100 000 shares	**241**	**30,58**	**8 844 405**	**6,59**
100 001 to 1 000 000 shares	**63**	**7,99**	**15 884 560**	**11,83**
1 000 001 shares and over	**20**	**2,54**	**107 934 119**	**80,38**
Total	**788**	**100,00**	**134 277 186**	**100,00**
Distribution of shareholders				
Banks	**12**	**1,52**	**20 657 232**	**15,38**
Close corporations	**17**	**2,16**	**1 749 322**	**1,30**
Endowment funds	**2**	**0,25**	**54 000**	**0,04**
Individuals	**667**	**84,64**	**39 365 408**	**29,32**
Investment companies	**8**	**1,02**	**8 034 475**	**5,89**
Nominees and trusts	**46**	**5,84**	**10 138 474**	**7,55**
Other corporations	**7**	**0,89**	**96 480**	**0,07**
Private companies	**27**	**3,43**	**48 577 229**	**36,18**
Public companies	**2**	**0,25**	**5 604 566**	**4,17**
Total	**788**	**100,00**	**134 277 186**	**100,00**
Public/non-public shareholders				
Non-public shareholders	**15**	**1,90**	**62 055 682**	**46,22**
Directors and associates of the Company holdings	**14**	**1,77**	**30 908 373**	**23,02**
Strategic holdings (more than 10,0%)	**1**	**0,13**	**31 147 309**	**23,20**
Public shareholders	**773**	**98,20**	**72 221 504**	**53,78**
Total	**788**	**100,00**	**134 277 186**	**100,00**
Beneficial shareholders holding 5,0% or more				
Maitland Management Limited			**31 147 309**	**23,20**
AL van Zyl			**15 625 000**	**11,64**
			46 772 309	**34,84**
Custodians holding 5,0% or more				
SIX SIS			**10 700 000**	**7,97**

* *All share amounts have been adjusted for the effects of the 10 to 1 share consolidation that took place during the year.*

Breakdown of directors and associates of the Company holdings as at 29 February 2012*:

	Direct number of shares	% of shares	Indirect number of shares	% of shares
Directors' beneficial holdings	**17 707 488**	**13,20**	**4 416 162**	**3,29**
SJ Chisholm (resigned 29 February 2012)	**34 988**	**0,03**	**–**	**–**
AD Dixon	**280 000**	**0,21**	**–**	**–**
ESC Garner	**–**	**–**	**300 000**	**0,22**
Delmas Crushers CC	**–**	**–**	**300 000**	**0,22**
GH Gerber	**87 500**	**0,07**	**4 116 162**	**3,07**
GH Gerber	**87 500**	**0,07**	**–**	**–**
Lloyd Investment Trust	**–**	**–**	**1 388 889**	**1,04**
Staff Capital (Pty) Limited	**–**	**–**	**2 727 273**	**2,03**
GM Knight	**1 680 000**	**1,25**	**–**	**–**
AL van Zyl	**15 625 000**	**11,64**	**–**	**–**
Directors of subsidiary companies beneficial holdings	**3 768 203**	**2,82**	**5 016 520**	**3,74**
TK Blond	**1 272 495**	**0,95**	**–**	**–**
GH Crews	**237 300**	**0,18**	**–**	**–**
L Notelovitz	**52 333**	**0,04**	**–**	**–**
R Singh	**787 008**	**0,59**	**5 016 520**	**3,74**
R Singh	**787 008**	**0,59**	**–**	**–**
Rajin Singh Family Trust	**–**	**–**	**5 016 520**	**3,74**
GW Stay	**1 419 067**	**1,06**	**–**	**–**
Total	**21 475 691**	**16,02**	**9 432 682**	**7,02**

* *All share amounts have been adjusted for the effects of the 10 to 1 share consolidation that took place during the year.*

TRADE ANALYSIS

Year	Month	High sale	Low sale	Number of deals	Volume	Value
2011	March	8	6	40	2 950 186	188 654
2011	April	7	5	25	2 169 728	138 484
2011	May	9	6	131	8 788 914	737 590
2011	June	8	6	51	4 998 727	329 737
2011	July	7	6	27	2 020 535	126 536
2011	August	7	5	15	2 092 900	120 425
2011	September	7	5	107	3 431 482	200 574
2011	October	8	5	106	4 046 932	274 372
2011	November	10	6	111	7 049 607	604 408
2011	December[1]	90	8	99	2 289 898	679 594
2012	January	89	68	68	466 246	362 707
2012	February	93	73	117	972 671	839 223

JSE STATISTICS[2]		Statistics
Traded price		
Close	(cents per share)	81
High (before/after share consolidation)	(cents per share)	11/93
Low (before/after share consolidation)	(cents per share)	5/65
Market capitalisation	(R)	108 764 521
Value of shares traded	(R)	4 602 403
Value traded as percentage of market capitalisation	(percentage)	4,23
Volume of shares traded	(shares)	5 422 808
Volume traded as a percentage of number in issue	(percentage)	4,04
Price earnings ratio	(ratio)	5,12
Dividend yield	(percentage)	0,0
Earnings yield	(percentage)	19,53
Year end market price/net asset value	(ratio)	0,9
Shares in issue at end of year	(shares)	134 277 186
Shares issued during the year	(shares)	2 500 000
Shares repurchased during the year	(shares)	5 835 516
Number of shareholders	(individuals)	788

1 *The 10 to 1 share consolidation was effective on the JSE on 19 December 2011. As a result the December 2011 statistics reflect figures for both pre and post share consolidation. The months of January and February 2012 will reflect the effect of the share consolidation in full.*

2 *All statistics calculations take into effect the 10 to 1 share consolidation, as if it took place at the beginning of the year.*

SHAREHOLDERS' CALENDAR

Activity	Date
Financial year end	29 February 2012
Release of trading update	26 April 2012
Release of abridged Group results on SENS	16 May 2012
Release of abridged Group results in the press	17 May 2012
Dispatch of 2012 Annual Integrated Report (on or about)	29 May 2012
2012 Annual General Meeting	24 July 2012
Release of interim statements for the six months ending 31 August 2012	October 2012

Corporate information

SANTOVA LIMITED
(formerly Santova Logistics Limited)

Country of incorporation
Republic of South Africa

Registration number
1998/018118/06

Share code
SNV

ISIN
ZAE000159711

Nature of business
International logistics solutions provider

Directors
ESC Garner* (Chairman)
GH Gerber (Chief Executive Officer)
DC Edley (Group Financial Director)
AD Dixon*
S Donner**
GM Knight
WA Lombard*
AL van Zyl
* *Independent non-executive*
** *Non-executive*

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

JSE Sponsor
River Group
Block C, Second Floor, 225 Veale Street,
Brooklyn, 0181

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

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

Legal advisor
Livingston Leandy Inc.
PO Box 4107, Umhlanga Rocks, 4320

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

Postal address
PO Box 6148, Durban, 4000

Investor relations
Contact number +27 31 374 7115

E-mail
enquiries@santova.com

Website
www.santova.com

Group Bankers
Local
FirstRand Bank Limited
Investec Bank Limited
Nedbank Limited
Standard Bank of South Africa Limited

Foreign
ABN Amro Bank N.V.
Australia and New Zealand Banking Group Limited (ANZ)
Allianz Finance Pty Limited, Australia
Hong Kong and Shanghai Banking Corporation (HSBC)
National Westminster Bank (NatWest)
Rabobank Group

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

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

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

Impson Pietermaritzburg
Business address
Redlands Estate, Mahogany Court
2 George McFarlane Lane
Pietermaritzburg, 3201
Contact number +27 33 342 4689

Impson Port Elizabeth
Business address
3rd Floor, Greyville House, Ring Road
Greenacres, Port Elizabeth, 6045
Contact number +27 41 397 3500

Impson Sasolburg
Business address
Building No 32, Eric Louw Road
Venco Park, Sasolburg, 1947

Santova Administration Services (Pty) Limited
(formerly Santova (Pty) Limited)
(registered in South Africa)
Business address
2nd Floor, Santova House
88 Mahatma Gandhi Road, Durban, 4001
Contact number +27 31 374 7200

Santova Financial Services (Pty) Limited
(registered in South Africa)
Business address
2nd Floor, Santova House
88 Mahatma Gandhi Road, Durban, 4001
Contact number +27 31 374 7200

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

Schiphol Office
Business address
Boeing Avenue 50-68, 1119 PE
Schiphol-RIJK, Amsterdam, Netherlands
Contact number +31 20 820 8253

Santova Logistics Limited
(registered in Hong Kong)
Business address
Rooms 1501 – 1502, 15/F,
Bonham Trade Centre
50 Bonham Strand East
Sheung Wan, Hong Kong
Contact number +852 3622 2106

Santova Logistics Limited
(registered in the United Kingdom)
Business address
Churchill House
Horndon Business Park, Station Road
West Horndon, Brentwood, Essex
CM13 3XD, United Kingdom
Contact number +44 127 781 2811

Heathrow Office
Business address
Unit 1, Fiveways Business Centre
Aspen Way, Feltham, Middlesex
TW13 7AQ, United Kingdom
Contact number +44 20 8751 2148

Santova Logistics Pty Limited
(formerly McGregor Sea and Air Services Pty Limited)
(registered in Australia)
Business address
Unit 9, 77-79 Bourke Road
Alexandria, NSW, 2015, Australia
Contact number +61 286 678 777

Santova Logistics South Africa (Pty) Limited
(registered in South Africa)
Business address
67 Loper Street, Aeroport Park
Spartan Extn 2, Kempton Park, 1620
Contact number +27 11 974 2278

Santova share option scheme

At the annual general meeting, shareholders will be asked to approve the proposed Santova Share Option Scheme ("the Share Scheme") as a means for incentivising and retaining senior management and executive directors. The salient features of the Share Option Scheme are as follows:

1. The Group will grant share options to qualifying employees to acquire shares in Santova Limited ("Santova") in terms of the Santova Share Option Scheme.
2. The option price will be determined with reference to the 30 day volume weighted average price on the grant date.
3. Each share option will have a vesting period of three years and will be granted annually, or as and when appropriate. Employees will have to remain within the employment of the Group for the duration of the vesting period in order for the share options to vest. Additional conditions will apply in the event of the death or retirement of a participating employee, prior to reaching the vesting date.
4. On vesting, the share options must be exercised on specific nominated dates within a period of 12 months from the vesting date. Employees must exercise 100% of the options granted.
5. On exercising the share options, employees will be paid a cash contribution equal to 50% of the cost of the shares to be acquired at the option price. The contribution will be paid specifically for the purpose of exercising the share options and will not be paid to the employees, but will be set off against the cost of the shares being acquired. The cash contribution and share issue will be treated as a fringe benefit to the employees, and will be fully taxable in terms of the relevant tax legislation.
6. In terms of paying for the cost of the shares and related taxes on exercising the share options, the employees must choose between two alternatives:
   - 6.1. The employees may pay the cost and related taxes themselves and the shares will be released immediately to the employees upon receipt of payment; or
   - 6.2. The shares will be issued and a corresponding loan to the employee raised, pending the sale of a sufficient portion of the shares to fund the purchase price and related taxes. In this event the shares will be held as security pending full payment and the Company will facilitate the sale through a restricted brokers' account under its control. Once full payment has been received by the Company from the sale, the balance of the shares will then be released to the employee.
7. Santova will issue new shares to employees exercising their share options.
8. The Santova Share Option Scheme will be governed on an ongoing basis by the Remuneration and Nominations Committee ("Remco"). Non-executive directors will not be entitled to participate in the Share Option Scheme.
9. The Remco will be responsible for nominating a Compliance Officer to act and report on the Share Option Scheme in terms of the 2008 Companies Act.
10. The Share Option Scheme conforms to Schedule 14 of the JSE Listings Requirements and has been approved by the JSE Limited. The Share Option Scheme Rules, Employee Guide to the Share Plan and supporting documentation will be available for inspection at the registered office of the Company, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 from 31 May 2012 to 26 July 2012.

Section 45 notice

NOTICE IN TERMS OF SECTION 45(5) OF THE COMPANIES ACT IN RESPECT OF SPECIAL RESOLUTION NUMBER 3

1. At the Annual General Meeting referred to in the Notice of Annual General Meeting to which this Section 45 Notice is attached, the Board will seek authority from the shareholders of the Company for it to provide, at any time and from time to time until the conclusion of the next Annual General Meeting of the Company to be held in 2013, any direct or indirect financial assistance as contemplated in Section 44 and/or 45 of the Companies Act to any of its present or future subsidiaries, any other related or inter-related company or corporation, a member of a related or inter-related corporation and/or a person related to any such company, corporation or member.
2. On 14 May 2012, the Board adopted a resolution authorising the financial assistance set out in the annexure (Financial Assistance Board Resolution), subject to the aforesaid special resolution being duly passed by shareholders.
3. Section 45(5) of the Companies Act obligates the Company to provide written notice, inter alia, to all shareholders within 10 business days of the Board adopting a resolution to do anything contemplated in Section 45(2), as is done in the aforesaid special resolution, where the total value of all loans, debts, obligations or assistance contemplated in that Board resolution, together with any previous such resolutions during the financial year, exceeds one-tenth of 1% of the Company's net worth at the time of that resolution.
4. As the total value of the financial assistance conditionally approved to be approved, in terms of the Financial Assistance Board Resolution, exceeds the threshold set out in point 3, the requisite written notice is hereby provided.

TABLE OF FINANCIAL ASSISTANCE	
NEDBANK INVOICE DISCOUNTING FACILITIES	
Contract parties	Impson Logistics (Pty) Limited and Santova Logistics South Africa (Pty) Limited
Description of facility	Unlimited suretyships (incorporating cession of claims) given by Santova Limited, Impson Logistics (Pty) Limited and Santova Logistics South Africa (Pty) Limited in favour of Nedbank Limited, in respect of the Invoice Discounting Facilities granted by Nedbank Limited to Impson Logistics (Pty) Limited and Santova Logistics South Africa (Pty) Limited
Value	Impson Logistics (Pty) Limited has a facility of R192 million and Santova Logistics South Africa (Pty) Limited a facility of R57 million
Effective date	15 February 2012 and renewable annually
ALLIANZ (AUSTRALIA) INVOICE DISCOUNTING FACILITY	
Contract parties	Santova Logistics Pty Limited (Australia)
Description of facility	A guarantee and indemnity given by Santova Limited in favour of Allianz Finance Pty Limited in support of an AU$1,5 million invoice discounting facility provided by Allianz Finance Pty Limited to Santova Logistics Pty Limited (Australia)
Value	AU$ 2 million
Effective date	21 February 2012
NETHERLANDS OVERDRAFT FACILITY	
Contract parties	Santova Logistics B.V. (Netherlands)
Description of facility	A guarantee given by Santova Limited in favour of ABN Amro Bank N.V. in support of an overdraft facility provided by ABN Amro Bank N.V. to Santova Logistics B.V. (Netherlands)
Value	EUR200 000
Effective date	27 August 2010
UNITED KINGDOM OVERDRAFT AND TERM LOAN FACILITY	
Contract parties	Santova Logistics Limited (United Kingdom)
Description of facility	A bank guarantee to be procured by Santova Limited in favour of National Westminster Bank Plc in support of a proposed overdraft and term loan facility to be provided by National Westminster Bank Plc to Santova Logistics Limited (United Kingdom)
Value	GBP200 000
Effective date	In the process of finalisation
INTERCOMPANY CURRENT ACCOUNTS	
Contract parties	Santova Limited and all of its subsidiaries
Description of facility	In the normal course of business Santova Limited and its subsidiaries invoice one another for services rendered, which results in the creation of intercompany current accounts. Such intercompany current accounts are given standard credit terms and are settled on a monthly basis by the local subsidiaries and quarterly basis by the foreign subsidiaries
Value	Varies depending on the level of services rendered
Effective date	On-going basis
INTERCOMPANY LOAN ACCOUNTS	
Contract parties	Santova Limited and all of its subsidiaries
Description of facility	Santova Limited operates a centralised Group Treasury Function and may from time to time call upon various subsidiaries that hold excess funds, to provide funding to another Group company where further investment may be required. These payments result in the creation of intercompany loan accounts. Such intercompany loan accounts bear interest at market related rates and typically have no fixed repayment dates
Value	Varies depending on circumstances applicable at the time
Effective date	On-going basis
FINANCIAL ASSISTANCE TO DIRECTORS IN TERMS OF THE PROPOSED SANTOVA SHARE OPTION SCHEME	
Contract parties	Executive directors of the company and its subsidiaries
Description of facility	In terms of the proposed Santova Share Option Scheme to be voted upon at the Annual General Meeting on 24 July 2012, where a director exercises an option in terms of the scheme, the Company may provide short-term financial assistance in the form of a loan so as to enable the director to acquire the shares, pending a sale of a portion of the shares to fund the purchase price of the shares and any related taxation
Value	Varying amounts depending on the value of options granted
Effective date	Implementation of Santova Share Option Scheme is to be voted on at the Annual General Meeting on 24 July 2012

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.

Kindly note that meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified.

NOTICE IS HEREBY GIVEN to shareholders as recorded in the Company's securities register on Friday 13 July 2012 that the Annual General Meeting of the shareholders of Santova Limited will be held in the Harbour View Boardroom, Santova House, 88 Mahatma Gandhi Road, Durban on Tuesday, 24 July 2012 at 12:00 for the purposes of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, No 71 of 2008, as amended ("the Companies Act"), as read with the Listings Requirements of JSE Limited ("JSE Listings Requirements"), which meeting is to be participated in and voted at by shareholders as at the record date of Thursday, 19 July 2012.

Reference made to the "Memorandum of Incorporation" of the Company in this notice of the Annual General Meeting means the Memorandum and Articles of Association of the Company as it existed prior to the commencement of the Companies Act on 1 May 2011. As of 1 May 2011, the Memorandum of Association and Articles of Association of a pre-existing company are deemed to be the "Memorandum of Incorporation" of a company in terms of the definition of "Memorandum of Incorporation" contained in Section 1 of the Companies Act. Accordingly, we refer to the "Memorandum of Incorporation" of the Company throughout the document instead of the "Memorandum and Articles of Association" of the Company, except in instances where it is necessary for purposes of clarity.

THE PERCENTAGE OF VOTING RIGHTS REQUIRED FOR ORDINARY RESOLUTION NUMBERS 1 TO 8 TO BE ADOPTED IS IN EXCESS OF 50% (FIFTY PERCENT) OF THE VOTING RIGHTS EXERCISED ON THESE RESOLUTIONS.

1. Ordinary resolution number 1 – Presentation of annual financial statements

"That the audited annual financial statements of the Company and the Group for the year ended 29 February 2012 (as approved by the Board of Directors of the Company), including the Directors' Report, the Report of the Auditors and the Report of the Audit and Risk Committee, having been considered and be adopted."

2. Ordinary resolution number 2 – Confirmation of appointment of director

"That having been appointed a director by the Board of Directors of the Company on 1 March 2012 in terms of Article 83.2.1 of the Company's Memorandum of Incorporation, the appointment of DC Edley as a director of the Company be and it is hereby confirmed."

Refer to page 11 of the Annual Integrated Report of which this notice forms part for a brief profile of this director.

3. Ordinary resolution numbers 3 and 4 – Re-election of directors due to rotation

3.1 Ordinary resolution number 3 – Re-election of ESC Garner

"That ESC Garner, who is required to retire by rotation at this Annual General Meeting in terms of Article 80 of the Company's Memorandum of Incorporation, but being eligible has offered himself for re-election, is hereby re-appointed as a director of the Company with immediate effect."

3.2 Ordinary resolution number 4 – Re-election of S Donner

"That S Donner, who is required to retire by rotation at this Annual General Meeting in terms of Article 80 of the Company's Memorandum of Incorporation, but being eligible has offered himself for re-election, is hereby re-appointed as a director of the Company with immediate effect."

Motivation for ordinary resolutions numbers 3 and 4

One-third of the directors are required to retire at each Annual General Meeting in terms of Article 80 of the Company's Memorandum of Incorporation. These directors may offer themselves for re-election. The Board recommends to shareholders the re-election of the directors mentioned in ordinary resolution numbers 3 and 4, who retire by rotation, but being eligible, have offered themselves for re-election. The re-election of the said directors must be voted upon as separate resolutions.

The profiles of the directors standing for re-election as outlined in ordinary resolution numbers 3 and 4 above appear on page 10 of this Annual Integrated Report.

4. Ordinary resolution number 5 – Election of Audit and Risk Committee members

"That the shareholders elect, each by way of a separate resolution, the following independent non-executive directors as members of the Company's Audit and Risk Committee to remain members until the conclusion of the next Annual General Meeting of the Company:

- Anthony David Dixon
- Edward Sephton Clayton Garner
- Warwick Adrian Lombard."

Motivation for ordinary resolution number 5
The Company, being a public listed company, is required by the Companies Act to appoint an Audit Committee whose members must be appointed by the shareholders. The Company has appointed an Audit and Risk Committee and seeks authority to re-appoint the members of that Committee at the Annual General Meeting.

The profiles of the directors standing for re-election as outlined in ordinary resolution number 4 above appear on page 10 of this Annual Integrated Report.

5. **Ordinary resolution number 6 – Re-appointment of Deloitte & Touche as auditors of the Company**
"That the re-appointment of Deloitte & Touche, as recommended by the Company's Audit and Risk Committee, as independent auditors of the Company, and Stephen Munro as the registered partner, to hold office until the conclusion of the next Annual General Meeting of the Company, be and is hereby approved."

6. **Ordinary resolution number 7 – Non-binding advisory endorsement on the Company's remuneration policy**
"That the Company's remuneration policy (excluding the remuneration of the non-executive and independent directors for their services as directors and members of Board committees) as set out in the Remuneration Report on page 22, is hereby endorsed on a non-binding advisory basis."

Motivation for ordinary resolution number 7
King III recommends that the remuneration policy be tabled to shareholders for a non-binding advisory vote at each Annual General Meeting. The Company's remuneration policy appears in the Remuneration Report on page 22 of the Annual Integrated Report.

THE PERCENTAGE OF VOTING RIGHTS REQUIRED FOR SPECIAL RESOLUTION NUMBERS 1 TO 6 TO BE ADOPTED IS 75% (SEVENTY-FIVE PERCENT) OR MORE OF THE VOTING RIGHTS EXERCISED ON THESE RESOLUTIONS.

7. **Special resolution number 1 – Remuneration of independent and non-executive directors**
"That in terms of Section 66(9) of the Companies Act and with immediate effect and until the conclusion of the next Annual General Meeting in 2013, the fees payable to the independent and non-executive directors of the Company for their services as directors be approved as follows:

• For directors' attendance at Board meetings	R9 250 per meeting
• Audit and Risk Committee Chairman	R17 250 per meeting
• Audit and Risk Committee meetings	R8 000 per meeting
• Social, Ethics and Remuneration Committee meetings	R7 000 per meeting
• Chairman (includes attendance at meetings)	R287 500 per annum."

Explanatory note to special resolution number 1
In terms of Section 66(8) and 66(9) of the Companies Act, which took effect on 1 May 2011, remuneration may only be paid to directors, for their services as directors, in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's Memorandum of Incorporation.

Special resolution number 1 is required in order to obtain the approval of the Company, in general meeting, of the remuneration payable to the independent and non-executive directors for the period commencing immediately and ending at the conclusion of the next Annual General Meeting. Increases in remuneration are implemented only after formal approval has been obtained.

8. **Special resolution number 2 – Approval of the Santova Share Option Scheme**
"That

(i) The Santova Share Option Scheme ("the Share Option Scheme") is hereby approved and adopted; and

(ii) Any director of the Company be and is hereby authorised to do all such things as he considers necessary or desirable to give effect to this resolution."

The principle terms of the Santova Share Option Scheme are summarised on page 77 of the Annual Integrated Report. A copy of the rules of the Scheme is available for inspection during normal business hours at the Company's registered office, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 from 31 May 2012 until 26 July 2012.

Motivation for special resolution number 2
In accordance with Schedule 14 of the JSE Listings Requirements, shareholder approval is required for any share incentive plan. The Santova Share Purchase and Option Scheme replaces the Santova Share Option Scheme and Purchase Scheme as the main performance linked share incentive plan for executive directors and other senior employees. The Santova Share Option Scheme is recommended to shareholders to incentivise performance and execution of the Company's strategic goals, to ensure that performance-linked remuneration reflects the emerging regulatory environment, to create alignment with shareholder interests and to focus on sustained growth for all stakeholders.

9. **Special resolution number 3 – Financial assistance to subsidiaries and other related or inter-related parties**
"That, to the extent required by the Companies Act, the Board of Directors of the Company ("the Board") may, subject to compliance with the requirements of the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide any direct or indirect financial assistance,

including by way of lending money, guaranteeing a loan or other obligation, and securing any debt or obligation, or otherwise to any of its present or future subsidiaries, and/or to a member of a related or inter-related (as defined in the Companies Act) company or corporation, and/or to a member of a related or inter-related corporation, and/or to a person related to any such company, corporation or member, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, as contemplated in sections 44 and/or 45 of the Companies Act, for such amounts and on such terms and conditions as the Board may determine. This authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2013."

SHAREHOLDERS ARE REFERRED TO THE NOTICE TO SHAREHOLDERS IN TERMS OF SECTION 45(5) OF THE COMPANIES ACT SET OUT ON PAGE 78 OF THIS ANNUAL INTEGRATED REPORT.

Explanatory note to special resolution number 3
Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on an interpretation thereof, the body of the section also applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, and to a person related to any such company, corporation or member.

Further, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, or a person related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or inter-related company.

Both sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of shareholders adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients, and the specific recipient falls within that category and the Board of Directors is satisfied that: (1) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in the Companies Act); and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

As part of the normal conduct of the business of the Company and its subsidiaries or associates ("the Santova Group"), the Company, where necessary, usually provides financial assistance, guarantees and other support undertakings to third parties on behalf of its local and foreign subsidiaries and joint ventures or partnerships in which the Company or members of the Santova Group have an interest. This is particularly so where funding is raised by the foreign subsidiaries of the Group, by way of borrowings or guarantees for the purposes of the conduct of their operations. Previously, in terms of the Company's Articles of Association and the Companies Act, 61 of 1973, as amended, the Company was not precluded from providing the aforementioned financial assistance. The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 25 of the Companies Act. Furthermore, it may be necessary for the Company to provide financial assistance to any of its present or future subsidiaries, and/or to any related or inter-related company or corporation, and/or to a member of a related or inter-related corporation, and/or to a person related to any such company, corporation or member, to subscribe for options or securities of the Company or another company related or inter-related to it. Under the Companies Act, the Company will, however, require the special resolution referred to above to be adopted. It is difficult to foresee the exact details of the financial assistance that the Company may be required to provide over the next two years. It is essential, however, that the Company is able to organise effectively its internal financial administration. For these reasons it is necessary to obtain the approval of shareholders as set out in special resolution number 3.

It should be noted that this resolution does not authorise financial assistance to a director or a prescribed officer of the Company or any company or person related to such a director or prescribed officer.

10. Ordinary resolution number 7 – Unissued shares to be placed under the control of the directors
"That the authorised but unissued ordinary shares in the capital of the Company are hereby placed under the control and authority of the directors of the Company. Subject to the provisions of any applicable legislation and the Listings Requirements of JSE Limited, the directors 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."

Motivation for ordinary resolution number 7
In terms of the Company's Memorandum of Incorporation, the shareholders of the Company have to approve the placement of the unissued ordinary shares under the control of the directors.

Unless renewed, the existing authority granted by the shareholders at the previous Annual General Meeting on 26 July 2011 expires at the forthcoming Annual General Meeting. The authority will be subject to the Companies Act and the JSE Listings Requirements.

The directors have decided to seek annual renewal of this authority, in accordance with best practice. The directors have no current plans to make use of this authority, but are seeking its renewal of ensure that the Company has maximum flexibility in managing the Group's capital resources.

11. Special resolution number 4 – General authority to buy own shares

"That the Company or any subsidiary of the Company may, subject to the Companies Act, the Company's Memorandum of Incorporation and the JSE Listings Requirements and the requirements of any other stock exchange upon which the securities in the capital of the Company may be quoted or listed from time to time, repurchase ordinary shares issued by the Company, provided that this authority shall be valid only until the date of the next Annual General Meeting of the Company or for 15 (fifteen) months from the date of the resolution, whichever is the shorter, and may be varied by a special resolution at any general meeting of the Company at any time prior to the Annual General Meeting."

It is recorded that the Company or any subsidiary of the Company may only make a general repurchase of ordinary shares if:

- Any such acquisition of ordinary shares is 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;
- The Company is so authorised by its Memorandum of Incorporation;
- The Company is authorised thereto by its shareholders in terms of a special resolution of the Company in general meeting, which authorisation shall only be valid until the Company's next Annual General Meeting or 15 (fifteen) months from the date of passing of this special resolution, whichever is the shorter;
- The repurchases are made at a price no greater than 10% (ten percent) above the volume weighted average of the market value for such securities for the 5 (five) business days immediately preceding the date on which the repurchase is effected;
- At any point in time, the Company may only appoint one agent to effect any repurchases on the Company's behalf;
- The Company or its subsidiaries do not repurchase securities during a prohibited period defined in terms of the JSE Listings Requirements, unless it has a repurchase programme where the dates and qualities of securities to be trading during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;
- A paid press announcement, containing full details of such repurchases is published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of securities in issue prior to the repurchases and for each 3% (three percent), on a cumulative basis, thereafter; and
- 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, or 10% (ten percent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company.

In terms of the general authority given under this special resolution, any acquisition of ordinary shares shall be subject to:

- The Companies Act;
- The JSE Listings Requirements and the requirements of any other applicable stock exchange rules, as may be amended from time to time;
- The sanction of any other relevant authority whose approval is required by law; and
- A resolution by the Board that they authorise the repurchase, that the Company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Company or the Group.

After having considered the effect of any repurchases of ordinary shares pursuant to this general authority, the directors of the Company in terms of the Companies Act and the JSE Listings Requirements, confirm that they will not undertake such repurchase of ordinary shares unless at the time that the contemplated repurchase is to take place:

- 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 12 (twelve) months after the date of the notice 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 12 (twelve) months after the date of the notice of the Annual General Meeting;
- The Company and its subsidiaries will have adequate capital and reserves for the ordinary business purposes of the Company and its subsidiaries for a period of 12 (twelve) months after the date of the notice of the Annual General Meeting; and
- The working capital available to the Company and its subsidiaries will be sufficient for the Group's ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the Annual General Meeting.

The Company undertakes that it will not enter the market to repurchase the Company's securities, in terms of this general authority, until such time as the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in accordance with Schedule 25 of the JSE Listings Requirements.

For the purposes of considering the special resolution and in compliance with paragraph 11.26 of the JSE Listings Requirements, certain information is either listed below or has been included in the Annual Integrated Report:

- Directors and management – refer pages 10 and 11;

- Major shareholders – refer page 30;
- No material changes in the financial or trading position of the Company and its subsidiaries since 29 February 2012 refer page 30;
- Directors' interest in securities – refer page 32 and 33;
- Stated capital of the Company – refer page 29; and
- The Directors' responsibilities and approval – refer page 27.

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware), which may or have had a material effect on the Company's financial position over the past 12 (twelve) months preceding the date of this notice of Annual General Meeting.

Motivation for special resolution number 4
The Company's Memorandum of Incorporation contain a provision allowing the Company or any subsidiary of the Company to repurchase securities issued by the Company. This is subject to the approval of the shareholders in terms of the Company's Memorandum of Incorporation and the JSE Listings Requirements. The existing general authority, granted by members at the previous Annual General Meeting on 26 July 2011, is due to expire unless renewed.

The directors of the Company are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any subsidiary of the Company, to be in a position to repurchase the securities issued by the Company through the order book of the JSE, should the market conditions and price justify such action.

Repurchases will only be made after the most careful consideration, where the directors believe that an increase in earnings per share will result and where repurchases are, in the opinion of the directors, in the best interests of the Company and the Group.

The reason for the passing of the special resolution is to enable the Company or any of its subsidiaries, by way of a general authority from the shareholders, to repurchase ordinary shares issued by the Company.

The effect of passing the special resolution will be to permit the Company or any of its subsidiaries in the appropriate circumstances to repurchase such ordinary shares in terms of the Companies Act.

12. Special resolution number 5 – Adoption of new Memorandum of Incorporation
"That the Company adopts, as the new Memorandum of Incorporation of the Company, the proposed Memorandum of Incorporation which has been tabled at the meeting and signed by the Chairman for purposes of indentification, the new Memorandum of Incorporation to apply in substitution for and to the exclusion of the Company's existing Memorandum and Articles of Association."

Motivation for special resolution number 5
Special resolution number 5 is proposed to enable the Company to adopt a new Memorandum of Incorporation that will be in line with the requirements of the Companies Act, and the JSE Listings Requirements. In addition to the new Companies Act, changes to the JSE Listings Requirements and developments in market practice require a substantial number of changes to the existing Memorandum and Articles of Association of the Company. Accordingly, it is considered more appropriate to adopt the proposed new Memorandum of Incorporation rather than to amend the existing Memorandum and Articles of Association. The new Memorandum of Incorporation will be available for inspection at the registered office of the Company, Santova House, 88 Mahatma Ghandi Road, Durban, 4001 from 31 May 2012 to 26 July 2012.

13. Ordinary resolution number 8 – 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, the Memorandum of Incorporation of the Company, the JSE Listings Requirements 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 JSE Listings Requirements and not to related parties;
- The number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares;
- This general authority is valid until the earlier of the Company's next Annual General Meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given;
- A SENS announcement giving full details, including the impact on the net asset value per share, tangible net asset value per share, earnings per share and headline earnings per share, will be published when the Company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;

- In determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the volume weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company;
- Whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares; and
- Approval of the general issue for cash resolution is achieved by a 75% majority of the votes cast in favour of such resolution by all holders of equity securities 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."

14. Ordinary resolution number 9 – 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 to 5 and ordinary resolution numbers 1 to 8."

PROXY AND VOTING PROCEDURE

In compliance with the provisions of Section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in Section 58 of the Companies Act, is set out immediately below:

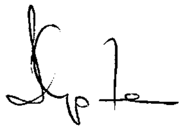
1. An ordinary shareholder entitled to attend and vote at the Annual General Meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the Annual General Meeting in the place of the shareholder. A proxy need not be a shareholder of the Company.
2. A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revote such appointment (as set out below), remain valid only until the end of the Annual General Meeting.
3. A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
4. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
5. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
6. If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder; or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the "Notes to the form of proxy".

In order to be effective, proxy forms should be delivered to the to the registered office of the Company by no later than 48 (forty eight) hours prior to the commencement of the meeting.

Any shareholder having difficulties or queries with regard to the above may contact the Company Secretary on 031 765 4989.

By order of the Board,



J A Lupton
Company Secretary

16 May 2012

Registered office
Santova House
88 Mahatma Gandhi Road
PO Box 6148
Durban
4000

GENERAL INSTRUCTIONS ON PROXY AND VOTING PROCEDURE

All shareholders are encouraged to attend the Annual General Meeting of the Company.

All registered shareholders of ordinary shares ("shares") in the Company are entitled to attend, speak and vote at the Annual General Meeting.

1. CERTIFICATED AND DEMATERIALISED SHAREHOLDERS WITH 'OWN NAME' REGISTRATION

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 (forty eight) hours prior to the commencement of the meeting.

2. CERTIFICATED AND DEMATERIALISED SHAREHOLDERS WITHOUT 'OWN NAME' REGISTRATION

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:

if you wish to attend the Annual General Meeting, you should contact your 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 your 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 your 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.

Santova Limited
(formerly Santova Logistics Limited)

Form of proxy

SANTOVA LIMITED
(formerly Santova Logistics Limited)
Incorporated in the Republic of South Africa
(Registration number 1998/018118/06)
Share code: SNV ISIN: ZAE000159711
("Santova" or "the Company")

For use at the Annual General Meeting of the Company to be held in the Harbour View Boardroom, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 on Tuesday, 24 July 2012 at 12:00 and at any adjournment thereof:

To be completed by holders of certificated shares and holders of dematerialised shares with own name registration only.

Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the Annual General Meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

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:

		NUMBER OF SHARES		
		FOR	AGAINST	ABSTAIN
1.	Ordinary resolution number 1 – Adoption of the 29 February 2012 annual financial statements			
2.	Ordinary resolution number 2 – Confirmation of appointment of DC Edley as a director			
3.	Ordinary resolution number 3 – Re-election of ESC Garner as a director			
4.	Ordinary resolution number 4 – Re-election of S Donner as a director			
5.	Ordinary resolution number 5 – Re-appointment of members of Audit and Risk Committee			
6.	Ordinary resolution number 6 – Re-appointment of Deloitte & Touche as auditors			
7.	Special resolution number 1 – Approval of the remuneration paid to non-executive directors			
8.	Special resolution number 2 – Approval of the Santova Share Option Scheme			
9.	Special resolution number 3 – Financial assistance to subsidiaries and related parties			
10.	Ordinary resolution number 7 – Unissued shares under control of directors			
11.	Special resolution number 4 – General authority to buy own shares			
12.	Special resolution number 5 – Adoption of new Memorandum of Incorporation			
13.	Ordinary resolution number 8 – General authority to issue shares for cash			
14.	Ordinary resolution number 9 – 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 2012

Signature

Please read the notes on the reverse side hereof.

Notes to the form of proxy

1. Ordinary shareholders holding dematerialised shares by "own name" registration, or who hold shares that are not dematerialised, may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting." The person whose name stands first on the proxy form and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the Chairman of the Annual General Meeting. A proxy need not be a shareholder of the Company.
2. An ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the number of the shares held by him/her bears to the aggregate amount of the number of all the shares issued by the Company. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate boxes. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. 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 the entire shareholder's votes exercisable thereat. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, 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 ordinary shareholder.
3. If any ordinary shareholder does not indicate on this instrument that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or give contradictory instructions, or should any further resolution(s) or amendment(s) which may be properly put before the Annual General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
4. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc) must be attached to this form, unless previously recorded by the Company or waived by the Chairman of the Annual General Meeting.
6. The Chairman of the Annual General Meeting may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.
7. A proxy may not delegate to another person his/her authority to act on behalf of the shareholder.
8. Shareholders who have dematerialised their shares with a CSDP or broker, other than with 'own name' registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the Annual General Meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
9. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
10. 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.
11. Where there are joint holders of shares:
    - Any one shareholder may sign the form of proxy; and
    - The vote of the senior joint holder, as determined by the order in which the names stand in the Company's register of members, will be accepted.
12. Forms of proxy must lodged at or posted to the Company's registered office, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 (PO Box 6148, Durban, 4000) so as to be received by no later than 12:00 on Friday, 20 July 2012.

Abbreviations

The following abbreviations have been used throughout this report:

"AGM"	Annual general meeting
"the 2008 Companies Act"	the Companies Act, No 71 of 2008, as amended
"AUD"	Australian Dollar
"CEO"	Chief Executive Officer
"CSDP"	Central securities depository participant
"EPS"	Earnings per share
"EUR"	Euro
"GBP"	British Pound
"GFD"	Group Financial Director
"HKD"	Hong Kong Dollar
"IFRS"	International Financial Reporting Standards
"Impson Logistics"	Impson Logistics (Pty) Limited, a subsidiary of the Company
"IT"	Information technology
"JSE"	JSE Limited, South Africa's Securities Exchange
"MD"	Managing Director
"Mogal"	Mogal International Limited (Registered in the United Kingdom), a subsidiary of the Company
"OSCAR"	OSCAR™ is the Optimised Supply Chain Active Resource suite of software packages, Trademark Application Numbers 2007/05906 in Class 35, 2007/05907 in Class 36, 2007/05908 in Class 39 and 2007/05909 in Class 42
"Pty"	Proprietary
"R" or "Rand"	South African Rand
"R'000"	Rand thousands
"Rm"	Rand millions
"SA"	South Africa
"Santova" or "Group"	Santova Limited and its subsidiaries
"Santova Limited" or "the Company"	Santova Limited
"Santova Australia"	Santova Logistics Pty Limited (registered in Australia), a subsidiary of the Company (formerly McGregor Sea and Air Services Pty Limited)
"Santova Logistics B.V.	Santova Logistics B.V. (registered in the Netherlands), a subsidiary of the Company (formerly Maxxs B.V.)
"Santova Administration Services"	Santova Administration Services (Pty) Limited, a subsidiary of the Company (formerly Santova (Pty) Limited)
"Santova Financial Services"	Santova Financial Services Pty Limited, a subsidiary of the Company
"Santova Logistics SA"	Santova Logistics South Africa (Pty) Limited, a subsidiary of the Company
"SARS"	South African Revenue Service

Santova
Limited

www.santova.com