Innovative Global Supply Chain Solutions

Santova Limited

Annual Integrated Report
February 2014

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GROUP HIGHLIGHTS

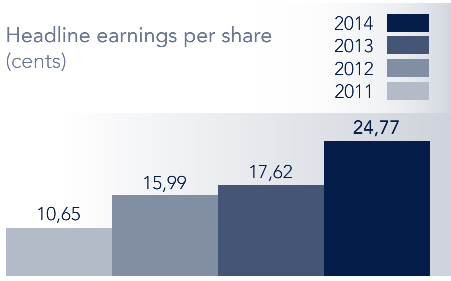
INCREASE IN REVENUE **21,3%**

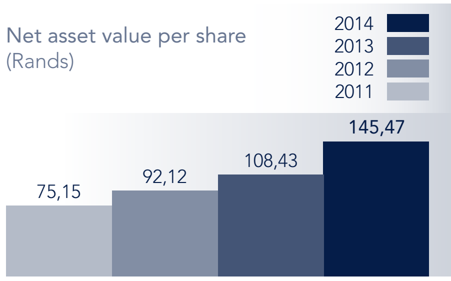
INCREASE IN HEADLINE EARNINGS PER SHARE **40,6%**

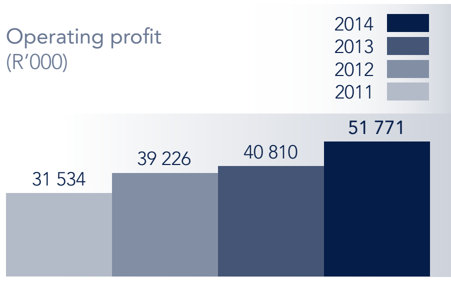
INCREASE IN NET ASSET VALUE PER SHARE **34,2%**

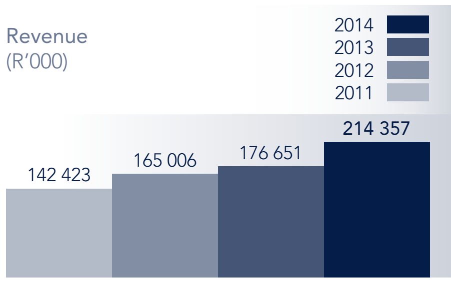
INCREASE IN OPERATING PROFIT FOR THE YEAR **26,9%**

INCREASE IN ORDINARY DIVIDEND **30,0%**









		2014	2013	% movement
Basic earnings per share	(cents)	**22,42**	18,06	24,1
Headline earnings per share	(cents)	**24,77**	17,62	40,6
Net asset value per share	(cents)	**145,47**	108,43	34,2
Capital and reserves	(R'000)	**198 510**	147 963	34,2
Revenue	(R'000)	**214 357**	176 651	21,3
Operating profit	(R'000)	**51 771**	40 810	26,9
Profit before tax	(R'000)	**40 014**	33 470	19,6
Profit for the year	(R'000)	**30 786**	25 097	22,7
Ordinary dividend	(cents per share)	**3,25**	2,50	30,0

BUSINESS MODEL AND STRATEGY

ORGANISATIONAL OVERVIEW

SANTOVA IS A NON-ASSET BASED THIRD PARTY ("3PL") AND FOURTH PARTY ("4PL") LOGISTICS SERVICE PROVIDER OF INNOVATIVE GLOBAL SUPPLY CHAIN SOLUTIONS, OPERATING FROM OFFICES THROUGHOUT SOUTH AFRICA AND INTERNATIONALLY IN AUSTRALIA, THE NETHERLANDS, UNITED KINGDOM AND HONG KONG.

Santova is an integrator that assembles the intellectual capital and technology of the Group, together with the logistics resources and capabilities of specialised external logistics providers, to design, develop and execute comprehensive supply chain solutions for customers.

GROUP STRATEGY

Mission and vision

The Group has successfully implemented an ongoing strategy that sees it evolving from a traditional one-dimensional forwarding and clearing company into an integrated strategic 3PL and 4PL logistics management company that provides a "solutions based" multidimensional product offering to customers.

Our vision is to continually expand as a global lead logistics provider through the intelligent use of our intellectual capacity, technology and an extensive network of international offices, thereby providing sustainable long-term value creation for stakeholders through balanced growth generated both organically and through strategic acquisitions.

Key differentiators

As part of this vision the Group has followed a strategy to develop and continually invest in key differentiators that set it apart from its competitors by adding meaningful value to the supply chains of our customers.

Customer service differentiators

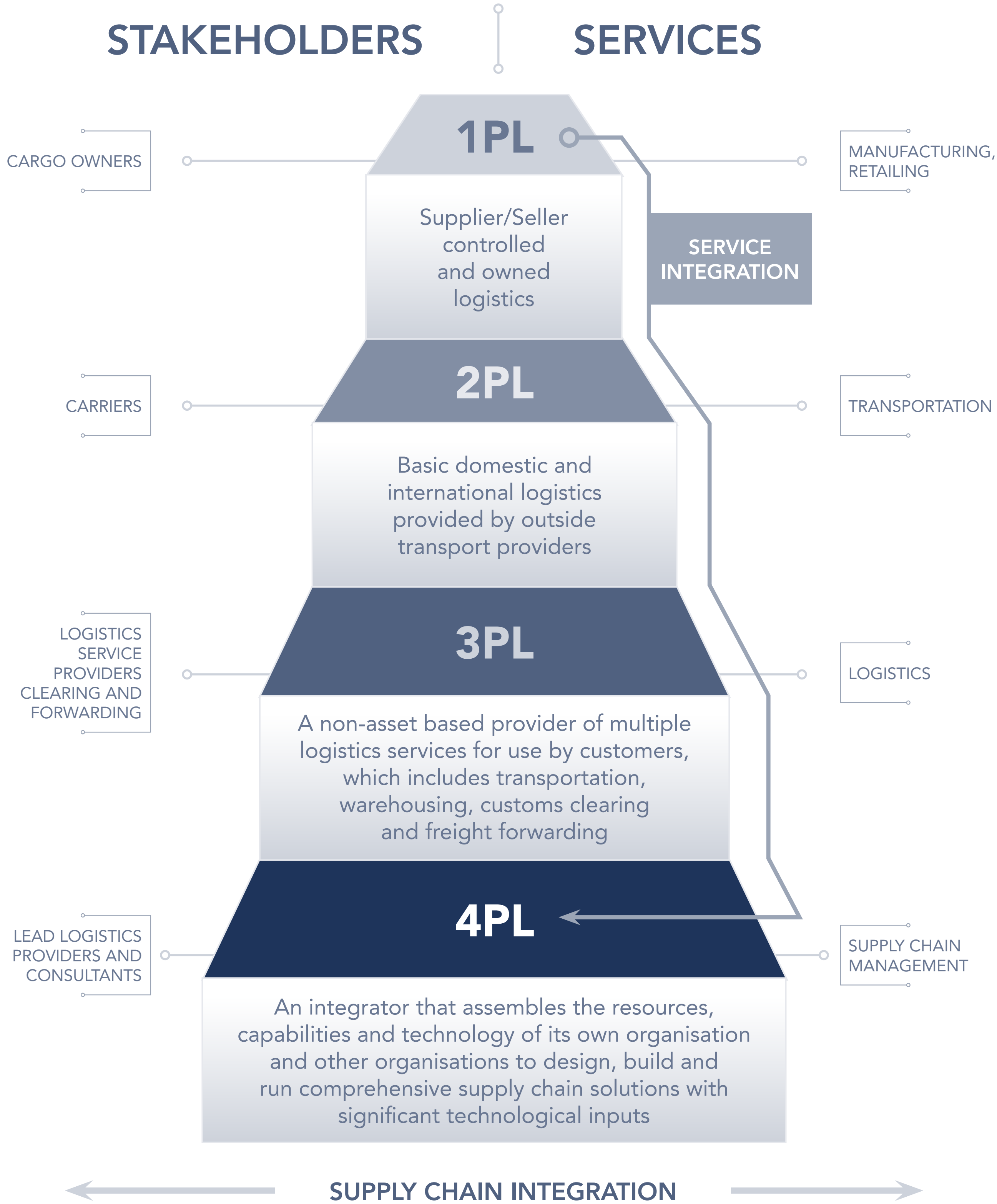
- An international infrastructure that provides:
  - International end-to-end supply chain services across customers' primary trade flow routes
  - Local representation in key trade centres enabling seamless solutions to customers and ensuring accountability and responsiveness
- An intelligent differentiated logistics strategy that:
  - Is unique and customer centric in terms of system, process and operational integration
  - Assumes responsibility for the entire supply chain, from supplier/source to the point of consumption/consumer
  - Is non-asset based, allowing for total flexibility directly driven by customer requirements, instead of by internal capability
- Offering customers virtual supply chain management through use of intelligent in-house developed information management systems that:
  - Interface with customer systems to ensure seamless and accurate information flow
  - Provide customers with web based control, visibility and accurate real time information
  - Ensure a high level of customer retention by playing a pro-active role in assisting customers to manage their supply chains
- Specialist in-house supply chain intellectual capacity that:
  - Provides customers with access to world class supply chain solutions and systems
  - Adds significant value to customers through supply chain optimisation
  - Also ensures a high level of customer loyalty and retention

Shareholder differentiators

- An international infrastructure that provides:
  - Geographical and multicurrency diversification that hedges local currency variability
  - The ability to duplicate logistics revenue streams at both ends of the supply chain while being cost and service competitive
- A non-asset based model resulting in:
  - A low fixed cost base that can be easily and quickly adjusted to market variations
  - Reduced risk to stakeholders in a high variability market
- A one-stop business model providing
  - Multiple business opportunities within one
  - Diversification of revenue streams

BUSINESS MODEL AND STRATEGY

INTEGRATED END-TO-END LOGISTICS MODEL



BUSINESS MODEL AND STRATEGY

NOT A TRADITIONAL CLEARING AND FORWARDING BUSINESS MODEL

GENERAL INDUSTRY

LIMITED BARRIERS TO ENTRY
A Traditional Clearing
and Forwarding Business Model

CUSTOMS CLEARING AND FORWARDING

AN EVENT "PRODUCT FOCUSED"

LOW VISIBILITY
MANUAL PEOPLE BASED

"Limited Value Add"

BASIC MODEL
ONE-DIMENSIONAL
Management of independent individual functions.

SANTOVA

SIGNIFICANT BARRIERS TO ENTRY
International Supply Chain Logistics Business Model

ANALYTICAL PROCESS "SOLUTION BASED"

HIGH VISIBILITY
PROCESS AND TECHNOLOGY DRIVEN

"Significant Value Add"

COMPLEX PROCESS
MULTIDIMENSIONAL
Assembling, integrating and managing activities into key supply chain processes rather than managing individual functions.

PRINCIPLE ACTIVITIES AND MARKETS

THE PRINCIPLE OPERATING DIVISIONS AND MARKETS IN WHICH THE GROUP OPERATES:

Logistics Services

The transportation of cargo, parcels and documents on behalf of customers from source to destination via road, rail, air and sea freight:

SOUTHERN AFRICA – Santova Logistics – Santova Express	UNITED KINGDOM – Santova Logistics – W.M. Shipping Limited	AUSTRALIA – Santova Logistics
NETHERLANDS – Santova Logistics	HONG KONG – Santova Logistics	CHINA – Santova Logistics Joint Venture Partner

Financial Services

Provision of short-term insurance products, primarily marine, commercial and domestic asset insurance:

SOUTH AFRICA – Santova Financial Services

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

SANTOVA'S STRATEGY IS TO POSITION ITSELF IN THE MARKET AS A TRUE 4PL SERVICE PROVIDER INTEGRATING THE SERVICES OF SPECIALIST LOGISTICS PROVIDERS WITH SIGNIFICANT IN-HOUSE DEVELOPED SYSTEMS, TO PROVIDE SOPHISTICATED SUPPLY CHAIN SOLUTIONS.

In doing so Santova operates in a highly competitive market both locally and internationally, competing and being compared to other organisations at multiple levels in various sectors:

Regional 3PL service providers

- Principally local/regional forwarding and clearing agents
- Entities who typically don't have an international infrastructure and utilise offshore agents
- Entities whose customer base is usually local, small to medium sized corporates
- Business models are traditionally one-dimensional and event based with low value add and little to no barriers to entry
- Usually members of a local freight forwarding association

International 3PL/4PL hybrid organisations

- Principally large multinational logistics providers with extensive global infrastructure and a listing on a major international stock exchange
- Customer base is usually made up of other large multinational corporations
- Business models are intelligent, value adding processes with significant barriers to entry
- Businesses are predominately asset based, owning significant fleets of transport vehicles and operating extensive warehouse facilities

Supply chain consulting organisations

- Standalone specialist supply chain consulting organisations that seek to consult and generate revenue on a project and time basis from large corporations
- Can be privately owned or a separate operating division within a large diverse transportation entity
- These consulting businesses are non-asset based, and typically do not supply or consult on traditional forwarding and clearing services

JSE Transportation sector

- Santova is listed on the Johannesburg Stock Exchange in the Transportation sector and under the Marine Transportation subsector
- By virtue of being listed the Group is typically compared to the other organisations within this sector
- Being public companies the published information from these entities provides some useful comparative information, however, meaningful comparison to this sector is difficult due to:
  - Santova's comparative size; and
  - The fact that most of the other organisations in the sector have different business models and they are typically very large diverse asset based corporates.

BUSINESS MODEL AND STRATEGY

INPUTS/CAPITAL

IN IMPLEMENTING ITS STRATEGY AS A NON-ASSET BASED 4PL SERVICE PROVIDER, SANTOVA MAKES USE OF FOUR TYPES OF CAPITALS AS ITS PRIMARY INPUTS INTO THE VALUE ADDING PROCESS. THESE ARE:

INTELLECTUAL CAPITAL
The Group's in-house developed IT capabilities and software that interface with customers' systems and provide meaningful management information for supply chains.

HUMAN CAPITAL
The specialist logistics knowledge and experience held by the Group's employees primarily in Supply Chain Management and Clearing and Forwarding.

FINANCIAL CAPITAL
The funding supplied by the Group's shareholders, primary bankers and creditors, utilised to fund the recoverable transport expenses, customs, VAT and duties paid on behalf of customers, in terms of local legislation, that requires the company to act as a collection agent for the Revenue authorities.

MANUFACTURED CAPITAL
The Group's global infrastructure of offices and equipment in the major centres at each end of customers' main supply routes.

OUTPUTS

THE KEY PRODUCTS AND SERVICES THAT ARE THE OUTPUTS OF THE GROUP STRATEGY AND THE USE OF ITS CAPITALS ARE:

- Supply chain consulting and analysis
- Freight forwarding
- Ship chartering
- Customs clearing and consulting
- Warehousing and distribution through selected service providers
- Financial services and insurance
- IT systems development and integration
- Procurement and packaging services
- Courier services

OUTCOMES

THE CORE OUTCOMES THAT THE GROUP SEEKS, AND TO A LARGE DEGREE HAS ATTAINED THROUGH ITS BUSINESS MODEL AND THE OUTPUTS CREATED THEREFROM, ARE:

INTERNALLY
- Sustainable growth in revenues and profitability
- Continual investment and development in the Group's key differentiators, primarily its technology offering and global infrastructure
- Employee "up-skilling", job satisfaction, recognition, reward and retention
- Good corporate citizenship through regulatory compliance and effective corporate governance

EXTERNALLY
- Customer satisfaction and retention through use of cutting-edge technology and supply chain optimisation solutions, providing direct time and cost savings
- Growing brand recognition and reputation with the market
- Long-term shareholder wealth creation through creating investor awareness and consistent returns via dividends and share price growth

GROUP OPERATIONAL STRUCTURE

SANTOVA LOGISTICS
(UNITED KINGDOM)

ESSEX
HEATHROW

W.M. SHIPPING
(UNITED KINGDOM)

BIRMINGHAM
BRISTOL
FELIXSTOWE

SANTOVA LOGISTICS
(NETHERLANDS)

ROTTERDAM
SCHIPHOL

SANTOVA LOGISTICS
(HONG KONG)

SANTOVA PATENT LOGISTICS CO.
(HONG KONG)

19
REPRESENTATIVE
OFFICES
(MAINLAND CHINA)

SANTOVA LOGISTICS
(SOUTH AFRICA)

SANTOVA FINANCIAL SERVICES
(SOUTH AFRICA)

SANTOVA EXPRESS
(SOUTH AFRICA)

SUPPLY CHAIN MANAGEMENT SERVICES
(SOUTH AFRICA)

PIETERMARITZBURG
PORT ELIZABETH
JOHANNESBURG
DURBAN
CAPE TOWN

SANTOVA LOGISTICS
(AUSTRALIA)

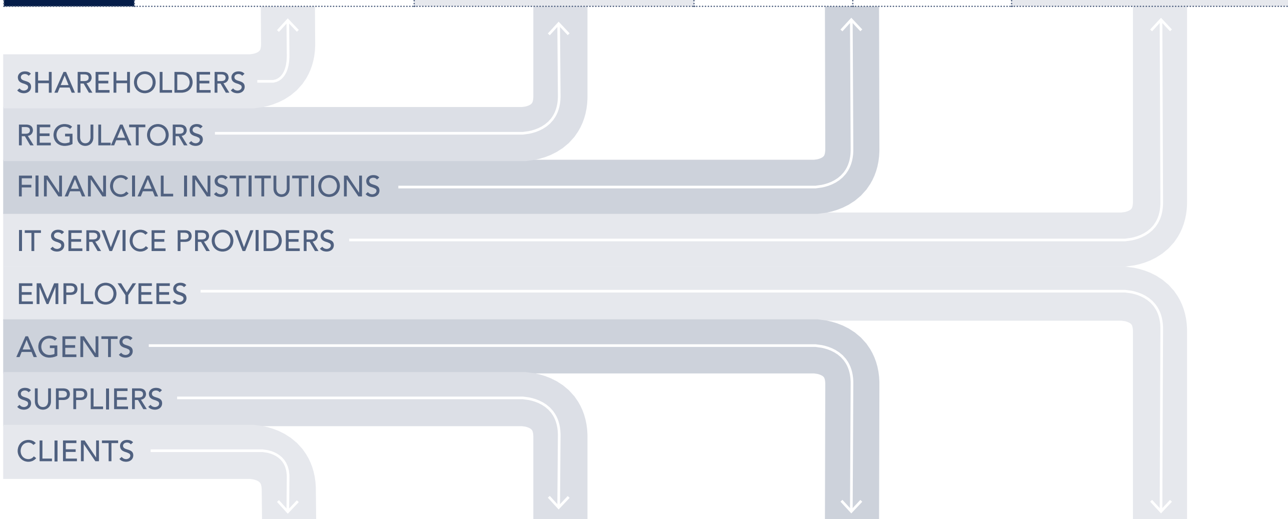
SYDNEY

STAKEHOLDER ENGAGEMENT

The Group recognises that, in building a sustainable business model, long-term mutually beneficial relationships with all stakeholders are paramount. The Group thus follows a strategy of proactive engagement with all stakeholders to ensure their needs are satisfied and that value is created for all parties concerned.

The following table represents the Group's key stakeholders, the nature of their relationship and interest within the Group, together with how the Group interacts with them on an ongoing basis.

NUMBER	1 433	32	9	2	40
NATURE OF RELATIONSHIP	Providers of share capital and primary risk takers within the business.	Various regulatory bodies and industry associations within each jurisdiction in which the company operates, who ensure that the company adheres to all applicable laws, regulations and corporate governance, including Revenue authorities that rely on the company for the declaration, collections and payment of customs related VAT, GST and duties resulting from goods that are transported internationally.	The Group's primary transactional bankers who provide working capital, forex and general transaction services.	Credit underwriters who provide insurance cover against the outstanding financial indebtedness of clients, in order to secure the sourcing of working capital.	Provision of logistics and insurance specific operational systems and the development of unique in-house IT systems; ensuring that the IT infrastructure in place is functioning as required and is adequate for the Group's operational requirements.
STAKEHOLDER INTEREST	The generation of sustainable, above average, market related returns on their investment by the company, together with timely and ongoing communication on the company's performance.	Compliance with laws and regulations that are designed to protect stakeholders, submission of regular statutory returns and the timely collection and payment of duties and taxes.	Stable and sound financial management of the business with ongoing profitability and regular financial communication.	To ensure the quality of the asset insured is strictly controlled within predefined parameters, ensuring low loss ratios.	The delivery of appropriate IT services that meet Group strategy.
METHOD OF ENGAGEMENT	Formal published and printed communications at various times throughout the financial year via SENS announcements, annual financial statements, published advertorials, company websites the AGM, investor presentations and engaging with financial media.	Highly regulated formal communication at specified dates as well as limited informal communication.	Regular detailed formal and informal engagement in an open and honest manner, to ensure a high level of trust exists.	Regular detailed formal and informal engagement in an open and honest manner, to ensure a high level of trust exists.	Regular formal and informal engagement and feedback.



NUMBER	2 914	3 662	190	300
NATURE OF RELATIONSHIP	Predominantly corporate entities across diverse industry sectors that are primarily manufacturers and retailers, either utilising foreign sourced products or exporting products to foreign customers.	A preferred panel of established and specialised service providers across the world, utilised for a variety of tasks but primarily to convey customers' products from source to destination.	A preferred panel of established forwarding and clearing agents in jurisdictions where the Group does not have a physical presence, utilised to arrange the transport of clients' products across certain sectors of the supply chain.	Individuals of varying nationalities, qualifications and experience employed across the Group to service customers and add value for all stakeholders.
STAKEHOLDER INTEREST	Supply chain optimisation, ensuring a timeous and cost effective flow of products from source to destination.	An ongoing and commercially viable source of shipping, transport and warehouse services.	A mutually beneficial and ongoing relationship whereby both parties refer shipping instructions to each other.	Career and personal development in a quality focused work environment that ensures job security and appropriate rewards for performance.
METHOD OF ENGAGEMENT	Formal, structured engagement, both system based and interpersonal, on a daily basis across all levels within both organisations, designed to add value and to meet customers' unique service requirements.	A formal (verbal and electronic) procurement process that takes place on a daily basis between specialised teams within both organisations.	Daily (verbal and electronic) engagement between specialised forwarding and clearing teams within both organisations.	Daily formal and informal engagement through multiple channels to ensure staff receive the necessary guidance, motivation, feedback and recognition.

CULTURE, PHILOSOPHIES AND VALUES

THE GROUP'S CULTURE, PHILOSOPHIES AND VALUES ARE CORE TO OUR EXISTENCE AND PROVIDE THE VALUE SYSTEM AND BOUNDARIES WITHIN WHICH THE GROUP OPERATES.

These cultures, philosophies and values are actively "lived" and promoted daily by management so as to ensure that they set the moral and ethical tone of the Group and they define how we operate and interact with stakeholders. To reinforce this, all employees are contractually bound to this vital document when joining the Group. Thereafter, through constant reinforcement, management ensures that this sound value system is consistently applied and that strategic decision making, performance management, human resources processes and all actions and choices in general are judged and measured against these standards.

OUR CULTURES, PHILOSOPHIES AND VALUES

PERFORMANCE

A performance based culture where "walk the talk" and commitment to excellence is unquestionable

PARTICIPATION

Enthusiastic, energetic, positive participation in the day to day life of the company

INTEGRITY

Honesty, integrity, trust and confidentiality in all our dealings, both internally and externally, on behalf of the company

REWARD

Remuneration, reward and career advancement based on performance

OPEN DEBATE

An "open door" policy where open debate is encouraged

LEARNING

A culture of learning where both employee and company commit to the continuous growth in skills and abilities of all employees

INNOVATION

Never content with "the ways things are", always striving to improve or add value to both client and company through proactive and innovative behaviour

COMPASSION

Tolerance of differences, no discrimination whilst always having compassion and empathy

LOYALTY

Loyalty, dedication and commitment to both colleagues and company

TEAMWORK

Communication, collaboration and co-operation with colleagues and company – teamwork

ACHIEVEMENT

Create and maintain an environment of enjoyment, encouragement and support to facilitate the achievement of both personal and company goals

"FOR SANTOVA, THIS BORDERLESS AND INTEGRATED WORLD ECONOMY, DRIVEN BY GLOBALISATION AND TECHNOLOGICAL ADVANCEMENTS, IS AN EXCITING OPPORTUNITY WHICH HAS ALREADY RESULTED IN STRONG CONTRIBUTIONS TO GROUP EARNINGS, BOTH ONSHORE AND OFFSHORE."

CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REVIEW

It is pleasing to announce yet another year of considerable progress for Santova. This is in the context of relatively subdued world economies where the logistics industry is very susceptible to the state of world trade, including manufacturing output and consumer consumption. Unlike China which experienced continued growth in gross domestic product ("GDP") of 7,7%, recovery in economic growth was marginal in Europe (2,5%), the United States (2,0%) and in South Africa (1,9%).

Nevertheless, turnover of R214,4 million (2013: R176,7 million) is 21,4% higher than that of the previous year and net profit for the year increased by 22,7% to R30,8 million from R25,1 million. This resulted in an increase of headline earnings per share ("HEPS") to 24,77 cents, which is 40,3% up on the previous year's figure of 17,66 cents. Once again, we must acknowledge the significance of the extent to which the Group's offshore operations contributed to earnings, which is consistent with the Group's strategy of diversification in terms of geographies, currencies, industries, products and services.

Our strategy has always been founded on the premise that as the world moves from regional economies ("clusters") to a networked and digital economy (globalised), companies would encounter the need for new global business models facilitated by electronic commerce. They are no longer confined to geographies; they are linked to interdependent markets and complex worldwide networks. Not only does this introduce concepts such as outsourcing, just-in-time, reducing cycle/lead-time, and new global views on value-add services, storage and distribution, it also brings with it certain risks and challenges.

Today, the risks are clearly in the form of more intense global competition whereby our logistics business has become a "pivotal source of referral" that our clients can leverage off to succeed in the face of the risk and challenges of global competition.

Increasing consumer expectations, fragmented channels, increased product variations and demands for client-centric supply chain solutions have paved the way for multi-tiered supply chain networks being administered by one point of control. Furthermore, as outsourcing – of logistics functions, vertical specialisation, and sophisticated information technology and software packages – continues to grow across geographies, layers of complexity are being added to these extended value chains which demand management, transparency and accountability being centralised at a common nexus. Fortunately, our international platform of intelligent information technology and software systems offers clients the possibilities and benefits of this common nexus.

The willingness for companies to transfer to Santova's managed outsourcing model is in most cases motivated both by the strategic role of specialised logistics activities and by internal pressures to reduce costs, including;

- Order-to-delivery and order-to-cash cycles are increasing and are affecting the clients' cash flows;
- Inadequate sophisticated client-centric information technology and software packages that enable "virtual" supply management and management information essential to good business decision making;
- Increased international trade and/or "cross trade" resulting in inadequate inventory management, deficiencies in supply-demand and costs ("time value of money");
- Decentralisation is becoming a common strategy for locating resources closer to demand, thereby increasing responsiveness and time to market, and reducing transportation costs; and
- Clients moving into new markets for the first time are requiring cost effective, flexible supply chains which are based on an understanding of the intricacies of offshore markets.

In this context, Santova serves as a facilitator of globalisation and is intrinsic to market expansion and competitive product availability to growing global consumers. Our participation can be in the form of integrated managed third party logistics services ("3PL"), simply managed services as a lead logistics provider ("LLP") or a neutral fourth party logistics services provider ("4PL") that excludes any 3PL activities. The obvious advantage of our 4PL/LLP services is that they can provide a customised solution that fits specific client needs and can accommodate cultural or geographical differences.

Globalisation does not only influence economies and trade, we are experiencing an integration of culture, intellectual capital, research and development as well as innovative application of "best practice".

SOUTH AFRICA

Logistics

The performance of our South African based logistics businesses is indeed pleasing. Whilst the first six months of the financial year were characterised by lacklustre economic growth and relatively subdued earnings growth, the second half witnessed an impressive comeback by these operations. If we exclude the costs associated with our offshore acquisitions, the South African operations delivered a significant year-on-year earnings growth of 26%. This growth has been achieved in the face of lower levels of economic activity and most importantly, intense domestic competition based predominantly on pricing.

What has also contributed to this regions' performance is our decision to centralise selective operational activities and decentralise marketing or front-end client-centric relationship management structures. These changes have been implemented during the course of 2013 and have resulted in continual improvements towards reducing complexity and enhancing "back office" efficiencies through streamlined processes, improved levels of consistency, transparency and controlled risk and cost. In effect, how to "open and close" more files or shipments for the increasingly competitive market with fewer resources has been our focus. The rewards of significant savings in administrative costs have hedged us against a diminishing operating margin.

CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REVIEW

The state of the local economy is always going to be a significant determinant of the extent to which we can grow earnings in South Africa. Whilst the increase in South Africa's annual GDP for 2013 was 1,9%, as opposed to 2,5% in 2012, the International Monetary Fund (IMF) consensus is that for 2014 it could improve marginally to around 2,9%. This growth, however, is vulnerable to labour unrest and structural obstacles which will have an effect on foreign capital inflows on which South Africa's economic growth remains largely reliant.

Insurance

Consistent with our projections, our short-term insurance activities have yielded a considerably improved return. Net profit after tax of R3,3 million is 32,1% up on the previous year's achievement of R2,5 million. This is in spite of the increased cost of doing business as a result of an unprecedented overhaul of the regulatory framework governing the insurance industry. Whilst this success has been achieved chiefly off the back of remaining nimble and efficient amid risk and regulation, the increased rate at which new business is being written has also been a contributing factor.

We do believe that we have yet to harness the full potential of our extensive logistics client base which, if leveraged upon, will yield even greater returns than those we have witnessed to date. In this regard, we have invested further in new business development initiatives, particularly in the Johannesburg region, a region which constitutes the greater part of the economy of South Africa. Combined with this is the growing need for us to be more innovative in what is a highly competitive environment.

ASIA

Our offices in Asia have once again delivered pleasing results. In comparison to the same period last year, earnings before tax are approximately 216% higher. As predicted, the strategic location of these offices has been, and will continue to become, even more critical to the Group's international activities. These facilities have enabled the effective control and management of global supply chains through client-centric knowledge and understanding of the intricacies relating to their specific supply chains. In short, this office plays a pivotal client-centric role in managing complex 4PL relationships throughout Asia. As the Group expands globally and growth in global demand for goods out of Asia persists, the greater will be the contribution to Group profits that this office will deliver.

EUROPE

Our decision to invest further in Europe in the form of additional staff and infrastructure has enabled the Group to address historical shortcomings in services offered, whilst at the same time entrench further our footprint and lay the foundations for future growth in Europe. The end result is an impressive year-on-year growth in earnings before tax of 88% which has been achieved primarily through an effective strategy of new business development in the local or domestic market. This has also been achieved through strong route development between Europe, the United States of America and Asia. With central Europe's economies having achieved three consecutive quarters of growth by the end of 2013, we are cautiously optimistic that this economic "rebound" will present a platform for the Group to expand on its operational activities in the Eurozone.

AUSTRALIA

The slowdown in the momentum of economic growth since the beginning of 2013, has resulted in our Australian business being under pressure. However, whilst this operation has had a difficult year and the Australian economy continues to embrace the challenge of transformation from mining to non-mining facilitated economic growth, the opportunity to further develop our Australian operation still exists. As a consequence, the Group has made the decision to invest further in "front-end" new business development capabilities as well as seek out opportunities for the establishment of an office in Melbourne. Both Sydney and Melbourne constitute Australia's largest economic hubs (net imports and consumer demand) and representation in both these regions will further enhance our capability, and more specifically, our ability to access the retail sector.

UNITED KINGDOM

In spite of continued competition and fluctuating shipping costs which have impacted on margins, our operations in the United Kingdom have continued to deliver impressive earnings. Year-on-year profit before tax has increased by 58%, largely due to the inclusion of a full year's earnings from W.M. Shipping Limited but also off the back of increasing trade between the United Kingdom, Europe, South Africa, the Middle East and South America. What is encouraging is that the British economy grew at its strongest rate (1,9%) in six years in 2013 and looks set to continue this positive trend. According to the Office of National Statistics, services and manufacturing sectors contributed to 0,7% of the growth in domestic product. The fact that our largest logistics business unit is based in the heart of the United Kingdom's manufacturing and export zone bodes well for future growth in earnings.

OUTLOOK

The general consensus is that the world economy will show modest growth for the year ahead. We can also expect the intense competition and pressure on price and margins to continue, an environment which we have become accustomed to over the last five years. As a Group we need to re-consider long-standing core markets and product lines whilst at the same time investigating how we can leverage even further off technology or new business architectures that will enable us to access and serve markets more quickly and cost effectively.

In contrast to the environment in which we find ourselves, we see tremendous opportunities in the foreign markets as a result of intensified foreign competition in local markets forcing small to medium sized companies to improve the efficiency of their supply and even consider internationalising their businesses. Companies are now implementing worldwide sourcing,

CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REVIEW

establishing alternative production sites on each continent and selling their products in multiple markets, all of which require the existence of an operations and logistics solution across geographies. As a consequence, supply chain decentralisation has become a preferred strategy for pulling product to demand and reducing total logistics costs.

For Santova, this borderless and integrated world economy, driven by globalisation and technological advancements, is an exciting opportunity which has already resulted in strong contributions to Group earnings, both onshore and offshore. Our ability to bring together all participants in the supply chain into one single system is a significant differentiator. Closely aligned to this is our focus on a "paperless supply chain" and the effective use of mobile devices which enables visibility and control anywhere and at any time.

In support of our view that an abundance of opportunities exist, we note that recent research published in the 2013 **supply**chain**foresight** survey highlights that 90% of respondents believe that "new business models require supply chain innovation", whilst 91% of respondents to the GE Global Innovation Barometer 2013 agreed that innovation is a strategic priority for their companies. Furthermore, the 2013 **supply**chain**foresight** survey found that 51% felt that their supply chain and logistics functions do not innovate regularly enough, often due to company culture, lack of skills and fear of change. The GE Global Innovation Barometer labels this "Innovation Vertigo" or "an uneasiness with the pace of change and confusion over the best path forward".

With the new trends in the logistics industry, we will continue to seek acquisitions globally that we believe will be value enhancing. This would include developing further certain trade corridors and/or enabling the management and control of the entire supply chain from supplier to consumer. In making these acquisitions we would also look to build on economies of scale where we are lacking, alleviate geographical "stumbling blocks" and enhance intellectual capital. In so far as regions are concerned, select zones in Europe, the Americas, East and West Africa are of particular interest to our future strategy.

In East Africa we would be particularly interested in Kenya, while in the West our interest would be Ghana and Nigeria. These countries would serve as access points to over one billion people who are fast becoming consumers. Using them as points of entry to neighbouring countries would be easiest because of bloc treaties and would go hand-in-hand with our focus on project work into greater Africa. With the additional investment being made by the international community into both ports (sea and air) in Africa (specifically Namibia, Mozambique, Angola and Ghana), a reconfiguration of the freight forwarding and logistics business is inevitable. In this regard, we need to be "ahead of the game", so to speak.

For the year ahead we will seek to leverage off the challenges and complexities that are accompanying the rapid globalisation of companies across the world. By doing so, whilst not losing sight of our core competencies, we believe that we can continue to deliver sustainable earnings growth and value to our shareholders.

ACKNOWLEDGEMENT AND APPRECIATION

In spite of the continued challenges faced by the logistics industry, we have successfully demonstrated that our culture, our people and a well-constructed business strategy, together with the support of our clients, shareholders and business associates, can deliver, and indeed have delivered, results of which we can be proud.

To our staff, executive management and fellow directors, we are truly grateful and thank you for the commitment and dedication that has enabled our company to achieve the milestones it has in what can be considered a relatively short period of time.

To all our clients, shareholders and business associates, thank you for your support and confidence in us. It is your support and faith in our capability that has allowed us to continue striving towards building a truly great international business.

GROUP FINANCIAL REVIEW

The 2014 financial period saw the Santova Group achieve a set of very commendable results despite the lack of any significant corporate transactions or activities during the period. The period was one that saw senior management primarily focused on the internal processes and structures within the Group, working with all regions to enhance customer engagement, local management structures, supply chain capabilities and overhead cost structures. The end result was a strong overall performance that was balanced by sound organic growth and cost control in the South African region, and significantly improved performances from a number of the offshore subsidiaries.

The key events during the period that had a material impact on the Group's financial results are as follows:

- The weakening of the South African rand which impacted the Group in a number of ways:
  - A positive impact in terms of the revenues from the South African region as despite being predominantly invoiced in Rands, the underlying calculation is based in US Dollars;
  - A negative impact on trade volumes and the resultant revenue within the South African region due to a decline in import volumes; and
  - A positive impact from the foreign currency translations of the profits and the investments in the Group's offshore operations;
- The inclusion of a full 12 months' results, as opposed to three months in the prior period, from W.M. Shipping Limited ("WMS") in the United Kingdom, following its acquisition in late November 2012 and the conclusion of the first warranty period on 31 August 2013;
- The centralisation of certain administrative functions across the South African operations leading to significant efficiencies, offset by an increased level of local competition that resulted in pressure on margins and revenue;
- The entrenchment of the new operational team taken on in the Netherlands in the prior period and the investment in new business development capability resulted in a significant improvement in revenues and profitability in that entity;
- A further investment in the Group's supply chain capabilities through the appointment of supply chain specialists has seen the division play a significant role in the fulfilment of the Group's strategy;
- The focus on value add services at source in China and Hong Kong together with enhanced efficiencies reducing operational costs has significantly improved revenue margins, resulting in a meaningful increase in contribution from this region; and
- A maturing of the Santova Financial Services business which saw an increase in revenue accompanied by a realigned cost structure resulting in a strong impact on its contribution to the Group.

PROFITABILITY

On a consolidated basis the Group increased basic earnings attributable to ordinary shareholders by 23,9% from R24,7 million in the prior year, to R30,6 million in the current year.

This was driven primarily by a 22,1% increase in billings to clients coupled with the Group maintaining its revenue to billings margin of 6,7% from the prior year. This led to an almost equivalent increase in actual revenue to the Group of 21,3% from R176,7 million in the prior year to R214,4 million in the current year.

In the South African region, which accounts for 64,1% of the Group's revenue, growth in revenue was at a more modest 15,1% due to the net impact of two opposing factors:

- The weakening of the Rand, which saw it fall on average 16% against the US Dollar and British Pound, and the subdued economy, which saw annual GDP growth fall from 2,5% in 2012 to 1,9% in 2013. The impact of this decline in growth and the weaker Rand saw import volumes, which account for 72% of total trade volumes, fall by 5% as customers responded to the resultant higher landed cost of goods and became more cautious toward market sentiment; and
- The equal and opposite impact of the weaker Rand, which results in increased revenues due to the fact that, despite the majority of revenue being invoiced in Rands, the calculation is directly linked to the landed cost of the goods and the freight and transport costs of which most have an underlying US Dollar based calculation.

This rise in revenue was offset by a 22,6% increase in administrative expenses from R142,1 million to R174,2 million which is well above inflationary levels but is explained by the inclusion of WMS' results for the full 12 months in the current year and the increased investment in overheads made in the Netherlands. What is pleasing is that in the South African logistics division the administrative expenses only increased by a very credible 1,9% year on year, which is a direct impact of the efficiencies achieved through the consolidation of the two South African logistics divisions in December 2012 and the centralisation of certain key administrative divisions during the current period.

Other income has increased by 62,6% from R9,3 million to R15,1 million primarily as a result of the once-off inclusion of a R5,2 million fair value gain on the revaluation of the financial liabilities related to the acquisition of WMS, following the conclusion of the first warranty period.

A combination of all these factors resulted in a very pleasing increase in operating margins from 23,1% to 24,2% in the current period, which compares favourably to market benchmarks.

GROUP FINANCIAL REVIEW

Below the operating profit line, both interest received and finance costs have seen significant increases of 140,0% and 76,6% respectively, directly attributable to the 30,3% or R111,8 million increase in trade receivables which resulted in:

- Greater interest income from clients as the Group funded more of the disbursements in its capacity as an agent; and
- The additional funding costs incurred to finance these increased client disbursements.

The overall increase in profitability was also complemented by a reduction in the Group's overall effective tax rate from 25,0% in 2013 to 23,1% in 2014. This is primarily a result of the increased contribution from the offshore subsidiaries where the corporate tax rates are more favourable than those in South Africa.

SEGMENTAL ANALYSIS

As mentioned earlier in this report, 2014 saw substantially improved performances from a number of foreign subsidiaries which resulted in the contribution to Group profit for the year from offshore increasing from 34,9% in 2013 to 44,5% in the current year. This is consistent with the Group's stated strategy to expand internationally and diversify away from heavy reliance on earnings generated in South African Rands.

The offshore regions which made meaningful profit contributions were:

- The United Kingdom which saw profits for the year increase by 61,9% primarily as a result of the inclusion of WMS for a full period of 12 months in the current financial year, versus only three months in the previous financial year;
- The Netherlands region where profit for the year increased by 80,7% following the strengthening of its operational team during the latter half of the 2013 financial year; and
- The Hong Kong operation where profit for the year increased 204,2% during the current period from efficiencies achieved and improved margins.

The Australian operation was the only foreign region not to show growth, where a 51,5% reduction in profit for the year illustrated how the Group continues to experience difficult economic trading conditions in this region.

In addition to stronger contributions from offshore, Santova Financial Services continued to perform well, providing greater diversification from pure logistics revenue locally, through an increase in profit of 32,1%. The business has matured into a key contributor to Group profits and the Group is looking to expand its regional footprint and product base in the coming financial year.

FINANCIAL POSITION

As a result of the South African revenue authority's requirement for all clearing and forwarding agents to collect customs VAT and duties from clients on its behalf, the South African regions' logistics debtors book remains the core Group asset at R432,3 million of the Group's total trade receivables of R480,7 million. This will continue to be the case as long as the Group is required to fund these recoverable disbursements on behalf of clients and then subsequently recover them through a normal invoicing and debtor's recovery system.

The impact of this on the Group is that revenue growth within South Africa comes with the requirement to fund ever greater disbursements on behalf of clients, thus the strong 22,2% growth in clients' billings that occurred during the current period has resulted in a R111,8 million rise in trade receivables. This presents an opportunity in the form of greater financing revenue from clients, which can be seen in the substantially improved interest received line item in the Group Statement of Profit or Loss and Other Comprehensive Income, but at the same time places significant pressure on operational cash flows as can been see in the Group Statement of Cash Flows.

However, the fact that the majority of this debtors book is credit underwritten and that the management of debtors remains one of the Group's core competencies ensures that the book's credit ratios remain exceptional. Total provisions for doubtful debts equate to 1,02% of the outstanding book at the close of the current financial year, down from 1,15% in the prior year, and bad debts written off as a percentage of the book remain unchanged at 0,48% year on year.

The inverse of this increase in trade receivables is the 51,1% increase in short-term borrowings and overdrafts as the Group financed this growth in billings and debtors through its long-standing invoice discounting facility held with its primary transactional bankers. The Group has also had an overall facility increase from R249 million to R300 million approved by the bank during the period to ensure it has sufficient facilities in place to fund current and future growth.

The only other significant change in the Group's financial position is to note an almost equal and opposite increase in intangible assets and the foreign currency translation reserve under capital and reserves. Both of these movements relate primarily to the foreign currency translation of the Group's UK investments where there was a R4,61 or 34,5% increase in the closing South African Rand to British Pound exchange rate, from the end of the prior reporting period that resulted in:

- an increase in the foreign currency translation reserve of R22,5 million recognised in other comprehensive income in the Statement of Profit or Loss and Other Comprehensive Income; and
- a R14,0 million increase in the carrying value of intangible assets, caused primarily by a R17,1 million translation profit in goodwill.

GROUP FINANCIAL REVIEW

CASH FLOW

As previously mentioned, the increase in billings in the current period has resulted in high working capital cash outflows of R111,8 million being invested into trade receivables during the period. These outflows have not, however, been matched by corresponding working capital inflows from trade and other payables, as 75,3% of billings relate to customs VAT and duties payable to the South African revenue authorities who only grant strict short-term credit terms. Therefore, as the Group seeks to increase revenue through increased billings within South Africa the working capital funding obtained from trade creditors will be proportionally lower than the investment into trade receivables. The effect of this is that the Group saw net operating cash flows change from positive R13,4 million in the prior year to negative R48,5 million in the current year in response to revenue growth in South Africa.

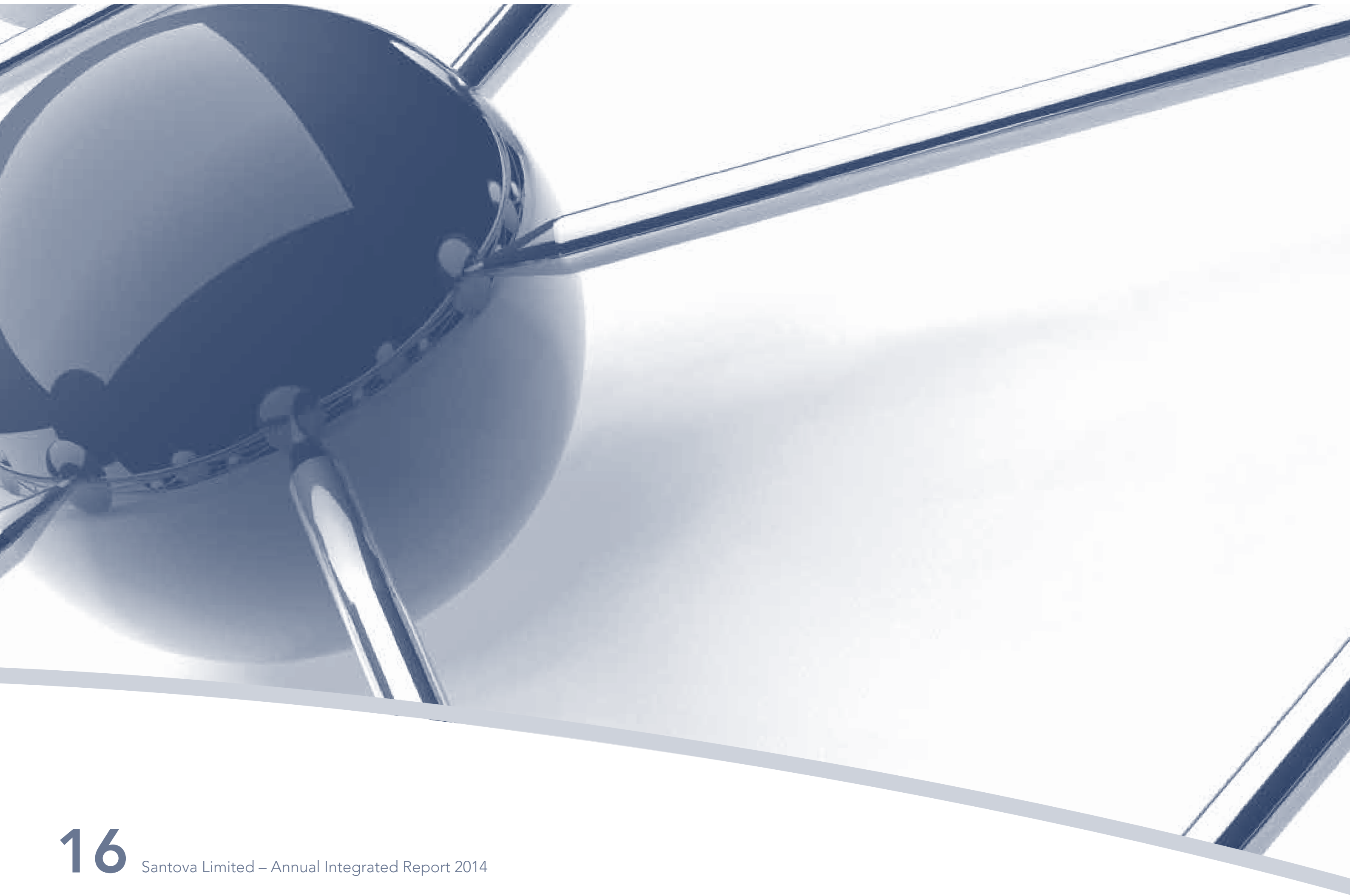
On a positive note the Group's overall cash holdings grew 36,1% from R27,0 million to R36,8 million in the current period, of which 75% or R27,6 million is held by the offshore subsidiaries; evidence of their ability to produce positive cash flows as the offshore business model does not require the funding of clients as in the South African region.

SHAREHOLDER VALUE

The combined effect of all of the factors discussed above has translated into positive returns for the Group's shareholders:

- Headline earnings per share increased by 40,6% from 17,62 cents per share to 24,77 cents per share;
- Basic earnings per share have increased by 24,1% from 18,06 cents per share to 22,42 cents per share;
- Net asset value per share and tangible net asset value per share increased by 34,2% and 95,8% respectively;
- Although slightly lower than the prior year the Group achieved a very credible 18,0% return on shareholders' equity; and
- The Group has declared its second annual dividend of 3,25 cents per share, a 30% increase on the maiden dividend declared last year.

In closing it must be noted that the culmination of all of the above, together with significantly increased liquidity in the market, has seen a complete rerating of the share price and higher levels of investor interest in the Group's shares, which rose from 106 cents at end of the prior year to close at 172 cents at the end of the current financial year.



DIRECTORATE AND MEMBERS OF COMMITTEES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward (Ted) Garner (74)

CA (SA), MBL (Unisa), MSIA (Carnegie Mellon, USA)
Chairman
Appointed: 5 June 2008

Ted is a Chartered Accountant with a Masters Degree in Business Administration. Most of his working career has been in the Tongaat Sugar company/Tongaat-Hulett group which he joined in 1967. He was appointed Financial Director of the Tongaat-Hulett group in 1978 and in addition was Executive Chairman of various operating divisions of the group and Vice-Chairman of Triangle Sugar Corporation in Zimbabwe. Since his retirement from the Tongaat-Hulett group in 2000, Ted has focused on various directorships and his business consultancy.

Anthony (Tony) Dixon (67)

CA (SA), F Inst. D
Appointed: 1 December 2010

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 a number of executive and non-executive directorships on the boards of public companies, including Guardian Insurance before its acquisition by Santam and Altech before its acquisition by Altron. He is currently also a non-executive director of Consolidated Infrastructure Group Limited and the Chairman of the Altech Finance and Risk Committee. Tony was Executive Director of the Institute of Directors for five years and for a number of years he provided the secretariat role to the King Committee, of which he was a member from 2003 to 2013.

Warwick Lombard (58)

CA (SA)
Appointed: 5 June 2008

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 as a director on various boards of both listed and unlisted companies in the construction, mining and technology sectors. He is currently the Group Financial Director of a privately held industrial holding group.

Ernest Ngubo (49)

Pr Eng; BSc Eng Elec (Natal); NHD Eng Elec (DUT);
Financial Management Diploma
Appointed: 19 February 2014

Ernest is a founding member and a shareholder in Igoda Projects, of which he has been the Chief Executive Officer since 2004. His career began as an apprentice electrician in 1984, working his way up through Technikon and later University studies. His experience includes 10 years as an engineering technician in various companies including Unilever, Watson Edwards Consulting Engineers, and Spoornet to mention but a few. Ernest has also practiced as a consulting engineer for more than 15 years executing various projects from conceptual engineering designs, contract, administration and business management. He is a co-founder of the National Society of Black Engineers (NSBE) and a member of the regional committee of the Black Management Forum (BMF). He serves as a Director in the Boards of the following companies: Fluor Igoda (Pty) Ltd (Chairman) and Electrowave (Pty) Ltd.

<table>
<tr><th colspan="3">THE BOARD</th></tr>
<tr><th>NON-EXECUTIVE</th><th colspan="2">EXECUTIVE</th></tr>
<tr><td>Ted Garner (Chairman)</td><td colspan="2">Glen Gerber (CEO)</td></tr>
<tr><td>Tony Dixon</td><td colspan="2">David Edley (Group FD)</td></tr>
<tr><td>Warwick Lombard</td><td colspan="2">Lance van Zyl</td></tr>
<tr><td>Ernest Ngubo</td><td colspan="2"></td></tr>
<tr><th colspan="3">NUMBER OF DIRECTORS</th></tr>
<tr><td>Non-executive</td><td>4</td><td>57%</td></tr>
<tr><td>Executive</td><td>3</td><td>43%</td></tr>
<tr><th colspan="3">HDSA DIRECTORS</th></tr>
<tr><td>Historically disadvantaged South Africans</td><td>1</td><td>14%</td></tr>
<tr><th>AUDIT AND RISK COMMITTEE</th><th colspan="2">SOCIAL AND ETHICS COMMITTEE</th></tr>
<tr><td>Warwick Lombard (Chairman)</td><td colspan="2">Tony Dixon (Chairman)</td></tr>
<tr><td>Tony Dixon</td><td colspan="2">Ted Garner</td></tr>
<tr><td>Ted Garner</td><td colspan="2">Warwick Lombard</td></tr>
<tr><th>NOMINATIONS COMMITTEE</th><th colspan="2">REMUNERATION COMMITTEE</th></tr>
<tr><td>Ted Garner (Chairman)</td><td colspan="2">Tony Dixon (Chairman)</td></tr>
<tr><td>Tony Dixon</td><td colspan="2">Ted Garner</td></tr>
<tr><td>Warwick Lombard</td><td colspan="2">Warwick Lombard</td></tr>
<tr><th colspan="3">EXECUTIVE COMMITTEE</th></tr>
<tr><td>Glen Gerber (Chairman)</td><td colspan="2">Andrew Lewis</td></tr>
<tr><td>David Edley</td><td colspan="2">Lance van Zyl</td></tr>
</table>

DIRECTORATE AND MEMBERS OF COMMITTEES

EXECUTIVE DIRECTORS

Glen Gerber (51)

BA (Hons), MBA
Chief Executive Officer
Appointed: 1 February 2003

Glen attained a BA Honours degree at Rhodes University in 1984 and following completion of his compulsory national service he then joined Integrated Business Information Systems (Pty) Ltd as a research and design manager (statistics and research methodology). On completing his MBA at the University of Pretoria, Glen made a strategic career change and joined Investec Group Ltd where he headed both the Northern Transvaal and later the KwaZulu-Natal operations for a continuous period of 12 years, going on to be appointed divisional director of Investec Private Bank in 1995. Upon his resignation from Investec Private Bank in 2003, Glen joined Santova and has been instrumental in the development of the Group over the last 11 years as CEO.

David Edley (46)

CA (SA)
Group Financial Director
Appointed: 1 March 2012

David completed his articles with Deloitte 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 (Pty) Limited, a privately held company involved in specialised lending and asset management. Prior to this he was Chief Operating Officer of Investec Private Bank, Durban. David joined Santova as Group Financial Director in 2012.

Anthony (Lance) van Zyl (40)

Appointed: 22 February 2011

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. Lance sold his interest in Aviocean to Santova in March 2010 and as a result Lance was appointed a director of Santova in February 2011.

COMPANY SECRETARY

Jennifer Lupton (72)

FCIS, M Inst. D
Appointed: 8 May 2003

Jenny began her career in Rhodesia in the early 1970's working for an investment banking organisation where she gained wide experience in all aspects of company secretarial work. She emigrated to South Africa in 1975 and joined the head office of the same organisation where she enhanced her company secretarial experience and 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 build her own company, Highway Corporate Services (Pty) Ltd, which provides outsourced company secretarial services to listed and unlisted companies.

PRESCRIBED OFFICER

Andrew Lewis (35)

BCom, LLB, ACIS
Group Legal Advisor
Appointed member of Group Exco: 25 January 2013

Andrew completed his BCom and LLB degrees at the University of Natal and thereafter he served his articles at Deneys Reitz Incorporated. During his articles he gained experience in maritime, commercial and labour law and on completion was admitted as an attorney. He left Deneys Reitz to join the Santova Group in early 2005 where he has served as Group Legal Advisor for the past nine years. In addition to his role as Group Legal Advisor he serves as a director of Santova Logistics (Pty) Ltd and chairs the Risk Management Committee and National Customs Committee. Andrew was appointed a member of the Group Exco in January 2013.

CORPORATE GOVERNANCE REPORT

The Group is committed to the promotion of good corporate governance and every effort is being made on a continuous basis to institute "best practice" wherever possible in all aspects of the Group's activities.

The Company has recently subscribed to the Governance Assessment Instrument of the Institute of Directors to be better able to assess its application of the principles of King III and a King III Compliance Register covering all 71 principles contained in the King Report on Corporate Governance for South Africa – 2009 ("King III") has been prepared and is available on the Company's website.

THE BOARD OF DIRECTORS

The Company has a small Board of Directors suited to the present size of the Group, with extensive financial, corporate governance and business experience, balanced with entrepreneurial flair. 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. There is a majority of non-executive directors on the Board. 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.

The following changes in the Board composition took place during the course of the year:

- On 1 July 2013, S Donner resigned to pursue other interests after many years of service to the Group but continues to provide consulting and marketing support to the Group; and
- On 19 February 2014, EM Ngubo was appointed as an independent non-executive director to augment the Board and bring further diversity of skills and expertise.

The Board has adopted a formally documented policy detailing procedures for appointments to the Board and all appointments are formal and transparent and a matter for the Board as a whole, but assisted by the Remuneration and Nominations Committee when required.

BOARD CHARTER

The Board has adopted a Board Charter which regulates its role and defines matters reserved for Board approval. The Charter is reviewed annually to ensure that it is kept current and relevant, and is available on the Company's website. 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 Group, 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.

MEETINGS

The Board meets 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:

DIRECTOR	May 2013	July 2013	October 2013	February 2014
ESC Garner (Chairman)	•	•	•	•
AD Dixon	•	•	•	•
S Donner – resigned 1 July 2013	•			
DC Edley (GFD)	•	•	•	•
GH Gerber (CEO)	•	•	•	•
WA Lombard	•	•	•	•
EM Ngubo – appointed 19 February 2014				•
AL van Zyl	•	•	•	•

BOARD COMMITTEES

The Board has appointed an Audit and Risk Committee, a Remuneration and Nominations Committee and a Social and Ethics Committee. These committees have taken on their respective functions for all of the subsidiaries companies and deal with the matters required to be dealt with in terms of the Companies Act 2008, ("the Companies Act") the JSE Listings Requirements, and King III on behalf of those subsidiaries.

AUDIT AND RISK COMMITTEE

A full Audit and Risk Committee Report may be found on page 36 with a separate report on Risk Management on page 21.

CORPORATE GOVERNANCE REPORT

REMUNERATION AND NOMINATIONS COMMITTEE

Three independent non-executive members of the Board comprise the members of the Remuneration and Nominations Committee. At the Committee meeting held in May 2013, AD Dixon, a non-executive director, was appointed chairman of the Remunerations Committee, with the Chairman of the Board remaining chairman of the Nominations Committee, as required by the JSE Listings Requirements, and chairing that part of the meeting when matters requiring the attention of a nominations committee are dealt with. The CEO is a permanent invitee to committee meetings.

The committee has adopted a Charter setting out its terms of reference, which has been approved by the Board and is reviewed annually to ensure that it remains current. During the year the committee set the overall parameters for salary increases and bonuses, approved the remuneration of senior executives and determined the remuneration of executive directors. With remuneration forming one of the largest cost components of the Group, optimising the remuneration expense will always be a core focus area for the committee.

The Group has an extremely active and efficient Group Human Resources team which looks after the issues of human resource management in terms of social transformation, moral and social responsibility.

The Group has an active training programme to enhance the skills of all its employees internationally and to train them in the Group's business. For more detail, please refer to the Sustainability Report on page 24.

Remuneration and Nominations Committee meetings

The Remuneration and Nominations Committee held two meetings during the year and attended to other matters via the medium of teleconference calls. All members of the committee attended the meetings.

DIRECTOR	May 2013	February 2014
ESC Garner (Chairman, Nominations Committee)	•	•
WA Lombard	•	•
AD Dixon (Chairman, Remuneration Committee)	•	•

The Remuneration Report dealing with directors' remuneration can be found on page 31.

SOCIAL AND ETHICS COMMITTEE

Membership of the committee comprised the three independent non-executive Board members and the Group Legal and Risk Adviser. The committee has adopted a Charter setting out its terms of reference, which include those defined in the Companies Regulations 2011. For more detail, please refer to the report of the Social and Ethics Committee on page 34.

APPLICATION OF KING III

As was reported in the 2013 Annual Integrated Report, at the beginning of the financial year under review the Board conducted a comprehensive evaluation of itself, its committees, and the extent to which it had applied or not applied the principles of King III. During that process certain areas were identified that either required attention or where the Board felt the application of certain King III principles was not warranted at this stage in the Company's development. The findings with regard to King III are contained in the full Application of King III Register which can be found on the Company's website. Further commentary may also be found in the individual committee reports that appear elsewhere in this Annual Integrated Report.

As mentioned briefly at the outset of this report, the Company has very recently adopted the Institute of Directors' Governance Assessment Instrument ("GAI") as a means of monitoring and recording the Company's progress in the application of the principles of King III as the Company grows and develops.

COMPANY SECRETARY

The Company Secretary attends all Board and Board committee meetings of the Company and meetings of the South African subsidiary company boards. The competence, qualifications and experience of the Company Secretary are reviewed annually by the Board and the Board has satisfied itself that the Company Secretary is competent and has the necessary qualifications and experience required to fulfil the role and the responsibilities placed upon a company secretary by the Companies Act, the JSE Listings Requirements and King III. Being an outsourced appointment, the Company Secretary is able to maintain an arms-length relationship with the Board and to be truly independent.

RISK MANAGEMENT REPORT

The Board recognises the importance of an effective risk management strategy and risk management processes, and seeks to ensure that risk identification and mitigation is an ongoing practice, embedded in the day to day activities of operational management.

It recognises that the strategy and processes will require continuous reassessment and improvement as the Group grows and evolves. The key focus of the Board's role is to obtain evidence that:

- The most significant risks inherent within the business of the Group have been identified and are continually being identified;
- Management understands these risks; and
- Management are effectively managing and mitigating these risks.

Throughout the Group's risk management processes the Board seeks to ensure compliance with the specific risk governance recommendations of the King Code on Corporate Governance for South Africa – 2009 ("King III") in addition to other relevant codes and frameworks as well as best practice specific to our industries.

RISK MANAGEMENT STRUCTURE

The Board is ultimately accountable for the governance of risk within the Group and it has the following structure in place to ensure its effective management and mitigation:

In order to ensure the proper implementation of a practical risk management framework and processes the Board has delegated the responsibility to the Audit and Risk Committee. Membership of the Committee consists of independent non-executive directors, all of whom have extensive knowledge and experience in the field of risk management.

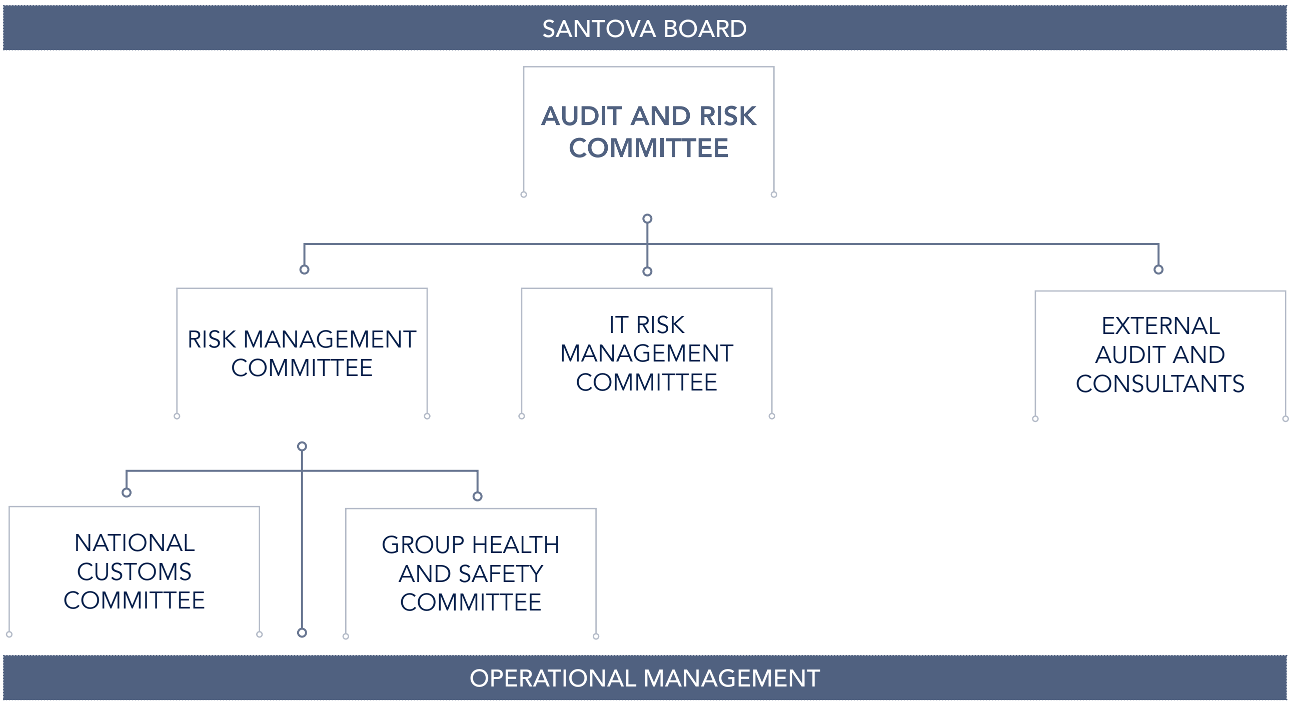
Then, to ensure an integrated approach to the practical implementation of risk management, the Audit and Risk Committee in turn is supported by two primary management committees who are directly responsible for implementing and monitoring the risk management processes on a day to day basis throughout the Group. These two management committees are also in turn supported by a further two formal management committees as set out in the diagram below, as well as other informal operational forums.

RISK MANAGEMENT COMMITTEE

This committee's mandate is to oversee the daily risk management process for all areas of risk with the exception of IT risk which is considered, but is specifically managed by the IT Risk Management Committee due the technical nature of this risk and the key role it plays within Group strategy.

The committee met on three occasions during the past financial year and is made up as follows:

Group Legal Advisor (Chairman)	Group Financial Accountant (Secretary)
Group Chairman	Group CEO
Group Financial Director	MD Santova Financial Services
Financial Director Santova Logistics	KZN Regional Head Santova Logistics



RISK MANAGEMENT REPORT

IT RISK MANAGEMENT COMMITTEE

This committee's mandate is to oversee the daily IT risk management process and comprises members with the requisite IT skills and experience.

The committee met on eight occasions during the past financial year and the committee is made up as follows:

Group Financial Director (Chairman)	Group IT Coordinator
Division Head: Supply Chain Management	Financial Director of Santova Logistics
Managing Director of the Group's outsourced IT provider	Support Manager of the Group's outsourced IT provider

EXTERNAL CONSULTANTS

In addition, the Audit and Risk Committee periodically calls upon external consultants to provide additional risk assurance.

RISK MANAGEMENT PROCESS

The key aim of the Group's risk management process is to identify, quantify and manage the key risks inherent within the Group, such that the residual risks are maintained within acceptable tolerance levels, whilst ensuring value is created for all stakeholders within the business.

The Risk Management Committee and the IT Risk Management Committee meet on a regular basis, for which formal agendas are drawn up and minutes of the meetings are recorded. The Chairman of both the Risk Management Committee and IT Risk Management Committee attend every Audit and Risk Committee by invitation and they present a formal risk report, minutes of the respective committee meetings and an update on all current key risk issues and initiatives.

The key to the Group's risk management methodologies and procedures is the formally documented Risk Register that identifies and measures the top risks inherent within the Group. The Risk Register is a "live" document, under constant review and continuously updated by the Risk Management Committee, which evaluates each risk identified in terms of potential impact and probability. Responsibility is allocated for all risks and the applicable controls and corresponding reports in mitigation of the risks are identified. This then enables control effectiveness to be determined and ultimately the residual risk is computed, which in turn directs planned future actions to be implemented by management.

The Risk Register is periodically reviewed by the Board and on an annual basis the Board performs a high level assessment of the key risks inherent in the Group, by means of each board member undertaking an assessment and scoring of all risks. The results of these assessments, a summary of which is presented below, are combined and utilised by the Board to drive Group strategy and risk management.

In addition to the periodic reviews of the Register, potential risks within the Group are identified on an ongoing basis by operational management from all regions and communicated by means of a central risk inbox managed by the committee secretary to the Risk Management Committee, for analysis and recording into the Register.

OTHER RISK SUB-COMMITTEES

The National Customs Committee meets on a quarterly basis and the meeting minutes are presented to the Audit and Risk Committee by the Committee chairman. The Committee is chaired by the Group Legal Advisor and consists primarily of senior operational staff who specialise in South African Revenue Services ("SARS") Customs rules, regulations and procedures. The mandate of the Committee is to:

- ensure all Customs related risks are mitigated through compliance with all SARS Customs legislation and regulations;
- to oversee the Group's interaction and relationship with SARS who are a key stakeholder within the Group; and
- to ensure that the Group's employees, clients and other stakeholders are kept informed and up to date on all Customs legislative requirements and changes.

The Group Health and Safety Committee meet on a bi-annual basis and consist of an equal number of employee and management representatives. The mandate of the Committee is to oversee and manage health and safety within the various entities and divisions of the Group, each of which have their own locally appointed representatives and committee. Please refer to the sustainability report on page 24 for more information on the role of health and safety within the Group and statistics related thereto.

OVERVIEW OF KEY RISKS

The top five key risks the Board considers the Group to be facing are set out in the table adjacent. All of these risks are deemed to be high risk (having an inherent score of between 7 and 8 out of a maximum of 10).

The table details the context and mitigation strategies of the five key risks determined as having a high inherent risk:

RISK MANAGEMENT REPORT

KEY RISK	CONTEXT	MITIGATION
New client acquisition and retention of existing key clients	Failure to grow the business and profitability through new client acquisition and retention of existing key clients.	Development of key differentiators to empower sales personnel; standardised and consistent quality marketing material produced centrally; recruitment of new and experienced sales personnel; staff training and development; establishment of a centralised Group marketing office and Supply Chain Management division.
Valuation of assets and investments	Losses in the fair value of assets and investments, leading to the recognition of impairments affecting profitability.	A non-asset based Group strategy; ongoing management and performance measurement of all Group investments and subsidiaries; annual impairment testing of all subsidiaries performed and reviewed by external auditors, during the audit of the Annual Financial Statements.
Raising of funding and the meeting of financial obligations	The inability to raise funding or obtain credit facilities through financial institutions, suppliers or investors resulting in the failure to meet financial obligations.	Formal ongoing communication with key financiers and underwriters and the development of long-term mutually beneficial relationships; ongoing identification of possible new funding structures and renegotiation of existing facilities; daily centralised cash flow management and monitoring.
Succession planning and talent identification and recruitment	A high reliance placed on key personnel and lack of depth at senior management level together with the inability to identify, recruit and retain the right talent.	Focus on recruiting and retaining quality and experienced senior staff to ensure future succession; development of a graduate programme for high calibre graduates; creating a professional culture and stimulating working environment for staff to operate within; reward and recognition of employees through financial and non-financial incentives; formalised training and development programmes; documented Group HR policies and procedures; formal performance review processes.
Pricing pressure and maintaining margins	Pricing and margins pressure from intense competition resulting in lost clients and revenue.	On-going financial analysis and monitoring of actual margins so as to maximise revenue whilst still remaining competitive; focus on the differentiation of the Group's service offering and adding value so as to increase customer retention and loyalty; improving the Group's Supply Chain capability and offering.

SUSTAINABILITY REPORT

The Santova Board of Directors is committed to sustainability and the reporting of its sustainability performance to all stakeholders in an open, honest and transparent manner. This report is to be read in conjunction with the Annual Integrated Report, as a whole, in order to gain a complete understanding of the sustainability efforts and developments of the Group.

HUMAN CAPITAL

Santova's human capital is managed centrally by the Group Human Resources Department at its Head Office. This includes employee management and labour process management for all regions internationally, and payroll, medical aid, retirement planning, wellness, training and development as well as aspects of employment equity and broad-based black economic empowerment for South African entities within the Santova Group. The Group Human Resources Department utilises a network of professional specialist suppliers both locally and internationally to ensure its human capital is managed in an appropriate and accurate manner in all jurisdictions.

Total number of employees		300
Number of permanent employees		288
Number of contractors		12
Employees who are permanent	(%)	96
Employees who are women	(%)	55
Employees who are unionised	(%)	0
Employee turnover	(%)	29
Person hours worked		588 471
Number of lost days due to absenteeism		1 705
Number of lost days due to industrial action/strikes		0
Total number of South African employees		248
Employees who are historically disadvantaged South Africans	(%)	65

The 2014 financial year was a year of change, particularly for the South African entities. The year saw a deliberate and focused enforcement of its cultures, philosophies and values, the centralisation of a number of departments and components of the business to the head office to maximise efficiencies, the "right-sizing" of certain departments, and a greater emphasis on the performance management of nonperforming employees. All of these changes resulted in a raising of efficiencies and standards across the Group and this initiative will continue into the next financial year. Naturally, this exercise resulted in a reduction in the total number of employees, and a higher than normal employee turnover, which has left the employee count at the end of the financial year at a more sustainable and operationally effective level.

SANTOVA GROUP NUMBER OF EMPLOYEES BY REGION	2014	2013
South Africa	**248**	280
Durban	**147**	154
Johannesburg	**54**	81
Cape Town	**26**	25
Port Elizabeth	**14**	12
Pietermaritzburg	**5**	4
Sasolburg	**2**	4
International	**52**	57
Australia		
Sydney	**6**	10
United Kingdom		
Heathrow	**7**	7
Essex	**3**	3
Midlands	**16**	15
China		
Hong Kong	**6**	8
The Netherlands		
Rotterdam	**7**	7
Amsterdam	**7**	7
Total	**300**	337

All employees are required to join the Group medical aid scheme (or provide proof of their own independent medical aid) and the Group provident fund in South Africa, whilst international offices have flexibility in this area to cater for local practices and laws.

WELLNESS

Employee wellness remains an important focus for the Group, with formal Wellness Days being held in the three largest offices in the Group, namely, Durban, Johannesburg and Cape Town. These events are well supported and have enabled the Group to encourage HIV/AIDS testing which is discussed below. The Group also encourages participation in other company arranged wellness events such as the Colour Run supported by the Port Elizabeth office, the Virgin Active Coffee Run in the Durban Office and the Discovery East Coast Radio Big Walk in Durban which was arranged at the time of this report and due to take place after year end. In addition to the above, medical aid presentations were conducted for employees around South Africa. Training (discussed below) forms an important part of the Group wellness initiative.

TRAINING AND SKILLS DEVELOPMENT

Training and Skills Development initiatives are undertaken by all regions around the world. In South Africa, this area is managed by a formal training budget, training process and overseen by the Skills Development and Employment Equity Committee, whereas the international offices handle training and development initiatives on a more informal basis due to the comparatively lower number of employees in these offices.

Total number of employees trained	131
Rand value of total employee training spend	R458 939

A number of different types of training and development initiatives were undertaken during the period. The most common areas of training were in logistics operations, software, ongoing health and safety, International Standard Organisation ("ISO") audit, management, insurance, customer service and a new focus was placed on supply chain management training as planned in the previous year.

In South Africa, the Annual Training Report and Workplace Skills Plan are submitted timeously to the sector education and training authorities for the various South African entities within the Group. The Group has its own skills development facilitator and utilises the services of an external specialist, where required. The Group predominantly funds its own training, but where possible, utilises government grants that are applied for each year.

LEARNERSHIP PROGRAMME

This social upliftment and reform programme plays a central role in the South African Group's employment equity, Broad-based Black Economic Empowerment ("B-BBEE"), Training and Skills Development, corporate social investment and general sustainability initiatives. Candidates in this one-year programme receive training from two sources: firstly through a formal online training curriculum in clearing and forwarding or insurance provided by specialist service providers, and secondly, through on-the-job training where candidates will be rotated through departments on a quarterly basis. Its importance and the value placed on this programme by the Group therefore cannot be underemphasised.

Total number of learners currently on the programme	17
Total number of graduated learners still retained from prior programmes	22
South African employees who are current or retained learners (%)	16

There were 25 learners involved in the Santova Learnership Programmes during the current financial year with some having graduated before financial year end and 17 currently on the programme at the end of the period. In addition to the 17 learners currently on the programme, as at 28 February 2014, there were 22 graduates of prior programmes that were still retained by the South African entities within the Group.

INDUCTION TRAINING AND DEVELOPMENT ("ITD") PROGRAMME

The Group ITD Programme was officially launched on 2 April 2013 with two candidates being placed in the programme initially and a third candidate following in August 2013. This programme is an important new Group strategic initiative and focuses on recruiting top university graduates who are selected following a lengthy interview process and are intensively trained and mentored over a two-year period in every aspect of the Group's supply chain and logistics business. Graduates of the Santova ITD programme can boast first-hand experience in every department which, coupled with their university grounding, will provide the Group with a source of highly knowledgeable and well-rounded "leaders of tomorrow" capable of being deployed anywhere within the Group. Unlike other graduate training programmes, choice candidates are selected and given permanent employment from the beginning of the programme and not selected from a larger group at the end. It is anticipated that five new positions will be made available, in the ITD programme, in the next financial year.

ECONOMIC IMPACT

Consistent long-term value creation and distribution to all stakeholders is essential for economic sustainability. Value creation is the wealth created by the Group in converting the goods and services obtained from its suppliers and agents into billable revenue collected from clients.

The value added statement on the next page shows the wealth created and distributed to key stakeholders during the period under review. The value added statement has been presented on two bases:

- The billings basis based on total billings invoiced to clients in the capacity as a logistics agent for those clients; and
- The revenue basis based on purely that portion of the billings that is direct revenue earned by the Group.

The billings basis highlights to what extent the Group acts as a logistics agent for the revenue authorities in the collection of customs VAT and duties, in that 93% or R2,2 billion of the wealth created is distributed to Government and regulators.

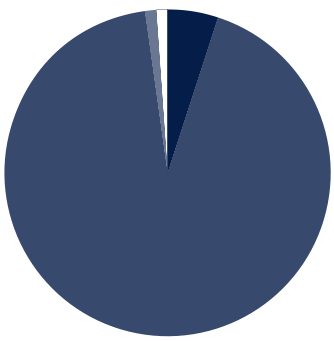
The revenue basis highlights that the Group's employees are the key beneficiaries of the direct revenue generated by the group, receiving 59% of the value created in the current period under review.

SUSTAINABILITY REPORT

VALUE ADDED STATEMENT for the year ended 28 February 2014

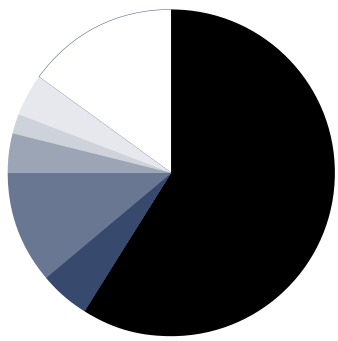
	2014 Billings basis R'000	%	2014 Revenue basis R'000	%	2013 Billings basis R'000	%	2013 Revenue basis R'000	%
Billings to clients	**3 240 894**				2 648 815			
Revenue from clients			**233 732**				187 546	
Paid to suppliers and agents	**868 025**		**48 666**		656 042		35 916	
Value created	**2 372 869**		**185 066**		1 992 773		151 630	
Value distributed								
Employees	**110 311**	**5**	**110 311**	**59**	92 052	5	92 052	61
Government/regulators	**2 197 474**	**93**	**9 671**	**5**	1 849 754	93	8 611	6
Financial institutions	**19 525**	**1**	**19 525**	**11**	12 621	1	12 621	8
IT service providers	**7 092**	**0**	**7 092**	**4**	6 544	0	6 544	4
Shareholders	**3 411**	**0**	**3 411**	**2**	–	0	–	0
Asset replacement	**7 681**	**0**	**7 681**	**4**	6 705	0	6 705	4
Profits retained for future	**27 375**	**1**	**27 375**	**15**	25 097	1	25 097	17
	2 372 869	**100**	**185 066**	**100**	1 992 773	100	151 630	100
Notes: Value distributed to/on:								
Asset replacement								
– Research and development on intellectual property	**1 653**		**1 653**		1 282		1 282	
Spend with historically disadvantaged South African suppliers and stakeholders								
– Black-owned and black-women owned	**n/a**		**6 402**		n/a		5 659	
– BEE compliant	**n/a**		**40 770**		n/a		24 742	

2014 PERCENTAGE VALUE DISTRIBUTED: BILLINGS BASIS



Employees	5
Government/regulators	93
Financial institutions	1
IT service providers	0
Shareholders	0
Asset replacement	0
Profits retained	1

2014 PERCENTAGE VALUE DISTRIBUTED: REVENUE BASIS



Employees	59
Government/regulators	5
Financial institutions	11
IT service providers	4
Shareholders	2
Asset replacement	4
Profits retained	15

SOCIAL RESPONSIBILITY AND INVESTMENT

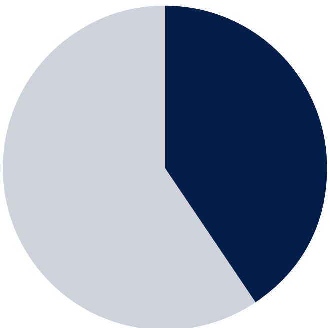
EMPLOYMENT EQUITY

The tables and graphs prepared for this section of the sustainability report are based on consolidated statistics from all the South African entities. It should be noted that each of the South African entities reports separately to the Department of Labour for the purposes of employment equity and not as a consolidated South African group as set out for summary purposes below. In addition, the below table and graphs have been prepared as at 28 February 2014 and not as at the date of last submission to the Department of Labour last year.

Whilst each South African entity within the Group is responsible for managing their employment equity implementation to achieve the required targets, the Employment Equity and Skills Development Committee together with the assistance of the Group Human Resources Department is responsible for setting targets as well as controlling and measuring employment equity.

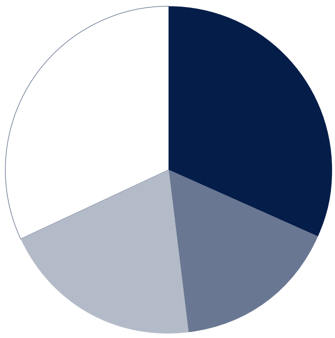
The Group has attained its short-term targets of addressing the male to female ratio, ensuring that the African race is the predominant race within the South African Group and making inroads into the junior management level. The Group has also attained some of its medium-term goals in ensuring the African female race and gender group is the predominant

EMPLOYEE **GENDER** STATUS



GENDER		TOTAL	PERCENTAGE
Male		101	41
Female		147	59
Total		248	100

EMPLOYEE **RACE** STATUS



RACE		TOTAL	PERCENTAGE
African		87	35
Coloured		20	18
Indian		55	22
White		85	35

OCCUPATIONAL LEVELS	MALE A	MALE C	MALE I	MALE W	FEMALE A	FEMALE C	FEMALE I	FEMALE W	FOREIGN NATIONALS MALE	FOREIGN NATIONALS FEMALE	TOTAL
Top management	0	0	2	6	0	0	0	0	0	0	8
Senior management	0	0	0	8	0	0	1	6	0	0	15
Professionally qualified and experienced specialists and mid-management	4	2	3	7	6	1	5	16	0	0	44
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	6	2	5	6	19	4	12	14	0	1	69
Semi-skilled and discretionary decision making	16	5	16	5	35	5	8	11	0	0	101
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Contractors	1	0	2	5	0	1	1	1	0	0	11
Total employees	27	9	28	37	60	11	27	48	0	1	248

SUSTAINABILITY REPORT

group, making inroads into the middle management level and ensuring representation at top management level. The Group remains focused on the balance of the medium-term goals which include a complete addressing of the junior management level, improvement in the middle management level and making inroads into the senior management level. The long-term goals are aligned with the ultimate requirements set out by the Department of Labour for employment equity. The various targets in the employment equity plans for the South African entities are consistent with these goals. Despite a reduction in the total number of South African employees year on year, the male to female ratio has remained the same. As previously reported, skills shortages in our industries amongst designated groups continues to present a challenge for employment equity and the Group continues to rely on its internal programmes to assist with this employment equity barrier.

B-BBEE

The strategy, planning, monitoring and overall management of B-BBEE is undertaken by the B-BBEE Committee in conjunction with its B-BBEE Consultant. The committee, together with all senior management across the South African Group, are then responsible for the implementation and ongoing development of B-BBEE.

Santova Limited, the Group holding company, is for the purposes of B-BBEE, a Qualifying Small Enterprise ("QSE"). Santova Limited was verified (in terms of the Generic Codes) by SAB&T BEE Services (an accredited verification agency) ("SAB&T") in February 2013 and achieved a score of 89,80 and as such is classified as a Level 2 Contributor. Santova Limited has aligned its next B-BBEE audit with its financial year end rather than a calendar year (used for the previous audit) and therefore its next audit has been set for 29 May 2014.

Santova Limited made monetary enterprise development contributions to LIV Business (Pty) Ltd, a registered private company which invests in business to create jobs and provide for the sustainability of LIV Village (a registered NPO and Section 21 Company which provides holistic residential care for orphaned and vulnerable children) ("LIV").

Santova Limited is a "Value-adding Enterprise" for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Santova Limited (125%) may be multiplied by 1,25 by any client of Santova Limited. The effect of this is that Santova Limited has a procurement recognition of 156,25%.

Santova Logistics is for the purposes of B-BBEE a "Generic Enterprise", with an annual turnover in excess of R35 million, and therefore all seven elements of B-BBEE must be focused on by Santova Logistics. Santova Logistics was verified (in terms of the Forwarding & Clearing Sector Codes) by SAB&T in August 2013 and achieved a score of 66,06 and as such is classified as a Level 4 Contributor. This is a significant improvement on the previous audit results.

Santova Logistics is a "Value-adding Enterprise" for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Santova Logistics (100%) may be multiplied by 1,25 by any client of Santova Logistics. The effect of this is that Santova Logistics has a procurement recognition of 125%.

Santova Logistics has continued to make enterprise development contributions to four entities, the first three being suppliers from within its industry and the fourth being LIV, described above:

- ABI Freight Carriers CC ("ABI Freight");
- Isiqiniseko Deliveries CC ("Isiqiniseko Deliveries");
- Two Be Sales Fifty Three CC ("Two Be"); and
- LIV.

Santova Logistics has provided, *inter alia*, computer hardware and software, training, employee salaries, legal advice and business support to ABI Freight and has also procured transport services from ABI Freight. Santova Logistics has provided, inter alia, vehicles maintenance, legal advice, operational advice, insurance and business support to Isiqiniseko Deliveries and Two Be. In addition, Santova Logistics has also procured delivery services from Isiqiniseko Deliveries and Two Be. Santova Logistics has provided monetary assistance to LIV.

Santova Financial Services is for the purposes of B-BBEE, a Qualifying Small Enterprise ("QSE"). Santova Financial Services was verified (in terms of the Financial Services Sector Codes) by SAB&T in February 2014 and achieved a score of 100,00 and as such is classified as a Level 1 Contributor. Santova Financial Services made monetary enterprise development contributions to LIV and the Hillcrest Aids Centre Trust.

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 (135%) 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 168,75%.

Santova Express is for the purposes of B-BBEE, a Qualifying Small Enterprise ("QSE"). Santova Express was verified (in terms of the Transport Sector Codes) by SAB&T in August 2013 and achieved a score of 102 and as such is classified as a Level 1 Contributor.

Santova Express is a "Value-adding Enterprise" for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Santova Express (135%) may be multiplied by 1,25 by any client of Santova Express. The effect of this is that Santova Express has a procurement recognition of 168,75%.

Santova NVOCC is for the purposes of B-BBEE, an Exempted Micro Enterprise ("EME"). Santova NVOCC was verified (in terms of the Transport Sector Codes) by SAB&T in December 2013 and achieved a Level 4 B-BBEE certificate. The effect of this is that Santova NVOCC has a procurement recognition of 100%.

SUSTAINABILITY REPORT

CORPORATE SOCIAL INVESTMENT

The combined monetary contribution of the entities within the Santova Group is set out in the following table:

TOTAL CSI/SED SPEND PER ENTITY	Rand
Projects	**1 212 178**
Education	110 236
Skills Development	454 869
Health and HIV/AIDS	28 935
Basic Needs/Social	25 790
Enterprise Development	586 966
Other	5 382

All branches and regions within the Group are encouraged to support, in both a monetary and non-monetary manner, local charities and causes within their own community. The 2014 financial year saw an increase in the support of charities and causes in a non-monetary manner, by employees participating in company lead activities, contributing to employee lead drives and giving up their personal time, as a manner of support. These events included the support of Red Nose Day (United Kingdom) by employees purchasing shirts and selling homemade cakes and biscuits, the support of three blood donor clinics hosted on site at the Durban office, the support of Casual Day by all South African branches of the Group, the donation of tea, biscuits, cakes, books and magazines to Booth Memorial (Cape Town), the donation of IT equipment, the donation of food vouchers and attendance at a variety of charity functions and events. The various entities within the Group also sponsored sporting events and participated in student training programmes or work experience both locally and internationally.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY

HEALTH AND SAFETY

The Santova Group is divided into a number of health and safety "Locations" as defined by the Santova Health and Safety Manual. All "Locations" have their own appointed representatives and committee and are responsible for the complete process of health and safety in their region or designated area. The various appointed representatives (first-aid, fire and general health and safety) are required to conduct regular health and safety audits and are required to report on these audits at each "Location" committee meeting.

Each of the "Location" committees is overseen by the Group Health and Safety Committee which is responsible for monitoring their compliance with the relevant laws and regulations. An external specialist is utilised from time to time to assist and guide the Group when required.

Number of fatalities	0
Number of first-aid cases	19
Number of medical treatment cases	4
Number of lost time injuries	0
Total number of recordable injuries	4
Fatal injury frequency rate	0
Lost time injury frequency rate	0
Total recordable injury frequency rate	1,36

There were few issues within the financial year from a health and safety perspective with virtually all the above first-aid cases being minor "plaster" cases of little concern.

SUSTAINABILITY REPORT

HIV/AIDS AND OTHER LIFE THREATENING DISEASES

The Group Human Resources Department oversees the enforcement of the Group's HIV/AIDS, Life Threatening and Notifiable Diseases Policy. The policy and its enforcement ensures fair treatment of affected employees, compliance with applicable legislation, provision of appropriate procedures and guidelines and allows for employees to feel comfortable, confide in management and seek assistance regarding their suspected or known condition.

There was an improvement in the number of employees who submitted themselves for HIV/AIDS tests at the Wellness Days arranged by the Group Human Resources Department. The relevant known HIV/AIDS statistics for the Group are as follows:

Total number of employees receiving voluntary counselling and testing		0
Employees tested for HIV/AIDS		95
HIV/AIDS prevalence rate	(%)	0,67

Whilst there are no reported or confirmed cases within the Group as at the end of the financial year, a prevalence rate is calculated using suspected or unconfirmed employee cases. The statistics are considered by the Risk Management Committee at each meeting and a decision is made as to whether any special action with regards to risk profiles and direct/indirect costs is warranted and whether the current measures and strategies in place are considered to be reasonable and sufficient.

ENVIRONMENT

As Santova is a "4PL" or fourth party logistics service provider, it has a limited "footprint" on the environment relative to other asset based entities within our industry. However, despite being predominately "office based", Santova remains committed to promoting a healthy and sustainable environment in all regions.

With this in mind, the Santova Group Environmental Policy is in place to achieve the following goals: to reduce environmental impact and continually improve environmental performance; to address the measurement, awareness, strategy, goals and targets of this important area; to support and comply with, or exceed, the requirements of current environmental legislation, regulation and codes of practice; to develop, and continue to develop, office focused initiatives which all employees are bound to respect and promote; to develop a culture of environmental concern and promotion; to provide a guideline to employees regarding the environmental standards expected of suppliers; and to communicate the Santova Group's commitment to a healthy and sustainable environment.

The policy calls on all employees to support the Group's environmental initiatives, which include: the creation of awareness of this policy and for environmental concerns and initiatives in general; the procurement of environmentally friendly products; the active recycling of stationery products; the minimisation of electricity and energy usage; the minimisation of water usage; encouraging the use by both employees and clients of OSCAR® (the group's in-house developed software system that is a paperless operational system); and participation in developing further environmental initiatives and promotion of environmental responsibility amongst employees for the Santova Group. The policy is also supplier focused and contains relevant and appropriate requirements for suppliers as well as employees.

During the current year the Group started implementing procedures to collect important environmental data in order to build a database that will enable Santova to better assess its environmental impact year on year.

Total electricity consumption (MWh)	764
Total water consumption (Kℓ)	4 565

QUALITY

Santova Logistics, the largest trading entity within the Group, is certified for ISO 9001:2008 by ISO auditing firm, SGS South Africa (Pty) Ltd. Santova 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 11 to 13 December 2013, Santova Logistics was the subject of the annual surveillance audit. The findings confirmed that Santova Logistics conforms to the audit standard requirements, maintains the quality management system and policy objectives effectively, establishes and tracks key performance objectives and targets, and the internal audit programme as well as the management review process are effective.

During the period, many improvements were made to the processes within the quality management system. These improvements have resulted from the feedback from the regular internal audits as well as specific projects which were undertaken during the year to create efficiencies, improve performance and raise standards. These improved processes combined with the existing customer service procedure provide an important tool to manage internal operations, decisively deal with customer complaints and service failures as well as improve quality as a whole.

The Management Review Committee held regular meetings, during the period, to discuss the policy statement and to review our ISO Quality Management System.

REMUNERATION REPORT

The Remuneration and Nominations Committee is mandated by the Board of Directors to support and advise on the Group's remuneration philosophy and policy, and on new appointments to the Board. During the year under review the Board accepted the recommendations of the committee under its delegated powers.

The Corporate Governance Report on page 19 contains details of the composition, meetings and mandate of the committee. This report focuses primarily on the remuneration of executive and non-executive directors.

The Chairman of the Board ensures that the committee 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 Group management expertise and strategic direction and to provide the necessary skills and experience appropriate to its needs as a diversified leading global business.

In following the strategy of a non-asset based 4PL service provider, the Group's human capital has been identified as one of the four primary inputs into its value adding processes. Hence it is important that our reward strategies and remuneration structures are designed to attract, motivate and retain high-caliber people at all levels within the Group, whilst fostering a culture of performance.

Consideration is given to total reward and on achieving an appropriate balance between fixed and variable remuneration and short and long-term incentives for all employees, depending on seniority and roles. The guaranteed remuneration component paid to directors is based on industry benchmarks and targeted just below the median of the market. The Group maintains its discretion to pay a premium to the median for the attraction and retention of the directors.

NON-EXECUTIVE DIRECTORS' FEES

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 Memorandum of Incorporation. 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 consideration his role as Chairman of the Group, his attendance at Board and committee meetings, and the breadth of that role coupled with the 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 were approved by shareholders at the Annual General Meeting held on 30 July 2013. Details of the remuneration paid to each non-executive director for the past financial year may be found in the table below.

At the Annual General Meeting to be held on 29 July 2014 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 on page 53.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

Each executive director is bound by a formal contract of employment. These contracts are formulated in a manner which is consistent with industry norms and legislative requirements. The contracts are for variable terms subject to notice periods ranging between 30 to 60 days and all contracts carry post-employment restraints for a period of two years, providing protection to the Group's client base, employees and confidential information.

The Committee aims to align the directors' total remuneration with stakeholders' interests by ensuring that a significant portion of their package is variable in nature. Executive directors qualify for an annual incentive bonus calculated and paid in May of each year following the finalisation of the Group's annual results for the previous financial period. The payment of this incentive bonus is subject to the achievement of certain performance targets that are directly linked to:

NON-EXECUTIVE DIRECTORS' FEES

	2014			2013		
	Directors' fees R'000	Consulting fees R'000	Total R'000	Directors fees' R'000	Consulting fees R'000	Total R'000
AD Dixon	**103**	**–**	**103**	107	–	107
S Donner	**9**	**341**	**350**	41	1 009	1 050
ESC Garner	**295**	**–**	**295**	272	–	272
WA Lombard	**169**	**–**	**169**	171	–	171
EM Ngubo	**10**	**–**	**10**	–	–	–
	586	**341**	**927**	591	1 009	1 600

REMUNERATION REPORT

- The overall Group performance for the financial year;
- The performance of the specific division for which the director is responsible; and
- The individual director's personal performance against role-specific KPIs and the extent that the director lives the Group's cultures, philosophies and values.

Executive directors' fixed remuneration components, which are quantified on a total cost to company ("TCC") basis, are reviewed annually in March of each year by the committee so as to ensure sustainable performance and market competitiveness. In performing this review the remuneration packages are:

- Compared to current remuneration surveys and levels within other comparable South African companies; and
- Reviewed in light of the individual directors own personal performance, experience, responsibility and Group performance.

The philosophy behind these annual reviews is to award percentage increases that are typically linked to current and forecast inflation levels, so as to primarily compensate for loss of real disposable income.

The fixed remuneration component or TCC typically constitutes three elements:

- A fixed base salary;
- Contributions by the Company to defined contribution retirement plans on behalf of the executive directors on the basis of a percentage of pensionable salary and which includes death and disability cover; and
- Contributions to the Group's medical healthcare scheme.

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.

A breakdown of the annual remuneration (excluding equity awards) of directors for the years ended 28 February 2014 and 28 February 2013 can be found in the table below.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' FEES

	Basic remuneration R'000	Retirement, medical and other benefits R'000	Total cost to company R'000	Performance bonus R'000	Total R'000
2014					
Executive directors					
DC Edley	**1 269**	**231**	**1 500**	**163**	**1 663**
GH Gerber	**2 258**	**52**	**2 310**	**271**	**2 581**
AL van Zyl	**1 648**	**65**	**1 713**	**206**	**1 919**
Prescribed officer					
AKG Lewis	**754**	**96**	**850**	**66**	**916**
	5 929	**444**	**6 373**	**706**	**7 079**
2013					
Executive directors					
DC Edley	999	193	1 192	50	1 242
GH Gerber	2 047	53	2 100	310	2 410
GM Knight	1 359	261	1 620	278	1 898
AL van Zyl	1 545	75	1 620	–	1 620
Prescribed officer					
AKG Lewis	642	82	724	102	826
	6 592	663	7 256	740	7 996

SUMMARY OF OPTIONS

	Options as at 1 March 2013	Options awarded	Options lapsed	Options exercised	Options as at 28 February 2014	Option price (cents)	Vesting date
2014							
Executive directors							
DC Edley	**450 000**	**–**	**–**	**–**	**450 000**	**85**	**30 November 2015**
GH Gerber	**800 000**	**–**	**–**	**–**	**800 000**	**85**	**30 November 2015**
AL van Zyl	**500 000**	**–**	**–**	**–**	**500 000**	**85**	**30 November 2015**
Prescribed officer							
A Lewis	**199 000**	**–**	**–**	**–**	**199 000**	**85**	**30 November 2015**
	1 949 000	**–**	**–**	**–**	**1 949 000**		

	Options as at 1 March 2012	Options awarded	Options lapsed	Options exercised	Options as at 28 February 2013	Option price (cents)	Vesting date
2013							
Executive directors							
DC Edley	–	450 000	–	–	450 000	85	30 November 2015
GH Gerber	–	800 000	–	–	800 000	85	30 November 2015
GM Knight	–	600 000	600 000	–	–	–	–
AL van Zyl	–	500 000	–	–	500 000	85	30 November 2015
Prescribed officer							
A Lewis	–	199 000	–	–	199 000	85	30 November 2015
	–	2 549 000	600 000	–	1 949 000		

SANTOVA SHARE OPTION SCHEME

The Group operates the Santova Share Option Scheme as a means of providing long-term incentives and retaining senior management and executive directors. In terms of the Scheme the Group can grant share options to qualifying employees to acquire shares in the Company. The rules of the Scheme are set down in a document that has been approved by the JSE and filed with the Companies and Intellectual Property Commission. The Company Secretary has been appointed the Compliance Officer of the Scheme and the Remuneration and Nominations Committee will govern the Scheme on an ongoing basis. Non-executive directors are not entitled to participate in the Scheme.

A summary of options granted, forfeited and still to be exercised by executive directors and prescribed officers can be found in the table above.

BENEFICIAL AND NON-BENEFICIAL SHAREHOLDING

The beneficial and non-beneficial shareholdings of directors of the Company and its subsidiaries may be found on pages 49 and 50 of this report.

The Company has a written policy on trading in the Company's shares. All directors 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.

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 28 February 2014 and the date of this Annual Integrated Report.

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee is constituted as a statutory committee of Santova Limited in respect of its statutory duties in terms of Section 72(4) of the Companies Act, 2008 ("the Companies Act") and a committee of the Board in respect of all other duties assigned to it by the Board, which are set out below. The Committee is subject to a Charter which was approved by the Board in the previous financial year and which is subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision. The Charter is reviewed annually by the Committee and the Board. A copy of the Charter may be found on the Company's website at www.santova.com.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The Committee comprises of three independent non-executive directors and the Group Legal Advisor who collectively have sufficient qualifications, skills and experience to fulfil their duties. Further details on the qualifications, skills and experience of the Committee members can be found on page 17 and 18 of this annual report. AD Dixon, an independent non-executive director, is the Chairman of the Committee. The Chairman reports to the Board on its proceedings after each meeting on all significant matters within its duties and responsibilities and also attends the Annual General Meeting to report to shareholders.

The Committee must hold sufficient scheduled meetings to discharge all its duties but subject to a minimum of 2 meetings per year. The Committee establishes an annual plan, each year, to ensure that all relevant matters are covered by the agendas of the meetings scheduled for the year. The Company Secretary is the secretary to this Committee. The composition of the Committee, the number of meetings held and the attendance of the Committee members at each meeting, is set out in the table below:

COMMITTEE MEMBERS	July 2013	February 2014
AD Dixon (Chairman)	•	•
ESC Garner	•	•
AKG Lewis	•	•
WA Lombard	•	•

In terms of its charter and terms of reference, the Committee has been granted a variety of powers by the Board to assist it with the performance of its functions which includes access to external specialists or consultants, where necessary. The Committee reviews its own performance and that of its members and its charter to ensure it is operating at maximum effectiveness. The Committee is also subject to an annual Board evaluation and review.

ROLE AND RESPONSIBILITY OF THE COMMITTEE

The Committee monitors the Group's activities with regard to:

- Social and economic development, including the Group's standing in terms of:
  - The ten principles set out in the United Nations Global Compact
  - The OECD recommendations regarding corruption
  - The Employment Equity Act
  - The Broad-based Black Economic Empowerment Act;
- Good corporate citizenship, including the Group's:
  - Promotion of equality, prevention of unfair discrimination and reduction of corruption
  - Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed
  - Record of sponsorship, donations and charitable giving;
- The environment, health and public safety, including the impact of the Group's activities and of its products or services;
- Consumer relations, including the Group's advertising, public relations and compliance with consumer protection laws; and
- Labour and employment, including:
  - The Group's standing in terms of the International Labour Organisation protocol on decent work and working conditions
  - The Group's employment relationships and its contribution toward the educational development of its employees.

The Committee's monitoring obligations can be divided into three broad categories and include the following:

- Operational compliance:
  - Consideration of reports from management on operational areas
  - Review of applicable annual budget and business plan
  - Review of new and proposed applicable legislation
  - Review of Employment Equity reports submitted
  - Monitor developments in employment practices locally and internationally
  - Consider, at a high level, employee development plans
  - Review B-BBEE strategies and implementation plans
  - Compliance with the code of ethics, including the cultures, philosophies and values
  - Review of stakeholder engagement
  - Compliance with the social and ethical requirements of King III and other relevant codes of good practice;

SOCIAL AND ETHICS COMMITTEE REPORT

- Statutory compliance:
  - Review of social and economic development
  - Review of promotion of equality, prevention of unfair discrimination and reduction of corruption
  - Review of consumer relationships
  - Review of labour and employment practices
  - Review of employment relationships
  - Review of educational development of employees; and
- Additional compliance:
  - Consideration of reports from management on:
    - Other human resource risks
    - Health and safety risks
  - Additional and *ad hoc* duties delegated by the Board from time to time.

In the year under review, the Committee completed the initial phase of research and high level analysis and was able to focus on the detail of the processes and practices of the Group. The Committee is currently working with management to refine the process of reporting to the Committee to ensure that the precise, relevant and applicable data is provided to the Committee in a suitable format so that the Committee may effectively carry out its duties as set out above.

This period also saw the further development of the Committee's Social and Ethics Register which considers the various categories and sub-categories of the Group's activities and is designed for the Committee to review, inter alia, an analysis of current actions, ratings of levels of compliance and identified future actions on a regular basis so as to ensure that the Committee is constantly up to date with the Group's very latest position.

The Sustainability Report, and the Annual Integrated Report in general, contain the relevant content that the Committee is required to report to shareholders and stakeholders and therefore the Annual Integrated Report has been reviewed and approved by this Committee.

AD Dixon
Chairman of the Social and Ethics Committee

Durban
15 May 2014

REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 28 February 2014.

The Audit Committee is an independent statutory committee appointed by the shareholders and its statutory duties are set down in Section 94(7) of the Companies Act. Further duties are delegated to the Audit Committee by the Board of Directors of the Company. The Board of Directors of Santova Limited has delegated the monitoring of risk management to the Committee. This report covers both these sets of duties and responsibilities.

AUDIT AND RISK COMMITTEE CHARTER

The Audit and Risk Committee has adopted formal terms of reference contained in a Charter that has been approved by the Board of Directors. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. The Charter is available on the Company's website.

AUDIT AND RISK COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The Audit and Risk Committee is independent and consists of three independent, non-executive directors. It meets at least three times a year in accordance with its Charter. The Chairman of the Board is also a member of this Committee.

The Chief Executive Officer, Group Financial Director, audit partner and audit manager are permanent invitees to Committee meetings. The Group Legal Advisor attends meetings to present his Legal and Risk Report.

The effectiveness of the Audit and Risk Committee and its individual members has been recently internally assessed as part of a comprehensive evaluation process of the Board and its sub-committees.

ROLE AND RESPONSIBILITIES

Statutory duties

The Audit and Risk Committee's role and responsibilities include statutory duties set down in the Companies Act and further responsibilities assigned to it by the Board. The Audit and Risk Committee executed its duties in terms of the requirement of King III and instances where the principles of King III have not been applied have been explained in the Corporate Governance Report included on pages 19 and 20 in this Annual Integrated Report.

External auditor appointment and independence

The Audit and Risk Committee has satisfied itself that the holding company's auditors, Deloitte & Touche, were independent of the Company, as required by Section 94(8) of the Companies Act, which includes consideration of previous appointments of the auditor and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Deloitte & Touche have not been considered for non-audit services. Requisite assurance was sought and provided by Deloitte & Touche that internal governance processes within the audit firm support and demonstrate its claim to independence.

The Committee ensured that the appointment of the auditor complied with the Companies Act and any other legislation relating to the appointment of auditors.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2014 financial year.

The Committee has nominated, for election at the Annual General Meeting, Deloitte & Touche as the external auditor and S Munro as the designated auditor responsible for performing the functions of auditor for the 2015 financial year. The Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE's list of auditors and their advisors.

Financial statements and accounting practices

The Audit and Risk Committee has reviewed the accounting policies and the financial statements of the Company and the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

An Audit and Risk Committee process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the Company. No matters of significance have been raised in the past financial year.

Internal financial controls

The Audit and Risk Committee has overseen a process by which it has assured itself of the effectiveness of the Company's system of internal controls and risk management, including internal financial controls through assurance received from formal financial, legal, IT and customs reports provided by management and external and internal assurance providers. Based on this assurance, the Audit and Risk Committee made a recommendation to the Board in order for the Board to report thereon. The Board

Four meetings were held during the period under review:

NAME OF MEMBER	PERIOD OF SERVICE	May 2013	July 2013	October 2013	February 2014
WA Lombard CA (SA) (Chairman)	5 June 2008 to current	•	•	•	•
AD Dixon CA (SA)	1 December 2010 to current	•	•	•	•
ESC Garner CA (SA)	5 June 2008 to current	•	•	•	•

REPORT OF THE AUDIT AND RISK COMMITTEE

report referring to the effectiveness of the system of internal controls is included in the Directors' Responsibility and Approval Statement in the Annual Financial Statements. The Audit and Risk Committee supports the opinion of the Board in this regard.

Duties assigned by the Board

In addition to the statutory duties of the Audit Committee as reported above, and in accordance with the provisions of the Companies Act, the Board of Directors has determined further functions for the Audit and Risk Committee to perform, which are set out in the Audit and Risk Committee's Charter. These functions include the following:

Integrated reporting and combined assurance

The Audit and Risk Committee fulfils an oversight role regarding the Company's Annual Integrated Report and the reporting process.

The Audit and Risk Committee considered the Company's sustainability information as disclosed in the Annual Integrated Report and has assessed its consistency with operational and other information known to Audit and Risk Committee members, and for consistency with the Annual Financial Statements. The Audit and Risk Committee discussed the sustainability information as contained in the Sustainability Report with management. The Board of Directors does not believe that the Company is at the stage of its development that warrants the cost of appointing either a sustainability committee or an external assurance provider. The Audit and Risk Committee is satisfied that the Company has optimised the assurance coverage obtained from management, internal and external assurance providers in accordance with an appropriate combined assurance model.

Going concern

The Audit and Risk Committee has reviewed (a documented assessment, including key assumptions, prepared by management) the going concern status of the Company and the Group and has recommended that the Company remains a going concern to the Board. The Board's statement on the going concern status of the Company and the Group, as supported by the Audit and Risk Committee, may be found in the Directors' Responsibility and Approval Statement in the Annual Financial Statements.

Governance of risk

The Board has assigned oversight of the Group's risk management function to the Audit and Risk Committee. The Committee is assisted in this task by the internal Risk Management Committee, and where relevant, the IT Risk Management Committee.

Further detailed information on the governance of risk and members of the relevant sub-committees can be found in the Risk Management Report on page 21.

Based on the information contained in the Risk Management Report, the Audit and Risk Committee members are of the opinion that all identified risks to the business are being appropriately managed by the management team.

Internal audit

The Group does not have a fully fledged internal audit department as envisaged by King III as the Board of Directors believe that, at this stage in the Group's development, there are sufficient checks and balances in place to gain adequate assurance that controls are operating effectively.

Management, the Board and the Audit and Risk Committee have taken responsibility for ensuring an appropriate internal control environment by properly identifying all material risks, both financial and other, and mitigating those through the implementation of appropriate controls and action plans.

Whilst there is not a specifically designated internal audit department, there are a number of specialised individuals, divisions and committees within the Group who review high risk areas on a continuous basis. This includes role players that are independent of the subsidiaries and/or business units that they review and audit. Furthermore, there is a specialised network of independent suppliers whose role assists in the audit of risk within the Group. In addition, the Group Exco team, during their visits to subsidiary companies, regularly review the internal controls adopted at subsidiary level for both adequacy and effectiveness.

The Audit and Risk Committee oversees the adequacy and effectiveness of controls through a process of robust and regular feedback from management, including quarterly risk reports from the Group Financial Director and Group Legal Advisor. The external audit function, as well as other external assurances (auditing areas such as tax, customs, IT, training and development, quality assurance, B-BBEE and employment equity to name a few), also provide a degree of comfort in that certain controls are reviewed during the course of these audits and any shortcomings identified are reported to the Audit and Risk Committee.

The Committee, together with management, ensure implementation of programmes for corrective action where necessary.

The Committee can affirm that nothing has come to its attention, or to the attention of the external auditors, that would indicate any material breakdown in the adequacy or effectiveness of the internal controls of the Group during the financial year.

The Audit and Risk Committee is satisfied that it complied with its legal, regulatory or other responsibilities.

Evaluation of the expertise and experience of the Financial Director and finance function

The Audit and Risk Committee has satisfied itself that the Financial Director has the appropriate experience and expertise.

The Audit and Risk Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

WA Lombard
Chairman
15 May 2014

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SANTOVA LIMITED

The summary consolidated financial statements of Santova Limited, contained in the accompanying Annual Integrated Report, which comprise the summary consolidated statement of financial position as at 28 February 2014, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Santova Limited for the year ended 28 February 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 15 May 2014. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (refer to the end of this report).

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Santova Limited.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the information required by IAS 34, Interim Financial Reporting, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated 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 the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Santova Limited for the year ended 28 February 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with the information required by IAS 34, Interim Financial Reporting, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The "Other reports required by the Companies Act" paragraph in our audit report dated 15 May 2014 states that as part of our audit of the consolidated financial statements for the year ended 28 February 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

Deloitte & Touche

Deloitte & Touche

Per: SD Munro

Partner

15 May 2014

SUMMARISED CONSOLIDATED STATEMENT OF

FINANCIAL POSITION as at 28 February 2014

	Notes	Group 2014 R'000	Group 2013 R'000
ASSETS			
Non-current assets		**141 418**	123 183
Plant and equipment		**8 940**	8 308
Intangible assets	3	**123 927**	109 883
Financial assets		**3 175**	1 458
Deferred taxation		**5 376**	3 534
Current assets		**555 123**	434 902
Trade receivables		**480 738**	368 931
Other receivables		**36 627**	36 758
Current tax receivable		**915**	1 129
Cash and cash equivalents		**36 843**	28 084
Total assets		**696 541**	558 085
EQUITY AND LIABILITIES			
Capital and reserves		**198 510**	147 963
Stated capital		**145 757**	145 307
Foreign currency translation reserve		**24 320**	1 785
Accumulated profit/(loss)		**25 000**	(2 155)
Attributable to equity holders of the parent		**195 077**	144 937
Minority interest		**3 433**	3 026
Non-current liabilities		**30 080**	49 516
Interest-bearing borrowings		**27 967**	37 402
Long-term provision		**1 777**	1 966
Financial liabilities		**336**	10 148
Current liabilities		**467 951**	360 606
Trade and other payables		**220 750**	199 357
Current tax payable		**4 180**	3 426
Current portion of interest-bearing borrowings		**7 947**	3 430
Amounts owing to related parties		**204**	167
Financial liabilities		**9 709**	5 293
Short-term borrowings and overdrafts		**208 321**	137 829
Short-term provisions		**16 840**	11 104
Total equity and liabilities		**696 541**	558 085

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER

COMPREHENSIVE INCOME for the year ended 28 February 2014

		Notes	Group 2014 R'000	Group 2013 R'000
Gross billings			**3 221 519**	2 637 920
Revenue			**214 357**	176 651
Other income			**15 118**	9 296
Depreciation and amortisation			**(3 476)**	(3 070)
Administrative expenses			**(174 228)**	(142 067)
Operating profit			**51 771**	40 810
Interest received			**4 559**	1 899
Finance costs			**(16 316)**	(9 239)
Profit before taxation			**40 014**	33 470
Income tax expense			**(9 228)**	(8 373)
Profit for the year			**30 786**	25 097
Attributable to:				
Equity holders of the parent			**30 587**	24 688
Minority interest			**199**	409
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
– *Exchange differences arising from translation of foreign operations*			**22 743**	(945)
Items that may be reclassified subsequently to profit or loss			**–**	–
Total comprehensive income			**53 529**	24 152
Attributable to:				
Equity holders of the parent			**53 122**	23 473
Minority interest			**407**	679
Basic earnings per share	(cents)	2	**22,42**	18,06
Diluted basic earnings per share	(cents)		**22,12**	18,00
Dividends per share	(cents)		**3,25**	2,50

SUMMARISED CONSOLIDATED STATEMENT OF

CHANGES IN EQUITY for the year ended 28 February 2014

	Attributable to equity holders of the parent						
	Stated capital R'000	Share commit-ments R'000	Foreign currency translation reserve R'000	Accu-mulated (loss)/profit R'000	Total R'000	Minority interest R'000	Total equity R'000
GROUP							
Balances at 29 February 2012	145 200	(5)	3 000	(27 053)	121 142	2 347	123 489
Total comprehensive income	–	–	(1 215)	24 688	23 473	679	24 152
Transfer of contingency reserve	–	–	–	210	210	–	210
Issue of shares in terms of share commitments	938	(938)	–	–	–	–	–
Employee share option scheme	115	–	–	–	115	–	115
Repurchase of shares in terms of put options exercised	(943)	943	–	–	–	–	–
Share issue expenses directly through equity	(3)	–	–	–	(3)	–	(3)
Balances at 28 February 2013	145 307	–	1 785	(2 155)	144 937	3 026	147 963
Total comprehensive income	**–**	**–**	**22 535**	**30 587**	**53 122**	**407**	**53 529**
Employee share option scheme	**450**	**–**	**–**	**(21)**	**429**	**–**	**429**
Dividends paid to shareholders	**–**	**–**	**–**	**(3 411)**	**(3 411)**	**–**	**(3 411)**
Balances at 28 February 2014	**145 757**	**–**	**24 320**	**25 000**	**195 077**	**3 433**	**198 510**

SUMMARISED CONSOLIDATED STATEMENT OF

CASH FLOWS for the year ended 28 February 2014

	Group 2014 R'000	Group 2013 R'000
OPERATING ACTIVITIES		
Cash (utilised in)/generated from operations	**(27 006)**	29 096
Interest received	**4 559**	1 899
Finance costs	**(15 959)**	(9 086)
Taxation paid	**(10 102)**	(8 515)
Net cash flows from operating activities	**(48 508)**	13 394
INVESTING ACTIVITIES		
Plant and equipment acquired	**(3 328)**	(2 203)
Intangible assets acquired and developed	**(877)**	(832)
Proceeds on disposals of plant and equipment	**293**	674
Decrease in amounts owing from related parties	**–**	29
Net cash flows on acquisition of subsidiaries	**(6 277)**	(35 738)
Net cash flows from investing activities	**(10 189)**	(38 070)
FINANCING ACTIVITIES		
Repurchase of share capital	**–**	(943)
Share issue expenses	**–**	(3)
Borrowings raised	**66 579**	42 242
Increase/(decrease) in amounts owing to related parties	**37**	(79)
Dividends paid	**(3 411)**	–
Net cash flows from financing activities	**63 205**	41 217
Net increase in cash and cash equivalents	**4 508**	16 541
Effects of exchange rate changes on cash and cash equivalents	**5 257**	1 012
Cash and cash equivalents at beginning of year	**27 078**	9 525
Cash and cash equivalents at end of year	**36 843**	27 078
Cash and cash equivalents is made up as follows:		
Cash and cash equivalents	**36 843**	28 083
Less: bank overdrafts	**–**	(1 005)
Cash and cash equivalents at end of year	**36 843**	27 078

SUMMARISED CONSOLIDATED

SEGMENTAL ANALYSIS for the year ended 28 February 2014

	South Africa R'000	Australia R'000	United Kingdom R'000	Netherlands R'000	Hong Kong R'000	Group R'000
GEOGRAPHICAL SEGMENTS						
28 February 2014						
Gross billings	**2 792 007**	**115 969**	**203 981**	**179 668**	**29 048**	**3 320 673**
External	**2 755 123**	**114 504**	**189 262**	**160 087**	**2 543**	**3 221 519**
Internal	**36 884**	**1 465**	**14 719**	**19 581**	**26 505**	**99 154**
Revenue	**137 401**	**12 250**	**32 802**	**26 457**	**5 447**	**214 357**
Operating profit	**33 948**	**1 070**	**10 207**	**4 205**	**2 341**	**51 771**
Interest received	**4 437**	**37**	**13**	**–**	**72**	**4 559**
Finance costs	**(15 895)**	**(1)**	**(111)**	**(309)**	**–**	**(16 316)**
Income tax expense	**(5 403)**	**(329)**	**(2 387)**	**(844)**	**(265)**	**(9 228)**
Profit for the year	**17 087**	**777**	**7 722**	**3 052**	**2 148**	**30 786**
Segment assets	**472 915**	**17 479**	**39 410**	**25 636**	**11 798**	**567 238**
Intangible assets	**123 927**	**–**	**–**	**–**	**–**	**123 927**
Deferred taxation	**4 489**	**628**	**259**	**–**	**–**	**5 376**
Total assets	**601 331**	**18 107**	**39 669**	**25 636**	**11 798**	**696 541**
Total liabilities	**441 801**	**5 023**	**26 708**	**20 212**	**4 287**	**498 031**
Depreciation and amortisation	**2 592**	**205**	**447**	**151**	**81**	**3 476**
Capital expenditure	**3 947**	**–**	**80**	**177**	**1**	**4 205**
28 February 2013						
Gross billings	2 426 746	123 241	98 076	85 634	28 015	2 761 712
External	2 362 341	122 289	87 644	62 154	3 492	2 637 920
Internal	64 405	952	10 432	23 480	24 523	123 792
Revenue	127 696	14 194	17 632	13 283	3 846	176 651
Operating profit	28 654	2 418	6 599	2 432	707	40 810
Interest received	1 835	2	4	1	57	1 899
Finance costs	(8 663)	(3)	(207)	(366)	–	(9 239)
Income tax expense	(5 497)	(814)	(1 626)	(378)	(58)	(8 373)
Profit for the year	16 329	1 603	4 770	1 689	706	25 097
Segment assets	369 885	18 559	32 169	15 762	8 293	444 668
Intangible assets	109 880	–	–	3	–	109 883
Deferred taxation	2 648	412	474	–	–	3 534
Total assets	482 413	18 971	32 643	15 765	8 293	558 085
Total liabilities	360 115	7 478	24 319	14 168	4 042	410 122
Depreciation and amortisation	2 496	265	140	93	76	3 070
Capital expenditure	2 440	96	822	243	34	3 635

	Logistics Services R'000	Financial Services R'000	Group R'000
BUSINESS SEGMENT			
28 February 2014			
Net profit	**27 522**	**3 264**	**30 786**
Total assets	**691 935**	**4 606**	**696 541**
Total liabilities	**496 417**	**1 614**	**498 031**
28 February 2013			
Net profit	22 626	2 471	25 097
Total assets	553 034	5 051	558 085
Total liabilities	409 509	613	410 122

SUPPLEMENTARY INFORMATION

1. BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 28 February 2014 have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited for preliminary reports, the information required by IAS 34: Interim Financial Reporting, and the requirements of the South African Companies Act, No 71 of 2008.

The Group values its financial assets and liabilities on the basis of the principles contained in IFRS 13: Fair Value Measurement. The full disclosure as required by IFRS 13 and IFRS 7 is contained in the Annual Financial Statements, a copy of which is available from the registered office of the Company.

The Group's accounting policies are consistent with those applied in the annual financial statements for the year ended 28 February 2013.

		2014 R'000	2013 R'000
2. EARNINGS PER SHARE			
Reconciliation between earnings and headline earnings			
Profit attributable to equity holders of the parent		**30 587**	24 688
Net loss on disposals of plant and equipment		**94**	171
Impairment of goodwill		**3 131**	–
Derecognition of financial liability		**–**	(713)
Taxation effects		**(18)**	(48)
Minority interest		**9**	(2)
Headline earnings		**33 803**	24 096
Basic earnings per share	(cents)	**22,42**	18,06
Headline earnings per share	(cents)	**24,77**	17,62
Weighted average number of ordinary shares	(000s)	**136 459**	136 725
3. INTANGIBLE ASSETS			
Goodwill movement:			
Carrying value at beginning of year		**106 878**	57 285
Acquisition of W.M. Shipping Limited		**–**	52 039
Impairment of investment in Santova Logistics B.V.		**–**	(336)
Impairment of investment in W.M. Shipping Limited		**(3 131)**	–
Translation of foreign operations		**17 074**	(2 110)
Carrying value at end of year		**120 821**	106 878
Carrying value of computer software		**3 106**	3 005
Total intangible assets		**123 927**	109 883

SUPPLEMENTARY INFORMATION

4. ADOPTION OF IFRS 10: CONSOLIDATED FINANCIAL STATEMENTS

The Group has adopted IFRS 10: Consolidated Financial Statements for the first time during the current reporting period. As a result, the investment by Santova Logistics (Proprietary) Limited in a cell captive operated by Guardrisk Insurance Company Limited no longer qualifies for consolidation.

IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation with specific criteria that to qualify for consolidation the assets of the investee must be ringfenced in the event of the liquidation of both the investor and investee. Due to the fact that the assets of a cell captive are not legally ringfenced in the event of the liquidation of the investee, cell captives no longer qualify for consolidation.

As a result the fair value of the Group's investment in the cell captive is recognised as a financial asset in the current reporting period, with changes in the fair value being recognised in profit or loss for the year. As required by the provisions of IFRS 10, the prior year amounts have been restated to reflect the effect of the retrospective adoption of this standard. IFRS 10 does not require the presentation of reporting periods other than the annual period immediately preceding the date of initial application of this IFRS.

The Board do not consider the impact of this restatement on the Group's Annual Financial Statements to be material as there is no effect on profit for the year or total capital and reserves in the current or prior reporting periods.

Due to the Board's assessment of the immateriality of the restatement and the fact that the transitional provisions of IFRS 10 do not require the presentation of reporting periods, other than the annual period immediately preceding the date of initial application of this IFRS, a third statement of financial position has not been included in terms of IAS 1: paragraph 40A.

	As previously reported R'000	Adjustment R'000	Restated R'000
Profit for the year	25 097	–	25 097
Total assets	558 616	(531)	558 085
Total liabilities	410 653	(531)	410 122
Capital and reserves	147 963	–	147 963

5. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The complete annual financial statements were approved by the Board of Directors on 15 May 2014.

FIVE YEAR REVIEW

		2014	2013*	2012*	2011*	2010*
RESULTS						
Profitability						
Gross billings	(R'000)	**3 221 519**	2 637 920	2 603 771	2 042 715	1 491 775
Revenue	(R'000)	**214 357**	176 651	165 006	142 423	96 647
Operating profit before interest and taxation	(R'000)	**51 771**	40 810	39 226	31 534	12 232
Profit for the year	(R'000)	**30 786**	25 097	22 499	17 325	4 187
Profit attributable to equity holders of the parent	(R'000)	**30 587**	24 688	22 079	16 964	3 748
Financial position						
Net assets	(R'000)	**198 510**	147 963	123 699	103 415	80 277
Tangible net assets	(R'000)	**74 583**	38 080	63 343	43 425	40 750
Capital and reserves attributable to equity holders of the parent	(R'000)	**195 077**	144 937	121 352	101 735	79 226
Financial ratios						
Return on average ordinary shareholders' funds	(%)	**18,0**	18,5	19,8	18,8	4,9
Return on net assets	(%)	**15,5**	17,0	18,2	16,8	5,2
Return on tangible net assets	(%)	**41,3**	65,9	35,5	39,9	10,3
Turnover/billings margin	(%)	**6,7**	6,7	6,3	7,0	6,5
Operating margin	(%)	**24,2**	23,1	23,8	22,1	12,7
Interest cover	(ratio)	**4,40**	5,56	4,14	3,68	2,18
Current ratio	(ratio)	**2,00**	1,83	2,18	2,01	2,02
Ordinary share performance**						
Ordinary shares in issue at year end	(000's)	**136 459**	136 459	134 277	137 613	125 605
Share commitments at year end	(000's)	**–**	–	2 182	2 770	(3 972)
Basic earnings per share	(cents)	**22,42**	18,06	15,82	12,55	3,04
Headline earnings per share	(cents)	**24,77**	17,62	15,99	10,65	3,08
Diluted basic earnings per share***	(cents)	**22,12**	18,00	15,82	12,29	2,90
Diluted headline earnings per share***	(cents)	**24,45**	17,57	15,99	10,43	2,94
Dividend per share	(cents)	**3,25**	2,50	–	–	–
Dividend cover	(times)	**6,9**	7,2	–	–	–
Dividend yield	(%)	**1,89**	2,36	–	–	–
Closing share price at year end						
– Actual	(cents)	**172**	106	81	8	3
– Adjusted for 10 to 1 share consolidation	(cents)	**n/a**	n/a	n/a	80	30
Net asset value per share	(cents)	**145,47**	108,43	92,12	75,15	63,91
Tangible net asset value per share	(cents)	**54,66**	27,91	47,17	31,56	32,44
Net worth per share	(cents)	**142,96**	106,21	90,37	73,93	63,08
Market capitalisation at year end	(R'000)	**234 710**	144 647	108 764	110 090	37 682

* *Certain figures have been adjusted as a result of the adoption of IFRS 10 (refer to note 4 in the supplementary information for further detail).*

** *During the 2012 financial 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 2010 financial year.*

*** *The difference between earnings per share and diluted earnings per share is due to the impact of share options that are yet to vest under the Group's share option scheme.*

FIVE YEAR REVIEW

	2014 R'000	2013* R'000	2012* R'001	2011* R'000	2010* R'000
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets	**141 418**	123 183	75 373	73 835	53 074
Current assets	**555 123**	434 902	342 630	273 540	187 436
Total assets	**696 541**	558 085	418 379	347 876	240 762
Liabilities					
Non-current liabilities	**30 080**	49 516	5 021	5 759	6 758
Current liabilities	**467 951**	360 606	289 284	238 200	153 476
Total liabilities	**498 031**	410 122	294 680	244 461	160 485
Capital and reserves	**198 510**	147 963	123 699	103 415	80 277
Total equity and liabilities	**696 541**	558 085	418 379	347 876	240 762
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Gross billings	**3 221 519**	2 637 920	2 603 771	2 042 715	1 491 775
Revenue	**214 357**	176 651	165 006	142 423	96 647
Operating profit before interest and taxation	**51 771**	40 810	39 226	31 534	12 232
Net interest paid	**(11 757)**	(7 340)	(9 470)	(8 565)	(5 608)
Profit before taxation	**40 014**	33 470	29 756	22 969	6 624
Income tax expense	**(9 228)**	(8 373)	(7 257)	(5 644)	(2 437)
Net profit for the year	**30 786**	25 097	22 499	17 325	4 187

* *Certain figures have been adjusted as a result of the adoption of IFRS 10 (refer to note 4 in the supplementary information for further detail).*

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.

Dividend cover

Basic earnings per share divided by dividends per share.

Dividend yield

Dividends per share divided by the closing share price at year end.

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 the 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

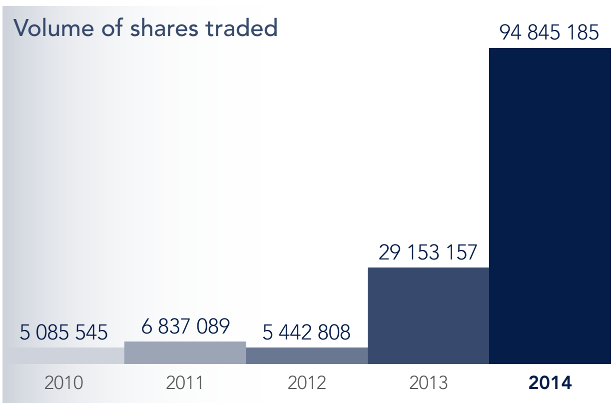
Profit for the year attributable to equity holders of the parent expressed as a percentage of average ordinary shareholders' funds (capital and reserves attributable to equity holders of the parent for current and prior year divided by two).

Tangible net assets

Total assets less total liabilities and intangible assets.

SHARE ANALYSIS for the year ended 28 February 2014

	Number of shareholders	% of shareholders	Number of shares	% of shares
SHAREHOLDER SPREAD				
1 – 1 000 shares	228	15,91	143 336	0,11
1 001 – 10 000 shares	523	36,50	2 680 593	1,96
10 001 – 100 000 shares	546	38,10	21 286 960	15,60
100 001 – 1 000 000 shares	113	7,89	32 732 238	23,99
1 000 001 shares and over	23	1,61	79 616 281	58,34
Total	1 433	100,00	136 459 408	100,00
DISTRIBUTION OF SHAREHOLDERS				
Banks	12	0,84	28 073 877	20,57
Close corporations	23	1,61	2 210 510	1,62
Endowment funds	5	0,35	983 600	0,72
Individuals	1 224	85,42	58 792 421	43,08
Insurance company	1	0,07	1 156 254	0,85
Investment companies	8	0,56	4 005 567	2,94
Mutual funds	11	0,77	7 539 147	5,52
Nominees and trusts	99	6,91	18 642 009	13,66
Other corporations	18	1,26	1 119 380	0,82
Private companies	30	2,09	13 926 167	10,21
Retirement funds	2	0,14	10 476	0,01
Total	1 433	100,00	136 459 408	100,00
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	13	0,91	27 563 777	20,20
Public shareholders	1 420	99,09	108 895 631	79,80
Total	1 433	100,00	136 459 408	100,00
BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE				
AL van Zyl			18 051 415	13,23
SIX SIS			10 700 000	7,84
Morgan Stanley & Co Incorporated			9 079 306	6,65
Total			37 830 721	27,72

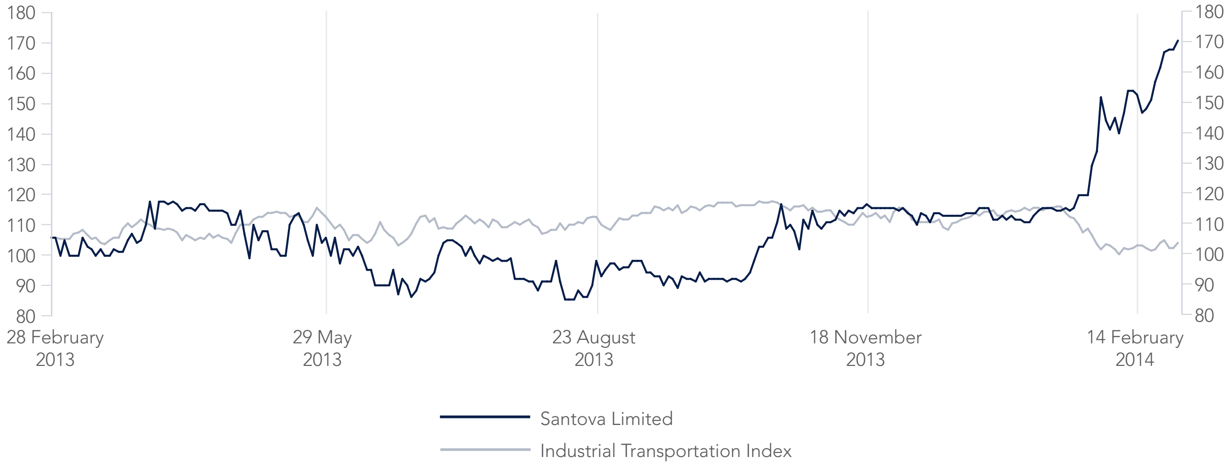


SHARE ANALYSIS for the year ended 28 February 2014

Breakdown of holdings of directors and associates of the Company as at 28 February 2014

	Direct number of shares	% of shares	Indirect number of shares	% of shares
DIRECTORS' BENEFICIAL HOLDINGS				
AD Dixon	280 000	0,21	–	–
ESC Garner	–	–	300 000	0,22
Delmas Crushers CC	–	–	300 000	0,22
GH Gerber	87 500	0,06	4 116 162	3,02
GH Gerber	87 500	0,06	–	–
Lloyd Investment Trust	–	–	1 388 889	1,02
International Mining Logistics & Services (Pty) Ltd	–	–	2 727 273	2,00
AL van Zyl	18 051 415	13,23	–	–
	18 418 915	13,50	4 416 162	3,24
DIRECTORS OF SUBSIDIARY COMPANIES' BENEFICIAL HOLDINGS				
TK Blond	100 000	0,07	–	–
GH Crews	237 300	0,17	–	–
L Notelovitz	72 333	0,05	–	–
R Singh	50 000	0,04	3 000 000	2,20
R Singh	50 000	0,04	–	–
Rajin Singh Family Trust	–	–	3 000 000	2,20
GW Stay	1 319 067	0,97	–	–
	1 778 700	1,30	3 000 000	2,20
Total	20 197 615	14,80	7 416 162	5,4

SANTOVA LIMITED *versus* INDUSTRIAL TRANSPORTATION INDEX (cents)



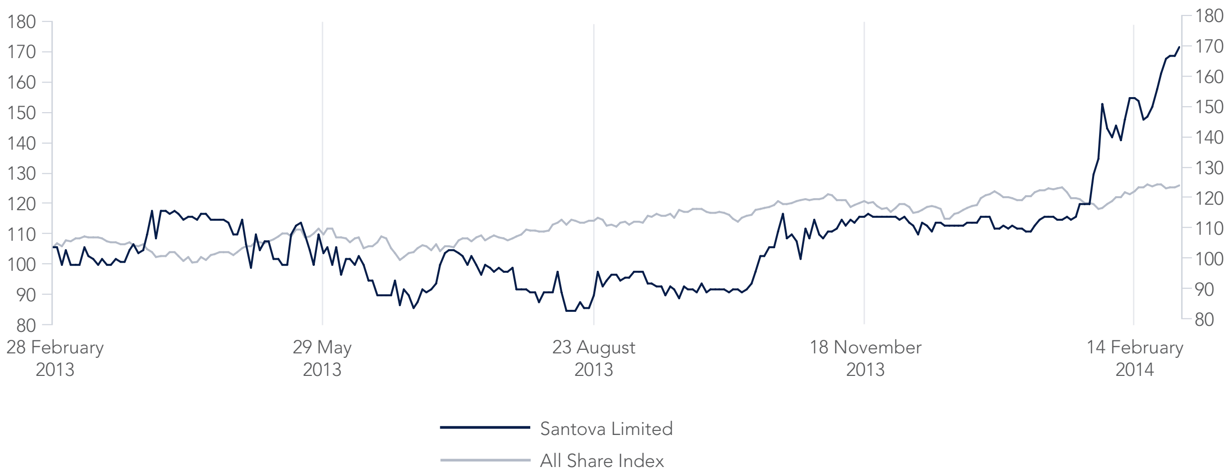
SHAREHOLDER INFORMATION

SHARE PERFORMANCE

Year	Month	High sale	Low sale	Number of deals	Volume	Value (R)
TRADE ANALYSIS						
2013	**March**	**110**	**95**	**326**	**8 724 659**	**8 890 068**
2013	**April**	**125**	**104**	**383**	**5 971 047**	**6 717 345**
2013	**May**	**118**	**95**	**579**	**17 643 718**	**18 809 815**
2013	**June**	**106**	**86**	**141**	**3 575 608**	**3 332 685**
2013	**July**	**105**	**80**	**175**	**3 718 864**	**3 646 500**
2013	**August**	**98**	**84**	**266**	**7 520 780**	**6 720 406**
2013	**September**	**100**	**89**	**146**	**3 878 947**	**3 644 556**
2013	**October**	**124**	**91**	**738**	**14 762 601**	**15 326 674**
2013	**November**	**118**	**106**	**577**	**11 580 675**	**13 047 422**
2013	**December**	**116**	**109**	**213**	**1 756 393**	**1 975 409**
2014	**January**	**124**	**109**	**380**	**7 618 841**	**8 673 373**
2014	**February**	**180**	**122**	**810**	**8 093 052**	**12 155 319**
				4 734	**94 845 185**	**102 939 573**

Market data		Statistics 2014	Statistics 2013
JSE STATISTICS			
Close	(cents per share)	**172**	**106**
High	(cents per share)	**180**	**114**
Low	(cents per share)	**80**	**56**
Market capitalisation	(Rands)	**234 710 178**	**144 646 972**
Value of shares traded	(Rands)	**102 939 573**	**24 709 549**
Value traded as a percentage of market capitalisation	(percentage)	**43,86**	**17,08**
Volume of shares traded	(shares)	**94 845 185**	**29 153 157**
Volume traded as a percentage of number in issue	(percentage)	**69,50**	**21,36**
Price earnings ratio	(ratio)	**7,67**	**5,87**
Dividend per share	(cents)	**3,25**	**2,50**
Dividend yield	(percentage)	**1,89**	**2,36**
Earnings yield	(percentage)	**13,03**	**17,04**
Year end market price/net asset value	(ratio)	**1,18**	**0,98**
Shares in issue at end of year	(shares)	**136 459 408**	**136 459 408**
Shares issued during the year	(shares)	**–**	**3 125 000**
Shares repurchased during the year	(shares)	**–**	**942 778**
Number of shareholders	(number)	**1 433**	**863**

SANTOVA LIMITED *versus* ALL SHARE INDEX (cents)



SHAREHOLDERS' CALENDAR

ACTIVITY	2014
Financial year end	**28 February**
Release of trading update	**25 April**
Release of abridged Group results on SENS	**15 May**
Release of abridged Group results in the press	**16 May**
Investor presentation in Johannesburg	**15 May**
Investor presentation in Cape Town	**21 May**
Dispatch of 2014 Annual Integrated Report	**30 May**
Last day to trade cum dividend	**18 July**
Shares commence trading ex dividend	**21 July**
Record date for the dividend	**25 July**
Payment date of the dividend	**28 July**
2014 Annual General Meeting	**29 July**
Release of interim statements for the six months ending 31 August 2014	**October**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to shareholders as recorded in the Company's securities register on Friday, 18 July 2014 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, 29 July 2014 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 ("the Companies Act"), as read with the Listings Requirements of JSE Limited ("JSE Listings Requirements").

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 28 February 2014 (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 and the Report of the Social and Ethics Committee, having been considered, be adopted."

2. ORDINARY RESOLUTION NUMBER 2 – RE-ELECTION OF ESC GARNER AS A DIRECTOR DUE TO ROTATION

"That ESC Garner, who is required to retire by rotation at this Annual General Meeting in terms of Article 14.2 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."

Explanatory note to ordinary resolution number 2

Article 14.2 of the Company's Memorandum of Incorporation requires that one-third of the non-executive directors retire at each Annual General Meeting. The eligibility and performance of ESC Garner for re-election has been assessed by the Remuneration and Nominations Committee. The Board has accepted the assessment and recommends that ESC Garner, who has offered himself for re-election, be re-elected.

3. ORDINARY RESOLUTION NUMBER 3 – CONFIRMATION OF APPOINTMENT OF DIRECTOR APPOINTED BY THE BOARD SINCE THE LAST ANNUAL GENERAL MEETING

"That the appointment of EM Ngubo, who was appointed as a non-executive director by the Board on 19 February 2014, be and is hereby confirmed."

Explanatory note to ordinary resolution number 3

Article 13.6 of the Company's Memorandum of Incorporation requires that the appointment of any director appointed by the Board must be confirmed by shareholders at the next Annual General Meeting. EM Ngubo was appointed by the Board on the recommendation of the Remuneration and Nominations Committee and confirmation of his appointment is recommended to shareholders.

The profiles of both ESC Garner and EM Ngubo appear on page 17 of this Annual Integrated Report.

4. ORDINARY RESOLUTION NUMBER 4 – RE-ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS

"That the shareholders re-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"

Explanatory note to ordinary resolution number 4

Section 94(2) of the Companies Act, No 71 of 2008, requires that a company that is required to have an audit committee must elect an audit committee at each annual general meeting. The three members standing for re-election meet the conditions of eligibility set out in Sections 94(4) and (5) of the Act and Regulation 42 of the Companies Regulations 2011 and are recommended to shareholders for re-election.

The profiles of the committee members standing for re-election as outlined in ordinary resolution number 4 above appear on page 17 of this Annual Integrated Report."

NOTICE OF ANNUAL GENERAL MEETING

5. **ORDINARY RESOLUTION NUMBER 5 – RE-APPOINTMENT OF DELOITTE & TOUCHE AS INDEPENDENT AUDITORS AND S MUNRO AS REGISTERED AUDIT PARTNER 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 are hereby approved."

6. **ORDINARY RESOLUTION NUMBER 6 – 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 31 of this Annual Integrated Report, is hereby endorsed on a non-binding advisory basis."

   Explanatory note to the advisory endorsement

   King III recommends that the remuneration policy be tabled to shareholders for a non-binding advisory vote at each Annual General Meeting.

7. **ORDINARY RESOLUTION NUMBER 7 – UNISSUED SHARES TO BE PLACED UNDER THE CONTROL OF THE DIRECTORS AND GENERAL AUTHORITY TO ISSUE SHARES FOR CASH**

   "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 JSE Listings Requirements, 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, under 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 aggregate exceed 15,0% (fifteen percent) of the number of issued ordinary shares in any one financial year;
   - 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;
   - In determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10,0% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company;
   - Whenever the Company wishes to use ordinary shares held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares; and
   - In terms of approval of the general issue for cash, a resolution is achieved by a 75,0% (seventy five percent) majority of the votes cast in favour of such resolution by all equity securities holders present or represented by proxy at the general meeting convened to approve such resolution. The resolution must be worded in such a way as to include the issue of any options/convertible securities that are convertible into an existing class of equity securities, where applicable."

   Explanatory note to ordinary resolution number 7

   In terms of the Company's Memorandum of Incorporation, the shareholders of the Company are required to approve the placement of the unissued ordinary shares under the control of the directors.

THE PERCENTAGE OF VOTING RIGHTS REQUIRED FOR SPECIAL RESOLUTION NUMBERS 1 – 4 TO BE ADOPTED IS IN EXCESS OF 75% (SEVENTY-FIVE PERCENT) OF THE VOTING RIGHTS EXERCISED ON THESE RESOLUTIONS.

8. SPECIAL RESOLUTION NUMBER 1 – REMUNERATION OF INDEPENDENT AND NON-EXECUTIVE DIRECTORS

"That in terms of Section 66(9) of the Act and with immediate effect and until the conclusion of the next Annual General Meeting in 2015, the fees payable to the independent and non-executive directors of the Company for their services as directors be approved as follows:

		Present	Proposed
Board of Directors	Chairman	**R300 000[1]**	R330 000
	Non-executive directors	**R9 750[2]**	R10 725
Audit and Risk Committee	Chairman	**R18 150[2]**	R19 965
	Member	**R8 400[2]**	R9 240
Remuneration and Nominations Committee	Chairman	**R4 500[2]**	R4 950
	Member	**R2 100[2]**	R2 310
Social and Ethics Committee	Chairman	**R4 500[2]**	R4 950
	Member	**R2 100[2]**	R2 310

1 *Annual fee which includes attendance at all Board and Committee meetings.*
2 *Fees per meeting attended."*

Explanatory note to special resolution number 1

In terms of Section 66(8) and 66(9) of the 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 after and ending at the conclusion of the next Annual General Meeting. Increases in remuneration are implemented only after formal approval has been obtained.

9. SPECIAL RESOLUTION NUMBER 2 – GENERAL AUTHORITY FOR THE PROVISION OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 44

"To the extent required by Section 44 of the Companies Act, the Board of Directors of the Company ("the Board") may, subject to compliance with the provisions 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, as a general authority authorise the Company to provide direct or indirect financial assistance by way of a loan, guaranteeing a loan or other obligation, and providing security, or otherwise to any person 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 purpose of any securities of the Company or a related or inter-related company, provided that the Board has applied the solvency and liquidity tests as set out in section 4 of the Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company, for a period of one year until the conclusion of the next Annual General Meeting."

10. SPECIAL RESOLUTION NUMBER 3 – GENERAL AUTHORITY FOR THE PROVISION OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 45

"To the extent required by Section 45 of the Companies Act, the Board of Directors of the Company ("the Board") may, subject to compliance with the provisions 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, by way of a general authority authorise the Company to provide at any time and from time to time any direct or indirect financial assistance to any one or more related or inter-related companies or corporations of the Company, for a period of one year until the conclusion of the next Annual General Meeting."

Explanatory note to special resolution numbers 2 and 3

The reason for, and effect of this special resolution number 2 is to obtain the necessary approvals from shareholders to allow the company to provide financial assistance in accordance with the provisions of Section 44 of the Act, as and when required. This special resolution does not authorise the provision of financial assistance to a director and/or prescribed officer of the company other than that necessary in terms of the approved Santova Share Option Scheme.

The reason for and effect of this special resolution number 3 is to obtain the necessary approvals from shareholders to allow the company to provide financial assistance to the company's related or inter-related companies in accordance with the provisions of Section 45 of the Act, as and when required. This special resolution does not authorise the provision of financial assistance to a director and/or prescribed officer of the company.

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 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.

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 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 in 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.

NOTICE OF ANNUAL GENERAL MEETING

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.

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.

Explanatory note to special resolution number 4

The Company's Memorandum of Incorporation contains 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 2013 Annual General Meeting, 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. ORDINARY RESOLUTION NUMBER 8 – AUTHORITY TO EXECUTE REQUISITE DOCUMENTATION

"That any director of the Company, or the Company Secretary where appropriate, be and is hereby authorised to do all such things and to sign all such documents issued by the Company required to give effect to ordinary resolution numbers 1 to 7 and special resolution numbers 1 to 4."

NOTICE OF ANNUAL GENERAL MEETING

PROXY AND VOTING PROCEDURE

In compliance with the provisions of Section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy, as set out in Section 58 of the 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 revoke 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 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 registered office of the Company by no later than 48 (forty-eight) hours prior to the commencement of the meeting.

RECORD DATES

Shareholders are reminded to take note of the following dates:

- The last day to trade in order to be eligible to vote at the Annual General Meeting will be Friday, 11 July 2014; and
- The record date in order to be eligible to vote at the Annual General Meeting will be Friday, 18 July 2014.

IDENTIFICATION OF MEETING PARTICIPANTS

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.

Any shareholder having queries with regard to the above may contact the Company Secretary on +27 31 765 5911.

By order of the board

JA Lupton, FCIS
Company Secretary

15 May 2014

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

FORM OF PROXY

Santova Limited

SANTOVA 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 on Tuesday, 29 July 2014 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 act 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, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof, and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2).

		For	Against	Abstain
1.	Ordinary resolution number 1 – Presentation of 2014 annual financial statements			
2.	Ordinary resolution number 2 – Re-election of ESC Garner retiring as a director by rotation			
3.	Ordinary resolution number 3 – Confirmation of appointment of EM Ngubo as a new director			
4.	Ordinary resolution number 4 – Re-election of Audit and Risk Committee members			
5.	Ordinary resolution number 5 – Re-appointment of Deloitte & Touche as independent auditors and S Munro as registered audit partner			
6.	Ordinary resolution number 6 – Non-binding advisory endorsement on the Company's remuneration policy			
7.	Ordinary resolution number 7 – Shares to be placed under control of the directors			
8.	Special resolution number 1 – Approval of independent and non-executive directors' remuneration			
9.	Special resolution number 2 – General authority to provide financial assistance in terms of Section 44			
10.	Special resolution number 3 – General authority to provide financial assistance in terms of Section 45			
11.	Special resolution number 4 – General authority to buy back own shares			
12.	Ordinary resolution number 8 – 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 2014

Signature

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting "the Chairman of the meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than the total number of shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be received at the Company's registered office, Santova House, 88 Mahatma Gandhi Road, Durban, 4001 (PO Box 6148, Durban, 4000) by no later than 12:00 on Friday, 25 July 2014.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the Annual General Meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. 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.
8. The chairman of the Annual General Meeting may reject or accept a form of proxy, which is completed and/or received other than in accordance with these notes, if the Chairman is satisfied as to the manner in which the shareholder wishes to vote.

Certificated and "own name" registered dematerialised shareholders

If you are unable to attend the Annual General Meeting of Santova Limited to be held at 12:00 on Tuesday, 29 July 2014 in the Harbour View Boardroom, Santova House, 88 Mahatma Gandhi Road, Durban and wish to be represented thereat, you must complete and return this form of proxy in accordance with the instructions contained herein and lodge it at, or post it to the Company's registered office address, detailed in point 3 above, to be received by them by no later than 12:00 on Friday, 25 July 2014.

Dematerialised shareholders

If you hold dematerialised shares in Santova Limited through a CSDP or broker and do not have an "own name" registered dematerialised registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the Annual General Meeting in order for your CSDP or broker to provide you with the necessary letter of representation to do so, or should you not wish to attend the Annual General Meeting in person, you must timeously provide your CSDP or broker with your voting instructions in order for the CSDP or broker to vote in accordance with your instructions at the Annual General Meeting.

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CORPORATE INFORMATION

SANTOVA 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

Independent non-executive directors

ESC Garner (Chairman)
AD Dixon
WA Lombard
EM Ngubo

Executive directors

GH Gerber (Chief Executive Officer)
DC Edley (Group Financial Director)
AL van Zyl

COMPANY SECRETARY

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

JSE SPONSOR

River Group
No 2 Kloof Trio, 211 Kloof Street, Waterkloof, 0145

GROUP AUDITOR

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

SHARE REGISTRAR

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

LEGAL ADVISOR

Livingston Leandy Inc
PO Box 4107, Umhlanga Rocks, 4320

INVESTOR RELATIONS

Contact persons

GH Gerber (Chief Executive Officer)
DC Edley (Group Financial Director)

Email address

investor@santova.com

Contact number

+27 31 374 7000

SANTOVA HEAD OFFICE AND REGISTERED OFFICE

Physical address

Santova House, 88 Mahatma Gandhi Road, Durban, 4001

Postal address

PO Box 6148, Durban, 4000

Contact number

+27 31 374 7000

MAIN BANKERS

Nedbank Limited

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Santova
Limited

INNOVATIVE GLOBAL SUPPLY CHAIN SOLUTIONS
www.santova.com