SANTOVA LIMITED UNAUDITED GROUP INTERIM RESULTS

for the six months ended 31 August 2017

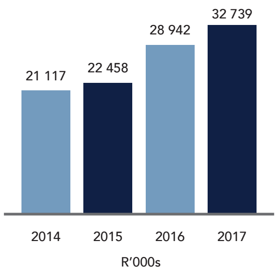
SANTOVA LIMITED
("Santova" or "the Company")
(Registration Number 1998/018118/06)
Share Code: SNV
ISIN: ZAE000159711

Santova
INNOVATIVE SOLUTIONS • ENDLESS POSSIBILITIES

2017 SANTOVA GROUP INTERIM HIGHLIGHTS

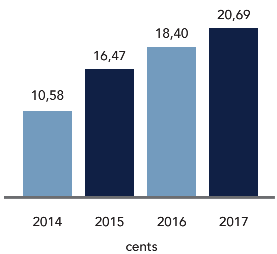
HEADLINE EARNINGS INCREASED BY

13,1%



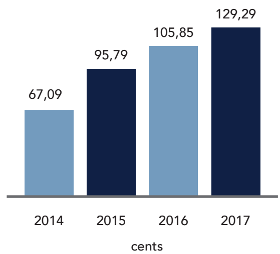
HEADLINE EARNINGS PER SHARE INCREASED BY

12,4%



TANGIBLE NET ASSET VALUE PER SHARE INCREASED BY

22,1%



		2017 August	2016 August	% Movement
Gross billings	(R'000)	**1 972 887**	2 000 612	(1,4)
Revenue	(R'000)	**158 178**	159 772	(1,0)
Profit before tax	(R'000)	**43 287**	40 489	6,9
Billings margin	(%)	**8,0**	8,0	0,0
Headline earnings	(R'000)	**32 739**	28 942	13,1
Operating margin	(%)	**27,4**	25,3	2,1
Percentage offshore earnings	(%)	**66,5**	58,0	8,5
Basic earnings per share	(cents)	**20,71**	18,43	12,4
Headline earnings per share	(cents)	**20,69**	18,40	12,4
Total assets	(R'000)	**951 630**	930 287	2,3
Capital and reserves	(R'000)	**392 447**	367 726	6,7
Cash generated from operations	(R'000)	**31 343**	36 255	(13,5)
Cash and cash equivalents	(R'000)	**97 788**	100 664	(2,9)
Debt to equity ratio	(%)	**45,7**	49,0	(3,3)
Net asset value per share	(cents)	**245,63**	233,24	5,3
Tangible net asset value per share	(cents)	**129,29**	105,85	22,1

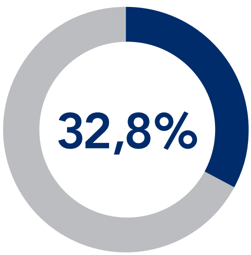
2017 SANTOVA INTERIM RESULTS COMMENTARY

for the six months ended 31 August 2017

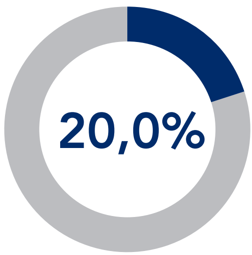
OVERVIEW

The Group's core strategy of diversification through the expansion of its international footprint has enabled it to deliver meaningful organic growth in this period, whilst reducing its reliance on the South African operations and its exposure to the volatile socio-political and economic state of the region. This is highlighted by the fact that the Group's international operations now contribute 66,5% (2016: 58,0%) of overall Group profit. The overall growth (all organic) in profit of 27,6%, achieved during the period from the logistics operations, was generated across all the regions within which the Group operates, including:

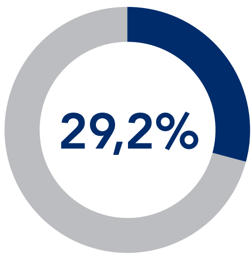
- the Asia-Pacific region which contributed a 32,8% growth in profit;
- the Europe/United Kingdom region which contributed 20,0% and
- the South African region which contributed 29,2% growth in profit.



Asia-Pacific region growth in profit



Europe/United Kingdom region growth in profit



South African region growth in profit

The effect of this strong underlying organic growth has enabled the Group to achieve an overall 13,1% increase in headline earnings to R32,7 million (2016: R28,9 million) which translated into a 12,4% increase in headline earnings per share to 20,69 cents, from 18,40 cents in the prior period. Had it not been for the strengthening of the South African Rand across most currencies in the second half of the 2017 financial year, the Group's overall results would have benefitted much more favourably from the translation of its foreign earnings. This is evident in the 22,5% strengthening of the average South African Rand to the British Pound exchange rate and 12,7% to the Euro over the comparative prior year period. These are the two primary currencies in which the majority of the Group's offshore investments are held and the overall impact of this strengthening of the South African Rand was a reduction of 11,3% in the actual growth achieved for the period under review.

Key highlights during the period under review include:

- The acquisition of the remaining 25% minority interest in Santova Australia, which facilitates the further expansion and development of the Group's presence in the region;
- The investment in upgrading infrastructure and operational capacity to facilitate further growth in a number of regions including Australia, Germany, and the United Kingdom;
- The first phase of deployment of the Group's next generation logistics software (TradeNav®) into the European and United Kingdom regions; and
- The continued investment in the Santova Express (Courier services) and the Client Sourcing and Procurement Management divisions which complement the Group's core logistics products and offer long-term revenue enhancing opportunities. Revenue from Client Sourcing and Procurement Management services grew 32,0% in the period and revenue from Santova Express (Courier services) grew by 16,9%.

OPERATIONAL PERFORMANCE

South African Logistics Operations

The South African logistics operation achieved a credible and pleasing 29,2% increase in profit for the period, which is counterintuitive to the current economic climate and sentiment within the region. This was driven by greater operational volumes, much improved margins and sound operational cost control, offset by the 12,3% strengthening in the South African Rand to US Dollar exchange rate, which has a direct underlying adverse impact on revenue.

Foreign Logistics Operations

The current period was characterised by significant organic growth in profit from the Group's offshore logistics operations, which was primarily driven by positive growth in billings in local currency across all regions. The underlying result being that the majority of the Group's international operations have shown robust growth in local currency profits for the period, in particular:

- Santova Hong Kong, where the strong performance in the previous financial year continued to generate a 47,4% increase in revenue and a 190,1% increase in profit for the period;
- Tradeway Shipping, where there had been no impact of Brexit on trade volumes and the weak Pound has stimulated exports resulting in a 23,7% increase in revenue and a 57,6% increase in profit; and
- Santova Germany, where revenue grew 58,1% and profit 334,0% as the Group continued to invest and grow in this region - a trend that is expected to result in this region becoming a long term meaningful contributor to the Group's earnings.

Group Operations

At a Group reporting level, the growth in profitability achieved in this period was enhanced by:

- A decline of 32,4% in Group finance costs as the Group continued the ongoing repayment of its amortising long-term loans;
- A 2,5% decrease in the effective tax rate from 26,7% in 2016 to 24,2% in 2017. This is due to the greater contribution towards profit from certain key offshore subsidiaries that operate in lower corporate tax rate jurisdictions and also the benefit of an official 1% decrease in the United Kingdom corporate tax rate; and
- Following the acquisition at the beginning of the current period of the remaining 25% minority interest in Santova Australia, the Group profit attributable to minority shareholders has reduced 96,8%, which has helped to leverage upwards the basic and headline earnings per share achieved during the period.

FINANCIAL POSITION

The Group's financial position has strengthened in the 6 months to 31 August 2017 compared to 28 February 2017 with total assets having grown by 6,2%, total capital and reserves by 7,4% whilst total interest-bearing debt reduced by 10,7% through ongoing repayments. The net result being that the debt to equity ratio has fallen from 53,0% as at 28 February 2017 to 45,7% as at 31 August 2017. This has been driven by the strong underlying organic growth and the resultant profitability, plus a slight improvement in the closing South African Rand exchange rate to most major currencies since 28 February 2017 - which had a positive impact on the translation of the Group's foreign investments.

One key fundamental structural change to highlight in the statement of financial position is the almost virtual elimination of minority interests which have decreased R7,1 million to R0,07 million following the purchase of the remaining 25% minority interest in Santova Australia.

CASH FLOW AND FUNDING

The Group continues to generate positive cashflows through improved profitability and from the financial year ended 28 February 2017, cash on hand has increased 6,5% to R97,8 million. This improved cash position is despite a significant investment into working capital to fund increased trade receivables as operational volumes improved in the second half of this interim period. This increased investment into trade receivables had the effect of reducing cash generated from operations by 13,5% to R31,3 million compared to the corresponding prior reporting period.

The positive cash generated from operations has, over and above the payment of the final 2017 dividend, been applied during the period to R4,1 million in capital expenditure on the refurbishment and upgrading of infrastructure internationally, R2,0 million in continued investment into the development of TradeNav® and a further R6,1 million in repayment of long term debt.

OUTLOOK

The Group will continue to build on the platform set by the strong organic growth achieved in the first half of the financial year whilst also continuing to seek new investment opportunities in key regions internationally. The diversification across geographies, currencies and business activities are conducive to sustainable quality earnings going forward. Whilst difficult to forecast in this complex economic climate, the Board is optimistic that the Group can continue to achieve meaningful growth in profits in the second half of the 2018 financial year.

For and on behalf of the Board,

WA Lombard
Chairman

GH Gerber
Chief Executive Officer

30 October 2017

CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Notes		Unaudited		Audited
			6 months to 31 August 2017 R'000	6 months to 31 August 2016* R'000	12 months to 28 February 2017 R'000
Gross billings			**1 972 887**	2 000 612	4 073 868
Revenue			**150 062**	152 274	299 034
Net interest income			**8 116**	7 498	16 381
Interest and financing fee income recovered from clients			**18 184**	19 252	38 923
Interest and financing fee expenses incurred			**(10 068)**	(11 754)	(22 542)
Revenue after net interest income	2		**158 178**	159 772	315 415
Other income			**5 794**	10 755	22 765
Depreciation and amortisation			**(1 494)**	(2 129)	(5 921)
Administrative expenses			**(115 971)**	(123 056)	(235 476)
Operating profit			**46 507**	45 342	96 783
Interest received			**145**	124	427
Finance costs			**(3 365)**	(4 977)	(9 187)
Profit before taxation			**43 287**	40 489	88 023
Income tax expense			**(10 494)**	(10 826)	(23 403)
Profit for the period/year			**32 793**	29 663	64 620
Attributable to:					
Equity holders of the parent			**32 771**	28 988	62 791
Non-controlling interests in subsidiaries			**22**	675	1 829
Other comprehensive income					
Exchange differences arising from translation of foreign operations			**10 229**	(40 898)	(78 840)
Net actuarial loss on remeasurement of post-retirement medical aid benefit liability			**-**	-	(62)
Total comprehensive income/(loss)			**43 022**	(11 235)	(14 282)
Attributable to:					
Equity holders of the parent			**43 001**	(11 629)	(15 216)
Non-controlling interests in subsidiaries			**21**	394	934
Basic earnings per share		(cents)	**20,71**	18,43	39,87
Diluted basic earnings per share	3	(cents)	**20,11**	17,96	38,53
Dividends per share		(cents)	**N/A**	N/A	6,25

** Restated due to material prior period error (refer to note 2)*

CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited		Audited
		31 August 2017 R'000	31 August 2016 R'000	28 February 2017 R'000
ASSETS				
Non-current assets		**219 981**	236 767	213 265
Property, plant and equipment		**21 426**	21 748	18 540
Intangible assets	4	**185 887**	200 850	178 494
Financial assets	6	**3 545**	4 903	6 332
Deferred taxation		**9 123**	9 266	9 899
Current assets		**731 649**	693 520	682 807
Trade receivables		**578 165**	535 783	539 111
Other receivables		**55 211**	55 454	51 463
Current tax receivable		**485**	1 317	453
Financial assets	6	**-**	302	-
Cash and cash equivalents		**97 788**	100 664	91 780
Total assets		**951 630**	930 287	896 072
EQUITY AND LIABILITIES				
Capital and reserves	5	**392 447**	367 726	365 567
Non-current liabilities		**32 065**	65 759	38 930
Interest-bearing borrowings	7	**30 640**	47 130	36 552
Long-term provision		**1 425**	1 500	1 425
Financial liabilities	6	**-**	15 832	-
Deferred taxation		**-**	1 297	953
Current liabilities		**527 118**	496 802	491 575
Trade and other payables		**232 675**	224 123	205 464
Current tax payable		**5 318**	8 659	4 001
Current portion of interest-bearing borrowings	7	**20 361**	19 513	20 541
Amounts owing to related parties		**244**	275	246
Financial liabilities	6	**27 883**	16 452	15 135
Short-term borrowings and overdraft		**226 058**	213 166	228 380
Short-term provisions		**14 579**	14 614	17 808
Total equity and liabilities		**951 630**	930 287	896 072

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Unaudited		Audited
	31 August 2017 R'000	31 August 2016 R'000	28 February 2017 R'000
CAPITAL AND RESERVES			
Balance at beginning of period/year	**365 567**	386 415	386 415
Total comprehensive income/(loss)	**43 022**	(11 235)	(14 282)
Treasury shares acquired	**(49)**	-	(633)
Share-based equity reserve	**1 012**	1 175	2 448
Shares issued in terms of exercise of share options	**232**	26	273
Costs to issue securities	**-**	(1)	-
Dividends paid	**(6 066)**	(8 654)	(8 654)
Acquisition of minority interest	**(11 271)**	-	-
Balance at end of period/year	**392 447**	367 726	365 567
Comprising:			
Stated capital	**218 931**	214 126	214 625
Equity compensation reserve	**5 966**	4 176	5 185
Treasury Shares	**(1 679)**	(998)	(1 631)
Foreign currency translation reserve	**(5 672)**	21 428	(15 901)
Accumulated profit	**174 832**	122 362	156 117
Attributable to equity holders of the parent	**392 378**	361 094	358 395
Non-controlling interests	**69**	6 632	7 172
Capital and reserves	**392 447**	367 726	365 567

CONDENSED STATEMENT OF CASH FLOWS

	Unaudited		Audited
	6 months to 31 August 2017 R'000	6 months to 31 August 2016* R'000	12 months to 28 February 2017 R'000
Cash generated from operations	**31 343**	36 255	90 080
Interest received	**145**	124	427
Finance costs	**(2 910)**	(3 913)	(7 337)
Taxation paid	**(9 386)**	(9 349)	(26 696)
Net cash flows from operating activities	**19 192**	23 117	56 474
Cash outflows from the acquisition of subsidiaries	**-**	(12 410)	(24 077)
Plant, equipment and intangible assets acquired	**(6 072)**	(1 874)	(4 876)
Proceeds on disposals of plant, equipment and intangible assets	**386**	86	877
Net cash flows from investing activities	**(5 686)**	(14 198)	(28 076)
Borrowings repaid	**(6 092)**	(9 785)	(18 829)
Issue of shares for cash	**233**	24	273
Dividends paid	**(6 066)**	(8 654)	(8 654)
Cash utilised in other financing activities	**(19)**	(27)	(689)
Net cash flows from financing activities	**(11 944)**	(18 442)	(27 899)
Net increase/(decrease) in cash and cash equivalents	**1 562**	(9 523)	499
Difference arising on translation	**4 375**	(15 509)	(31 619)
Cash and cash equivalents at beginning of period/year	**91 780**	123 657	122 892
Cash and cash equivalents at end of period/year	**97 717**	98 625	91 772
Cash and cash equivalents is made up as follows:			
Cash and cash equivalents on hand	**97 788**	100 664	91 780
Less: Bank overdrafts	**(71)**	(2 039)	(8)
Cash and cash equivalents at end of period/year	**97 717**	98 625	91 772

** Restated due to material prior period error (refer to note 2)*

CONSOLIDATED SEGMENTAL ANALYSIS

	Logistics Services R'000	Financial Services R'000	Head Office R'000	Consolidated R'000
BUSINESS SEGMENTS				
31 August 2017				
Revenue after net interest income	**153 783**	**4 767**	**(372)**	**158 178**
Operating profit	**45 760**	**1 808**	**(1 061)**	**46 507**
Profit/(loss) for the period	**34 660**	**1 876**	**(3 743)**	**32 793**
Total assets	**847 849**	**14 119**	**89 662**	**951 630**
Total liabilities	**537 710**	**936**	**20 537**	**559 183**
Depreciation and amortisation	**1 262**	**38**	**194**	**1 494**
Capital expenditure	**6 014**	**-**	**58**	**6 072**
31 August 2016 *				
Revenue after net interest income	154 608	5 651	(487)	159 772
Operating profit	37 585	2 207	5 550	45 342
Profit for the period	27 154	2 024	485	29 663
Total assets	787 504	12 318	130 465	930 287
Total liabilities	522 586	1 399	38 576	562 561
Depreciation and amortisation	1 390	37	702	2 129
Capital expenditure	638	32	1 205	1 875

** Restated due to material prior period error (refer to note 2)*

	LOGISTICS SERVICES			
	Africa R'000	Asia Pacific R'000	Europe and United Kingdom R'000	TOTAL R'000
GEOGRAPHICAL SEGMENTS				
31 August 2017				
Revenue after net interest income	**66 288**	**15 855**	**71 640**	**153 783**
Operating profit	**17 754**	**6 219**	**21 787**	**45 760**
Profit for the period	**12 501**	**5 073**	**17 086**	**34 660**
Total assets	**520 458**	**62 177**	**265 214**	**847 849**
Total liabilities	**375 201**	**32 624**	**129 885**	**537 710**
Depreciation and amortisation	**837**	**108**	**317**	**1 262**
Capital expenditure	**425**	**1 045**	**4 544**	**6 014**
31 August 2016*				
Revenue after net interest income	65 242	15 581	73 785	154 608
Operating profit	13 989	5 067	18 529	37 585
Profit for the period	9 097	3 819	14 238	27 154
Total assets	489 390	58 252	239 862	787 504
Total liabilities	371 448	18 062	133 076	522 586
Depreciation and amortisation	919	96	375	1 390
Capital expenditure	429	51	158	638

** Restated due to material prior period error (refer to note 2)*

SUPPLEMENTARY INFORMATION

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2017 have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the listings requirements of the JSE Limited, the information as required by IAS 34: Interim Financial Reporting, and the requirements of the South African Companies Act 71 of 2008.

The accounting policies applied in preparation of these interim financial statements are consistent with those applied in the annual financial statements for the year ended 28 February 2017.

This report was prepared under the supervision of the Group Financial Director, DC Edley, CA(SA) and have not been reviewed or audited by the Group's external auditors.

	Unaudited		Audited
	31 August 2017 R'000	31 August 2016 R'000	28 February 2017 R'000
2. REVENUE			
Gross Billings	**1 972 887**	2 000 612	4 073 868
Less: Recoverable disbursements	**(1 814 709)**	(1 840 840)	(3 758 453)
Revenue after net interest income	**158 178**	159 772	315 415
Revenue from the provision of services comprises:	**150 062**	152 244	299 034
Logistics services	**145 667**	148 110	290 295
Insurance commission and management fees	**4 395**	4 126	8 624
Other revenue	**-**	8	115
Net interest income from the provision of credit facilities comprises:	**8 116**	7 528	16 381
Interest and financing fee income recovered from clients	**18 184**	19 252	38 923
Interest and financing fee expenses incurred	**(10 068)**	(11 724)	(22 542)
Revenue after net interest income	**158 178**	159 772	315 415

Correction of material prior period error

As a result of an IFRS related material prior period error identified during the course of the 2017 financial year, the comparative figures for the six months to 31 August 2016 are required to be restated. Full details of this correction and the reasons for the restatement can be found in the Revenue note 16 contained in the published Annual Financial Statements for the year ended 28 February 2017.

The effect of the restatement on the 2016 financial results can be seen below and has no impact on basic and/or diluted earnings per share:

	Restated 31 August 2016 R'000	31 August 2016* R'000
Revenue	**152 244**	159 772
Net interest income	**7 528**	-
Interest and financing fee income recovered from clients	**19 252**	-
Interest and financing fee expenses incurred	**(11 724)**	-
Revenue after net interest income	**159 772**	**159 772**

** As reported*

	Unaudited		Audited
	31 August 2017 R'000	31 August 2016 R'000	28 February 2017 R'000
3. EARNINGS PER SHARE			
Reconciliation between basic and headline earnings per share:			
Profit attributable to equity holders of the parent	**32 771**	28 988	62 791
Adjusted for:			
Net (profit)/loss on disposals of plant and equipment	**(69)**	(56)	46
Taxation effects	**37**	10	(14)
Minority Interest	**-**	-	(4)
Headline earnings	**32 739**	28 942	62 819
Basic earnings per share (cents)	**20,71**	18,43	39,87
Headline earnings per share (cents)	**20,69**	18,40	39,89
Weighted average number of shares (000s)	**158 265**	157 317	157 495
Diluted weighted average number of shares (000s)	**162 984**	161 390	162 975

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 schemes.

4. INTANGIBLE ASSETS

	Unaudited		Audited
	31 August 2017 R'000	31 August 2016 R'000	28 February 2017 R'000
Goodwill Movement:			
Carrying value at beginning of period/year	**173 656**	217 472	217 472
Foreign exchange gain/(loss) on translation	**5 112**	(22 401)	(43 816)
Carrying value at end of period/year	**178 768**	195 071	173 656
Carrying value of computer software and indefinite useful life intangible assets	**7 119**	5 779	4 838
Total intangible assets	**185 887**	200 850	178 494

5. STATED CAPITAL

	Unaudited		Audited
	31 August 2017 R'000	31 August 2016 R'000	28 February 2017 R'000
Reconciliation of the value of ordinary shares in issue			
Balance at beginning of period/year	214 625	214 076	214 076
Shares issued under share option scheme	465	51	553
Costs to issue securities	-	(1)	(4)
Shares issued in terms of scrip dividend	3 841	-	-
Balance at end of period/year	218 931	214 126	214 625
Reconciliation of the number of ordinary shares in issue	**'000**	'000	'000
Balance at beginning of period/year	157 760	157 287	157 287
Shares issued under share option scheme	310	60	650
Shares issued in terms of scrip dividend	1 212	-	-
Treasury shares purchased by subsidiaries	(15)	-	(177)
Balance at end of period/year	159 267	157 347	157 760

	Level	Notes	Unaudited 31 August 2017 R'000	Unaudited 31 August 2016 R'000	Audited 28 February 2017 R'000
6. FAIR VALUE DISCLOSURE FOR FINANCIAL INSTRUMENTS					
Financial assets in the statement of financial position measured at fair value:					
Future profit share on rental agreement	2	1	**1 992**	1 228	1 991
Guardrisk cell captive	2	2	**1 553**	3 675	4 341
Forward exchange contracts	1		**-**	302	-
			3 545	5 205	6 332
Financial liabilities in the statement of financial position measured at fair value:					
Contingent purchase considerations on acquisitions	3	3	**16 175**	32 284	15 093
Purchase consideration on acquisition	3	4	**11 584**	-	-
Forward exchange contracts	1		**124**	-	42
			27 883	32 284	15 135

Hierarchy for fair value measurement

Fair value determination:

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

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

There were no transfers between the fair value hierarchy levels during the year.

1. Santova Logistics (South Africa) entered into a profit sharing agreement with the landlord of their Durban premises on inception of the lease in the 2007 financial year. This agreement gives Santova Logistics a specified portion of the actual or deemed profit made should the building be sold or vacated. The inputs used to determine the fair value of the profit share are as follows:

Current net market rental	R110 per m^2
Capitalisation rate	15,00 %

2. This amount represents the fair value of the investment by Santova Logistics (South Africa) in the Guardrisk cell captive, recognised as a financial asset with changes in fair value being recognised in profit or loss for the year. The fair value of the cell captive is determined by the net asset value that represents fair value.

6. FAIR VALUE DISCLOSURE FOR FINANCIAL INSTRUMENTS CONTINUED

3. This represents the present value of the remaining contingent purchase obligations arising from acquisitions during previous financial periods. The fair value of the liabilities has been calculated as the net present value of the warranty payments, which management reasonably expect to be achieved, as set out in the agreements of sale, discounted at the weighted average cost of capital for the acquired entities. The financial liability can be reconciled as follows:

	Unaudited		Audited
	31 August 2017 R'000	31 August 2016 R'000	28 February 2017 R'000
Financial liability at beginning of period/year	15 092	49 134	49 134
Interest on present value calculation	496	1 105	1 849
Foreign exchange loss/(gain) on translation	587	(5 545)	(9 930)
Payments made during the period/year	-	(12 410)	(24 074)
Fair value gain on remeasurement	-	-	(1 886)
Financial liability at end of period/year	16 175	32 284	15 093

The remaining contingent purchase obligations relate to the following acquisitions that were completed during the 2016 financial year:

Acquiring company	***Target company***	***Discount rate used***
Santova International Holdings (Pty) Ltd	*Tradeway (Shipping) Limited*	*6,6%*

Prior to the acquisition of Tradeway (Shipping) Limited, the target company acquired Tradeway North West Limited. This acquisition gave rise to a financial liability as a result of contingent purchase obligations. The weighted average cost of capital used in the calculation of the fair value of this financial liability is equal to that being used to calculate the fair value of the financial liability to the sellers of Tradeway (Shipping) Limited.

The final warranty payment is payable within 60 days of 30 November 2017.

4. The financial liability raised represents the amount owing following the acquisition of the 25% minority interest in Santova Logistics Pty Ltd (Australia) by Santova International Holdings (Pty) Ltd. This amount is not contingent on any future performance and the full amount will be settled from cash reserves. The acquisition has been concluded but as at 31 August 2017 was pending final completion and the transfer of the purchase consideration.

Management have assessed the sensitivity of the level 3 fair value measurement to changes in unobservable inputs and do not believe that such reasonably expected changes would materially affect the fair value.

Management have assessed the degree of classification of the liabilities within level 3 and are satisfied that the classification above is appropriate due to the fact that these liabilities are measured using the same methods and thus do not have varying degrees of uncertainty or subjectivity.

There were no other material adjustments to fair values of financial instruments nor transfers between the fair value hierarchy levels during the period.

	Repayable	Rate	Instalment R'000	Unaudited 31 August 2017 R'000	Unaudited 31 August 2016 R'000	Audited 28 February 2017 R'000
7. INTEREST BEARING BORROWINGS						
Medium term loan (R39 million)[1]	Monthly	Prime less 0,5%	813	4 864	13 664	9 324
Medium term loan (R60 million)[2]	Quarterly	Prime less 0,25%	3 874	45 865	52 184	47 185
Instalment sale and other agreements				272	795	584
				51 001	66 643	57 093
Debt to Equity Ratio				46%	49%	53%

1. The original medium term loan was taken by Santova Logistics (South Africa) and bears interest at a variable rate of the Nedbank prime rate less 0,5%.

2. The second medium term loan was taken by the holding company, Santova Limited in order to fund a portion of the purchase price payable for the acquisition of Tradeway (Shipping) Limited and bears interest at a variable rate of the Nedbank prime rate less 0,25%. Both medium term loans are repayable on an amortising basis over five years and are secured by cross company sureties supplied by subsidiary companies.

   As a condition of granting the medium term loan facilities, the Group banking facilities contain certain covenants with respect to minimum levels of actual shareholders' funds and to minimum ratios of debt to EBITDA and interest cover. These covenants are, monitored on an ongoing basis by management and reviewed and confirmed annually with the Groups bankers. As at the end of the period, none of the covenants have been breached.

8. EVENTS AFTER THE REPORTING PERIOD

There are no events that have taken place after the reporting period for which non-disclosure would affect the ability of the users to make proper evaluations and decisions.

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
WA Lombard (Chairman)
AD Dixon
ESC Garner
EM Ngubo

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

COMPANY SECRETARY
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Highway Corporate Services (Pty) Ltd
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JSE SPONSOR
River Group
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GROUP AUDITOR
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SHARE REGISTRAR
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PO Box 61051, Marshalltown, 2107

LEGAL ATTORNEY
Livingston Leandy Inc
PO Box 4107, Umhlanga Rocks, 4320

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CORPORATE BANKERS
Nedbank Limited
PO Box 1144, Sandown, 2196

A Specialist Provider of Innovative Global Trade Solutions.

- Santova's diversification in terms of geographies, currencies, industries, products and services enables it to manage a global network of inter-connected activities for multinational organisations from origin to point-of-consumption.
- This diversification also enables it to hedge against unexpected 'regional risks' whilst at the same time allowing it to capitalise on opportunities that may present themselves globally.

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Durban
30 October 2017
Sponsor and Corporate Advisor
River Group