Santova Limited Group Interim Results
for the six months ended
31 August 2018

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

2018 Santova Group Interim Highlights

HEADLINE EARNINGS INCREASED BY 3,1%
REDUCTION IN DEBT TO EQUITY to 25,5%
TANGIBLE NET ASSET VALUE PER SHARE INCREASED BY 29,6%

		2018 August	2017 August	% Movement
Gross billings	(R'000)	1 952 718	1 972 887	(1,0)
Revenue	(R'000)	162 797	158 178	2,9
Profit before tax	(R'000)	44 316	43 287	2,4
Billings margin	(%)	8,3	8,0	0,3
Headline earnings	(R'000)	33 740	32 739	3,1
Operating margin	(%)	27,2	27,4	(0,2)
Percentage offshore Earnings	(%)	61,1	66,5	(5,4)
Basic earnings per share	(cents)	21,16	20,71	2,2
Headline earnings per share	(cents)	21,13	20,69	2,1
Total assets	(R'000)	960 323	951 630	0,9
Capital and reserves	(R'000)	485 563	392 447	23,7
Cash generated from operations	(R'000)	11 351	31 343	(63,8)
Cash and cash Equivalents	(R'000)	77 664	97 788	(20,6)
Debt to equity ratio	(%)	25,5	45,7	(20,2)
Net asset value per share	(cents)	301,53	245,63	22,8
Tangible net asset value per share	(cents)	167,60	129,29	29,6

2018 Santova Interim Results Commentary
for the six months ended 31 August 2018

Overview

The Santova Group has achieved an overall 3,1% increase in Headline earnings to R33.7 million (2017: R32.7 million) in the first 6 months of the current financial year, which has translated into a 2,1% increase in headline earnings per share to 21,13 cents (2017:20,69 cents).

This growth in earnings has been achieved despite a decrease in total Group billings by 1,0% from R1.973 billion in 2017 to R1.953 billion in 2018, which is reflective of the difficult economic environment currently being experienced in the South African region, which is the Group's major contributor to overall billings. This unfavourable economic environment in South Africa had a negative impact on trade volumes which was further exacerbated by a 2,1% strengthening of the average US Dollar to South African Rand in these first 6 months.

The positive growth in earnings was achieved through several key factors:

› A 0,3% increase in Group revenue to billings margin from 8,0% to 8,3% primarily in Santova Logistics (South Africa) and Tradeway Shipping (United Kingdom). This is reflective of continued overall improvement in the Group's transport cost ‘buy rates’ through greater volumes and improved buying power;
› Growth in administration expenses being contained to 3,7%, which is reflective of average inflation rates across the international regions in which the Group operates;
› A 41,0% decrease in finance costs from R3.4 million in 2017 to R2.0 million in 2018 as the Group repaid one of its two Medium Term Loans in January 2018 and the current outstanding loan is being repaid on an amortising basis; and
› A 0,5% decrease in the Group's effective tax rate to 23,8%, which is a result of a recent trend of reducing corporate income tax rates seen in some of the regions internationally where the Group operates.

Regional Performances

South African Operations

The performance of the South African logistics operation mirrored that of the overall Group achieving a very credible 4,1% increase in profit despite lower trade volumes and a stronger South African Rand to the US Dollar impacting on revenues for the period. This was achieved through improved margins, cost containment and lower finance costs as a result of ongoing debt repayment.

In addition, the profitability of the South African region was further enhanced by Santova Financial Services recording a meaningful 10,9% increase in profit for the year, through a combination of modest premium growth and cost increases being limited to below inflationary levels.

Foreign Logistics Operations

The current period was characterised by varying results across the Group's offshore operations and very limited impact from currency movements. On an overall basis the impact of currency movements on the translation of the results from the Group’s offshore operations contributed only 1,2% to growth in profit for the period. This is as a result of the average South African Rand exchange rate during the period strengthening against the Australian Dollar and Hong Kong Dollar but weakening against the British Pound and Euro.

The offshore contribution to Group profitability was positively impacted by a very strong performance from the Australian region and the benefits of consolidation seen in the newly merged Santova Logistics UK/W.M. Shipping entity in the United Kingdom, which resulted in a 43,1% and 91,7% increase in profit respectively in these regions, in local currency.

This was offset by a 3,7% decline in profitability in the Netherlands region through lower margins and higher administrative costs, despite a growth in billings. In addition, an 11,9% reduction in profitability in Tradeway Shipping (United Kingdom) where the exceptional performance of 2017 and the sudden ‘boost’ in export activity following the collapse of the British Pound after the Brexit vote, could not be replicated in the current period.

Group Operations

The level of central administrative and finance costs incurred at a Group reporting level saw a 37,8% improvement as a result of lower finance costs through ongoing debt repayment and administrative cost, in particular human resources costs, being contained in line with the current economic environment and Group performance.

Financial Position

The Group’s financial position has strengthened considerably with total Capital and Reserves growing 16,7% to R485.6 million (Feb 2018: R416.2 million) and the Group’s debt to equity ratio improving from 46,5% as at the previous financial year-end to 25,5% currently. This resulted in the net asset value per share increasing by 22,8% to 301,53 cents (2017: 245,63 cents) and is a result of several factors including:

› Ongoing repayment of long term amortising debt and lower current usage levels in South Africa of the short-term banking facilities utilised to fund trade receivables, following the reduction in billings in the current period;
› A significant weakening in the South African Rand late in the current financial period against the key reporting currencies of the Group’s foreign subsidiaries. This resulted in exchange gains across all major asset categories including a R22.6 million gain on intangible assets and a R45.6 million foreign currency translation gain in other comprehensive income; and
› The continuing growth in profitability of the Group.

Cash and cash equivalents decreased during the period by R30.7 million from R108.4 million as at the most recent financial year-end to R77.7 million as at the end of the current reporting period. This was due to:

› The final warranty payment in March 2018 of R17.4 million to the sellers of Tradeway (Shipping) (United Kingdom) acquired in 2015;
› The acquisition in July 2018 of ASM Logistics (Singapore) for a total purchase consideration of R13.4 million of which R8.3 million was paid upfront; and
› The ongoing capital repayment of the Group's Medium Term Loan.

Cash Flow and Funding

Cash generated from operations decreased 63,6% to R11.4 million (2017: R31.3 million) in the current period primarily due to a strong trading performance across the Group’s foreign subsidiaries in August resulting in an additional R14.6 million investment into net working capital across these regions.

As detailed above, cash and cash equivalents decreased to R77.7 million as at the end of the current period due to acquisitions and ongoing repayment of debt. However, the Group remains confident that it has sufficient cash and bank facilities available for working capital and growth opportunities as demonstrated by the recent R75 million general acquisition facility approved by the Group's primary transactional banker.

Outlook

The outlook remains uncertain for the second half of the current financial year particularly as regards to the ongoing political, social and economic challenges facing South Africa. However, as the Group enters its annual peak trading cycle the Board is optimistic that the Group's geographic, business activity and currency diversification will help to provide a solid platform for future growth. In addition, the benefits of the Group's two most recent acquisitions in the United Kingdom and Singapore should start to be felt in the second half of the current financial year.

For and on behalf of the Board,

WA Lombard
Chairman

GH Gerber
Chief Executive Officer

30 October 2018

Condensed Statement of Profit and Loss and other Comprehensive Income

		Unaudited		Audited
		6 months to 31 August 2018	6 months to 31 August 2017	12 months to 28 February 2018
	Notes	R'000	R'000	R'000
Gross billings		1 952 718	1 972 887	4 123 540
Revenue		154 595	150 062	311 354
Net interest Income		8 202	8 116	17 923
Interest and financing fee income		15 596	18 184	39 831
Interest and financing fee expenses		(7 394)	(10 068)	(21 908)
Revenue and net interest income	2	162 797	158 178	329 277
Other income		5 373	5 794	14 362
Depreciation and amortisation		(1 717)	(1 494)	(3 355)
Administrative Expenses		(120 252)	(115 971)	(239 628)
Operating profit		46 201	46 507	100 656
Interest received		101	145	279
Finance costs		(1 986)	(3 365)	(5 998)
Profit before Taxation		44 316	43 287	94 937
Income tax				

Expense		(10 528)	(10 494)	(23 670)
Profit for the period/year		33 788	32 793	71 267
Attributable to:				
Equity holders of the parent		33 774	32 771	71 252
Non-controlling interests in subsidiaries		14	22	15
Other comprehensive Income				
Exchange differences arising from translation of foreign operations		45 644	10 229	(3 933)
Gain on revaluation of property				36
Total comprehensive income		79 432	43 022	67 370
Attributable to:				
Equity holders of the parent		79 402	43 001	67 362
Non-controlling interests in subsidiaries		30	21	8
Basic earnings per share	(cents)	21,16	20,71	44,87
Diluted basic earnings per share	(cents)	21,13	20,11	43,89
Dividends per Share	(cents	N/A	N/A	7,00

Condensed Statement of Financial Position

		Unaudited		Audited
		31 August 2018	31 August 2017	28 February 2018
	Notes	R'000	R'000	
ASSETS				
Non-current assets		252 211	219 981	213 995
Property, plant and equipment		23 126	21 426	20 379
Intangible				

assets	4	215 674	185 887	181 411
Financial assets	5	6 449	3 545	4 366
Deferred taxation		6 962	9 123	7 839
Current assets		708 112	731 649	750 381
Trade receivables		578 219	578 165	579 376
Other receivables		51 501	55 211	62 142
Current tax receivable		517	485	492
Financial rssets	5	211	-	-
Cash and cash equivalents		77 664	97 788	108 371
Total assets		960 323	951 630	964 376
EQUITY AND LIABILITIES				
Capital and reserves	6	485 563	392 447	416 172
Non-current liabilities		19 957	32 065	22 323
Interest-bearing borrowings	7	15 980	30 640	21 039
Long-term provision		1 284	1 425	1 284
Financial liabilities		2 682	-	-
Deferred taxation		11	-	-
Current liabilities		454 803	527 118	525 881
Trade and other payables		248 979	232 675	202 320
Current tax payable		8 245	5 318	7 246
Current portion of interest-bearing borrowings	7	15 380	20 361	15 561
Amounts owing to related parties		274	244	220
Financial liabilities	5	2 881	27 883	17 350
Short-term borrowings and overdraft		170 121	226 058	265 097

Short-term provisions	8 923	14 579	18 087
Total equity and liabilities	960 323	951 630	964 376

Condensed Statement of Changes in Equity

	Unaudited		Audited
	31 August 2018 R’000	31 August 2017 R'000	28 February 2018 R’000
CAPITAL AND RESERVES			
Balance at beginning of period/year	416 172	365 567	365 567
Total comprehensive income	79 432	43 022	67 369
Treasury shares acquired	-	(49)	(1 534)
Share-based equity reserve	650	1 012	1 620
Shares issued in terms of exercise of share options	517	232	559
Costs to issue securities	(6)	-	(72)
Dividends paid	(11 202)	(6 066)	(6 066)
Acquisition of minority interest	-	(11 271)	(11 271)
Balance at end of period/year	485 563	392 447	416 172
Comprising:			
Stated capital	220 541	218 931	219 514
Equity compensation reserve	6 380	5 966	6 246
Property revaluation reserve	36	-	36
Treasury Shares	(3 197)	(1 679)	(3 197)
Foreign currency translation reserve	25 802	(5 672)	(19 827)
Accumulated profit	235 915	174 832	213 344
Attributable to equity holders of the parent	485 477	392 378	416 116
Non-controlling Interests	86	69	56
Capital and reserves	485 563	392 447	416 172

Condensed Statement of Cash Flows

	Unaudited 6 months to 31 August 2018 R'000	Unaudited 6 months to 31 August 2017 R'000	Audited 12 months to 28 February 2018 R'000
Cash generated from operations	11 351	31 343	92 139
Interest received	101	145	279
Finance costs	(1 955)	(2 910)	(5 300)
Taxation paid	(8 667)	(9 386)	(19 358)
Net cash flows from operating activities	799	19 192	67 760
Cash outflows from the acquisition of subsidiaries	(5 572)	-	-
Settlement of acquired contingent purchase consideration	(17 380)	-	-
Plant and equipment and intangible assets acquired	(2 835)	(6 072)	(8 399)
Proceeds on disposals of plant and equipment and intangible assets	155	386	425
Net cash flows on acquisition of minority interest	-	-	(11 271)
Net cash flows from investing activities	(25 632)	(5 686)	(19 245)
Borrowings repaid	(8 055)	(6 092)	(20 745)
Issue of shares for cash	510	233	489
Dividends paid	(11 202)	(6 066)	(6 035)
Cash generated/ (utilised) in other financing activities	54	(19)	(1 592)
Net cash flows from financing activities	(18 693)	(11 944)	(27 883)
Net (decrease)/ increase in cash and cash equivalents	(43 526)	1 562	20 632
Difference arising			

on translation	12 819	4 375	(4 033)
Cash and cash equivalents at beginning of period/year	108 371	91 780	91 772
Cash and cash equivalents at end of period/year	77 664	97 717	108 371
Cash and cash equivalents is made up as follows:			
Cash and cash equivalents on hand	77 664	97 788	108 371
Less: Bank overdrafts	-	(71)	-
Cash and cash equivalents at end of period/year	77 664	97 717	108 371

Consolidated Segmental Analysis

	Supply Chain Services R'000	Financial Services R'000	Head Office R'000	Consolidated R'000
BUSINESS SEGMENTS				
31 August 2018				
Revenue and net interest income	158 077	5 052	(333)	162 797
Operating profit	44 550	2 052	(402)	46 201
Profit/(loss) for the period	34 036	2 081	(2 330)	33 787
Total assets	848 955	16 405	94 963	960 322
Total liabilities	487 487	674	(13 401)	474 759
Depreciation and amortisation	1 482	37	198	1 717
Capital expenditure	2 370	38	427	2 835
31 August 2017				
Revenue and net interest income	153 783	4 767	(372)	158 178
Operating profit	45 760	1 808	(1 061)	46 507
Profit 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

	SUPPLY CHAIN SERVICES			
	Africa R'000	Asia Pacific R'000	Europe and United Kingdom R'000	TOTAL R'000
GEOGRAPHICAL SEGMENTS				
31 August 2018				
Revenue and net interest income	69 073	15 654	73 351	158 077
Operating profit	18 319	6 768	19 463	44 550
Profit for the period	13 219	5 659	15 158	34 036
Total assets	481 731	75 335	291 889	848 955
Total liabilities	302 785	31 105	153 597	487 487
Depreciation and amortisation	687	119	676	1 482
Capital expenditure	705	29	1 636	2 370
31 August 2017				
Revenue and 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

Supplementary Information
for the six months ended 31 August 2018

1.BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2018 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 2018 with the exception of new IFRS standards which became effective as detailed below.

The Group has adopted all the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board (IASB) which were effective for the years beginning on or after 1 January 2018. The following standards were adopted by the Group:

IFRS 9 Financial Instruments (IFRS 9)
The Group has applied the expected credit loss method as detailed IFRS 9 by using the simplified approach. The application of a provision matrix to the groups trade receivables based on historic default rates with an adjustment for forward looking events has not resulted in a materially different provision from the previous standard.

The application of IFRS 9 has not resulted in the reclassification of any of the Group's financial assets and liabilities.

IFRS 15 Revenue from Contracts with Customers (IFRS 15)
The Group has done a thorough assessment of its performance obligations under IFRS 15 and specific analysis on the agent vs principle concept. The Group is satisfied that the performance obligations are satisfied in line with the Group's existing revenue recognition criteria and as result there is no effect on the timing of revenue being recognised. The Group has further satisfied itself that it acts in an agency capacity in the provision of logistics and related services.

As reported in previous results, the adoption of these standards did not have a material impact on the Group.

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

	Unaudited		Audited
	31 August 2018 R'000	31 August 2017 R'000	28 February 2018 R'000
2.REVENUE			
Gross Billings	1 952 718	1 972 887	4 123 540
Less: Recoverable disbursements	(1 789 921)	(1 814 709)	(3 794 263)
Revenue and net interest income	162 797	158 178	329 277
Revenue from contracts with			

customers:	154 595	150 062	311 354
Supply chain services	149 875	145 667	302 601
Insurance commission and management fees	4 720	4 395	8 907
Other revenue	-	-	(154)
Net interest income from the provision of credit facilities comprises:	8 202	8 116	17 923
Interest and financing fee income	15 596	18 184	39 831
Interest and financing fee expenses	(7 394)	(10 068)	(21 908)
Revenue and net interest income	162 797	158 178	329 277

	Unaudited		Audited
	31 August 2018 R’000	31 August 2017 R’000	28 February 2018 R’000
3.EARNINGS PER SHARE			
Reconciliation between basic and headline earnings per share:			
Profit attributable to equity holders of the parent	33 774	32 771	71 252
Adjusted for:			
Net profit on disposals of plant and equipment	(47)	(69)	(72)
Taxation effects	13	37	37
Headline earnings	33 740	32 739	71 217
Basic earnings per share (cents)	21.16	20.71	44.87
Headline earnings per share (cents)	21.13	20.69	44.84
Weighted average number of shares (000s)	159 612	158 265	158 814
Diluted weighted average number of shares (000s)	163 129	162 984	162 334

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.

	Unaudited 31 August 2018 R'000	Unaudited 31 August 2017 R'000	Audited 28 February 2018 R'000
4.INTANGIBLE ASSETS			
Goodwill Movement:			
Carrying value at beginning of period/year	173 449	173 656	173 656
Foreign exchange gain/(loss) on translation	22 663	5 112	(207)
Acquisition of ASM Logistics (S) Pte Ltd	9 353	-	-
Carrying value at end of period/year	205 465	178 768	173 449
Carrying value of computer software and indefinite useful life intangible assets	10 209	7 119	7 962
Total intangible assets	215 674	185 887	181 411

1.Acquisition of ASM Logistics (S) Pte Ltd

Effective 2 August 2018, the Group acquired the entire issued share capital of ASM Logistics (S) Pte Ltd. The company operates as a supply chain logistics business out of Singapore. The acquisition was concluded for a purchase price of R13 383 495 to be settled entirely in cash as follows:

- R8 324 120 paid upfront by Santova International Holdings, the Group's designated domestic treasury company and

- two separate contingent payments payable after two subsequent 12 month periods based on a warranted annual profit being achieved, amounting to a net present value on acquisition date of R5 051 065.

The fair value, on acquisition date, of the assets acquired was R4 303 167 and the R9 353 329 by which the purchase price exceeds the fair value of the assets acquired, attributable to anticipated profitability and expected cash generation, has been recognised as goodwill.

	Unaudited 31 August	Unaudited 31 August	Audited 28 February

	Level	Notes	2018 R'000	2017 R'000	2018 R'000
5. 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	3 502	1 992	1 992
Guardrisk cell Captive	2	2	2 947	1 553	2 374
Forward exchange Contracts	1		211	-	-
			6 660	3 545	4 366
Financial liabilities in the statement of financial position measured at fair value:					
Contingent Purchase considerations on acquisitions	3	3	5 563	16 175	17 287
Purchase consideration on acquisition	3	4	-	11 584	-
Forward exchange Contracts	1		-	124	63
			5 563	27 883	17 350

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	R118 per m2
Capitalisation rate	10,75 %

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.

3. This represents the present value of the remaining contingent purchase obligations arising from acquisitions during the current financial period. 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 agreement of sale, discounted at the weighted average cost of capital for the acquired entity. The financial liability can be reconciled as follows:

	Unaudited		Audited
	31 August 2018 R'000	31 August 2017 R'000	28 February 2018 R'000
Financial liability at beginning of period/year	17 287	15 093	15 093
Interest on present value calculation	32	496	697

Foreign exchange loss on translation	609	586	57
Payments made during the period/year	(17 380)	-	-
Fair value loss on remeasurement	-	-	1 440
Financial Liability arising on acquisition of ASM Logistics (S) Pte Ltd	5 015	-	-
Financial liability at end of period/year	5 563	16 175	17 287

The contingent purchase obligation relates to the following acquisition that was completed during the current financial year:

Acquiring company	Financial year Acquired	Target company	Discount rate used
Santova International Holdings (Pty) Ltd	2019	ASM Logistics (S) Pte Ltd	7,2%

During the current financial year, the group acquired 100% of ASM Logistics (S) Pte Ltd. The 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 ASM Logistics (S) Pte Ltd.

4. This financial liability represented 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 was not contingent on any future performance and the full amount will be settled from cash reserves. The acquisition was concluded but pending final payment at 31 August 2017. The payment was concluded in the 2018 financial year.

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.

	Unaudited		Audited
	31 August 2018 R'000	31 August 2017 R'000	28 February 2018 R'000
6.STATED CAPITAL			
Reconciliation of the value of ordinary shares in issue			
Balance at beginning of period/year	219 514	214 625	214 625
Shares issued under share option scheme	1 033	465	1118
Costs to issue securities	(6)	-	(70)
Shares issued in terms of scrip dividend	-	3 841	3841
Balance at end of period/year	220 541	218 931	219 514
Reconciliation of the number of ordinary shares in issue	'000	'000	'000
Balance at beginning of period/year	159 231	157 760	157 760
Shares issued under share option scheme	800	310	769
Shares issued in terms of scrip dividend	-	1 212	1 212
Treasury shares purchased by subsidiaries	-	(15)	(510)
Balance at end of period/year	160 031	159 267	159 231

	Repayable	Rate	installment R'000	Unaudited 31 August 2018 R'000	31 August 2017 R'000	Audited 28 February 2018 R'000
7.INTEREST BEARING BORROWINGS						
Instalment sale and other agreements				54	272	157
Medium term loan (R39 million)1	Monthly	Prime less 0,5%	813	-	4 864	-
Medium term loan (R60 million)2	Quarterly	Prime less 0,25%	3 874	30 672	45 862	36 443
Medium term loan (SGD 150,000) 3	Monthly	Business Installment Loan Board rate plus 0.31%	49	634	-	-
				31 360	50 998	36 600
Debt to Equity Ratio				26%	46%	47%

1. The original medium term loan was taken by Santova Logistics (South Africa) and was fully repaid during 2018.

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. The loan is repayable on an amortising basis over five years and is secured by cross company sureties supplied by subsidiary companies.

3. The third medium term loan was acquired through the acquisition of ASM Logistics (S) Pte Ltd. The loan installments are payable monthly at SGD 4,798. The loan bears interest at the Business Installment Loan Board rate plus 0.31%.

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 Group's bankers. As at the end of the period, none of the covenants have been breached.

8.EVENTS AFTER THE REPORTING PERIOD

Acquisition of SAI Logistics Limited (United Kingdom)

On 18 October 2018 Tradeway (Shipping) Limited, a wholly owned subsidiary of Santova International Holdings (Pty) Limited, entered into an agreement for the acquisition of 100% of the shares in SAI Logistics Limited ("SAI Logistics") with effect from 1 October 2018. SAI Logistics is an international freight forwarding agent and operator of a bonded warehouse based in Milton Keynes, United Kingdom.

The total purchase consideration for the acquisition is GBP 3,195,754 made up as follows:

	GBP
Forecasted net asset value at effective date	701 031
Goodwill	2 494 723
Total	3 195 754

The total purchase consideration will be paid in installments over a period of 3 years with an amount of GBP 1,438,090 being paid upfront upon completion and the balance being paid subject to an annual profit before tax warranty target of GBP 595,919 being met.

The total purchases consideration will be paid in cash and funded primarily from a drawdown from a new general acquisition R75 million facility approved by the Groups primary bankers. The loan will be repaid over a period of 6 years with the first 12 months on an interest only basis.

Other than the above, there are no significant events that have occurred in the period between the end of the period under review and the date of this report.

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)
ESC Garner
AD Dixon
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
Unit 2, 211 Kloof Street, Waterkloof, Pretoria 0145

GROUP AUDITOR
Moore Stephens
50 Oxford Road, Parktown
Johannesburg, 2193

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

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

INVESTOR RELATIONS
Contact Persons
GH Gerber (Chief Executive Officer)
DC Edley (Group Financial Director)

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SANTOVA HEAD OFFICE AND REGISTERED OFFICE
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Postal address
PO Box 6148, Durban, 4000

Registered Office
Santova House, 88 Mahatma Gandhi Road,
Durban, 4000

Contact number
+27 31 374 7000

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 2018
Sponsor and Corporate Advisor

River Group