• Revenue up 18% • Headline earnings per share excluding BEE costs up 21%
• Cash generated by operations up 12% • Net asset value up 14% • Final dividend up 20%

VALUE GROUP LIMITED

THE MEASURABLE LOGISTICS COMPANY

thirty years of growth, determination and innovation

REVIEWED FINANCIAL RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	% change	Reviewed 2011	Audited 2010
Revenue	18	**1 588 315**	1 351 611
Cost of sales		**(891 874)**	(754 764)
Gross profit	17	**696 441**	596 847
Other income		**4 379**	4 637
Operating expenses		**(534 405)**	(459 112)
Operating profit	17	**166 415**	142 372
Once-off BEE equity transaction costs		**(12 192)**	—
Share of profit/(loss) of associate net of taxation		**11**	(13)
Investment income		**17 715**	17 412
Finance costs		**(34 370)**	(31 167)
Net profit before taxation		**137 579**	128 604
Taxation (note 2)		**(43 468)**	(37 234)
Net profit for the year		**94 111**	91 370
Other comprehensive income net of taxation		**—**	—
Total comprehensive income for the year	3	**94 111**	91 370
Earnings per share (cents) (note 3)			
– **Basic**		**54,5**	50,8
– **Headline**	7	**56,2**	52,4
– **Adjusted headline**	21	**63,3**	52,4
– Diluted basic		**56,4**	50,3
– Diluted headline	12	**58,0**	51,9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	% change	Reviewed 2011	Audited 2010
Assets			
Non-current assets		**864 931**	736 026
Property, vehicles, plant and equipment		**828 456**	704 506
Intangible assets		**31 611**	25 716
Investments and loans		**1 007**	2 518
Deferred tax		**3 857**	3 286
Current assets		**370 010**	328 047
Inventories		**68 260**	43 250
Investments and loans		**2 617**	—
Trade and other receivables		**218 857**	179 915
Taxation in advance		**100**	—
Cash and cash equivalents		**80 176**	104 882
Non-current assets held for sale		**20**	152
Total assets		**1 234 961**	1 064 225
Equity and liabilities			
Equity		**502 774**	485 006
Non-current liabilities		**315 212**	209 432
Interest-bearing borrowings		**194 963**	98 375
Deferred tax		**120 249**	111 057
Current liabilities		**416 975**	369 787
Trade and other payables		**317 346**	283 486
Current portion of interest-bearing borrowings		**84 042**	73 250
Current tax payable		**15 587**	13 051
Total equity and liabilities		**1 234 961**	1 064 225
Net asset value per share (cents)	14	**304,8**	267,8

CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	% change	Reviewed 2011	Audited 2010
Cash flows from operating activities		**133 450**	166 049
Cash generated by operations	12	**246 908**	220 309
Net finance costs		**(16 967)**	(13 755)
Changes in working capital		**(36 098)**	28 924
Taxation paid		**(32 411)**	(31 761)
Cash available from operating activities		**161 432**	203 717
Dividends paid		**(27 982)**	(37 668)
Cash flows from investing activities		**(204 071)**	(134 109)
Cash flows from financing activities		**45 915**	(38 461)
Net change in cash and cash equivalents		**(24 706)**	(6 521)
Cash and cash equivalents at beginning of year		**104 882**	111 403
Cash and cash equivalents at end of year		**80 176**	104 882

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Reviewed 2011	Audited 2010
Ordinary share capital and premium	**10 841**	194
Balance at beginning of year	**194**	194
Shares issued	**73 003**	—
Share issue expenses	**(2 356)**	—
Share buy back	**(60 000)**	—
A shares	**10**	—
Shares issued	**10**	—
Treasury shares	**(100 325)**	(28 323)
Balance at beginning of year	**(28 323)**	(32 746)
Treasury shares sold	**1 011**	4 423
Treasury shares acquired	**(73 013)**	—
Share-based payment reserve	**13 623**	746
Balance at beginning of year	**746**	772
Share-based payment expense	**13 130**	258
Transfer to retained income	**(253)**	(284)
Retained income	**578 625**	512 389
Balance at beginning of year	**512 389**	461 689
Transfer from share-based payment reserve	**253**	284
Loss on disposal of treasury shares	**(120)**	(3 244)
Dividends paid	**(28 008)**	(37 710)
Total comprehensive income for the year	**94 111**	91 370
Net profit for the year	**94 111**	91 370
Other comprehensive income for the year	**—**	—
Total capital and reserves	**502 774**	485 006

SEGMENT INFORMATION

R000's	Reviewed 2011	Audited 2010
Total segment revenue	**1 719 757**	1 485 609
General distribution	**1 266 234**	1 073 095
Truck rental and other	**368 640**	333 153
Head office and other	**84 883**	79 361
Less: Inter-segment revenue	**131 442**	133 998
General distribution	**3 609**	3 449
Truck rental and other	**43 017**	51 471
Head office and other	**84 816**	79 078
External segment revenue	**1 588 315**	1 351 611
General distribution	**1 262 625**	1 069 646
Truck rental and other	**325 623**	281 682
Head office and other	**67**	283
Business segment results		
General distribution	**142 376**	103 715
Truck rental and other	**39 228**	45 456
Head office and other	**(15 189)**	(6 799)
Business segment results	**166 415**	142 372
Once-off BEE equity transaction costs	**(12 192)**	—
Share of profit/(loss) of associate net of taxation	**11**	(13)
Investment income	**17 715**	17 412
Finance costs	**(34 370)**	(31 167)
Net profit before taxation	**137 579**	128 604
Total segment assets		
General distribution	**532 612**	487 784
Truck rental and other	**560 690**	430 583
Head office and other	**134 078**	140 054
Segment assets	**1 227 380**	1 058 421
Investments and loans	**3 624**	2 518
Deferred tax	**3 857**	3 286
Taxation in advance	**100**	—
Total assets	**1 234 961**	1 064 225

NOTES

1. Statement of compliance

The financial results have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and are presented in accordance with IAS 34: Interim Financial Reporting.

The basis for the preparation of the financial results is consistent with that applied in the preparation of the annual financial statements for the year ended 28 February 2010.

The Group's auditors, Charles Orbach & Company have reviewed these results. Their unqualified review opinion is available for inspection at the company's registered office.

R000's	Reviewed 2011	Audited 2010
2. Taxation		
Secondary tax on companies included in taxation	**3 422**	3 346
3. Headline earnings		
3.1 Reconciliation between basic and headline earnings		
Basic earnings	**94 111**	91 370
Loss on disposal of property, vehicles, plant and equipment less taxation	**2 935**	2 852
Headline earnings	**97 046**	94 222
Once-off BEE equity transaction costs less taxation	**12 192**	—
Adjusted headline earnings	**109 238**	94 222
3.2 Number of ordinary shares of R0,001 each in issue		
Actual	**198 627 386**	194 436 033
Weighted average	**172 707 357**	179 717 904
Diluted	**189 376 556**	181 643 617
3.3 Number of A shares of R0,001 each in issue		
Actual	**10 429 010**	—
4. Supplementary information		
Depreciation	**69 710**	64 447
Amortisation of intangible assets	**8 698**	9 499
Depreciation and amortisation	**78 408**	73 946

COMMENTARY

INTRODUCTION

Value Group Limited ("the Group") and its subsidiaries provide a comprehensive range of tailored logistical solutions throughout southern Africa. The major operating divisions specialise in providing a diversified range of supply chain services, which encompass distribution, the transport of normal and abnormal loads, clearing and forwarding, warehousing, container and fleet management, forklift and commercial vehicle rental and leasing.

FINANCIAL REVIEW

The Group produced commendable results in a period characterised by a protracted Transnet strike, a Transport sector strike and the World Cup soccer tournament. During these periods, consistent volume throughput was materially affected. Nevertheless, combined volume growth from an expanded customer base contributed to income increasing by 18% from R1,352 billion to R1,588 billion.

Despite additional subcontractor costs being incurred in the first half, robust trading conditions over the Christmas period and strict cost control, resulted in gross profit percentages being maintained at 44%. Gross profit increased by R99,6 million to R696,4 million.

Net profit before tax of R137,6 million was subject to a once-off BEE equity transaction cost of R12,2 million which is not tax deductable. This cost in addition to the STC payment had the effect of increasing the effective tax rate to 31,6%. Consequently, headline earnings were impacted and thus increased by only 7% from 52,4 cents per share to 56,2 cents per share. Excluding these once-off BEE equity transaction costs, adjusted headline earnings increased by 21% from 52,4 cents per share to 63,3 cents per share.

Cash generated by operations remained consistently strong and improved by 12% to R246,9 million. Cash flows funded the R60 million voluntary share repurchase in August 2010 where 16,7 million shares were acquired and subsequently cancelled. In addition, the Group's capital expenditure totalling R249,6 million was partly financed by debt with the balance of R142,2 million being internally funded.

The Group's balance sheet remains financially sound with the net asset value increasing by 14% from 267,8 cents per share to 304,8 cents per share.

OPERATION REVIEW

General distribution segment

The segment performed exceptionally well with volume growth from the expanded customer base increasing turnover and operating margins. Turnover increased by 18% from R1,07 billion to R1,26 billion. In addition, stringent cost controls and operational disciplines resulted in operating margins increasing from 9,7% to 11,3% with operating profits growing by 37,3% to R142,4 million.

Truck rental segment

Renewed management focus in the truck rental segment saw revenue increasing by 15,6% from R281,7 million to R325,6 million. A positive contribution of R39,2 million was made to Group profitability. Truck rental has become highly competitive with rates under severe pressure in order to improve low vehicle utilisations. This, in conjunction with the additional maintenance costs which were incurred to improve and upgrade the fleet, reduced margins from 16,1% to 12,0%.

The defleeting process is ongoing with 398 older vehicles having been disposed off during the 2011 financial year. The disposal of these older vehicles has had a direct effect on maintenance downtime. Consequently, the Group has improved maintenance turnaround times which has favourably affected the availability of vehicles. Hence, the disposal of excess older vehicles will continue. A further 400 vehicles have been earmarked for disposal in the new financial year.

CAPITAL COMMITMENTS

The Group has and will continue to invest heavily in growing and upgrading its vehicle, IT and depot infrastructure.

Budgeted capital expenditure for the 2012 financial year amounts to R240 million comprising R178 million for vehicle and forklift additions and replacements, R42 million pertaining to IT infrastructure and application upgrades and R20 million pertaining to the expansion of the Freightpak premises in Mahogany Ridge, Durban. A major portion of this expenditure will initially be funded by interest bearing debt with the balance being internally funded.

BBBEE UPDATE

Over the past few years the Group has been committed to achieving BBBEE across all seven pillars of the BEE scorecard. Various initiatives have been implemented in this regard simultaneously ensuring sustainability into the future. During this period, shareholder and JSE approval was obtained which facilitated up to a 15% equity ownership by Dr Nakedi Mathews Phosa and Mr Mano Padiyachy, both directors of Value Group Limited, as well as selected black employees in terms of an empowerment trust. Subsequent to the implementation of this transaction, the Group was accredited as a level 4 BBBEE contributor.

PROSPECTS

Management is continuously focussing on growing the customer base. The Group's strategy of growing the revenue streams within each division and each leg of the logistics supply chain has and will necessitate additional infrastructure investment. The Group's budgeted investment expenditure will not only improve its IT technology infrastructure and application base, but will also alleviate vehicle and congestion constraints, thereby providing a platform for the future sustainable growth of the business.

The prolonged effect of the recessionary environment and the recent increasing price of fuel has somewhat curtailed consumer demand. This has hampered volume growth amongst certain customers. Accordingly, volume gains in the new financial year has been relatively subdued. Notwithstanding this, operational performance in March and April 2011 has been in line with expectation. The Group has procured additional and new revenue streams for its various divisions. These will materialise during the course of the current year. Accordingly, management is cautiously optimistic that headline earnings for the 2012 financial year will increase. This forecast has not been reviewed nor reported on by the Group's auditors.

DECLARATION OF FINAL DIVIDEND (NUMBER 9)

The Board has resolved to declare a final dividend of 12 cents per ordinary share. This dividend is covered 3,5 times by second half headline earnings and is payable as follows:

Declaration date	Tuesday, 10 May 2011
Last day to trade *cum* dividend	Friday, 24 June 2011
Trading ex-dividend commences	Monday, 27 June 2011
Record date	Friday, 1 July 2011
Payment date	Monday, 4 July 2011

Share certificates may not be dematerialised or rematerialised between 27 June 2011 and 1 July 2011, both days inclusive.

For and on behalf of the Board

C D Stein *Chairman* **S D Gottschalk** *Chief Executive Officer*

Johannesburg
10 May 2011

Value Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 1997/002203/06) ISIN: ZAE000016507 Share code: VLE
Directors: C D Stein* (Chairman), S D Gottschalk (CEO), C L Sack, I M Groves*, N M Phosa*, M Padiyachy *Non-executive director
Sponsor: Investec Bank Limited