



✓ REVENUE UP 17%
 ✓ HEADLINE EARNINGS PER SHARE EXCLUDING BEE COSTS UP 7%
 ✓ BEE TRANSACTION SUCCESSFULLY IMPLEMENTED

UNAUDITED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	% change	Unaudited August 2010	Unaudited August 2009	Audited February 2010
Revenue	17	740 766	635 603	1 351 611
Cost of sales		(416 709)	(349 174)	(754 764)
Gross profit	13	324 057	286 429	596 847
Other income		2 633	2 501	4 637
Operating expenses		(268 500)	(228 447)	(459 112)
Once-off BEE equity transaction costs		(13 201)	—	—
Operating profit	(26)	44 989	60 483	142 372
Share of profit/(loss) of associate net of taxation		10	(1)	(13)
Investment income		10 929	11 646	17 412
Finance costs		(14 758)	(19 051)	(31 167)
Net profit before taxation		41 170	53 077	128 604
Taxation (note 2)		(16 510)	(18 274)	(37 234)
Net profit for the period		24 660	34 803	91 370
Other comprehensive income net of taxation		—	—	—
Total comprehensive income for the period		24 660	34 803	91 370
Earnings per share (cents) (note 3)				
– Basic earnings		13,7	19,4	50,8
– Headline earnings	(28)	14,6	20,4	52,4
– Adjusted headline earnings	7	21,9	20,4	52,4
– Diluted basic earnings		14,9	19,2	50,3
– Diluted headline earnings	(21)	15,9	20,2	51,9
– Adjusted diluted headline earnings	18	23,8	20,2	51,9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	% change	Unaudited August 2010	Unaudited August 2009	Audited February 2010
Assets				
Non-current assets		808 734	678 290	736 026
Property, vehicles, plant and equipment		771 874	651 973	704 506
Intangible assets		28 813	20 810	25 716
Investments and loans		2 690	1 378	2 518
Deferred tax		5 357	4 129	3 286
Current assets		334 781	341 791	328 047
Inventories		61 146	52 889	43 250
Trade and other receivables		238 506	186 535	179 915
Cash and cash equivalents		35 129	102 367	104 882
Non-current assets held for sale		146	298	152
Total assets		1 143 661	1 020 379	1 064 225
Equity and liabilities				
Equity		442 225	438 428	485 006
Non-current liabilities		267 852	218 539	209 432
Interest-bearing borrowings		153 439	109 415	98 375
Deferred tax		114 413	109 124	111 057
Current liabilities		433 584	363 412	369 787
Trade and other payables		343 585	281 569	283 486
Current portion of interest-bearing borrowings		75 997	70 958	73 250
Current tax payable		14 002	10 885	13 051
Total equity and liabilities		1 143 661	1 020 379	1 064 225
Net asset value per share (cents)	10	268,4	243,9	267,8

CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	Unaudited August 2010	Unaudited August 2009	Audited February 2010
Cash flows from operating activities	44 286	60 803	166 049
Cash generated by operations	98 742	98 597	220 309
Net finance costs	(3 829)	(7 405)	(13 755)
Changes in working capital	(18 242)	14 230	28 924
Taxation paid	(14 274)	(17 743)	(31 761)
Cash available from operating activities	62 397	87 679	203 717
Dividend paid	(18 111)	(26 876)	(37 668)
Cash flows from investing activities	(110 160)	(39 391)	(134 109)
Cash flows from financing activities	(3 879)	(30 448)	(38 461)
Net change in cash and cash equivalents	(69 753)	(9 036)	(6 521)
Cash and cash equivalents at beginning of period	104 882	111 403	111 403
Cash and cash equivalents at end of period	35 129	102 367	104 882

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Unaudited August 2010	Unaudited August 2009	Audited February 2010
Ordinary share capital and premium	10 841	194	194
Balance at beginning of period	194	194	194
Shares issued	73 003	—	—
Shares issue expenses	(2 356)	—	—
Share buy back	(60 000)	—	—
A shares	10	—	—
Balance at beginning of period	—	—	—
Shares issued	10	—	—
Treasury shares	(100 715)	(31 078)	(28 323)
Balance at beginning of period	(28 323)	(32 746)	(32 746)
Treasury shares sold	621	1 668	4 423
Treasury shares acquired	(73 013)	—	—
Share-based payment reserve	12 894	693	746
Balance at beginning of period	746	772	772
Share-based payment expense	12 359	147	258
Transfer to retained income	(211)	(226)	(284)
Retained income	519 195	468 619	512 389
Balance at beginning of period	512 389	461 689	461 689
Transfer from share-based payment reserve	211	226	284
Profit/(loss) on disposal of treasury shares	45	(1 224)	(3 244)
Dividends paid	(18 110)	(26 875)	(37 710)
Total comprehensive income for the period	24 660	34 803	91 370
Net profit for the period	24 660	34 803	91 370
Other comprehensive income for the period	—	—	—
Total capital and reserves	442 225	438 428	485 006

SEGMENT INFORMATION

R000's	Unaudited August 2010	Unaudited August 2009	Audited February 2010
Total segment revenues	802 304	696 934	1 485 609
General distribution	596 085	517 087	1 073 095
Truck rental and other	163 528	143 742	333 153
Head office and other	42 691	36 105	79 361
Less: Inter-segment revenues	61 538	61 331	133 998
General distribution	1 299	3 948	3 449
Truck rental and other	17 589	21 370	51 471
Head office and other	42 650	36 013	79 078
External segment revenues	740 766	635 603	1 351 611
General distribution	594 786	513 139	1 069 646
Truck rental and other	145 939	122 372	281 682
Head office and other	41	92	283
Business segment results			
General distribution	45 099	50 863	103 715
Truck rental and other	15 594	13 683	45 456
Head office and other	(15 704)	(4 063)	(6 799)
Business segment results	44 989	60 483	142 372
Share of profit/(loss) of associate net of taxation	10	(1)	(13)
Investment income	10 929	11 646	17 412
Finance costs	(14 758)	(19 051)	(31 167)
Net profit before taxation	41 170	53 077	128 604
Total segment assets			
General distribution	533 360	447 221	487 784
Truck rental and other	516 896	429 342	430 583
Head office and other	85 358	138 309	140 054
Total segment assets	1 135 614	1 014 872	1 058 421
Investments and loans	2 690	1 378	2 518
Deferred tax	5 357	4 129	3 286
Total assets	1 143 661	1 020 379	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.

R000's	Unaudited August 2010	Unaudited August 2009	Audited February 2010
2. Taxation			
Secondary tax on companies included in taxation	1 891	2 857	3 346
3. Headline earnings			
3.1 Reconciliation between basic and headline earnings			
Basic earnings	24 660	34 803	91 370
Loss on disposal of property, vehicles, plant and equipment less taxation	1 695	1 825	2 852
Headline earnings	26 355	36 628	94 222
Once-off BEE equity transaction costs less taxation	13 201	—	—
Adjusted headline earnings	39 556	36 628	94 222
3.2 Number of ordinary shares of R0,001 each in issue			
Actual	198 627 386	194 436 033	194 436 033
Weighted average	180 417 830	179 144 770	179 717 904
Diluted	165 910 895	181 363 853	181 643 617
3.3 Number of A shares of R0,001 each in issue			
Actual	10 429 010	—	—
4. Supplementary information			
Depreciation	34 142	30 102	64 447
Amortisation of intangible assets	6 191	4 999	9 499
Depreciation and amortisation	40 333	35 101	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, transport, clearing and forwarding, warehousing, fleet management, forklift and commercial vehicle rental and leasing.

FINANCIAL REVIEW

The Group produced acceptable results in a period influenced by a protracted Transnet strike and the World Cup soccer tournament. Turnover increased by 17% from R635,6 million to R740,8 million, a direct result of additional volumes emanating from new customers. Volumes from the existing customer base remained partially static. Volume fluctuations resulted in the additional use of subcontractors on the long haul routes. The associated costs were further impacted and prolonged by the withdrawal of a number of the Group's trailers from operations in order to modify and upgrade the configurations. Accordingly, margins were negatively affected. Although gross profit percentage reduced from 45,1% to 43,7%, gross profit increased by 13% from R286,4 million to R324,1 million. Operating expenses increased by R40,0 million predominantly attributable to increased employment

costs. Net profit after tax of R24,7 million was subject to an effective tax rate of 40%. This was due to the once-off BEE equity transaction costs of R13,2 million which cannot be deducted for tax purposes. Consequently and as expected, headline earnings per share decreased by 28% from 20,4 cents to 14,6 cents per share. Excluding the once-off costs associated with the BEE equity transaction, adjusted headline earnings improved by 7% to 21,9 cents per share.

The Group remains adequately funded with a debt:equity ratio of 52%, which is within the target range of 40% to 60%. Net asset value per share increased by 10% to R2,68 per share.

Cash generated by operations remained consistently strong at R98,7 million. Cash flows were utilised to fund increased inventory levels on spare parts and materials handling equipment. Cash flows and positive cash balances were utilised to fund the R60,0 million voluntary share repurchase in August 2010. 16,7 million shares were acquired and were subsequently cancelled. Notwithstanding the R57,8 million increase in interest bearing debt, the balance of the Group's investment in capital expenditure of R125,0 million was internally funded.

OPERATIONAL REVIEW

General distribution segment

Segment revenue increased by 15,9% from R513,1 million to R594,8 million. Growth arose predominantly from an increased customer base. Operating margins reduced from 9,9% to 7,6% mainly attributable to the requirement for additional subcontractors. The use of subcontractors is expected to continue albeit to a lesser extent.

A new business was set up known as Value Specialised Logistics (VSL). The Group invested R21,3 million in vehicles with an additional R20,8 million invested subsequently. VSL will, through the use of its specialised vehicles, focus on the logistical movement of mining and abnormal loads within South Africa and the neighbouring countries. The business commenced trading towards the end of the reporting period.

Truck rental segment

Renewed management focus in the truck rental business saw revenue increasing by 19,2% from R122,4 million to R145,9 million. Truck rental has become highly competitive with rates under severe pressure in order to improve low vehicle utilizations. Although operating margins reduced from 11,2% to 10,7%, operating income increased by 14% to R15,6 million. The defleeting process is ongoing with 168 older vehicles having been disposed of during the period.

CAPITAL COMMITMENTS

Currently, vehicle and materials handling capital expenditure amounting to R107,2 million has been approved and will be funded out of interest bearing debt. R45,3 million of this capital expenditure is required for materials handling long term contracts. Accordingly, interest bearing debt levels will increase over the short term.

BBBEE UPDATE

Over the past few years the Group has been committed to achieving BBBEE across all 7 pillars of the BEE scorecard. Various initiatives were implemented to address the inequalities of the past whilst 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

The Group has and will continue to invest in its asset infrastructure to expand into new industry verticals in order to increase and diversify its annuity based revenue. The second half of the Group's financial year is characterised by increased trading activity. Subsequent to the end of the interim period, volume and activity levels improved. Accordingly, excluding the once-off BEE equity transaction costs, management is cautiously optimistic that headline earnings for the 2011 financial year will be stable. This forecast has not been reviewed nor reported on by the Group's auditors.

DECLARATION OF INTERIM DIVIDEND (NUMBER 8)

The Board has resolved to declare an interim dividend of 6 cents per ordinary share. This dividend is covered 3,6 times by adjusted headline earnings and is payable as follows:

Declaration date	Wednesday, 20 October 2010
Last day to trade cum dividend	Friday, 14 January 2011
Trading ex-dividend commences	Monday, 17 January 2011
Record date	Friday, 21 January 2011
Payment date	Monday, 24 January 2011

Share certificates may not be dematerialised or rematerialised between 17 January 2011 and 21 January 2011, both days inclusive.

For and on behalf of the Board

C D Stein Chairman S D Gottschalk Chief Executive Officer

Johannesburg
20 October 2010



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