THE MEASURABLE LOGISTICS COMPANY

VALUE LIMITED GROUP

REVENUE UP 23%

NET ASSET VALUE UP 17%

CASH GENERATED BY OPERATIONS UP 13%

HEADLINE EARNINGS PER SHARE DOWN 9%

UNAUDITED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2006

CONSOLIDATED INCOME STATEMENT

	% change	31 August 2006 R000's	31 August 2005 R000's	28 February 2006 R000's
Revenue	23	**494 424**	402 502	885 861
Operating profit before depreciation, amortisation and finance costs	15	**65 559**	57 238	150 307
Depreciation and amortisation		**(31 720)**	(22 321)	(47 693)
Operating profit		**33 839**	34 917	102 614
Investment income		**291**	609	1 377
Finance costs		**(5 664)**	(3 365)	(8 033)
Net profit before taxation		**28 466**	32 161	95 958
Taxation (note 1)		**(8 976)**	(11 587)	(31 263)
Net profit for the period		**19 490**	20 574	64 695
Earnings per share (cents) (note 2)				
– **Basic**		**9,8**	10,5	32,7
– **Headline**	(9)	**10,0**	11,0	34,3
– Diluted basic		**9,3**	9,9	30,9
– Diluted headline		**9,4**	10,3	32,5

CONSOLIDATED BALANCE SHEET

	% change	31 August 2006 R000's	31 August 2005 R000's	28 February 2006 R000's
Assets				
Non-current assets		**579 502**	466 413	549 326
Property, plant and equipment		**560 590**	449 700	532 249
Intangible assets		**16 508**	13 728	15 313
Deferred tax		**1 424**	2 005	784
Investments		**980**	980	980
Current assets		**284 070**	208 035	213 431
Inventory		**17 903**	7 259	5 970
Trade and other receivables		**196 787**	128 547	144 120
Non-current assets held for sale		**6 182**	8 027	8 949
Taxation in advance		**349**	—	419
Bank and cash		**62 849**	64 202	53 973
Total assets		**863 572**	674 448	762 757
Equity and liabilities				
Capital and reserves		**388 183**	322 886	367 309
Non-current liabilities		**191 666**	136 460	157 181
Interest-bearing borrowings		**111 606**	69 778	81 546
Deferred tax		**80 060**	66 682	75 635
Current liabilities		**283 723**	215 102	238 267
Trade and other payables		**226 526**	169 629	187 845
Current portion of interest-bearing borrowings		**44 659**	28 266	35 387
Taxation		**12 538**	17 207	15 035
Total equity and liabilities		**863 572**	674 448	762 757
Net asset value per share (cents)	17	**191,1**	164,0	184,3

CONSOLIDATED CASH FLOW STATEMENT

	% change	31 August 2006 R000's	31 August 2005 R000's	28 February 2006 R000's
Cash flows from operating activities		**30 022**	40 518	123 482
Cash generated by operations	13	**66 163**	58 720	154 867
Net finance costs		**(5 373)**	(2 756)	(6 656)
Changes in working capital		**(23 144)**	13 970	17 127
Taxation paid		**(7 618)**	(19 591)	(31 989)
Cash available from operating activities		**30 028**	50 343	133 349
Dividends paid		**(6)**	(9 825)	(9 867)
Cash flows from investing activities		**(61 783)**	(63 938)	(176 014)
Cash flows from financing activities		**40 637**	21 513	40 487
Net change in cash and cash equivalents		**8 876**	(1 907)	(12 045)
Cash and cash equivalents at beginning of period		**53 973**	62 989	62 989
Cash and cash equivalents acquired		**—**	3 029	3 029
Translation differences of foreign cash		**—**	91	—
Cash and cash equivalents at end of period		**62 849**	64 202	53 973

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Share capital and premium	Treasury shares	Reserves	Retained earnings	Ordinary share-holders' equity
Balance at 31 August 2005	41 439	(5 716)	337	286 826	**322 886**
Treasury shares sold	—	502	—	—	**502**
Loss on disposal of treasury shares	—	—	—	(231)	**(231)**
Share-based payment	—	—	(10)	—	**(10)**
Foreign currency translation differences	—	—	41	—	**41**
Net profit for the period	—	—	—	44 121	**44 121**
Balance at 28 February 2006	41 439	(5 214)	368	330 716	**367 309**
Treasury shares sold	—	2 751	—	—	**2 751**
Loss on disposal of treasury shares	—	—	—	(1 445)	**(1 445)**
Share-based payment	—	—	83	—	**83**
Foreign currency translation differences	—	—	(5)	—	**(5)**
Dividends	—	—	—	—	**—**
Net profit for the period	—	—	—	19 490	**19 490**
Balance at 31 August 2006 (unaudited)	41 439	(2 463)	446	348 761	**388 183**

NOTES

The accounting policies adopted for the purpose of this report comply in all material respects with International Financial Reporting Standards (IFRS) and have been consistently applied to all periods presented.

R000's	31 August 2006	31 August 2005	28 February 2006
1. Taxation			
Permanent differences included in taxation are:			
– Taxation includes secondary tax on companies	**—**	1 297	1 297
2. Headline earnings			
2.1 Reconciliation between basic and headline earnings			
Basic earnings	**19 490**	20 574	64 695
Loss on disposal of property, plant and equipment less taxation	**373**	974	2 439
Impairment of intangible asset	**—**	—	811
Headline earnings	**19 863**	21 548	67 945
2.2 Number of ordinary shares in issue			
– Actual	**207 599 040**	207 599 040	207 599 040
– Weighted average	**199 321 286**	196 582 022	198 117 402
– Diluted	**210 205 822**	208 251 941	209 113 128

COMMENTARY

Introduction

Value Group Limited 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 distribution services, warehousing, fleet management, forklift and commercial vehicle rental and leasing.

Financial review

Turnover increased by 23% from R402,5 million to R494,4 million. The increase was due to the expanded customer base, which added to the Group's volumes. This is in line with the Group's objective to grow revenue utilising the enlarged vehicle and logistics infrastructure.

Operating margins were adversely affected by a 25% average increase in the diesel price. The delay in recovering a portion of this substantial increase cost the Group approximately R10 million. In addition, the smoothing of lease costs pertaining to the new warehouse and distribution facility in Gauteng and the requirements for larger premises at the coastal regions added R7 million more cost compared with the prior interim results. Nevertheless, operating profit before depreciation increased by 15% from R57,2 million to R65,6 million.

Additional depreciation and net finance costs amounting to R9,4 million and R2,6 million respectively arose due to the current and prior year's significant capital expenditure incurred to sustain the growth of the Group. Accordingly, interest-bearing debt levels rose by R40 million to R156 million. Debt:equity funding amounted to 40%, which is well within the Board's conservative guidelines.

Cash generated by operations increased by 13% from R58,7 million to R66,2 million. Problems incurred with the rollout of the new IT system severely hampered accounts receivable collections which had the effect of increasing working capital requirements. Subsequently, management has focused its attention on reducing working capital and addressing these IT related issues.

As a result of the aforesaid factors, headline earnings per share decreased by 9% from 11 cents per share to 10 cents per share.

Operational review

Large turnover growth emanated out of the logistics and freightpak divisions. However, the divisions performed below expectation due to rate pressures and increased operational and infrastructure costs. The logistics division improved service levels and is geared to absorb additional critical mass in all regions.

The truck rental division performed according to budget and contributed positively to these results. This is despite a disputed cancellation of a major contract on which substantial capital expenditure was incurred. The Group is seeking redress on this contract.

Information technology

The Group went live with the first three finance modules of its new integrated IT solution in June 2006. This rollout did not proceed as planned and, consequently, a substantial amount of management time and effort was focused in addressing problem areas. Certain difficulties are still being experienced, however the key problems identified have been and are in the process of being resolved. Management has decided to delay further module implementations until such time it is satisfied that the solution is stable and functional. The logistics and truck rental operations of the Group are still fully operational on the current IT systems, which perform without interruption.

Capital commitments

New fleet contracts and the growth of the logistics operation in all the major centres in the country have necessitated the requirements for a larger vehicle infrastructure. Subsequent to August 2006, R44,9 million has been spent on new vehicles to service this volume and customer growth. This capital investment will be funded out of a combination of cash flows and debt.

Prospects

Customer rate and margin pressures arising from a volatile diesel price, smoothing of lease costs and IT problems have impacted negatively on the Group's earnings. In addition, the 2007 financial year has already seen three interest rate hikes all aimed primarily at controlling inflation by curbing consumer credit demand. Further interest rate increases may subdue individual customer volume throughput over the remainder of the 2007 financial year. Although a large portion of the Group's turnover is generated in the last six months of the financial year, the Board expects headline earnings for the 2007 financial year to be less than that achieved in the 2006 financial year.

Acknowledgements

Mr Brian Goldie, a non-executive director, resigned effective 30 August 2006. The Board thanks him for his operational contributions and dedicated service to the Group since the acquisition of Freightpak in 1999 and wishes him success in his future endeavours.

Distribution in lieu of dividend

The Group paid a cash distribution of 7 cents per ordinary share out of the share premium account in September 2006. It is the Group's policy to pay a single dividend annually. Accordingly, no interim dividend has been declared.

For and on behalf of the Board

C D Stein
Chairman

S D Gottschalk
Chief Executive Officer

Johannesburg
7 November 2006

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