VALUE GROUP LIMITED

- REVENUE UP 8%
- HEADLINE EARNINGS PER SHARE DOWN 7%
- FINAL DIVIDEND UP 7% TO 15 CENTS PER SHARE
- NET ASSET VALUE UP 11%
- INTEREST-BEARING DEBT REDUCED BY R39,8 MILLION
- 36% INCREASE IN CASH FLOWS FROM OPERATING ACTIVITIES TO R252,6 MILLION

REVIEWED FINANCIAL RESULTS

for the year ended 28 February 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	% change	Reviewed 2013	Audited 2012
Revenue	8	1 945 419	1 798 012
Cost of sales		(1 161 574)	(1 034 898)
Gross profit	3	783 845	763 114
Other income		8 464	9 022
Overhead expenses		(625 898)	(595 149)
Operating profit	(6)	166 411	176 987
Share of profit of associate net of taxation		25	34
Investment income		11 750	15 222
Finance costs		(35 418)	(38 224)
Net profit before taxation		142 768	154 019
Taxation (note 3)		(41 090)	(44 517)
Net profit for the year	(7)	101 678	109 502
Other comprehensive income net of taxation			
Foreign currency translation differences		(20)	—
Total comprehensive income for the year		101 658	109 502
		Reviewed 2013	**Restated 2012**
Earnings per share (cents) (note 4)			
– **Basic**		61,5	66,4
– **Headline**	(7)	63,5	68,0
– Diluted basic		58,9	65,5
– Diluted headline		60,8	67,2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	% change	Reviewed 2013	Audited 2012
Assets			
Non-current assets		981 269	981 687
Property, vehicles, plant and equipment		939 934	938 715
Intangible assets		38 064	37 362
Investments and loans		104	2 414
Deferred tax		3 167	3 196
Current assets		426 836	397 627
Inventories		56 637	60 060
Investments and loans		3 461	902
Trade and other receivables		234 700	272 455
Taxation in advance		137	234
Cash and cash equivalents		131 901	63 976
Non-current assets held for sale		350	139
Total assets		1 408 455	1 379 453
Equity and liabilities			
Equity		650 117	582 728
Non-current liabilities		344 160	359 932
Interest-bearing borrowings		187 217	221 346
Deferred tax		156 943	138 586
Current liabilities		414 178	436 793
Trade and other payables		325 735	339 968
Current portion of interest-bearing borrowings		87 047	92 748
Other financial liabilities		287	—
Current tax payable		832	3 865
Shareholders for divided		277	212
Total equity and liabilities		1 408 455	1 379 453
Net asset value per share (cents)	11	393,3	353,0

CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	% change	Reviewed 2013	Restated 2012
Cash flows from operating activities	36	252 606	185 120
Cash generated by operations before proceeds on disposal of rental assets		263 931	262 966
Proceeds on disposal of rental assets		35 191	40 110
Cash generated by operations		299 122	303 076
Net finance costs		(23 940)	(23 179)
Changes in working capital		39 336	(26 118)
Taxation paid		(25 640)	(37 375)
Cash available from operating activities		288 878	216 404
Dividends paid		(36 272)	(31 284)
Cash flows from investing activities		(145 373)	(236 681)
Cash flows from financing activities		(39 324)	35 361
Net change in cash and cash equivalents		67 909	(16 200)
Translation difference on foreign bank accounts		16	—
Cash and cash equivalents at beginning of year		63 976	80 176
Cash and cash equivalents at end of year		131 901	63 976

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Reviewed 2013	Audited 2012
Ordinary share capital and premium	10 841	10 841
Balance at beginning of year	10 841	10 841
A ordinary shares	10	10
Balance at beginning of year	10	10
Treasury shares	(99 670)	(100 086)
Balance at beginning of year	(100 086)	(100 325)
Treasury shares sold	416	239
Share-based payment reserve	16 717	15 155
Balance at beginning of year	15 155	13 623
Share-based payment expense	1 562	1 532
Foreign currency translation reserve	(20)	—
Foreign currency translation differences	(20)	—
Retained income	722 239	656 808
Balance at beginning of year	656 808	578 625
Profit on disposal of treasury shares	90	33
Dividends paid	(36 337)	(31 352)
Net profit for the year	101 678	109 502
Total capital and reserves	650 117	582 728

SEGMENT INFORMATION

R000's	Reviewed 2013	Audited 2012
Total segment revenue	2 102 745	1 941 589
General distribution	1 565 996	1 473 993
Truck rental and other	420 916	370 280
Head office and other	115 833	97 316
Less: Inter-segment revenue	157 326	143 577
General distribution	4 733	9 994
Truck rental and other	36 925	37 205
Head office and other	115 668	96 378
External segment revenue	1 945 419	1 798 012
General distribution	1 561 263	1 463 999
Truck rental and other	383 991	333 075
Head office and other	165	938
Business segment results		
General distribution	126 098	138 015
Truck rental and other	47 467	46 526
Head office and other	(7 154)	(7 554)
Operating segment results	166 411	176 987
Share of profit of associate net of taxation	25	34
Investment income	11 750	15 222
Finance costs	(35 418)	(38 224)
Net profit before taxation	142 768	154 019
Total segment assets		
General distribution	642 408	646 470
Truck rental and other	551 190	596 383
Head office and other	207 988	129 854
Segment assets	1 401 586	1 372 707
Investments and loans	3 565	3 316
Deferred tax	3 167	3 196
Taxation in advance	137	234
Total assets	1 408 455	1 379 453

NOTES

1. Statement of compliance

The financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 29 February 2012.

The Group's auditors, Baker Tilly SVG (previously Charles Orbach & Company) have reviewed these results.

Their unqualified review opinion is available for inspection at the company's registered office.

2. Restatement of prior period reported items

Diluted earnings per share

During the year, the Group amended its earnings per share calculation to be in line with IAS 33: Earnings Per Share.

In previous reporting periods, the BEE transaction shares, issued to the BEE entities and BEE trust in July 2010, were not treated as treasury shares at the end of the lock-in period. The Group has subsequently amended the calculation of its diluted earnings per share and diluted headline earnings per share to treat these shares as treasury shares at the end of the lock-in period.

The impact of the changes are reflected in the table below:

	As previously stated 2012	Impact of change	Restated 2012
Weighted average number of shares outstanding for diluted earnings per share	187 903 103	(20 747 195)	167 155 908
Diluted earnings per share (cents)	58,7	6,8	65,5
Diluted headline earnings per share (cents)	60,2	7,0	67,2

Cash flows from operating activities

Comparative figures have been restated in the statement of cash flows.

Proceeds on disposal of rental assets, which were previously classified under investing activities have been subsequently reclassified to operating activities in order to comply with IAS 7: Statement of Cash Flows.

R000's	As previously stated 2012	Impact of change in classification	Restated 2012
Cash flows from operating activities	145 010	40 110	185 120
Cash generated by operations	262 966	40 110	303 076
Cash available from operating activities	176 294	40 110	216 404
Cash flows from investing activities	(196 571)	(40 110)	(236 681)

R000's	Reviewed 2013	Audited 2012
3. Taxation		
Secondary tax on companies and dividend withholding tax included in taxation	2 075	3 244
4. Headline earnings		
4.1 Reconciliation between basic and headline earnings		
Basic earnings	101 678	109 502
Loss on disposal of property, vehicles, plant and equipment less taxation	3 222	2 746
Headline earnings	104 900	112 248
4.2 Number of ordinary shares of R0,001 each in issue		
Actual	198 627 386	198 627 386
Weighted average	165 204 702	164 991 563
Diluted	172 534 796	167 155 908
4.3 Number of A shares of R0,001 each in issue		
Actual	10 429 010	10 429 010
5. Supplementary information		
Depreciation	84 940	77 351
Amortisation of intangible assets	14 308	10 511
Depreciation and amortisation	99 248	87 862

COMMENTARY

INTRODUCTION

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

FINANCIAL REVIEW

Despite adverse trading conditions which have resulted in pricing pressures and customer volume decline, revenue increased by an inflationary 8% from R1,8 billion to R1,95 billion. This increase was attributable to annual escalations in conjunction with fuel recoveries and an extended customer base. Revenue growth was tempered by reduced volumes associated with weak consumer demand and the expiry of key contracts towards the end of the second half of the financial year.

Gross profit increased by 3% to R783,8 million. Gross profit margins, however, were negatively affected by increased operating costs particularly during the violent transport sector strike in September and October 2012. Although disruptive, most services continued during this peak period. In addition, with the completion of contracted project business, the months of January and February 2013 proved to be very quiet resulting in gross profit margins reducing from 42,4% to 40,3%. Increased employment costs contributed to overheads increasing by 5% to R625,9 million.

Net profit after tax and headline earnings reduced by 7% to R101,7 million and 63,5 cents per share respectively. Notwithstanding the small reduction in headline earnings, the substantial non-cash flow items comprising mainly depreciation and amortisation enable the Group to generate cash flows which materially exceed net profit. In addition, ongoing focus on stringent working capital management contributed positively to cash flows from operating activities improving 36% to R252,6 million. Total capital expenditure amounted to R148,8 million and comprised R77,4 million for vehicles, R31,4 million for IT hardware and software, R21,9 million for materials handling equipment and the balance of R18,1 million for plant, equipment and accessories. The Group's resilient cash flow generation funded this expenditure in addition to the R39,8 million reduction in interest-bearing debt. In addition, cash balances improved by R67,9 million to R131,9 million.

Net asset value increased by 11% to 393,3 cents per share. The Group remains adequately capitalised with a low debt:equity level of 42,2% which is well within the 40% to 60% target range.

OPERATIONAL REVIEW

General distribution segment

Organic growth, annual price adjustments and fuel recoveries contributed to revenue increasing by 6,6% to R1,56 billion. This increase was muted by the expiry of large contracted business which together with the declining volumes throughout the period and the sector strike, had an effect on margins and profitability in the second half of the financial year. Consequently, operating margins declined from 9,4% to 8,1% and operating profit reduced from R138 million to R126,1 million.

Truck rental and other segments

Despite the expiry of ad hoc project business and the competitive market conditions, operating profits increased from R46,5 million to R47,5 million. Margins, however, reduced from 14% to 12,4%, a direct result of poor trading in January and February 2013, rate pressures and additional sales staff costs.

CAPITAL EXPENDITURE

Capital expenditure for the 2014 financial year is estimated to be R175 million. This will be funded by interest-bearing debt and internally generated cash flows.

PROSPECTS

Reduced debt levels and positive cash flows will facilitate the future growth of the Group both organically and by acquisition. Various opportunities are being evaluated in South Africa and Sub-Saharan Africa. The move into the continent will enable the Group to service the growth requirements of its customers, penetrate new markets and increase its overall volume base.

Growth rates in the South African economy are expected to be subdued. The associated challenges within the corporate and consumer environment have forced the Group to contend not only with reducing volumes in a highly competitive market, but also escalating costs annually exceeding inflation. Accordingly, various sustainable cost saving initiatives have been undertaken to restore margins by streamlining the Group's processes and thereby facilitating a leaner operating cost base. In addition, since the 2013 year end, a number of new accounts have been procured which will replace lost contracted business. Accordingly, subsequent to year end, there has been an encouraging increase in revenue.

DECLARATION OF FINAL DIVIDEND (NUMBER 13)

The generation of positive cash flows is expected to remain strong. Reduced capital expenditure and the associated reduction in debt has enabled the Board to declare a 7% increase in the gross final dividend to 15 cents per ordinary share which will be paid out of distributable reserves. The total STC credits utilised as part of this declaration amount to R71 835,22. The number of ordinary shares in issue at the date of this declaration is 198 627 386 and consequently the STC credits utilised per share amounts to 0,03617 cents per share. The dividend will be subject to a dividend withholding tax of 15% which amounts to 2,24458 cents per share. This will result in a net dividend of 12,75542 cents per share to those shareholders who are not exempt from paying dividend withholding tax. The tax reference number of Value Group Limited is 9319/054/71/5. This dividend is covered 2,7 times by second half headline earnings and is payable to shareholders as follows:

Declaration date	Wednesday, 15 May 2013
Last day to trade cum dividend	Friday, 21 June 2013
Trading ex dividend commences	Monday, 24 June 2013
Record date	Friday, 28 June 2013
Payment date	Monday, 1 July 2013

Share certificates may not be dematerialised or rematerialised between Monday, 24 June 2013 and Friday, 28 June 2013 both days inclusive.

For and on behalf of the Board

C D Stein
Chairman

S D Gottschalk
Chief Executive Officer

Johannesburg
15 May 2013

VALUE LOGISTICS · freightpak YOUR SAFEST DISTRIBUTION SOLUTION · VALUE TRUCK RENTAL · VALUE EXPRESS · VALUE FRIDGE FLEET · VALUE FILM FLEET · VALUE CLEARING & FORWARDING · VALUE MATERIALS HANDLING · VALUE SPECIALISED LOGISTICS · KOMATSU · STILL

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, V W Mcobothi* *Non-executive director
Sponsor: Investec Bank Limited