• Revenue up 14% • Adjusted headline earnings per share up 14% • Dividend up 17%
• Cash generated by operations up 8% • Net asset value per share up 18%

VALUE GROUP LIMITED

THE MEASURABLE LOGISTICS COMPANY

thirty years
of growth, determination and innovation

UNAUDITED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	% change	Unaudited August 2011	Unaudited August 2010	Audited February 2011
Revenue	14	**847 264**	740 766	1 588 315
Cost of sales		**(496 129)**	(416 709)	(891 874)
Gross profit	8	**351 135**	324 057	696 441
Other income		**3 558**	2 633	4 379
Operating expenses		**(286 938)**	(268 500)	(534 405)
Operating profit	16	**67 755**	58 190	166 415
Once-off BEE equity transaction costs		**—**	(13 201)	(12 192)
Share of profit of associate net of taxation		**8**	10	11
Investment income		**10 016**	10 929	17 715
Finance costs		**(19 260)**	(14 758)	(34 370)
Net profit before taxation		**58 519**	41 170	137 579
Taxation (note 2)		**(18 184)**	(16 510)	(43 468)
Net profit for the period		**40 335**	24 660	94 111
Other comprehensive income net of taxation		**—**	—	—
Total comprehensive income for the period		**40 335**	24 660	94 111
Earnings per share (cents) (note 3)				
– Basic		**24,5**	13,7	54,5
– Headline	71	**25,0**	14,6	56,2
– Adjusted headline	14	**25,0**	21,9	63,3
– Diluted basic		**21,3**	14,9	56,4
– Diluted headline	37	**21,8**	15,9	58,0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	% change	Unaudited August 2011	Unaudited August 2010	Audited February 2011
Assets				
Non-current assets		**943 380**	808 734	864 931
Property, vehicles, plant and equipment		**906 741**	771 874	828 456
Intangible assets		**30 440**	28 813	31 611
Investments and loans		**1 083**	2 690	1 007
Deferred tax		**5 116**	5 357	3 857
Current assets		**386 551**	334 781	370 010
Inventories		**63 241**	61 146	68 260
Investments and loans		**2 309**	—	2 617
Trade and other receivables		**267 847**	238 506	218 857
Taxation in advance		**3 889**	—	100
Cash and cash equivalents		**49 265**	35 129	80 176
Non-current assets held for sale		**256**	146	20
Total assets		**1 330 187**	1 143 661	1 234 961
Equity and liabilities				
Equity		**524 095**	442 225	502 774
Non-current liabilities		**354 437**	267 852	315 212
Interest-bearing borrowings		**228 845**	153 439	194 963
Deferred tax		**125 592**	114 413	120 249
Current liabilities		**451 655**	433 584	416 975
Trade and other payables		**359 556**	343 468	317 202
Current portion of interest-bearing borrowings		**91 955**	75 997	84 042
Current tax payable		**—**	14 002	15 587
Shareholders for dividends		**144**	117	144
Total equity and liabilities		**1 330 187**	1 143 661	1 234 961
Net asset value per share (cents)	18	**317,7**	268,4	304,8

CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	% change	Unaudited August 2011	Unaudited August 2010	Audited February 2011
Cash flows from operating activities		**42 376**	44 286	133 450
Cash generated by operations	8	**107 117**	98 742	246 908
Net finance costs		**(9 244)**	(3 829)	(16 967)
Changes in working capital		**(2 225)**	(18 242)	(36 098)
Taxation paid		**(33 476)**	(14 274)	(32 411)
Cash available from operating activities		**62 172**	62 397	161 432
Dividends paid		**(19 796)**	(18 111)	(27 982)
Cash flows from investing activities		**(115 082)**	(110 160)	(204 071)
Cash flows from financing activities		**41 795**	(3 879)	45 915
Net change in cash and cash equivalents		**(30 911)**	(69 753)	(24 706)
Cash and cash equivalents at beginning of period		**80 176**	104 882	104 882
Cash and cash equivalents at end of period		**49 265**	35 129	80 176

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Unaudited August 2011	Unaudited August 2010	Audited February 2011
Ordinary share capital and premium	**10 841**	10 841	10 841
Balance at beginning of period	**10 841**	194	194
Shares issued	**—**	73 003	73 003
Share issue expenses	**—**	(2 356)	(2 356)
Share buy back	**—**	(60 000)	(60 000)
A shares	**10**	10	10
Shares issued	**10**	10	10
Treasury shares	**(100 325)**	(100 715)	(100 325)
Balance at beginning of period	**(100 325)**	(28 323)	(28 323)
Treasury shares sold	**—**	621	1 011
Treasury shares acquired	**—**	(73 013)	(73 013)
Share-based payment reserve	**14 405**	12 894	13 623
Balance at beginning of period	**13 623**	746	746
Share-based payment expense	**782**	12 359	13 130
Transfer to retained income	**—**	(211)	(253)
Retained income	**599 164**	519 195	578 625
Balance at beginning of period	**578 625**	512 389	512 389
Transfer from share-based payment reserve	**—**	211	253
Profit/(loss) on disposal of treasury shares	**—**	45	(120)
Dividends paid	**(19 796)**	(18 110)	(28 008)
Total comprehensive income for the period:	**40 335**	24 660	94 111
Net profit for the period	**40 335**	24 660	94 111
Other comprehensive income for the period	**—**	—	—
Total capital and reserves	**524 095**	442 225	502 774

SEGMENT INFORMATION

R000's	Unaudited August 2011	Unaudited August 2010	Audited February 2011
Total segment revenue	**915 866**	802 304	1 719 757
General distribution	**674 485**	596 085	1 266 234
Truck rental and other	**194 926**	163 528	368 640
Head office and other	**46 455**	42 691	84 883
Less: Inter-segment revenue	**68 602**	61 538	131 442
General distribution	**4 232**	1 299	3 609
Truck rental and other	**17 915**	17 589	43 017
Head office and other	**46 455**	42 650	84 816
External segment revenue	**847 264**	740 766	1 588 315
General distribution	**670 253**	594 786	1 262 625
Truck rental and other	**177 011**	145 939	325 623
Head office and other	**—**	41	67
Business segment results			
General distribution	**62 084**	45 099	142 376
Truck rental and other	**10 013**	15 594	39 228
Head office and other	**(4 342)**	(2 503)	(15 189)
Business segment results	**67 755**	58 190	166 415
Once-off BEE equity transaction costs	**—**	(13 201)	(12 192)
Share of profit of associate net of taxation	**8**	10	11
Investment income	**10 016**	10 929	17 715
Finance costs	**(19 260)**	(14 758)	(34 370)
Net profit before taxation	**58 519**	41 170	137 579
Total segment assets			
General distribution	**594 899**	533 360	532 612
Truck rental and other	**614 096**	516 896	560 690
Head office and other	**108 795**	85 358	134 078
Segment assets	**1 317 790**	1 135 614	1 227 380
Investments and loans	**3 392**	2 690	3 624
Deferred tax	**5 116**	5 357	3 857
Taxation in advance	**3 889**	—	100
Total assets	**1 330 187**	1 143 661	1 234 961

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 2011. The interim results have been prepared under the supervision of the financial director, Mr. C L Sack.

R000's	Unaudited August 2011	Unaudited August 2010	Audited February 2011
2. Taxation			
Secondary tax on companies included in taxation	**1 736**	1 891	3 422
3. Headline earnings			
3.1 Reconciliation between basic and headline earnings			
Basic earnings	**40 335**	24 660	94 111
Loss on disposal of property, vehicles, plant and equipment less taxation	**838**	1 695	2 935
Headline earnings	**41 173**	26 355	97 046
Once-off BEE equity transaction costs less taxation	**—**	13 201	12 192
Adjusted headline earnings	**41 173**	39 556	109 238
3.2 Number of ordinary shares of R0,001 each in issue			
Actual	**198 627 386**	198 627 386	198 627 386
Weighted average	**164 962 874**	180 417 830	172 707 357
Diluted	**189 220 691**	165 910 895	189 376 556
3.3 Number of A shares of R0,001 each in issue			
Actual	**10 429 010**	10 429 010	10 429 010
4. Supplementary information			
Depreciation	**37 042**	34 142	69 710
Amortisation of intangible assets	**4 757**	6 191	8 698
Depreciation and amortisation	**41 799**	40 333	78 408

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 of normal and abnormal loads, clearing and forwarding, warehousing, container and fleet management, forklift and commercial vehicle rental and leasing.

FINANCIAL REVIEW

The period under review consisted of various challenges ranging from disrupted fuel supplies to operational changes within certain business units. Nevertheless, further growth in the supply chain services utilised by an expanded customer base contributed to Group revenue increasing by 14% from R740,8 million to R847,3 million.

Gross profit improved by 8% from R324,1 million to R351,1 million. This improvement more than offset the 6,7% rise in operating expenses to produce increased earnings. In addition, the once-off BEE equity transaction costs incurred in the previous period had a negative effect on the comparative headline earnings figure. Accordingly headline earnings increased by 71% from 14,6 cents per share to 25 cents per share. Excluding the prior period's once-off BEE equity transaction costs, adjusted headline earnings per share increased by 14% from 21,9 cents per share to 25 cents per share.

A total of R138,7 million was spent on the acquisition of capital assets which consisted of R88,2 million for vehicles, R25,3 million for materials handling units, R8,5 million for IT hardware and software, R7,6 million for property upgrades and the balance of R9,1 million for plant, equipment and accessories. R96,9 million of this capital expenditure was funded by an 8% increase in cash generated by operations and proceeds on disposal of assets. The remainder of the capital expenditure totalling R41,8 million was funded by interest bearing debt.

Debt:equity levels increased to 61,2% which is marginally above the upper target level of 60%. Interest-bearing debt levels are expected to return to within the target range of 40% to 60% within the short term. Net asset value per share improved by 18% from 268,4 cents to 317,7 cents per share.

OPERATIONAL REVIEW

General distribution

This segment's revenue increased by 12,7% from R594,8 million to R670,3 million. Growth was driven by an expanded customer base which increased volume throughput. Operating margins increased to 9,3% from 7,6% in the previous period. Margin improvement was achieved on improved volumes, reduced subcontractor costs and improved sustainable operational efficiencies driven by information technology enablement.

Truck rental and other

Contrary to expectation, the segment performed poorly. Although revenue increased from R145,9 million to R177 million, operating margins reduced from 10,7% to 5,7%, a direct result of extremely competitive pricing, operational challenges and additional maintenance to improve the quality of the fleet. Substantial management time and effort has been, and continues to be devoted to these business units to restore profitability to acceptable levels.

INFORMATION TECHNOLOGY

The Group is currently at an advanced stage in its major infrastructure upgrade programme. A new world class data centre has been constructed. State of the art servers, data storage devices and network equipment have been procured and are currently being commissioned. It is envisaged that this long-term investment will not only improve response times, but also provide a platform for the Group's future applications, data and transactional volume growth requirements.

CAPITAL COMMITMENTS

Approved capital expenditure of approximately R68,2 million will be incurred in the remaining six months of the financial year. This expenditure will be funded out of a combination of existing interest-bearing debt facilities and cash flows. The expenditure consists of R31,8 million for vehicles, R25,2 million for IT hardware and software upgrades and R11,2 million for the expansion of the Freightpak facilities in Mahogany Ridge, Durban.

PROSPECTS

Global financial market volatility and uncertainty can induce another recessionary environment both abroad and within the local economy. Volumes have reduced amongst certain customers operating in different industry verticals within the supply chain. Accordingly, management is focused on growing a diversified revenue base across all logistical service offerings, whilst, simultaneously, reducing costs.

Traditionally, the second half of the financial year is characterised by increased consumer demand and hence increased logistics' volumes. This however, must be viewed in light of a possible economic downturn which could depress volumes particularly over the Christmas season. Accordingly, management is cautious in advising that headline earnings for the 2012 financial year will at least be maintained. This forecast has not been reviewed nor reported on by the Group's auditors.

DECLARATION OF INTERIM DIVIDEND (NUMBER 10)

Capital expenditure commitments are evaluated prior to the declaration of a dividend. In addition, the declaration of dividends are dependent not only on dividend cover ratios, but also on the associated effect on cash flows and available cash resources.

Accordingly, the Board has resolved to declare an interim dividend of 7 cents per ordinary share. This dividend is covered 3,6 times by interim headline earnings and is payable as follows:

Declaration date	Tuesday, 18 October 2011
Last day to trade *cum* dividend	Friday, 13 January 2012
Trading *ex*-dividend commences	Monday, 16 January 2012
Record date	Friday, 20 January 2012
Payment date	Monday, 23 January 2012

Share certificates may not be dematerialised or rematerialised between 16 January 2012 and 20 January 2012, both days inclusive.

For and on behalf of the Board

C D Stein
Chairman

S D Gottschalk
Chief Executive Officer

Johannesburg
18 October 2011

VALUE LOGISTICS · freightpak 0860 2000 46 · VALUE TRUCK RENTAL · VALUE EXPRESS · VALUE FRIDGE FLEET · VALUE FILM FLEET · VALUE CLEARING & FORWARDING · VALUE MATERIALS HANDLING KOMATSU · VALUE SPECIALISED LOGISTICS

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