

## HIGHLIGHTS



Up 1% to R946,6 million  
Aug 13: R946,6m  
Aug 12: R936,1m



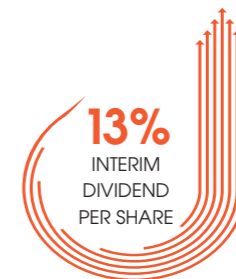
Up 13% to 26,4 cents  
Aug 13: 26,4c  
Aug 12: 23,4c



Up 12% to 25,4 cents  
Aug 13: 25,4c  
Aug 12: 22,6c



Up 12% to 404,8 cents  
Aug 13: 404,8c  
Aug 12: 361,9c



Up 13% to 9 cents  
Aug 13: 9c  
Aug 12: 8c



Up 7% to R142,7 million  
Aug 13: R142,7m  
Aug 12: R133,2m

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	% change	Unaudited August 2013	Unaudited August 2012	Audited February 2013
Revenue		946 598	936 129	1 945 419
Cost of sales		(566 392)	(550 741)	(1 161 574)
Gross profit		380 206	385 388	783 845
Other income		5 497	3 706	8 464
Overhead expenses		(315 908)	(319 350)	(625 898)
Operating profit		69 795	69 744	166 411
Share of profit of associate net of taxation		17	20	25
Investment income		6 527	6 769	11 750
Finance costs		(17 141)	(20 366)	(35 418)
Net profit before taxation	5	59 198	56 167	142 768
Taxation (note 3)		(17 103)	(18 803)	(41 090)
Net profit for the period	13	42 095	37 364	101 678
Other comprehensive income net of taxation:				
Foreign currency translation differences		71	—	(20)
Total comprehensive income for the period		42 166	37 364	101 658
<b>Earnings per share (cents) (note 4)</b>		<b>Unaudited August 2013</b>	<b>Restated August 2012</b>	<b>Audited February 2013</b>
- Basic		25,4	22,6	61,5
- Headline	13	26,4	23,4	63,5
- Diluted basic		24,0	21,8	58,9
- Diluted headline		25,0	22,5	60,8

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	% change	Unaudited August 2013	Unaudited August 2012	Audited February 2013
<b>Assets</b>				
Non-current assets		1 054 146	1 011 857	981 269
Property, vehicles, plant and equipment		1 005 020	963 538	939 934
Intangible assets		43 257	40 032	38 064
Investments and loans		120	2 570	104
Deferred tax		5 749	5 717	3 167
Current assets		461 733	425 473	426 836
Inventories		65 400	61 241	56 637
Investments and loans		3 301	901	3 461
Trade and other receivables		273 432	284 406	234 700
Taxation in advance		821	3 718	137
Cash and cash equivalents		118 779	75 207	131 901
Non-current assets held for sale		97	270	350
Total assets		1 515 976	1 437 600	1 408 455
<b>Equity and liabilities</b>				
Equity		670 320	598 073	650 117
Non-current liabilities		377 405	373 211	344 160
Interest-bearing borrowings		214 132	226 133	187 217
Deferred tax		163 273	147 078	156 943
Current liabilities		468 251	466 316	414 178
Trade and other payables		367 090	363 520	325 735
Current portion of interest-bearing borrowings		98 586	99 314	87 047
Other financial liabilities		121	—	287
Current tax payable		2 161	3 249	832
Shareholders for dividend		293	233	277
Total equity and liabilities		1 515 976	1 437 600	1 408 455
Net asset value per share (cents)	12	404,8	361,9	393,3

### CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	% change	Unaudited August 2013	Restated August 2012	Audited February 2013
<b>Cash flows from operating activities</b>		<b>100 841</b>	<b>101 508</b>	<b>252 606</b>
Cash generated by operations before proceeds on disposal of rental assets		124 821	115 472	263 931
Proceeds on disposal of rental assets		17 836	17 732	35 191
Cash generated by operations	7	142 657	133 204	299 122
Net finance costs		(10 808)	(13 782)	(23 940)
Changes in working capital		6 528	22 110	39 336
Taxation paid		(12 710)	(16 932)	(25 640)
Cash available from operating activities		125 667	124 600	288 878
Dividends paid		(24 826)	(23 092)	(36 272)
<b>Cash flows from investing activities</b>		<b>(153 471)</b>	<b>(101 998)</b>	<b>(145 373)</b>
<b>Cash flows from financing activities</b>		<b>39 531</b>	<b>11 721</b>	<b>(39 324)</b>
Net change in cash and cash equivalents		(13 099)	11 231	67 909
Translation difference on foreign bank accounts		(23)	—	16
Cash and cash equivalents at beginning of period		131 901	63 976	63 976
Cash and cash equivalents at end of period		118 779	75 207	131 901

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Unaudited August 2013	Unaudited August 2012	Audited February 2013
<b>Ordinary share capital and premium</b>	<b>10 841</b>	<b>10 841</b>	<b>10 841</b>
<b>A ordinary shares</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Treasury shares</b>	<b>(99 125)</b>	<b>(99 785)</b>	<b>(99 670)</b>
Balance at beginning of period	(99 670)	(100 086)	(100 086)
Treasury shares sold	545	301	416
<b>Share-based payment reserve</b>	<b>18 519</b>	<b>15 881</b>	<b>16 717</b>
Balance at beginning of period	16 717	15 155	15 155
Share-based payment expense	1 802	726	1 562
<b>Foreign currency translation reserve</b>	<b>51</b>	<b>—</b>	<b>(20)</b>
Balance at beginning of period	(20)	—	—
Foreign currency translation differences	71	—	(20)
<b>Retained income</b>	<b>740 024</b>	<b>671 126</b>	<b>722 239</b>
Balance at beginning of period	722 239	656 808	656 808
Profit on disposal of treasury shares	532	67	90
Dividends declared	(24 842)	(23 113)	(36 337)
Net profit for the period	42 095	37 364	101 678
Total capital and reserves	670 320	598 073	650 117

### SEGMENT INFORMATION

R000's	Unaudited August 2013	Unaudited August 2012	Audited February 2013
<b>Total segment revenue</b>	<b>1 023 543</b>	<b>1 015 998</b>	<b>2 102 745</b>
General distribution	788 183	763 232	1 565 996
Truck rental and other	178 948	195 074	420 916
Head office and other	56 412	57 692	115 833
<b>Less: Inter-segment revenue</b>	<b>76 945</b>	<b>79 869</b>	<b>157 326</b>
General distribution	3 577	5 966	4 733
Truck rental and other	16 969	16 898	36 925
Head office and other	56 399	57 005	115 668
<b>External segment revenue</b>	<b>946 598</b>	<b>936 129</b>	<b>1 945 419</b>
General distribution	784 606	757 266	1 561 263
Truck rental and other	161 979	178 176	383 991
Head office and other	13	687	165
<b>Business segment results</b>			
General distribution	61 204	62 582	126 098
Truck rental and other	11 947	16 414	47 467
Head office and other	(3 356)	(9 252)	(7 154)
Operating segment results	69 795	69 744	166 411
Share of profit of associate net of taxation	17	20	25
Investment income	6 527	6 769	11 750
Finance costs	(17 141)	(20 366)	(35 418)
Net profit before taxation	59 198	56 167	142 768
<b>Total segment assets</b>	<b>703 099</b>	<b>646 729</b>	<b>642 408</b>
General distribution	562 102	596 212	551 190
Truck rental and other	240 784	181 753	207 988
Head office and other			
Segment assets	1 505 985	1 424 694	1 401 586
Investments and loans	3 421	3 471	3 565
Deferred tax	5 749	5 717	3 167
Taxation in advance	821	3 718	137
Total assets	1 515 976	1 437 600	1 408 455

### NOTES

- 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 28 February 2013. The interim results have been prepared under the supervision of the Group financial director, Mr C L Sack.
- Restatement of prior period reported items**  
**Diluted earnings per share**  
During the year ended 28 February 2013, the Group amended its earnings per share calculation to be in line with IAS 33: Earnings Per Share. In reporting periods prior to 28 February 2013, 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 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. These changes are reflected in the table below:

	As previously stated August 2012	Impact of change	Restated August 2012
Weighted average number of shares outstanding for diluted earnings per share	189 328 493	(17 830 930)	171 497 563
Diluted earnings per share (cents)	20,0	1,8	21,8
Diluted headline earnings per share (cents)	20,6	1,9	22,5

**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 August 2012	Impact of change in classification	Restated August 2012
Cash flows from operating activities	83 776	17 732	101 508
Cash generated by operations	115 472	17 732	133 204
Cash available from operating activities	106 868	17 732	124 600
Cash flows from investing activities	(84 266)	(17 732)	(101 998)

R000's	Unaudited August 2013	Restated August 2012	Audited February 2013
<b>3. Taxation</b>			
Dividend withholding tax and secondary tax on companies included in taxation	24	2 056	2 075
<b>4. Headline earnings</b>			
<b>4.1 Reconciliation between basic and headline earnings</b>			
Basic earnings	42 095	37 364	101 678
Loss on disposal of property, vehicles, plant and equipment less taxation	1 638	1 227	3 222
Headline earnings	43 733	38 591	104 900
<b>4.2 Number of ordinary shares of R0,001 each in issue</b>			
Actual	198 627 386	198 627 386	198 627 386
Weighted average	165 430 685	165 129 994	165 204 702
Diluted	175 108 247	171 497 563	172 534 796
<b>4.3 Number of A ordinary shares of R0,001 each in issue</b>			
Actual	10 429 010	10 429 010	10 429 010
<b>5. Supplementary information</b>			
Depreciation	45 318	41 911	84 940
Amortisation of intangible assets	8 056	6 857	14 308
Depreciation and amortisation	53 374	48 768	99 248

### 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, clearing and forwarding, warehousing, container and fleet management, forklift and commercial vehicle rental and leasing.

#### FINANCIAL REVIEW

Despite the weak economic environment which continued to impact trading conditions in the form of pricing pressures and lower customer volumes, the Group produced strong results. Revenue increased by 1% to R946,6 million. New accounts, increased fuel recoveries and annual escalations were offset by weak consumer demand and the expiry of key contracts towards the end of the previous financial year.

Gross profit margins were negatively affected by the 2012 Road Freight Industry's 10% increase in the labour rate and an average 15% increase in the cost of fuel. These cost increases were mostly offset by operational efficiencies and reduced maintenance costs attributable to the quality of the fleet. Nevertheless, gross profit and gross profit margins reduced by 1% to R380,2 million and to 40,2% respectively. Notwithstanding this reduction, stringent control of employment costs and overhead expenses contributed to operating margins being maintained at 7,4%.

Reduced average debt levels contributed to the reduction of finance costs from R20 million to R17 million. In addition, the effective tax rate decreased from 33,5% to 28,9% due to the prior period's inclusion of the STC expense amounting to R2,1 million.

Accordingly, net profit and headline earnings for the period increased by 13% to R42,1 million and 26,4 cents per share respectively.

Cash generated by operations improved by 7% to R142,7 million. The major portion of the Group's capital expenditure was incurred in the current period. Total capital expenditure amounted to R155,4 million and comprised R112,2 million for vehicles, R19,1 million for IT hardware and software, R16,6 million for materials handling equipment and the balance of R7,5 million for plant, equipment and accessories. The Group's cash balances and resilient cash flows funded the majority of this expenditure with the balance of R38,5 million being funded by interest bearing debt.

Cash balances improved from R75,2 million to R118,8 million. Net asset value increased by 12% to 404,8 cents per share. The Group remains adequately capitalised with a low debt:equity level of 46,7% which is well within the 40% to 60% target range.

#### OPERATIONAL REVIEW

##### General distribution segment

New customer take-on, annual price adjustments and fuel recoveries contributed to revenue increasing by 3,6% to R784,6 million. This increase was muted by the expiry of large contracted business in the prior period, which combined with the declining volumes and average increase in the price of fuel, contributed to a reduction in margins and profitability. Consequently, operating margins declined from 8,3% to 7,8% and operating profit reduced from R62,6 million to R61,2 million.

##### Truck rental and other segment

Operating results in the truck rental and other segments were below expectation. Revenue reduced from R178,2 million to R162 million with operating profits reducing by R4,5 million to R11,9 million. Measures have been taken to further improve the division's revenue and related performance.

#### FUTURE CAPITAL EXPENDITURE

Capital expenditure for the remainder of the 2014 financial year is estimated to be R20 million. This will be funded by interest bearing debt and internally generated cash flows.

#### PROSPECTS

The future growth strategy of the Group will be driven both organically and by acquisition. Funding thereof will be facilitated by debt, cash balances, and internally generated cash flows. The Group continues to evaluate various opportunities in and around southern Africa, which will complement the requirements of the Group's customers and diversify and grow additional revenue streams.

Growth rates in the South African economy continue 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 implemented to restore margins by streamlining the Group's processes and thereby facilitating a leaner operating cost structure.

Towards the end of the first half of the current financial year and into the second, new accounts were procured which will replace lost contracted business in the short term. In line with previous years' trading, the second half is expected to be more buoyant due to increased activity levels associated with the Christmas season. Accordingly, in the absence of unforeseen circumstances, the Board anticipates headline earnings to be maintained. This forecast has not been reviewed nor reported on by the Group's auditors.

#### DECLARATION OF INTERIM DIVIDEND (NUMBER 14)

Generation of increased positive cash flows has enabled the Board to declare a 13% increase in the gross interim dividend to 9 cents per ordinary share which will be paid out of distributable reserves. The total STC credits utilised as part of this declaration amount to R11 545,76. 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 0,00581 cents per share. The dividend will be subject to a dividend withholding tax of 15% which amounts to 1,34913 cents per share. This will result in a net dividend of 7,65087 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. The gross dividend is covered 2,9 times by interim headline earnings and is payable to shareholders as follows:

Declaration date	Tuesday, 15 October 201
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