THE MEASURABLE LOGISTICS COMPANY

VALUE GROUP LIMITED

- SUSTAINABLE EARNINGS
- IMPROVED OPERATING MARGINS
- GEARING REDUCED TO 41%
- MAIDEN INTERIM DIVIDEND

UNAUDITED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	% change	Unaudited August 2009	Restated unaudited August 2008	Audited February 2009
Revenue	(9)	635 603	697 506	1 368 117
Cost of sales		(349 174)	(397 068)	(819 728)
Gross profit		286 429	300 438	548 389
Other income		2 501	2 538	2 682
Operating expenses		(228 447)	(242 428)	(412 787)
Operating profit	—	60 483	60 548	138 284
Share of (loss)/profit of associate net of tax		(1)	138	673
Investment income		11 646	15 929	28 937
Finance costs		(19 051)	(23 764)	(46 648)
Net profit before taxation		53 077	52 851	121 246
Taxation (note 4)		(18 274)	(16 514)	(36 261)
Net profit for the period		34 803	36 337	84 985
Other comprehensive income net of tax		—	—	—
Total comprehensive income for the period		34 803	36 337	84 985
Earnings per share (cents) (note 5)				
– Basic		19,4	19,0	46,3
– Headline	2	20,4	20,1	48,8
– Diluted basic		19,2	19,7	47,2
– Diluted headline	(4)	20,2	21,0	49,7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	% change	Unaudited August 2009	Restated unaudited August 2008	Audited February 2009
Assets				
Non-current assets		678 290	668 160	681 108
Property, vehicles, plant and equipment		651 973	645 009	654 845
Intangible assets		20 810	20 426	20 969
Investments and loans		1 378	567	2 655
Deferred tax		4 129	2 158	2 639
Current assets		341 791	395 706	349 903
Inventories		52 889	42 782	52 742
Trade and other receivables		186 535	239 342	185 758
Cash and cash equivalents		102 367	113 582	111 403
Non-current assets held for sale		298	216	655
Total assets		1 020 379	1 064 082	1 031 666
Equity and liabilities				
Equity		438 428	388 854	429 909
Non-current liabilities		218 539	237 260	249 842
Interest-bearing borrowings		109 415	137 244	142 814
Deferred tax		109 124	100 016	107 028
Current liabilities		363 412	437 968	351 915
Trade and other payables		281 569	356 912	272 504
Current portion of interest-bearing borrowings		70 958	65 372	68 451
Current tax payable		10 885	15 684	10 960
Total equity and liabilities		1 020 379	1 064 082	1 031 666
Net asset value per share (cents)	14	243,9	213,2	240,2

CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	% change	Unaudited August 2009	Restated unaudited August 2008	Audited February 2009
Cash flows from operating activities		60 803	113 340	168 858
Cash generated by operations	(1)	98 597	99 733	225 288
Net finance costs		(7 405)	(7 835)	(17 711)
Changes in working capital		14 230	36 388	(5 854)
Taxation paid		(17 743)	(1 758)	(19 698)
Cash available from operating activities		87 679	126 528	182 025
Dividend paid		(26 876)	(13 188)	(13 167)
Cash flows from investing activities		(39 391)	(66 814)	(125 387)
Cash flows from financing activities		(30 448)	(35 491)	(34 615)
Net change in cash and cash equivalents		(9 036)	11 035	8 856
Cash and cash equivalents at beginning of period		111 403	102 547	102 547
Cash and cash equivalents at end of period		102 367	113 582	111 403

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Unaudited August 2009	Restated unaudited August 2008	Audited February 2009
Ordinary share capital and premium	194	2 844	194
Balance at beginning of period	194	13 831	13 831
Share buy back	—	(10 987)	(13 637)
Treasury shares	(31 078)	(27 568)	(32 746)
Balance at beginning of period	(32 746)	(12 558)	(12 558)
Treasury shares sold	1 668	—	3 945
Treasury shares acquired	—	(15 010)	(24 133)
Share-based payment reserve	693	650	772
Balance at beginning of period	772	563	563
Share-based payment expense	147	195	375
Transfer to retained income	(226)	(108)	(166)
Retained income	468 619	412 928	461 689
Balance at beginning of period	461 689	392 480	392 480
Transfer from share-based payment reserve	226	108	166
Loss on disposal of treasury shares	(1 224)	(2 809)	(2 754)
Dividend paid	(26 875)	(13 188)	(13 188)
Total comprehensive income for the period	34 803	36 337	84 985
Net profit for the period	34 803	36 337	84 985
Other comprehensive income for the period	—	—	—
Total capital and reserves	438 428	388 854	429 909

SEGMENT INFORMATION

R000's	Unaudited August 2009	Restated unaudited August 2008	Audited February 2009
Total segment revenues	696 934	767 892	1 505 885
General distribution	517 087	560 054	1 086 181
Truck rental and other	143 742	173 231	350 348
Head office and other	36 105	34 607	69 356
Less: Inter-segment revenues	61 331	70 386	137 768
General distribution	3 948	8 082	7 525
Truck rental and other	21 370	27 759	61 191
Head office and other	36 013	34 545	69 052
External segment revenues	635 603	697 506	1 368 117
General distribution	513 139	551 972	1 078 656
Truck rental and other	122 372	145 472	289 157
Head office and other	92	62	304
Business segment results			
General distribution	50 863	48 018	104 409
Truck rental and other	13 683	16 630	42 430
Head office and other	(4 063)	(4 100)	(8 555)
Business segment results	60 483	60 548	138 284
Share of (loss)/profit of associate net of tax	(1)	138	673
Investment income	11 646	15 929	28 937
Finance costs	(19 051)	(23 764)	(46 648)
Net profit before taxation	53 077	52 851	121 246
Total segment assets			
General distribution	447 221	474 956	436 426
Truck rental and other	429 342	425 150	442 663
Head office and other	138 309	161 251	147 283
Total segment assets	1 014 872	1 061 357	1 026 372
Investments and loans	1 378	567	2 655
Deferred tax	4 129	2 158	2 639
Total assets	1 020 379	1 064 082	1 031 666

NOTES

1. Basis of preparation

The accounting policies adopted for the purpose of this report comply in all material respects with International Financial Reporting Standards (IFRS). The Group's interim results have been prepared in accordance with IAS 34: Interim Financial Reporting. The basis for the preparation of the interim results are consistent with those applied in the preparation of the annual financial statements for the year ended 28 February 2009, except for the changes required by IAS 1: Presentation of Financial Statements, IFRS 8: Operating Segments and Circular 3/2009: Headline Earnings.

2. Adoption of Circular 3/2009: Headline Earnings

Headline earnings have been adjusted in terms of Circular 3/2009 issued in August 2009. Gains and losses on sale of assets initially held for rental, now transferred to inventory, are now included in the calculation of headline earnings. Gains and losses were previously excluded in the calculation of headline earnings in terms of Circular 8/2007. See note 5.1 below for the effect of the adjustment.

3. Changes in classification

Comparative figures have been restated in order to conform with the benchmark treatment of IAS 16: Property, Plant and Equipment. The revision to IAS 16 requires that where an entity in its normal course of business, routinely sells items of Property, Plant and Equipment that are held for rent to others, the carrying amount of these items of Property, Plant and Equipment are classified as inventories when they cease to be rented and become held for sale. Previously these items of Property, Plant and Equipment were classified as Non-current assets held for sale. Proceeds from the sale of these items of Property, Plant and Equipment are now classified as revenue in terms of IAS 18: Revenue, with the related carrying amount disposed classified as cost of sales. Previously the net of proceeds and carrying amount was disclosed under operating expenses. Segmental information has been restated accordingly. Certain intangible assets with a carrying amount of R4,3 million previously classified as property, vehicles, plant and equipment have been reclassified as intangible assets. The effects of the change in classification are as follows:

R000's	Previously stated August 2008	Reclassification	Restated August 2008
Statement of financial position			
Non-current assets held for sale	7 006	(6 790)	216
Inventories	35 992	6 790	42 782
Property, vehicles, plant and equipment	649 289	(4 280)	645 009
Intangible assets	16 146	4 280	20 426
Statement of comprehensive income			
Revenue	681 045	16 461	697 506
Cost of sales	(379 892)	(17 176)	(397 068)
Operating expenses	(243 143)	715	(242 428)

R000's	Unaudited August 2009	Restated unaudited August 2008	Audited February 2009
4. Taxation			
Included in taxation:			
– Secondary tax on companies	2 857	1 369	1 369
5. Headline earnings			
5.1 Reconciliation between basic and headline earnings			
Basic earnings	34 803	36 337	84 985
Loss on disposal of property, vehicles, plant and equipment less taxation	1 825	2 268	2 972
– Previously stated	1 825	2 725	3 263
– Adjustment: Circular 3/2009	—	(457)	(291)
Impairment of intangible assets less taxation	—	—	1 488
Headline earnings	36 628	38 605	89 445
5.2 Number of ordinary shares in issue			
Actual	194 436 033	195 630 746	194 436 033
Weighted average	179 144 770	191 688 006	183 359 591
Diluted	181 363 853	184 020 269	180 039 679
6. Supplementary information			
Depreciation	30 102	29 321	62 334
Amortisation of intangible assets	4 999	3 511	11 044
Impairment of intangible assets	—	—	2 067
Depreciation, amortisation and impairment	35 101	32 832	75 445

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 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 commendable interim results despite the tough economic climate. Although turnover reduced by R61,9 million, headline earnings increased marginally from 20,1 cents per share to 20,4 cents per share. This exceptional result was achieved by continued focus on cost reduction and optimal resource utilisation whilst simultaneously, increasing the customer base. These initiatives produced a positive and sustainable improvement in gross profit margins from 43% to 45%. Consequently operating margins increased from 8,7% to 9,5% resulting in an operating profit of R60,5 million.

Comprehensive income of R34,8 million was less than that of the previous period due to the increased secondary tax on companies expense arising on the final dividend paid.

The Group's statement of financial position remains strong with the reduced debt: equity ratio of 41% being well within the target range of 40% to 60%. In addition, trade receivable collection periods reduced to 40 days (excluding the effects of clearing and forwarding). Net asset value per share increased by 14% to R2,44 per share.

Cash generated by operations reduced marginally to R98,6 million. This positive cash flow was utilised not only to pay the increased dividend, but also fund the Group's R40,8 million investment in capital assets in addition to reducing interest bearing debt by R30,9 million.

OPERATIONAL REVIEW

General distribution segment

The segment performed well given the difficulties associated with reduced volumes. Turnover reduced by 7% to R513,1 million. Management have been innovative in order to bring about sustainable cost reductions which contributed to operating profit margins improving from 8,7% to 9,9%. Operating profit increased by 5,9% from R48,0 million to R50,9 million.

Truck rental segment

Due to the economic downturn, the truck rental segment was characterised by poor vehicle utilisations and little growth in customer base and business activity. This had an adverse effect on margins which reduced from 11,4% to 11,2%. The process of defleeting the older vehicles is ongoing with over 230 vehicles disposed of during the period. Appropriate action has been taken by management to improve the segment's profitability in the short to medium term.

CAPITAL COMMITMENTS

The Group's prior years' substantial investment in vehicle replacements and additions, and the disposal of older vehicles has ensured that the Group operates a more modern fleet. Consequently, vehicle capital expenditure has been significantly reduced.

Currently, approved vehicle capital expenditure amounts to R44 million, which will be funded out of a combination of interest bearing debt and cash flows.

PROSPECTS

The Group continues to grow market share by actively cross selling all service offerings to existing and new customers.

The sustainable realignment of costs to operational activity bodes well for the continued profitability of the Group. As a result thereof margins have improved. The Group is therefore very well positioned to benefit from an upturn in the economy and associated increased consumer spend. Subsequent to interim period end, volumes and activity levels improved. Accordingly, management is optimistic that earnings for the current financial year will be comparable to those achieved in the previous financial year. (This statement has not been reviewed nor reported on by the Group's auditors.)

DECLARATION OF MAIDEN INTERIM DIVIDEND

The Board is confident and satisfied that the Group's ongoing profitability and generation of positive cash flows will be sufficient to cover future operational and reduced capital expenditure.

Accordingly, the Board has resolved to declare its maiden interim dividend of six cents per share. This dividend is covered 3,4 times by headline earnings and is payable as follows:

Declaration date	Wednesday, 21 October 2009
Last day to trade *cum* dividend	Friday, 4 December 2009
Trading *ex*-dividend commences	Monday, 7 December 2009
Record date	Friday, 11 December 2009
Payment date	Monday, 14 December 2009

Share certificates may not be dematerialised or rematerialised between 7 December 2009 and 11 December 2009, both days inclusive.

For and on behalf of the Board

C D Stein Chairman **S D Gottschalk** Chief Executive Officer

Johannesburg

21 October 2009

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