VALUE GROUP LIMITED

INTEGRATED ANNUAL REPORT
2017

2017 VALUE GROUP LIMITED - INTEGRATED ANNUAL REPORT


NURTURING YOUR SUPPLY CHAIN.
EVERY PRODUCT.
EVERY KILOMETRE.
EVERY STEP OF THE WAY.

HIGHLIGHTS

REVENUE **R2.453bn** UP by 20%

HEADLINE EARNINGS PER SHARE **61.9 cents** UP by 66%

EARNINGS PER SHARE **57.2 cents** UP by 62%

NET ASSET VALUE PER SHARE **522.5 cents** UP by 9%

FINAL DIVIDEND PER SHARE **18 cents** UP by 50%

CASH GENERATED BY OPERATIONS **R288,3m** UP by 21%

CONTENTS

REPORTING STRUCTURE

Our integrated annual report reflects the results and achievements of Value Group Limited and covers the reporting period 1 March 2016 to 28 February 2017.

This integrated annual report is the Group's key report for communication with its various stakeholders. This report demonstrates to stakeholders, the financial and operational performance of the Group over the past year and the measures in place to ensure the long term success of the organisation.

Sustainability is a vital part of the organisation and coincides with our aims of being a responsible corporate citizen. The Group views sustainability as the ability to balance the financial, human, environmental and social factors inherent in the organisation over the long term. This report aims to demonstrate the interdependencies of these various factors, and how the actions of the Group in light of these interdependencies, promotes the creation of value and growth over the short, medium and long-term.

The Group takes a precautionary approach to sustainability by putting in place measures to prevent harm to the environment and human health, such as fuel saving initiatives and occupational health and safety initiatives.

REPORTING FRAMEWORK

This report contains standard disclosures from the GRI Sustainability Reporting Guidelines, using the G4 codes. The Group has elected to report using the core application disclosures. A list of the standard disclosures and their location in this integrated annual report can be found on pages 138 to 141.

The Group has also followed the recommendations of the King III Code of Corporate Governance and the Framework of the International Integrated Reporting Council.

The Board has decided not to obtain external assurance on the disclosures included under operational performance in this report, with the exception of its BEE score, as it recognised that its own internal reporting and information gathering processes and indicators should be further refined before external assurance would add value.

PROCESS FOR DEFINING REPORT CONTENT AND ASPECT BOUNDARIES

The process used in determining material aspects arises from the Group's risk management process, our core values and guidance issued by the Global Reporting Initiatives. The Group has identified these aspects using the principles for defining report content and has considered the relevance of these aspects to sustainability in a wider context. Material aspects, that is, those aspects considered to be of significance to the decisions of stakeholders were then selected for reporting. Data is collected at operational level and consolidated at Group level. The basis for reporting on wholly owned subsidiaries, associates and joint ventures has not changed since the prior year. Unless otherwise stated, information presented in this integrated report relate to all entities within the Group.

The following list of material aspects were selected for reporting:

- Economic performance
- Environment
- Employment
- Labour management
- Health and safety
- Training and education
- Local communities

VISION AND MISSION

THE VALUE MISSION STATEMENT

Value Logistics is dedicated to building mutually beneficial long term relationships by understanding the unique requirements and expectations of our customers, designing and implementing cost effective logistics solutions, uplifting the communities we operate in by creating employment, investing in skills development initiatives and thereby creating sustainability for all stakeholders.

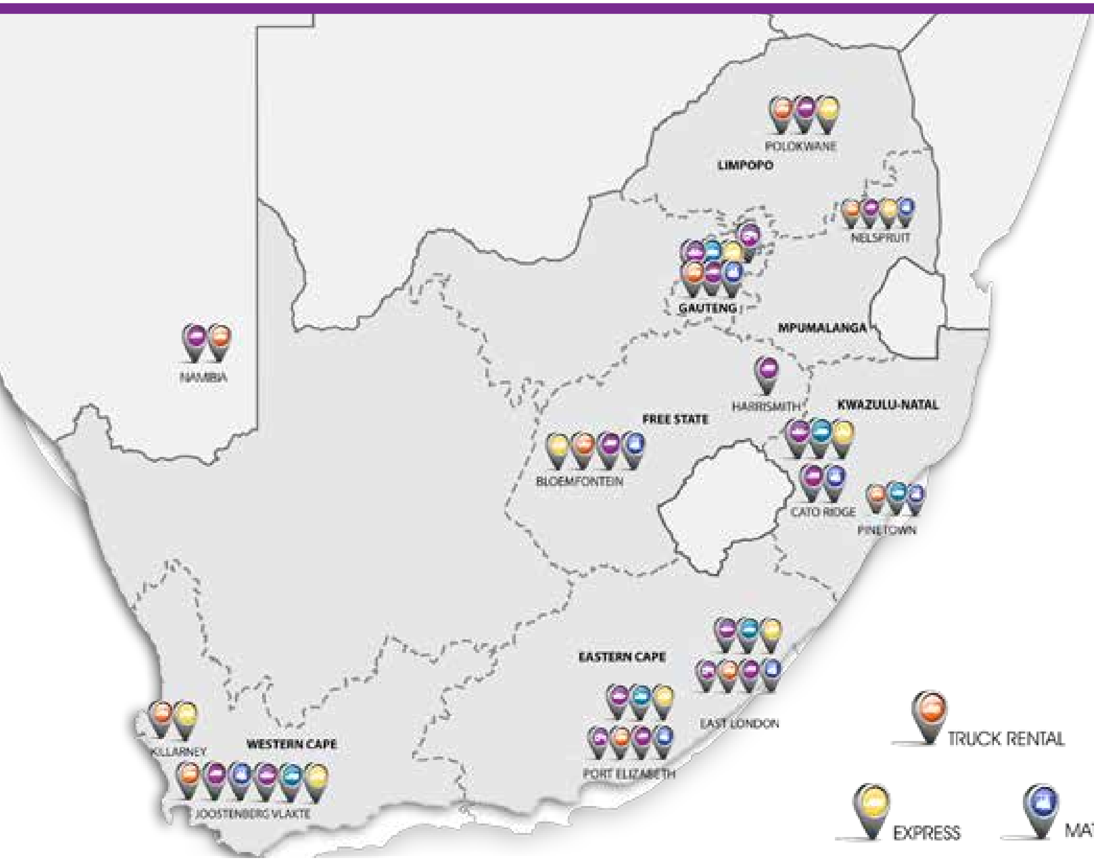
THE VALUE VISION

To be recognised as the leading, innovative logistics service provider and the employer of choice in southern Africa.

VALUE GROUP STRUCTURE

Ownership	
100%	Value Logistics Ltd
	Value Logistics Personnel Services (Pty) Ltd
	Value Logistics (Botswana) (Pty) Ltd
	Value Logistics Namibia (Pty) Ltd
	Value Specialised Logistics (Pty) Ltd
	Key Distributors (Pty) Ltd
80%	Core Logistics (Pty) Ltd
51%	Liquid in Motion (Pty) Ltd
50%	Value (Hong Kong) (Pty) Ltd
30%	Value SA (Pty) Ltd

LOCATION OF OPERATIONS



SOUTH AFRICAN FOOTPRINT

SOUTH AFRICA	
Eastern Cape	East London, Port Elizabeth
Free State	Bloemfontein, Harrismith
Gauteng	Boksburg, Clayville, Crown Mines, Isando, Midrand, Rosslyn, Krugersdorp, Spartan, Tunney
KwaZulu-Natal	Cato Ridge, Pinetown
Limpopo	Polokwane
Mpumalanga	Nelspruit
Western Cape	Cape Town
INTERNATIONAL	
Namibia	Windhoek

VALUE SUPPLY CHAIN

SERVICE OFFERING

The Value Group provides a diverse range of services which include distribution, transport, clearing and forwarding, warehousing, fleet management, forklift and commercial vehicle rental and leasing.

Import & Export

Clearing & Forwarding | International Courier | Container Haulage Intermodal | Overborder | Crossborder

Warehousing

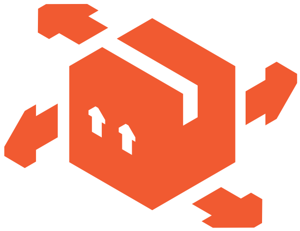
Dedicated | Multi-Principal | Transhipment | Bonded | Dangerous Goods | Managed Solutions | Value Added Services

Materials Handling

Rentals | FML | Outright Purchase | Repairs & Maintenance | Spares Accessories | Tyres

Distribution

Express Courier | Breakbulk | Retail Deliveries | DC Deliveries | Front Door Deliveries | Home Deliveries | Dangerous Goods | Overborder | Crossborder | Reverse Logistics | IT Integration | Security



Transport

Truck Rental | Refrigerated Fleet | Film Fleet | Mine Spec | FML Linehaul | Dedicated Distribution

Repairs & Maintenance

Truck Repairs & Maintenance | Trailer Repairs & Maintenance | Forklift Repairs & Maintenance | Panel Beating | Branding

SIGNIFICANT DEVELOPMENTS

ACQUISITION IN THE RETAIL LOGISTICS SECTOR

The acquisition of Key Distributors "Key" offers the Group access into the informal market and provides the Group with the ability of diversifying its business.

Key is a distributor and wholesaler of a variety of fast moving consumer goods into the convenience, formal and informal trade, including independent traders, forecourts and small retailers. Key distributes directly into the townships and informal settlements of Gauteng, Limpopo, Northwest, Free State, Western Cape and Mpumalanga as well as 1250 forecourts nationally.

Established in 2001 as a subsidiary of Capitec Bank, Key began distributing products for leading brands. 2012 saw the company undergo a management buy-out and in March 2016 the company joined the Value Group. In order to maximise the synergies of the business combination, Key have consolidated their Gauteng, Nelspruit and Cape Town branches into the Group's premises.

Since the acquisition in March of 2016, Key has contributed R484 million to Group revenue and R8,5 million to net profit before tax.

Through leveraging off the Group's infrastructure, Key will be in a position to expand into regions not currently covered in order to grow their national footprint and realise future business growth.

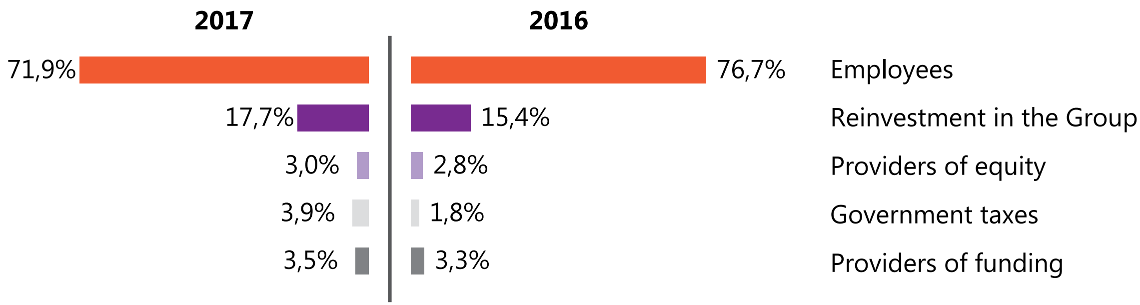
ECONOMIC PERFORMANCE

The Group is dedicated to providing transparent reporting to its stakeholders and aims to demonstrate the value created in the business in the 2017 financial year and how this value was distributed. It is also important to see how the Group has progressed and for this purpose we have also included some financial highlights as well as a five-year review.

VALUE ADDED STATEMENT

R'000	%	2017	%	2016
Revenue		**2 452 766**		2 043 994
Less: Purchased cost of goods and services		**(1 538 289)**		(1 129 859)
Value added		**914 477**		914 135
Investment income		**17 751**		14 060
Wealth created	**100,0**	**932 228**	100,0	928 195
Employees	**71,9**	**670 672**	76,7	711 592
Reinvestment in the Group	**17,7**	**164 673**	15,4	142 823
Providers of equity	**3,0**	**27 790**	2,8	26 246
Government taxes	**3,9**	**36 740**	1,8	16 602
Providers of funding	**3,5**	**32 353**	3,3	30 932
Wealth distributed	**100,0**	**932 228**	100,0	928 195
Number of permanent employees		**2 107**		2 446
Wealth created per employee R'000		**442**		379
Weighted average number of shares		**154 388 749**		155 216 667
Wealth created per share in Rands		**6,04**		5,98

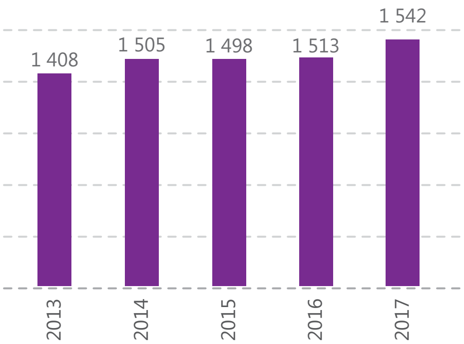
Wealth distributed



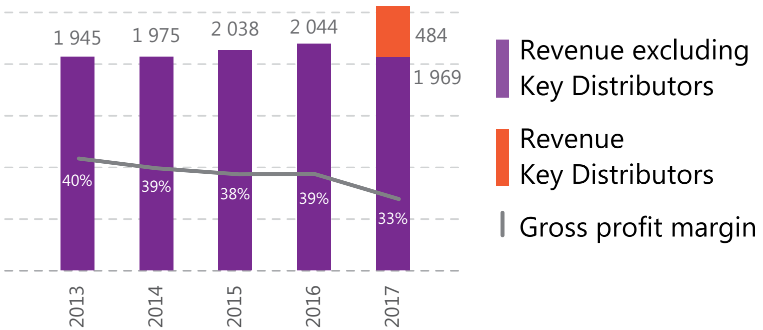
ECONOMIC PERFORMANCE

R'000	2017	Restated* 2016	** 2015	** 2014	** 2013
Consolidated statement of comprehensive income					
Revenue	**2 452 766**	2 043 994	2 038 353	1 975 314	1 945 419
- Excluding Key Distributors	**1 968 797**	2 043 994	2 038 353	1 975 314	1 945 419
- Key Distributors	**483 969**	-	-	-	-
Gross profit	**807 700**	798 367	779 485	779 411	783 845
- Excluding Key Distributors	**756 682**	798 367	779 485	779 411	783 845
- Key Distributors	**51 018**	-	-	-	-
Operating profit	**135 414**	85 641	108 697	166 857	166 411
Share of profit / (loss) of equity accounted investee net of taxation	**44**	79	64	21	25
Fair value adjustment	**(509)**	1 939	-	-	-
Investment income	**17 751**	14 060	13 511	12 071	11 750
Finance costs	**(32 353)**	(30 932)	(30 297)	(27 079)	(35 418)
Net profit before taxation	**120 347**	70 787	91 975	151 870	142 768
Taxation	**(36 740)**	(16 602)	(23 815)	(41 200)	(41 090)
Net profit for the year	**83 607**	54 185	68 160	110 670	101 678
Annual growth (%)					
Total Revenue	**20%**	0%	3%	2%	8%
Revenue excluding Key Distributors	**(4%)**	0%	3%	2%	8%
Operating profit	**58%**	(21%)	(35%)	0%	(6%)
Net profit before taxation	**70%**	(23%)	(39%)	6%	(7%)

Total assets (R million)

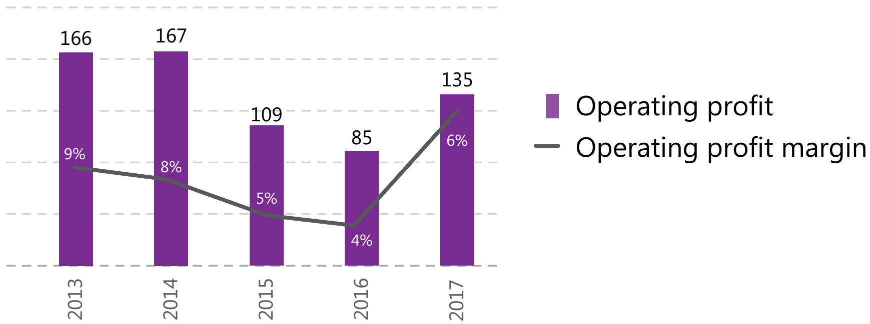


Revenue (R million) **and gross profit margin** (%)



R'000	2017	Restated* 2016	** 2015	** 2014	** 2013
Margin (%)					
Gross profit margin	**33%**	39%	38%	39%	40%
Gross profit margin excluding Key Distributors	**38%**	39%	38%	39%	40%
Operating profit margin	**6%**	4%	5%	8%	9%
Consolidated statement of financial position					
Property, vehicles, plant and equipment	**990 573**	1 039 515	1 022 644	986 896	939 934
Intangible assets	**12 655**	17 415	25 261	37 568	38 064
Goodwill	**20 152**	10 670	-	-	-
Investments and loans	**1 925**	2 089	1 802	2 175	104
Deferred tax	**3 161**	4 759	3 133	4 627	3 167
Current assets	**502 371**	438 562	444 246	473 789	426 836
Non-current assets held-for-sale	**10 701**	156	951	97	350
Total assets	**1 541 538**	1 513 166	1 498 037	1 505 152	1 408 455
Equity	**799 598**	741 161	726 094	715 296	650 117
Interest-bearing borrowings - non current	**121 341**	163 346	181 230	165 383	187 217
Deferred tax	**181 192**	177 836	174 217	173 201	156 943
Current portion of interest-bearing borrowings	**77 703**	101 144	101 973	83 805	87 047
Non interest-bearing borrowings	**15 607**	5 576	-	-	-
Other current liabilities	**346 097**	324 103	314 523	367 467	327 131
Total equity and liabilities	**1 541 538**	1 513 166	1 498 037	1 505 152	1 408 455

Operating profit (R million) **and operating profit margin** (%)



ECONOMIC PERFORMANCE

	2017	Restated* 2016	** 2015	** 2014	** 2013
Earnings					
Basic earnings per share (cents)	**57,2**	35,4	42,1	66,9	61,5
Headline earnings per share (cents)	**61,9**	37,2	44,2	68,2	63,5
Dividends per share (cents):	**24,0**	17,0	17,0	26,0	23,0
Interim	**6,0**	5,0	5,0	9,0	8,0
Final	**18,0**	12,0	12,0	17,0	15,0
Number of ordinary shares of R0,001 each in issue:					
Actual	**186 427 478**	186 427 478	198 627 386	198 627 386	198 627 386
Weighted average	**154 388 749**	155 216 667	162 673 657	165 505 874	165 204 702
Profitability					
Operating profit margin	**6%**	4%	5%	8%	9%
Return on average shareholder's equity	**11%**	7%	9%	16%	17%
Financial indicators					
Cash generated by operations before movements in working capital and proceeds on disposal of rental assets (R'000)	**253 188**	186 112	211 896	275 858	263 931
Debt: equity %	**26%**	37%	39%	35%	42%
Interest cover	**9**	5	6	11	7
Dividend cover (based on headline earnings)	**2,58**	2,19	2,60	2,62	2,76
Current ratio	**1,16**	1,03	1,07	1,05	1,03
Debtors days adjusted for the effects of clearing and forwarding	**35**	39	34	34	34
Net asset value per share (cents)	**522,5**	480,8	458,6	437,2	393,3

** Restated for the treatment of the Group's insurance cell in terms of IFRS 10 - refer to note 33*

*** Results extracted from the financial statements as presented in each year and in accordance with the relevant International Financial Reporting Standards applicable at the time.*

RISK MANAGEMENT

POLICY FRAMEWORK

Effective risk management is fundamental and embedded in every facet of the business activities of the Value Group. The Board has committed the Group to a process of risk management that is aligned with the principles of King III, as well as generally-accepted good risk management practices. The Board retains responsibility and accountability for the overall risk management process, setting risk appetite and tolerance limits. The Board has assigned oversight of the Group's risk management function to the audit and risk committee. The audit and risk committee assists the Board in the execution of its fiduciary duties regarding risk management. The Board has reviewed the comprehensive Risk Management Policy and plan which has been implemented by management.

Ethical leadership are the cornerstones of Value's risk management philosophy as these ensure sound corporate governance. Responsibility and accountability for risk management resides at all levels within the Group, from the board down through the organisation to each business manager and risk specialist. The risk assessment process follows a "bottom-up" approach, with the input by each divisional head, assessed by the risk management committee, and then in turn by the audit and risk committee. In this way, the most critical underlying material risks that the Group faces are identified, and the mitigating actions to reduce these risks are assessed. Risks are reviewed and assessed on a quarterly basis or as they happen.

The goal of effective risk management is to ensure that the business reaches its strategic goals, makes effective and efficient use of its operations, and delivers reporting that is accurate and reliable, ensure compliance with laws and regulations and that reputational damage to the business is avoided at all costs. The Group's internal and external auditors, along with management, are tasked to render combined assurance reports to the audit and risk committee.

The global economy continues to be unstable and under pressure, and our continued commitment to sound risk management has proved to be functioning as echoed in our healthy capital and liquidity position. Despite the many challenges being faced in the South African economy as well as the market place, Value has a strong market position and with the motivated management team believes that there are opportunities to continue to grow the business, thereby unlocking stakeholder confidence and value. We recognise that maintaining and continually enhancing our risk management capabilities will be critical in the months ahead to ensure that the Group's financial and strategic objectives are achieved within approved levels of risk appetite.

STAKEHOLDER ENGAGEMENT

The Group is accountable to all its stakeholders and realises that communication is vital to ensure an honest and transparent relationship exists.

Key matters identified with our various stakeholders are detailed below:

STAKEHOLDER	REASON WE ENGAGE	METHOD OF ENGAGEMENT	HIGHLIGHTS ON ENGAGEMENT PROCESS
EMPLOYEES	To maintain a high performance work force and ethic	Formal engagement • The Group's performance review process which is aimed at staff development together with the various ongoing training initiatives. • Health and safety and HIV/Aids awareness campaigns. Informal engagement takes place on an ongoing basis and includes the use of: • newsletters • ad hoc HR questionnaires • corporate and one-on-one communication • e-mails and intranet. The Group is a member of the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) which empowers stakeholders to negotiate matters that are of mutual interest to the industry.	The performance review process continues to provide valuable feedback to enable employees to constantly improve their job functions whilst also enabling them to express their viewpoints to management. This also facilitates career development. The Group remains compliant with the conditions of the Skills Development Act and Skills Development Levies Act and continues to provide learnerships and training to employees.

STAKEHOLDER	REASON WE ENGAGE	METHOD OF ENGAGEMENT	HIGHLIGHTS ON ENGAGEMENT PROCESS
CUSTOMERS	To build long-term relationships with customers for the mutual benefit of both parties	Logistics solution specialist assists in designing cost effective supply chain solutions taking cognisance of customer specific requirements. Similarly, ongoing operational engagement is performed in meeting the unique needs of different customer requirements.	The Group experienced a decline in volumes, mainly as a result of tough trading conditions. The Group has however managed to procure new business.
SUPPLIERS	To ensure provision of goods and services in a responsible and cost effective manner	Suppliers are engaged regarding service level agreements for the procurement of essential goods and services such as fuel, tyres, vehicle spares and outsourced staff.	The Group negotiated with suppliers for the timely procurement of essential supplies at cost effective rates.
INVESTORS	Timely and transparent communication	The Group's interim and final results are published in the media followed by analyst presentations conducted by the Chief executive officer and Group financial director. The Group engages with shareholders and investors in various ways regarding the safeguarding of their interests and includes the distribution of circulars and press releases which provide relevant information related to material transactions.	Timely reporting and publishing of the Group's results and other corporate actions onto the Group website.
COMMUNITY	To ensure the Group impacts positively to the environment in which it operates	The Group acknowledges the importance of building sustainable communities and engages with the community on aspects of socio-economic development on a continuous basis. The Group's engagement with the community is discussed further in the social investment section of this report.	Refer to page 38.

SHAREHOLDERS' INFORMATION

ORDINARY SHARES-LISTED	Number of shareholders	%	Number of shares	%
Non-public shareholders				
The Value Group Share Incentive Trust	1	0,04	983 450	0,53
Directors	4	0,19	2 493 570	1,34
Diplobuzz Investments (RF) Proprietary Limited	1	0,04	6 257 406	3,36
The Boles Family Trust	1	0,04	6 400 000	3,43
The Kacilo Trust	2	0,10	9 007 403	4,83
Foord Asset Management Proprietary Limited	2	0,10	9 959 485	5,34
Value Logistics Limited	1	0,04	10 440 262	5,60
Opsiweb Investments (RF) Proprietary Limited	1	0,04	14 600 614	7,83
The BRSALO Trust	1	0,04	86 921 617	46,63
	14	0,63	147 063 807	78,89
Public shareholders				
Individuals and other	2 212	99,37	39 363 671	21,11
	2 226	100,00	186 427 478	100,00
Residency				
South African	2 192	98,47	184 890 604	99,18
Foreign	34	1,53	1 536 874	0,82
	2 226	100,00	186 427 478	100,00
Holdings				
1 to 1 000	1 283	57,64	424 192	0,23
1 001 to 5 000	532	23,90	1 452 541	0,78
5 001 to 10 000	172	7,73	1 359 640	0,73
10 001 to 50 000	159	7,14	3 374 691	1,81
50 001 to 100 000	27	1,21	2 002 038	1,07
over 100 000 shares	53	2,38	177 814 376	95,38
	2 226	100,00	186 427 478	100,00

There are no public shareholders which are directly or indirectly beneficially interested in 5% or more of any class of the Company's capital

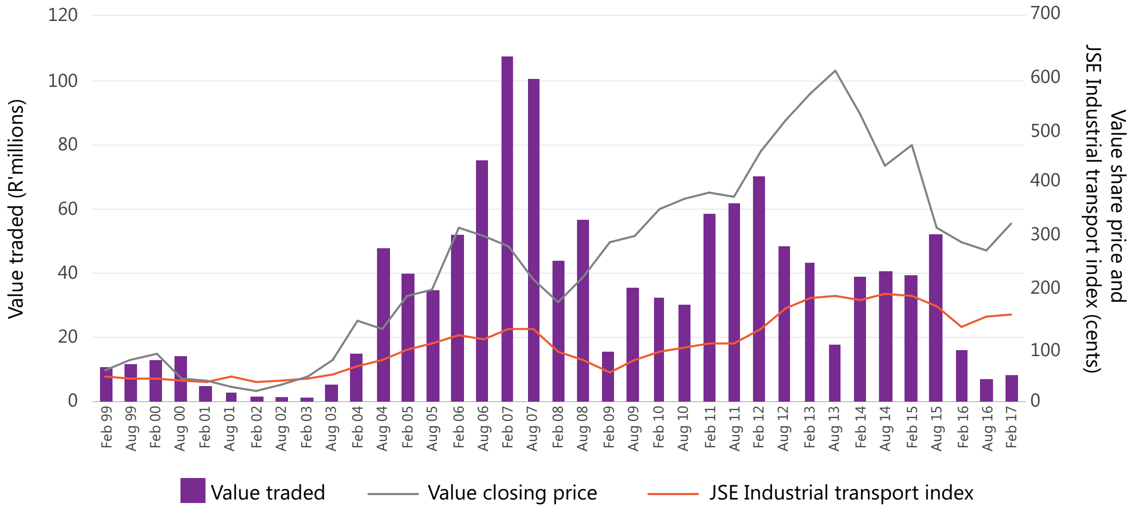
A ORDINARY SHARES – UNLISTED				
The Value Group Empowerment Trust	1	100,00	10 429 010	100,00

Current or future black employees of the Group nominated by the Board who fall within the C and D peromnes bands and who satisfy a set objective criteria set by the Board, will qualify as participants in the employee empowerment scheme.

SHARE INFORMATION	2017	2016	2015	2014	2013	2012	2011
Market price per share (cents)							
- highest	**355**	470	585	790	600	485	396
- lowest	**275**	200	329	500	455	340	335
- closing	**325**	290	468	522	560	455	380

High, low and closing share price (cents)

Value of shares traded on the Johannesburg Stock Exchange and share price since listing



ENVIRONMENT

Fuel Consumption 15 586 kilolitres Down by 11,2%

Carbon emissions 40 837 tons Down by 11,2%

ENVIRONMENT

The nature of our operations means that fuel consumption is a material component of the Group's business. High fuel consumption in the Group has the effect of not only increasing input costs, having a direct bearing on our clients and Group profitability, but also the Group's carbon footprint, which negatively impacts the environment for years to come. The incentives for fuel efficiency are therefore two-fold and require ongoing supervision and oversight to preserve this non-renewable resource and reduce costs.

The Group's operations span various locations and each location is required to follow certain processes to monitor and reduce fuel consumption and optimise vehicle usage.

The upward trend in the fuel price has a direct negative bearing on the Group and its customers and it is therefore in our best interests, as well as that of our customers, that procedures are in place to ensure fuel efficiency is maximised.

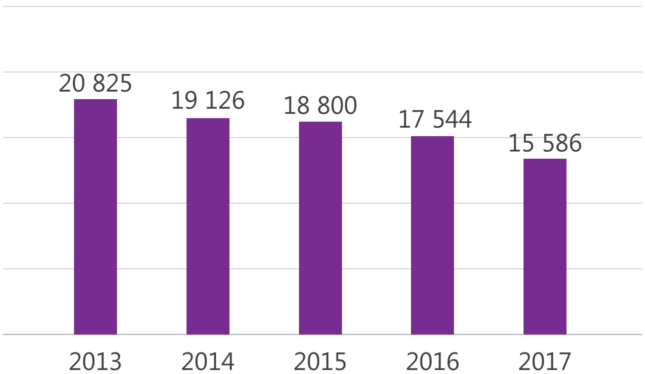
The measures in place used to ensure fuel efficiency include:

- the debriefing process, which measures fuel consumption achieved after every trip against expected fuel consumption, with deviations investigated by management;
- daily automated fuel consumption comparisons across the fleet;
- optimizing routing to ensure vehicles are utilized to the utmost whilst traveling the least distance;
- routine servicing of vehicles which are maintained in accordance with manufacturer standards by the Group's accredited in-house workshops;
- the process of de-fleeting older vehicles to ensure the aging fleet is kept as modern as possible including cleaner burning engines; and
- measuring of consumption obtained constantly to enable the Group to act with regard to poor performers. The poor performers are highlighted for possible de-fleet.

An online tool called the "business carbon footprint calculator", which can be found on http://carbon.ecoforests.org/ is used to determine the direct carbon emissions expelled by the Group in the course of its business activities. The tool makes use of a rate of 2,63 kilograms of carbon emissions per litre of diesel and 2,3 kilograms of carbon emissions per litre of petrol consumed.

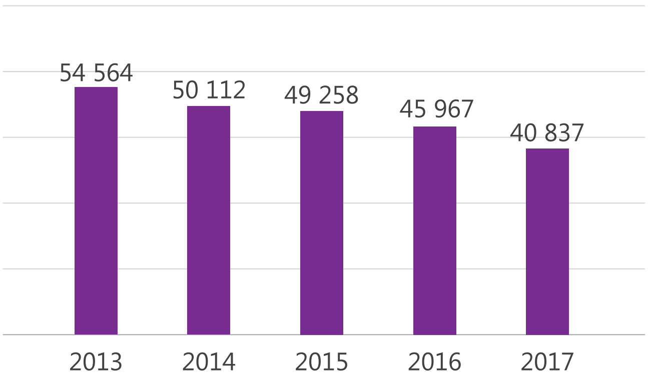
Usage in the current year decreased by 11.2% to 15 586 kilolitres from 17 544 kilolitres in 2016. The trend in the Group's consumption can be seen below:

Consumption (kilolitres)



Carbon emissions have also seen a steady reduction:

Carbon emissions (tons)



Despite the reduction in consumption, there has been a slight deterioration of 1% in both consumption per kilometre and carbon emissions per kilometre respectively.

The Group will continue to observe fuel efficiency rates and search for new and innovative ways to reduce our carbon footprint.

Fuel consumption and carbon emissions are detailed in the table below.

Fuel	2017	2016
Consumption (kilolitres)	**15 586**	17 544
- Diesel	**15 118**	17 018
- Petrol	**468**	526
Carbon emissions (tons)	**40 837**	45 967
- Diesel	**39 762**	44 756
- Petrol	**1 075**	1 211
Kilometres travelled (km'000)	**78 367**	89 252
(Deterioration) / improvement in consumption to kilometres	**(1%)**	2%
Carbon emissions (kg) per kilometre	**0.52**	0.52
(Deterioration) / improvement in carbon emissions	**(1%)**	2%
Gigajoules of energy consumed	**600 987**	676 486
- Diesel	**584 780**	658 244
- Petrol	**16 207**	18 242
Improvement in energy consumed	**11%**	7%

PEOPLE

At Value, we believe that our employees are our most important asset and are vital in ensuring that the Group achieves its goals. Our aim is therefore to nurture and promote our employees and to create a constructive work environment, ensuring that we have the most competent and capable individuals retained within the organisation.

RECRUITMENT AND SELECTION

Workforce planning is an integral part of the Group's strategy and is key in ensuring that the organisation has the right level and mix of suitably qualified individuals who will be capable of ensuring that the Group's objectives are met.

The Group's recruitment policy and procedures are based on the following provisions:

- All positions are advertised internally in order to give the Group's employees the opportunity to apply for the vacant position;
- Recruitment is conducted on a competency-based level;
- Targeted selection interviewing principles are used;
- Internal and external appointments follow a transparent process;
- Fair and non-discriminatory recruitment and selection practices are the foundation of recruitment for all positions; and
- Compliance with all provisions of the Labour Relations Act (1995) and the Employment Equity Act (1998) and their subsequent amendments.

All new employees who join the Group are taken through an induction session which helps them familiarise with their surroundings and gain a better understanding of what the business does. It also helps them to understand their roles better and what is expected from them in order to make a positive contribution to the success of the Group.

Managers conduct performance appraisals with their teams on a bi-annual basis. These meetings play a pivotal role in information gathering, both on the part of the organisation and the employee. Employees have an opportunity to voice their concerns about various aspects in their roles and the business. This in turn gives the business valuable feedback on areas that need improvement, as well as areas where we are performing well and need to continue doing so. The sessions also provide employees with feedback on their performance, and where they need to improve in order to continue making a positive contribution to the Group.

Exit interviews are a valuable tool in obtaining information from employees leaving the organisation. These sessions provide a platform for employees to provide feedback on their experiences during their time with the Group, both positive and negative. This allows Value to review and improve on work experiences for current and future employees, thereby having a positive effect on retention.

STAFF COMPLEMENT

The Group monitors the head count per region to ensure that all operations within the organisation are adequately staffed. The table below indicates the staff complement as at 28 February 2017, and the region they are employed in:

	2017		2016	
Region	**Number**	**%**	Number	%
Gauteng	**1 481**	**70,3**	1 684	68,9
KwaZulu-Natal	**230**	**10,9**	275	11,2
Western Cape	**154**	**7,3**	196	8,0
Eastern Cape	**114**	**5,4**	125	5,1
Free State	**40**	**1,9**	50	2,0
Limpopo	**23**	**1,1**	26	1,1
Mpumalanga	**15**	**0,7**	16	0,7
North West	**19**	**0,9**	39	1,6
Namibia	**31**	**1,5**	32	1,3
Northern Cape	**-**	**-**	3	0,1
Total	**2 107**	**100.0**	2 446	100,0

In addition, the Group utilised the services of outsourced staff throughout the reporting period.

EMPLOYMENT EQUITY

Value's transformation policies embody our commitment to ensuring employment equity across every facet of the business. The number of employees per category, gender and diversity are tabled below:

2017	Male				Female				Foreign nationals		
Occupational levels	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Male**	**Female**	**Total**
Top management	—	—	2	7	1	—	—	4	—	—	14
Senior management	—	3	2	17	—	—	3	2	—	—	27
Professionally qualified and experienced specialists and mid-management	36	6	22	104	9	2	7	81	—	—	267
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	314	52	60	128	120	42	43	167	1	—	927
Semi-skilled and discretionary decision making	729	25	9	8	36	4	1	1	—	—	813
Unskilled and defined decision making	47	2	—	—	3	—	—	—	—	—	52
Total permanent	**1 126**	**88**	**95**	**264**	**169**	**48**	**54**	**255**	**1**	**—**	**2 100**
Temporary employees	4	1	—	2	—	—	—	—	—	—	7
Total	**1 130**	**89**	**95**	**266**	**169**	**48**	**54**	**255**	**1**	**—**	**2 107**

During the 2016 / 2017 financial period the Group embarked on a restructuring and realignment exercise to ensure correct alignment of staffing structures. The overall headcount of the Group reduced as a result of the restructuring and realignment exercise.

The Group's employment equity forum continues to review and discuss strategies to ensure employment equity principles are adhered to.

PEOPLE

EMPLOYEE TURNOVER

It is vital for the Group to ensure that it always has the appropriate mix of staff and that retention rates align with the organisations objectives. The rate of new employee recruitment and employee turnover by age group, gender and region are therefore closely monitored and the details thereof are tabled below:

	2017			
Rate of employee appointments and turnover by age	**Appointments**	**%**	**Turnover**	**%**
18 – 28 years	162	50,4	215	32,6
29 – 38 years	83	25,9	200	30,3
39 – 48 years	50	15,6	157	23,8
49 – 58 years	20	6,2	57	8,6
59 – 68 years	6	1,9	31	4,7
Total	321	100,0	660	100,0
Rate of employee appointments and turnover by gender	**Appointments**	**%**	**Turnover**	**%**
Male	208	64,8	414	62,7
Female	113	35,2	246	37,3
Total	321	100,0	660	100,0
Rate of employee appointments and turnover by region	**Appointments**	**%**	**Turnover**	**%**
Gauteng	222	69,2	421	63,8
KwaZulu-Natal	28	8,7	70	10,6
Western Cape	31	9,7	71	10,8
Eastern Cape	23	7,2	46	7,0
Free State	2	0,6	13	2,0
Limpopo	-	-	6	0,9
Mpumalanga	2	0,6	4	0,6
North West	1	0,3	9	1,3
Namibia	12	3,7	17	2,5
Northern Cape	-	-	3	0,5
Total	321	100,0	660	100,0

The Group abides to minimum notice periods, which may become necessary due to operational changes or requirements, as specified in the Basic Conditions of Employment Act and the Main Agreement of the National Bargaining Council for the Road Freight and Logistics Industry. The following notice periods are applicable:

- One week, if the employee has been employed for six months or less;
- Two weeks, if the employee has been employed for more than six months but less than a year; and
- Four weeks, if the employee has been employed for one year or longer.

HUMAN RIGHTS

Value believes that each and every one of its employees is entitled to be treated with respect and dignity. Our aim is to ensure that employees feel respected and valued. The Group therefore upholds the provisions of the Constitution of South Africa and the Labour Relations Act and ensures that its internal processes and corporate culture are aligned as such. A proactive approach is taken encompassing the following:

- freedom of association;
- implementation of non-discriminatory labour practices;
- ensuring that the Group does not directly or indirectly use forced or child labour;
- providing access to basic health and education;
- accommodating employees' religious observances and practices;
- safe and healthy working conditions; and
- business conduct that complies with all legal requirements.

At year-end 54.50% of our employees are covered by collective agreements including the National Bargaining Council for Road Freight Logistics Industry Main Agreement.

Employees have a right to join or form trade unions and this right is recognised by Value. An open and constructive dialogue is maintained between the Group, its labour force and their representative trade unions on an ongoing basis. These lines of communication ensure that employee grievances are identified and dealt with before having any negative effects on the Group and operational continuity. The total percentage of union membership is 24.71%. A whistle-blower line is also available throughout the Group, allowing all personnel the opportunity to anonymously report incidents of human rights violations and other grievances without fear of discrimination or victimisation.

Contracted labour providers are required to adhere to legal requirements, apply the same standards of human rights practices as the Group and to identify and resolve cases of human rights violations. Value conducts monthly audits on contracted labour providers' labour practices to ensure that their policies and principles align with that of the Group.

EMPLOYEE WELLNESS

The Value Group operates in line with the requirements of the Occupational Health and Safety Act (85 of 1993) and is committed to create a work environment that is safe and protects its employees against occupational health stressors and safety hazards in the work place. This is primarily achieved through regular inspections and audits of the work environment and a thorough employee wellness program which consists of the following:

- Scheduled trucking and employee wellness programs which involves the monitoring of critical health indicators to ensure that employees are fit for work, to diagnose health disorders at an early stage and to promote a healthy lifestyle.
- Weekly tool box talks and monthly health awareness themes that are sent out as part of Value's awareness initiative and which is aimed at promoting the wellness of employees in the work place.

Other initiatives that were implemented during the period under review include the appointment of an independent law consultancy to evaluate compliance with the Occupational Health and Safety Act (85 of 1993),and other applicable Health and Safety regulations and the counselling of HIV infected employees that were identified during the wellness initiatives. Numerous actions to review and to continually improve Value's certified Health and Safety management system which is based on OHSAS 18 001 : 2008 requirements, were also implemented.

Statistics regarding activities that were aimed at improving employee wellness during the period under review is presented in the table below.

Description of Activities	Number of employees involved
Employees on which screening medicals have been done	1 042
Employees that attended trucking wellness days	1 399
Employees that attended the Discovery Wellness Day	118
Number of scheduled inspections	1 116

PEOPLE

HIV/AIDS

Despite the levels of awareness, HIV and AIDS have the potential to negatively affect the Group. Lower productivity of the affected employees and a possible decrease in the human resource pool means that there are potentially fewer employees able to continue working and contributing to the Group, resulting in decreased profits. A considerate working environment is required to provide personnel with testing and counselling. The Value Group therefore continues to motivate employees to attend the Voluntary Counselling and Testing sessions. Other measures include:

- staff education through workshops, posters and one-on-one sessions;
- involving top management into setting the bench mark for voluntary testing; and
- the Trucking Wellness campaign remains an ongoing initiative.

GENERAL TRAINING AND DEVELOPMENT

Employees are fundamental to the Group achieving its long-term objectives and ensuring the future sustainability of its workforce. It is therefore in the Group's best interests to contribute to the training and development of its people, ensuring that the staff complement is adequately staffed with competent and confident employees.

The Group is registered with the Transport Education and Training Authority (TETA) as well as the Sector Education and Training Authority (SETA) and is compliant with the conditions of the Skills Development Act and Skills Development Levies Act. The Group has engaged in programmes targeted at developing priority skills within the logistics environment. An in-house Driver Training Academy is on site at Value's head office as well as a 300 seat training wing equipped with state-of-the-art training equipment and dedicated trainers and mentors.

The Group has not only implemented learnership programmes for employees but has also extended this programme to include unemployed individuals. Previously disadvantaged employees who had not benefited from higher education opportunities have subsequently gained the confidence needed to improve their skills.

The salient statistics with regards to training and learnerships are tabled below:

Average learnership hours per year per employee category

	2017		2016	
Employee category	**Male**	**Female**	Male	Female
Clerks	**320**	**320**	320	320
Craft	**320**	**320**	320	320
Elementary	**—**	**—**	—	—
Plant and machine operators	**320**	**320**	320	320
Professionals and legislators	**—**	**—**	—	—
Service and sales	**320**	**320**	320	320

Number of individuals enrolled in the learnership programme

Year	Male		Female		
	Black*	White	Black*	White	Total
2017	**51**	**-**	**44**	**-**	**95**
2016	79	11	104	10	204

**Includes African, Indian, Coloured and other*

Number of training interventions in the current financial year

Year	Male					Female					
	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	Grand Total
2017	**665**	**64**	**96**	**292**	**1 117**	**91**	**34**	**41**	**185**	**351**	**1 468**
2016	104	64	21	144	333	910	60	42	155	1 167	1 500

Average hours of training per year per employee

Employee category	2017		2016	
	Male	**Female**	Male	Female
Clerks	**3**	**3**	1	2
Craft	**3**	**2**	–	–
Elementary	**2**	**–**	1	1
Plant and machine operators	**7**	**–**	1	1
Professionals and legislators	**5**	**4**	2	–
Service and sales	**2**	**5**	–	1

PEOPLE

COMPLIANCE WITH LEGISLATION

The audit and risk committee have general oversight over the Group's compliance with laws and regulation. However, there are also specific processes in place to ensure compliance. The company secretary monitors the Group's compliance against company law and corporate governance recommendations and advises the Group on various requirements and amendments relevant to its contracts to ensure that all interactions between the Group and outside parties do not contravene any law or regulation. The human resource team is responsible for compliance with the various labour laws. The annual audit also provides comfort over certain areas such as tax law, accounting regulations, and company law.

THE VALUE CODE OF ETHICS

The Value code of ethics represents our most fundamental values. This code sets the level of conduct expected from all employees, companies and associates across the Group. Group companies and employees are required to conduct themselves with the highest levels of integrity, honesty and trust whilst at the same time being cognisant of various legal and ethical requirements. Ethical business practices are key to maintaining good business relationships and ensuring the future success of our business. We therefore do not tolerate any forms of fraud and corruption. Our core values are:

- **Integrity:** To be accountable for our actions, to be consistently fair to others and to be truthful and respectful.
- **Honesty:** To be reliable, approachable, sensitive to the needs of others, open and honest.
- **Trust:** To be trustworthy in our dealings and interactions with all stakeholders.

REMUNERATION PHILOSOPHY AND POLICY

The Group recognises the importance of its workforce in achieving its long-term objectives. Attracting and retaining the most competent people is therefore vital to the organisation. The Group aims to offer its employees remuneration that is market-related and appropriate for the level of expertise, skill and effort required while still recognising and rewarding individual performance.

A formal appraisal process is in use throughout the Group. Individuals are rated based on their performance against set objectives as well as responsibilities specific to their role. This appraisal process occurs on a bi-annual basis. Salaries are benchmarked against market rates and market best practice, utilising various remuneration surveys. Increases are based on three elements:

- performance rating given in the appraisals
- market rates
- the Group's budget

Wage earners within the Group are governed by means of the Main Agreement of the National Bargaining Council for the Road Freight and Logistics Industry. This agreement is determined by means of the centralised bargaining within the industry.

ANNUAL BONUS PAYMENTS

Discretionary bonuses are awarded to staff members on a bi-annual basis. The first 50% of the bonus is awarded to employees based on their individual performance over the year of assessment. The remaining 50% is based on the respective divisions and companies' financial performance. Those employees who are governed by the National Bargaining Council will receive bonuses in accordance with the main agreement of the Bargaining Council. Senior management, comprising directors and senior heads of division qualify for participation in the incentive scheme. The amounts due in terms of the scheme are calculated by applying a percentage to the annual cost to company and are payable provided that predetermined KPIs are achieved.

EMPLOYEE BENEFITS

The Group offers a non-compulsory medical aid and a compulsory provident fund and group life cover to permanent salaried and waged employees. The Group's contribution in respect of the provident fund and group life cover amounted to R35 666 000 for the year ended 28 February 2017.

TRANSFORMATION

The Group continues to work towards its transformation goals and remains committed to bringing about true equality throughout the Group through various measures such as recruitment, training and development of previously disadvantaged groups. The Group is at a level B-BBEE level 3 rating based on the scorecard of 2016. The audit for 2017 was not yet concluded at the time of presenting this report.

The Group's 2016 and 2015 ratings were as follows:

B-BBEE scorecard

Element	Weighting	2016	2015
Ownership	20	**13,80**	12,01
Management control	10	**1,00**	4,79
Employment equity	15	**8,20**	5,46
Skills development	15	**13,83**	12,90
Preferential procurement	20	**18,64**	20,00
Enterprise development	15	**15,00**	15,00
Socio-economic development	5	**5,00**	5,00
Overall score	100	**75,47**	75,16

LEADERSHIP

BOARD STRUCTURE

Carl Stein (63)
Chairman (Independent), LLB, HDip Tax Law

Carl is a senior partner in the corporate/commercial department of Hogan Lovells, a law firm in South Africa. He has been a practising attorney throughout his business career, and is today regarded as one of South Africa's leading corporate lawyers. Carl became chairman of Value Group in 1998.

Steven Gottschalk (59)
Chief executive officer

Steven founded the business of Value Group in 1981. From its initial focus on truck rental and transport, Steven initiated the change in the Group's focus to that of a fully integrated logistics provider. Steven is integrally involved in the day to day operations and management of the Group.

Mathews Phosa (65)
Non-executive director, LLB, Honorary PhD in law

Mathews opened the first black empowerment law practice in Nelspruit in 1981. He was elected as the first Premier of Mpumalanga province in 1994. Following the elections in 1999, Mathews resigned his seat in parliament in favour of focusing his attention for a career in business. Mathews re-entered the political arena in 2007 when he was appointed Treasurer-General of the National Executive Committee of the ANC.

Velile Mcobothi (42)
Non-executive director (Independent), CA(SA)

Velile has 16 years' investment banking experience in listed securities and private equity industries mainly with Investec Bank limited. He currently runs Cinga Holdings (Pty) Limited, an advisory and investment holdings business within the mid-cap sector. He acts as an independent non-executive director of Litha Healthcare Group Limited and is chairman of that audit committee. He was appointed as a non-executive director of Value Group Limited in November 2011 and an independent non-executive director in February 2012.

Clive Sack (47)
Group financial director, CA(SA)

Clive completed his articles at Mazars Moores Rowland in 1996. He remained on as an audit manager until 1998, whereafter he joined Value Group as Group financial manager. In May 2002, he was appointed to the board as Group financial director.

Mike Groves (72)
Non-executive director (Independent), CA(SA)

Mike was the managing director of Grindrod Limited until 1999. He has 36 years' experience in the shipping and transport industry. He acted as an independent non-executive director of Grindrod Bank Limited, as well as Grindrod Limited. Mike is a past president of SA Ship Owners Association. He was appointed as a non-executive director of Value Group in August 2002.

Mano Padiyachy (52)
Executive director

Mano started his working career in the warehousing and distribution industry at Royal Beechnut (Nabisco). He joined Value Group in February 2000 as contracts manager. He was then appointed as a divisional director in August 2004 and finally to the board in July 2007.

CHAIRMAN'S STATEMENT

As expected, the 2017 financial year proved to be challenging for the Group. The current economic climate as well as political uncertainty in an already competitive and price sensitive market has had an adverse effect, particularly on the logistics and Freightpak divisions.

The restructuring and rightsizing of the logistics and Freightpak operations through the downscaling of operations and reduced cost base contributed significantly towards achieving a commendable improvement in year on year financial results.

The Group acquired 100% of Key Distributors (Pty) Ltd (Key) with effect from 1 March 2016. Key carries on the business of warehousing, distributing and wholesaling a variety of fast moving consumer goods. This acquisition gives the Group access into the informal market and the opportunity to diversify its business. This acquisition has exceeded expectations and is expected to contribute positively to the Group's future results.

The significant cost saving initiatives, coupled with the success of Key, saw gross profit increase by R9,3 million while net profit before tax increased by a substantial 70% to R120,4 million. This afforded the Company the opportunity to increase the final dividend per share by 50% over the comparative period.

Cash generated from operations also showed a marked improvement, increasing 21% to R288,3 million. Reduced capital expenditure and positive operating cash flows enabled the Group to reduce interest-bearing borrowings by R65 million to R199 million. Future capital expenditure will be trimmed in order to enable the Group to further reduce its interest bearing borrowings.

The Group remains committed to the principles of B-BEEE in achieving its transformation goals. With the current B-BEEE verification underway, the Group's level 3 rating is expected to be maintained. The BEE transactions concluded during the 2011 financial year will be maturing this year. Due to the depressed share price, the board has proposed a 5 year extension to the transactions, subject to shareholder approval, thereby giving the BEE individuals concerned the opportunity to participate in the equity of the Group once the share price improves.

The Group does not anticipate a substantial improvement in trading conditions in the new financial year due to political uncertainty and the poor economic outlook, exacerbated by the recent downgrade of the country's sovereign credit rating. The management team, who have demonstrated their ability to adapt and improve, will continue to explore further opportunities for cost reduction and revenue growth , both organically and by acquisition of other businesses.

I am indebted to my fellow board directors for their continued support and to the management team and staff for their invaluable contribution to the turnaround of the Group's performance under extremely difficult circumstances. I look forward to their continued support.

Carl Stein
Chairman
13 June 2017

COMBINED CHIEF EXECUTIVE OFFICER'S AND GROUP FINANCIAL DIRECTOR'S REPORT

Steven Gottschalk
Chief executive officer

Clive Sack
Group financial director, CA(SA)

FINANCIAL REVIEW

In line with the Group's strategy to grow revenue organically and by acquisition, Group revenue improved by 20% to R2,453 billion as a result of the inclusion of Key Distributors (Pty) Ltd ("Key") effective 1 March 2016. Excluding revenue derived from Key, revenue reduced by 3,4% from R2,04 billion to R1,97 billion. Trading conditions in the logistics environment are tough and have impacted customer rates, volumes and growth of the customer base. The difficulties experienced necessitated an extensive restructuring exercise where operational cost savings on labour, maintenance, subcontractor and fuel costs were realised. In addition, certain smaller depots have been consolidated into existing branches. Reduced revenue, however, has had the effect of reducing pre Key gross profits by R41,7 million to R756,7 million and gross profit margins from 39,1% to 38,4%. With the inclusion of Key, gross profits increased marginally by R9,3 million to R807,7 million.

Notwithstanding the inclusion of Key in the Group's results and the R7,1 million impairment of goodwill arising on the future projected cash flows of the Core Logistix business being less than its carrying value, operating expenses reduced by R33,2 million. This sustainable cost reduction was achieved by instituting the following:

- Non replacement of staff resignations by combining and re-organising job functions;
- Restructuring of departments and responsibilities;
- Automation of previous manual processes;
- Revisiting all overhead costs in order to reduce expenditure where possible.

Consequently, net profit before tax increased by 70% from R70,8 million to R120,3 million. The effective tax rate, however, has increased from 23,5% to 30,5% due to a reduction in tax allowances derived from learnerships, the impairment of goodwill and the reversal of deferred tax assets within loss making subsidiaries. Accordingly, net profit after tax attributable to shareholders improved by 61% to R88,3 million resulting in basic earnings per share increasing by 62% to 57,2 cents per share and headline earnings per share increasing by 66% to 61,9 cents per share.

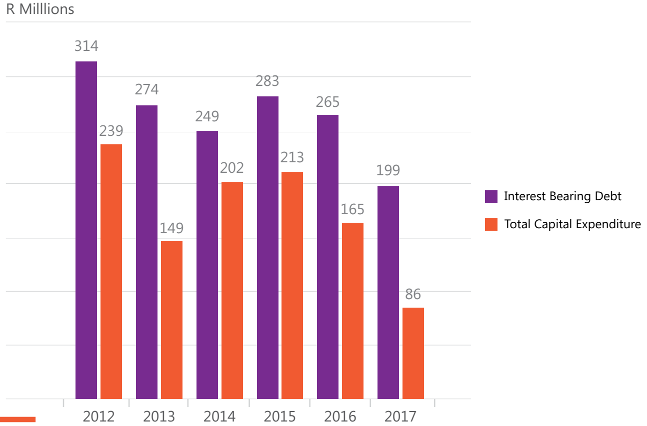
Although proceeds on disposal of rental assets reduced from R52,1 million to R35,1 cash generated by operations increased by 21% from R238,2 million to R288,3 million. Cash available from operations increased by 11% to R225,2 million. The reduced increase arises from increased taxation payments and the Group's additional investment in working capital.

Capital expenditure incurred during this year was substantially reduced. Total expenditure amounted to R86,1 million and comprised R11,3 million for vehicles, R46,4 million for forklifts, R13,5 million for plant and equipment, R10,9 million for IT hardware and software and the balance of R4 million for various other assets. This expenditure was funded by R39,6 million realised on the disposal of assets and internally generated cash flows. Accordingly, cash balances improved by 38,6% to R126,5 million.

Interest bearing borrowings reduced by R65,4 million to R199 million. The Group's debt:equity ratio remains low at 26%. The Group anticipates further reductions in interest bearing debt.

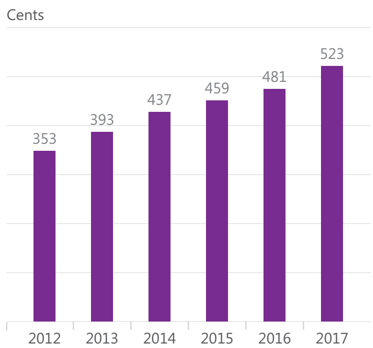
The relationship between capital expenditure and interest bearing debt is reflected below.

Capital expenditure and interest bearing debt



Net asset value increased by 9% to 522,5 cents per share. The growth in the net asset value per share is reflected below:

Net asset value per share (cents)



KEY FINANCIAL RATIOS

The Group sets targets on a combination of key performance ratios to assess financial performance, funding levels and returns, as follows:

	Target	**2017**	2016	2015	2014	2013
Gross profit (%) – Note 1	≥ 45	**33**	39	38	39	40
Operating margin (%)	≥ 11	**5**	4	5	8	9
After tax return on average equity (%)	≥ 20	**11**	7	9	16	17
Debt : equity (%)	40 - 60	**26**	37	39	35	42
Debtors days (excluding effects of clearing and forwarding)	≤ 40	**35**	39	34	34	34
Current ratio	0,9 – 1,0	**1.16**	1,03	1,07	1,05	1,03

Note 1: 2017 reduction due to inclusion of Key. Excluding Key, gross profit of 38% was achieved. In the future, the target will change due to the inclusion of Key.

OPERATIONAL REVIEW

General distribution segment

Poor trading conditions and right sizing of the logistics and freightpak break bulk operation has resulted in muted organic growth of the customer base and further volume decline. Volume was also impacted by the termination of non-profitable break bulk business due to customers demanding below market rates. Accordingly, revenue reduced by 5,1% from R1,666 billion to R1,581 billion. The extensive restructuring exercise which commenced approximately 18 months ago has yielded sustainable overhead and operating cost savings which counteracted the reduction in revenue. Notwithstanding trading losses and the R7,1 million goodwill impairment charge attributable to the Core Logistix operation which negatively affected the segment's results, operating profit improved by 2,6% to R96,3 million.

The ongoing restructuring exercise undertaken included the following:

- Customers' rates were carefully evaluated and adjusted where necessary;
- Termination of non-profitable business;
- Right sizing and downscaling of the logistics and freightpak break bulk operations in line with the reductions in activity and volumes;
- Delivery destinations and routes are continuously planned, monitored and optimised;
- Restructure of various activities and reporting lines.

The full effects of the restructuring was realised in the second half. Although volumes were below that of the prior period, the reduced cost base contributed significantly to the improvement in second half earnings.

The remaining operations comprising warehousing, dedicated distribution and express, which constituted 47% of the segment's revenue, performed to expectation due to increased activity in the second half. The warehousing and dedicated distribution operations performed very well. Service levels are good and both operations are geared for growth. Good results were produced despite the tough trading conditions. Market rate pressures, however, could affect both operations' results in the 2018 financial year.

Truck rental and other segments

Revenue growth in the truck rental and material handling division offset minor reductions in the clearing and forwarding division. Accordingly, the segment's revenue increased marginally by R5,3 million to R370,7 million. The strategy to grow truck rental revenue streams and provide cost effective materials handling solutions in specialised sectors has contributed to an improvement in the quality of revenue. The truck rental footprint was reviewed and necessitated the closure of smaller non-viable depots. In addition, staff reductions and the disposal of older vehicles has resulted in reduced maintenance and fixed costs. As a result, utilizations have increased. The film fleet business has grown and is benefitting from ongoing high demand in major centres. Accordingly, operating margins improved from 8,7% to 10,4% with operating profit increasing from R31,8 million to R38,5 million.

The materials handling division has increased revenue and profitability. The restructuring of management has brought about improvement in controls and costs structures. In line with expectations, however, the market for materials handling units has contracted. The depreciation of the rand has also affected the affordability of the Group's materials handling range. Due to the contracted market, the Group has lost the exclusive agency to market the Still brand in South Africa. We are retaining a none exclusive agency agreement. The Still units were expensive and accordingly sold at low margins. The Group will focus on its efficiencies in this division to extract further improvements in profitability. This will be assisted by the strong FML book.

On the clearing and forwarding side, import volumes have reduced which has led to reduced profitability. Export volumes have, however, remained constant. Strategic international partnerships are being investigated in order to align the business with global trends.

Retail logistics segment

With the acquisition of Key, the retail logistics segment has been introduced to enhance segmental reporting. Key undertakes the warehousing, distribution and wholesaling of a variety of FMCG products into the convenience, formal and informal sector, which consist primarily of independent traders, fuel forecourts, and small retailers. Key currently operates in the Gauteng, Polokwane, Nelspruit and Bloemfontein areas and during the 2017 financial year expanded into the Western Cape by utilising the Value infrastructure.

Segmental revenue increased by R493 million mainly due to the inclusion of Key. Notwithstanding the low margins and the additional expansionary costs incurred, the business has outperformed expectations. To date, the results of Key have exceeded its profit warranties. The results of Key, however, have been offset by wholesaling initiatives in the wine and non-alcoholic beverages sector. Losses incurred in these businesses have been addressed.

DECLARATION OF DIVIDEND (NUMBER 21)

As announced on 11 May 2017, the Board resolved to declare a gross final dividend for the year ended 28 February 2017, of 18 cents per ordinary share which is 50% up on the final dividend paid in 2016. This will be paid out of distributable reserves. The dividend is covered 2,64 times by second half headline earnings. The dividend will be paid on Monday, 3 July 2017. The total dividend which will be paid in respect of the 2017 financial year amounts to 24 cents per share, which is 41% up on last year's dividends.

SHARE REPURCHASES

Prior to year end, the Group procured 243 660 shares for the Group's Share Incentive Scheme. No other share repurchases were made during the course of the 2017 financial year. Subsequent to year end, 1,86 million shares were acquired and are currently held in treasury. R7,3 million was spent on all the above share repurchases. The Group will continue to repurchase shares as the opportunities arise.

BLACK ECONOMIC EMPOWERMENT ("BEE") TRANSACTION

The BEE ownership transactions which were concluded almost seven years ago mature in the current financial year. Due to the Group's depressed share price, however, the BEE entities' funding liabilities exceeded the equity values. Consequently, the Board has proposed a 5 year extension to the transactions which will require shareholder approval. The remaining BEE transaction terms will remain the same. This will provide an opportunity for the BEE individuals concerned to participate in the equity of the Group once the share price improves. In addition the Group will retain its BEE ownership status. Approval of this extension will be tabled at a separate general meeting after the AGM to be held on 21 July 2017.

FUTURE CAPITAL EXPENDITURE

Capital expenditure for the 2018 financial year has been reduced in comparison to previous years. This will facilitate a further reduction in interest bearing debt. Capital expenditure for the remainder of the 2018 financial year is budgeted to approximate R116 million consisting primarily of forklift and vehicle additions. This capital expenditure will be funded by internally generated cash flows and interest bearing debt.

SOCIAL RESPONSIBILITY

The Group acknowledges its role regarding corporate social responsibility and has a balanced approach to address economic, environmental and social issues in ways that aim to benefit people, communities and society. During the current year, the following organizations have benefited from the Group's initiatives to address its social responsibilities:

Hearts of Hope

Hearts of Hope is a registered public benefit organisation based Johannesburg that provides care and assistance to, at risk children orphaned by or affected with or by HIV/Aids. Hearts of Hope operates a fully equipped home, housing 34 children that they clothe, educate and integrate into society.

Beka – Joburg School of the Blind

Beka, the Joburg School of the blind, for blind, poor vision and multiple disability children offers schooling from Grade R to Grade 7. The school follows the national curriculum which is adapted to the needs of the children. Beka receives no funding from government.

Rotary International – Fast One Cycle Race

Rotary International raises funds to uplift communities and one of their biggest fundraising events is the Value Logistics Fast One. Value Logistics acquired the exclusive naming rights from 2013. Rotary South Africa is the organisers of the race and all proceeds raised are used for charitable projects. The sponsorship of this race fits in with both the charitable objectives of the Company and well as providing excellent brand exposure.

Skills Development Initiatives

Overview

The Group is committed to the development of skills of its employees, the communities in which we operate and the country as a whole.

General Training

In order to address the skills shortages in scarce occupational levels, the Group has embarked on various training programmes that focus on the development of industry specific skills (mostly through the implementation of various learnership programmes) as well as management development initiatives to ensure that the Group contributes to the skills development targets as laid out in the National Skills Development Strategy III and the two SETA's Sector Skills Plans i.e: Services SETA and TETA. The Value Group is fully compliant with all legislation outlined in the Skills Development Act, Skills Levies Act and strives to achieve significant point's achievement in the Skills Development Pillar of the Broad-Based Black Economic Empowerment Act.

Learnership Programmes

The learnership programmes have been implemented since 2008 and have been extremely successful in building the talent pool within the organisation as well as providing much needed life and industry specific skills to unemployed youth in various areas. Statistics relating to success of these programmes are illustrated below:

The Group focuses on the implementation of Employed, Unemployed and Disabled Learnerships. All of the learnership programmes that have been conducted have been geared towards the achievement of qualifications related to the logistics and supply chain industry.

The total number of learnerships completed to 28 February 2017 amounts to 1 444.

PROSPECTS

The recent downgrade of the country's sovereign credit rating by the major credit rating agencies to junk status, political uncertainty and poor growth rates do not bode well for a short term improvement in the economy. The logistics break bulk and freightpak operations are experiencing volume decline. Management, however, is actively pursuing organic and acquisitive revenue growth opportunities to counteract the decline. The remaining divisions are operating in accordance with expectation. Further restructuring opportunities are being pursued to reduce operational and overhead costs. The significant cost cutting exercise undertaken to date, places the Group in a favourable position to benefit from any increase in revenue streams which may materialise.

Key's operations have recently been incorporated into Value's Johannesburg facility. Value's facility will provide Key with the infrastructure requirements to expand its volumes and extract synergies and cost savings between the two businesses. The existing Key facility in Johannesburg has been sold. Key has further potential to grow into areas not currently serviced.

The Group continues to pursue acquisition opportunities that will complement and improve revenue streams in the existing divisions.

ACKNOWLEDGEMENTS

First and foremost, a big thank you is extended to all our customers for your continued support. The foundation and sustainability of our business has been built on the long term relationships we have established.

Thank you to all our loyal staff members who have contributed to the wellbeing of our company particularly in view of the challenging trading conditions we have experienced. Your dedication and commitment in the past year is appreciated.

Lastly, thank you to the board of directors for your ongoing support, wisdom and guidance.

For and on behalf of the Board

Steven Gottschalk
Chief executive officer

Clive Sack
Group financial director

13 June 2017

GOVERNANCE

CORPORATE GOVERNANCE REPORT

The JSE has included certain aspects of The King Code of Governance Principles for South Africa, 2009 King III (King III) in its Listings Requirements. The board has adopted the recommendations on good corporate governance contained in the King III Report, as well as the King Code of Governance Principles for South Africa. The King III principles and recommendations have been implemented across the Group. A full report of the Group's compliance with each of the King III principles is available on pages 142 to 156.

THE BOARD OF DIRECTORS

The board is the focal point for corporate governance and is responsible to set the tone for ethical leadership throughout the organisation. It is responsible to shareholders and stakeholders for sustainable performance of the Group. The board takes overall responsibility for the success and prosperity of the Group. The board's role is to exercise sound leadership and judgement in directing the Group to achieve sustainable growth, having due consideration to a balanced financial, social and environmental performance, and taking into account the legitimate expectations of its stakeholders in making decisions in the best interest of the Group. The board charter articulates the objectives and responsibilities of the board. Likewise, each of the board sub-committees operates in accordance with written terms of reference, which are regularly reviewed by the board.

At the date of issuing the integrated annual report, the board comprised seven directors, of which only three are executive directors and four non-executive directors, three of whom are independent and free from any business or other relationships which could materially interfere with the exercise of their independent judgement. Advised by the remuneration and nominations committee, the board ensures that the election of independent directors falls on reputable persons of well-known competence and experience, who are willing to devote a sufficient part of their time to the Group.

Details of the directors in office on 28 February 2017 appear on pages 32 to 33 of this report.

The roles of the chairman of the board and the chief executive officer ("CEO") are kept separate, each with clearly defined roles and responsibilities. Independent non-executive director Mr Carl Stein was the chairman of the board with executive director Mr Steven Gottschalk as the CEO of the Group throughout the financial year under review. There is a clear division of responsibilities on the board which forms part of the policy to ensure a balance of power.

The board reviewed the previously approved board charter to align it to the recommendations of King III. The board charter compels directors to promote the vision of the Group, whilst upholding sound principles of corporate governance. The board charter sets out the primary functions of the board as being to:

- retain full and effective control of the Group
- review and approve corporate strategy
- approve and oversee major capital expenditure, acquisitions and disposals
- review and approve annual budgets and business plans
- monitor operational performance and management
- determine the Group's purpose and values
- ensure that the Group complies with sound codes of business behaviour
- ensure that appropriate control systems are in place for the proper management of risk, financial control and compliance with all laws and regulations
- appoint the CEO and ensure proper succession planning for executive management
- regularly identify and monitor key risk areas and the management thereof
- oversee the Group's disclosure and communication process.

The board's governance procedures and processes are continuously being reviewed and a number of specific policies have been adopted by the board, expanding on the content of the board charter in the following areas:

- communication on behalf of the Group and the board
- conflict of interest
- access to professional advice
- social responsibility policies
- access to external professional advice
- legal compliance
- internal audit
- trading in company shares.

To avoid conflict of interest and in compliance with section 75 of the Companies Act of South Africa, board members must disclose their interest in material contracts involving the Group. In addition, board members must recuse themselves from deliberations or the decision-making process relating to any matter in which such member may have a personal financial interest.

The board is required to meet at least four times a year. During the 2017 financial year, the board convened six times. Quarterly board meetings have been included in the board's annual calendar. In addition to the above, the board reviewed the previously approved governance work plan to ensure that the board discharged its duties in a structured manner and that all governance issues are considered and appropriately dealt with in an annual cycle.

The daily management of the Group's affairs is the responsibility of the CEO. In addition to the annual work plan, an approvals framework is also in place, setting out the respective responsibilities and levels of authority of the board and executive management. The board is kept informed of all developments at the Group, primarily through the executive directors. At the time of publishing the integrated annual report, the composition of the board was as follows:

Mr CD Stein	*(Chairman)*
Mr SD Gottschalk	*(Chief executive officer)*
Mr IM Groves	*(Independent non-executive director)*
Mr V Mcobothi	*(Independent non-executive director)*
Dr NM Phosa	*(Non-executive director)*
Mr CL Sack	*(Group financial director)*
Mr M Padiyachy	*(Executive Director)*

All directors have access to the advice and service of the company secretary who is responsible to the board for ensuring compliance with procedures and applicable statutes and regulations. The company secretary administers corporate governance within the Group and provides counsel and guidance to the board on the proper discharging of their powers, duties and responsibilities. All directors, executive and non-executive, may liaise with the company secretary on agenda items for board meetings.

iThemba Governance and Statutory Solutions (Pty) Limited, represented by Claire Middlemiss (FCIS CSSA) is the company secretary. Ms Middlemiss has 16 years experience as a company secretary and is actively involved in assisting the board in its governance initiatives.

During the year under review, the board was satisfied with the competence, qualifications and experience of the company secretary and that an arms-length relationship was maintained with the board of directors. Contact details of the secretary are disclosed under corporate information (IBC).

In accordance with the MOI, and in order to facilitate continuity of the board, one-third of the non-executive directors shall retire from office at each annual general meeting (AGM) and their reappointment is subject to shareholders' approval. If a Director is also an employee of the Company in any capacity (also referred to as an executive director) he shall not, while he continues to hold that position or office, be subject to retirement by rotation and he shall not, in such case, be taken into account in determining the rotation or retirement of directors. In addition, all directors are subject to election by shareholders at the first opportunity after their initial appointments. The board, assisted by the remuneration and nominations committee, recommends the eligibility of retiring directors (subject to availability and their contribution to the business) for reappointment. The directors retiring by rotation at the forthcoming AGM are Messrs IM Groves and CD Stein.

Summary attendance table of board meetings during the financial year ended 28 February 2017:

Member	29/03/2016 SB	11/05/2016	21/07/2016	21/09/2016 SB	19/10/2016	08/02/2017
CD Stein	P	A	P	P	P	P
SD Gottschalk	P	P	P	P	P	P
IM Groves	P	P	P	P	P	P
VW Mcobothi	P	P	P	P	P	P
NM Phosa	P	A	P	P	A	P
CL Sack	P	P	P	P	P	P
M Padiyachy	P	P	P	P	P	P
In Attendance						
C Middlemiss	P	P	P	P	P	P

Key:
P: Present
A: Apology
SB: Special Board

REMUNERATION

Details of directors' fees and remuneration are fully disclosed in note 18 to the consolidated financial statements. In addition, the proposed fees to be paid to non-executive directors for approval by shareholders by way of a special resolution are set out in the notice of the AGM forming part of this report. Non-executive directors only receive remuneration that is due to them as members of the board. Directors serving as members on board sub-committees receive additional remuneration. Remuneration of executive directors in their capacities as executive members of the management team as approved by the remuneration and nominations committee is fully disclosed in note 18 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

The non-executive directors do not have service contracts with the Group and all remuneration paid to non-executive directors is in accordance with the approval given by the shareholders at each annual general meeting.

The executive directors are full-time employees of the Group and, as such, each has an employment contract, the terms of which are substantially in accordance with the Group's standard conditions of service.

MONITORING OF PERFORMANCE

The chairman is appointed on an annual basis by the board, with the assistance of the remuneration and nominations committee. The remuneration and nominations committee assess the independence of non-executive directors annually.

In line with recommendations by King III, in 2017, a detailed self-assessment of the performance of the board and its committees was conducted and the results thereof were considered in order to identify areas for improvement. The assessments found the structures and processes governing the board and its committees were well established and functioning satisfactorily. It also found that the board had fulfilled its role and responsibilities and had discharged its responsibility to the Group, shareholders and other stakeholders in an exemplary manner.

Mr CD Stein, the chairman of the board and Mr IM Groves have served for a term beyond nine years as independent non-executive directors and have been subject to particularly rigorous reviews by the board, of not only their performance, but also the factors that may impair their independence. After an independence assessment by the board, it was determined that there are no relationships or circumstances likely to affect, or appearing to affect the directors' judgement. The assessment determined that the independent directors' independence of character and judgement was not in any way affected or impaired by their length of service.

BOARD COMMITTEES

The board has established a number of standing committees with delegated authority from the board. Each committee has agreed terms of reference as approved by the board that addresses issues such as composition, duties, responsibilities and scope of authority.

Although the board delegates certain functions to these committees, it retains ultimate responsibility for their activities. The committee members are all independent non-executive directors and the Chief executive officer and Group financial director are permanent invitees to each committee meeting. Each board committee is chaired by an independent non-executive director.

Committees operate in accordance with board approved terms of reference, as well as annual work plans, which are reviewed and updated on a regular basis to align them further with best practice. The board appoints the chairmen and the members of these committees. In addition, the committees are required to evaluate their effectiveness and performance on an annual basis and to report the respective findings to the board for consideration. The board has an audit and risk, remuneration and nomination committee as well as a social and ethics committee. All these committees operate under board approved terms of reference.

DIVERSITY AND COMPOSITION OF THE BOARD

In an on-going endeavour to maintain the highest corporate governance standards and in line with the recommendations of the JSE Limited, the group adopted a gender equality policy on the 28 February 2017. The group undertakes to continually ensure that gender representation at board level remains optimal by identifying candidates with a diverse collection of skills, expertise and experience to allow the board to effectively lead the business and strategy of the company, as required.

AUDIT & RISK COMMITTEE

The committee consisted of three independent non-executive directors throughout the financial year. At the time of publishing the integrated annual report, the composition of the audit and risk committee was as follows:

Mr IM Groves *(Chairman)*

Mr VW Mcobothi

Mr CD Stein

Summary attendance table of members at the audit and risk committee meetings during the financial year ended 28 February 2017:

Member	06/05/2016	20/07/2016	18/10/2016	08/02/2017
IM Groves	P	P	P	P
VW Mcobothi	A	P	P	P
CD Stein	P	P	P	P
In Attendance				
SD Gottschalk		P	P	P
CL Sack	P	P	P	P
S Paxton	P	P	P	P
M Padiyachy		P	P	P
L Vroom	P	P	P	P
C Middlemiss	P	P	P	P

Key:

P: Present
A: Apology

The relevant resolution for the appointment of the audit and risk committee as required by the Act is set out in the notice of the AGM as contained in this report. The board is satisfied that the members as proposed for approval by shareholders meet the definition of non-executive directors, acting independently, as defined in the Act.

The audit and risk committee has an updated, formal board approved terms of reference. The board is satisfied that the committee has complied with these terms and with its legal and regulatory responsibilities as set out in the Act, King III and the JSE Listings Requirements. The terms of reference for the audit and risk committee intend to ensure compliance with both governance recommendations and statutory requirements.

The board believes that the members collectively possess the knowledge and experience to exercise oversight of the Group's financial management, internal and external auditors, the quality of the Group's financial controls, the preparation and evaluation of the Group's financial statements and financial reporting. The board has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage the risk of business failures and to provide reasonable assurance against such failures but this is not a guarantee that such risks are eliminated.

It is the duty of this committee, among other things, to monitor and review:

- audit findings, audit reports and the appointment of external auditors including an assessment of their performance, independence and objectivity
- approving the audit fee of the external auditors
- reports of external auditors
- evaluation of the performance of the Group financial director
- adequacy and effectiveness of the Group's enterprise-wide risk management policies, processes and mitigating strategies
- internal controls in place, through consultation with internal and external auditors
- governance of information technology (IT) and the effectiveness of the Group's information systems
- quarterly and annual financial and operational reports, the annual financial statements and all other widely distributed documents
- mandatory term limits on the period that the lead audit partner of the external auditors may serve the Group
- the nature, scope and extent of audit and any non-audit services which the external auditors may provide to the Group
- undertaking the prescribed functions (in terms of section 94(7) of the Companies Act of South Africa) on behalf of the Group and all subsidiary companies
- overseeing internal audit
- assisting the board on the going concern statement
- accounting policies of the Group
- compliance with applicable legislation, requirements of appropriate regulatory authorities
- the integrity of the integrated annual report (by ensuring that its content is reliable and recommending it to the board for approval)
- receiving and dealing appropriately with any complaints relating to the accounting practices and internal audit of the Group, or to the content or auditing of its financial statements, or to any related matter
- considering and recommending to the Board the need to engage external assurance providers to provide assurance on the accuracy and completeness of integrated sustainability reporting
- performing any other functions as may be determined by the board.

The committee is responsible for facilitating the relationship with the external auditors and for monitoring the non-audit services provided by the external auditors. The external auditors have direct access to the chairman of the committee and attend all meetings of the committee ensuring that auditors are able to maintain their independence. The chairman of the committee is expected to attend the AGM in order to answer any questions that shareholders may have relevant to the committee's areas of responsibility. The committee is responsible for recommending the appointment of a firm of external auditors to the board who in turn will recommend the appointment to the shareholders. The committee is also responsible for determining that the designated appointee has the necessary experience, qualifications and skills and that the audit fee is adequate. The audit and risk committee is satisfied that the external auditors, the respective audit partner and the internal audit department observed the highest level of business and professional ethics and independence. Rotation of the engagement partner responsible for the external audit happens every five years.

Committee members have unlimited access to all information, documents and explanations required in the discharge of their duties. This authority has been extended to internal and external auditors.

The committee has, in addition to its other duties, also satisfied itself as to the appropriateness of the experience and expertise of the Group financial director as required in terms of the JSE Listings Requirements and the entire financial function.

The board is satisfied that the committee has been equipped to properly fulfil its duties going forward.

The statutory report of the committee as required by the Act can be found on pages 52 to 53 of the integrated annual report.

Mr CD Stein, an independent non-executive director is a member of the audit and risk committee and chairman of the board. The other two members of the audit and risk committee are also independent non-executive directors.

REMUNERATION AND NOMINATIONS COMMITTEE

At the time of publishing the integrated annual report, the composition of the remuneration and nomination committee was as follows:

Mr IM Groves *(Chairman)*
Mr CD Stein.

Summary attendance table of members at the remuneration and nomination committee meetings during the financial year ended 28 February 2017:

Member	20/04/2016	21/07/2016
IM Groves	P	P
CD Stein	P	P
In Attendance		
SD Gottschalk	P	P
V Morais	P	P
C Sack	P	P
C Middlemiss	P	P

Key:
P: Present
A: Apology

The committee is primarily responsible for assisting the board in formulating remuneration and other employment policies as well as the remuneration philosophy of the Group and to structure appropriate remuneration packages for executive directors, based on industry standards and the best interests of all parties concerned. The objective is to ensure that remuneration is fair and appropriate to attract, retain and motivate individuals of high calibre to run the Group successfully and to ensure that executive directors are fairly rewarded for their individual contribution to the Group's operating and financial performance in line with its corporate objectives and business strategy. The committee regularly consults with a range of external independent advisers on market information and remuneration trends to ensure that the remuneration is aligned with the industry and market benchmarks. The committee also assists the board in the nomination of new board candidates and ensuring regular assessment of board performance. The committee's terms of reference ensure that, for board appointments, a rigorous, fair and open nomination and appointment process is established which will promote meritocracy in the boardroom and support strong corporate performance. The committee leads that process and makes recommendations to the board.

Although the chairman of the Board is not the chairman of the remuneration and nominations committee, when matters pertaining to nominations are discussed, the chairman of the Board chairs this portion of the meeting, as required by the JSE Listings Requirements.

As there are only two members on the remuneration and nominations committee, any decisions which have a tie vote are escalated to the board for resolution.

SOCIAL AND ETHICS COMMITTEE

At the time of publishing the integrated annual report, the composition of the social and ethics committee was as follows:

Mr VW Mcobothi	*(Chairman)*
Mr IM Groves	
Mr SD Gottschalk	

It is the duty of this committee, among other things, to monitor and review:

- the Group's directors and staff comply with the Group's Code of Ethics
- the Group practices labour and employment policies that comply with the terms of the International Labour Organisation (ILO) protocol on decent work and working conditions
- the Group ensures the continued training and skills development of its employees
- the Group performs its responsibilities in respect of social and ethics matters in line with relevant policies and that these policies are reviewed on an annual basis, or as required
- an annual work plan to ensure it met all of its statutory requirements.

It is the responsibility of this committee, to ensure, among other things, that:

- the Group discharges its statutory duties in respect of section 72 of the Act dealing with the structure and composition of board sub-committees
- the Group upholds the goals of the Organisation of Economic Co-operation and Development (OECD) recommendations regarding corruption
- the Group complies with the Employment Equity Act (as amended) and the Broad-based Black Economic Empowerment Act (as amended).

Summary attendance table of members at the social and ethics committee meetings during the financial year ended 28 February 2017:

Member	20/04/2016	20/07/2016
VW Mcobothi	P	P
IM Groves	P	P
SD Gottschalk	P	P
In Attendance		
V Morais	P	P
M Padiyachy	P	P
C Sack	P	P
C Middlemiss	P	P

Key:

P: Present
A: Apology

FINANCIAL

STATEMENTS

DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the Group's state of affairs as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and its subsidiaries and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the businesses are conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year to 28 February 2018 and, in light of this review and the current financial position, are satisfied that the businesses have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the external auditors and their report is presented on page 54.

The consolidated and separate financial statements set out on pages 59 to 123, which have been prepared on the going concern basis, were approved by the Board on 13 June 2017 and were signed on its behalf by:

CD Stein
Chairman

SD Gottschalk
Chief executive officer

PREPARATION AND LEVEL OF ASSURANCE

The consolidated and separate annual financial statements have been prepared under the supervision of Mr CL Sack CA(SA), the Group's financial director, and have been audited by Baker Tilly SVG in compliance with the Companies Act of South Africa.

Date published: 15 June 2017.

CERTIFICATION BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the Group has, in respect of the financial year reported upon, lodged with the Companies and Intellectual Property Commission all returns required of a public group in terms of the Act and that all such returns are true, correct and up to date.

Claire Middlemiss

On behalf of:
iThemba Governance and Statutory Solutions Proprietary Limited

13 June 2017

AUDIT AND RISK COMMITTEE REPORT

for the year ended 28 February 2017

BACKGROUND

The audit committee has formal terms of reference which set out the committee's Board-approved charter. The Board is satisfied that the committee has complied with these terms and its responsibilities as recommended by King III and in accordance with the Companies Act of South Africa and the JSE Listings Requirements.

MEMBERSHIP

The committee comprises three independent non-executive directors who collectively possess the knowledge and experience to fulfil the audit committee function. Membership and attendance of audit committee members are reflected on page 45 of the integrated annual report.

SCOPE AND OBJECTIVES

The scope and objectives of the committee are as follows:

- consider and nominate to the Board, the appointments and/or termination of the external auditors, including an assessment of their performance, independence and objectivity;
- determine the audit fee of the external auditors;
- consider and set mandatory term limits on the period that the lead audit partner of the external auditors may serve the Group;
- determine the nature, scope and extent of audit and any non-audit services which the external auditors may provide to the Group;
- review half-year interim results and consolidated and separate financial statements before submission to the Board;
- assess the experience and expertise of the Group's financial director;
- undertake the prescribed functions (in terms of section 94(7) of the Companies Act of South Africa) on behalf of the Group and all subsidiary companies;
- the appointment, assessment and dismissal of the Chief audit executive;
- the approval of the internal audit plan and the staffing and objectives of the internal audit function;
- ensure that the internal audit function is subject to an independent quality review to ensure that the function remains effective and is able to discharge its duty of assisting and advising the audit and risk committee and the Board;
- ensure that the internal audit function is appropriately resourced and has an appropriate budget;
- ensure that the combined assurance model is appropriate to address all significant risks facing the Group;
- ensure that the activities allocated to internal audit in terms of the combined assurance plan are included in the scope of coverage and in the internal audit plan;
- confirm with external audit that the work performed by them will warrant reliance in terms of the combined assurance plan;
- monitor the relationship between the external and internal assurance providers and the Group;
- review both internal and external auditors' reports;
- review fraud risk and whistle-blower arrangements and consider any complaints;
- review policies and procedures for preventing and detecting of fraud;
- establish that management is adhering to, and continually improving internal controls;
- consider information technology risks and controls, business continuity and data recovery related to IT, and information security and privacy;
- review the going concern statement and make recommendations to the Board; and
- perform any other functions as may be determined by the Board.

During the year, the committee performed the following activities:

- considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence;
- received and reviewed reports from both the internal and external auditors concerning the effectiveness of internal controls, systems and procedures;
- reviewed the reports of both the internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management resulting in their concerns being addressed;

- made appropriate recommendations to the Board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- reviewed and recommended for adoption by the Board, financial information that is publicly disclosed which included;
- reviewed results for the year ended 28 February 2017 and interim results for the six months ended 31 August 2016;
- approved the internal audit plan and the staffing and objectives of the internal audit function;
- ensured that the internal audit function was appropriately resourced and had an appropriate budget;
- monitored the appropriateness of the Group's combined assurance model;
- ensured that significant risks were adequately addressed and that suitable controls exist to mitigate and reduce those risks;
- encouraged cooperation between external and internal audit and ensured that the area of assurance overlap was such that it optimised the combined assurance obtained from these assurance providers;
- reviewed IT managers' infrastructure, applications and governance reports; and
- reviewed the Group's risk management processes and assessed the key risks, the likelihood and the impact thereof, and any associated mitigating controls.

The audit committee is of the opinion that the objectives of the committee were met during the year under review. Where weaknesses in specific controls had been identified, management undertook to implement appropriate corrective actions to mitigate the weakness identified.

EXTERNAL AUDIT

The committee has satisfied itself that the external auditor, Baker Tilly SVG, was independent of the Company, as set out in sections 90(2)(c) and 94(8) of the Companies Act of South Africa, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the external auditor that internal governance processes within Baker Tilly SVG support and demonstrate their claim to independence.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 28 February 2017.

There is a formal written policy and procedure that governs the process whereby the external auditor is considered for non-audit services. The committee approved the terms of the written policy for the provision of non-audit services by the external auditor, and approved the nature and extent of non-audit services that the external auditor may provide.

The committee has nominated for reappointment at the annual general meeting, Baker Tilly SVG as the external auditor of Value Group Limited for the financial year ending 28 February 2018. It has further satisfied itself that the audit firm is accredited to appear on the JSE list of accredited auditors.

GROUP FINANCIAL DIRECTOR

The committee has reviewed the performance, experience and expertise of the Group financial director, Mr CL Sack, and confirms his suitability to carry out his duties as financial director in terms of the JSE Listings Requirements. In addition, the committee is satisfied that the financial director is adequately supported by qualified and competent staff.

INTEGRATED ANNUAL REPORT

The audit committee has evaluated the integrated annual report encompassing the consolidated and separate financial statements for the year ended 28 February 2017 and considers that it complies, in all material respects, with the requirements of the Companies Act of South Africa and International Financial Reporting Standards. The committee therefore recommended this report for approval to the Board. The Board has subsequently approved this integrated annual report which will be open for discussion at the forthcoming annual general meeting.

IM Groves

Audit and risk committee chairman

13 June 2017

INDEPENDENT AUDITOR'S REPORT

for the year ended 28 February 2017

To the Shareholders of Value Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Value Group Limited and its subsidiaries (the Group) set out on pages 59 to 123, which comprise the consolidated and separate statements of financial position as at 28 February 2017, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 28 February 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consolidated Financial Statements

Key Audit Matter	**How our audit addressed the key audit matter**
Valuation of property, plant and equipment	
Property, plant and equipment, including full maintenance lease assets, is carried at cost less accumulated depreciation and any impairment losses. Depreciation is calculated so as to write down the cost to the residual value over their useful lives. The residual value and the useful life of each asset is reviewed at each financial year end, and includes a number of estimates and judgements which the group makes. The property, plant & equipment, particularly motor vehicles and forklifts, is a significant asset for the group due to its carrying value, the nature of its business, and the annual depreciation charge having a material impact on reported profits. As a result, the valuation of property, plant and equipment was significant to our audit. Further information on the judgements applied are contained in note 1.1 to the consolidated financial statements. The accounting policy, including the average useful lives is disclosed in notes 1.3 and 1.4 to the consolidated financial statements, and a summary of the carrying values and depreciation is disclosed in note 2 to the consolidated financial statements.	The company performs an annual formal assessment of the useful lives and residual values of all its vehicles, which we assess as part of the audit. This assessment includes the following procedures: - Considering management's justification of the useful lives, depreciation method and residual values applied to the various categories of assets, and corroborating the assumptions and judgements applied; - Comparing expected useful lives to historical useful lives; - Physically inspecting the assets and considering the condition thereof; - Assessing residual values by comparison to published market information and statistics, and historically achieved sales prices; - Recalculating the depreciation charge for the year; and - Assessing the competence, capabilities and objectivity of the expert used in the calculation of residual values and useful lives of buildings. We found the judgements applied were sound and appropriate, and accordingly concurred with management's assessment. We also evaluated the disclosure of property, plant & equipment, the significant judgements applied and sources of estimation uncertainty in the annual financial statements, and found it to be appropriate.

Key Audit Matter	How our audit addressed the key audit matter
Recognition and measurement of Business Combinations entered into during the year	
The group acquired Key Distributors Proprietary Limited ("Key") in the current financial year. The consolidated financial statements include disclosures relating to this business combination, including its accounting policy under note 1.2 and various disclosures as required by IFRS 3, Business Combinations, under note 31. Accounting for a business combination includes significant judgements regarding the recognition and measurement of assets and liabilities acquired as part of the acquisition, as detailed in note 1.1. The acquisition of Key is especially significant to the current year's results, adding revenue of R484,0m and net profit before tax of R8,5m, and recognising assets of R91,6m including calculated goodwill, and liabilities of R 58,9m. This was therefore considered significant to our audit.	We inspected the purchase agreements and assessed management's determination of the date of acquisition and the fair value of assets and liabilities acquired on that date. We also reviewed independent audit verification work performed on these balances and assessed the adequacy thereof. Our audit procedures on the completeness of the transaction entries and the fair values recognised included the following: - We obtained management's calculations and adjustments in respect of the identifiable assets acquired and liabilities assumed; - Using the agreements, and the audited financial statements and/or accounting records of the company acquired, we assessed whether all the assets and liabilities of the acquired company had been identified and recorded; - We assessed management's calculations of the fair values of the assets and liabilities assumed, re-performing the calculations where necessary and considering the appropriateness of the models and techniques applied. We further assessed compliance with the disclosure requirements of IFRS 3, Business Combinations as detailed in notes 1.1, 1.2 and 31. We are satisfied that the disclosures are adequate, and that the group has appropriately complied with all the accounting requirements regarding business combinations.
Testing goodwill for impairment	
Total goodwill of R27,2m has arisen as a result of the acquisitions made by the Group. As required by IFRS, the group performs an annual impairment test on the recoverability of the goodwill. Impairment exists if the carrying amount of the cash generating unit to which the goodwill relates, exceeds its recoverable amount. The recoverable amount is defined as the higher of the cash generating unit's fair value less cost of disposal and its value in use. Th annual impairment test was significant to our audit as the goodwill balance of R27,2m is material to the consolidated financial statements and the impairment test is complex and highly judgemental. As detailed in note 1.1, significant judgement is required by the directors in determining key assumptions to use in a cash flow forecast model, including the expected period of cash flows, and the discount and growth rates. Further information on the key inputs and recoverable amounts relating to the cash generating unit is also disclosed in note 4.	Our tests on the key assumptions included the following audit procedures: - Evaluation whether the model complies with the requirements of IAS 36: Impairment of Assets; - Comparing the inputs for the discounted cash flow to forecasted and historical information; - Evaluating the key assumptions used to forecast cash flows based on expected and historical performance; - Assessing the reasonability of the period used to forecast cash flows; - Using the above information, challenging management on the key assumptions used in the cash flow forecasts and discount rate; - Assessing the individual components of the discount rate by comparison to market variables and by applying our own sensitivity analysis; and - Assessing the model's results based on a range of possible outcomes. We found the goodwill impairment assessments to be reasonable and fair. These indicated that an impairment of goodwill of R7m was necessary. The disclosure of Goodwill, the judgements applied and the key assumptions applied in the annual financial statements were evaluated and found to be appropriate.

Key Audit Matter	How our audit addressed the key audit matter
Assessment of the insurance cell captive - accounting policy and prior year error	
As detailed in note 1.1 and note 33, the basis on which the insurance operation was consolidated was subject to judgement regarding the contractual terms governing that entity as assessed under IFRS 10: Consolidated Financial Statements. In light of new information obtained by the group in the current financial year, the group has de-consolidated its insurance cell, and accounted for a prior year error in respect thereof. The matter was considered significant to the annual financial statements, as it affects a number of previously reported statement of financial position and statement of cash flow amounts.	Our assessment on the accounting policy and de-consolidation included the following audit procedures: • Evaluating the new information obtained regarding the group's contractual terms, in light of the requirements of IFRS 10: Consolidated Financial Statements; • Obtaining an opinion from an IFRS expert regarding the treatment of the insurance cell captive, which has now been classified as a financial asset at fair value through profit or loss - designated; • Assessing the expert opinion obtained in regard to the accounting treatment historically, and the deconsolidation of the operation now required in terms of this new information; • Scrutinising the prior year adjustment processed, including the disclosures made, for compliance with the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors; and • Checking the mathematical calculation of the adjustment processed. We found the deconsolidation treatment to be correct, and the adjustment as a prior year error to have been correctly determined and disclosed. The judgement applied by management was found to be appropriate in light of the new information obtained.

Separate Financial Statements

No key audit matters were identified with regards to the separate financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report which includes the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Baker Tilly SVG has been the auditor of Value Group Limited for 20 years.

Baker Tilly SVG

L Vroom
Partner
Registered Auditor
13 June 2017
Illovo

DIRECTORS' REPORT for the year ended 28 February 2017

The directors have pleasure in submitting their report together with the consolidated and separate financial statements for the year ended 28 February 2017.

NATURE OF THE BUSINESS

Value Group Limited is a holding company whose shares are listed on the JSE Limited (JSE). Subsidiary companies 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 RESULTS

The financial results and state of affairs of the Group and Company are fully set out in the consolidated and separate financial statements.

Revenue improved by 20% from R2,043 billion to R2,452 billion, however gross profit margin decreased from 39,1% to 32,93%. Gross profit of R808 million was generated (2016: R798 million).

Headline earnings increased by 66% from 37,2 cents per share to 61,9 cents per share.

Further commentary on the financial results is provided in the chairman's statement and the combined Chief executive officer's and Group financial director's report.

AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes to the authorised share capital in the current year.

During the year, 243 660 (2016: nil) shares were purchased for the Value Group Share Incentive Scheme.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to year end, 1,86 million shares were acquired and are currently held in treasury. R7,3 million was spent on all the above share purchases.

An agreement of sale, for the property acquired on the business combination of Key Distributors Proprietary Limited, was concluded on 5 May 2017. Refer to note 11 for further details.

The directors are not aware of any matter or circumstance, not otherwise dealt with in this report or the consolidated and separate financial statements, which would affect the operations of the Group and the Company or the results of those operations significantly.

DIRECTORS' INTEREST IN SHARE CAPITAL OF THE COMPANY

The directors' interest in the issued share capital of the Company is tabled in note 30.

DIRECTORS' REMUNERATION

Details of the remuneration paid to directors of the Company are tabled in note 18.

DIRECTORS' INTEREST IN CONTRACTS

No material contracts involving directors' interests were entered into in the current financial year other than the transactions detailed in notes 18, 26, 29 and 30.

SHARE INCENTIVE SCHEMES

The Value Group Share Incentive Trust owns 983 450 (2016: 739 790) ordinary shares in Value Group Limited. These shares represent 0,5% (2016: 0,38%) of the total issued share capital.

The Value Group Empowerment Trust owns 10 429 010 (2016: 10 429 010) A ordinary shares in Value Group Limited. These shares represent 5,3% (2016: 5,3%) of the total issued share capital of the Company.

These shares, along with those held by the companies controlled by Dr NM Phosa and Mr M Padiyachy are classified as treasury shares in the statement of financial position.

Further details of options/units granted to employees and directors are disclosed in note 29.

The BEE ownership transactions which were concluded almost seven years ago mature in the current financial year. Due to the depressed Group's share price, however, the BEE entities' funding liabilities exceeds the equity values. Consequently, the Board intends to propose a 5 year extension to the transactions which will require shareholder approval. The remaining BEE transaction terms will remain the same. This will provide an opportunity for the BEE individuals concerned to participate in the equity of the Group once the share price improves.

DIVIDENDS

Dividend number 19 of 12 cents per share was declared on 11 May 2016 and paid on 4 July 2016 to shareholders registered on 24 June 2016.

Dividend number 20 of 6 cents per share was declared on 19 October 2016 and paid on 23 January 2017 to shareholders registered on 17 January 2017.

Dividend number 21 of 18 cents per share was declared on 11 May 2017 and will be paid on 3 July 2017 to shareholders registered on 27 June 2017.

DIRECTORATE, SECRETARY AND AUDITORS

The names of the directors in office at the date of this report are set out on pages 32 and 33.

Information pertaining to the company secretary is set out on company information (IBC).

Information pertaining to the Group's auditors, Baker Tilly SVG, is set out on company information (IBC).

BUSINESS COMBINATION

Effective 1 March 2016, the Group acquired 100% of the ordinary share capital of Key Distributors Proprietary Limited. Further details on this acquisition can be found in note 31 of the consolidated financial statements.

INTEREST IN SUBSIDIARIES

Details of the Company's subsidiaries are set out in note 2 of the Company's financial statements (refer page 119). The Company's interest in the after tax income of the subsidiaries amounted to R88,1 million (2016: R55,3 million).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 28 February 2017

R'000	Notes	2017	Restated 2016	Restated 2015
ASSETS				
Non-current assets		**1 028 466**	1 074 448	1 052 840
Property, vehicles, plant and equipment	2	**990 573**	1 039 515	1 022 644
Intangible assets	3	**12 655**	17 415	25 261
Goodwill	4	**20 152**	10 670	-
Loan receivable	5	**1 568**	1 776	1 568
Equity-accounted investees	6	**357**	313	234
Deferred tax	7	**3 161**	4 759	3 133
Current assets		**502 371**	438 562	441 644
Inventories	8	**67 033**	59 993	51 743
Trade and other receivables	9	**298 900**	276 124	262 255
Other financial assets	16	**8 434**	8 983	7 004
Current tax receivable		**1 551**	2 120	2 328
Cash and cash equivalents	10	**126 453**	91 342	118 314
Non-current assets held for sale	11	**10 701**	156	951
Total assets		**1 541 538**	1 513 166	1 495 435
EQUITY AND LIABILITIES				
Equity		**799 598**	741 161	726 014
Share capital and premium	12	**10 839**	10 839	10 851
Treasury shares		**(97 817)**	(97 021)	(134 777)
Foreign currency translation reserve		**179**	371	16
Share-based payment reserve		**30 792**	27 184	23 891
Retained income		**861 345**	800 794	826 305
Equity attributable to owners of the Company		**805 338**	742 167	726 286
Non-controlling interests		**(5 740)**	(1 006)	(272)
Non-current liabilities		**308 336**	342 956	355 447
Interest-bearing borrowings	13	**121 341**	163 346	181 230
Non interest-bearing borrowings	14	**5 803**	1 774	-
Deferred tax	7	**181 192**	177 836	174 217
Current liabilities		**433 604**	429 049	413 974
Trade and other payables	15	**345 291**	323 508	311 335
Current portion of interest-bearing borrowings	13	**77 703**	101 144	101 973
Current portion of non interest-bearing borrowings	14	**9 804**	3 802	-
Other financial liability	16	**123**	-	317
Current tax payable		**161**	147	-
Shareholders for dividend		**522**	448	349
Total equity and liabilities		**1 541 538**	1 513 166	1 495 435

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2017

R'000	Notes	2017	Restated 2016
Revenue	17	**2 452 766**	2 043 994
Cost of sales		**(1 645 066)**	(1 245 627)
Gross profit		**807 700**	798 367
Other income		**25 092**	17 890
Operating expenses		**(697 378)**	(730 616)
Operating profit	18	**135 414**	85 641
Share of profit of equity-accounted investees		**44**	79
Fair value adjustment of investment	16	**(509)**	1 939
Investment income	19	**17 751**	14 060
Finance costs	20	**(32 353)**	(30 932)
Net profit before taxation		**120 347**	70 787
Taxation	21	**(36 740)**	(16 602)
Net profit for the year		**83 607**	54 185
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign currency translation differences		**(192)**	355
Total comprehensive income for the year		**83 415**	54 540
Net profit for the year attributable to:			
Owners of the Company		**88 341**	54 919
Non-controlling interests		**(4 734)**	(734)
		83 607	54 185
Total comprehensive income for the year attributable to:			
Owners of the Company		**88 149**	55 274
Non-controlling interests		**(4 734)**	(734)
		83 415	54 540
EARNINGS PER ORDINARY SHARE (CENTS)			
- basic		**57,2**	35,4
- diluted basic		**57,2**	35,4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2017

R'000	Share capital and share premium	Treasury shares	Foreign currency translation reserve	Share based payment reserve	Retained income	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 28 February 2015	10 851	(134 777)	16	23 891	826 385	726 366	(272)	726 094
- Effect of restatement (Refer note 33)	-	-	-	-	(80)	(80)	-	(80)
Restated balance at 28 February 2015	10 851	(134 777)	16	23 891	826 305	726 286	(272)	726 014
Transactions with owners	(12)	37 756	-	-	(80 430)	(42 686)	-	(42 686)
- Dividends paid	-	-	-	-	(26 246)	(26 246)	-	(26 246)
- Treasury shares acquired	-	(16 440)	-	-	-	(16 440)	-	(16 440)
- Shares cancelled	(12)	54 196	-	-	(54 184)	-	-	-
Total comprehensive income for the year	-	-	355	3 293	54 919	58 567	(734)	57 833
- Net profit for the year	-	-	-	-	54 919	54 919	(734)	54 185
- Previously reported	-	-	-	-	54 929	54 929	(734)	54 195
- Effect of restatement (Refer note 33)	-	-	-	-	(10)	(10)	-	(10)
- Share-based payment expense	-	-	-	3 293	-	3 293	-	3 293
- Foreign currency translation differences	-	-	355	-	-	355	-	355
Restated balance at 29 February 2016	**10 839**	**(97 021)**	**371**	**27 184**	**800 794**	**742 167**	**(1 006)**	**741 161**
Transactions with owners	**-**	**(796)**	**-**	**-**	**(27 790)**	**(28 586)**	**-**	**(28 586)**
- Dividends paid	**-**	**-**	**-**	**-**	**(27 790)**	**(27 790)**	**-**	**(27 790)**
- Treasury shares acquired	**-**	**(796)**	**-**	**-**	**-**	**(796)**	**-**	**(796)**
Total comprehensive income for the year	**-**	**-**	**(192)**	**3 608**	**88 341**	**91 757**	**(4 734)**	**87 023**
- Net profit for the year	**-**	**-**	**-**	**-**	**88 341**	**88 341**	**(4 734)**	**83 607**
- Share based payment expense	**-**	**-**	**-**	**3 608**	**-**	**3 608**	**-**	**3 608**
- Foreign currency translation differences	**-**	**-**	**(192)**	**-**	**-**	**(192)**	**-**	**(192)**
Balance at 28 February 2017	**10 839**	**(97 817)**	**179**	**30 792**	**861 345**	**805 338**	**(5 740)**	**799 598**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2017

R'000	Notes	2017	Restated 2016
Cash flows from operating activities		**197 435**	176 703
Cash generated by operations before proceeds on disposal of rental assets	i	**239 010**	181 989
Proceeds on disposal of rental assets		**35 129**	52 063
Investment income		**17 751**	14 060
Finance costs		**(32 353)**	(30 932)
Taxation paid	ii	**(34 386)**	(14 330)
Dividends paid	iii	**(27 716)**	(26 147)
Cash flows from investing activities		**(95 603)**	(168 830)
Purchase of property, vehicles, plant and equipment		**(81 027)**	(160 127)
Purchase of intangible assets		**(5 050)**	(3 796)
Proceeds on disposal of property, vehicles, plant and equipment		**3 622**	1 303
Proceeds on disposal of non-current assets held for sale		**829**	1 925
Payment of vendor - Core Logistix acquisition		**(3 802)**	-
Movement in other financial asset		**-**	(1 938)
Acquisition of subsidiaries	iv	**(10 175)**	(6 197)
Cash flow from financing activities		**(66 500)**	(35 153)
Repayment of loans		**(66 467)**	(18 713)
Loans raised		**761**	-
Treasury shares acquired		**(794)**	(16 440)
Net change in cash and cash equivalents		**35 332**	(27 280)
Translation difference		**(221)**	308
Cash and cash equivalents at beginning of the year		**91 342**	118 314
Cash and cash equivalents at end of the year	10	**126 453**	91 342

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2017

R'000		2017	Restated 2016
i	**Cash generated from operations**		
	Net profit before taxation	**120 347**	70 787
	Adjustments for:		
	Depreciation	**99 247**	102 911
	Amortisation of intangible assets	**9 801**	11 618
	Impairment of goodwill	**7 079**	-
	Impairment of rental vehicles held for sale	**222**	2 252
	Investment income	**(17 751)**	(14 060)
	Fair value adjustment to loan receivable	**208**	(208)
	Finance costs	**32 353**	30 932
	Straight-line rental expense	**(261)**	(11 620)
	Loss on disposal of property, vehicles, plant and equipment	**2 049**	3 703
	Loss on disposal of non-current assets held for sale	**43**	91
	Loss on disposal of intangible assets	**9**	24
	Profit on disposal of rental assets	**(4 663)**	(12 860)
	Fair value adjustment relating to forward exchange contracts	**164**	(358)
	Fair value adjustment of insurance cell	**509**	-
	Foreign currency translation movement	**268**	(314)
	Share-based payment expense	**3 608**	3 293
	Share of profit of equity-accounted investees	**(44)**	(79)
	Cash generated by operations before movements in working capital	**253 188**	186 112
	Movements in working capital:		
	Inventories	**26 514**	(14 018)
	Trade and other receivables	**(8 039)**	(13 811)
	Trade and other payables	**(32 653)**	23 706
	Cash generated by operations before proceeds on disposal of rental assets	**239 010**	181 989

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2017

	R'000	2017	Restated 2016
ii	**Taxation paid**		
	Opening balance	**1 973**	2 328
	Taxation per note 21	**(33 403)**	(14 685)
	Acquired with subsidiary	**(1 566)**	-
	Closing balance	**(1 390)**	(1 973)
		(34 386)	(14 330)
iii	**Dividends paid**		
	Charge to the statement of changes in equity	**(27 790)**	(26 246)
	Movement in shareholders for dividend	**74**	99
		(27 716)	(26 147)

iv	**Acquisition of subsidiaries**		
	The fair values of assets acquired and liabilities assumed of Key Distributors (2016: Core Logistix) were as follows:	**2017 Key Distributors**	2016 Core Logistix
	- Goodwill	**16 561**	10 670
	- Property, plant and equipment	**14 034**	1 103
	- Inventories	**36 816**	-
	- Trade receivables	**14 736**	-
	- Cash and cash equivalents	**9 433**	900
	- Total liabilities	**(58 900)**	-
	Total purchase consideration	**32 680**	12 673
	Purchase price paid in cash	**(19 608)**	(7 097)
	Less: cash of subsidiary acquired	**9 433**	900
	Cash paid net of cash acquired	**(10 175)**	(6 197)

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous year, except for the consolidation of the insurance cell captive, which is now recognised as a financial instrument designated at fair value through profit or loss. Refer 'Assessment of control' below and note 33.

The financial statements have been prepared in South African Rand, which is the functional currency.

All the financial information has been rounded to the nearest thousand Rand, except where otherwise stated.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Assessment of control

The Group is considered to exercise control over an entity, or division of that entity, in which it does not have a majority stake when it has the ability to control the activities of that operation and to earn variable returns from it. In all other cases where the Group does have a majority stake, control was assessed ensuring that the Group has power over the entity, exposure to variable returns and the ability to affect the amount of the returns from it. The subsidiaries, associate and joint venture are disclosed in note 2 of the Company financial statements. In addition, the Group controls special purpose entities which are consolidated. Refer to note 12 and 29.

The Group has determined that its insurance operations, conducted through a cell captive vehicle, can no longer be classified as a deemed separate entity under IFRS 10, as it has been established that the cell captive's assets and liabilities are not legally ring-fenced from the insurer's creditors. The cell captive has therefore not been consolidated. The Group has accounted for its investment as a financial asset at fair value through profit or loss in accordance with IAS 39, and a prior year adjustment has been disclosed for this error. Refer to note 33.

Business combination

Business combinations concluded during the period required the use of judgements in determining the fair values of the assets acquired and liabilities assumed and in determining the fair value of the purchase price of the business. Contingent considerations recognised for business combinations required estimates and judgements. Refer to note 14 for contingent considerations. Refer to note 31 for business combinations concluded during the period.

Property, vehicles, plant and equipment and IT software

Property, vehicles, plant and equipment and IT software are depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Useful lives are disclosed in note 1.3. The effect of the change in estimate is disclosed in note 2.

Impairment testing

Property, vehicles, plant and equipment and IT software are considered for impairment if there is a reason to believe that an impairment may be necessary. The future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value. No items of property, vehicles, plant and equipment and IT software were impaired in the current year. Refer to note 2 and 3 for carrying values.

Goodwill is tested on an annual basis for impairment. The recoverable amount of goodwill was calculated by determining its value in use through the discounted cash flow method. Assumptions regarding future growth in profitability, cash applied to the business and the free cash generated by the business were discounted using an appropriate risk-adjusted rate.

The following key assumptions were applied:

- the financial budget was used for the first year and a growth rate of 4% for Core Logistix (Pty) Ltd and 6% for Key Distributors (Pty) Ltd was used to 5 years and no growth thereafter;
- a pre-tax discount rate of 16% for Core Logistix (Pty) Ltd and 18% for Key Distributors (Pty) Ltd reflecting the specific risks of the cash generating units;
- a forecast period of ten years , which the directors believe is justified as it is a reasonable minimum period to expect the business (cash generating unit) to continue operating; and
- the discount rate was calculated by using a risk-free rate adjusted for risk factors.

Details of goodwill are contained in note 4.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. Refer to note 21.

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces. Refer to note 7 for details of unrecognised tax losses.

Trade receivables, loans receivable and other receivables

The Group assesses its trade receivables, loans receivable and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Refer to note 5 for details of the loan receivable.

The impairment for trade receivables, loans receivable and other receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. Refer to note 9 for further details on the impairment of trade receivables.

Provision for customer claims

Customer claims relate to distribution related damages and losses. Whilst management consider that the gross provision for customer claims are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events which may result in significant adjustments to the amounts provided. Provision for customer claims are detailed in note 15.

Options granted

Management uses the Black-Scholes-Merton pricing model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 29 and accounting policy 1.11.

Allowance for slow moving, damaged and obsolete inventories

An allowance is raised to write down inventories to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write-down is included in profit and loss. Refer to note 8 for impairments and the carrying value of inventories at net realisable value.

Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

Due to the nature of the investment in the insurance cell captive, specifically the significant composition of the liquid assets and liabilities, the net asset value is seen to be the most appropriate representation of fair value. The net asset value is used as a valuation technique where the underlying assets and liabilities have been assessed to represent the fair value of the investment. Refer to note 28 for details on the fair value inputs and levels.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. Refer to notes 9 and 15.

1.2 Business combinations, consolidation and goodwill

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group accounts for business combinations by applying the acquisition method.

Intercompany transactions and balances are eliminated on consolidation.

Goodwill is initially measured at cost, being the excess of the cost of the business combination and the non-controlling interests over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Cost includes contingent consideration. An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably. Goodwill is recognised separately as an intangible asset.

Subsequently goodwill acquired in a business combination is carried at cost less any accumulated impairment.

Goodwill is tested annually for impairment and whenever there is an indicator of impairment. For the purposes of impairment testing goodwill is allocated to cash-generating units expected to benefit from the business combination in which the goodwill arose. An impairment loss is recognised if the carrying amount of the cash-generating unit exceeds its recoverable amount.

Any impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit, and then to the remaining assets pro-rata based on the carrying value of each asset.

Impairment losses on goodwill are not reversed.

The excess of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

1.3 Property, vehicles, plant and equipment

Property, vehicles, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

The cost of an item of property, vehicles, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, vehicles, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, vehicles, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, vehicles, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, vehicles, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, vehicles, plant and equipment to write-down the cost to the residual value on a straight-line basis over their useful lives as follows:

Item	*Average useful life*
• Buildings	50 years
• Plant and equipment	5 to 20 years
• Office furniture and equipment	6 to 15 years
• Motor vehicles and accessories	5 to 16 years
• Computer equipment	5 years
• Leasehold improvements	5 to 10 years
• Forklifts	10 years

The residual value and the useful life of each asset is reviewed at each financial year end. Changes are accounted for as a change in accounting estimate.

Each part of an item of property, vehicles, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, vehicles, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, vehicles, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the Group holds for rentals to others and subsequently routinely sells as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available for sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cashflows on these assets are included in cashflows from operating activities in the cashflow statement.

1.4 Full maintenance lease assets

Full maintenance lease assets are items of property, vehicles, plant and equipment which are leased to customers where the Group retains substantially all the risks and rewards of ownership.

The cost of full maintenance lease assets includes the purchase cost and other expenditure that is directly attributable to the acquisition of the assets to bring them into working condition for their intended use.

Full maintenance lease assets are stated at historical cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all full maintenance lease assets to write-down the cost to the residual value on a straight-line basis over their useful lives as follows:

Item	*Average useful life*
• Motor vehicles and accessories	5 to 16 years
• Forklifts	10 years

The residual value and the useful life of each asset is reviewed at each financial year end.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of a full maintenance lease asset is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of a full maintenance lease asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each financial year end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	*Average useful life*
• IT software	5 years

1.6 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets/liabilities at fair value through profit or loss – held-for-trading i.e. cash and cash equivalents and forward exchange contracts
- Financial assets/liabilities at fair value through profit or loss – designated i.e. investment in insurance cell captive
- Loans and receivables i.e. trade and loan receivables
- Financial liabilities measured at amortised cost i.e. all financial liabilities.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. For financial instruments which are not derivatives or designated as at fair value through profit or loss, classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those measured at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is charged to the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Fair value determination

If the market for a financial asset is not active the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans receivable

Loans with fixed or determinable repayment terms are classified as a loan and receivable.

These financial assets are initially recognised at fair value plus direct transaction costs. Differences on initial recognition between the transaction price and the fair value are recognised in profit or loss.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable, an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. These are initially and subsequently recorded at fair value.

Cash and cash equivalents are classified as held-for-trading financial assets.

Investment in insurance cell captive

The investment in the insurance cell captive is measured on initial recognition at fair value, and subsequently measured at fair value through profit and loss.

Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method. Differences on initial recognition between the transaction price and the fair value are recognised in profit or loss.

Bank overdrafts are initially and subsequently measured at fair value.

Derivatives

Derivative financial instruments which are not designated as hedging instruments, consisting of foreign exchange contracts are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets or financial liabilities through profit or loss-held for trading.

1.7 Inventories

Inventories include beverages, merchandise for sale, forklifts, fuel and maintenance spares, and vehicles and forklifts which previously formed part of the rental fleet.

Property, vehicles, plant and equipment that are held for rental to others, and are routinely sold, are transferred to inventory at their carrying amount when they cease to be rented and become held for sale. On this date depreciation ceases and they are subsequently measured at the lower of their carrying amount or net realisable value.

Beverages, fuel and maintenance spares are measured at cost on the first-in first-out basis. Provision is made for maintenance spares which are obsolete.

Forklifts and vehicles are measured at the lower of cost or net realisable value, on the specific identification basis.

Merchandise for sale is measured at the lower of cost and net realisable value on the weighted average basis.

Rebates and discounts that have been received as a reduction in the purchase price of inventories are taken into consideration in the measurement of the cost of the inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

1.8 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale when their carrying amounts are to be recovered through a sale transaction rather than through continuing use. All such assets are disclosed as held for sale if:

- they are available for immediate sale in their present condition;
- management is committed to the sale and the sale is highly probable; and
- the sale of the asset is expected to be recognised as a completed sale within one year of classification as held for sale.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A non-current asset is not depreciated while it is classified as held for sale.

1.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss, in operating expenses.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset, other than goodwill, attributable to a reversal of an impairment loss, does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation, other than goodwill, is recognised immediately in profit or loss.

The accounting policy for testing impairment losses on goodwill have been detailed in notes 1.1 and 1.2.

1.10 Share capital and equity

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares and A ordinary shares are classified as equity.

Treasury shares

Where any Group company purchases the Company's equity share capital as treasury shares, or where any special purpose entity holds the Company's equity share capital and is consolidated, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

1.11 Share-based payments

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options/units is recognised as an expense on a straight-line basis over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options/units granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Fair value is determined using the Black-Scholes-Merton pricing model. The expected life used in this model is adjusted for the effects of non-transferability, exercise restrictions and behavioural considerations. Non-market vesting conditions are included in assumptions about the number of options/units that are expected to become exercisable. At each reporting date, the Group revises its estimates of the number of options/units that are expected to become exercisable.

The revision of original estimates, including forfeitures, if any, are recognised in the statement of comprehensive income, with a corresponding adjustment to equity at the end of each reporting period.

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount at the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of comprehensive income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the year they are incurred.

Finance leases – lessee

Finance leases are recognised as assets in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation within interest-bearing borrowings.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.13 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.14 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Provisions are reversed when it is no longer probable that an outflow of resources will be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. There were no significant contingencies at year end.

1.15 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of goods comprise the sale of merchandise, rental assets and forklifts. Revenue from the sale of merchandise, rental assets and forklifts is recognised when delivery to the buyer has taken place.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the statement of financial position date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from the rendering of services comprises distribution, transport, clearing and forwarding, warehousing, container and fleet management, forklift and commercial vehicle rental and insurance commission.

Revenue from forklift and commercial vehicle rental is recognised when the vehicle is returned and the kilometres travelled are known. Revenue from transport and distribution is recognised when the parcel reaches the destination. Revenue from clearing and forwarding is recognised when all fees and costs can be determined as this is when a reliable measure of revenue is available. Revenue from warehousing is recognised at every month end. Revenue from insurance commission is recognised on conclusion of the insurance contract. Revenue from container and fleet management are recognised over the period stipulated in the management agreement.

Revenue excludes investment income, trade discounts allowed, rebates allowed and value added tax.

Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

Dividends are recognised, in profit or loss, when the Group's right to receive payment has been established.

Interest and dividends are not earned as part of the ordinary activities of the Group. Interest and dividends are recognised in investment income and other income as appropriate.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. There were no qualifying assets for the period under review.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave and bonuses), are recognised as an expense in profit or loss in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Foreign operations

The financial statements of foreign operations in the Group are translated into South African Rand as follows:

- assets and liabilities at the rates of exchange ruling at the reporting date;
- income, expenditure and cash flow items at the weighted average rate of exchange during the accounting period;
- equity at historical rates;
- differences arising on translation are recognised in other comprehensive income and disclosed as a foreign currency translation reserve;
- if a foreign operation is disposed of in full, the relevant amount in the foreign currency translation reserve is recognised in the statement of comprehensive income; and
- differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income in the foreign currency translation reserve.

1.19 Investments in subsidiaries

Consolidated financial statements

The consolidated financial statements include those of the Company and its subsidiaries. The results of the subsidiaries are included from the effective date control was acquired up to the date effective control ceased.

On acquisition, the Group recognises the subsidiary’s identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held for sale, which are recognised at fair value less costs to sell. Further details are contained in accounting policy 1.2.

1.20 Investments in equity-accounted investees

An associate is an entity over which the Group has the ability to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the company, generally accompanying a shareholding embodying between 20% and 50% of the voting rights.

Profits, losses and other comprehensive income in the associate are recognised using the equity method of accounting from the effective date that significant influence was obtained until the effective date that significant influence ceased. Investments in associates are carried at cost and adjusted for any post-acquisition profits or losses. If impaired, the carrying value of the Group's share in the associate is written down to its estimated recoverable amount.

A joint venture is an arrangement whereby the parties that have joint control over an entity have rights to the net assets of the jointly controlled entity. Joint control exists when there is a contractually agreed sharing of control over an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An interest in a joint venture is accounted for using the equity method. Under the equity method, interests in the joint venture are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest therein.

1.21 Segment analysis

A segment is a distinguishable component of the Group that is engaged in providing products or services which are subject to risks and rewards that are different from those of other segments. The primary basis for reporting segment information is business segments and the secondary basis is by significant geographical region, which is representative of the internal structure used for management reporting.

Segment results include revenue and expenses directly attributable to a segment whether from external transactions or from transactions with other Group segments.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

1.22 Fair value measurement

The Group measures financial instruments, such as derivatives and certain investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can assess at measurement date

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

R'000	2017 Cost	2017 Accumulated depreciation	2017 Carrying value
2. PROPERTY, VEHICLES, PLANT AND EQUIPMENT			
Owned Assets			
Property	39 722	(2 778)	36 944
Plant and equipment	150 270	(63 504)	86 766
Motor vehicles and accessories	888 237	(315 316)	572 921
Office furniture and equipment	35 810	(29 398)	6 412
Computer equipment	100 590	(78 478)	22 112
Forklifts	355 830	(94 125)	261 705
Leasehold improvements	18 151	(14 708)	3 443
	1 588 610	**(598 307)**	**990 303**
Computer equipment - leased	10 956	(10 686)	270
Total	**1 599 566**	**(608 993)**	**990 573**

	Opening carrying value	Additions	Additions through business combination
2017			
Owned Assets			
Property	36 720	306	10 600
Plant and equipment	84 778	13 495	395
Motor vehicles and accessories	637 103	11 294	2 764
Office furniture and equipment	6 672	2 359	206
Computer equipment	29 016	5 895	68
Forklifts	240 732	46 353	-
Leasehold improvements	2 838	1 325	-
	1 037 859	**81 027**	**14 033**
Computer equipment - leased	1 656	-	-
Total	**1 039 515**	**81 027**	**14 033**
2016			
Property	36 939	-	-
Plant and equipment	68 324	26 768	60
Motor vehicles and accessories	676 844	54 461	-
Office furniture and equipment	5 738	3 848	329
Computer equipment	27 311	14 110	714
Forklifts	200 605	59 669	-
Leasehold improvements	3 030	1 271	-
	1 018 791	160 127	1 103
Computer equipment - leased	3 853	-	-
Total	1 022 644	160 127	1 103

Depreciation decreased by R4 634 000 in the current year (2016: increased by R691 000) due to a change in the estimated residual values of certain asset categories. Certain property, vehicles, plant and equipment are encumbered as stated in notes 13 and 28.

Included in property, plant and equipment are motor vehicles of R29 748 000 (2016: R34 811 000) and forklifts of R 155 409 000 (2016: R142 447 000) which are subject to full maintenance operating leases. Depreciation for these assets amounted to R 14 184 000 (2016: R11 128 000). Refer to note 25.3 for commitments in respect of these leases.

Cost	2016 Accumulated depreciation	Carrying value
39 416	(2 696)	36 720
137 246	(52 468)	84 778
929 376	(292 273)	637 103
34 236	(27 564)	6 672
94 607	(65 591)	29 016
316 985	(76 253)	240 732
16 994	(14 156)	2 838
1 568 860	(531 001)	1 037 859
10 956	(9 300)	1 656
1 579 816	(540 301)	1 039 515

Transfers	**Transfers to inventory and non-current assets held for sale**	**Disposals**	**Depreciation**	**Adjustment for translation of foreign operation**	**Closing carrying value**
-	(10 543)	-	(139)	-	36 944
(113)	-	(300)	(11 489)	-	86 766
113	(24 809)	(4 636)	(48 797)	(111)	572 921
-	-	(81)	(2 744)	-	6 412
-	-	(109)	(12 758)	-	22 112
-	(3 491)	(543)	(21 216)	(130)	261 705
-	-	(2)	(718)	-	3 443
-	**(38 843)**	**(5 671)**	**(97 861)**	**(241)**	**990 303**
-	-	-	(1 386)	-	270
-	**(38 843)**	**(5 671)**	**(99 247)**	**(241)**	**990 573**
-	-	-	(219)	-	36 720
-	-	(88)	(10 286)	-	84 778
-	(35 303)	(4 331)	(54 783)	215	637 103
11	-	(92)	(3 162)	-	6 672
(11)	-	(246)	(12 862)	-	29 016
-	(1 605)	(249)	(17 939)	251	240 732
-	-	-	(1 463)	-	2 838
-	(36 908)	(5 006)	(100 714)	466	1 037 859
-	-	-	(2 197)	-	1 656
-	(36 908)	(5 006)	(102 911)	466	1 039 515

R'000	2017	2016
3. INTANGIBLE ASSETS		
Acquired IT software		
– Cost	**108 479**	103 531
– Accumulated amortisation and impairment	**(95 824)**	(86 116)
	12 655	17 415
Acquired IT software		
– Carrying value at beginning of the year	**17 415**	25 261
– Additions at cost	**5 050**	3 796
– Disposals at cost	**(102)**	(5 867)
– Disposals accumulated amortisation	**93**	5 843
– Current amortisation - included in operating expenses	**(9 801)**	(11 618)
Carrying value at end of the year	**12 655**	17 415

Since 2010, the Group has implemented the financial, workshop, truck rental, linehaul and material handling equipment rental modules of Embrace software. The carrying value of this software is R1 326 000 (2016: R2 427 000). The maximum remaining amortisation period of this software is 5 years (2016 – 5 years).

	2017	2016
4. GOODWILL		
Core Logistix business	**3 591**	10 670
Key Distributors business	**16 561**	-
	20 152	10 670

The Company performs an annual test for impairment of the cash-generating units to which goodwill is attributed. The recoverable amount of the businesses (cash generating units) has been determined based on a value-in-use calculation. The calculations use cash flow projections based on financial budgets approved by management and a discount rate calculated using a risk free rate adjusted for risk factors. Cash flows have been projected for a period of 10 years using growth rates. These growth rates, for the initial 5 years, were derived from management-approved budgets. Management believe that a 10 year forecast period is justified due to the long-term nature of logistics-related businesses.

R'000	2017	2016
4. GOODWILL (continued)		
A. Core Logistix business		
- Cost	**10 670**	10 670
- Accumulated impairment	**(7 079)**	-
	3 591	10 670
Carrying value at beginning of the year	**10 670**	-
Addition through business combination	**-**	10 670
Impairment of goodwill	**(7 079)**	-
Carrying value at end of the year	**3 591**	10 670

The impairment test calculation used a discount rate of 16% (2016: 13%). The financial budget was used for the first year and a growth rate of 4% was used to 5 years and no growth thereafter (2016: 12% for the first two years and at 6% thereafter).

The impairment calculations performed estimated the recoverable amount (value in use) of the business at R4 478 000 (2016: R16 366 000). As this amount is less than the net asset value of the business, an impairment of goodwill of R7 079 000 associated to the business has been recognised. The reason for the significant change in the variables is due to the business not being profitable which has a negative impact on the future projected cashflows.

This goodwill, and the impairment thereof, is included in the General distribution operating segment.

	2017	2016
B. Key Distributors business		
- Cost	**16 561**	-
- Accumulated impairment	**-**	-
	16 561	-
Carrying value at beginning of the year	**-**	-
Addition through business combination	**16 561**	-
Carrying value at end of the year	**16 561**	-

The impairment test calculation used a discount rate of 18%. The financial budget was used for the first year and a growth rate of 6% was used to 5 years and no growth thereafter.

The impairment calculations performed estimated the recoverable amount of the business at R34 117 000. As this amount is greater than the net asset value of the business, no impairment of goodwill associated to the business is considered necessary.

Management believes that any reasonable change in any of these key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

R'000	2017	2016
5. LOAN RECEIVABLE		
SKR Marketing CC	**1 568**	1 776

This loan is interest free. The loan has been discounted to present value and interest is accounted for at 9% to account for the financing element. An extension of payment terms was granted during the current financial year as the loan was advanced as a social development initiative. Consequently, the loan is repayable by 31 March 2019 (2016: Repayable by 31 March 2017). The entity is a related party, as disclosed in note 26.

The loan is classified as a loan and receivable and therefore measured at amortised cost. The fair value of the loan approximates the carrying amount.

The credit quality of the loan receivable can be assessed by reference to historical information about counterparty default rates and the securities obtained. The members of the corporation have bound themselves jointly and severally as surety and co-principal debtor for the loan. There have been no defaults in the past.

The maximum exposure to credit risk is the fair value of the loan shown above.

R'000	2017	2016
6. EQUITY-ACCOUNTED INVESTEES		
Interest in associate	**187**	173
Interest in joint venture	**170**	140
	357	313
A. Interest in associate		
Value SA Proprietary Limited		
Shares at cost, representing a 30% interest	*	*
Share of retained income	**187**	173
- Balance at beginning of the year	**173**	154
- Group's share of net profit after tax	**14**	19
	187	173

Value SA Proprietary Limited is involved in the business of procuring maintenance, transport, forklift hire, warehousing services, car rental and other transport, distribution and logistics related contracts from national government, provincial governments and parastatals. The principal place of business is South Africa.

R'000	2017	2016
6. EQUITY-ACCOUNTED INVESTEES (continued)		
B. Interest in joint venture		
Value Logistics (Hong Kong) Co. Limited		
Shares at cost, representing a 50% interest	**45**	45
Share of retained income	**125**	95
- Balance at beginning of the year	**95**	35
- Group's share of net profit after tax	**30**	60
	170	140

Value Logistics (Hong Kong) Co. Limited is a joint venture operation which assists the Group's and its joint venture partner's international forwarding and forwarding-related business. The principal place of business is China. Control of the joint venture is governed by contractual arrangements which require unanimous consent of decisions governing the operations of the venture.

Directors' valuation of unlisted investments R357 000 (2016: R313 000).

The separate financial statements of these entities are not material to the Group.

**Nominal amount*

R'000	2017	2016
7. DEFERRED TAX		
Balance at beginning of the year	**173 077**	171 084
Temporary differences	**3 337**	2 813
Translation difference	**-**	76
Addition through business combination	**1 617**	-
Assessed loss recognised	**-**	(896)
Balance at the end of the year	**178 031**	173 077

R'000	2017	2016
7. DEFERRED TAX (continued)		
Analysis of significant temporary differences:		
Accelerated allowances on property, vehicles, plant and equipment	**200 959**	198 169
Finance lease obligation	**(13)**	(58)
Future rental expense payable	**(1 631)**	(1 526)
Bad debt provision	**(5 919)**	(4 472)
Accruals and provisions	**(16 979)**	(17 960)
Fair value adjustments	**1 579**	(233)
Tax losses	**-**	(896)
Unrealised foreign exchange differences	**35**	53
	178 031	173 077
Comprising:		
Deferred tax liability	**181 192**	177 836
Deferred tax asset	**(3 161)**	(4 759)
Balance at end of year	**178 031**	173 077

The amount of tax losses and other temporary differences for which no deferred tax asset was recognised amounts to R14 405 000 (2016:nil).

R'000	2017	2016
8. INVENTORIES		
Maintenance spares	**10 057**	15 341
- Cost	**14 918**	21 332
- Impairments	**(4 861)**	(5 991)
Forklifts	**2 693**	26 618
Fuel	**5 085**	6 562
Rental vehicles held for sale	**7 220**	9 707
– Opening carrying value	**9 707**	15 461
– Impairments	**(222)**	(2 252)
– Transfer from property, vehicles, plant and equipment	**23 935**	34 082
– Disposals	**(26 200)**	(37 584)

R'000	2017	2016
8. INVENTORIES (continued)		
Rental forklifts held for sale	**952**	1 727
– Opening carrying value	**1 727**	1 741
– Transfer from property, vehicles, plant and equipment	**3 491**	1 605
– Disposals	**(4 266)**	(1 619)
Merchandise for sale	**41 026**	-
Beverages	**-**	38
	67 033	59 993
Included in cost of sales is inventory to the value of:	**478 144**	62 614
Carrying value of inventories carried at net realisable value:	**4 537**	2 351
None of the inventory items reflected above have been pledged as security.		

9. TRADE AND OTHER RECEIVABLES

Trade receivables	**291 996**	270 120
VAT receivable	**1 408**	447
Other receivables	**5 496**	5 557
	298 900	276 124

Credit quality of trade receivables

The credit quality of trade receivables that are neither past due, nor impaired is assessed by reference to external credit ratings where available or to historical information about counterparty default rates.

External credit ratings are obtained through the use of a credit vetting agency and/or by obtaining references from the customer's existing suppliers. The Group generally enters into credit agreements with larger companies that have a sound credit standing.

Historic levels of customer defaults are minimal and as a result the credit quality of year-end trade receivables which are not past due is considered to be high.

Trade and other receivables are classified as loans and receivables.

R'000	2017	2016
9. TRADE AND OTHER RECEIVABLES (continued)		
Trade receivables past due but not impaired		
At year end the following amounts were past due but not impaired:		
- Over 60 days	**15 823**	3 330
- Over 90 days	**12 181**	11 555
Total past due but not impaired	**28 004**	14 885
Trade receivables impaired		
At year end the following trade receivables were impaired and provided for:		
- Current	**8 415**	3 256
- Over 30 days	**1 030**	126
- Over 60 days	**3 486**	1 771
- Over 90 days	**28 664**	19 314
Total impaired and provided for	**41 595**	24 467
Reconciliation of provision for impairment of trade receivables		
Opening balance	**24 467**	22 984
Increase through business combination	**759**	-
Additional provision for impairment	**20 891**	2 898
Amounts written off as uncollectable	**(4 522)**	(1 415)
	41 595	24 467

The creation and release of the provision for impaired trade receivables has been included in operating expenses in the statement of comprehensive income (note 18). The provision was calculated based on the days outstanding, the activity on the account and the amount expected to be recovered.

Amounts charged to the allowance account are generally written off when there is no expectation of recovering any further amounts.

	2017	2016
Fair value of trade and other receivables	**298 900**	276 124

Trade receivables of R280 063 000 (2016: R264 233 000) have been ceded to First National Bank, a division of First Rand Limited as security for banking facilities granted. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

R'000	2017	Restated 2016
10. CASH AND CASH EQUIVALENTS		
Cash on hand	**696**	892
Bank balances	**125 757**	90 450
	126 453	91 342

Cash and cash equivalents are classified as held-for-trading financial assets. Cash and cash equivalents are measured at fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount.

The Group only deposits with major banks with high quality credit standing assigned by internationally recognised credit rating agencies. For this reason the credit quality at year-end of cash and cash equivalents are considered to be high.

	2017	Restated 2016
11. NON-CURRENT ASSETS HELD FOR SALE		
Motor vehicles and accessories	**158**	156
Property	**10 543**	-
	10 701	156
A. Motor vehicles and accessories		
– Net book value at beginning of the year	**156**	951
– Transfers from property, vehicles, plant and equipment	**874**	1 221
– Disposals	**(872)**	(2 016)
Net book value at end of the year	**158**	156

In line with the Group's replacement policy, motor vehicles which need to be replaced are identified and disposed of within 12 months.

	2017	Restated 2016
B. Property		
– Net book value at beginning of the year	**-**	-
– Transfers from property, vehicles, plant and equipment	**10 543**	-
– Disposals	**-**	-
Net book value at end of the year	**10 543**	-

This property was acquired as a result of the business combination of Key Distributors Proprietary Limited. In order to realise the synergies of the business combination, through the use of the Value Group's facilities and infrastructure, Key has moved its Johannesburg operations into the Group's premises and the sale of this property was commenced. An agreement of sale for the property was concluded on 5 May 2017. No gain or loss was realised on the sale of the property.

R'000	2017	2016
12 SHARE CAPITAL AND PREMIUM		
Authorised share capital		
500 000 000 ordinary shares of 0,1 cent each	**500**	500
10 429 010 A ordinary shares of 0,1 cent each	**10**	10
Issued share capital		
186 427 478 ordinary shares of 0,1 cent each	**186**	186
10 429 010 A ordinary shares of 0,1 cent each	**10**	10
Share premium	**10 643**	10 643
	10 839	10 839

Special rights relating to A ordinary shares

The A ordinary shares rank pari passu with the ordinary shares in respect of voting rights, but do not participate in distributions by the Company to its shareholders until converted into ordinary shares. The A ordinary shares are unlisted, and will automatically convert into ordinary shares on a one-for-one basis on the seventh anniversary of the BEE scheme effective date, subject to repurchase rights held by the Company. The Company intends to extend the scheme by a further five years, and a circular will be sent to shareholders in this regard for approval.

Number of shares

	2017	2016
Movement in issued ordinary shares		
Number of shares outstanding at the beginning of the period	**186 427 478**	198 627 386
Shares cancelled	**-**	(12 199 908)
Number of shares outstanding at the end of the period	**186 427 478**	186 427 478
Treasury Shares		
Ordinary shares		
Shares held by special purpose entities (BEE shares)		
Diplobuzz Investments (RF) Proprietary Limited	**6 257 406**	6 257 406
Opsiweb Investments (RF) Proprietary Limited	**14 600 614**	14 600 614
The Value Group Share Incentive Trust	**983 450**	739 790
- Opening balance	**739 790**	739 790
- Acquired during the year	**243 660**	-

Number of shares (continued)	2017	2016
Shares held by subsidiary company (Treasury shares)		
Value Logistics Limited	**10 440 262**	10 440 262
- Opening balance	**10 440 262**	18 707 521
- Acquired during the year	**-**	3 932 649
- Shares cancelled	**-**	(12 199 908)
	32 281 732	32 038 072
Average price paid for repurchased shares (Rands per share)	**3,26**	4,18
A Ordinary Shares		
Shares held by special purpose entities (BEE shares)		
The Value Group Empowerment Trust	**10 429 010**	10 429 010

Subsequent to year end an additional 1,86 million shares were acquired for R7,3 million, and are currently held in treasury.

R'000	2017	2016
13 INTEREST-BEARING BORROWINGS		
Instalment sales agreements		
Liabilities under instalment sale agreements, which bear interest at rates varying between the prime bank overdraft rate and 1,25% below the prime bank overdraft rate (2016: rates between 0,7% below the prime bank overdraft rate and 1,25% below the prime bank overdraft rate). The loans are repayable in monthly instalments of R8 453 000 (2016: R9 502 000) and are secured by vehicles having a carrying value of R265 175 000 (2016: R364 885 000) as included in note 2.	**159 817**	249 157
Mortgage bonds		
Loans secured by mortgage bonds over property having a carrying value of R17 129 000 (2016: R36 720 000). The loans bear interest at the prime bank overdraft rate (2016: rates varied from the prime bank overdraft rate less 0,5% and the prime bank overdraft rate less 1%) and are repayable by May 2021 (2016: September 2022). Interest payments for the year totalled R 2 773 000. Capital repayments will commence in July 2018. (2016: monthly payments of R228 000).	**38 880**	13 438

R'000	2017	2016
13. INTEREST-BEARING BORROWINGS (continued)		
Finance lease obligation		
The Group entered into finance leases for computer hardware in 2012 and 2013. The leases are secured by computer hardware, the carrying value of which is disclosed in note 2. The lease term is five years and the average effective borrowing rate is 5%, which was fixed at the contract date. The liability is repayable in one instalment amounting to R350 000 (2016: quarterly repayments of R620 000).	**347**	1 895
Minimum lease payments due:		
- Within one year	**350**	1 591
- In second to fifth year inclusive	**-**	350
- Future finance charges	**(3)**	(46)
	199 044	264 490
Long-term portion of interest-bearing borrowings	**121 341**	163 346
Current portion of interest-bearing borrowings	**77 703**	101 144
	199 044	264 490

The Company and its subsidiaries have unlimited borrowing powers in terms of their memorandum of incorporation.
Interest-bearing borrowings are stated at amortised cost. The fair value of interest-bearing borrowings approximates the carrying amount.

R'000	2017	2016
14. NON INTEREST-BEARING BORROWINGS		
Vendor for acquisition - Core Logistix acquisition		
This liability was raised in favour of Nucleus Chain Stores Proprietary Limited ("Nucleus"). This liability was outstanding under a contingent consideration arrangement and has now been settled.	**-**	3 802
Vendor for acquisition - Key Distributors acquisition		
This liability has been raised in favour of the previous owners of Key Distributors. This liability is outstanding under a contingent consideration arrangement. Additional information regarding the payment arrangement can be found in note 31 of these financial statements.	**13 072**	-
Amounts owing to outside shareholder		
Unsecured, interest free loan. The loan is only repayable subject to the approval of all the directors and shareholders of Core Logistix Proprietary Limited and various other requirements.	**2 535**	1 774
	15 607	5 576
Long term portion of non interest-bearing borrowings	**5 803**	1 774
Current portion of non interest-bearing borrowings	**9 804**	3 802
	15 607	5 576

R'000	2017	Restated 2016
15. TRADE AND OTHER PAYABLES		
Trade payables	**223 548**	204 219
Provision for claims	**14 479**	14 460
VAT	**17 459**	17 723
Other payables	**89 805**	87 106
	345 291	323 508

Trade and other payables are measured at amortised cost. Other payables consist of payroll liabilities and rates and taxes payable in the ordinary course of business and a lease smoothing liability.
Changes in the provision for customer claims are reconciled as follows:

	2017	Restated 2016
- Carrying value at beginning of the year	**14 460**	15 717
- Charged to profit and loss	**222**	(958)
- Amounts provided	**3 871**	6 947
- Unused amounts reversed	**(3 649)**	(7 905)
- Amounts utilised	**(203)**	(299)
- Carrying value at end of the year	**14 479**	14 460

Customer claims, which relate to distribution damages and losses, are assessed and paid on an ongoing basis. The circumstances and validity of claims are investigated and provided for where liability is probable.

R'000	2017	Restated 2016
16. OTHER FINANCIAL ASSET / (LIABILITY)		
Mark to market of foreign exchange contracts	**(123)**	41
Investment in insurance cell captive	**8 434**	8 942
- Opening fair value	**8 943**	7 003
- Fair value adjustment	**(509)**	1 939
	8 311	8 983

Other financial assets / (liabilities) are stated at fair value.

Investment in insurance cell (unconsolidated structured entity):
The investment in the insurance cell relates to a preference share investment in an insurance operation with Mutual and Federal in which a subsidiary of the Group holds a 99% economic interest. The subsidiary also acts as an agent for the cell, in return for which it earns insurance commission. The cell insures the Group's activities and is also used for customer insurance.

The investment has been designated at fair value through profit or loss as it is managed on a fair value basis, so as to maximise the Group's total return from dividends and changes in the fair value of this investment.

The maximum exposure to loss is the current carrying value of the cell captive as reflected above. Additional information on the credit risk of the cell is contained in note 28.

Refer to note 33 for further information on the recognition of this investment, which was previously consolidated.

R'000	2017	Restated 2016
16 OTHER FINANCIAL ASSET / (LIABILITY) (continued)		
Loss incurred and income received:		
During the financial year, the Group recognised the following gains and losses in profit and loss from its interests in the insurance cell captive:		
- Fair value adjustment	**(509)**	1 939
- Other income - dividends received	**7 772**	3 920
- Insurance commission earned	**2 013**	2 289
Total income	**9 276**	8 148
17. REVENUE		
Services rendered	**1 895 021**	1 956 335
Sale of goods	**520 603**	33 308
Sale of assets held for rental	**35 129**	52 062
Insurance commission	**2 013**	2 289
	2 452 766	2 043 994
18. OPERATING PROFIT ON ORDINARY ACTIVITIES IS STATED AFTER:		
Impairment of goodwill	**7 079**	-
Depreciation	**99 247**	102 911
Amortisation of intangible assets	**9 801**	11 618
Impairment of trade and other receivables	**20 891**	2 898
(Reversal of impairment) / impairment of inventories	**(908)**	1 257
Loss on disposal of property, vehicles, plant and equipment	**2 049**	3 703
Loss on disposal of non-current assets held for sale	**43**	91
Loss on disposal of intangible assets	**9**	24
Profit on disposal of rental assets	**(4 663)**	(12 860)
Loss on foreign exchange	**1 324**	5 050
Lease rentals	**172 713**	160 361
– Premises	**166 859**	157 284
– Equipment	**5 854**	3 077
Retirement benefit costs		
– Defined contribution plan expense	**35 666**	38 847
Staff costs	**635 006**	672 745
Other income	**(25 092)**	(17 890)
- Dividend received	**(7 772)**	(3 920)
- Recoveries	**(12 618)**	(11 440)
- Rent received	**(2 382)**	(2 341)
- Other	**(2 320)**	(189)

R'000	Fees for services	Basic salaries	Bonuses	Allow-ances	Provident fund contribu-tions	Other	Fair value of options granted	Total
18. OPERATING PROFIT ON ORDINARY ACTIVITIES IS STATED AFTER: (continued)								
Directors remuneration 2017								
Executive								
SD Gottschalk	**-**	**3 765**	**2 000**	**127**	**-**	**108**	**-**	**6 000**
CL Sack	**-**	**3 569**	**2 023**	**78**	**197**	**123**	**1 075**	**7 065**
M Padiyachy	**-**	**2 237**	**1 292**	**97**	**121**	**129**	**-**	**3 876**
	-	**9 571**	**5 315**	**302**	**318**	**360**	**1 075**	**16 941**
Non-executive								
CD Stein	**722**	**-**	**-**	**-**	**-**	**-**	**-**	**722**
IM Groves	**668**	**-**	**-**	**-**	**-**	**-**	**-**	**668**
NM Phosa	**456**	**-**	**-**	**-**	**-**	**-**	**-**	**456**
VW Mcobothi	**425**	**-**	**-**	**-**	**-**	**-**	**-**	**425**
	2 271	**-**	**-**	**-**	**-**	**-**	**-**	**2 271**
Total	**2 271**	**9 571**	**5 315**	**302**	**318**	**360**	**1 075**	**19 212**
Directors remuneration 2016								
Executive								
SD Gottschalk	-	3 788	-	127	-	85	-	4 000
CL Sack	-	3 640	-	78	302	76	-	4 096
M Padiyachy	-	2 232	-	97	185	70	-	2 584
	-	9 660	-	302	487	231	-	10 680
Non-executive								
CD Stein	754	-	-	-	-	-	-	754
IM Groves	658	-	-	-	-	-	-	658
NM Phosa	458	-	-	-	-	-	-	458
VW Mcobothi	440	-	-	-	-	-	-	440
	2 310	-	-	-	-	-	-	2 310
Total	2 310	9 660	-	302	487	231	-	12 990

Bonuses are performance-based. Details of the directors' service contracts are contained on page 44.

R'000	2017	Restated 2016
19. INVESTMENT INCOME		
Interest received on loans and deposits	**1 594**	883
Deemed interest arising from revenue on extended payment terms	**16 157**	13 177
	17 751	14 060
20. FINANCE COSTS		
Long-term borrowings	**21 328**	21 744
Deemed finance cost arising from purchases on extended payment terms	**8 515**	7 513
Bank and short-term borrowings	**2 368**	1 494
Other	**142**	181
	32 353	30 932
21. TAXATION		
South African normal tax		
– Current year	**33 403**	14 550
– Other taxes	**-**	135
	33 403	14 685
Deferred tax		
– Current year	**3 337**	1 917
Tax for the year	**36 740**	16 602
Reconciliation of rate of taxation	**%**	**%**
South African normal tax rate	**28,0**	28,0
Adjusted for:		
– Learnership allowances and employee tax incentive	**(2,0)**	(3,8)
– Exempt dividend income	**(1,8)**	(2,3)
– Disallowed expenditure*	**0,3**	-
– Non-deductible share based payment expense	**0,8**	1,3
– Non-deductible goodwill	**1,6**	-
– Capital gains taxed at the CGT rate	**(0,1)**	-
– Securities transfer tax	**-**	0,2
– Unrecognised computed tax losses and deferred tax assets	**3,6**	(0,2)
– Effect of tax rates in foreign jurisdictions	**0,1**	0,3
Effective rate	**30,5**	23,5

*Disallowed expenditure consists of fines, penalties, legal and consulting fees of a capital nature and leasehold depreciation.
The estimated tax losses available for set-off against future taxable income is R10 627 000 (2016:nil).

22. EARNINGS AND HEADLINE EARNINGS PER SHARE

	2017	2016
EARNINGS PER ORDINARY SHARE (CENTS)		
- basic	**57,2**	35,4
- headline	**61,9**	37,2
- diluted basic	**57,2**	35,4
- diluted headline	**61,9**	37,1
R'000		
The calculation of attributable and headline earnings per share is based on the weighted average number of ordinary shares. The calculation is reconciled as follows:		
IAS 33 Earnings (on which basic earnings per share is based)	**88 341**	54 919
IAS 16 Loss on disposal of property, vehicles, plant and equipment, Gross: R2 049 000 (2016: R3 703 000), less taxation	**1 522**	2 694
IFRS 5 Loss on disposal of non-current assets held for sale, Gross: R43 000 (2016: R91 000), less taxation	**31**	66
IAS 38 Loss on disposal of intangible assets, Gross: R9 000 (2016: R24 000), less taxation	**6**	17
IAS 36 Goodwill impairment, Gross: R7 079 000, less minority interest	**5 663**	-
Headline earnings	**95 563**	57 696

	2017	2016
NUMBER OF SHARES		
Weighted average shares outstanding		
Weighted average shares outstanding for basic and headline earnings per share	**154 388 749**	155 216 667
Potentially dilutive ordinary shares resulting from outstanding options	**-**	139 407
Weighted average shares outstanding for diluted and diluted headline earnings per share	**154 388 749**	155 356 074
Number of options that could dilute earnings per share in future periods	**29 472 084**	28 497 810

The impact of all the options issued was calculated to be anti-dilutive for the current financial year.

23. SEGMENT ANALYSIS

In terms of IFRS 8 Operating Segments the chief operating decision-maker has been identified as the Group's executive directors. Operating segments have been identified based on the Group's internal reporting reviewed by the Group's executive directors for assessing performance and making strategic decisions.

With the acquisition of Key Distributors on 1 March 2016, the Retail logistics segment has been introduced to enhance segmental reporting. The comparative segmental information has accordingly been restated for other operations involved in the wholesaling of beverage products. In addition, comparative segmental information has been restated for the effect of the deconsolidation of the Group's insurance component of its operations. Refer to note 33 for further details on the restatement of prior period reported items.

The Group's operating segments are now General distribution, Truck rental and other, Retail logistics, and Head office and other. Operational divisions with similar economic characteristics and specialised resource and infrastructure requirements have been aggregated.

The General distribution activities include break-bulk and single party distribution and warehousing services to a wide range of customers in the automotive, electronics, chemical, textile, packaging, mining, construction, telecommunications and pharmaceutical industries.

The Truck rental and other activities include fleet management, forklift and commercial vehicle rental and leasing, and clearing and forwarding.

The Retail logistics activities include the warehousing, distribution and wholesaling of a variety of FMCG products into the convenience, formal and informal sector, which consist primarily of independent traders, fuel forecourts, and small retailers.

The Head office and other activities include the costs of a management services company, financing structures, secretarial, compliance and internal audit functions and treasury. Head office costs are allocated to operating segments where appropriate.

Operating segment results have been reconciled to the Group's net profit before taxation in the tables that follow. External revenue, total assets and trade and other payables as disclosed in the segment analysis agree to the corresponding amounts as disclosed in the consolidated financial statements. Inter-segment transfer pricing is determined by management in a similar manner to transactions with third parties. Revenue from an individual customer did not exceed 10% of total Group revenue for the current year or prior year.

The Group operates primarily in South Africa and as such no geographical segments have been disclosed as economic and political conditions, relationships between operations, underlying currency risk and special risk associated with operations are similar within the different regions in South Africa.

R'000	General distribution	Truck rental and other	Retail Logistics	Head office and other	Total
23. SEGMENT ANALYSIS					
2017					
Total segment revenues	1 586 974	400 552	500 786	114 718	2 603 030
Less: Inter-segment revenues/eliminations	(6 103)	(29 850)	-	(114 311)	(150 264)
External revenues	1 580 871	370 702	500 786	407	2 452 766
Depreciation and amortisation	47 648	43 813	1 008	16 579	109 048
Trading profit	103 332	38 505	3 509	(2 853)	142 493
Goodwill impairment	(7 079)	-	-	-	(7 079)
Operating segment results	96 253	38 505	3 509	(2 853)	135 414
Share of profit of equity-accounted investees net of taxation	44	-	-	-	44
Fair value adjustment	-	-	-	(509)	(509)
Segment investment income	14 817	4 040	555	42 552	61 964
- External investment income	13 282	3 440	129	900	17 751
- Inter-segment investment income	1 535	600	426	41 652	44 213
Segment finance costs	(25 906)	(23 097)	(670)	(26 893)	(76 566)
- External finance costs	(5 998)	(1 822)	(201)	(24 332)	(32 353)
- Inter-segment finance cost	(19 908)	(21 275)	(469)	(2 561)	(44 213)
Net profit before taxation	85 208	19 448	3 394	12 297	120 347
Assets					
Property, vehicles plant and equipment	500 356	466 560	3 062	20 595	990 573
Intangible assets	2 729	1 130	54	8 742	12 655
Goodwill	3 591	-	16 561	-	20 152
Non-current assets held for sale	-	-	10 543	158	10 701
Current assets before investments and loans, deferred tax and tax in advance	204 953	117 819	63 967	105 647	492 386
	711 629	585 509	94 187	135 142	1 526 467
Loan receivable					1 568
Equity-accounted investees					357
Deferred tax asset					3 161
Other financial assets					8 434
Current tax receivable					1 551
Total assets					1 541 538
Liabilities					
Trade and other payables	162 030	81 155	51 221	50 885	345 291
Capital expenditure - Property, vehicles, plant and equipment and intangible assets	30 157	48 267	14 583	7 102	100 109

R'000	General distribution	Truck rental and other	Retail Logistics	Head office and other	Total
23. SEGMENT ANALYSIS					
2016 (restated - refer to note 33)					
Total segment revenues	1 675 620	406 491	7 798	125 617	2 215 526
Less: Inter-segment revenues/eliminations	(9 707)	(41 066)	-	(120 759)	(171 532)
External revenues	1 665 913	365 425	7 798	4 858	2 043 994
Depreciation and amortisation	49 591	44 469	55	20 414	114 529
Operating segment results	93 947	31 840	(11 585)	(28 561)	85 641
Share of profit of equity-accounted investees net of taxation	79	-	-	-	79
Fair value adjustment	-	-	-	1 939	1 939
Segment investment income	11 897	8 499	-	45 262	65 658
- External investment income	10 956	2 847	-	257	14 060
- Inter-segment investment income	941	5 652	-	45 005	51 598
Segment finance costs	(27 310)	(24 713)	(122)	(30 385)	(82 530)
- External finance costs	(5 420)	(1 720)	-	(23 792)	(30 932)
- Inter-segment finance cost	(21 890)	(22 993)	(122)	(6 593)	(51 598)
Net profit before taxation	78 613	15 626	(11 707)	(11 745)	70 787
Assets					
Property, vehicles plant and equipment	523 710	483 995	474	31 336	1 039 515
Intangible assets	2 612	1 487	62	13 254	17 415
Goodwill	10 670	-	-	-	10 670
Non-current assets held for sale	-	-	-	156	156
Current assets before investments and loans, deferred tax and tax in advance	207 924	133 460	4 668	81 407	427 459
	744 916	618 942	5 204	126 153	1 495 215
Loan receivable					1 776
Equity-accounted investees					313
Deferred tax asset					4 759
Other financial assets					8 983
Current tax receivable					2 120
Total assets					1 513 166
Liabilities					
Trade and other payables	177 476	91 131	2 172	52 729	323 508
Capital expenditure - Property, vehicles, plant and equipment and intangible assets	66 847	85 630	554	11 995	165 026

R'000	2017	2016

24. CONTINGENT LIABILITIES

	2017	2016
24.1 Letters of guarantee issued by the Group's bankers on behalf of a subsidiary company and secured by a general notarial bond over the unencumbered moveable assets (vehicles, plant and equipment) of the subsidiary company.	**31 860**	31 195

Included in the above are guarantees issued by First National Bank to a value of R 30 510 000 (2016: R31 195 000) in favour of Nedbank, who in turn have issued guarantees in favour of various third parties.

24.2 A claim has been made against a subsidiary company for R4 236 000 in respect of damages that occurred due to a motor vehicle collision. The Group is of the opinion that the claim is unsubstantiated and is vigorously defending the claim.

25. COMMITMENTS

25.1 Capital commitments contracted for

	2017	2016
Property, vehicles, plant and equipment	**10 149**	2 013
IT infrastructure development	**71**	1 283

This expenditure will be financed through internally generated funds and existing Group banking facilities.

25.2 Operating leases – as lessee

	Operating lease expense		Sub leases		Net operating lease expense	
	2017	2016	**2017**	2016	**2017**	2016
Payable within one year	**187 488**	181 685	**(14 901)**	(14 900)	**172 587**	166 785
Payable within two to five years	**781 395**	762 588	**(25 904)**	(44 069)	**755 491**	718 519
Payable thereafter	**658 598**	859 211	**-**	-	**658 598**	859 211
	1 627 481	1 803 484	**(40 805)**	(58 969)	**1 586 676**	1 744 515

Further details on the terms of renewal and escalations can be found in note 26.

The Group also sub-lets warehouse space to customers. The terms of these lease agreements range from 24 months to 48 months with annual, market-related escalations.

There are no contingent rentals receivable.

25.3 Operating leases – as lessor

In addition to the sub-leases above which are 'operating leases - as lessor', certain of the Group's vehicles and forklifts are held to generate rental income in the form of full maintenance leases as follows:

	2017	2016
Receivable within one year	**45 710**	40 735
Receivable within two to five years	**54 388**	51 749
Receivable thereafter	**-**	179
	100 098	92 663

Full maintenance lease agreements have terms ranging from 24 months to 60 months. Refer to note 2 for the carrying values of these assets.

26. RELATED PARTIES

Identity of related parties

Associate company	Value SA Proprietary Limited
Joint venture	Value Logistics (Hong Kong) Co. Limited
Entity significantly influenced by a director	SKR Marketing CC
Insurance cell controlled by the Group	Mutual and federal insurance cell captive
Directors/key management personnel	SD Gottschalk CL Sack M Padiyachy CD Stein IM Groves NM Phosa VW Mcobothi

Various property companies controlled by SD Gottschalk

Refer to note 2 on page 119 for details of Group companies and the holding Company's related party disclosures.

Transactions with related parties

Related-party transactions exist between the Group companies. These are eliminated on consolidation. All purchasing and selling transactions are concluded at arm's length.

Leases on properties have been entered into with companies controlled by a director, Mr SD Gottschalk. The risk of continuity of securing the premises, which are integral to the Group's operations, is therefore reduced. All rentals and rental escalations on these properties are determined by independent valuers taking into account the future prospects and demand for properties in the area with reference to rentals achieved and vacancy rates, as well as the condition and state of improvements of the said properties. At the request of the Board, the Group's auditors conducted an independent review of a number of the material related party leases, where it was concluded that the rental valuations formed a reasonable basis for determining the rentals on the related party leases. The lease agreements are structured as triple net leases, meaning that the Group is responsible for the payment of all rates and taxes in relation to the leased properties.

Escalations on these leases vary from 7% to 9%, and the lease periods range from month to month to 10 years. Most lease rentals are again independently assessed every two to five years and lease rentals and escalations are then adjusted to align these with current market conditions. This specific reassessment is viewed by the Group as being advantageous since this condition is not normally available in the market place. The lease commitments, where escalations are reassessed, have been calculated based on the remaining period of the various agreements by applying the estimated escalations over the full period of the lease. Where renewal is certain, future lease commitments in relation to property leases to be renewed in the 2018 financial year have been estimated.

Property lease rentals paid to companies controlled by SD Gottschalk and associated future estimated lease commitments are as follows:

	Current		Due within 1 year		Due thereafter	
R'000	**2017**	2016	**2017**	2016	**2017**	2016
South Africa	**174 460**	164 848	**184 881**	175 973	**1 432 333**	1 610 445
Namibia	**1 533**	1 444	**1 569**	1 574	**7 648**	9 503
	175 993	166 292	**186 450**	177 547	**1 439 981**	1 619 948

R'000	2017	2016
26. RELATED PARTIES (continued)		
Municipal accounts paid to companies controlled by SD Gottschalk in accordance with property lease agreements	**13 703**	15 440
Services rendered by the Group to companies controlled by SD Gottschalk	**1 953**	1 406
Revenue earned from associate company:		
- Value SA Proprietary Limited	**1 636**	2 039
Included in trade receivables are amounts receivable from related parties:		
Companies controlled by a director, SD Gottschalk	**277**	82
Associate company	**153**	180
Included in trade payables are amounts payable to related parties:		
Companies controlled by a director, SD Gottschalk	**2 795**	1 001
Loan due by related party		
- SKR Marketing CC (refer to note 5 for further information)	**1 568**	1 776

Details of the directors remuneration (key management personnel) is disclosed in note 18, the directors' interests in the share capital is disclosed in note 30 and options granted to directors are disclosed in note 29. Transactions with the insurance cell captive are disclosed in note 16.

27. RETIREMENT BENEFITS

Defined contribution plan

Currently subsidiary companies provide retirement benefits to their employees. A defined contribution provident fund, which is subject to the Pension Funds Act, exists for this purpose. The scheme is funded both by member and company contributions, which are charged to the statement of comprehensive income as they are incurred. The Group is under no obligation to cover any unfunded benefits. The Group's contribution to the above scheme was R35 666 000 (2016: R38 847 000).

Medical aid

The Group does not provide any post-retirement medical benefits.

28 RISK MANAGEMENT

Capital risk management

The capital structure of the Group consists of equity attributable to equity holders of the Group which comprises issued share capital and premium, the share-based payment reserve and accumulated profits as disclosed in the statement of changes in equity, borrowings as disclosed under note 13 and cash and cash equivalents as disclosed under note 10.

The Group's capital management objective is to meet its liquidity requirements, to repay borrowings as they fall due, to continue as a going concern, to ensure there is sufficient capital available for the funding requirements of the Group (including capital expenditure) and to maximise shareholders' returns and reduce cost of capital.

The Group is in a net current asset position at year-end, has repaid all borrowings as they fall due during the year and is able to meet its liquidity requirements. Based on the budget and forecast for the following year, the Group has sufficient capital available for its funding requirements, to maximise shareholders' returns and to continue as a going concern.

The Group's capital management policy is to hold sufficient capital as management believes is necessary to ensure that obligations can always be met on a timely basis and to maintain a positive net assets and net current assets position.

Group transactional banking facilities consist of the following:

- Short term working capital facilities of R115 million, R110 million of which is secured by a cession of trade receivables, with the remaining R5 million secured by a suretyship provided by a subsidiary.
- Guarantee facility of R40 million secured by a general notarial bond over unencumbered moveable assets (vehicles, plant and equipment) to the value of R40 million (Refer to note 2); and
- Forward exchange facilities of R8 million.

The bank balances fluctuate on a daily basis, however at year-end there was no bank overdraft.

A subsidiary of the Group has to maintain covenant ratios and metrics in relation to the banking facilities granted by the subsidiary's bankers during the 2017 financial year as follows:

- Total senior debt: EBITDA must not exceed 1.5 times; and
- Shareholders' interest must not reduce below R580 million.

These covenant conditions were met.

A subsidiary of the Group has combined asset based funding facilities of R261,6 million (2016: R314,7 million) of which R101,4 million (2016: R63,6 million) was available at year end. These facilities are secured by vehicles and IT hardware as detailed in note 13.

During the year, loan funding facilities of R38,9 million was granted to a subsidiary of the Group. This funding was partly utilised to settle the mortgage bond as detailed in note 13. This loan is secured by a mortgage bond over the Mahogany Ridge property and a subordination agreement between the subsidiary company and the Group, in favour of the bank.

The following covenants are in place as regards this mortgage bond:

- EBITDA: Net interest must not be less than 2 times; and
- Net debt: EBITDA must not exceed 2.25 times.

These covenant conditions were met.

28. RISK MANAGEMENT (continued)

Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. Management's objectives for managing risk is to minimise the Group's exposure. Market risk comprises foreign currency and interest rate risk.

Currency risk

The Group's non-South African operations are small in relation to its total operations. Where possible, foreign entities match their assets and liabilities in the same currency to avoid unnecessary currency exposures.

Fair value hedges

The Group is exposed to foreign exchange risk as it imports forklifts and spares. Hedging instruments are used to reduce the risks arising from foreign currency fluctuations against the Group's own currency.

It is the Group's policy to take out forward cover on all substantial foreign transactions, and review its foreign currency exposure, including commitments on an ongoing basis. The Group expects its foreign exchange contracts to hedge foreign exchange exposure. The Group does not use FECs for speculative purposes and does not apply cash flow hedge accounting.

Details of each outstanding forward exchange contract are as follows:

Amount in foreign currency purchased	Forward exchange rate	Maturity date
As at 28 February 2017		
46,461 Euro (EUR)	**1 EUR = 13,92 ZAR**	**30 March 2017**
19,758 Euro (EUR)	**1 EUR = 13,82 ZAR**	**04 April 2017**
As at 29 February 2016		
23,234 Euro (EUR)	1 EUR = 17,3784 ZAR	16 March 2016

At year-end the forward exchange contracts were hedging amounts payable for forklifts that were shipped free on board before year-end. Settlement of the creditor occurred after year-end. The risk being hedged is an exchange loss due to an unfavourable movement in the exchange rate between the Rand and the Euro. After the recognition of the forklifts, the forward exchange contracts will continue to hedge the trade payable.

The Group's loss on hedging instruments for the year was R929 000 (2016: loss of R4 490 000).

At 28 February 2017, if the Rand had weakened/strengthened by 10% against the various foreign currencies with all other variables held constant, pre-tax profit for the year would have been R93 000 (2016: R973 000) lower/higher.

Interest rate risk

The Group's interest rate risk arises principally from long-term borrowings. Borrowings raised at variable rates expose the Group to cash flow interest rate risk. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations, the impact on pre-tax profit of a 50 basis point shift in the interest rate would be a maximum increase/decrease of R995 000 (2016: R1 322 000). The simulation is done on a regular basis to verify that the maximum loss potential is within the limit given by management.

28. RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial assets which potentially subject the Group to concentrations of credit risk consists mainly of cash deposits, cash equivalents, trade and other receivables, investments and loans receivable.

Management's objectives for managing credit risk is to minimise the Group's exposure. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial defaults. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

Cash and cash equivalents

The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. For this reason the Group does not consider there to be any significant concentration of credit risk.

Trade and other receivables

Trade receivables comprise a widespread customer base spread across diverse industries and geographical areas. Management evaluated credit risk relating to customers on an ongoing basis. Accordingly, the Group has no significant concentration of credit risk.

Investments

Equity-accounted investees

The exposure to credit risk is not significant as the value of the investments is not material.

Investment in insurance cell

The operations of the insurance cell are carried out through a reputable company, i.e. Mutual and Federal. Mutual and Federal manages solvency of the cell by assessing and maintaining solvency ratios. In addition, Mutual and Federal have reinsurance policies in place to insure against potential shortfalls that may arise on a claim, however in the event of substantial claims subsequent to year end, a portion or all of the fair value of the investment may not be recovered and additional losses are to be recovered from future profits of the cell.

Loans receivable

This comprises a loan due from a related party, SKR Marketing CC. The exposure to credit risk is not significant as the corporation and its members have adequate resources to repay the loan. The members have bound themselves jointly and severally as surety and co-principal debtor of the loan. There have been no defaults in the past.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring cash flows. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The table below analyses the Group's financial liabilities at the financial year-end into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows.

28. RISK MANAGEMENT (continued)

R'000	Less than 1 year	Between 1 and 5 years	More than 5 years
At 28 February 2017			
Interest-bearing borrowings	**91 451**	**138 448**	**-**
Trade payables	**224 539**	**-**	**-**
Shareholders for dividend	**522**	**-**	**-**
Non interest-bearing borrowings	**9 804**	**5 803**	**-**
Other financial liability	**123**	**-**	**-**
At 29 February 2016 (Restated)			
Interest-bearing borrowings	118 977	220 290	4 026
Trade payables	205 199	-	-
Shareholders for dividend	448	-	-
Non interest-bearing borrowings	3 802	1 774	-

Financial instruments by category

R'000	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Financial liabilities at amortised cost
At 28 February 2017				
Loan receivable	**1 568**	**-**	**-**	**-**
Forward exchange contracts	**-**	**(123)**	**-**	**-**
Investment in insurance cell captive	**-**	**-**	**8 434**	**-**
Trade receivables	**291 996**	**-**	**-**	**-**
Cash and cash equivalents	**-**	**126 453**	**-**	**-**
Interest-bearing borrowings	**-**	**-**	**-**	**(199 044)**
Non interest-bearing borrowings	**-**	**-**	**-**	**(15 607)**
Trade payables	**-**	**-**	**-**	**(223 548)**
Other payables (excluding non financial instruments)	**-**	**-**	**-**	**(33 090)**
Shareholders for dividend	**-**	**-**	**-**	**(522)**
	293 564	**126 330**	**8 434**	**(471 811)**

The above table excludes items/balances which are not financial instruments as defined.

28. RISK MANAGEMENT (continued)

R'000	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Financial liabilities at amortised cost
At 29 February 2016 (Restated)				
Loan receivable	1 776	-	-	-
Forward exchange contracts	-	41	-	-
Investment in insurance cell captive	-	-	8 942	-
Trade receivables	270 120	-	-	-
Cash and cash equivalents	-	91 342	-	-
Interest-bearing borrowings	-	-	-	(264 490)
Non interest-bearing borrowings	-	-	-	(5 576)
Trade payables	-	-	-	(204 219)
Other payables (excluding non financial instruments)	-	-	-	(29 447)
Shareholders for dividend	-	-	-	(448)
	271 896	91 383	8 942	(504 180)

The above table excludes items/balances which are not financial instruments as defined.

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

R'000	Level 1	Level 2	Level 3
At 28 February 2017			
Cash and cash equivalents	**126 453**	**-**	**-**
Forward exchange contracts	**-**	**(123)**	**-**
Investment in insurance cell captive	**-**	**8 434**	**-**
At 29 February 2016 (Restated)			
Cash and cash equivalents	91 342	-	-
Forward exchange contracts	-	41	-
Investment in insurance cell captive	-	8 942	-

Due to the short-term nature of cash and cash equivalents, and the fact that the Group only deposits cash with reputable banks with high credit ratings, the face value of the balances are considered to reflect its fair value.

Forward exchange contracts are marked to market at year end. The inputs used in the calculation are the foreign currency amounts stated in the contract, the equivalent Rand amount at the start of the contract and the Rand revaluation rate at year end.

Due to the nature of the investment in the insurance cell captive, specifically the significant composition of the liquid assets and liabilities, the net asset value is seen to be the most appropriate representation of fair value. The net asset value is used as a valuation technique where the underlying assets and liabilities have been assessed to represent the fair value of the investment.

There have been no changes to the valuation techniques since the previous financial year and no transfers between the levels.

29. SHARE INCENTIVE SCHEMES

The number of shares available for purposes of the schemes is equal to the number of options outstanding at the beginning, during and at the end of the financial year.

The Value Group Share Incentive Trust

In terms of the scheme, shares and/or options in respect of shares may be offered to employees and directors not exceeding 10% of the issued ordinary shares, with a limitation of 1% per participant.

The following options over and above ordinary shares held by the Value Group Share Incentive Trust have been granted and were outstanding in terms of the scheme:

Date of grant	Latest expiry date	Number of options outstanding 2017	2016
Monday, 11 June 2007	**Monday, 12 June 2017**	**149 790**	149 790
Friday, 9 November 2007	**Tuesday, 11 November 2017**	**250 000**	250 000
Thursday, 27 May 2010	**Tuesday, 2 June 2020**	**340 000**	340 000
Friday, 21 October 2016	**Tuesday, 20 October 2026**	**1 524 274**	-
		2 264 064	739 790

Date of grant	Fair value (cents)	Option exercise price (cents)	Market price (cents)	Volatility %	Dividend yield %	Risk free rate %
Monday, 11 June 2007	89,0	253	255	29,7	0,0	8,83
Friday, 9 November 2007	104,0	218	208	61,1	0,0	9,02
Thursday, 27 May 2010	80,0	359	369	25,0	4,3	8,05
Friday, 21 October 2016	70,5	292	290	54,5	6,21	8,67

Expected volatility has been determined with reference to the annualised standard deviation of daily returns based on historical daily share price movements. The option life is based on option vesting conditions in terms of the Incentive Trust.

Movement during the year	Number of options 2017	2016
Balance at beginning of the year	**739 790**	739 790
Options granted	**1 524 274**	-
Balance at end of the year	**2 264 064**	739 790

29. SHARE INCENTIVE SCHEMES (continued)

Delivery of and payment for shares in respect of options exercised may occur in annual tranches of 25% per annum with effect from the second anniversary of the exercise date. Participants are entitled to defer delivery of and payment for the shares provided that full delivery must have occurred by the tenth anniversary of the acceptance date. The weighted average share price at date of exercise was nil (2016: nil) cents per share.

Movements of shares owned by the Value Group Share Incentive Trust and associated loan values were as follows:

Movement during the year	Number of shares		Loan value R'000	
	2017	2016	**2017**	2016
Balance at beginning of the year	**739 790**	739 790	**2 035**	2 141
Shares purchased	**243 660**	-	**—**	—
Repayments	**—**	—	**(76)**	(106)
Additional loan	**—**	—	**1 000**	-
Balance at end of the year	**983 450**	739 790	**2 959**	2 035

At 28 February 2017, the trust did not own sufficient shares to issue to participants to satisfy options granted over the Company's ordinary shares. A shareholders resolution has been proposed at the Annual General Meeting to transfer 1 280 614 shares held by a subsidiary, to the Value Group Share Incentive Trust to ensure all options granted are covered by the Company's ordinary shares.

Share options granted to executive directors

Director	Expiry date	Option strike price (cents)	Number of options at 29 February 2016	Options granted	Options exercised	Number of options at 28 February 2017
CL Sack	2 June 2020	359	340 000	—	—	**340 000**
CL Sack	20 October 2026	292	-	1 524 274	—	**1 524 274**
M Padiyachy	11 November 2017	218	250 000	—	—	**250 000**
			590 000	1 524 274	-	**2 114 274**

The Value Group Empowerment Trust

The trust was created in 2011 for the benefit of the current and future black employees of the Group who fall within the C and D Peromnes bands and who satisfy a set of objective criteria as set by the Board.

Employees must remain in the service of the Group until 23 July 2017 to benefit from the trust.

The trust through its holding of 10 429 010 A ordinary shares holds approximately 5% of the issued capital of the Company.

The trust is divided into 10 429 010 units, which equates to one unit for each A share it holds. The Board will at its discretion nominate the beneficiaries of the trust and the number of units to be allocated to each employee.

The economic substance of these grants for accounting purposes is the granting of a call option in respect of the Company's 10 429 010 A ordinary shares.

29. SHARE INCENTIVE SCHEMES (continued)

The following units have been allocated:

Date of grant	Latest expiry date	Number of options outstanding 2017	2016
Friday, 23 July 2010	**Sunday, 23 July 2017**	**2 700 000**	2 800 000
Thursday, 28 February 2013	**Friday, 11 August 2017**	**2 650 000**	3 100 000
Tuesday, 24 February 2015	**Friday, 11 August 2017**	**500 000**	500 000
Wednesday, 25 February 2015	**Friday, 11 August 2017**	**500 000**	500 000
		6 350 000	6 900 000

Movement during the year	2017	2016
Balance at beginning of the year	**6 900 000**	7 600 000
Units forfeited – resignations	**(550 000)**	(700 000)
Balance at end of the year	**6 350 000**	6 900 000

Date of grant	Fair value (cents)	Option strike price (cents)	Market price (cents)	Volatility %	Dividend yield %	Risk free rate %
Friday, 23 July 2010	80,6	381	361	24,2	4,4	7,18
Thursday, 28 February 2013	224,5	343	560	31,1	3,9	5,31
Tuesday, 24 February 2015	145,0	400	469	33,6	2,7	7,64
Wednesday, 25 February 2015	145,0	400	469	33,6	2,7	7,64

Expected volatility has been determined with reference to the annualised standard deviation of daily returns based on historical daily share price movements. The option life is based on option vesting conditions in terms of the trust deed.

A notional loan has been deemed to attach to the A ordinary shares. On the assumption that all of the units have been allocated, the notional loan amounts to R40 906 000 (2016: R39 567 000) which equates to R3,92 (2016: R3,79) per ordinary share. The notional loan will be increased by notional interest calculated at 72% of the prime bank overdraft rate and decreased by notional distributions which will correspond to distributions to ordinary shareholders. If on 23 July 2017 the notional loan is not repaid, the Group can exercise its right to repurchase sufficient A ordinary shares at the weighted average price of the Group's ordinary shares over the 30 trading days prior to 23 July 2017 to settle the outstanding notional loan. The remaining A ordinary shares will be converted into ordinary shares on a 1:1 basis and will be transferred to the beneficiaries who have met their service requirements. The option price has been based on the projected notional loan balance on 23 July 2017.

29 SHARE INCENTIVE SCHEMES (CONTINUED)

BEE transaction

The Company entered into agreements in May 2010 in terms of which it issued 14 600 614 ordinary shares to Opsiweb Investments (RF) Proprietary Limited, an SPV owned by a trust controlled by Dr Mathews Phosa, a non-executive director of the Company and 6 257 406 ordinary shares to Diplobuzz Investments (RF) Proprietary Limited, an SPV owned by a trust controlled by Mano Padiyachy, an executive director of the Company at R3,50 per ordinary share, which was funded by a preference share liability.

The economic substance of these transactions for accounting purposes is the granting of a call option on the Company's ordinary shares.

Date of grant	Fair value (cents)	Option exercise price (cents)	Market price (cents)	Volatility %	Dividend yield %	Risk free rate %
Friday, 23 July 2010	93,8	393	370	26,7	4,3	7,75

Expected volatility has been determined with reference to the annualised standard deviation of daily returns based on historical daily share price movements. The subscription consideration of R73 003 000 was funded through the issue by a subsidiary company of 20 858 020 redeemable preference shares at R3,50 each which bear interest at 72% of the prime bank overdraft rate and are redeemable on 23 July 2017. The option price has been based on the projected preference share obligation on 23 July 2017.

A proposed extension for a further five years, to both the Empowerment trust and the BEE transaction, subject to Group shareholder approval, will be tabled at the Annual General Meeting of the Group to be held on 21 July 2017.

30. DIRECTORS' INTEREST IN THE ISSUED SHARE CAPITAL OF THE COMPANY

Director	Beneficial number of ordinary shares 2017	Beneficial number of ordinary shares 2016	Non-beneficial number of ordinary shares 2017	Non-beneficial number of ordinary shares 2016
The directors' interests, directly and indirectly, in the issued share capital of the Company were as follows:				
CD Stein				
- Direct	**373 070**	373 070	**-**	-
SD Gottschalk				
- Indirect	**-**	-	**95 929 020**	95 929 020
CL Sack				
- Direct	**1 700 000**	1 700 000	**-**	-
M Padiyachy				
- Direct	**375 000**	375 000	**-**	-
- Indirect	**6 257 406**	6 257 406	**-**	-
IM Groves				
- Indirect	**-**	70 000	**-**	-
NM Phosa				
- Direct	**45 500**	45 500	**-**	-
- Indirect	**14 600 614**	14 600 614	**-**	-
	23 351 590	23 421 590	**95 929 020**	95 929 020

There have been no changes in directors' interests between the financial year-end and the date of approval of the consolidated financial statements.

31. BUSINESS COMBINATIONS

Business combinations effected during the reporting period

The Group acquired 100% of the ordinary share capital of Key Distributors Proprietary Limited (Key), the acquisition date being 1 March 2016 being the date on which management and ownership control passed. Key carries on the business of warehousing, distributing and wholesaling a variety of fast moving consumer goods (FMCG) into the formal and informal trade, including independent traders, fuel forecourts and small retailers. The acquisition offers the Group sought after access into the informal market and will facilitate the opportunity for the Group to diversify its business. The goodwill raised on acquisition has been confirmed by reference to the future projected cash flows of the business. Goodwill is not deductible for income tax purposes.

The cash consideration for the acquisition is R32.7 million, which is payable in three tranches. The first tranch of R19.6 million was paid during the financial year. The second and third payments are subject to Key achieving profit warranties and have been accrued for as vendor liabilities as they are fully expected to be achieved.
Acquisition related costs of R412 000 have been expensed in operating profit/loss.

As part of the business combination, the following assets and liabilities were recognised at fair value on the acquisition date:

R000's	
- Property, plant and equipment	**14 034**
- Inventories	**36 816**
- Fair value of trade receivables	**14 736**
- Cash and cash equivalents	**9 433**
Total assets acquired	**75 019**
- Borrowings	**(1 021)**
- Deferred and other taxes due	**(3 182)**
- Trade and other payables	**(54 697)**
Total liabilities acquired	**(58 900)**
Net assets acquired	**16 119**
less: purchase consideration	**32 680**
Calculated goodwill	**16 561**
Summary financial information for the year ended 28 February 2017, as included in the Group's results:	
- Revenue	**483 969**
- Net profit before tax	**8 522**

32. DIVIDENDS PER SHARE

Dividend number 19 of 12 cents per share was declared on 11 May 2016 and paid on 4 July 2016 to shareholders registered on 24 June 2016. The dividend was subject to a dividend withholding tax of 15% which amounted to 1,8 cents per share. This resulted in a net dividend of 10,2 cents per share to those shareholders who were not exempt from paying dividend withholding tax.

Dividend number 20 of 6 cents per share was declared on 19 October 2016 and paid on 23 January 2017 to shareholders registered on 17 January 2017. The dividend was subject to a dividend withholding tax of 15% which amounted to 0,9 cents per share. This resulted in a net dividend of 5,1 cents per share to those shareholders who were not exempt from paying dividend withholding tax.

Dividend number 21 of 18 cents per share was declared on 11 May 2017 and will be paid on 3 July 2017 to shareholders registered on 27 June 2017. The dividend will be subject to dividend withholding tax of 20% which amounts to 3,6 cents per share. This will result in a net dividend of 14,4 cents per share payable to those shareholders who are not exempt from paying dividend withholding tax.

33. RESTATEMENT OF PRIOR PERIOD REPORTED ITEMS/ERRORS

Segment information

With the acquisition of Key Distributors on 1 March 2016, the Retail logistics segment has been introduced to enhance segmental reporting. The comparative segmental information has accordingly been restated for other operations involved in the wholesaling of beverage products, as disclosed in note 23. The insurance cell captive, as per below, has also been removed from the segment information.

Insurance cell captive

The Group's insurance operations are conducted in conjunction with a registered insurer, as governed by various contractual arrangements. In the current period the Group sought clarity on certain clauses contained in this agreement, and found that clauses protecting the Group's rights from other parties in respect of the insurance operation's assets, were not as originally interpreted. These operations therefore do not meet the definition of a 'deemed separate entity' and now do not qualify for consolidation, in accordance with the requirements of IFRS 10, Consolidated Financial Statements. As a result, the Group has deconsolidated the insurance component of its operations retrospectively, and raised a financial instrument to reflect its interest therein (refer note 16). There was no impact on earnings or headline earnings per share, or on net asset value per share. The effect of the restatement is as follows:

R'000	Previously stated	Impact of change	Restated
Impact of change - year ended 29 February 2016:			
Effect on statement of comprehensive income			
Revenue	2 062 413	(18 419)	2 043 994
Cost of sales	(1 256 458)	10 831	(1 245 627)
Other income	13 967	3 923	17 890
Fair value adjustment	-	1 939	1 939
Investment income	14 631	(571)	14 060
Taxation	(18 889)	2 287	(16 602)
Net profit for the year	54 195	(10)	54 185
Effect on statement of financial position			
Other financial asset	41	8 942	8 983
Current tax receivable	2 831	(711)	2 120
Cash and cash equivalents	101 279	(9 937)	91 342
Retained income at beginning of the year	826 385	(80)	826 305
Trade and other payables	325 124	(1 616)	323 508
Effect on statement of cash flows			
Cash flows from operating activities	175 702	1 001	176 703
Cash and cash equivalents at end of year	101 279	(9 937)	91 342
Impact of change - year ended 28 February 2015:			
Effect on statement of financial position			
Trade and other receivables	262 861	(606)	262 255
Other financial asset	-	7 004	7 004
Current tax payable	1 151	(1 151)	-
Cash and cash equivalents	127 314	(9 000)	118 314
Retained income at beginning of the year	793 694	(131)	793 563
Trade and other payables	312 706	(1 371)	311 335

34. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations effective and adopted in the current year:

The Group has adopted the following amendments for the 2017 financial statements. The impact of the amendments are not material.

IFRS 5 Non-current assets held for sale and discontinued operations

Annual improvements 2012–2014 cycle: Amendments clarifying that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change.

IFRS 7 Financial Instruments: Disclosures

Annual improvements 2012–2014 cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.

Annual improvements 2012–2014 cycle: Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial statements prepared under IAS 34.

IFRS 11 Joint Arrangements

Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.

IAS 1 Presentation of Financial Statements

Disclosure initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

Amendments to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to an inappropriate basis for measuring the consumption of economic benefits in such assets.

IAS 27 Consolidated and Separate Financial Statements

Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IAS 34 Interim Financial Reporting

Annual improvements 2012 - 2014 cycle: Clarification of the meaning of disclosure of information “elsewhere in the interim financial report”.

Standards and interpretations not yet effective

The table below summarises the standards and interpretations issued but not yet effective.

STANDARD	DETAILS OF AMENDMENT	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IFRS 2 Share-based Payment	*Classification and Measurement of Share-based Payment Transactions:* A collection of three distinct narrow- scope amendments dealing with classification and measurement of share-based payments. The amendments address: - the effects of vesting conditions on the measurement of a cash-settled share-based payment; - the accounting requirements for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and - classification of share-based payment transactions with net settlement features. At present this change will have no impact on the Group.	1 January 2018
IFRS 9 Financial Instruments	New standard which replaces IAS 39 Financial Instruments: Recognition and Measurement. This standard may impact the manner in which the Group's impairments on financial instruments, particularly debtors, are calculated. The Group expects to adopt this standard in the 2019 financial statements.	1 January 2018
IFRS 15 Revenue from Contracts with Customers	IFRS 15 details the approach to recognising revenue. This standard will most likely affect the manner in which revenue from the Group's clearing and forwarding division is recognised but is unlikely to have an impact on the manner in which revenue from the straight-forward sale of goods/services is recognised. The Group expects to adopt this standard in the 2019 financial statements.	1 January 2018
IFRS 16 Leases	This standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. This standard is expected to have a significant impact on the way the Group currently accounts for its leases, as the leased asset and resultant liability will have to be recognised. The Group is however unable to reliably quantify the impact of the standard on the financial statements at this point. The Group expects to adopt this standard in the 2020 financial statements.	1 January 2019
IAS 7 Statement of Cash Flows	Disclosure initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group expects to adopt this standard in the 2018 financial statements.	1 January 2017
IAS 12 Income taxes	Narrow scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. This standard will have no impact on the Group.	1 January 2017

COMPANY FINANCIAL STATEMENTS

VALUE GROUP LIMITED STATEMENT OF FINANCIAL POSITION

at 28 February 2017

R'000	Notes	2017	2016
ASSETS			
Non-current assets			
Investments and loans	2	**43 073**	29 927
Total assets		**43 073**	29 927
EQUITY AND LIABILITIES			
Equity		**29 479**	29 479
Share capital and premium	3	**10 839**	10 839
Share-based payment reserve		**12 192**	12 192
Retained income		**6 448**	6 448
Non-current liabilities		**3 268**	-
Vendor for acquisition	4	**3 268**	-
Current liabilities		**10 326**	448
Shareholders for dividend		**522**	448
Vendor for acquisition	4	**9 804**	-
Total equity and liabilities		**43 073**	29 927

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2017

R'000	Notes	2017	2016
Revenue			
Investment income	5	**33 557**	31 693
Net profit for the year		**33 557**	31 693
Total comprehensive income for the year		**33 557**	31 693

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2017

R'000	Share capital and share premium	Share based payment reserve	Retained income	Total
Balance at 28 February 2015	10 851	12 192	60 632	83 675
Transactions with owners				
- Dividends paid	-	-	(31 693)	(31 693)
- Shares cancelled	(12)	-	(54 184)	(54 196)
Total comprehensive income for the year	-	-	31 693	31 693
Balance at 29 February 2016	**10 839**	**12 192**	**6 448**	**29 479**
Transactions with owners				
- Dividends paid	**-**	**-**	**(33 557)**	**(33 557)**
Total comprehensive income for the year	**-**	**-**	**33 557**	**33 557**
Balance at 28 February 2017	**10 839**	**12 192**	**6 448**	**29 479**

STATEMENT OF CASH FLOWS

for the year ended 28 February 2017

R'000	Notes	2017	2016
Cash flows from operating activities		**74**	99
Cash generated from operations	7.1	**-**	-
Investment income		**33 557**	31 693
Dividends paid	7.2	**(33 483)**	(31 594)
Cash flows from investing activities		**(74)**	(99)
Decrease / (increase) in loans receivable		**19 534**	(99)
Acquisition of subsidiary	7.3	**(19 608)**	-
Net change in cash and cash equivalents		**-**	-
Cash and cash equivalents at beginning of year		**-**	-
Cash and cash equivalents at end of year		**-**	-

1. ACCOUNTING POLICIES

In addition to the Group accounting policies available on pages 65 to 75, the following accounting policies are specific to the Company:

Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Investments in subsidiary companies, associates and joint ventures

Subsidiaries are entities controlled by the Company. Control exists where an investee is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in subsidiaries, associates and joint ventures are carried at cost less impairment in the Company's separate financial statements.

1.2 Loans to subsidiary companies and trusts

These include loans to subsidiaries and trusts of the Company, which are recognised initially at fair value plus direct transaction costs. Differences on initial recognition between the transaction price and the fair value is recognised in profit or loss.

Loans to group companies with no fixed or determinable terms are classified as available-for-sale financial assets.

Subsequently loans to group companies classified as available-for-sale are measured at fair value, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

1.3 Revenue

The Company is an investment holding company and earns dividend income. Dividends are recognised when the Company's right to receive payment has been established.

2. INVESTMENTS AND LOANS

	Issued Capital	Principal place of business and country of incorporation	Effective Holding 2017 %	Effective Holding 2016 %	2017 R'000	2016 R'000
Investments in subsidiary companies						
Value Logistics Limited	R 2 500 000	South Africa	**100**	100	*****	*
Value Logistics Personnel Services Proprietary Limited	R 100	South Africa	**100**	100	*****	*
Value Logistics (Botswana) Proprietary Limited	Pula 2	Botswana	**100**	100	*****	*
Value Logistics Namibia Proprietary Limited	N$ 100	Namibia	**100**	100	*****	*
Value Specialised Logistics Proprietary Limited	R 100	South Africa	**100**	100	*****	*
Key Distributors Proprietary Limited	R 200	South Africa	**100**	-	**32 680**	-
Liquid in Motion 14 Proprietary Limited	R 100	South Africa	**51**	51	*****	*
Core Logistix Proprietary Limited	R 100	South Africa	**80**	80	*****	*
Total investments in subsidiary companies					**32 680**	*
Loan to subsidiary company						
Loan to Value Logistics Limited					**7 389**	27 847
Investment in associate company						
Value SA Proprietary Limited	R 100	South Africa	**30**	30	*****	*
Investment in joint venture						
Value Logistics (Hong Kong) Co. Limited	HKD 10 000	China	**50**	50	**45**	45
Loan to share incentive scheme						
Loan to the Value Group Share Incentive Trust, net of impairments					**2 959**	2 035
Total investments and loans					**43 073**	29 927

**Nominal amount*

Loans receivable from subsidiary companies are classified as available-for-sale financial assets and therefore measured at fair value. The Company has a right to impose a market related rate of interest. The loans are unsecured and the borrowers have an unconditional right to defer payment for twelve months from the date on which the Company gives notice requiring repayment. The carrying amount approximates fair value. The loan to Value Logistics Limited has been subordinated in favour of the Standard Bank of South Africa Limited as security for financing facilities granted.

The loan to the Value Group Share Incentive Trust is stated at fair value and classified as an available-for-sale financial asset. The loan is interest free and unsecured. During the year, no additional impairment of the loan to the Value Group Share Incentive Trust was recognised or reversed (2016: nil). The total cumulative impairment is R3 734 000 (2016: R3 734 000). The loan has been impaired on the basis of the amounts expected to be recovered by the Value Group Share Incentive Trust for options granted in respect of shares held.

R'000	2017	2016
3. SHARE CAPITAL AND PREMIUM		
Authorised share capital		
500 000 000 ordinary shares of 0,1 cent each	**500**	500
10 429 010 A ordinary shares of 0,1 cent each	**10**	10
Issued share capital		
186 427 478 ordinary shares of 0,1 cent each	**186**	186
10 429 010 A ordinary shares of 0,1 cent each	**10**	10
Share premium	**10 643**	10 643
	10 839	10 839

Special rights relating to A ordinary shares

The A ordinary shares rank pari passu with the ordinary shares in respect of voting rights, but do not participate in distributions by the Company to its shareholders until converted into ordinary shares. The A ordinary shares are unlisted, and will automatically convert into ordinary shares on a one-for-one basis on the seventh anniversary of the BEE scheme effective date, subject to repurchase rights held by the Company. The Company intends to extend the scheme by a further five years, and a circular will be sent to shareholders in this regard for approval. Additional information is contained in note 29 of the consolidated financial statements.

	2017	2016
4. VENDOR FOR ACQUISITION		
Non-current portion	**3 268**	-
Current portion	**9 804**	-
	13 072	-

The above relates to amounts owing for the Key Distributors acquisition.

Refer to note 14 on page 88 of the consolidated annual financial statements for additional details.

	2017	2016
5. REVENUE		
Investment income		
Dividends received from subsidiary company - Value Logistics Limited	**33 557**	31 693

	2017	2016
6. TAXATION		
South African normal tax	**-**	-
Reconciliation of rate of taxation	**%**	%
South African normal tax rate	**28,0**	28,0
Adjusted for:		
– Exempt dividend income	**(28,0)**	(28,0)
Effective rate	**-**	-

R'000	2017	2016
7. NOTES TO THE STATEMENT OF CASH FLOWS		
7.1 Cash generated by operations		
Profit for the year	**33 557**	31 693
Adjustments for:		
Investment income	**(33 557)**	(31 693)
	-	-
7.2 Reconciliation of dividends paid during the year		
Charge in statement of changes in equity	**(33 557)**	(31 693)
Movement in shareholders for dividends	**74**	99
	(33 483)	(31 594)

7.3 Acquisition of subsidiary

Refer to note iv on page 64 of the consolidated annual financial statements for the cash flows in respect of the Key Distributors acquisition.

8. RISK MANAGEMENT

Risk management and related disclosures have been dealt with in the consolidated financial statements. See note 28 on page 100. Company specific disclosures are detailed below.

Financial risk management

The company's activities expose it to credit risk and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to a company if a customer or counter-party to a financial instrument fails to meet its contractual obligations.

Financial assets which potentially subject the Company to concentrations of credit risk consists of loans to subsidiary companies and trusts.

Loans to subsidiary companies and trusts:

This comprises of a loan to a subsidiary company of R 7 389 000 and to a trust of R2 959 000. The maximum exposure to credit risk is the fair value of each loan.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring cash flows. The Company sources its cash requirements from its subsidiary companies as and when required.

8. RISK MANAGEMENT (continued)

The following table analyses the Company's financial liabilities at the financial year end into relevant maturity groupings. The amounts disclosed in the table are the contractual cash flows.

R'000	Less than 1 year	Between 1 and 5 years	More than 5 years
At 28 February 2017			
Vendor for acquisition	**9 804**	**3 268**	**-**
Shareholders for dividend	**522**	**-**	**-**
At 29 February 2016			
Shareholders for dividend	448	-	-

Financial instruments by category

The Group accounting policies for financial instruments have been applied to the line items below:

R'000	Available-for-sale	Financial liabilities at amortised cost	Total
2017			
Loans to subsidiary entities	**10 348**	**-**	**10 348**
Vendor for acquisition	**-**	**(13 072)**	**(13 072)**
	10 348	**(13 072)**	**(2 724)**
2016			
Loans to subsidiary entities	29 882	-	29 882
	29 882	-	29 882

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

R'000	Level 1	Level 2	Level 3
2017			
Loans to subsidiary entities	**-**	**-**	**10 348**
2016			
Loans to subsidiary entities	-	-	29 882

R'000	2017	2016

9. RELATED PARTIES

Identity of related parties

Subsidiaries	Value Logistics Limited
Special purpose entities controlled by the Company	Opsiweb Investments (RF) Proprietary Limited Diplobuzz Investments (RF) Proprietary Limited The Value Group Share Incentive Trust The Value Group Empowerment Trust

The remaining subsidiaries, associate company and joint venture of the Company are listed in note 2.

Transactions with related parties

	2017	2016
Loan accounts - Owing by related parties		
Value Logistics Limited	**7 389**	27 847
The Value Group Share Incentive Trust	**2 959**	2 035
Dividends received from related parties		
Value Logistics Limited	**33 557**	31 693

Further disclosures regarding Group related parties, including the directors of the Company and their remuneration and entities controlled or influenced by the directors, are contained in notes 18 and 26 of the consolidated financial statements. Details of treasury shares held in special purpose entities (all classified as subsidiaries) are disclosed in note 12 of the consolidated financial statements. The transactions entered into by these entities, as part of a BEE scheme, are detailed in note 29 of the consolidated financial statements.

OTHER

INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

Value Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1997/002203/06
JSE code: VLE
ISIN code: ZAE000016507
("Value" or "the company")

Notice is hereby given to shareholders that the annual general meeting of the shareholders of the company will be held in the Value Boardroom, Value City, Essex Road, Tunney, Germiston on Friday, 21 July 2017 at 10:00 (AGM), to:

(i) deal with such business as may lawfully be dealt with at the meeting; and

(ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act of South Africa, No. 71 of 2008, as amended ("the Act"), as read with the Listings Requirements of the JSE Limited ("JSE Listings Requirements") on which exchange the company's ordinary shares are listed, which meeting is to be participated in and voted at by shareholders registered as such as at the record date of Tuesday, 18 July 2017.

Kindly note that in terms of section 63(1) of the Act, meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders" meeting. Forms of identification include valid identity documents, driver's licences and passports.

When reading the resolutions below, please refer to the explanatory notes for the resolutions.

PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

The audited consolidated and separate annual financial statements of the company (as approved by the board of directors of the company), incorporating the external auditor, audit committee and directors' reports for the year ended 28 February 2017, are presented to shareholders.

PRESENTATION BY THE CHAIRMAN OF THE SOCIAL & ETHICS COMMITTEE

In accordance with Companies Regulation 43(5)(c), issued in terms of the Act, the chairman of the social & ethics committee will present a verbal report to shareholders on the activities of the social & ethics committee.

ORDINARY RESOLUTIONS

Ordinary resolution 1: Re-election of directors

In accordance with the company's memorandum of incorporation (MOI), to re-elect, by individual resolutions, the following non-executive directors who are to retire at this AGM but hold themselves available for re-election as directors, as designated.

"Resolved that the following non-executive directors be and are hereby re-elected by separate resolutions, each of which is on the candidacy of a single individual to fill a single vacancy, in terms the company's MOI:

1.1 Mr CD Stein;

1.2 Mr IM Groves."

Brief profiles in respect of each director offering himself for re-election are contained on pages 32 and 33 of the integrated annual report.

Ordinary resolution 2: Appointment of audit & risk committee members

To appoint, on the board's recommendation, by individual resolutions, the following independent non-executive directors as members of the audit & risk committee of the company and the company's group ("group"):

"Resolved that the following independent, non-executive directors are appointed as members of the company audit & risk committee, in terms of section 94(2) of the Act, by separate resolutions, each of which is on the candidacy of a single individual to fill a single vacancy, with effect from the end of this AGM:

2.1 Mr IM Groves *(chairman)**

2.2 Mr VW Mcobothi

2.3 Mr CD Stein**

*** Subject to re-election as a director pursuant to ordinary resolution number 1.1*

** Subject to re-election as a director pursuant to ordinary resolution number 1.2".*

Mr CD Stein is currently the chairman of the board and a member of the audit & risk committee as his experience and knowledge of the group's operations and risks are invaluable to the audit & risk committee.

Mr CD Stein is an independent non-executive chairman of the board, therefore he is eligible to be a member of the audit committee. Additionally, the company has complied with guidance from the JSE in this circumstance, in that:

- all the other members of the audit & risk committee are independent non-executive directors;
- Mr CD Stein is not the chairman of the audit & risk committee;
- the dual role has been specifically disclosed to shareholders;
- shareholders will be approving the appointment of the chairman to the audit & risk committee at the AGM.

Brief profiles of the independent non-executive directors offering themselves for election as members of the audit & risk committee are enclosed on pages 32 and 33.

Ordinary resolution 3: Re-appointment of external auditor

"Resolved that, upon the recommendation of the audit & risk committee, Baker Tilly SVG represented by Mr EL Steyn as the audit partner be and is hereby re-appointed as the independent registered auditor of the company, to report on the financial year ending 28 February 2018, meeting the requirements of section 90(2) and (3) of the Act, until the conclusion of the next annual general meeting."

Ordinary resolution 4: Advisory, non-binding approval of remuneration policy

"Resolved, by way of a non-binding advisory vote, that the company's remuneration policy excluding the remuneration of the non-executive directors and the members of board committees for their services as directors and members of committees), as set out on page 28 of the integrated annual report, is endorsed."

Additional information

The King IV Code on Corporate Governance for South Africa, 2016 recommends that the remuneration policy of a company be submitted for a non-binding advisory vote by shareholders at each AGM. The objective of a remuneration policy is to guide the board in its decision-making process and in particular the determination of remuneration of non-executive directors, as set out on pages 44 of the integrated annual report.

Ordinary resolution 5: General authority to directors to issue authorised but unissued ordinary shares

To authorise the directors as required by the company's MOI and subject to the provisions of section 41 of the Act to, at their discretion, issue the unissued authorised ordinary shares in the company, and sell or otherwise transfer or dispose of ordinary shares in the company held by subsidiaries of the company and/or grant options to subscribe for the unissued ordinary shares or purchase ordinary shares held by subsidiaries of the company, representing not more than 10% of the number of ordinary shares in issue as at 28 February 2017 for such purposes and on such terms and conditions as they may determine, subject to the JSE Listings Requirements which authority shall endure until the next annual general meeting of the company.

"Resolved that, as required by and subject to the MOI and the requirements of the Act and the JSE Listings Requirements, from time to time, the directors are, as a general authority and approval, authorised, as they in their discretion think fit, to issue the unissued ordinary shares of the company and to sell or otherwise transfer or dispose of ordinary shares in the company held by subsidiaries of the company."

NOTICE OF ANNUAL GENERAL MEETING

Ordinary resolution 6: General authority to issue ordinary shares for cash

"Resolved that, subject to renewal of the general authority proposed in terms of ordinary resolution number 5 above and the JSE Listings Requirements, the directors are authorised to issue ordinary shares in the company, to grant options over ordinary shares in the company and to sell or otherwise transfer or dispose of ordinary shares in the company held by subsidiaries of the company for cash, as and when suitable situations arise. The JSE Listings Requirements currently provide, inter alia that:

- any such issue or disposal of ordinary shares or grant of options shall be to "public shareholders" as defined by the JSE Listings Requirements and not to "related parties";
- this authority shall only be valid until the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this annual general meeting;
- a SENS announcement giving details, including the impact on net asset value and earnings per share, will be published after the issue or disposal of ordinary shares, and/or grant of options, pursuant to this authority representing, on a cumulative basis, 5% or more of the number of ordinary shares in issue prior to any such issues, disposals or grants;
- issues or disposals of ordinary shares pursuant to this authority (excluding issues or disposals of ordinary shares in terms of any company/group share incentive scheme) in any one financial year, shall not, in aggregate, exceed 5%, being 9 321 373 of the company's issued shares; and

in determining the price at which an issue or disposal of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price on the JSE of the ordinary shares measured over the 30 business days prior to the date that the price of issue or disposal is determined or agreed between the company and the party/ies subscribing for or purchasing the ordinary shares."

Ordinary resolution 7: Disposal of shares to The Value Group Share Incentive Trust

"Resolved to authorise the sale and transfer by Value Logistics Limited, a subsidiary of the company, of 1 280 612 ordinary shares in the company at original cost to The Value Group Share Incentive Trust for a total cash price of R2 910 044, to enable The Value Group Share Incentive Trust to meet its obligations to Mr CL Sack pursuant to 1 280 612 of the options granted to him on 21 October 2016 under The Value Group Share Incentive Scheme."

Ordinary resolution 8: Signing authority

"Resolved to authorise any one director or the secretary of the company to do all such things and sign all such documents as are deemed necessary to implement the resolutions set out in the notice convening the AGM."

SPECIAL RESOLUTIONS

Special resolution 1: General authority to directors to repurchase ordinary shares

"Resolved that the company and/or any subsidiary of the company is hereby authorised, by way of a general authority, from time to time, to acquire ordinary shares in the company from any person in accordance with the requirements of the company's memorandum of incorporation, the Act and the JSE Listings Requirements, from time to time. The JSE Listings Requirements currently provide, inter alia, that:

- this general authority will be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this resolution;
- the repurchase must be effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;
- repurchases may not be made at a price greater than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction was effected;

- an announcement will be published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% of the [initial number of ordinary shares], and for each 3% in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- the number of ordinary shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% of the company's issued shares as at the date of passing of this special resolution; provided that in terms of the Act subsidiaries of the company cannot acquire more than 10% of the company's issued shares;
- the company and its subsidiaries may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period;
- at any point in time the company will only appoint one agent to effect any repurchases on its or its subsidiaries' behalf;
- the board of directors passing a resolution authorising the repurchase and confirming that the company passed the solvency and liquidity test set out in section 4 of the Act and that since the test was done there have been no material changes to the financial position of the group.

The directors, having considered the effects of the maximum repurchase permitted, are of the opinion that for a period of 12 months after the date of the notice of the AGM and at the actual date of the repurchase:

- the company and the group will be able, in the ordinary course of business, to pay its debts;
- the working capital of the company and the group will be adequate for ordinary business purposes;
- the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the company and the group;
- the company's and the group's ordinary share capital and reserves will be adequate for ordinary business purposes.

Special resolution 2: Remuneration of non-executive directors

"Resolved, in terms of the company's MOI, that the remuneration payable, with effect from 1 March 2018 and for the financial year ending 28 February 2018, to the company's non-executive directors for their services as directors and chairman of the board of directors, respectively, be set as follows:

Payable to non-executive directors for participating in board committees	Proposal fee 2019 R	Approved fee 2018 R
Board		
– CD Stein, Chairman (shareholder meetings)	**16 435**	**15 360**
Board member		
– CD Stein	**41 088**	**38 400**
– IM Groves	**31 077**	**29 044**
– NM Phosa	**54 250**	**50 701**
– VW Mcobothi	**22 708**	**21 222**
Audit and risk committee		
– CD Stein	**41 088**	**38 400**
– IM Groves	**31 077**	**29 044**
– VW Mcobothi	**22 708**	**21 222**
Remuneration and nomination committee		
– CD Stein	**20 544**	**19 200**
– IM Groves	**15 539**	**14 522**
Social and ethics committee		
– VW Mcobothi	**11 354**	**10 611**
– IM Groves	**15 539**	**14 522**
Monthly retainer		
– CD Stein	**35 610**	**33 280**
– IM Groves	**28 488**	**26 624**
– NM Phosa	**22 604**	**21 126**
– VW Mcobothi	**18 923**	**17 685**
Annual totals		
– CD Stein	**854 630**	**798 720**
– IM Groves	**683 704**	**638 975**
– NM Phosa	**542 504**	**507 013**
– VW Mcobothi	**454 151**	**424 440**

Special resolution 3: Authority to provide financial assistance

"Resolved that:

(i) for purposes of section 44 of the Act, the board of directors of the company be and is hereby authorised, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution (subject to compliance with the requirements of the company's constitutional documents and the Act, each as presently constituted and as amended from time to time), to grant direct or indirect financial assistance, as contemplated in section 44 of the Act, to any person or entity for the purpose of, or in connection with, the subscription of any option, or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any option, or any securities of the company or a related or inter-related company, on such terms and conditions as the board of directors of the company deems fit; and

(ii) for purposes of section 45 of the Act, the board of directors of the company be and is hereby authorised, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution (subject to compliance with the requirements of the company's constitutional documents and the Act, each as presently constituted and as amended from time to time) to grant direct or indirect financial assistance, as contemplated in section 45 of the Act, to a related or inter-related (as defined in section 1 of the Act) company or corporation or to a member of a related or inter-related corporation or to a person related to any such company or corporation on such terms and conditions as the board of directors of the company deems fit."

Explanatory note

To the extent necessary under sections 44 and 45 of the Act, to authorise the board of directors of the company to provide financial assistance as contemplated under section 44 of the Act in connection with the issuance or purchase of any securities of the company or any related or inter-related company and to authorise the board of directors of the company to provide financial assistance as contemplated under section 45 of the Act to a related or inter-related (as defined in section 1 of the Act) company or corporation or to a member of a related or inter-related corporation or to a person related to any such company or corporation.

The board will not authorise any financial assistance in terms of the above unless it has considered and is satisfied that:

(i) considering all reasonably foreseeable financial circumstances of the company at that time, the company will, immediately after providing the financial assistance, satisfy the solvency and liquidity test as required in terms of the Act;

(ii) the terms under which any financial assistance is proposed to be given are fair and reasonable to the company; and

(iii) any conditions or restrictions in respect of the granting of any financial assistance as set out in the company's memorandum of incorporation have been met.

This general authority is necessary, *inter alia*, for the company to continue making loans to subsidiaries as well as granting letters of support, suretyships and guarantees in appropriate circumstances. A general authorisation from shareholders avoids the need to refer each instance to shareholders for approval with the resulting time delays and expense. If approved, this general authority will expire at the end of two years. It is, however, the intention to renew the authority annually at the annual general meeting.

Notifications

Shareholders are hereby notified in terms of section 45(5) of the Act that the board has passed a resolution substantially in the form of this special resolution to take effect on the passing of this special resolution by shareholders.

Shareholders are also advised that the board is satisfied that after providing the financial assistance, the company will satisfy the solvency and liquidity tests and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

ADDITIONAL INFORMATION

The following additional information, some of which may appear elsewhere in the integrated report, is provided in terms of the JSE Listings Requirements for purposes of the general authority to repurchase the company's shares set out in special resolution number 1:

- directors and management – pages 32 and 33;
- major shareholders – page 18;
- directors' interests in ordinary shares – page 109;
- share capital of the company – page 86.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors in office, whose names appear on pages 32 to 33 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in the integrated report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the company's last financial year end and the date of signature of the integrated report.

ELECTRONIC PARTICIPATION

Should any shareholder of the company wish to participate in the AGM by way of electronic participation, that shareholder shall be obliged to make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate, to the transfer secretaries at the applicable address set out on the next page at least 5 (five) business days prior to the AGM. Shareholders who wish to participate in the meeting by dialling in must note that they will not be able to vote electronically. Should such shareholders wish to have their votes counted at the meeting, they are welcome to cast their votes via representation at the meeting either by proxy or by letter of representation, as provided for in this notice of AGM. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder so accessing the electronic participation. The company cannot be held liable for any loss, damage, penalty or claim arising in any way from the use of the telecommunication facility whether or not as a result of any act or omission on the part of the company or anyone else.

NOTICE OF ANNUAL GENERAL MEETING

RECORD DATES, PROXIES AND VOTING

In terms of section 59(1)(a) and (b) of the Act, the board of the company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the AGM (being the date on which a shareholder must be registered in the company's securities register in order to receive notice of the AGM) as Thursday, 15 June 2017.
- participate in and vote at the AGM (being the date on which a shareholder must be registered in the company's securities register in order to participate in and vote at the AGM) as Friday, 14 July 2017.
- The last day to trade in order to participate and vote at the AGM is Tuesday, 11 July 2017.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM, are entitled to appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested, for administrative purposes, that proxy forms be forwarded so as to reach the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, (Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg, 2196) before the commencement of the AGM; provided that the chairperson of the AGM may in his discretion accept proxies reaching the transfer secretaries before the commencement of the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM do not deliver proxy forms to the transfer secretaries by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the AGM immediately prior to the AGM, in accordance with the instructions therein, with the chairman of the AGM.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish it with their voting instructions; or
- in the event that they wish to attend the AGM, to obtain the necessary letter of representation to do so or, if unable to attend the AGM, the letter of representation to allow the chairman of the meeting to vote on behalf of the shareholder.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the company.

VOTING

For the purpose of resolutions proposed in terms of the JSE Listings Requirements wherein any votes are to be excluded from that resolution, any proxy given by a holder of securities to the holder of such an excluded vote shall be excluded from voting for the purposes of that resolution.

By order of the board

Claire Middlemiss
Group Secretary
iThemba Governance and Statutory Solutions (Pty) Ltd

13 June 2017

ANNUAL GENERAL MEETING EXPLANATORY NOTES

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

At the AGM, the directors must present the annual financial statements for the year ended 28 February 2017 to shareholders, together with the reports of the directors, the audit and risk committee and the auditors. These are contained within the integrated annual report.

Ordinary resolutions 1.1 and 1.2: Re-election of directors

One third of the non-executive directors are required to retire at each AGM in accordance with the company's MOI and may offer themselves for re-election. In addition, any person appointed to the board of directors following the previous AGM is similarly required to retire and is eligible for re-election at the next AGM.

The following directors are eligible for re-election:

Mr CD Stein

Mr IM Groves

Brief biographical details of each of the above directors and the remaining members of the board are contained on pages 32 to 33 of the integrated annual report of which this notice forms part.

Ordinary resolutions 2.1 to 2.3: Appointment of members of the audit and risk committee

In terms of section 94(2) of the Act, a public company must at each AGM elect an audit and risk committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Act. Regulation 42 to the Act specifies that one third of the members of the audit and risk committee must have appropriate academic qualifications or experience in the areas as listed in the regulation. The board of directors of the company is satisfied that the proposed members of the audit and risk committee meet all relevant requirements.

Ordinary resolution 3: Reappointment of auditors

Baker Tilly SVG, and the individually registered auditor, Mr EL Steyn, have indicated their willingness to continue in office and ordinary resolution number 3 proposes the reappointment of that firm as the company's auditors with effect from 1 March 2017. Section 90 of the Act requires the designated auditor to meet the criteria as set out in section 90 (2) and (3) of the Act.

The board of directors of the company is satisfied that both Baker Tilly SVG and the designated auditor meet the relevant requirements.

Ordinary resolution 4: Approval of remuneration policy by way of a non-binding, advisory note

King IV recommends that the remuneration policy of the company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration policy of the company.

Ordinary resolutions 5 & 6: Authority to directors to allot and issue unissued ordinary shares and issue of shares for cash

In terms of the Act, directors are authorised to allot and issue the unissued shares of the company, unless otherwise provided in the company's MOI or in instances as listed in section 41 of the Act. The JSE requires that the MOI should provide that shareholders in a general meeting may authorise the directors to issue unissued securities and/or grant options to subscribe for unissued securities as the directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and are subject to the JSE Listings Requirements. The directors confirm that there is no specific intention to issue any shares or to dispose of shares held by subsidiaries, other than as part of and in terms of the rules of the company's share incentive scheme, as at the date of this notice. For this reason, the maximum number of unissued shares that may be issued by the directors, or disposed of by subsidiaries, in terms of this authority is limited to 10% of the number of issued shares as at 28 February 2017.

Also, in terms of the JSE Listings Requirements, the authority to issue shares for cash, or to dispose for cash of shares held by subsidiaries as set out in ordinary resolution number 6 requires the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the AGM for ordinary resolution number 6 to become effective.

ANNUAL GENERAL MEETING EXPLANATORY NOTES

Ordinary resolution 7: Disposal of shares to The Value Group Share Incentive Trust

It was announced on SENS on 21 October 2016 that 1 524 274 share options had been granted to Mr CL Sack to acquire up to 1 524 274 ordinary shares. Ordinary resolution number 7 authorises a subsidiary of the company to transfer 1 280 612 ordinary shares to The Value Group Share Incentive Trust to meet its obligations in relation to 1 280 612 of those options.

In terms of the JSE Listings Requirements, the authority to issue shares for cash, or to dispose for cash of shares held by subsidiaries as set out in ordinary resolution number 7 requires the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the AGM for ordinary resolution number 5 to become effective.

Ordinary resolution 8: Providing signing authority

Authority is required to do all such things and sign all documents and take all such action as necessary to implement the resolutions set out in this notice and approved at the AGM. It is proposed that the company secretary and/or director be authorised accordingly.

General shareholders and proxies attending the AGM on behalf of shareholders are reminded that section 63(1) of the Act requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.

Special resolution 1: Authority to directors to repurchase company shares

Section 48 of the Act authorises the board of directors of a company to approve the acquisition of its own shares subject to the provisions of section 48 and section 46 having been met. The JSE Listings Requirements require the shareholders of the company to approve the authority to repurchase shares and the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the AGM for special resolution number 1 to become effective.

Special resolution 2: Approval of directors' remuneration

In terms of section 66(8) and section 66(9) of the Act, companies may pay remuneration to directors for their services as directors unless otherwise provided by the MOI and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the company and as such, the resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the company. Proposed fees for the 2018 financial year have been included in the resolution for approval by shareholders.

Special resolution 3: Authority to provide financial assistance to any company or corporation which is related or inter-related to the company

In terms of section 44 and 45 of the Act, companies may provide financial assistance to related companies. This is done after taking into consideration the solvency and liquidity of the company and board approval, as required.

FORM OF PROXY

Value Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1997/002203/06
JSE code: VLE
ISIN code: ZAE000016507
("Value" or "the company")

To be completed by certificated shareholders and dematerialised shareholders with "own-name" registration only

FORM OF PROXY FOR THE ANNUAL GENERAL MEETING TO BE HELD IN THE VALUE BOARDROOM, VALUE CITY, ESSEX ROAD, TUNNEY, GERMISTON, ON FRIDAY, 21 JULY 2017 AT 10H00

Holders of dematerialised ordinary shares other than 'own name' registration must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP to issue them with the necessary authorisation to attend the annual general meeting in person or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat.

I/We
(Please print)

of (address) (address)

being the registered holder(s) of ordinary shares in the capital of the company do hereby appoint

1. or failing him/ her

2. or failing him / her,

the chairman of the annual general meeting as my/our proxy to act for me/us and on my/our behalf at the annual general meeting of the company which will be held on Friday, 21 July 2017 at 10h00 and at any adjournment thereof for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

	For	Against	Abstain
Ordinary Resolutions			
1. Approval of re-election of directors			
1.1 Mr CD Stein			
1.2 Mr IM Groves			
2. Approval of election of audit & risk committee members:			
2.1 Mr IM Groves (Chairman)*			
2.2 Mr VW Mcobothi			
2.3 Mr CD Stein**			
** Subject to re-election as a director pursuant to ordinary resolution number 1.1			
* Subject to re-election as a director pursuant to ordinary resolution number 1.2			
3. Approval of re-appointment of external auditor			
4. Approval of the remuneration policy by way of a non-binding advisory vote			
5. Approval of general authority to directors to allot and issue authorised but unissued ordinary shares			
6. Approval of authority to allot and issue shares for cash			
7. Disposal of shares to The Value Group Share Incentive Trust			
8. Approval of signing authority			
Special Resolutions			
1. Approval of general authority to acquire (repurchase) company shares			
2. Approval of the remuneration of the non-executive directors			
3. Authority to provide financial assistance to any company or corporation which is related or inter-related to the company.			

Please indicate with an 'X' in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

Signed at: on 2017.

Full name(s) (in block letters)

Date:

Signature(s)

Assisted by me (where applicable)

NOTES TO THE FORM OF PROXY

1. Summary of rights contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act")

   In terms of section 58 of the Companies Act:-

   - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders meeting on behalf of such shareholder;
   - a proxy appointment must be in writing, dated and signed by the shareholder;
   - except to the extent that the memorandum of incorporation of a company provides otherwise, a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to the different securities held by the shareholder;
   - except to the extent that the memorandum of incorporation of the company provides otherwise, a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - except to the extent that the memorandum of incorporation of the company provides otherwise, a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting;
   - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company;
   - the revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date (i) stated in a revocation instrument, if any; or (ii) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act;
   - if the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to the shareholder or the proxy or proxies, if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so;
   - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 5).
   - if a company issues an invitation to shareholders to one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
     - such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
     - the invitation or form of proxy must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act, contain adequate space to enable a shareholder to write in the name, and if so desired an alternative name, of a proxy chosen by the shareholder and provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or abstain from voting;
     - the company must not require that the proxy appointment be made irrevocable; and
     - the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

2. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
3. All other beneficial owners who hold dematerialised shares through a CSDP or broker and wish to attend the Annual General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant Custody Agreement entered into between them and the CSDP or broker.
4. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the Annual General Meeting". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.

5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting, notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited ("transfer secretaries") before the commencement of the Annual General Meeting.
7. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Transfer Secretaries or is waived by the Chairperson of the Annual General Meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Transfer Secretaries.
12. Where there are joint holders of shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to the transfer secretaries:

    Hand deliveries to:

    Computershare Investor Services Proprietary Limited
    (Registration number 2004/003647/07)
    Rosebank Towers
    15 Biermann Ave
    Rosebank, Johannesburg, 2196

    Postal deliveries to:

    Computershare Investor Services Proprietary Limited
    PO Box 61051
    Marshalltown
    2107

    to be received before any adjournment of the Annual General Meeting which date, if necessary, will be notified on the Stock Exchange News Service of JSE Limited) or may be handed to the Chairperson of the Annual General Meeting immediately before the appointed proxy exercises any of the shareholder's votes at the Annual General Meeting.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialed. Any alteration or correction must be signed and not merely initialed.
15. The proxy appointment remains valid only for the Annual General Meeting at which it is intended to be used and any adjournment or postponement thereof, subject to paragraph 1 above.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE TRANSFER SECRETARIES ON REQUEST.

GRI CONTENT INDEX

	INDICATOR	DESCRIPTION	PAGE NO./ REFERENCE
STRATEGY AND ANALYSIS	G4-1	Statement about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	2 and 38
ORGANISATIONAL PROFILE	G4-3	Name of the organisation.	Front cover
	G4-4	Primary brands, products, and services.	8
	G4-5	Location of the organisation's headquarters.	Corporate information
	G4-6	Number and names of countries where the organisation operates.	6
	G4-7	Nature of ownership and legal form.	4
	G4-8	Markets served	8
	G4-9	Scale of the organisation, including:	
		• Total number of employees	22
		• Total number of operations	4
		• Net sales	12
		• Total capitalization in terms of debt and equity	14
		• Quantity of services provided	8
		Total number of employees by employment contract, employment type, region, self-employment/contractors, gender.	22 and 23
	G4-10	Significant variations in employment numbers.	24
	G4-11	Percentage of total employees covered by collective bargaining agreements.	25
	G4-12	Organisation's supply chain.	7
	G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	110
	G4-14	Precautionary approach addressed by the organisation.	2
	G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes.	The King III code of governance principles, DTI codes of good practice
	G4-16	Memberships of associations.	
		• National bargaining Council for the Road Freight and Logistics Industry	
		• Road Freight Association	
		• The South African Association of Freight Forwarders	

	INDICATOR	DESCRIPTION	PAGE NO./ REFERENCE
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	G4-17	Entities included in the organisation's consolidated financial statements.	4
	G4-18	Process for defining the report content and the Aspect Boundaries.	2
	G4-19	List of all material Aspects	2
	G4-20	Aspect Boundaries within the organisation.	2
	G4-21	Aspect Boundaries outside the organisation.	n/a
	G4-22	Effect of any restatements of information provided in previous reports.	112
	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	n/a
STAKEHOLDER ENGAGEMENT	G4-24	A list of stakeholder groups engaged by the organisation.	16 and 17
	G4-25	Basis for identification and selection of stakeholders with whom to engage.	16 and 17
	G4-26	Organisation's approach to stakeholder engagement.	16 and 17
	G4-27	Key topics and concerns that have been raised through stakeholder engagement.	16 and 17
REPORT PROFILE	G4-28	Reporting period for information provided.	Front cover
	G4-29	Date of most recent previous report.	Integrated annual report for the year ended 29 February 2016, published on 5 August 2016
	G4-30	Reporting cycle.	2
	G4-31	Contact point for questions regarding the report.	Corporate information
	G4-32	The 'in accordance' option the organisation has chosen.	Core disclosures used but not stated as being 'in accordance'
	G4-33	The organisation's policy and current practice with regard to seeking external assurance for the report.	2
GOVERNANCE	G4-34	Governance structure of the organisation and committees responsible for decision-making on economic, environmental and social impacts.	42 to 47

GRI CONTENT INDEX

		INDICATOR	DESCRIPTION	PAGE NO./ REFERENCE
ETHICS AND INTEGRITY		G4-56	Organisation's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	3 and 28
SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS	ECONOMIC PERFORMANCE	G4-DMA	Generic Disclosures on Management Approach	11
		G4-EC1	Direct economic value generated and distributed	11
	ENERGY	G4-DMA	Generic Disclosures on Management Approach	20
		G4-EN3	Energy consumption within the organisation	20 and 21
		G4-EN6	Reduction of energy consumption	20 and 21
	EMPLOYMENT	G4-DMA	Generic Disclosures on Management Approach	22
		G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	24
		G4-LA2	Benefits provided to full-time employees.	28
	LABOUR/MANAGEMENT RELATIONS	G4-DMA	Generic Disclosures on Management Approach	25
		G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	24

		INDICATOR	DESCRIPTION	PAGE NO./ REFERENCE
MATERIAL ASPECTS	OCCUPATIONAL HEALTH AND SAFETY	G4-DMA	Generic Disclosures on Management Approach	25
		G4-LA6	Type of injury and rates of injury.	25
	TRAINING AND EDUCATION	G4-DMA	Generic Disclosures on Management Approach	26
		G4-LA9	Average hours of training per year per employee by gender, and by employee category	27
		G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees.	26
		G4-LA11	Employees receiving regular performance and career development reviews	27

KING III APPLICATION SUMMARY

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 1: ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP		
Principle 1.1: The Board should provide effective leadership based on an ethical foundation.	The Board is responsible for corporate governance and determining the Group's strategic direction. Decisions, deliberations and actions are based on the Group's ethical values and principles. The integrated annual report provides further detail on how the Board has discharged its responsibilities in 2016.	The effective leadership is reflected throughout the integrated annual report in areas such as the chairman's report (page 34) and the combined Chief executive officer and financial director reports (page 35), stakeholder engagement (page 16) and the corporate governance report (page 42).
Principle 1.2: The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	The integrated annual report outlines the Group's performance. With the strategic direction provided by the Board, the Group seeks to protect, enhance and invest in the wellbeing of the economy, society and the environment. The social and ethics committee ensures that the Group formulates collaborative responses to sustainability challenges.	There is a continued focus on sustainability and CSI initiatives. Refer to the sustainability report (pages 11, 20, 22 and 38).
Principle 1.3: The Board should ensure that the Company's ethics are managed effectively.	The Board ensures that the Group's ethical standards are clearly articulated and supported as an integral part of conducting business. The ethical standards guiding the Group's relationship with stakeholders are governed by the Group's code of conduct. Ethical standards of the Group are integrated into all the Group's strategies and operations. internal audit annually assesses the Group's ethical performance and provides reports to the audit and risk and social and ethics committees.	Corporate governance report (page 42) Audit and risk committee report (page 52).
CHAPTER 2: BOARD AND DIRECTORS		
Principle 2.1: The Board should act as the focal point for and custodian of corporate governance.	The Board has a charter setting out its role, powers and responsibilities both in terms of the latest governance developments as well as the requirements for its composition, meeting procedures and work plan.	Corporate governance report (page 42) Chairman's report (page 34).
Principle 2.2: The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	The Board is active in informing the strategy of the Group, ensuring appropriate alignment with the purpose and mandate of the Group. The Board appreciates that strategy, risk, performance and sustainability are inseparable.	Integrated annual report presented.

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 2: BOARD AND DIRECTORS *(continued)*		
Principle 2.3: The Board should provide effective leadership based on an ethical foundation.	The Board is responsible for corporate governance and determining the Group's strategic direction. Decisions, deliberations and actions are based on the Group values. The integrated annual report provides further detail on how they have discharged their responsibilities in 2016.	The values are discussed in the 2017 integrated annual report and these are led by the Board.
Principle 2.4: The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	The integrated annual report outlines the Group's performance with regards to sustainability. With the strategic direction provided by the Board the Group seeks to protect, enhance and invest in the wellbeing of the economy, society and the environment. The social and ethics committee ensures that the Group formulates collaborative responses to sustainability challenges, which is overseen by the Board.	Refer to Principles 2.1 and 2.3.
Principle 2.5: The Board should ensure that the Company's ethics are managed effectively.	The management of ethics within the Group forms an important aspect of the Board's focus and responsibility and is closely monitored at each meeting of the social and ethics committee.	Corporate governance report (page 42) Audit and risk committee report (page 52).
Principle 2.6: The Board should ensure that the Company has an effective and independent audit committee.	An effective and independent audit and risk committee is in place. The committee's terms of reference outline the roles, powers, responsibilities and membership. Three independent non-executive members have been elected as members of the audit and risk committee at the recent annual general meeting, The committee is also chaired by an independent non-executive director.	Corporate governance report (page 42) Audit and risk committee report (page 52).
Principle 2.7: The Board should be responsible for the governance of risk.	The audit and risk committee assist the Board in executing its responsibility in terms of the governance of risk. The committee's terms of reference outline the responsibilities, members and work plan. The Board had recently adopted the 2015/2016 risk management policy and plan. In addition the top risks of the Company are considered at each quarterly board meeting.	Corporate governance report (page 40) Audit and risk committee report (page 52).
Principle 2.8: The Board should be responsible for information technology (IT) governance.	The board charter requires the Board to assume responsibility for IT governance. The Board has delegated responsibility to the audit and risk committee for overseeing same. The Chief information officer (CIO) presents a status report on IT applications and development and on the IT infrastructure department at each quarterly meeting of the audit and risk committee.	Corporate governance report (page 42) and board charter.

KING III APPLICATION SUMMARY

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 2: BOARD AND DIRECTORS *(continued)*		
Principle 2.9: The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The audit and risk committee assists the Board in ensuring that a relevant compliance framework is maintained and that applicable laws and regulations are complied with. A legal compliance policy has been adopted by the Board and a legal and compliance report is presented at each quarterly board meeting.	Corporate governance report (page 42).
Principle 2.10: The Board should ensure that there is an effective risk-based internal audit.	An effective risk-based internal audit function is in place. Annually internal audit expresses an opinion which is presented to the audit and risk committee over the operational methodologies and plans.	Audit and risk committee report (page 52).
Principle 2.11: The Board should appreciate that stakeholders' perceptions affect the Company's reputation.	Stakeholders perceptions and the potential effect that it may have on the reputation of the Group is appreciated and focused on by the Board. A Board-endorsed stakeholder engagement process has been adopted across the business.	Stakeholder engagement (page 16).
Principle 2.12: The Board should ensure the integrity of the Company's integrated report.	The Board approves the integrated report after satisfying itself with respect to the accuracy and integrity of the report, on recommendation from the audit and risk committee.	Refer to Principle 9.1 and the integrated annual report (page 50).
Principle 2.13: The Board should report on the effectiveness of the Company's system of internal controls.	Annually internal audit reviews the overall effectiveness of the Group's systems of financial control and presents its opinion to the audit and risk committee and the Board. The Board in turn obtains assurance and reports on the effectiveness of the Group's systems of internal control on an annual basis.	Corporate governance report (page 42) Audit and risk committee report (page 52).
Principle 2.14: The Board and its directors should act in the best interests of the Company.	The Board and directors are cognisant of their fiduciary and other duties and responsibilities under the Companies Act and King III. Directors are required to exercise objective judgement and there is a Board agreed process through which directors are permitted to take independent advice. The Board acts in the best interests of the Group by ensuring that individual directors: • adhere to legal standards of conduct as set out in the Companies Act. • exercise their fiduciary duties with the best interest of the Group at heart. • disclose real or perceived conflicts to the Board and deal with them accordingly. • deal in securities only in accordance with the policy adopted by the Board.	Corporate governance report (page 42).

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 2: BOARD AND DIRECTORS *(continued)*		
Principle 2.15: The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Act.	The Board is apprised of the Group's going- concern status at the interim and full year meetings. The Board monitors the solvency and liquidity of the Company on a regular basis. This enables the Board to consider business rescue should the Group become financially distressed.	Corporate governance report (page 42).
Principle 2.16: The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of chairman of the Board.	The chairman of the Board is an experienced independent non-executive director, free of conflict upon appointment and is elected annually by the Board. The Chief executive officer does not fulfil this function. The CEO and chairman's roles are separate. The board charter prescribes that a lead independent director be appointed in the event that the chair is not independent. The board charter formalises the role of the chair and his performance is assessed annually.	Corporate governance report (page 42).
Principle 2.17: The Board should appoint the Chief executive officer and establish a framework for the delegation of authority.	The Board appointed the CEO and provides input into senior management appointments who function in terms of an approvals framework wherein the Board defines its own levels of materiality and delegates functions of management appropriately.	Corporate governance report (page 42).
Principle 2.18: The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non- executive directors should be independent.	The majority of Board members are independent non-executive directors. Directors are appointed through a formal process and the knowledge, skills and resources required by the Board are considered. The size and diversity of the Board allows for the Board to conduct its business effectively. The CEO and CFO are executive directors of the Board.	Board of directors (pages 32 and 33) Corporate governance report (page 42).
Principle 2.19: Directors should be appointed through a formal process.	Appointments to the Board are a matter for the consideration of the Board as a whole and are made in a formal and transparent manner. In this process, the Board is assisted by the nominating and governance committee, acting under the guidance of the chair of the Board, which is tasked with developing and recommending to the Board criteria for selection of candidates to serve on the Board and assisting the Board with identifying and evaluating suitable nominees to recommend to shareholders for election. All appointments comply with the requirements of the Companies Act and the Group's memorandum of incorporation. Non-executive directors are formally appointed with a letter of appointment.	Board of directors (pages 32 and 33) Corporate governance report (page 42).

KING III APPLICATION SUMMARY

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 2: BOARD AND DIRECTORS *(continued)*		
Principle 2.20: The induction of and on-going training and development of directors should be conducted through formal processes.	The nominating and governance committee ensures that new directors undergo an appropriate induction process and recommends to the chairman of the Board the need for Board participation in continued education programs.	Corporate governance report (page 42).
Principle 2.21: The Board should be assisted by a competent, suitably qualified and experienced company secretary	A competent and experienced company secretary, who is not a director of the Group, is in place and whom the Board believes is suitably qualified and experienced to fulfil her functions in assisting the Board and committees appropriately and on an objective, arm's length basis. The appointment and functions of the company secretary are in line with the requirements of the Companies Act.	Corporate governance report (page 42).
Principle 2.22: The evaluation of the Board, its committees and the individual directors should be performed every year.	The board charter requires the Board to conduct annual evaluations of its performance against its roles and responsibilities, as well as that of individual directors. Each committee evaluates its own performance and the nominating and governance committee monitors and reports to the Board periodically on the performance of the committees. An overview of this process is disclosed in the Group's integrated annual report.	Corporate governance report (page 42).
Principle 2.23: The Board should delegate certain functions to well- structured committees but without abdicating its own responsibilities.	The following Board and statutory committees are in place: • audit and risk • remuneration and nominations • social and ethics All Board and statutory committees operate under formal terms of reference, which are reviewed annually, setting out the roles, powers and responsibilities of each committee. The committee chairpersons report back to the Board after each meeting. The composition of each committee, as well as a description of its terms of reference, is disclosed in the integrated annual report.	Corporate governance report (page 42).

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 2: BOARD AND DIRECTORS *(continued)*		
Principle 2.24: A governance framework should be agreed between the Group and its subsidiary Boards.	The Board of directors recognises the statutory and fiduciary duties of the directors of subsidiary companies and in particular their duty to act in the best interests of the subsidiary company at all times. The Board and management are cognisant that the Group must comply with the listings requirements of the JSE Limited. Particular regard is given to the trading of securities, closed periods and managing price sensitive information. Where appropriate, the adoption and implementation of policies and procedures of the Group in the operations of subsidiary companies should be a matter for the Board of the subsidiary company to consider and approve.	Referenced in roles and responsibilities of senior management and directors of the subsidiaries. Also refer to the board charter confirming that the governance framework is in place.
Principle 2.25: Companies should remunerate directors and executives fairly and responsibly.	A remuneration and nominations committee is in place and assists the Board in ensuring the Group's remuneration policy is aligned with the strategy and goals. The committee also reviews and approves remuneration of executive directors and senior management, proposes non-executive fees, reviews participation in and detail of share-based and other long-term incentive schemes.	Corporate governance report (page 42) Remuneration report (page 129).
Principle 2.26: Companies should disclose the remuneration of each individual director and certain senior executives.	Details of the remuneration for all directors and prescribed officers of the Group is disclosed, in accordance with the requirements of the Companies Act, the listings requirements of the JSE Limited and King III.	Annual financial statements (page 91) Remuneration report (page 129).
CHAPTER 3: AUDIT COMMITTEE		
Principle 3.1: The Board should ensure that the Company has an effective and independent audit committee.	The Group has an audit and risk committee comprising at least three independent, non- executive directors who were nominated by the remuneration and nominations committee and elected at the annual general meeting by the shareholders. The audit and risk committee has clear terms of reference, approved by the Board, which complies with section 94 of the Companies Act and King III.	Corporate governance report (page 42) Audit and risk committee report (page 52).

KING III APPLICATION SUMMARY

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 3: AUDIT COMMITTEE *(continued)*		
Principle 3.2: Audit committee members should be suitably skilled and experienced independent non- executive directors.	The audit and risk committee is annually evaluated by the Board, and collectively has a good understanding of the integrated reporting, internal financial controls, the external and internal audit process, corporate law, risk management, sustainability issues, information technology governance, the governance processes within the Group and are also financially literate.	Board of directors (pages 32 and 33) Corporate governance report (page 42) Audit and risk committee report (page 52).
Principle 3.3: The audit committee should be chaired by an independent non-executive director.	The audit and risk committee is chaired by an independent non-executive director, namely Mr Mike Groves.	Corporate governance report (page 42) Audit and risk committee report (page 52).
Principle 3.4: The audit committee should oversee integrated reporting.	The terms of reference of the audit and risk committee requires the committee to oversee, and take responsibility for the integrity of the integrated annual report and imposes suitable duties upon the committee to ensure that this is attended to. The review by the audit and risk committee includes not only the primary financial information, but also includes all relevant narrative information to present a balanced view of the Group's performance. The committee understands how the Board and the external auditor evaluate materiality for integrated reporting purposes.	Audit and risk committee report (page 52).
Principle 3.5: The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	The terms of reference of the audit and risk committee requires the committee to ensure that an appropriate combined assurance model, is implemented to ensure that significant risks are addressed within the Group. The framework considers assurances provided by internal audit, external audit and specialist agencies.	Audit and risk committee report (page 52).
Principle 3.6: The audit committee should satisfy itself of the expertise, resources and experience of the Company's finance function.	The terms of reference of the audit committee requires the committee to annually review the appropriateness of the expertise and adequacy of the resources of the finance function and the experience of the senior members of management responsible for the financial function. The results of such a review are disclosed in the integrated report.	Audit and risk committee report (page 52) Audit and risk committee's terms of reference.

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 3: AUDIT COMMITTEE *(continued)*		
Principle 3.7: The audit committee should be responsible for overseeing of internal audit.	The Chief audit executive (CAE) of the Group has been appointed and the Group has established an internal audit function, which appointment was sanctioned by the audit and risk committee. The terms of reference of the audit and risk committee require it to agree and approve the internal audit plan, evaluate the performance of the internal audit function, ensure that it is subject to an independent quality review, ensure that the internal audit function is adequately resourced and encourages cooperation between all assurance providers. The Group has an internal audit function that is independent and has the necessary resources, budget, standing and authority within the Group to discharge its functions. The audit and risk committee is responsible for the appointment, performance management and dismissal of the CAE. The committee ensures that the internal audit function is subjected to a quality review on a regular basis and the CAE reports functionally to the chair of the committee.	Audit and risk committee report (page 52).
Principle 3.8: The audit committee should be an integral component of the risk management.	The terms of reference of the audit and risk committee requires the committee to oversee the Group's risk management process and in particular, have regard to the financial reporting risks, internal financial controls, fraud risks and IT governance (including IT risks which relate to financial reporting).	Corporate governance report (page 42) Audit and risk committee report (page 52) Audit and risk committee's terms of reference.
Principle 3.9: The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The terms of reference of the audit and risk committee encapsulate the requirements of the Companies Act and details the committee's responsibilities in respect of the external auditor's nomination (for appointment by shareholders), the terms of engagement and remuneration, the policy for non-audit services, reportable irregularities and the quality and effectiveness of the external auditor.	Audit and risk committee report (page 52) Audit and risk committee's terms of reference.
Principle 3.10: The audit committee should report to the Board and shareholders on how it has discharged its duties.	The terms of reference of the audit committee require the committee to report to the Board on its statutory duties and the duties assigned to it by the Board at each board meeting. The audit and risk committee also reports to shareholders on how it has discharged its duties at the annual general meeting and a written report is included in the integrated annual report, which details the committee's responsibilities in respect of the external auditor's nomination (for appointment by shareholders), the terms of engagement and remuneration, the policy for non-audit services, reportable irregularities and the quality and effectiveness of the external auditor.	Corporate governance report (page 42) Audit and risk committee report (page 52) Audit and risk committee's terms of reference.

KING III APPLICATION SUMMARY

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 4: THE GOVERNANCE OF RISK		
Principle 4.1: The Board should be responsible for the governance of risk.	The board charter establishes the Board's responsibility for risk governance and delegates the Group's risk management function to the audit committee. The terms of reference of the audit committee requires the committee to develop a policy and plan for a system and process of risk management, which is documented and approved by the Board on an annual basis. A revised risk-management policy was recently approved by the Board and has been implemented by management. The audit and risk committee regularly reviews the Group risk assessment and satisfies itself that the responses and mitigations are adequate.	Board charter Corporate governance report (page 42) Audit and risk committee report (page 52).
Principle 4.2: The Board should determine the levels of risk tolerance.	The board charter requires the Board to set the Group's level of risk tolerance and limits for the Group's risk appetite on an annual basis and monitor same accordingly.	Board charter Corporate governance report (page 42) Audit and risk committee Report (page 52).
Principle 4.3: The risk committee or audit committee should assist the Board in carrying out its risk responsibilities.	The board charter establishes the Board's responsibility for risk governance and delegates the Group's risk management function to the audit and risk committee. The recommendations of King III in respect of the constitution of a risk committee are met by the audit and risk committee. The audit and risk committee ensures that the Group has implemented an effective policy and plan for risk, and that disclosure is comprehensive, timely and relevant. These activities are included in the committee's terms of reference and work plan.	Board charter Corporate governance report (page 42) Audit and risk committee report (page 52).
Principle 4.4: The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	The board charter and the terms of reference of the audit and risk committee delegates the development of the risk strategy to management through systems and processes. Management is accountable to integrating risk management into the daily activities of the Group.	Board charter Terms of reference of the audit and risk committee.
Principle 4.5: The Board should ensure that risk assessment is performed on a continual basis.	The terms of reference of the audit committee requires the committee to ensure that effective and on-going risk assessments are performed and that a systematic, documented, formal risk assessment is conducted regularly. Risk management is embedded in the Group's annual business planning cycle. A disciplined approach is followed in evaluating risks and developing appropriate mitigation strategies.	Terms of reference of the audit and risk committee.

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 4: THE GOVERNANCE OF RISK *(continued)*		
Principle 4.6: The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	The terms of reference of the audit and risk committee requires the committee to ensure that the risk management framework and processes in place to implement same are adequate for the purpose of anticipating unpredicted risks. The Group has a risk policy in place, which outlines the process and methodologies for both identifying and monitoring risks.	Terms of reference of the audit and risk committee.
Principle 4.7: The Board should ensure that management considers and implements risk responses.	The terms of reference of the audit and risk committee requires the committee to ensure that management develops adequate risk responses and that these responses also identify opportunities which may exploited by the Group.	Terms of reference of the audit and risk committee.
Principle 4.8: The Board should ensure continual risk-monitoring by management.	The terms of reference of the audit and risk committee requires the committee to ensure that there is effective and continual monitoring of risk management and that the responsibility for monitoring risk is defined in the risk management plan. The Group's risk policy outlines the process, responsibilities and methodologies for both identifying and monitoring risks. Progress of the Group in managing the risks is reported to the audit and risk committee.	Terms of reference of the audit and risk committee.
Principle 4.9: The Board should receive assurance regarding the effectiveness of the risk management process.	The audit and risk committee is required to ensure management provides assurance that the risk management plan is integrated into the daily activities of the Group and that internal audit provides a written assessment of the effectiveness of the system of internal controls and risk management to the Board. Regular reports are provided to the audit and risk committee and internal audit performs an annual review of the effectiveness of the system of internal controls and risk management.	Terms of reference of the audit and risk committee.
Principle 4.10: The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	The audit and risk committee is required to disclose in the integrated report any undue, unexpected or unusual risks, as well as the Board's view on the effectiveness of the risk management process.	Terms of reference of the audit and risk committee.

KING III APPLICATION SUMMARY

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY (IT)		
Principle 5.1: The Board should be responsible for information technology (IT) governance.	The Board is responsible for IT governance and understands the strategic importance of IT in achievement of the Group's strategic objectives. The board charter requires the Board to assume responsibility for IT governance. The Board has delegated responsibility to the audit and risk committee for overseeing same. The terms of reference of the audit and risk committee requires it to ensure that an IT charter and suitable policies, including an internal control framework, is developed and an independent assessment of the effectiveness of IT controls is conducted on an annual basis.	Principle 2.8 The board charter.
Principle 5.2: IT should be aligned with the performance and sustainability objectives of the Company.	The IT strategy is integrated with the Group's strategic and business processes. IT and business plans are integrated, align IT with overall business operations and specify the IT value proposition.	Corporate governance report (page 42).
Principle 5.3: The Board should delegate to management the responsibility for the implementation of an IT governance framework.	The terms of reference of the audit and risk committee requires the committee to ensure that management is responsible for the implementation of the structures, processes and mechanisms for the IT governance framework. A governance framework has been implemented and includes alignment of IT to support the business strategy and operations, deliver value and manage performance, information security, managing IT risk and compliance, and business continuity management.	Terms of reference of the audit and risk committee.
Principle 5.4: The Board should monitor and evaluate significant IT investments and expenditure.	The terms of reference of the audit and risk committee requires the committee to oversee the value delivery of IT and monitor the return on investment from significant IT projects. In addition, the committee also ensures that processes are in place to protect the Group's information systems. The Group financial director reviews the reasonableness of future projects and reports it to the Board.	Terms of reference of the audit and risk committee.

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY (IT) *(continued)*		
Principle 5.5: IT should form an integral part of the Company's risk management.	The terms of reference of the audit and risk committee requires the committee to ensure that management demonstrates that the Group has adequate business resilience arrangements in place for disaster recovery and that the Group complies with all IT laws and related rules, codes and standards.	Terms of reference of the audit and risk committee.
Principle 5.6: The Board should ensure that information assets are managed effectively.	The terms of reference of the audit and risk committee requires the committee to ensure that systems are in place for the management of information which includes security, information management and privacy. An information management strategy is in place which monitors the management of assets. This includes the management of information security.	Terms of reference of the audit and risk committee.
Principle 5.7: A risk committee and audit committee should assist the Board in carrying out its IT responsibilities.	The terms of reference of the audit and risk committee requires the committee to ensure that IT risks are adequately addressed and that assurance is given to confirm that adequate controls are in place. The audit and risk committee regularly considers IT risks and controls, business continuity and data recovery related to IT, information security and privacy.	Corporate governance report (page 42) Terms of reference of the audit and risk committee.
CHAPTER 6: COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS		
Principle 6.1: The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Legislative and regulatory compliance is monitored by the head of Group legal. An analysis of current and pending legislation is presented at each meeting of the Board and the audit and risk committee. Value has adequate systems and functions in place to ensure that it complies with all applicable laws and any instances in respect of exceptions, shortcomings and proposed changes are managed by the Board.	Corporate governance report (page 42).

KING III APPLICATION SUMMARY

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 6: COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS *(continued)*		
Principle 6.2: The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards of the Company and its business.	The directors appointed to the Board of Value are suitably skilled and experienced with regard to the applicable laws, rules, codes and standards on Value and its business. Processes are in place to ensure that the Board is continually informed of relevant laws, rules, codes and standards including any changes made.	Corporate governance report (page 42).
Principle 6.3: Compliance risk should form an integral part of the Company's risk management process.	Compliance risk forms an integral part of the Group's risk management process. Legislative and regulatory compliance is monitored by the head of Group legal. An analysis of current and pending legislation is presented at each meeting of the Board and the audit and risk committee. Through Value's risk management framework, the risk management function identifies, assesses and responds to compliance risks.	Corporate governance report (page 42).
Principle 6.4: The Board should delegate to management the implementation of an effective compliance framework and processes.	Compliance risk forms an integral part of the Group's risk management process. Legislative and regulatory compliance is monitored by the head of Group legal. An analysis of current and pending legislation is presented at each meeting of the Board and audit and risk committee, and an effective compliance framework provides the Board with assurances on the effectiveness of the controls and compliance with laws, rules, codes and standards.	Corporate governance report (page 42).
CHAPTER 7: INTERNAL AUDIT		
Principle 7.1: The Board should ensure that there is an effective risk based internal audit.	The role of internal audit is outlined in the terms of reference of the audit and risk committee as well as the internal audit charter. The annual internal audit plan is approved by the committee and addresses all the areas as recommended by King III. Value has established an internal audit function which the Board believes has adequate skills and resources to perform its prescribed role.	Corporate governance report (page 42) Audit and risk committee report (page 52) Terms of reference of the audit and risk committee.

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 7: INTERNAL AUDIT *(continued)*		
Principle 7.2: Internal audit should follow a risk based approach to its plan.	Internal audit is independent from management and follows a risk based audit plan by incorporation of the strategy and risks of the Group. Internal audit reporting meets the need and requirements of management and the audit and risk committee.	Corporate governance report (page 42).
Principle 7.3: Internal audit should provide a written assessment of the effectiveness of the Company's system of internal control and risk management.	Internal audit forms an integral part of the combined assurance model as the internal assurance provider providing an annual assessment to the audit and risk committee on the effectiveness of internal controls and risk management. The internal audit plan is also informed by the strategy and risks of Value.	Corporate governance report (page 42) Audit and risk committee report (page 52).
Principle 7.4: The audit committee should be responsible for overseeing internal audit.	The internal audit responsibilities are determined by the audit and risk committee's terms of reference . The CAE is appointed by the committee and reports functionally to the committee and administratively to the financial director of the Group. The CAE attends all audit and risk committee meetings and provides the meetings with a written assessment of the effectiveness of the governance, risk and control environment.	Audit and risk committee report (page 52) Terms of reference of the audit and risk committee.
Principle 7.5: Internal audit should be strategically positioned to achieve it objectives.	The internal audit function is independent and objective and reports functionally to the audit and risk committee. The committee reviews the resources and skills of the function on an annual basis to ensure it is adequate to address risk and assurance requirements.	Audit and risk committee report (page 52).
CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS		
Principle 8.1: The Board should appreciate that stakeholders' perceptions affect a company's reputation.	The Board ensures that good relations are maintained with the Group's major and strategic stakeholders.	Stakeholder engagement (page 16).
Principle 8.2: The Board should delegate to management to proactively deal with stakeholder relationships.	A policy has not yet been established to manage relationships with stakeholder groups.	Stakeholder engagement (page 16).

KING III APPLICATION SUMMARY

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS *(continued)*		
Principle 8.3: The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company.	In exercising decisions in the best interests of the Group the board charter requires directors to consider the legitimate interests and expectations of its stakeholders.	Stakeholder engagement (page 16).
Principle 8.4: Companies should ensure the equitable treatment of shareholders.	In compliance with its responsibilities under the Companies Act and the listings requirements of the JSE Limited, the Board is cognisant of its duty to ensure that all shareholders are treated equitably. There is equitable treatment of all holders of the same class of shares issued, including minorities and between holders of different classes of shares in the Company.	Stakeholder engagement (page 16).
Principle 8.5: Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	The Group provides complete, timely, relevant, accurate, honest and accessible information to its stakeholders whilst having regard to legal and strategic considerations. The degree of corporate transparency and communication is considered with reference to the Company stakeholder policies, relevant legal requirements and the maintenance of the Group's competitive advantage. No requests for information were withheld by the Group in terms of the Promotion of Access to Information Act, 2000.	Stakeholder engagement (page 16).
Principle 8.6: The Board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.	Dispute resolution clauses are included in contracts to deal with external disputes. Internal dispute processes include the human resource function.	Stakeholder engagement (page 16).
CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE		
Principle 9.1: The Board should ensure the integrity of the Company's integrated report.	The Board, assisted by the audit and risk committee, assumes responsibility for the integrated annual report and ensures that the report fairly represents the performance of the Group and ensures that there are controls in place to enable it to verify and safeguard the integrity of the integrated report. In addition, the audit and risk committee evaluates sustainability disclosures.	Integrated annual report (page 50) Audit and risk committee report (page 52).
Principle 9.2: Sustainability reporting and disclosure should be integrated with the Company's financial reporting	The integrated annual report includes the Group's summary of financial statements and commentary that allows the reader to contextualise the financial results by providing sufficient information on the key issues effecting the Group, it's stakeholders and the community it operates in.	Sustainability reporting and disclosure have been integrated with the Group's financial reporting.
Principle 9.3: Sustainability reporting and disclosure should be independently assured.	The Group continues to refine its internal processes. Broad-based black economic empowerment has been selected for verification by an accredited specialists.	Sustainability report (page 28).

CORPORATE INFORMATION

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