VALUE GROUP LIMITED

2015 Integrated Annual Report


LOGISTIC

CONTENTS

The Value Group Limited has, over the past 34 years, developed into one of South Africa's foremost supply chain providers, providing a diverse range of services which include distribution, transport, clearing and forwarding, warehousing, container and fleet management, forklift and commercial vehicle rental and leasing. The Group presents a comprehensive offering with over 350 000 sqm's of warehousing space, 27 depots and a core fleet of 4 600 vehicles and forklifts of various sizes. With operations, throughout South Africa and sub-saharan Africa, the Group is well positioned to ensure its future expansion and growth.

Prospects

The new Cato Ridge facility in Durban and Joostenbergvlakte facility in Cape Town are now fully operational. The investment in this infrastructure is expected to bode well for the Group's future profitability.

The Group remains committed to its acquisitive growth strategy by leveraging off its intellectual property, infrastructure, low gearing, positive cash balances and strong cash flows. The Group seeks to invest not only in businesses that complement existing divisions, but also in those that will diversify and grow new revenue streams. Various acquisition opportunities continue to be evaluated and actively pursued.

1981
Value Group founded by Group CEO, Steven Gottschalk, under the name of Value Truck Rental

1988
Business expanded beyond the Pretoria region with the opening of the Isando Depot

1998
Value Group listed on the JSE

1999
R&C X-Press Freight acquired on 1 January 1999. Freightpak acquired on 1 March 1999

2000
Certain assets and operations of Rent-a-Bakkie acquired on 1 September 2000

2001
Fleetrent and Fridge Fleet acquired on 1 March 2001

2002
Re-branding of Group image from that of a truck rental company to that of a fully integrated logistics provider

2005
Countrywide Footwear Carriers acquired on 5 April 2005. Construction of the state-of-the-art warehouse and distribution facility in Tunney, Germiston, completed in September 2005

2007
Group revenue exceeds R1 billion

2011
State-of-the-art panel beating facility opened in October 2011 with capacity to generate external revenue

2012
Construction of Cato Ridge multi-principle warehouse commences

2013
Completion of Cato Ridge multi-principle warehouse

2014
Construction of new multi-principle warehouse commences in Cape Town

2015
Completion of multi-principle warehouse in Cape Town

Group revenue exceeds R2 billion

Value's new multi-principle warehouse in Joostenbergvlakte, Cape Town


freightpak
and Distribution
freightpak
Chemical Warehousing and Distribution
VALUE LOGISTICS

APPROACH

The Group aims to be a responsible corporate citizen and sustainability is therefore a vital part of the organisation. 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, while addressing the expectations of our stakeholders.

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, occupational health and safety initiatives and measures to reduce electricity consumption.

This integrated annual report, which covers the financial year ended 28 February 2015, 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 sustainability of the Group.

In preparing this report, the Group has followed the recommendations of the King III Code of Corporate Governance and the Framework of the International Integrated Reporting Council.

REPORTING FRAMEWORK

This report contains standard disclosures from the GRI Sustainability Reporting Guidelines. A list of the standard disclosures and their location in this integrated annual report can be found on pages 141 to 144. The latest G4 codes have been applied in preparing this report and the Group has elected to report using the core application disclosures.

The board has decided not to obtain external assurance on the disclosures included under operational performance in this report, with the exception of its transformation 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 guidance issued in the GRI implementation manual has been used. The Group has identified 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.

Risk management at Value is embedded in every facet of the business, ranging from finance, strategy, operations and human resources. The goal of effective risk management is to ensure that the business reaches its strategic goals, makes effective and efficient use of its operations, delivers reporting that is reliable, compliance with laws and regulations are met and that reputational damage to the business is avoided.

The board of directors has ultimate responsibility to ensure that a holistic approach to risk management is in place to understand, evaluate and mitigate risk in order to safeguard the business and ensure its long term sustainability. The board has assigned oversight of the Group's risk management function to the audit and risk committee.The committee fulfils an oversight role regarding operational risks, internal control, financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to operational and financial reporting. The committee in turn reports and escalates risk issues back to the board.

Risks identified are prioritised by management in accordance with a methodology that considers likelihood and magnitude. Contrary scenarios and assumptions are considered such as leverage and instability. Further support is provided by internal audit in the form of assurance on the effectiveness of control procedures and risk treatment plans in place to reduce the possibility and outcome of known risks.

VISION

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

MISSION

The Value Group 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.

BEE level 3 contributor

REVENUE
3%

Up 3% to R2,038 billion
Feb 15: R2,038b
Feb 14: R1,975b

HEADLINE EARNINGS PER SHARE
35%

Down 35% to 44,2 cents
Feb 15: 44,2c
Feb 14: 68,2c

EARNINGS PER SHARE
37%

Down 37% to 42,1 cents
Feb 15: 42,1c
Feb 14: 66,9c

NET ASSET VALUE PER SHARE
5%

Up 5% to 458,6 cents
Feb 15: 458,6c
Feb 14: 437,2c

DIVIDENDS PER SHARE
35%

Down 35% to 17 cents
Feb 15: 17c
Feb 14: 26c

CASH GENERATED BY OPERATIONS
8%

Down 8% to R286,5 million
Feb 15: R286,5m
Feb 14: R311,1m

SEVEN-YEAR REVIEW

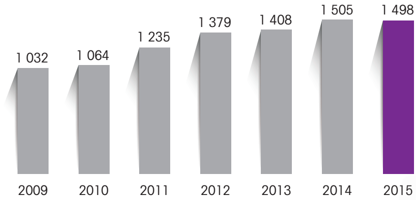
R'000	2015	2014	2013	2012	2011
Consolidated statement of comprehensive income					
Revenue	2 038 353	1 975 314	1 945 419	1 798 012	1 588 315
Gross profit	779 485	779 411	783 845	763 114	696 441
Operating profit before once-off BEE equity transaction costs	108 697	166 857	166 411	176 987	166 415
Once-off BEE equity transaction costs	—	—	—	—	(12 192)
Operating profit after once-off BEE equity transaction costs	108 697	166 857	166 411	176 987	154 223
Share of profit/loss of equity-accounted investee net of taxation	64	21	25	34	11
Investment income	13 511	12 071	11 750	15 222	17 715
Finance costs	(30 297)	(27 079)	(35 418)	(38 224)	(34 370)
Net profit before taxation	91 975	151 870	142 768	154 019	137 579
Taxtion	(23 815)	(41 200)	(41 090)	(44 517)	(43 468)
Net profit for the year	68 160	110 670	101 678	109 502	94 111
Annual growth (%)					
Total sales	3%	2%	8%	13%	18%
Operating profit after once-off BEE equity transaction costs	(35%)	(*)	(6%)	15%	8%
Net profit before taxation	(39%)	6%	(7%)	12%	7%
Margin (%)					
Gross profit margin	38%	39%	40%	42%	44%
Operating profit margin	5%	8%	9%	10%	10%
Consolidated statement of financial position					
Property, vehicles, plant and equipment	1 022 644	986 896	939 934	938 715	828 456
Intangible assets	25 261	37 568	38 064	37 362	31 611
Investments and loans	1 802	2 175	104	2 414	1 007
Deferred tax	3 133	4 627	3 167	3 196	3 857
Current assets	444 246	473 789	426 836	397 627	370 010
Non-current assets held-for-sale	951	97	350	139	20
Total assets	1 498 037	1 505 152	1 408 455	1 379 453	1 234 961
Equity	726 094	715 296	650 117	582 728	502 774
Interest-bearing borrowings	181 230	165 383	187 217	221 346	194 963
Deferred tax	174 217	173 201	156 943	138 586	120 249
Current portion of interest-bearing borrowings	101 973	83 805	87 047	92 748	84 042
Other current liabilities	314 523	367 467	327 131	344 045	332 933
Total equity and liabilities	1 498 037	1 505 152	1 408 455	1 379 453	1 234 961

The above results have been extracted from the financial statements as presented in each year and are in accordance with the relevant International Financial Reporting Standards applicable at the time.

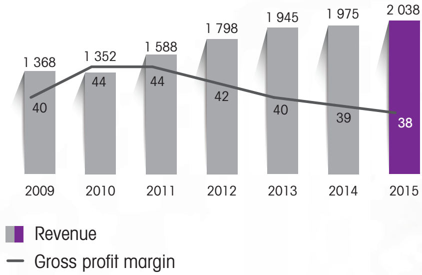
**Nominal amount.*

2010	2009
1 351 611	1 368 117
596 847	548 389
142 372	138 284
—	—
142 372	138 284
(13)	673
17 412	28 937
(31 167)	(46 648)
128 604	121 246
(37 234)	(36 261)
91 370	84 985
(1%)	15%
3%	72%
6%	83%
44%	40%
11%	10%
704 506	654 845
25 716	20 969
2 518	2 655
3 286	2 639
328 047	349 903
152	655
1 064 225	1 031 666
485 006	429 909
98 375	142 814
111 057	107 028
73 250	68 451
296 537	283 464
1 064 225	1 031 666

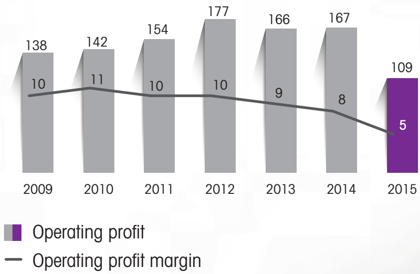
Total assets (R million)



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



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

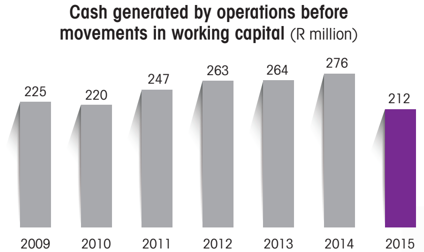


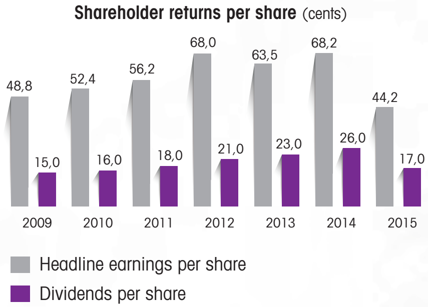
FINANCIAL STATISTICS AND RATIOS

	2015	2014	2013	2012	2011
Earnings					
Basic earnings per share (cents)	**42,1**	66,9	61,5	66,4	54,5
Headline earnings per share (cents)	**44,2**	68,2	63,5	68,0	56,2
Adjusted headline earnings per share excluding BEE costs (cents)	**44,2**	68,2	63,5	68,0	63,3
Dividends per share (cents):	**17,0**	26,0	23,0	21,0	18,0
Interim	**5,0**	9,0	8,0	7,0	6,0
Final	**12,0**	17,0	15,0	14,0	12,0
Number of ordinary shares of R0,001 each in issue:					
Actual	**198 627 386**	198 627 386	198 627 386	198 627 386	198 627 386
Weighted average	**162 673 657**	165 505 874	165 204 702	164 991 563	172 707 357
Profitability					
Operating profit margin	**5%**	8%	9%	10%	10%
Return on average shareholder's equity excluding BEE costs	**9%**	16%	17%	20%	22%
Financial					
Cash generated by operations before movements in working capital (R'000)	**211 896**	275 858	263 931	262 966	246 908
Debt: equity %	**39%**	35%	42%	54%	55%
Interest cover	**6**	11	7	8	9
Dividend cover	**2,48**	2,57	2,67	3,16	3,03
Current ratio	**1,07**	1,05	1,03	0,91	0,89
Debtors days*	**34**	34	34	43	42
Net asset value per share (cents)	**458,6**	437,2	393,3	353,0	304,8

**Adjusted for the effects of clearing and forwarding.*

2010	2009
50,8	46,3
52,4	48,8
52,4	48,8
16,0	15,0
6,0	—
10,0	15,0
194 436 033	194 436 033
179 717 904	183 359 591
11%	10%
20%	21%
220 309	225 288
35%	49%
10	8
3,18	3,09
0,89	0,99
38	42
267,8	240,2





The Value Group, with over 3 decades of experience in supply chain solutions, has become the supply chain partner for many of South Africa's leading brands. At Value we believe that the needs of our customers are the driving force that has positioned us as one of the largest, most comprehensive transport and logistics companies in South Africa.

WAREHOUSING

The Group operates fully owned and managed world-class warehouses in excess of 350 000 square meters nationally, supported by state of the art Warehouse Management Systems and IT infrastructure which are integrated into the logistics network of the business to allow for accuracy and efficiency in carrying out the various processes. Barcode scanning and batch tracking is made available to further improve the service offering. The Group's warehousing function is fully integrated with Clearing and Forwarding and Distribution. Facilities are strategically positioned throughout southern Africa, creating the opportunity for our customers to supply products to their customers and stores nationally.

TRANSPORT

The Group offers a wide range of vehicles and services to cater for specific needs, ranging from truck rental, refrigerated fleets, full maintenance leases and dedicated distributions. Value Logistics will manage all facets of the transportation function. Our services include achievement of the agreed service levels, flexibility to increase the size of the fleet to cater for peak demand periods, management of drivers, efficient reporting and safe and flexible delivery of stock.

IMPORT AND EXPORT

Being part of a global network of forwarders, the Group and its clients are given full international exposure. With a full network of agents represented in 170 countries, cargo can be moved to or from nearly any country in the world on a door-to-door basis.

DISTRIBUTION

The Group has positioned itself as a leader in its field through expanding its services from basic truck rentals to fully outsourced supply chain solutions that include customised door-to-door offerings via road, air and sea. Highly skilled logistics staff are trained to understand their customers' requirements and are supported by a national and cross-border infrastructure driven through effective technology. Customers benefit from the advantage of the Group's vast size and infrastructure, with the company boasting in excess of 4,600 vehicles and sophisticated routing and scheduling.

REPAIRS AND MAINTENANCE

Value maintains and repairs its fleet of vehicles, as well as those of external customers, at dedicated workshops situated in all the major centres throughout South Africa, serviced by highly skilled technicians. The accredited workshops are fully equipped to repair and maintain all types of vehicles. All vehicles are maintained to a high mechanical standard and road tested to ensure operational efficiency and safety. A 24 hour centralised call centre is available to manage and co-ordinate recovery and repair.

MATERIALS HANDLING

The Group is the sole distributor for Komatsu and STILL forklifts in southern Africa. The Group's extensive national footprint ensures clients in all provinces have maximum flexibility in selecting the right forklift. The Group offers outright purchase, full maintenance leasing, maintenance packages, spare parts, cost effective finance and all inclusive long term and short term rental options with 24 hour back-up service.

VALUE GROUP LIMITED

100%

VALUE LOGISTICS LIMITED

VALUE LOGISTICS PERSONNEL SERVICES (PTY) LTD

VALUE LOGISTICS (BOTSWANA) (PTY) LTD

VALUE LOGISTICS NAMIBIA (PTY) LTD

VALUE SPECIALISED LOGISTICS (PTY) LTD

30%

VALUE SA (PTY) LTD

50%

VALUE LOGISTICS (HONG KONG) CO. LTD

51%

LIQUID IN MOTION (PTY) LTD

OPERATING SEGMENTS

GENERAL DISTRIBUTION

SEGMENT PROFILE

The General Distribution segment provides a variety of supply chain solutions ranging from door to-door offerings, distribution and warehousing of hazardous cargo, courier services, warehousing facilities and dedicated distribution services throughout the country.

DIVISIONS

TRUCK RENTAL AND OTHER

SEGMENT PROFILE

The Truck Rental and Other segment provides comprehensive clearing and forwarding services, full maintenance leases, specialised forklift distribution, refridgerated trucks and storage, container collection, delivery and storage, film industry equiped vehicles, professional branding solutions and panel beating services.

DIVISIONS

GENERAL DISTRIBUTION

SEGMENT PERFORMANCE

1,5%
EXTERNAL SEGMENT REVENUES

Up 1,5% to R1,653 billion
Feb 15: R1,653b Feb 14: R1,629b

22,5%
OPERATING SEGMENT RESULTS

Down 22,5% to R111,7 million
Feb 15: R111,7m Feb 14: R144,2m

SEGMENT REVIEW

Annual rate increases were offset by reduced activity which contributed to revenue increasing only marginally from R1,63 billion to R1,65 billion. Revenue was further affected by rate pressures. Increased subcontractor, shrinkage and labour costs resulted in a 22,5% reduction in operating profits from R144,2 million to R111,7 million.

TRUCK RENTAL AND OTHER

SEGMENT PERFORMANCE

11,7%
EXTERNAL SEGMENT REVENUES

Up 11,7% to R384,1 million
Feb 15: R384,1m Feb 14: R344,0m

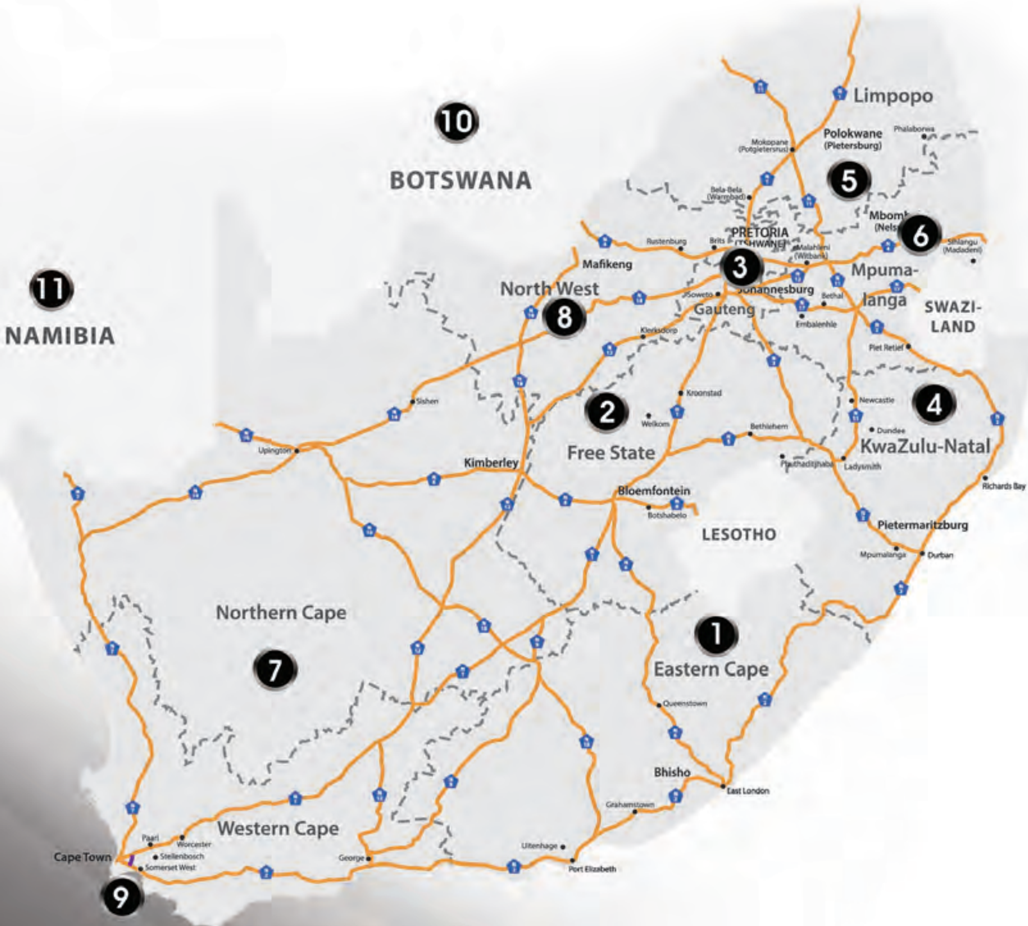
38,5%
OPERATING SEGMENT RESULTS

Down 38,5% to R22,7 million
Feb 15: R22,7m Feb 14: R36,9m

SEGMENT REVIEW

Improved turnover in the materials handling and truck rental divisions contributed to a 11,7% increase in revenue from R344 million to R384,1 million. The truck rental division, however, performed below expectation in the first half. In addition, increased maintenance costs were incurred. Consequently, the segment's operating profits reduced from R36,9 million to R22,7 million.

GEOGRAPHIC FOOTPRINT



SOUTH AFRICA

1. **Eastern Cape** | East London, Port Elizabeth
2. **Free State** | Bloemfontein, Harrismith
3. **Gauteng** | Johannesburg, Midrand and Pretoria
4. **KwaZulu-Natal** | Pinetown, Cato Ridge
5. **Limpopo** | Polokwane
6. **Mpumalanga** | Nelspruit, Witbank
7. **Northern Cape** | Kimberley
8. **North West** | Klerksdorp, Rustenburg
9. **Western Cape** | Cape Town, George

INTERNATIONAL

10. **Botswana** | Gabarone, Francistown
11. **Namibia** | Windhoek

- **China** | Hong Kong

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	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 at their job functions whilst also enabling them to express their viewpoints to management. 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.
Customers	To build long-term relationships with customers for the mutual benefit of both parties	A dedicated sales team, with direct access to top management, engages with customers on issues of service requirements and query resolution. Similarly, ongoing operational engagement is performed in meeting the unique needs of different customer requirements.	Rate pressures were experienced during the first half of the year which resulted in reduced annual escalations. However, the Group experienced increased activity from customers in the second half of the year which boosted revenue.
Suppliers	To ensure provision of goods and services in a responsible 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.

STAKEHOLDER	REASON WE ENGAGE	METHOD OF ENGAGEMENT	HIGHLIGHTS ON ENGAGEMENT PROCESS
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 safe-guarding of their interests and includes one-on-one meetings, and 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 the environment in which it operates positively	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 54.

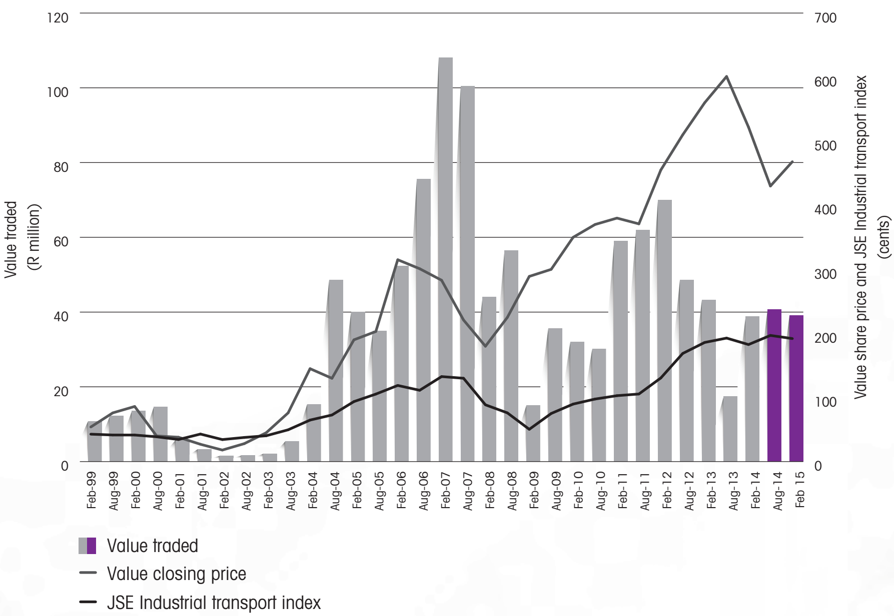
ORDINARY SHARES – LISTED	Number of shareholders	%	Number of shares	%
Non-public shareholders				
The Value Group Share Incentive Scheme	1	0,05	739 790	0,37
Directors	4	0,19	2 698 070	1,36
Diplobuzz Investments (RF) (Pty) Limited	1	0,05	6 257 406	3,15
The Kacilo Trust	2	0,10	9 007 403	4,53
Foord Asset Management (Pty) Limited	3	0,14	13 774 407	6,93
Opsiweb Investments (RF) (Pty) Limited	1	0,05	14 600 614	7,35
Value Logistics Limited	1	0,05	18 707 521	9,42
The BRSALO Trust	1	0,05	85 175 633	42,89
	14	0,68	150 960 844	76,00
Public shareholders				
Individuals and other	2 057	99,32	47 666 542	24,00
Total shareholders	2 071	100,00	198 627 386	100,00
Residency				
South African	2 040	98,50	193 484 280	97,41
Foreign	31	1,50	5 143 106	2,59
	2 071	100,00	198 627 386	100,00
Holdings				
1 to 1 000	1 021	49,30	380 262	0,19
1 001 to 5 000	597	28,83	1 645 424	0,83
5 001 to 10 000	178	8,59	1 377 275	0,69
10 001 to 50 000	179	8,64	3 871 691	1,95
50 001 to 100 000	31	1,50	2 221 168	1,12
over 100 000 shares	65	3,14	189 131 566	95,22
	2 071	100,00	198 627 386	100,00

A ORDINARY SHARES – UNLISTED	Number of shareholders	%	Number of shares	%
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 Peromness bands and who satisfy a set objective criteria set by the board, will qualify as participants in the employee empowerment scheme.

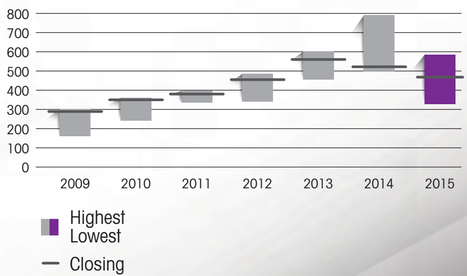
SHARE INFORMATION	2015	2014	2013	2012
Market price per share (cents)				
– highest	585	790	600	485
– lowest	329	500	455	340
– closing	468	522	560	455

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



2011	2010	2009
396	360	300
335	241	160
380	350	289

High, low and closing share price (cents)



BOARD STRUCTURE

BOARD MEMBERS
Carl Stein (Chairman), Steven Gottschalk, Clive Sack, Mano Padiyachy, Mike Groves, Mathews Phosa,Velile Mcobothi

SOCIAL AND ETHICS COMMITTEE
Velile Mcobothi (Chairman), Steven Gottschalk, Mike Groves

REMUNERATION AND NOMINATIONS COMMITTEE
Mike Groves (Chairman), Carl Stein

AUDIT AND RISK COMMITTEE
Mike Groves (Chairman), Carl Stein, Velile Mcobothi


4
5
6
7

1

Carl Stein (61)

Chairman (Independent), LLB, HDip Tax Law

Carl is a senior director in the corporate/commercial department of Bowman Gilfillan Inc., one of the three largest law firms 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. He is also a non-executive director of other listed companies. Carl became chairman of Value Group in 1998.

2

Steven Gottschalk (57)

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.

3

Mathews Phosa (63)

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. He joined Value Group in October 2002 as an executive director and was subsequently appointed as a non-executive director with effect from May 2010.

4

Velile Mcobothi (40)

Non-executive director (Independent), CA(SA)

Velile has 14 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.

5

Clive Sack (45)

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.

6

Mike Groves (70)

Non-executive director (Independent), CA(SA)

Mike was the managing director of Grindrod Limited until 1999. He has 38 years' experience in the shipping and transport industry. He acted as an independent non-executive director of Grindrod Bank Limited until May 2015, as well as Grindrod Limited until December 2014. Mike is a past president of SA Ship Owners Association. He was appointed as a non-executive director of Value Group in August 2002.

7

Mano Padiyachy (50)

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

CARL STEIN

THE GROUP REMAINS FOCUSED ON ITS **ACQUISITIVE GROWTH** STRATEGY

The weak South African economy, underpinned by very poor consumer demand, had a material impact on demand for the Group's services. These factors, together with escalations in costs, led to the Group delivering disappointing results for the year under review.

Although revenue increased by 3% to R2,038 billion, headline earnings per share reduced by 35% to 44,2 cents per share. Cost increases escalated disproportionately to revenue. Increased labour rates, maintenance costs and shrinkage costs contributed to gross profit margins reducing from 39% to 38%. Operating margins decreased from 8% to 5% due to overhead escalations.

Notwithstanding the 35% reduction in headline earnings, R74,6 million derived from the proceeds of sale of rental assets boosted cash flows. Cash generated by operations thus reduced by only 8% to R286,5 million. Accordingly, although profitability was reduced, dividends were paid, albeit in reduced amounts.

Capital expenditure is expected to be materially reduced in the 2016 financial year. This which will have a positive effect on debt reduction, working capital management and cash flows.

Amendments to the Labour Relations Act came into effect on 1 January 2015. These included certain provisions pertaining to labour brokers, which will provide challenges for the industry. The Group has been proactive in planning for these amendments and has already adapted the way it conducts its business, to cater for the changing labour environment.

I am pleased with the Group's continued progress towards transformation. In 2015, we maintained our level 3 rating with a B-BBEE recognition level of 110%. However, changes to the Transport Sector Code are expected, which could have significant effects, not only on the manner in which the Group is assessed in the future, but also the B-BBEE recognition level in the future.

The Group does not anticipate a recovery in the economy in the short term. High unemployment rates, consumer debt exposure, energy shortages and protracted industrial action are anticipated to continue to provide challenging trading conditions in 2016. I am confident, however, that the Group's robust business model, proactive strategies and prioritisation of operational efficiencies will steer it in the right direction.

The Group remains focused on its acquisitive growth strategy by constantly seeking businesses that not only complement but also diversify revenue streams. The Group seeks to leverage off its intellectual property, extensive infrastructure, low gearing and strong cash flows to grow organically and through acquisitions. Effective 1 March 2015, the business of Nucleus Supply Chain Stores was acquired. This business will add to the critical mass of the Group and brings with it new customers and the potential for cross-selling other logistics services currently provided by the Group.

As always, the success of the Group is attributable mainly to its people. Accordingly, I wish to extend my sincere gratitude to the CEO, Mr Steven Gottschalk, my fellow directors, management and staff for their diligent services. To our customers and suppliers, thank you for your ongoing support.

Carl Stein

Chairman

22 July 2015

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

STEVEN GOTTSCHALK and CLIVE SACK

GROUP REVENUE EXCEEDS **R2 BILLION**

OVERVIEW

The first half of 2015 was characterised by extremely challenging trading conditions. Since January 2014, high unemployment rates, consumer debt exposure coupled with the protracted strike action in various sectors resulted in a further deterioration in the South African economy. This led to negligible growth rates which had a material impact on first half volumes and demand for the Group's services. Rate pressures which resulted in reduced annual escalations were offset by declining volumes. Trading conditions and the associated revenue from increased activity improved in the second half. Accordingly, annual revenue increased marginally by 3% from R1,975 billion to R2,038 billion.

FINANCIAL PERFORMANCE

Cost increases have escalated disproportionately to revenue. In particular, labour rates increased by 8,25%. In addition, increased maintenance and shrinkage costs contributed to gross margins reducing from 39,5% to 38,2%. Gross profit of R779,5 million was generated.

Operating expenses increased by 9,9% driven predominantly by increased staff and training costs with the balance being attributable to general overhead cost escalations. In addition, the Group embarked on an above-the-line marketing campaign which increased advertising costs. Increased debt resulted in net finance costs increasing by R1,8 million.

Tax allowances derived from the extensive learnerships programme undertaken by the Group led to the reduction in the effective tax rate from 27,1% to 25,9%.

The first half's poor headline earnings of 4,9 cents per share were improved by the second half's 39.3 cents per share. The improvement, albeit marginally less than the previous year's performance, was achieved by improved volumes and trading conditions and further operational cost reductions.

Notwithstanding the 35% reduction in headline earnings to 44,2 cents per share, R74,6 million derived from the proceeds of sale of rental assets boosted cash flows. Accordingly, cash generated by operations reduced by only 8% to R286,5 million. Working capital, however, was negatively affected by the loss of a substantial prefunded clearing and forwarding account. Consequently, cash available from operations reduced by 36%, to R194,3 million.

Total capital expenditure amounted to R213 million. The composition of this capital expenditure together with the history is as follows:

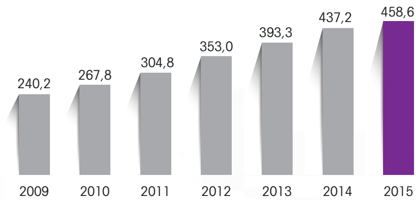
R'milions	**2015**	2014	2013	2012	2011
Vehicles	**135,6**	124,9	77,4	129,6	150,1
IT hardware and software	**17,2**	25,7	31,4	37,8	9,8
Materials handling equipment	**29,1**	29,1	21,9	42,7	68,2
Plant, equipment and accessories	**31,1**	22,6	18,1	11,6	6,9
Property expansion	**—**	—	—	17,3	—
	213,0	202,3	148,8	239,0	235,0

Capital expenditure was funded mainly by internal cash resources with the balance of R34 million being funded by interest bearing debt. In addition R25,7 million was spent on the repurchase of 5,641 million shares. Accordingly, cash balances reduced from R166,6 million to R127,3 million.

Debt funding of the Group remains low with the Debt: Equity ratio of 39% being marginally below the target range.

Net asset value increased by 5% from 437,2 cents to 458,6 cents per share. The growth in net asset value per share is detailed below:

Net asset value per share (cents)



The balance sheet remains sound with the asset base, cash flows and facilities being adequate to sustain the operations of the Group.

KEY FINANCIAL RATIOS

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

	Target	**2015**	2014	2013	2012	2011
Gross profit (%)	≥ 45	**38**	39	40	42	44
Operating margin (%)	≥ 11	**5**	8	9	10	10
After tax return on average equity (%)	≥ 20	**9**	16	17	20	22
Debt : equity (%)	40 – 60	**39**	35	42	54	55
Debtors days (excluding effects of clearing and forwarding)	≤ 40	**34**	34	34	43	42
Current ratio	0,9 – 1,0	**1,07**	1,05	1,03	0,91	0,89

It is clear that margin pressure stemming from the subdued economy and cost increases has affected the Group's profitability and returns.

ONGOING STRATEGIC INITIATIVES TO IMPROVE PROFITABILITY

In order to restore margins and improve profitability, various initiatives commenced early in 2014 to address the low revenue growth rates and reduce operating and overhead costs. These initiatives consist of the following:

- The sales team has been realigned under new management. The focus will be on growing new revenue streams from existing and new customers.
- The acquisition strategy has been accelerated to diversify and grow revenue streams. The focus is not only on businesses that complement existing divisions. Various other opportunities continue to be evaluated.
- Non profitable contracts have been terminated.
- A number of senior appointments have been made in key operational positions to further manage and streamline processes and reduce associated costs.
- Older vehicles which are costly to maintain and operate continue to be disposed of. The fleet has reduced by 407 vehicles from January 2013 to February 2015. A further 125 vehicles are earmarked for disposal in the 2016 financial year.
- A number of IT and mobile initiatives have been implemented in the Logistics division. This has resulted in further control and visibility in the movement of freight which improves efficiencies.
- The Group has extended the functionality and quantity of dimensioners deployed in the Logistics division. These units will streamline processes further and measure freight accurately to improve the billing accuracy.
- Various operations and divisions are being restructured. Certain smaller branches which house a number of business units have been consolidated under one operation. Support divisions have been tasked to reduce their cost base. All divisions have and will continue to undergo further in-depth operational analysis to consolidate and reduce costs where possible.
- As part of the re-engineering process, a regional manager structure for smaller towns and general manager structure for larger cities has been introduced. The benefits to be realised are accountability at one source, a reduction of staff and improved usage of staff skills and assets.
- A number of new fuel efficient vehicles have been procured to match the reduced volume requirements of the customer base.
- Improved planning and routing tools have been implemented.

SEGMENTAL PERFORMANCE

General distribution segment

The segment performed below expectation. Annual rate increases were offset by reduced volumes and related activity which contributed to revenue increasing only marginally from R1,63 billion to R1,65 billion. Revenue was further affected by competitor pricing pressures. In addition, increased subcontractor, shrinkage and above inflation labour costs resulted in a 22,5% reduction in operating profits from R144,2 million to R111,7 million. Various initiatives undertaken (highlighted earlier) are geared to improving the segment's results.

The last phase of the Cato Ridge facility was completed in July 2014. The facility is running at capacity. There has been a major shift to unpacking containers in Kwazulu-Natal and thereafter distributing throughout the country. The Cato Ridge facility has catered for this shift. The Joostenbergvlakte facility in Cape Town was completed towards the end of the financial year. The facility consolidates the warehousing, truck rental, workshops, chemical and general distribution divisions and should yield further efficiencies.

The warehousing division's profits declined due to costly take on of new customers, increases being below Value's increased costs and increased shrinkage costs. In addition, revenue declined due to certain customers downscaling. A number of process realignment exercises have been undertaken to re-engineer the warehouse flows and improve profitability.

The Freightpak division's profits reduced due to a lack of new business and increased costs. A new general manager was appointed to address the operational cost base of the division. The division's infrastructure offers enormous potential to grow revenue and associated profits.

Truck rental and other segments

Improved turnover in the materials handling and truck rental division contributed to an 11,7% increase in revenue from R344 million to R384,1 million. The truck rental division, however, performed below expectation in the first half. This was impacted by the mining and steel sector strikes. Demand for the division's services is adhoc in nature. Despite the reduced number of vehicles, utilization of the fleet reduced. Increased maintenance costs were incurred. Consequently, the segment's operating profits reduced from R36,9 million to R22,7 million.

The workshop maintenance costs have been under review. New initiatives and management have been procured to reduce the large cost element. Progress continues to be made in this area.

A new truck rental initiative commenced whereby the division supplies B-BBEE businesses with fleet on long term hire. This programme is proving to be successful.

The material handling division increased profitability through revenue growth and cost containment. Although the environment is very competitive, an aggressive target has been set by the Group's materials handling suppliers in order to increase local market share.

The clearing and forwarding division has performed to expectation. Due to rate pressures however, the division lost a substantial prefunded account which effects the Group's working capital requirements. On the positive side, a joint venture was entered into with Weida Freight in Hong Kong. This joint venture facilitates additional locally destined freight from China.

DIVIDENDS

Notwithstanding the drop in profitability, cash from operations remains sound. Cash resources and facilities are adequate to fund future capital expenditure. Accordingly, the Board declared a final dividend of 12 cents per ordinary share which was paid out of distributable reserves. This dividend was covered 3,3 times by second half headline earnings. The total dividend paid out for the year amounts to 17 cents per share which is a 35% reduction on the previous year's 26 cents per share.

FUTURE CAPITAL EXPENDITURE

Capital expenditure for the 2016 financial year will be materially reduced. Budgeted capital expenditure of R155,5 million will be funded by a combination of internally generated cash flows and interest-bearing debt.

SHARE REPURCHASES

The Board considers the Group's shares to be undervalued and accordingly embarked on a share repurchase programme. In addition to the 5,64 million shares purchased during the year, an additional 3,93 million shares were purchased subsequent to year end. The cost of these share repurchases amounted to R42,1 million. Subsequent to 28 February 2015, 12,2 million shares were cancelled.

ACQUISITIONS

Effective 1 March 2015, Value Group acquired a majority stake in the business of Nucleus Chain Stores (Pty) Ltd. This subsidiary focuses on both chain store and front door deliveries which is complimentary to that of the Group. The acquisition encompasses a strong management and operational team. It is the Group's intention to grow the business through infrastructure, funding and IT support, in addition to leveraging synergies within the various divisions.

Various additional acquisition opportunities continue to be reviewed and actively pursued.

SOCIAL RESPONSIBILITY

Since 2008, we have seen 607 permanent learners as well as 434 unemployed learners successfully complete a learnership. In the new financial year, 75 employed, 105 unemployed and 25 disabled learners were enrolled nationally.

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. Various socio-economic concerns within the South African context, such as education, poverty, HIV/AIDS and unemployment have been identified. These concerns have been adopted in the implementation of various projects.

The Group supports education as a means of alleviating poverty and reducing the incidence of HIV/Aids in South Africa. Educating communities breaks the cycle of poverty resulting in employable individuals who can be gainfully employed and give back to their communities, creating wealth and sustainability.

In light of this, the bulk of monetary spend has been allocated to projects involving educating company employees, communities, and providing the tools required for educational purposes.

The Group is committed to the principles of broad based black economic empowerment. The Group is pleased to advise that it has once again achieved a level 3 B-BBEE score for 2015.

ACKNOWLEDGEMENTS

First and foremost, thank you to all our customers for your continued support. Our business owes its foundation and sustainability to the long term relationships we have built.

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.

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

LOOKING AHEAD

Notwithstanding the reduced profitability, the Group is cash generative. New business has been procured, which rolled out in May and July 2015.

The trading environment is not expected to show a marked improvement. The Group anticipates a national transport sector strike during the current wage negotiation process. This will not only be disruptive to the operations of the Group, but also costly. In addition, projected economic growth of 2% does not bode well to an already over-extended consumer. Consequently, the Group expects the challenging trading conditions to continue in the 2016 financial year.

Steven Gottschalk
Chief executive officer

Clive Sack
Group financial director

22 July 2015

02 | SUSTAINABILITY

INTRODUCTION

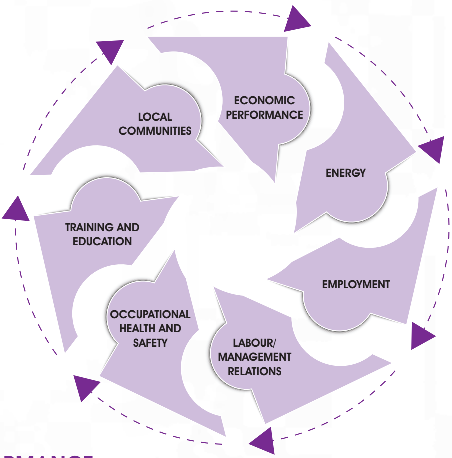
The Group is proud to present its integrated annual report for the period 1 March 2014 to 28 February 2015. This marks the fifth year in the Group's journey towards reporting that is balanced and relevant to address the information needs of its various stakeholders.

In preparing this report, the Group considered material aspects that reflect the Group's most significant economic, environmental and social impacts. These aspects also reflect the Group's core principles regarding sustainability which are summarised below:

V	A	L	U	E
VALUE CREATION through positive investor returns	ASSET UTILISATION Optimal utilisation of assets	LEADERSHIP in supply chain solutions	UPLIFTMENT, training and transformation of our workforce	ENVIRONMENTAL FOOTPRINT Management of environmental impact

The board is responsible for managing these principles. The board is also tasked with reviewing, under the guidance of the social and ethics committee, the Group Safety, Health, Environmental and Quality policies (SHEQ), for guidance in their implementation and for monitoring performance.

The material aspects that the Group has chosen to report on are:



ECONOMIC PERFORMANCE

The Group remains committed to its stakeholders and aims to demonstrate the value or wealth created within the Group over the past financial year and how this value was distributed to the various contributors or stakeholders. Maintaining strong relations with its various stakeholders is key for the Group in order for it to maintain its workforce and manage its relationships with both customers and suppliers.

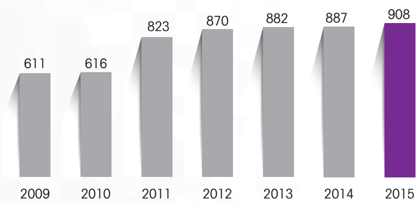
Value created during the 2015 financial year was 2,2% higher compared to the previous financial year. Value distributed to employees increased by 11,6% to R670 million.

The statement that follows demonstrates how the wealth created has been distributed amongst the various stakeholders.

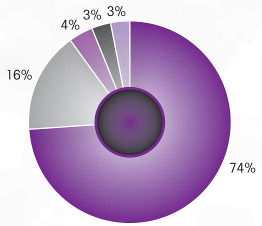
VALUE ADDED STATEMENT

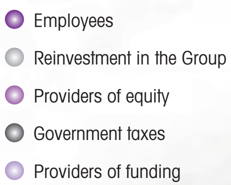
R'000	%	2015	%	2014
Revenue		2 038 353		1 975 314
Less: purchased cost of goods and services		(1 143 433)		(1 100 877)
Value added		894 920		874 437
Investment income		13 511		12 071
Wealth created	100	908 431	100	886 508
Employees	74	670 240	68	600 656
Reinvestment in the Group	16	148 235	20	177 826
Providers of equity	4	35 844	4	39 747
Government taxes	3	23 815	5	41 200
Providers of funding	3	30 297	3	27 079
Wealth distributed	100	908 431	100	886 508
Number of permanent employees		2 617		2 613
Wealth created per employee R'000		347		339
Weighted average number of shares		162 673 657		165 505 874
Wealth created per share in Rands		5,58		5,36

Wealth created (R million)

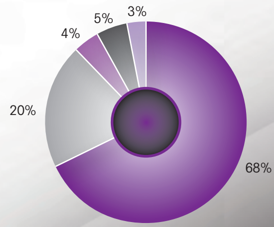


Distribution of wealth created 2015





Distribution of wealth created 2014



ENVIRONMENT

The Value Group is aware of the impact of its business activities on the environment and is continuously striving to reduce its carbon footprint. The Group has identified electricity consumption, air pollution and the consumption of non-renewable resources such as fuel to be material impacts in our organisation.

Despite the various locations from which the Group runs its operations, national processes have been successfully implemented to monitor, and reduce where possible, our consumption of limited resources.

The paragraphs below describe in greater detail the efforts made by the Group to manage its consumption of fuel and electricity.

Fuel

Due to the nature of our business, the Group is highly dependant on the pricing and availability of fuel. Measures are in place to ensure the most fuel efficient methods are used, both to reduce costs within the Group as well as to reduce carbon emissions and the consumption of non-renewable resources. The Group is well aware of the effects of its carbon footprint and the effects this will have on future generations.

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.
- vehicle utilisation and route planning techniques which are applied on an ongoing basis to ensure the optimal application of vehicle mix.
- routine servicing of vehicles which are maintained to manufacturer standards by the Group's accredited in-house workshops.
- the process of de-fleeting older vehicles and their replacement to ensure that the Group has a modern, more fuel efficient fleet.

The "business carbon footprint calculator", an online tool 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 fuel consumed.

Usage in the current year decreased by 1,7% to 18 800 kilolitres from 19 126 kilolitres in 2014. We have also seen an improvement in consumption per kilometre of 5%. The primary reason for the improvements in consumption are due to improved efficiencies in fuel and fleet management.

The Group is constantly monitoring fuel consumption and focus is placed on the poor performing vehicles in an effort to improve figures. The process to eliminate the older, less fuel efficient vehicles is an on-going initiative. The Group also endeavours to utilize vehicles in the correct application and area in an effort to attain the highest levels of fuel efficiency.

An upward trend is now being experienced in the price of fuel which has prompted the Group to increase its focus on cost saving initiatives. The improvements going forward are not expected to be as significant as previous years due to the excellent efficiencies already achieved. It is therefore expected that the rate of improvement in efficiencies will slow down over time. The Group will however continue with its efforts to reduce its carbon footprint.

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

Fuel	**2015**	2014
Consumption (kilolitres)	**18 800**	19 126
Carbon emissions (tons)	**54 503**	50 301
Kilometres travelled (km'000)	**101 934**	98 628
Improvement in consumption to kilometres	**5%**	6%
Carbon emissions (kg) per kilometre	**0,49**	0,51
Improvement in carbon emissions	**5%**	6%

Achievements 2015

- Average vehicle fuel consumption (km/l) improved by 5%.
- De-fleeted approximately 107 old vehicles and replaced with modern economical vehicles.

Future objectives

- De-fleet a further 125 vehicles.

Electricity

South Africa's profile of energy demand, characterised by relatively high energy usage, makes the more efficient use of energy particularly important. Important energy policy initiatives are in practice with respect to energy efficiency and renewable energy.

Branches report to head office on a weekly basis regarding the progress of various initiatives aimed at reducing electricity consumption. Initiatives include the following:

- Greater visibility of electricity usage through improved metering
- New buildings are required to have energy efficient features
- Working with leading power utility companies to ensure existing supply grid technology are optimally utilised
- Replacing redundant technology with energy efficient technology
- Newsletters and e-mail communiqué to promote awareness

Eskom's rate of 1,03 kilograms of carbon emitted per kilowatt hour of electricity consumed is used to determine the Group's indirect carbon emissions.

Electricity consumption and equivalent carbon emissions are tabled below:

Electricity	**2015**	2014
Indirect energy consumption (MWh)	**9 093**	10 052
Indirect carbon emissions (tons)	**9 366**	10 354
Percentage saving (%)	**9,5**	3,1

The electricity crisis currently facing the country and the increased incidence of load shedding, has encouraged the Group to continue with its efforts to reduce consumption.

The following 5 step process, as part of the Group's efficiency strategy, was followed:

- Perform energy audits at major sites
- Identify major consumers of indirect energy
- Establish a roll out plan to reduce energy consumption
- Implement and monitor the result of the agreed roll out plan

SUCCESS STORY

The Group embarked on energy efficiency projects for 8 major sites during 2013 and 2014. These site-specific projects have delivered measured annual savings of 1039 MWH for the reporting period. These projects include investments in energy efficient technologies pertaining to lighting and water heating.

LOOKING FORWARD

The Group is looking forward to expected electricity consumption reductions from the consolidation of various divisional operations into single facilities at Cato Ridge and Joostenbergvlakte.

EMPLOYEES

The human resource strategy is focussed on nurturing and retaining talent within the organisation, thus ensuring that the Group sustains a competent workforce. The Group recognises and values the importance of people to the organisation and the role they play in aiding the organisation to achieve its long term goals. The Group therefore strives to create a positive work environment for all.

The Group identified the following items as primary concerns which are related to employees:

RISK	MITIGATION
Skills shortages may occur preventing the Group from meeting its targeted growth rates.	Recruitment and selection procedures are in place to ensure that the positions are filled timeously by appropriately skilled staff. Continuous training and development is provided to existing staff members.
Industrial transformation targets not met which may limit entry into markets.	Employment equity with respect to transformation objectives is continuously monitored.
Increased rates of employee turnover may result in a reduced headcount, negatively affecting operations.	Various retention strategies are in place to ensure that employees obtain maximum benefits throughout their employment. Headcount statistics per region are also monitored.
Occupational health risks resulting in an increase in injuries and fatalities.	An Occupational Health and Safety Management system is in place.
Business continuity: The effect that HIV and AIDS may have on the workforce.	Educational campaigns and voluntary counselling and testing programmes continue to be run by the Group. The national bargaining council for the road freight and logistics industry provides a service under their wellness fund. This service is managed by Care Workx and is funded by the Swiss government. All staff who fall under the bargaining unit by virtue of their job category contribute to the wellness fund. This gives members access to the benefits that Care Workx offers, including access to free anti retro viral medication.
Non-compliance with the Labour Relations Act.	Continuous monitoring of our processes and practices to ensure compliance.
Labour unrest and strike action may negatively affect business operations and lead to unexpected costs.	The Group openly and continuously engages with all staff and trade union representatives.

The sections that follow detail in greater depth the methods in which the Group is addressing the above risks in order to ensure that a long term, stable working environment continues to exist, thereby allowing the Group to achieve its long-term goals and objectives.

Recruitment and selection

South Africa's skills shortages are widely regarded as a key factor preventing the achievement of targeted growth rates. Workforce planning has therefore become an integral part of the Group's strategy.

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
- Compliance with all provisions of the Labour Relations Act (1995) and the Employment Equity Act (1998) and their subsequent amendments.

Induction programmes are held for all new employees who join the Group. These programmes assist new recruits to better understand the role they play in the organisation and what is expected of them. The aim of the programme is to assist employees to become highly productive as soon as possible.

The Group also has a graduate recruitment programme in place which provides supply chain, logistics, transport and industrial engineering graduates an opportunity to be a part of this dynamic business. The programme allows successful candidates to obtain invaluable experience in a real world environment as they progress through the various departments, before deciding on a career option. Graduates form an integral part of the Group's overall succession planning.

Bi-annual performance appraisal meetings are held with permanent staff. These meetings allow for concerns to be raised, positive feedback to be relayed and performance expectations to be communicated so that employees know what is expected of them in order to continue creating value for the organisation.

Exit interviews are conducted with all employees that resign, thereby enabling the Group's management to review and improve the work experience and the creation of value for employees and the Group, which will have 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 2015, and the region they are employed in:

	2015		2014	
Region	**Number**	**%**	Number	%
Gauteng	1 769	67,6	1 751	66,9
KwaZulu-Natal	289	11,0	285	10,9
Western Cape	198	7,6	200	7,7
Eastern Cape	160	6,1	161	6,2
Free State	61	2,3	65	2,5
Limpopo	34	1,3	41	1,6
Mpumalanga	23	0,9	27	1,0
North West	44	1,7	49	1,9
Namibia	38	1,5	33	1,3
Northern Cape	1	*	1	*
Total	2 617	100,0	2 613	100,0

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

Employment equity

The Group remains committed to transformation within the organisation and has aligned the recruitment policy with its transformation goals. The number of employees per category, gender and diversity are tabled below:

2015	Male				Female				Foreign nationals		
Occupational levels	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Male**	**Female**	**Total**
Top management	—	—	1	7	1	—	—	3	—	—	12
Senior management	—	2	3	13	—	—	1	6	—	—	25
Professionally qualified and experienced specialists and mid-management	27	8	22	125	6	3	9	74	—	—	274
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	316	56	59	203	141	53	51	266	—	—	1 145
Semi-skilled and discretionary decision making	963	39	20	13	51	18	2	8	—	—	1 114
Unskilled and defined decision making	43	1	—	—	3	—	—	—	—	—	47
Total permanent	1 349	106	105	361	202	74	63	357	—	—	2 617
Temporary employees	—	—	—	—	—	—	—	—	—	—	—
Total	1 349	106	105	361	202	74	63	357	—	—	2 617

2014	Male				Female				Foreign nationals		
Occupational levels	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
Top management	—	—	1	8	1	—	—	4	—	—	14
Senior management	—	3	1	9	—	—	1	6	—	—	20
Professionally qualified and experienced specialists and mid-management	33	10	23	135	4	5	8	79	—	—	297
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	337	59	59	200	127	60	54	266	—	—	1 162
Semi-skilled and discretionary decision making	953	33	15	10	40	13	1	8	—	—	1 073
Unskilled and defined decision making	41	2	—	—	4	—	—	—	—	—	47
Total permanent	1 364	107	99	362	176	78	64	363	—	—	2 613
Temporary employees	—	—	—	—	—	—	—	—	—	—	—
Total	1 364	107	99	362	176	78	64	363	—	—	2 613

The most notable changes can be seen in the reduction in equity levels in the middle and junior management levels. Despite this reduction, the Group has scored a respectable B-BBEEE score of level 3, using its current employment equity strategies.

Further challenges with regards to employment equity are expected as the Group will be scored on the new codes in the next financial year. Additional commentary on the effect of the new codes can be found on pages 51 to 53.

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

Employee turnover

The Group has various retention strategies in place designed to ensure that it always has the right level and mix of appropriately skilled employees. 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:

	2015				2014			
Rate of employee appointments and turnover by age	**Appointments**		**Turnover**		Appointments		Turnover	
	Number	**%**	**Number**	**%**	Number	%	Number	%
18 – 28 years	299	44,1	205	30,4	276	54,1	304	38,2
28 – 38 years	240	35,4	232	34,5	139	27,3	229	28,9
38 – 48 years	109	16,1	135	20,0	70	13,7	129	16,3
48 – 58 years	29	4,3	44	6,5	12	2,4	75	9,5
58 – 68 years	1	0,1	58	8,6	13	2,5	56	7,1
Rate of employee appointments and turnover by gender:								
Male	396	58,4	407	60,4	259	50,8	456	57,5
Female	282	41,6	267	39,6	251	49,2	337	42,5
Rate of employee appointments and turnover by region, based on average headcount:								
Gauteng	484	71,4	466	69,3	374	73,3	573	72,2
KwaZulu-Natal	62	9,2	58	8,6	33	6,5	60	7,6
Western Cape	60	8,8	62	9,2	30	5,9	62	7,8
Eastern Cape	38	5,6	39	5,8	39	7,6	45	5,7
Free State	8	1,2	12	1,8	5	1,0	10	1,3
Limpopo	—	—	7	1,0	—	—	8	1,0
Mpumalanga	5	0,7	9	1,3	6	1,2	8	1,0
North West	2	0,3	7	1,0	2	0,4	4	0,5
Namibia	18	2,7	13	1,9	21	4,1	23	2,9
Northern Cape	1	0,1	1	0,1	—	—	—	—
Total	678	100,0	674	100,0	510	100,0	793	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
- Four weeks, if the employee has been employed for one year or longer

Human rights

The Group recognises and respects human rights as envisaged by the Constitution of South Africa and the Labour Relations Act, including related amendments which have come into effect as of 1 January 2015. Protecting human rights is essential to the Group's culture and to creating a sustainable business. Throughout the Group, a proactive approach is taken to ensure employees are treated with fairness, respect and dignity and given fair opportunities. This approach includes the following:

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

At year end, 35.88% of our employees are covered by collective agreements including the National Bargaining Council for Road Freight Logistics Industry Main Agreement.

The Group respects employees' rights to join or form trade unions. In instances where employees wish to be represented by a legally recognised trade union, the Group engages in constructive communication with the representative bodies and its labour force. The Group is committed to negotiating with the relevant trade unions with integrity and fairness. Disputes raised by employees are therefore discussed and resolved as they occur. The total percentage of union membership is 18,9%.

The Group also provides an opportunity for employees and contracted labourers to report incidents of human rights violations by providing an anonymous whistle blower initiative. Individuals can report violations confidentially without fear of victimisation.

The Group expects its contracted labour providers to apply the same high standards of human rights practices in their organisations and to address any instances of human rights violations as they occur. The Group therefore conducts monthly audits on contracted labour providers' labour practices.

Employee wellness

The Group appreciates that employee wellness is an important factor in order for the business to attract and retain the best people. The Group subscribes to occupational health and safety regulations and continuously monitors working conditions to ensure that employees are not placed in a position that would endanger their safety or well-being. The Group therefore strives to create a work environment that is safe, encourages good work ethic and allows for employees to reach their full potential.

OHSAS 1801 management system is an occupational health and safety management system that is currently in place. This will assist the Group in realising its health and safety goals as set out in the Occupational Health and Safety policy.

Tabled below is the current year's statistics regarding employee wellness:

Region	Injuries Male	Injuries Female	Fatalities Male	Fatalities Female
Inland	39	10	—	—
KwaZulu-Natal	9	1	—	—
Eastern Cape	10	2	—	—
Mpumalanga	1	—	—	—
Limpopo	4	—	—	—
Free state	4	—	—	—
Namibia	—	—	—	—
North West	3	—	—	—
Western Cape	7	5	—	—
Northern Cape	—	—	—	—
Swaziland	1	—	—	—
Total 28 February 2015	**78**	**18**	**—**	**—**
Total 28 February 2014	86	8	1	—

HIV/Aids

The effects of HIV and AIDs in the workplace can be far-reaching. High levels of absenteeism, low morale and reduced productivity from employees has the potential to negatively affect operational effectiveness in the Group. The 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
- The Trucking Wellness campaign remains an ongoing initiative

General training and development

The Group realises that employees are key to the Group's success and are committed to improving the competency and skills base of its workforce by offering numerous training initiatives. Training and development of its people are fundamental in ensuring the long term sustainability of the Group.

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

Employee category	2015 Male	2015 Female	2014 Male	2014 Female
Professionals and legislators	—	—	—	—
Clerks	320	320	320	320
Elementary	320	320	320	320
Plant and machine operators	—	—	—	—
Craft	320	320	320	320
Service and sales	—	—	—	—

Number of individuals enrolled into the learnership programme

Year	Male Black*	Male White	Female Black*	Female White	Total
2015	96	6	122	8	232
2014	91	3	120	7	221

** Includes African, Indian, Coloured and other*

Number of training interventions in the current financial year

	Female					Male					
	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	Grand total
2015	265	113	70	381	829	1 088	82	98	376	1 644	2 473
2014	462	134	97	454	1 147	1 725	118	164	353	2 360	3 507

Average hours of training per year per employee

Employee category	2015 Male	2015 Female	2014 Male	2014 Female
Professionals and legislators	7	4	5	6
Clerks	5	4	4	5
Elementary	6	8	3	—
Plant and machine operators	4	4	6	8
Technicians	9	7	4	4
Craft	8	8	5	6
Service and sales	8	8	15	7

Compliance with legislation

The audit and risk committee have general oversight over the Group's compliance with laws and regulation. However, the Group has specific processes in place to ensure compliance. The company secretary monitors the Group's compliance against company law and advises the Group on various requirements that are relevant to its operations. The legal team are responsible for drawing up contracts to ensure that all interactions between the Group and outside parties do not contravene any law or regulation. The Human Resource team are 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

At Value we recognise that ethical business transactions benefit all parties and we strive for excellence in our ethical standards. We adhere to the principles of good corporate governance and do not tolerate fraud or corruption in our business. The Value code of ethics incorporates our core values of integrity, trust and honesty to describe our relationships with our stakeholders, focusing on our obligations to stakeholders, and not on rights. We strive at all times to fulfil these obligations. 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

Employees are a key asset to any business, without which the objectives and goals of the business cannot be achieved. The Value Group recognises the importance of its workforce and aims to secure its future sustainability by attracting and retaining the best people. One way to achieve this is to offer employees remuneration that is competitive and commensurate to the level of expertise, skill and effort required while still recognising and rewarding individual performance.

Remuneration policy

A bi-annual formal appraisal process is in place whereby individual performance is measured against predetermined goals and objectives specific to the employee's role within the organisation. 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.

The Group subscribes to the Paterson position grading methodology with the objective of grading the specific position in terms of level of responsibility, technical knowledge and levels of expertise.

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

General staff are awarded bonuses bi-annually at the discretion of management. 50% of the bonus is paid in December and is based on individual performance. The remaining 50% is paid in February and is based on the Group's performance over the financial year.

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 in April, provided that predetermined KPI's 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 R37 833 000 for the year ended 28 February 2015.

TRANSFORMATION

Over the years, the Group has made worthy progress on the road to transformation. We are currently at a level 3 B-BBEE status and remain committed to bringing about true equality throughout the Group through various measures such as recruitment, training and development of previously disadvantaged groups.

The Group's BBBEE rating has been based on the Transport Charter Scorecard and has been verified by an independent rating agency.

The amendments to the BBBEE Act and the related revision to the codes will have a considerable affect in the way in which the Group's BBBEE status will be calculated in future. A notable change is that the number of points required to achieve a certain status has increased.

The change to the points is noted below:

BBBEE Level	Amended codes	Current codes
1	≥100 points	≥100
2	≥95 but <100 points	≥85 but <100
3	≥90 but <95 points	≥75 but <85
4	≥80 but <90 points	≥65 but <75
5	≥75 but <80 points	≥55 but <65
6	≥70 but <75 points	≥45 but <55
7	≥55 but <70 points	≥40 but <45
8	≥40 but <55 points	≥30 but <40
Non-compliant	<40 points	<30

The revised codes will also see a reduction in the number of elements from 7 to 5, combining Management and Employment Equity into one element and Preferential procurement and Enterprise Development into another element.

As the requirements have now become more onerous, the Group expects a downgrade to its rating in the next financial year, however it is too early to determine the exact effect thereof.

The Group now faces an increased challenge in meeting its transformation goals and is currently reviewing and assessing its current BBBEE strategy to mitigate some of the effects of the changes.

NERA
NATIONAL EMPOWERMENT RATING AGENCY

MEASURED ENTERPRISE

Company Name	Value Group Limited
Trade Name	Value Group Limited
Location	49 Brewery road Isando
Registration Number	1920/000560/06
VAT Number	4720119371
Certificate Number	GEN ITR 12063 REV1

B-BBEE SCORE PER ELEMENT

Equity Ownership	12.01
Management Control	4.79
Employment Equity	5.46
Skills Development	12.90
Preferential Procurement	20.00
Enterprise Development	15.00
Socio Economic Development	5.00

B-BBEE STATUS

B-BBEE Recognition Level	110 %
B-BBEE Status	Level 3 Contributor
Black Ownership	21.21 %
Black Female Ownership	2.14 %
Value Added Supplier	Yes
Enterprise Development Beneficiary	No
Beneficiary Category	N/A
Applicable Scorecard	Intergrated Transport Sector Code - GENERIC
Applicable BEE Code	Gazetted Codes
Verification Date	24-April-2015
Expiry Date	23-April-2016

BEE VERIFIED COMPANY NERA

Ebrahiem Mohamed
Verification Manager

sanas
BVA 020

NERA has assessed and verified the relevant BEE Elements of the above mentioned enterprise, to provide an independent and impartial opinion on the BEE status of the enterprise, based on the Transport Charter Scorecard.

www.nerasa.co.za

B-BEEE scorecard

	Weighting	2015	2014
Ownership	20	12,01	12,39
Management	10	4,79	4,72
Employment equity	15	5,46	6,33
Skills development	15	12,90	14,01
Preferential procurement	20	20,00	18,96
Enterprise development	15	15,00	15,00
Socio-economic development	5	5,00	5,00
Total	100	75,16	76,41

The Group's rating has declined marginally since the prior year, mostly arising from the employment equity and skills development elements.

Ownership

Ownership has declined to 12,01, however this is by a small margin over the prior year. The new codes will bring about a greater emphasis on the ownership element by increasing the weighting of voting rights and economic interest of previously disadvantaged groups.

Management Control and Employment Equity

Management control has improved slightly from 4,72 in the prior year to 4,79 for the current year, while employment equity has shown a decline from 6,33 in the prior year to 5,46. A greater emphasis will be placed on black females at all levels of management with the introduction of the new codes and is therefore an area that the Group will be looking at addressing.

Skills development

Skills development has shown a decline over the prior year, dropping to 12,9. The Group remains committed to the training and development of its people and will continue with its learnership initiatives into the foreseeable future.

Preferential procurement and enterprise development

The Group has done exceptionally well in these two areas, scoring full points in the current year under both categories. The challenge the Group will face in this area with the introduction of the new codes is that it will have to qualify as an Empowering Supplier in order to secure a BBBEE certificate, with increased emphasis placed on procurement from local suppliers and job creation.

Socio-economic development

The Group has once again excelled in this element, by reaching the desired target and scoring the maximum points. This reflects the Group's commitment to its communities within the wider context of sustainability. Details on the Group's socio-economic efforts are detailed below.

SOCIAL INVESTMENT

School supplies project 2015

The Value Logistics School Supplies Project is now in its 11th year. This initiative continues to provide basic stationery packs for learners at disadvantaged schools across the country. The vast majority of these schools are in rural areas and have minimal resources at their disposal. The supply of basic stationery is urgently required and highly appreciated by them. A total of 35 schools throughout the country benefited from this project during the year, receiving a total of 10 149 stationery packs. The Group is proud to have assisted these schools and the project which has been a great success will continue for the foreseeable future.

Sustainable vegetable supplies

The Dedicated Distribution division conducted general maintenance and painted the entire facility of the Compass Community Provision and Social Services. Instant lawn was laid and together with the Feed-a-Child scheme, a vegetable tunnel for sustainable vegetable supplies was constructed.

School fees and educational costs

Hearts of Hope is a registered public benefit organisation that provides assistance to orphans affected by or living with HIV/Aids. The aim of the organisation is to house and educate these children so that the cycle of poverty is broken. The Group contributes to the organisation through the payment of school fees and associated educational costs such as stationery, text books and uniforms.

Maintenance and supplies

The Marketing and Sales division visited the Senzokuhle After-Care Drop-in Centre. The eating hall and kitchen were re-painted, new flooring was laid and blinds were put up. The sick bay was revamped and a general first aid kit was provided. The team also provided educational toys and posters, sports equipment, electric supplies, grocery vouchers and cupboards. Feed-a-Child assisted in erecting a vegetable tunnel and training the employees at the facility to maintain the garden and provide sustainable vegetable supplies.

Value Logistics Fast One

Rotary international raises funds to uplift communities and one of their biggest fundraising events is the Value Logistics Fast One which took place on Sunday 25 January 2015 at Midvaal Raceway in Meyerton. Value Logistics acquired the exclusive naming rights from 2013. All proceeds raised are used for charitable projects.

03 | GOVERNANCE

The JSE has included certain aspects of South Africa's King III Report on Corporate Governance ("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 145 to 160.

MEMORANDUM OF INCORPORATION

On 1 May 2011, South Africa's Companies Act No 71 of 2008 (as amended) ("the Act") came into force – replacing the Companies Act No 61 of 1973. Although already compliant with most of the terms of the Act prior to it coming into force, during 2013 the Group embarked upon additional actions to ensure full conformance with the Act and the amended JSE Listings Requirements, including implementation of the new Memorandum of Incorporation ("MOI") (which replaces the previous Memo and Articles of Association).

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 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 2015 appear on pages 24 to 27 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. Non-executive director Mr Carl Stein is 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, while 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 71 of 2008, 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 2015 financial year, the board convened five 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*)

Summary attendance table of board meetings during the financial year ended 28 February 2015:

Member	13/05/2014	23/07/2014	14/10/2014	20/11/2014	24/02/2015
CD Stein	P	P	P	P	P
IM Groves	P	P	P	P	P
VW Mcobothi	P	P	P	P	P
SD Gottschalk	P	P	P	P	P
M Padiyachy	P	P	P	P	P
M Phosa	P	P	P	A	P
CL Sack	P	P	P	P	P

Key:
P --------- Present
A --------- Apology

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 nearly 15 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. 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 re-appointment. The directors retiring by rotation at the forthcoming AGM are Messrs CD Stein and Mr IM Groves.

REMUNERATION

Details of directors' fees and remuneration are fully disclosesd in note 17 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 17 to the consolidated financial statements.

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 assesses the independence of non-executive directors annually.

In line with recommendations by King III, in 2015, 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.

AUDIT AND 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 CD Stein
- Mr VW Mcobothi

Summary attendance table of members at the audit and risk committee meetings during the financial year ended 28 February 2015:

Member	12/05/2014	23/07/2014	13/10/2014	02/02/2015
CD Stein	P	P	P	P
IM Groves	P	P	P	P
VW Mcobothi	P	P	P	P

Key:
P --------- Present

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 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 71 of 2008) 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; and
- 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 70 to 71 of the integrated annual report.

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 2015:

Member	16/04/2014	22/07/2014
IM Groves	P	P
CD Stein	P	P

Key:
P --------- Present

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; and
- 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 2015:

Member	16/04/2014	22/07/2014	13/10/2014
V Mcobothi	P	P	P
IM Groves	P	P	P
SD Gottschalk	P	P	P

Key:
P --------- Present

04 | CONSOLIDATED FINANCIAL STATEMENTS


THINK!

The directors are required in terms of the Companies Act 71 of 2008 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 and company'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 29 February 2016 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 72.

The consolidated and separate financial statements set out on pages 73 to 128, which have been prepared on the going concern basis, were approved by the board on 22 July 2015 and were signed on its behalf by:

CD Stein
Chairman

SD Gottschalk
Chief executive officer

Company secretary's certificate

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 company has, in respect of the financial year reported upon, lodged with the Companies and Intellectual Property Commission all returns required of a public company in terms of the Act and that all such returns are true, correct and up to date.

C Middlemiss

for: **iThemba Governance and Statutory Solutions (Pty) Limited**

22 July 2015

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 No 71 of 2008 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 is reflected on page 62 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 71 of 2008) 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
- 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:
  - audited results for the year ended 28 February 2015 and
  - interim results for the six months ended 31 August 2014
- 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
- 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 71 of 2008, 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 2015.

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 29 February 2016. 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 2015 and considers that it complies, in all material aspects, with the requirements of the Companies Act 71 of 2008 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

22 July 2015

for the year ended 28 February 2015

To the shareholders of Value Group Limited

We have audited the consolidated and separate financial statements of Value Group Limited set out on pages 73 to 128, which comprise the statements of financial position at 28 February 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Value Group Limited as at 28 February 2015, 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, and the requirements of the Companies Act 71 of 2008.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Baker Tilly SVG

EL Steyn

Partner

Registered auditor

22 July 2015

Melrose Arch

The directors have pleasure in submitting their report together with the consolidated and separate financial statements for the year ended 28 February 2015.

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, container and fleet management, forklift and commercial vehicle rental and leasing.

FINANCIAL RESULTS

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

Revenue increased marginally by 3% from R1,975 billion to R2,038 billion and gross profit margin reduced from 39,5% to 38,2%. Gross profit of R779,5 million was generated.

Headline earnings decreased by 35% from 68,2 cents per share to 44,2 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 in the authorised or issued share capital in the current year. Subsequent to 28 February 2015, 12,2 million shares were cancelled.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

3,93 million shares were purchased subsequent to 28 February 2015 at a cost of R16,4 million. 12,2 million shares have been cancelled subsequent to year end.

Effective 1 March 2015, the Group acquired a majority stake in the business of Nucleus Chain Stores (Pty) Ltd. Further details on this acquisition can be found in note 31 of the consolidated financial statements.

The directors are not aware of any other 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.

Mr M Padiyachy's direct beneficial interest in the company increased on 13 February 2015 from 325 000 shares to 375 000 shares. On this date, Mr M Padiyachy purchased 50 000 shares at a price of R2,11 per share in terms of options exercised in the Value Group Share Incentive Scheme. Clearance in terms of par 3.66 of the listing requirements was obtained for this transaction.

DIRECTORS' REMUNERATION

Details of the remuneration paid to directors of the company are tabled in note 17.

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 17, 25,29 and 30.

SHARE INCENTIVE SCHEMES

The Value Group Share Incentive Scheme owns 739 790 (2014: 1 089 580) ordinary shares in Value Group Limited. These shares represent 0,35% (2014: 0,52%) of the issued share capital.

The Value Group Empowerment Trust owns 10 429 010 A ordinary shares in Value Group Limited. These shares represent 5% of the 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.

DIVIDENDS

Dividend number 15 of 17 cents per share was declared on 13 May 2014 and paid on 7 July 2014 to shareholders registered on 27 June 2014.

Dividend number 16 of 5 cents per share was declared on 14 October 2014 and paid on 19 January 2015 to shareholders registered on 9 January 2015.

Dividend number 17 of 12 cents per share was declared on 13 May 2015 and paid on 6 July 2015 to shareholders registered on 26 June 2015.

DIRECTORATE, SECRETARY AND AUDITORS

The names of the directors in office at the date of this report are set out on pages 24 to 27.

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).

INTEREST IN SUBSIDIARIES

Details of the company's subsidiaries are set out in note 2 of the company's financial statements (refer page 126).

The company's interest in the after tax income of the subsidiaries amounted to R68,3 million (2014: R110,8 million).

Consolidated statement of financial position

at 28 February 2015

R'000	Notes	2015	2014
ASSETS			
Non-current assets		**1 052 840**	1 031 266
Property, vehicles, plant and equipment	2	**1 022 644**	986 896
Intangible assets	3	**25 261**	37 568
Loan receivable	4	**1 568**	2 050
Equity-accounted investees	5	**234**	125
Deferred tax	6	**3 133**	4 627
Current assets		**444 246**	473 789
Inventories	7	**51 743**	64 890
Trade and other receivables	8	**262 861**	240 990
Taxation in advance		**2 328**	1 270
Cash and cash equivalents	9	**127 314**	166 639
Non-current assets held-for-sale	10	**951**	97
Total assets		**1 498 037**	1 505 152
EQUITY AND LIABILITIES			
Equity		**726 094**	715 296
Share capital and premium	11	**10 851**	10 851
Treasury shares		**(134 777)**	(109 679)
Foreign currency translation reserve		**16**	108
Share-based payment reserve		**23 891**	20 322
Retained income		**826 385**	793 694
Equity attributable to owners of the company		**726 366**	715 296
Non-controlling interest		**(272)**	—
Non-current liabilities		**355 447**	338 584
Interest-bearing borrowings	12	**181 230**	165 383
Deferred tax	6	**174 217**	173 201
Current liabilities		**416 496**	451 272
Trade and other payables	13	**312 706**	366 695
Other financial liability	14	**317**	394
Current tax payable		**1 151**	88
Current portion of interest-bearing borrowings	12	**101 973**	83 805
Shareholders for dividend		**349**	290
Total equity and liabilities		**1 498 037**	1 505 152

Consolidated statement of comprehensive income

for the year ended 28 February 2015

R'000	Notes	2015	2014
Revenue	16	**2 038 353**	1 975 314
Cost of sales		**(1 258 868)**	(1 195 903)
Gross profit		**779 485**	779 411
Other income		**11 403**	8 128
Operating expenses		**(682 191)**	(620 682)
Operating profit	17	**108 697**	166 857
Share of profit of equity-accounted investees		**64**	21
Investment income	18	**13 511**	12 071
Finance costs	19	**(30 297)**	(27 079)
Net profit before taxation		**91 975**	151 870
Taxation	20	**(23 815)**	(41 200)
Net profit for the year		**68 160**	110 670
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign currency translation differences		**(92)**	128
Total comprehensive income for the year		**68 068**	110 798
Net profit for the year attributable to:			
Owners of the company		**68 432**	110 670
Non-controlling interests		**(272)**	—
		68 160	110 670
Total comprehensive income for the year attributable to:			
Owners of the company		**68 340**	110 798
Non-controlling interests		**(272)**	—
		68 068	110 798

	Notes	2015	2014
Earnings per ordinary share (cents)	21		
– basic		**42,1**	66,9
– headline		**44,2**	68,2
– diluted basic		**41,7**	64,0
– diluted headline		**43,9**	65,3

Consolidated statement of changes in equity

for the year ended 28 February 2015

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 2013	10 851	(99 670)	(20)	16 717	722 239	650 117	—	650 117
Transactions with owners	—	(10 009)	—	3 605	(39 215)	(45 619)	—	(45 619)
– Profit on disposal of treasury shares	—	—	—	—	532	532	—	532
– Dividends paid	—	—	—	—	(39 747)	(39 747)	—	(39 747)
– Share-based payment expense	—	—	—	3 605	—	3 605	—	3 605
– Treasury shares acquired	—	(10 554)	—	—	—	(10 554)	—	(10 554)
– Treasury shares sold	—	545	—	—	—	545	—	545
Total comprehensive income for the year	—	—	128	—	110 670	110 798	—	110 798
– Net profit for the year	—	—	—	—	110 670	110 670	—	110 670
– Foreign currency translation differences	—	—	128	—	—	128	—	128
Balance at 28 February 2014	**10 851**	**(109 679)**	**108**	**20 322**	**793 694**	**715 296**	**—**	**715 296**
Transactions with owners	**—**	**(25 098)**	**—**	**3 569**	**(35 741)**	**(57 270)**	**—**	**(57 270)**
– Profit on disposal of treasury shares	**—**	**—**	**—**	**—**	**103**	**103**	**—**	**103**
– Dividends paid	**—**	**—**	**—**	**—**	**(35 844)**	**(35 844)**	**—**	**(35 844)**
– Share-based payment expense	**—**	**—**	**—**	**3 569**	**—**	**3 569**	**—**	**3 569**
– Treasury shares acquired	**—**	**(25 733)**	**—**	**—**	**—**	**(25 733)**	**—**	**(25 733)**
– Treasury shares sold	**—**	**635**	**—**	**—**	**—**	**635**	**—**	**635**
Total comprehensive income for the year	**—**	**—**	**(92)**	**—**	**68 432**	**68 340**	**(272)**	**68 068**
– Net profit for the year	**—**	**—**	**—**	**—**	**68 432**	**68 432**	**(272)**	**68 160**
– Foreign currency translation differences	**—**	**—**	**(92)**	**—**	**—**	**(92)**	**—**	**(92)**
Balance at 28 February 2015	**10 851**	**(134 777)**	**16**	**23 891**	**826 385**	**726 366**	**(272)**	**726 094**

Consolidated statement of cash flows

for the year ended 28 February 2015

R'000	Notes	2015	2014
Cash flows from operating activities		**158 561**	265 194
Cash generated by operations before proceeds on disposal of rental assets	i	**157 820**	313 381
Proceeds on disposal of rental assets		**74 599**	35 207
Investment income		**13 511**	11 733
Finance costs		**(30 297)**	(27 079)
Taxation paid	ii	**(21 287)**	(28 314)
Dividends paid	iii	**(35 785)**	(39 734)
Cash flows from investing activities		**(206 868)**	(195 985)
Purchase of property, vehicles, plant and equipment		**(208 002)**	(186 851)
Purchase of intangible assets		**(5 085)**	(15 490)
Proceeds on disposal of property, vehicles, plant and equipment		**1 598**	4 329
Proceeds on disposal of non-current assets held-for-sale		**4 616**	278
Increase in investments		**(45)**	—
Decrease in loans		**50**	1 749
Cash flow from financing activities		**9 020**	(34 553)
Increase/(decrease) in loans		**34 015**	(25 076)
Treasury shares acquired		**(25 733)**	(10 554)
Proceeds on disposal of treasury shares		**738**	1 077
Net change in cash and cash equivalents		**(39 287)**	34 656
Translation difference		**(38)**	82
Cash and cash equivalents at beginning of the year		**166 639**	131 901
Cash and cash equivalents at end of the year	9	**127 314**	166 639

Refer to page 79 for the notes to the statement of cash flows.

R'000	2015	2014
NOTES TO THE STATEMENT OF CASH FLOWS		
i Cash generated by operations		
Net profit before taxation	**91 975**	151 870
Adjustments for:		
Depreciation	**99 318**	92 915
Amortisation of intangible assets	**16 693**	15 972
Investment income	**(13 511)**	(12 071)
Fair value adjustment to loan receivable	**432**	—
Finance costs	**30 297**	27 079
Straight-line rental expense	**(15 072)**	(3 981)
Loss on disposal of property, vehicles, plant and equipment	**4 203**	3 164
Loss on disposal of non-current assets held-for-sale	**526**	70
Loss on disposal of intangible assets	**130**	—
Profit on disposal of rental assets	**(6 546)**	(2 582)
Fair value adjustment relating to forward exchange contracts	**(77)**	107
Foreign currency translation movement	**23**	(269)
Share-based payment expense	**3 569**	3 605
Share of profit of equity accounted investees	**(64)**	(21)
Cash generated by operations before movements in working capital	**211 896**	275 858
Movements in working capital:		
Inventories	**6 708**	(1 156)
Trade and other receivables	**(21 881)**	(6 238)
Trade and other payables	**(38 903)**	44 917
Cash generated by operations before proceeds on disposal of rental assets	**157 820**	313 381
ii Taxation paid		
Opening balance	**1 182**	(695)
Taxation per note 20	**(21 292)**	(26 437)
Closing balance	**(1 177)**	(1 182)
	(21 287)	(28 314)
iii Dividends paid		
Charge to the statement of changes in equity	**(35 844)**	(39 747)
Movement in shareholders for dividend	**59**	13
	(35 785)	(39 734)

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008. 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.

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 in which it does not have a majority stake when it has the ability to control the activities of that entity and to earn variable returns from it.

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.

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.

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.

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.

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.

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.

Provisions for insurance claims

Whilst management consider that the gross provisions for claims and the related reinsurance recoveries 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 and may result in significant adjustments to the amounts provided.

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.

Available-for-sale financial assets

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group 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.

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.

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.

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

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.

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.

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

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

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.

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.

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 at fair value through profit or loss – held-for-trading
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost.

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.

Impairment of financial assets

At each reporting date the Group assesses all financial assets measured at amortised cost 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

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.

Bank overdrafts and 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.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

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

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

Available-for-sale financial assets

These financial assets are non-derivatives that are either designated in this category or not classified elsewhere.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

1.7 Inventories

Inventories include materials handling equipment, fuel and maintenance spares, and vehicles and materials handling equipment 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 which date depreciation ceases and are measured at the lower of their carrying amount or fair value less costs to sell.

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

Materials handling equipment and vehicles are measured at the lower of cost or net realisable value.

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.

Irrespective of whether there is any indication of impairment, the Group also tests intangible assets not yet available for use for impairment annually by comparing their carrying amounts with their recoverable amounts. This impairment test is performed at the same time every year.

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.

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.

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, if any, are recognised in the statement of comprehensive income, with a corresponding adjustment to equity.

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 – lessor

The Group recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on the pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

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.

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 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.

After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

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.

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, which accrues on a daily basis, comprises the net invoiced value of services which include: distribution, transport, clearing and forwarding, warehousing, container and fleet management, forklift and commercial vehicle rental and leasing and insurance. Revenue excludes investment income 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.

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. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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 and sick leave, 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.

Company financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

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.

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 jointly controlled entity is accounted for using the equity method. Under the equity method, interests in jointly controlled entities 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 Insurance contracts

Classification of insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is the risk that an insured event occurs with the uncertainty the amount involved arising from the resulting claim.

Recognition and measurement of insurance contracts

Premiums

Gross written premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission due to intermediaries and exclude Value Added Tax. The earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. Claims outstanding comprise provisions for the Group's estimate of the final cost of settling all claims incurred but unpaid at the statement of financial position date whether reported or not, and an appropriate risk margin. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately, if material.

Reinsurance

Outward reinsurance premiums are recognised as an expense in the same accounting period as the premiums for the related insurance contract. Reinsurance contracts are entered into for the purposes of limiting the Group's loss potential arising from insurance risk. Reinsurance agreements that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. Amounts recoverable under such contracts are recognised in the same year as the related claim. Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

*Types of insurance contract*s

Certain transactions are entered into by the Group as insurer which falls into the definition of insurance contracts. Significant types of insurance contracts undertaken by the Group comprise motor, goods in transit, multi-peril and marine insurance.

Motor insurance provides the Group's customers indemnity for loss of or damage to the Group's motor vehicles with or without an excess. The cover is normally on an all risks basis providing a wide range of cover following an accident or a theft of the vehicle. Legal liabilities arising out of the use of the Group's motor vehicle following an accident for damage to third party property is also covered under this class of insurance.

Goods-in-transit insurance provides limited indemnity for loss of or damage to movable property for losses caused by crime and accident damages.

Multi-peril insurance provides limited indemnity for loss of or damage to movable customer property warehoused by the Group caused by perils such as fire, lightning, explosion, weather, water, earthquake and malicious damage. The policies specifically exclude theft.

Marine insurance provides limited indemnity for cargo imported and exported by customers. Cargo covers physical loss of or damage to cargo as a result of fire, explosion, weather, accidents and malicious damage.

1.22 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.

2. PROPERTY, VEHICLES, PLANT AND EQUIPMENT

R'000	Cost	Accumulated depreciation	Carrying value	Opening balance
2015				
Owned assets				
Property	**39 416**	**(2 477)**	**36 939**	**36 745**
Plant and equipment	**111 610**	**(43 286)**	**68 324**	**50 726**
Motor vehicles and accessories	**955 839**	**(278 995)**	**676 844**	**668 907**
Office furniture and equipment	**32 055**	**(26 317)**	**5 738**	**5 165**
Computer equipment	**85 709**	**(58 398)**	**27 311**	**27 062**
Forklifts	**262 297**	**(61 692)**	**200 605**	**187 503**
Leasehold improvements	**16 210**	**(13 180)**	**3 030**	**4 743**
	1 503 136	**(484 345)**	**1 018 791**	**980 851**
Capitalised finance lease				
Computer equipment	**10 956**	**(7 103)**	**3 853**	**6 045**
Total	**1 514 092**	**(491 448)**	**1 022 644**	**986 896**

R'000	Cost	Accumulated depreciation	Carrying value	Opening balance
PROPERTY, VEHICLES, PLANT AND EQUIPMENT				
2014				
Owned assets				
Property	39 105	(2 360)	36 745	36 939
Plant and equipment	86 881	(36 155)	50 726	38 949
Motor vehicles and accessories	974 118	(305 211)	668 907	645 596
Office furniture and equipment	30 968	(25 803)	5 165	6 057
Computer equipment	83 999	(56 937)	27 062	26 970
Forklifts	234 044	(46 541)	187 503	173 296
Leasehold improvements	18 293	(13 550)	4 743	3 962
	1 467 408	(486 557)	980 851	931 769
Capitalised finance lease				
Computer equipment	10 957	(4 912)	6 045	8 165
Total	1 478 365	(491 469)	986 896	939 934

Additions	Transfers	Transfers to inventory and non-current assets held-for-sale	Disposals	Depreciation	Translation	Total
311	**—**	**—**	**—**	**(117)**	**—**	**36 939**
27 181	**—**	**82**	**(465)**	**(9 200)**	**—**	**68 324**
135 615	**—**	**(66 699)**	**(3 922)**	**(57 014)**	**(43)**	**676 844**
3 404	**—**	**(122)**	**(178)**	**(2 531)**	**—**	**5 738**
12 149	**569**	**10**	**(387)**	**(12 092)**	**—**	**27 311**
29 093	**—**	**(684)**	**(850)**	**(14 406)**	**(51)**	**200 605**
249	**—**	**(197)**	**1**	**(1 766)**	**—**	**3 030**
208 002	**569**	**(67 610)**	**(5 801)**	**(97 126)**	**(94)**	**1 018 791**
—	**—**	**—**	**—**	**(2 192)**	**—**	**3 853**
208 002	**569**	**(67 610)**	**(5 801)**	**(99 318)**	**(94)**	**1 022 644**

Additions	Transfers	Transfers to inventory and non-current assets held-for-sale	Disposals	Depreciation	Translation	Total
—	—	—	—	(194)	—	36 745
18 713	—	659	(989)	(6 606)	—	50 726
124 860	—	(37 127)	(7 088)	(57 488)	154	668 907
966	—	7	(7)	(1 858)	—	5 165
10 190	14	—	(83)	(10 029)	—	27 062
29 130	—	(3 356)	682	(12 417)	168	187 503
2 992	—	—	—	(2 211)	—	4 743
186 851	14	(39 817)	(7 485)	(90 803)	322	980 851
—	—	—	(8)	(2 112)	—	6 045
186 851	14	(39 817)	(7 493)	(92 915)	322	986 896

R'000	2015	2014
3. INTANGIBLE ASSETS		
IT software		
– Cost	**105 602**	123 390
– Accumulated amortisation and impairment	**(80 341)**	(85 822)
	25 261	37 568
IT software		
– Carrying value at beginning of year	**37 568**	38 064
– Additions at cost	**5 085**	15 490
– Disposals at cost	**(22 064)**	(24)
– Disposals accumulated amortisation	**21 934**	24
– Transfers	**(569)**	(14)
– Current amortisation	**(16 693)**	(15 972)
Carrying value at end of the year	**25 261**	37 568

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 R4 452 000 (2014: R8 534 000).

The maximum remaining amortisation period of this software is 5 years (2014: 5 years).

4. LOAN RECEIVABLE

	2015	2014
SKR Marketing CC This loan is interest free. An extension of payment terms was granted during this financial year. Consequently the loan is repayable by 31 March 2017 (2014: repayable by 31 March 2015). M Padiyachy, R Lazarus and K Padiyachy have bound themselves jointly and severally as surety and co-principal debtor for the loan.	**1 568**	2 050

The Group entered into the loan agreement with SKR Marketing CC as the Group wishes to assist in the development, sustainability and ultimate financial and operational independence of this entity.

The fair value of the loan receivable approximates the carrying amount. The fair value hierarchy is level 2.

The credit quality of the loan receivable can be assessed by reference to historical information about counterparty default rates. There have been no defaults in the past.

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

5. EQUITY-ACCOUNTED INVESTEES

	2015	2014
Interest in associate	**154**	125
Interest in joint venture	**80**	—
	234	125
A. Interest in associate		
Value SA (Pty) Limited		
Shares at cost, representing a 30% interest	*	*
Share of retained income	**154**	125
– Balance at beginning of the year	**125**	104
– Group's share of net profit after tax	**29**	21
	154	125

R'000	2015	2014

5. EQUITY-ACCOUNTED INVESTEES *(continued)*

Value SA (Pty) Ltd is involved in the business of procuring maintenance, transport, forklift hire, warehousing service, car rental and other transport, distribution and logistics related contracts from national government, provincial governments and parastatals.

B. Interest in joint venture

Value Logistics (Hong Kong) Co. Limited

R'000	2015	2014
Shares at cost, representing a 50% interest	45	—
Share of retained income	35	—
– Balance at beginning of the year	—	—
– Group's share of net profit after tax	35	—
	80	—

On 24 June 2014 the Group entered into an agreement with Weida Freight System Co (Weida Freight), a company incorporated in China with the aim of establishing a joint venture operation in Hong Kong. The aim of the operation is to generate increased international forwarding and forwarding-related business. Subject to their joint overall responsibility, Weida Freight has primary responsibility for local operations in Hong Kong and China and the Group has primary responsibility for international operations beyond Hong Kong.

Directors' valuation of unlisted investments R234 000 (2014: R125 000).

**Nominal amount.*

6. DEFERRED TAX

R'000	2015	2014
Balance at beginning of the year	168 574	153 776
Temporary differences	2 523	14 763
Translation difference	(13)	35
Balance at end of the year	171 084	168 574
Analysis of significant temporary differences:		
Accelerated allowances on property, vehicles, plant and equipment	192 051	192 210
Finance lease obligation	(131)	(103)
Future rental expense payable	(4 739)	(8 952)
Bad debt provision	(3 881)	(3 942)
Accruals	(12 022)	(10 680)
Fair value adjustments	(183)	—
Unrealised foreign exchange differences	(11)	41
	171 084	168 574
Comprising:		
Deferred tax liability	174 217	173 201
Deferred tax asset	(3 133)	(4 627)
Balance at end of the year	171 084	168 574

R'000	2015	2014
7. INVENTORIES		
Maintenance spares	**14 393**	11 917
– Cost	**21 379**	17 096
– Write down	**(6 986)**	(5 179)
Materials handling equipment	**14 272**	22 160
Fuel	**5 876**	7 052
Rental vehicles held-for-sale	**15 461**	20 601
– Opening balance	**20 601**	14 574
– Impairments	**(119)**	(2 005)
– Transfer from property, vehicles, plant and equipment	**60 699**	36 366
– Disposals	**(65 720)**	(28 334)
Rental materials handling equipment held-for-sale	**1 741**	3 160
– Opening balance	**3 160**	4 095
– Transfer from property, vehicles, plant and equipment	**914**	3 356
– Disposals	**(2 333)**	(4 291)
	51 743	64 890
Materials handling equipment recognised as an expense	**13 168**	13 260
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	**257 460**	236 107
VAT	**184**	519
Other receivables	**5 217**	4 364
	262 861	240 990

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 does credit dealings 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	2015	2014

8. TRADE AND OTHER RECEIVABLES *(continued)*

Trade receivables past due but not impaired.

At end February the following amounts were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

– Over 60 days	**6 188**	2 537
– Over 90 days	**898**	1 479
– Over 120 days	**—**	2 405
	7 086	6 421

Trade receivables impaired

At end February the following trade receivables were impaired and provided for.

The ageing of the trade receivables relating to the provision is as follows:

– Current	**1 275**	1 793
– Over 30 days	**713**	880
– Over 60 days	**372**	2 440
– Over 90 days	**1 446**	1 601
– Over 120 days	**19 178**	15 373
	22 984	22 087

Reconciliation of provision for impairment of trade receivables

Opening balance	**22 087**	23 646
Provision for impairment	**1 407**	3 628
Amounts written off as uncollectable	**(510)**	(5 187)
	22 984	22 087

The creation and release of the provision for impaired trade receivables has been included in operating expenses in the statement of comprehensive income (note 17). The provision was calculated based on the days outstanding, the activity on the account and the amount to be recovered. All accounts over 60 days with no activity on the account were provided for in full. Accounts that were over 60 days with activity on the account were provided for at a rate of 75%.

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Fair value of trade and other receivables	**262 861**	240 990

Trade receivables of R256 395 000 (2014: R235 425 000) have been ceded to Nedbank, a division of Nedcor Bank 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	2015	2014
9. CASH AND CASH EQUIVALENTS		
Cash on hand	**818**	900
Bank balances	**126 496**	165 739
	127 314	166 639

Cash and cash equivalents are classified as held-for-trading financial assets. Cash and cash equivalents are measured at fair value. The fair value hierarchy is at level 1.

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. For this reason the credit quality at year-end of cash and cash equivalents are considered to be high.

R'000	2015	2014
10. NON-CURRENT ASSETS HELD-FOR-SALE		
Motor vehicles and accessories:		
– Net book value at beginning of the year	**97**	350
– Transfer from property, vehicles, plant and equipment	**5 997**	95
– Disposals	**(5 143)**	(348)
Net book value at end of the year	**951**	97

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

R'000	2015	2014
11. 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		
198 627 386 ordinary shares of 0,1 cent each	**198**	198
10 429 010 A ordinary shares of 0,1 cent each	**10**	10
Share premium	**10 643**	10 643
	10 851	10 851

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. Full details of the rights, privileges and conditions attaching to the A ordinary shares are set out in the circular to shareholders dated 1 July 2010.

	Number of shares	
	2015	2014
11. SHARE CAPITAL AND PREMIUM *(continued)*		
Treasury shares		
Ordinary shares		
Shares held by special purpose entities		
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	**739 790**	1 089 580
Opening balance	**1 089 580**	1 389 580
Utilised for options which were excercised	**(349 790)**	(300 000)
Shares held by subsidiary company		
Value Logistics Limited	**18 707 521**	13 066 492
Opening balance	**13 066 492**	11 066 492
Acquired during the year	**5 641 029**	2 000 000
	40 305 331	35 014 092
Average price paid for repurchased equity securities (Rands)	**4,56**	5,28
A ordinary shares		
Shares held by special purpose entity		
The Value Group Empowerment Trust	**10 429 010**	10 429 010

R'000

12. INTEREST-BEARING BORROWINGS

Instalment sales agreements		
Liabilities under instalment sale agreements, which bear interest at rates varying between 1,25% below the prime bank overdraft rate and 1,3% below the prime bank overdraft rate (2014: rates between 1,25% below the prime bank overdraft rate and 1,75% below the prime bank overdraft rate). The loans are repayable in monthly instalments of R10 507 000 (2014: R7 801 000) and are secured by vehicles having a carrying value of R379 629 000 (2014: R300 813 000).	**270 652**	234 602
Mortgage bonds		
Loans secured by mortgage bonds over property having a carrying value of R36 938 000 (2014: R36 745 000). The loans bear interest at rates varying from the prime bank overdraft rate less 0,5% and the prime overdraft rate less 1% (2014: prime bank overdraft rate less 0,5% and the prime overdraft rate less 1%) and are repayable by September 2022 in monthly instalments of R220 000 (2014: R218 000).	**8 334**	8 164

R'000	2015	2014
12. INTEREST-BEARING BORROWINGS *(continued)*		
Finance lease obligation		
The Group entered into a finance leases for computer hardware in 2012 and 2013. The carrying value of the computer hardware 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 quarterly instalments amounting to R620 000 (2014: R620 000).	**4 217**	6 422
Minimum lease payments due:		
Within one year	**2 481**	2 481
In second to fifth year inclusive	**1 942**	4 423
Future finance charges	**(206)**	(482)
	283 203	249 188
Long-term portion of interest-bearing borrowings	**181 230**	165 383
Current portion of interest-bearing borrowings	**101 973**	83 805
	283 203	249 188

The company and its subsidiaries have unlimited borrowing powers in terms of their articles of association.

Interest-bearing borrowings are stated at amortised cost. The fair value of interest-bearing borrowings approximates the carrying amount.

13. TRADE AND OTHER PAYABLES

R'000	2015	2014
Trade payables	**210 829**	243 735
VAT	**17 493**	17 506
Other payables	**84 384**	105 454
	312 706	366 695

Trade and other payables are measured at amortised cost.

14. OTHER FINANCIAL LIABILITY

R'000	2015	2014
Mark to market of foreign exchange contracts. The fair value hierarchy is at level 2.	**317**	394

R'000	2015	2014

15. SUBSIDIARY WITH NON-CONTROLLING INTERESTS

On 21 November 2014, the Group acquired 51% of the issued share capital of Liquid in Motion 14 Proprietary Limited (Liquid in Motion). The non-controlling interests have a 49% ownership interest in the entity. Liquid in Motion's principal place of business is South Africa. The entity is a registered distributor of alcoholic beverages under the Liquor Act 59 of 2003.

This is Liquid in Motion's first year of operation as a start-up entity.

Summary of financial information of Liquid in Motion 14 Proprietary Limited:

	2015	2014
Non-current assets	**31**	—
Current assets	**4**	—
Non-current liabilities	**(482)**	—
Current liabilities	**(108)**	—
Total comprehensive loss for the year	**(554)**	—

16. REVENUE

	2015	2014
Services rendered	**1 915 551**	1 896 651
Sale of goods	**27 665**	23 695
Sale of assets held for rental	**74 599**	35 207
Insurance contracts	**20 538**	19 761
	2 038 353	1 975 314

17. OPERATING PROFIT ON ORDINARY ACTIVITIES IS STATED AFTER:

	2015	2014
Auditors' remuneration – audit fees	**3 493**	2 731
Depreciation	**99 318**	92 915
Amortisation of intangible assets	**16 693**	15 972
Impairment of trade and other receivables	**1 407**	3 628
Impairment of inventories	**1 807**	(1 721)
Loss on disposal of property, vehicles, plant and equipment	**4 203**	3 164
Loss on disposal of non-current assets held-for-sale	**526**	70
Loss on disposal of intangible assets	**130**	—
Profit on disposal of rental assets	**(6 546)**	(2 582)
Loss on foreign exchange	**855**	1 202
Lease rentals	**140 402**	133 535
– Premises	**136 388**	130 505
– Equipment	**4 014**	3 030
Retirement benefit costs		
– Defined contribution plan expense	**37 833**	35 514
Staff costs	**632 407**	600 656

Depreciation increased by R1 567 000 in the current year (2014: increased by R704 000) due to a change in the estimated residual values of certain asset categories.

17. OPERATING PROFIT ON ORDINARY ACTIVITIES IS STATED AFTER: *(continued)*

R'000	Fees for services	Basic salaries	Bonuses	Allowances
Directors' remuneration				
2015				
Executive				
SD Gottschalk	—	3 809	—	127
CL Sack	—	3 403	—	78
M Padiyachy	—	2 086	—	97
	—	9 298	—	302
Non-executive				
CD Stein	704	—	—	—
IM Groves	576	—	—	—
NM Phosa	402	—	—	—
VW Mcobothi	384	—	—	—
	2 066	—	—	—
Total	2 066	9 298	—	302

R'000	Fees for services	Basic salaries	Bonuses*	Allowances
Directors' remuneration				
2014				
Executive				
SD Gottschalk	—	3 580	2 000	127
CL Sack	—	3 217	1 800	78
M Padiyachy	—	1 982	920	97
	—	8 779	4 720	302
Non-executive				
CD Stein	685	—	—	—
IM Groves	561	—	—	—
NM Phosa	468	—	—	—
VW Mcobothi	365	—	—	—
	2 079	—	—	—
Total	2 079	8 779	4 720	302

Bonuses are performance-based and are provided for in the year to which the performance measurement relates.

**Performance bonuses accrued for the year ending 28 February 2014 and paid in March 2014.*

Provident fund contributions	Other	Total
—	64	4 000
294	372	4 147
180	149	2 512
474	585	10 659
—	—	704
—	—	576
—	—	402
—	—	384
—	—	2 066
474	585	12 725

Provident fund contributions	Other	Total
—	59	5 766
284	351	5 730
175	279	3 453
459	689	14 949
—	—	685
—	—	561
—	—	468
—	—	365
—	—	2 079
459	689	17 028

R'000	2015	2014
18. INVESTMENT INCOME		
Interest received on loans and deposits	**2 840**	2 808
Interest received from revenue authority	**—**	3
Fair value adjustment to revenue	**10 671**	9 260
	13 511	12 071
19. FINANCE COSTS		
Long-term borrowings	**21 493**	20 296
Fair value adjustment	**8 648**	6 701
Bank and short-term borrowings	**21**	55
Other	**135**	27
	30 297	27 079
20. TAXATION		
South African normal tax		
– Current year	**21 292**	26 437
Deferred tax		
– Current year	**2 523**	14 763
Tax for the year	**23 815**	41 200
Reconciliation of rate of taxation	**%**	%
South African normal tax rate	**28,0**	28,0
Adjusted for:		
– Permanent differences	**(2,2)**	(0,9)
– Effect of tax rates in foreign jurisdictions	**0,1**	—
Effective rate	**25,9**	27,1
21. EARNINGS PER SHARE		
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:		
Earnings on which basic earnings per share is based	**68 432**	110 670
Loss on disposal of property, vehicles, plant and equipment, less taxation	**3 511**	2 229
Earnings on which headline earnings per share is based	**71 943**	112 899

	Number of shares	
Weighted average shares outstanding		
Weighted average shares outstanding for basic and headline earnings per share	**162 673 657**	165 505 874
Effect of weighting	**(4 351 602)**	(1 892 580)
Potentially dilutive ordinary shares resulting from outstanding options	**5 706 392**	9 184 631
Weighted average shares outstanding for diluted and diluted headline earnings per share	**164 028 447**	172 797 925

22. 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.

The Group's operating segments are General distribution, Truck rental and other, and Head office and other. Operational divisions with similar economic characteristics and specialised resource and infrastructure requirements have been aggregated. Refer to pages 16 and 17 for more details on operational divisions.

The General distribution activities include break-bulk and single party distribution and warehousing services to a wide range of customers in the automotive, fast moving consumer goods (FMCG), 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, clearing and forwarding and container handling.

The Head office and other activities include the costs of a management services company, financing structures, secretarial, compliance and internal audit functions, treasury and insurance. 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 annual financial statements. Inter-segment transfer pricing is determined by management in a similar manner to transactions with third parties. During the current year, revenues from an individual customer amounted to R210 927 000 (2014: R212 183 000) or 10% (2014: 11%)of total Group revenues. The General distribution segment accounts for 99% (2014: 98%) of the R210 927 000 in its reported revenue, with the remaining 1% (2014: 2%) in the Truck rental and other segment.

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.

22. SEGMENT ANALYSIS *(continued)*

R'000	General distribution	Truck rental and other	Head office and other	Total
2015				
Total segment revenues	1 658 564	417 522	121 815	2 197 901
Less: Inter-segment revenues	(5 621)	(33 374)	(120 553)	(159 548)
External revenues	1 652 943	384 148	1 262	2 038 353
Depreciation and amortisation	51 208	42 834	21 969	116 011
Operating segment results	111 727	22 651	(25 681)	108 697
Share of profit of equity-accounted investees net of taxation	64	—	—	64
Segment investment income	9 175	7 453	40 916	57 544
External investment income	8 651	2 268	2 592	13 511
Inter-segment investment income	524	5 185	38 324	44 033
Segment finance costs	(24 761)	(21 919)	(27 650)	(74 330)
External finance costs	(6 250)	(2 106)	(21 941)	(30 297)
Inter-segment finance cost	(18 511)	(19 813)	(5 709)	(44 033)
Net profit before taxation	96 205	8 185	(12 415)	91 975
Assets				
Property, vehicles, plant and equipment	532 758	453 739	36 147	1 022 644
Intangible assets	3 454	2 379	19 428	25 261
Non-current assets held-for-sale	—	—	951	951
Current assets before investments and loans, deferred tax and tax in advance	176 687	135 137	130 094	441 918
	712 899	591 255	186 620	1 490 774
Loans				1 568
Equity-accounted investees				234
Deferred tax asset				3 133
Current tax receivable				2 328
Total assets				1 498 037
Liabilities				
Trade and other payables	150 936	104 136	57 634	312 706
Capital expenditure – property, vehicles, plant and equipment and intangible assets	124 224	67 350	21 513	213 087

R'000	General distribution	Truck rental and other	Head office and other	Total

22. SEGMENT ANALYSIS *(continued)*

2014

R'000	General distribution	Truck rental and other	Head office and other	Total
Total segment revenues	1 634 090	382 761	114 197	2 131 048
Less: Inter-segment revenues	(4 991)	(38 714)	(112 029)	(155 734)
External revenues	1 629 099	344 047	2 168	1 975 314
Depreciation and amortisation	47 443	40 882	20 562	108 887
Operating segment results	144 232	36 905	(14 280)	166 857
Share of profit of equity-accounted investees net of taxation	21	—	—	21
Segment investment income	7 913	5 439	42 263	55 615
External investment income	7 639	1 750	2 682	12 071
Inter-segment investment income	274	3 689	39 581	43 544
Segment finance costs	(22 899)	(23 115)	(24 609)	(70 623)
External finance costs	(4 842)	(1 591)	(20 646)	(27 079)
Inter-segment finance cost	(18 057)	(21 524)	(3 963)	(43 544)
Net profit before taxation	129 267	19 229	3 374	151 870
Assets				
Property, vehicles, plant and equipment	510 478	446 705	29 713	986 896
Intangible assets	4 861	2 552	30 155	37 568
Non-current assets held-for-sale	—	—	97	97
Current assets before investments and loans, deferred tax and tax in advance	172 447	124 864	175 208	472 519
	687 786	574 121	235 173	1 497 080
Loans				2 050
Equity-accounted investees				125
Deferred tax asset				4 627
Current tax receivable				1 270
Total assets				1 505 152
Liabilities				
Trade and other payables	179 078	132 203	55 414	366 695
Capital expenditure – property, vehicles, plant and equipment and intangible assets	120 695	62 454	19 192	202 341

R'000	2015	2014
23. CONTINGENT LIABILITIES		
23.1 A customer has made a claim against a subsidiary company for R805 000 in respect of damages that occurred due to a collision. Judgement was handed down on 31 July 2014 in favour of the customer. The subsidiary company is appealing the judgment.		
23.2 Letters of guarantee issued by the Group's bankers on behalf of a subsidiary company	**30 337**	29 949
24. COMMITMENTS		
24.1 Capital commitments contracted for		
Property, vehicles, plant and equipment	**3 841**	52 002
IT infrastructure development	**1 530**	848

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

24.2 Operating leases – as lessee

	Operating lease expense		**Sub-leases**		**Net operating lease expense**	
R'000	**2015**	2014	**2015**	2014	**2015**	2014
Payable within one year	**176 753**	163 089	**(14 900)**	(13 797)	**161 853**	149 292
Payable within two to five years	**754 419**	520 058	**(63 687)**	(67 144)	**690 732**	452 914
Payable thereafter	**978 117**	558 542	**—**	(11 444)	**978 117**	547 098
	1 909 289	1 241 689	**(78 587)**	(92 385)	**1 830 702**	1 149 304

The Group also sub-lets warehouse space to customers. The terms of these lease agreements range from 24 months to 84 months with annual, market related escalations.

There are no contingent rentals receivable.

24.3 Operating leases – as lessor

R'000	2015	2014
Receivable within one year	**50 903**	59 333
Receivable within two to five years	**38 376**	69 811
Receivable beyond five years	**—**	—
	89 279	129 144

Certain of the Group's vehicles and forklifts are held to generate rental income in the form of full maintenance leases.

Full maintenance lease agreements have terms ranging from 24 months to 60 months.

25. RELATED PARTIES

Related-party transactions exist between the Group companies. 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. Escalations on these leases vary from 8% to 9%, and the lease periods range from month to month to ten 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 term 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 re-assessed, 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 2016 financial year have been estimated.

Property lease rentals paid to companies controlled by SD Gottschalk and associated future lease commitments:

	Current		Due within 1 year		Due thereafter	
R'000	**2015**	2014	**2015**	2014	**2015**	2014
Gauteng	**87 067**	16 705	**94 809**	84 936	**1 091 797**	369 748
Western Cape	**4 244**	—	**22 066**	4 244	**292 247**	300 360
KwaZulu-Natal	**21 151**	88 856	**27 684**	24 043	**262 579**	290 564
Eastern Cape	**11 048**	6 185	**10 485**	10 380	**61 106**	73 199
Namibia	**1 325**	1 215	**1 444**	1 325	**11 050**	12 494
Free State	**1 631**	—	**2 178**	1 548	**5 286**	6 044
Mpumalanga	**1 461**	2 668	**1 542**	1 461	**4 031**	5 572
North West	**1 945**	—	**1 785**	2 001	**2 901**	5 083
Limpopo	**948**	—	**1 023**	948	**1 198**	2 222
Northern Cape	**425**	—	**463**	425	**200**	663
	131 245	115 629	**163 479**	131 311	**1 732 395**	1 065 949

R'000	2015	2014
Revenue earned from associate company:		
– Value SA (Pty) Limited	**2 785**	2 703
Included in trade receivables/payables are amounts receivable from/(payable to) related parties:		
Companies controlled by SD Gottschalk		
– Trade receivables	**33**	1 040
– Trade payables	**—**	(18)
Equity-accounted investees		
– Trade receivables	**207**	261
Loan due by related party:		
– SKR Marketing CC	**1 568**	2 050

26. RETIREMENT BENEFITS

Defined contribution plan

Currently subsidiary companies provide retirement benefits to 90% (2014: 89%) of 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 income statement as they are incurred. The Group is under no obligation to cover any unfunded benefits. The Group's contribution to the above scheme was R37 833 000 (2014: R35 514 000)

Medical aid

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

27. 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 12 and cash and cash equivalents as disclosed under note 9.

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 asset position at year-end. 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 next 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.

The Group is not subject to externally imposed capital requirements. The Group's overall strategy remains unchanged since the prior year.

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.

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 materials handling equipment 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.

27. RISK MANAGEMENT *(continued)*

Details of each outstanding forward exchange contract are as follows:

Amount in foreign currency purchased	Forward exchange rate	Maturity date
At 28 February 2015		
88 697 Botswana Pula (BWP)	**0,8265 BWP = R1**	**3 March 2015**
23 921 Euro (EUR)	**1 EUR = 13,0945 ZAR**	**13 March 2015**
7 016 Euro (EUR)	**1 EUR = 13,0945 ZAR**	**13 March 2015**
43 410 Euro (EUR)	**1 EUR = 13,1012 ZAR**	**16 March 2015**
7 074 000 Japanese Yen (JPY)	**10,1940 JPY = 1 ZAR**	**24 March 2015**
21 780 000 Japanese Yen (JPY)	**10,1886 JPY = 1 ZAR**	**27 March 2015**
197 394 Euro (EUR)	**1 EUR = 13,1577 ZAR**	**10 April 2015**
At 28 February 2014		
83 908 Botswana Pula (BWP)	0,8210 BWP = R1	4 March 2014
202 419 Euro (EUR)	1 EUR = 15,0393 ZAR	13 March 2014
173 973 Euro (EUR)	1 EUR = 15,6568 ZAR	23 April 2014
11 316 000 Japanese Yen (JPY)	9,3877 JPY = 1 ZAR	25 April 2014
306 186 Euro (EUR)	1 EUR = 14,9412 ZAR	12 May 2014
209 208 Euro (EUR)	1 EUR = 15,3595 ZAR	19 May 2014
30 089 Euro (EUR)	1 EUR = 14,6113 ZAR	19 May 2014
12 443 600 Japanese Yen (JPY)	9,2045 JPY = 1 ZAR	8 July 2014
12 498 000 Japanese Yen (JPY)	9,2414 JPY = 1 ZAR	18 July 2014
51 858 Euro (EUR)	1 EUR = 15,6137 ZAR	15 August 2014

At year-end the forward exchange contracts were hedging amounts payable for materials handling equipment that was 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 Japanese Yen, Euro and Botswana Pula. After the recognition of the materials handling equipment, the forward exchange contracts will continue to hedge the trade payable.

The Group's loss on hedging instruments for the year was R875 000 (2014: loss of R843 000).

At 28 February 2015, 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 R747 000 (2014: R1 737 000) 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 and interest rate risk. Borrowings raised at fixed rates expose the Group to fair value 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. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations perceived, the impact on pre-tax profit of 50 basis point shift in the interest rate would be a maximum increase/decrease of R1 416 000 (2014: R1 214 000). The simulation is done on a regular basis to verify that the maximum loss potential is within the limit given by management.

27. 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. Management evaluated credit risk relating to customers on an ongoing basis. Accordingly, the Group has no significant concentration of credit risk.

Investments

These comprise of the Group's investments in equity-accounted investees. The exposure to credit risk is not significant as the value of the investments is not material.

Loans receivable

This comprises of a loan due from a related party, SKR Marketing CC. The exposure to credit risk is not significant as 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

R'000	Less than 1 year	Between 1 and 5 years	More than 5 years
At 28 February 2015			
Interest-bearing borrowings	**101 973**	**175 093**	**6 137**
Trade and other payables	**312 706**	—	—
Current tax payable	**1 151**	—	—
Other financial liability	**317**	—	—
Shareholders for dividend	**349**	—	—
At 28 February 2014			
Interest-bearing borrowings	83 805	165 210	73
Trade and other payables	366 695	—	—
Current tax payable	88	—	—
Other financial liability	394	—	—
Shareholders for dividend	290	—	—

27. RISK MANAGEMENT *(continued)*

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 market prices. Management's objectives for managing market risk is to minimise the Group's exposure.

R'000	2015	2014
Loans and receivables		
Trade receivables	**257 460**	236 107
Investment and loans	**1 568**	2 050
	259 028	238 157
Financial assets measured at fair value		
Cash and cash equivalents	**127 314**	166 639
Financial liabilities measured at amortised cost		
Interest-bearing borrowings	**181 230**	165 383
Trade payables	**210 829**	243 735
Other payables	**31 742**	24 993
Current portion of interest-bearing borrowings	**101 973**	83 805
Shareholders for dividend	**349**	290
	526 123	518 206
Financial liabilities measured at fair value		
Other financial liabilities	**317**	394

28. INSURANCE CONTRACTS

Certain transactions are entered into by the Group as insurer which falls within the definition of insurance contracts per IFRS 4 Insurance Contracts.

Significant items included are the following:

- Motor insurance
- Multi-peril policy insurance
- Marine insurance

R'000	2015	2014
Income	**20 538**	19 761
Expenses	**9 114**	5 311
Liabilities		
Balance at beginning of the year	**918**	1 582
Movement	**64**	(664)
Balance at end of the year	**982**	918

R'000	**2015**	2014
28. INSURANCE CONTRACTS *(continued)*		
Assets		
Balance at beginning of the year	**12 201**	11 419
Movement	**(3 201)**	782
Balance at end of the year	**9 000**	12 201

The subclassification of liabilities are claims incurred but not reported (IBNR), and represents approximately 5% (2014: 5%) of income earned from insurance contracts, based on past claims experience. The liabilities will be settled within the next year.

Insurance risk

The Group is a registered financial services provider in terms of the FAIS Act with the Financial Services Board. The Group's objective is to mitigate insurance risk arising from insurance contracts. The principal risk that the Group faces under these insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur due to the frequency or severity of claims which may be greater than estimated. Insurance events are random and the actual number and amounts of claims will vary from year to year from the estimate determined using statistical techniques. The key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from insurance contracts and includes credit risk, interest rate risk, currency risk and liquidity risk.

Risks, which are spread over a large customer base, are managed internally by the Group. Risk is concentrated largely to motor insurance which covers the vehicle in the case of an accident as well as damage to third party property. There is no specific geographical or sectoral concentrated risk. The Group limits its exposure and sensitivity to insurance risk by reinsuring the comprehensive motor insurance and by limiting the claims on goods in transit, multi-peril and marine insurance cover. The terms and conditions of these insurance contracts therefore do not have a material effect on the amount, timing and uncertainty of cash flows.

Significant assumptions

The critical accounting judgements made in applying the Group's accounting policies relate to the estimation of the ultimate liability arising from claims made under insurance contracts. The Group's estimate for reported and unreported losses are continually reviewed and updated, and adjustments resulting from this review are reflected in profit or loss. The process relies upon the basic assumption that past experience adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events. The actual claims incurred did not materially differ from the estimates derived from the critical accounting judgements applied.

29. SHARE INCENTIVE SCHEMES

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.

29. SHARE INCENTIVE SCHEMES *(continued)*

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

	Latest expiry date		Number of options outstanding '000	
Date of grant	**2015**	2014	**2015**	2014
Friday, 18 February 2005	**Friday, 20 February 2015**		**—**	349 790
Monday, 11 June 2007	**Monday, 12 June 2017**		**149 790**	149 790
Friday, 9 November 2007	**Tuesday, 14 November 2017**		**250 000**	250 000
Thursday, 27 May 2010	**Tuesday, 2 June 2020**		**340 000**	340 000
			739 790	1 089 580

Date of grant	Value (cents)	Option price (cents)	Market price (cents)	Exercise price (cents)	Volatility %	Dividend yield %	Risk free rate %
Friday, 18 February 2005	44,2	211	215	211	18,4	1,8	7,56
Monday, 11 June 2007	89,0	253	255	253	29,7	0,0	8,83
Friday, 9 November 2007	104,0	218	208	218	61,1	0,0	9,02
Thursday, 27 May 2010	80,0	359	369	359	25,0	4,3	8,05

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.

	Number of options	
Movement during the year	**2015**	2014
Balance at beginning of the year	**1 089 580**	1 389 580
Options exercised	**(349 790)**	(300 000)
	739 790	1 089 580

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 seventh anniversary of the acceptance date. The weighted average share price at date of exercise was 473,0 (2014: 550,0) cents per share.

29. SHARE INCENTIVE SCHEMES *(continued)*

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

	Number of shares		Loan value R'000	
	2015	2014	**2015**	2014
Balance at beginning of the year	**1 089 580**	1 389 580	**2 880**	3 958
Options exercised	**(349 790)**	(300 000)	**—**	—
Repayments	**—**	—	**(942)**	(1 300)
Write-up of loan	**—**	—	**203**	222
Balance at end of the year	**739 790**	1 089 580	**2 141**	2 880

The scheme owns sufficient shares to issue to participants to satisfy options granted over the company's ordinary shares.

Share options granted to executive directors:

	Number of options at 28 February 2014*	Options granted	Option price (cents)	Exercise price (cents)	Options exercised	**Number of options at 28 February 2015**
CL Sack	340 000	—	359	359	—	**340 000**
M Padiyachy	100 000	—	211	211	(100 000)	**—**
M Padiyachy	250 000	—	218	218	—	**250 000**
	690 000	—			(100 000)	**590 000**

**Notwithstanding the date of exercise, participants are only entitled to delivery of the shares in Value Group Limited in accordance with the terms of the scheme.*

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 Peromness 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 allocated to each employee.

29. SHARE INCENTIVE SCHEMES *(continued)*

The following units have been allocated:

	Latest expiry date		Number of options outstanding	
Date of grant	**2015**	2014	**2015**	2014
Friday, 23 July 2010	**Sunday, 23 July 2017**		**3 000 000**	3 450 000
Thursday, 28 February 2013	**Friday, 11 August 2017**		**3 600 000**	4 550 000
Tuesday, 24 February 2015	**Friday, 11 August 2017**		**500 000**	—
Wednesday, 25 February 2015	**Friday, 11 August 2017**		**500 000**	—
			7 600 000	8 000 000

Date of grant	Value (cents)	Option price (cents)	Exercise price (cents)	Volatility %	Dividend yield %	Risk free rate %
Friday, 23 July 2010	80,6	381	350	24,2	4,4	7,18
Thursday, 28 February 2013	185,0	343	350	31,1	3,9	5,31
Tuesday, 24 February 2015	121,7	400	350	33,6	2,7	7,64
Wednesday, 25 February 2015	121,5	400	350	33,5	2,7	7,59

The option price has been based on the projected notional loan balance on 23 July 2017.

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.

Movement during the year	2015	2014
Balance at beginning of the year	**8 000 000**	8 950 000
Units allocated	**1 000 000**	—
Units forfeited – resignations	**(1 400 000)**	(950 000)
Balance at end of the year	**7 600 000**	8 000 000

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 R38 488 000 (2014: R37 998 000) which equates to R3,69 (2014: R3,64) 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.

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 (RF) Investments Proprietary Limited, an SPV owned by a trust controlled by Mano Padiyachy, an executive director of the company at R3,50 per ordinary share.

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	Value (cents)	Option 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

The option price has been based on the projected preference share obligation on 23 July 2017.

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.

30. DIRECTORS' INTEREST IN SHARE CAPITAL OF THE COMPANY

	Beneficial number of ordinary shares		Non-beneficial number of ordinary shares	
	2015	2014	**2015**	2014
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	**—**	—	**94 183 036**	94 183 036
CL Sack				
– Direct	**1 700 000**	1 700 000	**—**	—
M Padiyachy				
– Direct	**375 000**	325 000	**—**	—
– Indirect	**6 257 406**	6 257 406	**—**	—
IM Groves				
– Indirect	**70 000**	70 000	**—**	—
NM Phosa				
– Direct	**250 000**	250 000	**—**	—
– Indirect	**14 600 614**	14 600 614	**—**	—
	23 626 090	23 576 090	**94 183 036**	94 183 036

31. POST YEAR END BUSINESS COMBINATION

Effective 1 March 2015, the Group acquired a majority stake, amounting to an 80% ownership interest, in the business of Nucleus Chain Stores (Pty) Ltd. This subsidiary focuses on both chain store and front door deliveries which are complimentary to that of the Group. The acquisition encompasses a strong management and operational team. It is the Group's intention to grow the business through infrastructure, funding and IT support, in addition to leveraging synergies within the various divisions.

Subject to special conditions warranted by the seller, the purchase price for the business is R12,7 million.

As part of the business combination, the Group has acquired the customer base of Nucleus Chain Stores. Due to the complexities in valuing such a customer base, the Group is still in the process of finalising the initial accounting for the business combination. As such, disclosure regarding the fair value of assets acquired, liabilities assumed and the resultant goodwill or bargain purchase gain cannot be made.

32. NEW STANDARDS AND INTERPRETATIONS

(i) Standards and interpretations effective and adopted in the current year:

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities. The effective date of the amendment is for years beginning on or after 1 January 2014. The company has adopted the amendment for the first time in the 2015 financial statements. The impact of the amendment is not material.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendment to IAS 36 Impairment of Assets now require:

- Disclosures to be made of all assets which have been impaired, as opposed to only material impairments,
- The disclosure of each impaired asset's recoverable amount, and
- Certain disclosures for impaired assets whose recoverable amount is fair value less costs to sell in line with the requirements of IFRS 13 Fair Value Measurement.

The effective date of the amendment is for years beginning on or after 1 January 2014. The company has adopted the amendment for the first time in the 2015 financial statements. The impact of the amendment is not material.

IFRIC 21 Levies

The interpretation provides guidance on accounting for levies payable to government. It specifies that the obligating event giving rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. A constructive obligation for levies that will be triggered by operating in future is not raised by virtue of the entity being economically compelled to operate in future or for being a going concern. Furthermore, if the obligating event occurs over a period of time, then the liability is recognised progressively. An asset is recognised if an entity has prepaid a levy before the obligating event. This accounting also applies to interim reporting. The effective date of the interpretation is for years beginning on or after 1 January 2014. The company has adopted the interpretation for the first time in the 2015 financial statements. The impact of the interpretation is not material.

(ii) Standards and interpretations issued not yet effective

The table below summarises the standards and interpretations issued but not yet effective. The standards below are not expected to have a material impact on the Group's financial statements.

STANDARD	DETAILS OF AMENDMENT	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IFRS 2 Share-based payments	Annual improvements 2010 – 2012 cycle: Amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions	1 July 2014
IFRS 3 Business Combinations	Annual improvements 2010 – 2012 cycle: Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9. Annual improvements 2011 – 2013 cycle: Amendments to the scope paragraph for the formation of a joint arrangement.	1 July 2014
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.	1 January 2016
IFRS 7 Financial Instruments: Disclosures	Amendments clarifying continuing involvement for servicing contracts	1 January 2016
	Amendments clarifying offsetting disclosure not specifically required in interim financial statements	1 January 2016
IFRS 8 Operating Segments	Annual improvements 2010 – 2012 cycle: Amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations	1 July 2014
IFRS 9 Financial Instruments	Annual Improvements 2010–2012 Cycle: Amendments to the measurement requirements for all contingent consideration assets and liabilities included under IFRS 9.	1 July 2014
	New standard which replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard comprises guidance on classification and measurement, impairment considerations, hedge accounting and derecognition.	1 January 2018
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	1 January 2016
IFRS 13 Fair Value Measurement	Annual improvements 2010 – 2012 cycle: Amendments to clarify the measurement requirements for those short-term receivables and payables.	1 July 2014

STANDARD	DETAILS OF AMENDMENT	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IFRS 15 Revenue from Contracts with Customers	IFRS 15 supersedes IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Arrangements for the construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.	1 January 2017
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.	1 January 2016
IAS 16 Property, Plant and Equipment	Annual improvements 2010 – 2012 cycle: Amendments to the revaluation method – proportionate restatement of accumulated depreciation.	1 July 2014
	Amendments to clarify the basis for the calculation of depreciation as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
	Amendments establishing the principle for the basis of depreciation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
IAS 24 Related Party Disclosures	Annual improvements 2010 – 2012 cycle: Amendments to the definitions and disclosure requirements for key management personnel.	1 July 2014
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.	1 January 2016
IAS 38 Intangible Assets	Annual improvements 2010 – 2012 cycle: Amendments to the revaluation method - proportionate restatement of accumulated amortisation.	1 July 2014
	Amendments to clarify the basis for the calculation of amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
	Amendments establishing the principle for the basis of amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016

04 | COMPANY FINANCIAL STATEMENTS

Statement of financial position

at 28 February 2015

R'000	Notes	**2015**	2014
ASSETS			
Non-current assets		**84 024**	83 761
Investments and loans	2	**84 024**	83 761
Total assets		**84 024**	83 761
EQUITY AND LIABILITIES			
Equity		**83 675**	83 471
Share capital and premium	3	**10 851**	10 851
Share-based payment reserve		**12 192**	12 192
Retained income		**60 632**	60 428
Current liabilities		**349**	290
Shareholders for dividend		**349**	290
Total equity and liabilities		**84 024**	83 761

Statement of comprehensive income

for the year ended 28 February 2015

R'000	Note	**2015**	2014
Investment income	4	**43 698**	47 671
Write up of loan to the Value Group Share Incentive Trust		**204**	222
Net profit for the year		**43 902**	47 893
Other comprehensive income net of taxation		**—**	—
Total comprehensive income for the year		**43 902**	47 893

Statement of changes in equity

for the year ended 28 February 2015

R'000	Share capital and share premium	Share-based payment reserve	Retained income	Total
Balance at 28 February 2013	10 851	12 192	60 206	83 249
Transactions with owners				
– Dividends paid	—	—	(47 671)	(47 671)
Total comprehensive income for the year	—	—	47 893	47 893
Balance at 28 February 2014	**10 851**	**12 192**	**60 428**	**83 471**
Transactions with owners				
– Dividends paid			**(43 698)**	**(43 698)**
Total comprehensive income for the year	**—**	**—**	**43 902**	**43 902**
Balance at 28 February 2015	**10 851**	**12 192**	**60 632**	**83 675**

Statement of cash flows

for the year ended 28 February 2015

R'000	Notes	2015	2014
Cash flow from operating activities		**59**	13
Cash generated from operations	6.1	**—**	—
Investment income		**43 698**	47 671
Dividends paid	6.2	**(43 639)**	(47 658)
Cash flow from investing activities		**(59)**	(13)
Increase in loans receivable		**(14)**	(13)
Increase in investment		**(45)**	—
Net change in cash and cash equivalents		**—**	—
Cash and cash equivalents at beginning of the year		**—**	—
Cash and cash equivalents at end of the year		**—**	—

1. ACCOUNTING POLICIES

Please refer to the Group accounting policies on pages 80 to 91.

	Issued capital	Country of incorporation	Effective holding 2015 %	Effective holding 2014 %	2015 R'000	2014 R'000
2. INVESTMENTS AND LOANS						
Subsidiary companies						
Value Logistics Limited	R2 500 000	South Africa	**100**	100	*****	*
Value Logistics Personnel Services (Pty) Limited	R100	South Africa	**100**	100	*****	*
Value Logistics (Botswana) (Pty) Limited	Pula 2	Botswana	**100**	100	*****	*
Value Logistics Namibia (Pty) Limited	N$1	Namibia	**100**	100	*****	*
Value Specialised Logistics (Pty) Limited	R100	South Africa	**100**	100	*****	*
Liquid in Motion 14 (Pty) Limited	R100	South Africa	**51**	—	*****	—
Investments in subsidiary companies					*****	*
Loan to Value Logistics Limited					**81 838**	80 881
Associate company						
Value SA (Pty) Limited	R100	South Africa	**30**	30	*****	*
Joint venture						
Value Logistics (Hong Kong) Co. Limited	HKD10 000	China	**50**	—	**45**	—
Share incentive scheme						
Loan to Value Group Share Incentive Scheme					**2 141**	2 880
Total investments and loans					**84 024**	83 761

**Nominal amount.*

Loans receivable from subsidiary companies are classified as available for sale financial assets. As these loans have no fixed terms of repayment, the carrying amount and fair value equal the face value of these loans.

The loan to the Value Group Share Incentive Scheme is stated at fair value.

During the year, R204 000 (2014: R222 000) of the impairment of the loan to the Value Group Share Incentive Scheme was reversed making a cumulative impairment of R3 734 000 (2014: R3 937 000). The reversal of the prior impairment was calculated with reference to the net asset value of the share incentive scheme.

R'000	2015	2014

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		
198 627 386 ordinary shares of 0,1 cent each	**198**	198
10 429 010 A ordinary shares of 0,1 cent each	**10**	10
Share premium	**10 643**	10 643
	10 851	10 851

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. Full details of the rights, privileges and conditions attaching to the A ordinary shares are set out in the circular to shareholders dated 1 July 2010.

4. INVESTMENT INCOME

Dividends received from subsidiary companies	**43 698**	47 671

5. TAXATION

South African normal tax	**—**	—
Reconciliation of rate of taxation	**%**	%
South African normal tax rate	**28,0**	28,0
Adjusted for:		
– Permanent differences	**(28,0)**	(28,0)
Effective rate	**—**	—

R'000	2015	2014
6. NOTES TO THE STATEMENT OF CASH FLOWS		
6.1 Cash generated by operations		
Profit for the year	**43 902**	47 893
Adjustments for:		
Investment income	**(43 698)**	(47 671)
Write-up of loan to the Value Group Share Incentive Scheme	**(204)**	(222)
	—	—
6.2 Reconciliation of dividends paid during the year		
Charge in statement of changes in equity	**(43 698)**	(47 671)
Movement in shareholders for dividends	**59**	13
	(43 639)	(47 658)

7. RISK MANAGEMENT

Risk management and related disclosures have been dealt with in the consolidated financial statements. See note 27 on page 110.

05 | OTHER

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 Wednesday, 21 October 2015 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, 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 as at the record date of Friday, 16 October 2015.

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 seperate 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 2015, are presented to shareholders.

PRESENTATION BY THE CHAIRMAN OF THE SOCIAL AND ETHICS COMMITTEE

In accordance with Companies Regulation 43(5)9(c), issued in terms of the Act, the chairman of the social and ethics committee will present a verbal report to shareholders on the activities of the social and ethics committee.

ORDINARY RESOLUTIONS

Ordinary resolution 1: Re-election of directors

In accordance with the company's Memorandum of Incorporation (MOI), to elect, by individual resolutions, the following non-executive directors who were appointed by the board of directors to fill vacancies and are to retire at this annual general meeting but hold themselves available for election as directors, as designated.

"Resolved that the following non-executive directors be and are hereby re-elected by separate resolutions, and each by way of a series of votes, 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 themselves for re-election are contained on pages 26 and 27 of the integrated annual report.

Ordinary resolution 2: Appointment of audit and risk committee members

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

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

2.1 Mr V Mcobothi

2.2 Mr IM Groves (chairman)*

2.3 Mr CD Stein**

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

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

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

Mr CD Stein is an independent non-executive chairman of the board, therefore he may 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 and risk committee are independent non-executive directors
- Mr CD Stein is not the chairman of the audit committee
- the dual role has been specifically disclosed to shareholders
- shareholders approved the appointment of the chairman to the audit and risk committee at the AGM.

Brief profiles of the independent non-executive directors offering themselves for election as members of the audit and risk committee are enclosed on pages 26 and 27.

Ordinary resolution 3: Reappointment of external auditor

"Resolved that, upon the recommendation of the audit committee, Baker Tilly SVG be re-appointed as the company's auditors and Mr L Vroom be appointed as the designated independent registered auditor, to report on the financial year ending 28 February 2016, meeting the requirements of sections 90(2) and 90(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 50 of the integrated annual report, is endorsed."

Additional information

The King Code of Governance Principles for South Africa, 2009 (King III) 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 page 133 of the integrated annual report.

Ordinary resolution 5: General authority to directors to allot and 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 allot and issue at their discretion the unissued but authorised ordinary shares in the share capital of the company and/or grant options to subscribe for the unissued shares, representing not more than 10% of the number of ordinary shares in the issued share capital of the company as at 28 February 2015 for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by the JSE Limited and are subject to the JSE Listings Requirements which authority shall endure until the next AGM of the company.

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

"Resolved that, subject to renewal of the general authority proposed in terms of ordinary resolution number 1.5 above and the JSE Listings Requirements, the directors are authorised to allot and issue ordinary shares in the capital of the company for cash, as and when suitable situations arise, on the following conditions:

- any such issue of shares 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 paid press announcement giving details, including the impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one financial year, 5% or more of the number of shares of that class in issue prior to any such issues;

- issues of shares (excluding issues of shares exercised in terms of any company/group share incentive scheme) in any one financial year, shall not, in aggregate, exceed 9 321 373 of the number of shares of the relevant class of the company's issued share capital; and
- in determining the price at which an allotment and issue 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 class of shares to be issued measured over the 30 business days prior to the date that the price of issue is determined or agreed between the company and the party/ies subscribing for the shares."

Ordinary resolution 7: 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 company 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 share capital of 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, provided that:

- this general authority be valid until the company's next AGM, provided that it shall not extend beyond 15 months from the date of passing of this resolution (whichever period is shorter);
- the repurchase being 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 being 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 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 share capital as at the date of passing of this special resolution or 10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
- the company and/or its subsidiaries not repurchasing 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 disclosed to the JSE in writing prior to the commencement of the prohibited period.
- at any point in time the company only appointing one agent to effect any repurchases on its behalf;
- the board of directors passing a resolution that they authorised the repurchase and 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

To pass the following resolution as a special resolution:

"Resolved that the payment of non-executive directors' fees in respect of the financial year ended 28 February 2016 be and it is hereby approved on the following basis:

"Resolved, in terms of the company's MOI, that the remuneration payable, with effect from 1 March 2016, to the company's non-executive directors for their services as directors and chairman of the company, respectively, be set as follows:

Payable to non-executive directors for participating in board committees	Proposal fee 2017 R	Approved fee 2016 R
Board		
– CD Stein, Chairman (shareholder meetings)	13 891	13 105
Board member		
– CD Stein	35 043	33 059
– IM Groves	29 044	27 400
– NM Phosa	50 701	47 831
– VW Mcobothi	21 222	20 021
Audit and risk committee		
– CD Stein	35 043	33 059
– IM Groves	29 044	27 400
– VW Mcobothi	21 222	20 021
Remuneration and nominations committee		
– CD Stein	17 521	16 530
– IM Groves	14 522	13 700
Social and ethics committee		
– VW Mcobothi	10 611	10 010
– CD Stein	17 521	16 530
– IM Groves	14 522	13 700
Monthly retainer		
– CD Stein	33 280	31 396
– IM Groves	26 624	25 117
– NM Phosa	21 126	19 930
– VW Mcobothi	17 685	16 684
Annual totals		
– CD Stein	798 720	753 509
– IM Groves	638 975	602 807
– NM Phosa	507 013	478 314
– VW Mcobothi	424 440	400 415

Special resolution 3: Authority to provide financial assistance to any company or corporation which is related or inter-related to the company

"Resolved as a special resolution that:

(i) for purposes of section 44 of the Companies Act, the board of directors of the company, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, be and is hereby authorised (subject to compliance with the requirements of the company's constitutional documents and the Companies Act, each as presently constituted and as amended from time to time), to grant financial assistance, as contemplated in section 44 of the Companies Act, to any person or entity for the purpose of, or in connection with, the subscription of any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of 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 the purposes of section 45 of the Companies Act, the board of directors of the company, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, be and is hereby authorised (subject to compliance with the requirements of the company's constitutional documents and the Companies 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 Companies Act, to a related or inter-related (as defined in section 1 of the Companies 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."

The percentage of voting rights that will be required for this resolution to be adopted is more than 75% of the votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution. The voting instructions and shareholder rights remain unchanged and are detailed in the Group's integrated annual report 2015 on page 136.

Explanatory note

To the extent necessary under section 44 and 45 of the Companies Act, to authorise the board of directors of the company to provide financial assistance as contemplated under section 44 of the Companies Act in connection with the issuance of any securities issued or to be issued by 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 Companies Act to a related or inter-related (as defined in section 1 of the Companies 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 to related or inter-related companies, satisfy the solvency and liquidity test as required in terms of the Companies 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 for the company to continue making loans to subsidiaries as well as granting letters of support 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 Companies Act that the board has passed the same 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 above:

- major shareholders – page 22
- share capital of the company – page 98 and 127
- Material change – there were no material changes in the integrated report
- Responsibility statement – page 68.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors in office, whose names appear on pages 26 and 27 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2.1 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 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 below 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.

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 Friday, 18 September 2015;
- 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, 16 October 2015;
- the last day to trade in order to participate and vote at the AGM is Friday, 9 October 2015.

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 that proxy forms be forwarded so as to reach the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited (70 Marshall Street, Corner Sauer Street, Johannesburg; PO Box 61051, Marshalltown, 2107), by not later than 48 (forty eight) hours 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 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 them 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. 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

22 July 2015

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

At the AGM, the directors must present the annual financial statement for the year ended 28 February 2015 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 to 1.2: Re-election of Directors

Directors required to retire in terms of MOI In accordance with the company's MOI, one third of the directors is required to retire at each AGM 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 26 and 27 of the integrated annual report of which this notice forms part.

Ordinary resolution 2.1 – 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 external auditors

Baker Tilly SVG, and the individually registered auditor, Mr L Vroom, have indicated their willingness to continue in office and ordinary resolution 3 proposes the reappointment of that firm as the company's auditors with effect from 1 March 2015. Section 90(3) of the Act requires the designated auditor to meet the criteria as set out in section 90(2) of the Act.

The board of directors of the company is satisfied that both Baker Tilly SVG and Mr L Vroom meet the relevant requirements.

Ordinary resolution 4: Approval of remuneration policy by way of a non-binding, advisory note

The King Report on Corporate Governance for South Africa, 2009 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 philosophy and policy of the company.

Ordinary resolutions 5 and 6: Authority to directors to allot and issue unissued ordinary shares and issue 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. Directors confirm that there is no specific intention to issue any shares, 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 in terms of this authority is limited to 10% of the number of issued shares as at 28 February 2015.

Also, in terms of the JSE Listings Requirements, the authority to issue shares for cash as set out in ordinary resolution 5 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 7: 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 the 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 remuneration of non-executive directors

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 2017 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 in accordance with schedule 4 of the act, after taking into consideration the solvency and liquidity of the company and board approval, as required.

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

FORM OF PROXY FOR THE ANNUAL GENERAL MEETING TO BE HELD IN THE VALUE BOARDROOM, VALUE CITY, ESSEX ROAD, TUNNEY, GERMISTON, ON WEDNESDAY, 21 OCTOBER 2015 AT 10:00

FOR USE BY CERTIFICATED ORDINARY SHAREHOLDERS AND DEMATERIALISED ORDINARY SHAREHOLDERS WITH 'OWN NAME' REGISTRATION ONLY

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 Wednesday, 21 October 2015 at 10:00 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:

Ordinary resolutions	**For**	**Against**	**Abstain**
1. Approval of re-election of directors			
1.1 Mr CD Stein			
1.2 Mr IM Groves			
2. Approval of election of audit and risk committee members			
2.1 Mr V Mcobothi			
2.2 Mr IM Groves *(chairman)**			
2.3 Mr CD Stein*			
**Subject to re-election as a director pursuant to ordinary resolution numbers 1.1 and 1.2*			
3. Approval of reappointment 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 ordinary shares for cash			
7. 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 2015

Signature

Assisted by me (where applicable)

Notes to the form of proxy and summary of applicable rights established by section 58 of the Companies Act, 2008 ("the Act")

1. An ordinary shareholder holding dematerialised shares by 'own name' registration, or who holds shares that are not dematerialised, is entitled to 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 the shareholder. Such ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space provided, with or without deleting 'the chairman of the annual general meeting', provided that any such deletion must be signed in full by the shareholder.

   The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the chairman of the annual general meeting. A proxy need not be a shareholder of the company.

2. All resolutions put to the vote shall be decided by way of a poll. An ordinary shareholder is entitled on a poll, to 1 (one) vote per ordinary share held. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate box(es). An 'X' in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will result in the proxy not being authorised to vote or to abstain from voting at the annual general meeting in respect of the shareholder's votes, except in the case where the chairman of the annual general meeting is the proxy. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the ordinary shareholder.

3. A proxy appointment must be in writing, dated and signed by the relevant shareholder.

4. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatory.

5. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this form, unless previously recorded by the company or waived by the chairman of the annual general meeting.

6. A minor must be assisted by his/her parent/guardian and the relevant documentary evidence establishing his/her legal capacity must be attached to this form of proxy unless previously recorded by the company or waived by the chairman of the annual general meeting.

7. When there are joint holders of shares, any one holder may sign the proxy form.

8. The chairman of the annual general meeting may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.

9. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person other than the chairman of the annual general meeting.

10. The appointment of a proxy or proxies:
    a. is suspended at any time to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
    b. is revocable in which case the 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.

11. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as the appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to:
    a. the shareholder; or
    b. the proxy or proxies, if the shareholder has directed the company to do so in writing and has paid any reasonable fee charged by the company for doing so.

12. 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.

13. It is requested that this proxy form should be completed and returned to the company's transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), so as to reach them by not later than Monday, 19 October 2015.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE TRANSFER SECRETARIES ON REQUEST.

Section	INDICATOR	DESCRIPTION	PAGE NO./ REFERENCE
STRATEGY AND ANALYSIS	G4-1	Statement about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	6 and 35
ORGANISATIONAL PROFILE	G4-3	Name of the organization.	Front cover
	G4-4	Primary brands, products, and services.	14 – 16
	G4-5	Location of the organization's headquarters.	Corporate information
	G4-6	Number and names of countries where the organization operates.	18 – 19
	G4-7	Nature of ownership and legal form.	16
	G4-8	Markets served	14 – 15
	G4-9	Scale of the organization, including:	
		• Total number of employees	44
		• Total number of operations	2
		• Net sales	10
		• Total capitalization in terms of debt and equity	12
		• Quantity of services provided	14 – 16
		Total number of employees by employment contract, employment type, region, self-employment/contractors, gender.	44 – 45
	G4-10	Significant variations in employment numbers.	n/a
	G4-11	Percentage of total employees covered by collective bargaining agreements.	47
	G4-12	Organization's supply chain.	20
	G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	n/a
	G4-14	Precautionary approach addressed by the organization.	6
	G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization 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	

(continued)

	INDICATOR	DESCRIPTION	PAGE NO./ REFERENCE
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	G4-17	Entities included in the organization's consolidated financial statements.	16
	G4-18	Process for defining the report content and the Aspect Boundaries.	6
	G4-19	List of all material Aspects	38
	G4-20	Aspect Boundaries within the organization.	6
	G4-21	Aspect Boundaries outside the organization.	n/a
	G4-22	Effect of any restatements of information provided in previous reports.	n/a
	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 organization.	20 – 21
	G4-25	Basis for identification and selection of stakeholders with whom to engage.	20 – 21
	G4-26	Organization's approach to stakeholder engagement.	20 – 21
	G4-27	Key topics and concerns that have been raised through stakeholder engagement.	20 – 21
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 28 February 2014, published on 6 August 2014
	G4-30	Reporting cycle.	6
	G4-31	Contact point for questions regarding the report.	Corporate information
	G4-32	The 'in accordance' option the organization has chosen.	Core disclosures used but not stated as being 'in accordance'
	G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	6
GOVERNANCE	G4-34	Governance structure of the organization and committees responsible for decision-making on economic, environmental and social impacts.	58 – 65

		INDICATOR	DESCRIPTION	PAGE NO./ REFERENCE
	ETHICS AND INTEGRITY	G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	8 and 50
SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS	ECONOMIC PERFORMANCE	G4-DMA	Generic Disclosures on Management Approach	38
		G4-EC1	Direct economic value generated and distributed	39
	ENERGY	G4-DMA	Generic Disclosures on Management Approach	40
		G4-EN3	Energy consumption within the organization	40 – 42
		G4-EN6	Reduction of energy consumption	40 – 42
	EMPLOYMENT	G4-DMA	Generic Disclosures on Management Approach	43
		G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	46
		G4-LA2	Benefits provided to full-time employees.	50
	LABOR/MANAGEMENT RELATIONS	G4-DMA	Generic Disclosures on Management Approach	47
		G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	47

(continued)

MATERIAL ASPECTS	INDICATOR	DESCRIPTION	PAGE NO./ REFERENCE
OCCUPATIONAL HEALTH AND SAFETY	G4-DMA	Generic Disclosures on Management Approach	47
	G4-LA6	Type of injury and rates of injury.	48
TRAINING AND EDUCATION	G4-DMA	Generic Disclosures on Management Approach	48
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	49
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees.	48
	G4-LA11	Employees receiving regular performance and career development reviews	49

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 2015.	The effective leadership is reflected throughout the integrated annual report in areas such as the chairman's report (page 28) and the combined chief executive officer and financial director reports (page 30), stakeholder engagement (page 20) and the corporate governance report (page 58).
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 (page 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 58) Audit and risk committee report (page 70).
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 58) Chairman's report (page 28).
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 2015.	The values are discussed in the 2015 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 58) Audit and risk committee report (page 70).
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 58) Audit and risk committee report (page 70).
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 2014/2015 risk management policy and plan. In addition the top risks of the company are considered at each quarterly board meeting.	Corporate governance report (page 58) Audit and risk committee report (page 70).
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 58) and board charter.

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 58).
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 70).
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 20).
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 68).
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 58) Audit and risk committee report (page 70).
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 58).

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 58).
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 58).
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 58).
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 26 and 27) Corporate governance report (page 58).
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 26 and 27) Corporate governance report (page 58).

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 58).
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 58).
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 58).
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 58).

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 58) Remuneration report (page 133).
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 (pages 102 and 103) Remuneration report (page 133).
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 58) Audit and risk committee report (page 70).

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 (page 24) Corporate governance report (page 58) Audit and risk committee report (page 70).
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 58) Audit and risk committee report (page 70).
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 70).
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 70).
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 70) 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 70).
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 58) Audit and risk committee report (page 70) 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 70) 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 58) Audit and risk committee report (page 70) Audit and risk committee's terms of reference.

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 material Sustainability issues and risks (page 38) Corporate governance report (page 58) Audit and risk committee report (page 70).
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 58) Audit and risk committee Report (page 70).
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 58) Audit and risk committee report (page 70).
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.

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 58).
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 58) 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 58).

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 58).
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 58).
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 58).
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 58) Audit and risk committee report (page 70) 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 58).
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 58) Audit and risk committee report (page 70).
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 70) 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 70).
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 20).
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 20).

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 20).
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 20).
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 20).
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 20).

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
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 68) Audit and risk committee report (page 70).
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 38).

VALUE GROUP LIMITED – REGISTERED OFFICE

Incorporated in the Republic of South Africa
Registration number 1997/002203/06
ISIN code ZAE000016507
Share code VLE
49 Brewery Road
Isando, 1600
PO Box 778
Isando, 1600

SPONSOR

Investec Bank Limited
Registration number 1969/004763/06
100 Grayston Drive
Corner Rivonia Road
Sandown, Sandton, 2196
PO Box 785700
Sandton, 2146

AUDITORS

Baker Tilly SVG
3rd Floor
3 Melrose Boulevard
Melrose Arch, 2076
PO Box 355
Melrose Arch, 2076

CENTRAL SECURITIES DEPOSITORY PARTICIPANT

Computershare Limited
Registration number 2000/006082/06
70 Marshall Street
Johannesburg, 2001
PO Box 62053
Marshalltown, 2107

TRANSFER SECRETARY

Computershare Investor Services (Pty) Ltd
Registration number 2004/003647/07
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107

COMPANY SECRETARY

iThemba Governance and Statutory Solutions (Pty) Ltd
Monument Office Park
Block 5, Suite 102
79 Steenbok Avenue
Monument Park, 0105
PO Box 25160
Monument Park, 0105

The integrated annual report has been prepared under the supervision of Mr CL Sack CA(SA), the Group's financial director.

The consolidated and seperate financial statements set out on pages 75 to 128 have been audited by Baker Tilly SVG in compliance with the Companies Act 71 of 2008.

For questions regarding this integrated annual report, contact the Group reporting officer, Ms K Moodley (011) 570 2281, kellenim@value.co.za

Date published: 7 August 2015.


2015 VALUE GROUP LIMITED – INTEGRATED ANNUAL REPORT
www.value.co.za