



**Feb 16: R2,062 billion**  
Feb 15: R2,038 billion

**Feb 16: 37,2 cents**  
Feb 15: 44,2 cents

**Feb 16: 35,4 cents**  
Feb 15: 42,1 cents

**Feb 16: 480,8 cents**  
Feb 15: 458,6 cents

**Feb 16: 12,0 cents**  
Feb 15: 12,0 cents

**Feb 16: R175,7 million**  
Feb 15: R158,6 million

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

R000's	% change	Reviewed 2016	Audited 2015
<b>Revenue</b>	1	<b>2 062 413</b>	2 038 353
Cost of sales		(1 256 458)	(1 258 868)
<b>Gross profit</b>		<b>805 955</b>	779 485
Other income		13 967	11 403
Operating expenses		(730 616)	(682 191)
<b>Operating profit</b>	(18)	<b>89 306</b>	108 697
Share of profit of equity-accounted investees		79	64
Investment income		14 631	13 511
Finance costs		(30 932)	(30 297)
<b>Net profit before taxation</b>		<b>73 084</b>	91 975
Taxation		(18 889)	(23 815)
<b>Net profit for the year</b>	(20)	<b>54 195</b>	68 160
Other comprehensive income		—	—
Foreign currency translation differences		355	(92)
<b>Total comprehensive income for the year</b>		<b>54 550</b>	68 068
Owners:		<b>55 284</b>	68 340
Net profit for the year		54 929	68 432
Other comprehensive income		355	(92)
Non-controlling interest:		(734)	(272)
Net loss for the year		(734)	(272)
Other comprehensive income		—	—
		<b>54 550</b>	68 068
<b>Earnings per share (cents) (note 3)</b>			
Basic	(16)	35,4	42,1
Headline	(16)	37,2	44,2
Diluted basic		35,4	41,7
Diluted headline		37,1	43,9

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

R000's	% change	Reviewed 2016	Audited 2015
<b>Assets</b>		<b>1 074 448</b>	1 052 840
Non-current assets		<b>1 039 515</b>	1 022 644
Property, vehicles, plant and equipment		17 415	25 261
Intangible assets		10 670	—
Goodwill		1 776	1 568
Loan receivable		313	234
Equity-accounted investees		4 759	3 133
Deferred tax asset		440 268	444 246
Current assets		<b>59 993</b>	51 743
Inventories		276 124	262 861
Trade and other receivables		41	—
Other financial assets		2 831	2 328
Current tax receivable		101 279	127 314
Cash and cash equivalents		156	951
Non-current assets held for sale		—	—
<b>Total assets</b>		<b>1 514 872</b>	1 498 037
<b>Equity and liabilities</b>		<b>741 251</b>	726 094
Equity		342 956	355 447
Non-current liabilities		163 346	181 230
Interest-bearing borrowings		1 774	—
Non interest-bearing borrowings		177 836	174 217
Deferred tax		430 665	416 496
Current liabilities		<b>325 124</b>	312 706
Trade and other payables		101 144	101 973
Current portion of interest-bearing borrowings		3 802	—
Vendor for acquisition		—	317
Other financial liabilities		147	1 151
Current tax payable		448	349
Shareholders for dividend		—	—
<b>Total equity and liabilities</b>		<b>1 514 872</b>	1 498 037
Net asset value per share (cents)	5	480,8	458,6

**CONSOLIDATED STATEMENT OF CASH FLOWS**

R000's	% change	Reviewed 2016	Audited 2015
<b>Cash flows from operating activities</b>	11	<b>175 702</b>	158 561
Cash generated by operations before movements in working capital and proceeds on disposal of rental assets		187 839	211 896
Proceeds on disposal of rental assets		52 063	74 599
Cash generated by operations		239 902	286 495
Changes in working capital		(3 272)	(54 076)
Net finance costs		(16 301)	(16 786)
Taxation paid		(18 479)	(21 287)
<b>Cash available from operating activities</b>		<b>201 850</b>	194 346
Dividends paid		(26 148)	(35 785)
<b>Cash flows from investing activities</b>		<b>(166 892)</b>	(206 868)
<b>Cash flows from financing activities</b>		<b>(35 153)</b>	9 020
Net change in cash and cash equivalents		(26 343)	(39 287)
Translation difference		308	(38)
Cash and cash equivalents at beginning of year		127 314	166 639
Cash and cash equivalents at end of year		101 279	127 314

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

R000's	Reviewed 2016	Audited 2015
<b>Ordinary share capital and premium</b>	<b>10 829</b>	10 841
Balance at beginning of year	10 841	10 841
Shares cancelled	(12)	—
<b>A ordinary shares</b>	<b>10</b>	10
<b>Treasury shares</b>	<b>(97 021)</b>	(134 777)
Balance at beginning of year	(134 777)	(109 679)
Treasury shares acquired	(16 440)	(25 733)
Treasury shares sold	—	635
Treasury shares cancelled	54 196	—
<b>Share-based payment reserve</b>	<b>27 184</b>	23 891
Balance at beginning of year	23 891	20 322
Share-based payment expense	3 293	3 569
<b>Foreign currency translation reserve</b>	<b>371</b>	16
Balance at beginning of period	16	108
Foreign currency translation differences	355	(92)
<b>Retained income</b>	<b>800 884</b>	826 385
Balance at beginning of year	826 385	793 694
Profit on disposal of treasury shares	—	103
Dividends paid	(26 246)	(35 844)
Shares cancelled	(54 184)	—
Net profit for the period	54 929	68 432
<b>Total capital and reserves attributable to owners</b>	<b>742 257</b>	726 366
Non-controlling interest	(1 006)	(272)
Balance at beginning of period	(272)	—
Net loss for the period	(734)	(272)
<b>Equity</b>	<b>741 251</b>	726 094

**SEGMENT INFORMATION**

R000's	Reviewed 2016	Audited 2015
<b>Total segment revenue</b>	<b>2 232 688</b>	2 197 901
General distribution	1 688 100	1 658 564
Truck rental and other	418 617	417 522
Head office and other	125 971	121 815
<b>Less: Inter-segment revenue</b>	<b>170 275</b>	159 548
General distribution	8 582	5 621
Truck rental and other	40 974	33 374
Head office and other	120 719	120 553
<b>External segment revenue</b>	<b>2 062 413</b>	2 038 353
General distribution	1 679 518	1 652 943
Truck rental and other	377 643	384 148
Head office and other	5 252	1 262
<b>Business segment results</b>		
General distribution	91 271	111 727
Truck rental and other	22 931	22 651
Head office and other	(24 896)	(25 681)
<b>Operating segment results</b>	<b>89 306</b>	108 697
Share of profit of equity-accounted investees	79	64
Investment income	14 631	13 511
Finance costs	(30 932)	(30 297)
<b>Net profit before taxation</b>	<b>73 084</b>	91 975
<b>Total Segment assets</b>		
General distribution	746 175	712 899
Truck rental and other	622 887	591 255
Head office and other	136 090	186 620
Segment assets	1 505 152	1 490 774
Loan receivable	1 776	1 568
Equity-accounted investees	313	234
Deferred tax asset	4 759	3 133
Other financial assets	41	—
Current tax receivable	2 831	2 328
<b>Total assets</b>	<b>1 514 872</b>	1 498 037

**NOTES**

**1. Basis of preparation**  
The reviewed condensed consolidated financial results are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the reviewed condensed consolidated financial results are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements. These results have been prepared under the supervision of the Group Financial Director, Mr CL Sack.  
The Group's auditor, Baker Tilly SVG has reviewed these results. A copy of their unmodified review report is available for inspection at the Company's registered office.

**2. Business combinations**  
**2.1 Business combination effected after the reporting date**  
The Group acquired 100% of the ordinary share capital of Key Distributors (Pty) Ltd (Key), the effective date for the transaction being 1 March 2016. Key carries on the business of warehousing, distributing and wholesaling a variety of fast moving consumer goods (FMCG) into the formal and informal trade, including independent traders, fuel forecourts and small retailers. The acquisition offers the Group sought after access into the informal market and will facilitate the opportunity for the Group to diversify its business.  
The cash consideration for the acquisition is R 32,7 million, payable in three tranches. The second and third payments are subject to Key achieving certain profit warranties.  
As part of the business combination, the following assets and liabilities were recognised at the acquisition date:

R000's	Reviewed 2016	Audited 2015
– Goodwill	16 561	—
– Property, plant and equipment	14 034	—
– Inventories	36 816	—
– Other current assets	24 169	—
– Total liabilities	58 900	—

**2.2 Business combination effected during the reporting period**  
On 1 March 2015, the Group acquired a majority stake, amounting to an 80% ownership interest in Core Logistix (Pty) Ltd ("Core") which acquired the business of Nucleus Chain Stores (Pty) Ltd. The goodwill that has been recognised is attributable mainly to the strong management and operational team and the synergies that are expected to be realised within the various divisions.  
The purchase price for the business was R 12,7 million. R 7,1 million was paid in cash and the remaining R5,6 million has been raised as loan accounts in favour of the vendor.  
As part of the business combination, the following assets were recognised at the acquisition date:

R000's	Reviewed 2016	Audited 2015
– Goodwill	10 670	—
– Property, plant and equipment	1 103	—
– Cash and cash equivalents	900	—
Summary financial information for the year ended 29 February 2016:		
– Revenue	54 609	—
– Net profit before tax	1 230	—

**3. Headline earnings**  
**3.1 Reconciliation between basic and headline earnings**  
Basic earnings attributable to owners  
Loss on disposal of property, vehicles, plant and equipment  
less taxation  
**Headline earnings**

R000's	Reviewed 2016	Audited 2015
<b>3.2 Number of ordinary shares of R0,001 each in issue</b>		
Shares in issue	186 427 478	198 627 386
Shares in issue excluding treasury shares	154 389 406	158 322 055
Weighted average shares in issue	155 216 667	162 673 657
Diluted shares in issue	155 356 074	164 028 447
<b>3.3 Number of A ordinary shares of R0,001 each in issue</b>		
Shares in issue, all held as treasury shares	10 429 010	10 429 010
<b>4. Supplementary information</b>		
Depreciation	102 911	99 318
Amortisation of intangible assets	11 618	16 693
Depreciation and amortisation	114 529	116 011
<b>5. Fair value measurement of financial instruments</b>		
<b>5.1 Financial assets/(liabilities)</b>		
– Loans (Level 2)	1 776	1 568
The fair value of loans are estimated using a discounted cash flow approach, which discounts cash flows using discount rates derived from observable market interest rates for similar risk loans.		
– Foreign currency forward contracts (Level 2)	41	(317)
The Group's foreign currency forward contracts are not traded on active markets. These have been fair valued using observable forward exchange rates corresponding to the maturity of the contracts.		

**COMMENTARY**

**INTRODUCTION**

Value Group Limited ("the Group") and its subsidiaries provide a comprehensive range of tailored logistical solutions throughout southern Africa. The operating divisions specialise in providing a diversified range of supply chain services, which encompass distribution, transport, clearing and forwarding, warehousing, container and fleet management, forklift and commercial vehicle rental and leasing.

**FINANCIAL REVIEW**

Over the last year, volumes in the logistics industry have declined to such an extent that the sector can be classified as being in a recession. The effects thereof are evident in the Group's 2016 year end results. Trading conditions in the second half of the financial year proved to be very difficult. Peak volumes associated with the Christmas season did not materialise with the result that year-to-date volumes were substantially less than that of the comparative period. New business and annual escalations were offset by the volume decline with the result that revenue increased by a marginal 1% from R2,038 billion to R2,062 billion.

Ongoing cost saving initiatives resulted in a reduction in labour, maintenance and fuel costs which contributed positively to gross profit percentages improving from 38,2% to 39,1% with actual gross profit increasing by R26,5 million to R806 million.

Operating expenses however, increased by 7,1% to R730,6 million, resulting in an 18% reduction in operating profit from R108,7 million to R89,3 million.

An effective tax rate of 25,8% was maintained due to the ongoing tax allowance derived from learnerships.

Net profit for the year decreased by 20% to R54,2 million. Basic and headline earnings per share declined by 16% to 35,4 and 37,2 cents per share respectively.

Cash flows from operating activities improved by 11% from R158,6 million to R175,7 million. Although working capital management improved, it was negatively affected by the late payment of certain large accounts. Positive cash balances funded the R16,4 million spent on share buybacks in addition to the reduction of R18,7 million in interest-bearing debt which reduced from R283,2 million to R264,5 million. The Group's debt: equity ratio remains low at 37% which is well within the guidelines set by the Group.

Total capital expenditure amounted to R165 million and comprised R54,5 million for vehicles, R59,7 million for forklifts, R26,8 million for plant and equipment, R18,6 million for IT hardware and software and the balance of R5,4 million for various other assets. This expenditure was funded by R55,3 million realised on the disposal of assets and the remainder via internally generated cash flows.

**OPERATIONAL REVIEW**

**General distribution segment**

Revenue increased by R26,6 million to R1,68 billion mostly as a result of the inclusion of Core effective 1 March 2015. Excluding Core, revenue reduced due to a significant decline in volumes particularly over the Christmas period and into 2016. This decline in the Logistics and Freightpak operations, together with the associated increased costs, contributed to reducing the segment's operating profits by 18,3% to R91,3 million.

Customer rate pressures and the ongoing reduction in volumes over the past few years have therefore necessitated an extensive and detailed restructuring exercise in the Logistics and Freightpak breakbulk operations which changes will encompass the following:

- All customer's distribution profiles and associated rates are being recosted and adjusted where required.
- Right sizing of the various branch operations in line with the reductions in activity and volumes.
- Fleet and delivery frequencies are being re-assessed.
- Re-structuring of various activities and distribution methodologies.

The outcome of this restructuring will be a possible downscaling of the Logistics and Freightpak operations, whilst simultaneously reducing costs and improving profitability. The restructuring is expected to be completed by the end of the third quarter. Further restructuring may be required based on future prevailing market conditions.

The remaining operations comprising warehousing, dedicated distribution and express performed positively.

**Truck rental and other segments**

Revenue reduced marginally by R6,5 million to R377,6 million. Demand for truck rental and other services in the second half was below that of the prior year. Notwithstanding this, the clearing and forwarding and truck rental operations performed positively. Operating profit improved marginally to R22,9 million as a result of reduced maintenance and various other cost reductions.

**POST YEAR END ACQUISITION**

Effective 1 March 2016, Value Group acquired 100% of the issued share capital of Key Distributors (Pty) Ltd ("Key"). Key undertakes the warehousing, distribution and wholesaling of a variety of FMCG products into the formal and informal sector, consisting of independent traders, fuel forecourts, and small retailers. Key currently operates in the Gauteng, Polokwane, Nelspruit and Bloemfontein areas.

The acquisition includes a skilled, hands on and competent management team. Management will remain in the business for a minimum of 4 years subsequent to the effective date.

As Key wholesales and delivers into the informal market, it offers Value vertical integration into this dynamic and enterprising market. This acquisition will facilitate the opportunity for Value to diversify its business, whilst leveraging off its core national infrastructure in its general distribution business. The transaction will enable Value to own, expand and control its FMCG volumes. The Value infrastructure will provide Key with the opportunity to grow its business nationally which will compliment certain of Value's customers' requirements to sell product into this enterprising segment of the market.

**PROSPECTS**

The current economic environment is not expected to improve in the 2017 financial year. Increased interest rates, poor projected growth and a depreciated exchange rate does not bode well for inflation nor consumer spend. These factors will contribute to cost escalations, reduce consumption and compound pressure on existing volumes. However, to counter these adverse market factors, it is anticipated that the restructuring and resizing of the Logistics and Freightpak operations will contribute positively in the future. In addition, capital expenditure for the 2017 financial year will be materially reduced. This will facilitate a reduction in interest bearing debt.

The Group continues to pursue acquisition opportunities that will compliment and improve revenue streams in the existing divisions. The acquisition of Key Distributors (Pty) Ltd will open up new markets and opportunities for the Group. Key's current food products and related goods will be expanded nationally by leveraging off its successful formula, know-how and skills base. Synergies with Value's infrastructure are expected to materialise. It is expected that Key will contribute positively to the Group. These forecasts have not been audited nor reviewed by the Group's auditors.

**DECLARATION OF FINAL DIVIDEND (NUMBER 19)**

The Group's cashflows are expected to remain positive. Accordingly, the Board resolved to maintain and declare a gross final dividend of 12 cents per ordinary share which will be paid out of distributable reserves for the year ended 29 February 2016. The number of ordinary shares in issue at the date of this declaration is 186 427 478. The dividend will be subject to dividend withholding tax of 15% which amounts to 1,8 cents per share. This will result in a net dividend of 10,2 cents per share to those shareholders who are not exempt from paying dividend withholding tax. The tax reference number of Value Group Limited is 9319054715. The dividend is payable to shareholders as follows:

Declaration date	Wednesday, 11 May 2016
Last day to trade cum dividend	Friday, 24 June 2016
Trading ex-dividend commences	Monday, 27 June 2016
Record date	Friday, 1 July 2016
Payment date	Monday, 4 July 2016

Share certificates may not be dematerialised or rematerialized between Monday 27 June 2016 and Friday 1 July 2016, both days inclusive.

For and on behalf of the Board

**C D Stein**  
Chairman

**S D Gottschalk**  
Chief Executive Officer

Johannesburg  
11 May 2016