CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL RESULTS

for the six months ended 31 August 2019

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

Directors: C D Stein* (Chairman), S D Gottschalk (CEO), C L Sack, I M Groves*, N M Phosa*, M Padiyachy, V W Mcobothi*
*Non-executive director

Sponsor: Investec Bank Limited

HIGHLIGHTS

REVENUE
R1,404bn UP 3%

HEADLINE EARNINGS PER SHARE
31,8 cents UP 30%

EARNINGS PER SHARE
30,8 cents UP 33%

NET ASSET VALUE PER SHARE
521,1 cents UP 8%

CASH GENERATED BY OPERATIONS AFTER CHANGES IN WORKING CAPITAL
R241m DOWN 3%

INTERIM DIVIDEND PER SHARE
16 cents UP 23%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	% change	Unaudited August 2019	Restated August 2018	Restated February 2019
Revenue	3%	1 404 037	1 358 781	2 779 675
Cost of sales		(936 001)	(917 890)	(1 881 752)
Gross profit		468 036	440 891	897 923
Other income		11 101	13 772	30 191
Operating expenses		(372 935)	(351 645)	(672 830)
Operating profit	3%	106 202	103 018	255 284
Share of loss of equity-accounted investees		(3)	-	(13)
Fair value adjustment		(1 399)	(1 429)	(2 625)
Finance income		3 391	1 796	4 293
Finance costs (note 3.2)		(51 260)	(55 217)	(109 226)
Net profit before taxation		56 931	48 168	147 713
Taxation		(12 954)	(14 209)	(38 047)
Net profit for the period		43 977	33 959	109 666
Other comprehensive income to be reclassified to profit and loss in subsequent periods				
Foreign currency translation differences		-	(2)	(104)
Total comprehensive income for the period		43 977	33 957	109 562
Owners:		43 977	33 960	106 232
Net profit for the period		43 977	33 962	106 336
Other comprehensive income		-	(2)	(104)
Non-controlling interest:		-	(3)	3 330
Net profit/(loss) for the period		-	(3)	3 330
Other comprehensive income		-	-	-
		43 977	33 957	109 562
Earnings per ordinary share (cents) (note 2)				
Basic	33%	30,8	23,1	73,2
Headline	30%	31,8	24,4	75,6
Diluted basic	27%	28,8	22,6	70,6
Diluted headline	25%	29,7	23,8	72,9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	% change	Unaudited August 2019	Restated August 2018	Restated February 2019
Assets				
Non-current assets		1 751 658	1 883 476	1 797 546
Property, vehicles, plant and equipment		1 035 636	1 021 851	1 003 231
Right-of-use assets		678 593	826 973	758 330
Intangible assets		14 101	10 369	10 981
Goodwill		16 561	16 561	16 561
Loan receivable		-	1 338	3 001
Equity-accounted investees		74	380	77
Deferred tax asset		6 693	6 004	5 365
Current assets		651 379	584 694	599 564
Inventories		114 708	80 787	103 457
Trade and other receivables		370 897	354 091	313 110
Other financial assets		5 037	7 335	6 140
Loan receivable		3 209	-	-
Current tax receivable		3 365	5 434	913
Cash and cash equivalents		154 163	137 047	175 944
Non-current assets held for sale		3 010	1 335	797
Total assets		2 406 047	2 469 505	2 397 907
Equity and liabilities				
Equity		739 945	691 176	740 980
Non-current liabilities		1 050 354	1 169 879	1 081 924
Interest-bearing borrowings		165 766	138 347	125 475
Lease liability		770 990	909 604	837 318
Deferred tax liability		113 598	121 928	119 131
Current liabilities		615 748	608 450	575 003
Trade and other payables		410 123	410 790	372 000
Current portion of interest-bearing borrowings		64 751	70 709	57 219
Current portion of lease liability		138 614	124 826	144 334
Other financial liability		-	80	-
Current tax payable		1 486	1 391	757
Shareholders for dividend		774	654	693
Total equity and liabilities		2 406 047	2 469 505	2 397 907
Net asset value per share (cents)	8%	521,1	480,3	516,9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Unaudited August 2019	Restated August 2018	Restated February 2019
Ordinary share capital and premium	10 816	10 820	10 816
Balance at beginning of period	10 816	10 829	10 829
Shares cancelled	-	(9)	(13)
A ordinary shares	10	10	10
Treasury shares	(99 484)	(103 619)	(91 433)
Balance at beginning of period	(91 433)	(113 408)	(113 408)
Treasury shares acquired	(8 051)	(25 614)	(34 314)
Treasury shares sold	-	35 403	882
Treasury shares cancelled	-	-	55 407
Share-based payment reserve	23 766	21 677	22 108
Balance at beginning of period	22 108	20 146	20 146
Share-based payment expense	1 658	1 531	1 962
Foreign currency translation reserve	-	102	-
Balance at beginning of period	-	104	104
Foreign currency translation differences	-	(2)	(104)
Retained income	804 837	765 519	799 479
Balance at beginning of period	799 479	934 283	934 283
Effects of IFRS 16 restatement	-	(135 043)	(135 043)
Restated balance at beginning of period	799 479	799 240	799 240
Dividends paid	(38 619)	(32 289)	(50 934)
Profit on disposal of treasury shares	-	-	231
Net profit for the period	43 977	33 962	106 336
Shares cancelled	-	(35 394)	(55 394)
Total capital and reserves attributable to owners	739 945	694 509	740 980
Non-controlling interest	-	(3 333)	-
Balance at beginning of period	-	(3 330)	(3 330)
Net profit/(loss) for the period	-	(3)	3 330
Equity	739 945	691 176	740 980

CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	% change	Unaudited August 2019	Restated August 2018	Restated February 2019
Cash flows from operating activities		**132 858**	139 488	334 709
Cash generated by operations after changes in working capital	(3%)	**240 803**	249 170	536 608
Finance income		**3 391**	1 796	4 293
Finance costs (note 3.2)		**(51 260)**	(55 217)	(109 226)
Taxation paid		**(21 538)**	(24 021)	(46 120)
Cash available from operating activities		**171 396**	171 728	385 555
Dividends paid		**(38 538)**	(32 240)	(50 846)
Cash flows from investing activities		**(45 768)**	(23 243)	(56 990)
Purchase of property, vehicles, plant and equipment		**(41 852)**	(23 139)	(51 247)
Purchase of intangible assets		**(5 625)**	(2 110)	(5 072)
Proceeds on disposal of property, vehicles, plant and equipment		**911**	533	2 091
Proceeds on disposal of non-current assets held for sale		**798**	1 123	1 834
Payment of vendor - Key Distributors acquisition		**-**	-	(3 268)
Dividend received from equity accounted investees		**-**	-	290
(Increase) / decrease in loan receivable		**-**	350	(1 618)
Cash flows from financing activities		**(108 871)**	(118 833)	(241 392)
Repayment of interest-bearing borrowings		**(28 772)**	(33 442)	(84 739)
Repayment of lease liability		**(72 048)**	(59 777)	(123 452)
Treasury shares acquired		**(8 051)**	(25 614)	(34 314)
Proceeds on disposal of treasury shares		**-**	-	1 113
Net change in cash and cash equivalents		**(21 781)**	(2 588)	36 327
Translation difference		**-**	18	-
Cash and cash equivalents at beginning of period		**175 944**	139 617	139 617
Cash and cash equivalents at end of period		**154 163**	137 047	175 944

SEGMENT INFORMATION

R000's	Unaudited August 2019	Restated August 2018	Restated February 2019
Total segment revenue	1 487 112	1 439 184	2 937 535
General distribution	885 745	839 693	1 740 618
Truck rental and other	207 033	208 025	419 992
Retail logistics	334 661	334 034	660 245
Head office and other	59 673	57 432	116 680
Less: Inter-segment revenue	83 075	80 403	157 860
General distribution	2 995	2 081	3 683
Truck rental and other	23 151	24 247	45 512
Retail logistics	-	-	-
Head office and other	56 929	54 075	108 665
External segment revenue	1 404 037	1 358 781	2 779 675
General distribution	882 750	837 612	1 736 935
Truck rental and other	183 882	183 778	374 480
Retail logistics	334 661	334 034	660 245
Head office and other	2 744	3 357	8 015
Business segment results			
General distribution	86 274	69 751	178 502
Truck rental and other	23 818	34 776	65 715
Retail logistics	1 345	3 038	12 706
Head office and other	(5 235)	(4 547)	(1 639)
Operating segment results	106 202	103 018	255 284
Share of loss of equity-accounted investees	(3)	-	(13)
Fair value adjustment	(1 399)	(1 429)	(2 625)
Finance income	3 391	1 796	4 293
Finance costs (note 3.2)	(51 260)	(55 217)	(109 226)
Net profit before taxation	56 931	48 168	147 713
Total segment assets			
General distribution	1 325 995	1 443 913	1 364 940
Truck rental and other	656 259	646 540	644 798
Retail logistics	123 608	89 008	111 539
Head office and other	281 807	269 553	261 134
Segment assets	2 387 669	2 449 014	2 382 411
Loan receivable	3 209	1 338	3 001
Equity-accounted investees	74	380	77
Deferred tax asset	6 693	6 004	5 365
Other financial assets	5 037	7 335	6 140
Current tax receivable	3 365	5 434	913
Total assets	2 406 047	2 469 505	2 397 907

SEGMENT INFORMATION (CONTINUED)

R000's	Unaudited August 2019	Restated August 2018	Restated February 2019
Total segment liabilities			
General distribution	1 009 937	1 153 329	1 062 740
Truck rental and other	281 610	291 457	258 558
Retail logistics	74 949	55 345	50 227
Head office and other	183 748	154 145	164 821
Segment liabilities	1 550 244	1 654 276	1 536 346
Deferred tax liability	113 598	121 928	119 131
Other financial liability	-	80	-
Current tax payable	1 486	1 391	757
Shareholders for dividend	774	654	693
Total liabilities	1 666 102	1 778 329	1 656 927

Revenue on an IFRS 15 basis is further disaggregated by timing and nature below:

R'000	General distribution	Truck rental and other	Retail logistics	Head office and other	Unaudited August 2019
Recognised over time	861 201	114 983	-	-	976 184
Services rendered	861 201	114 983	-	-	976 184
Recognised at a point in time	21 549	24 707	334 661	2 744	383 661
Services rendered	-	12 562	-	-	12 562
Sale of goods	-	3 193	334 661	1 943	339 797
Sale of assets held for rental	21 549	8 952	-	40	30 541
Insurance commissions	-	-	-	761	761
Full maintenance leases*	-	44 192	-	-	44 192
Revenue	882 750	183 882	334 661	2 744	1 404 037

R'000	General distribution	Truck rental and other	Retail logistics	Head office and other	Restated August 2018
Recognised over time	833 208	123 558	-	-	956 766
Services rendered	833 208	123 558	-	-	956 766
Recognised at a point in time	4 404	20 874	334 034	3 357	362 669
Services rendered	-	9 547	-	-	9 547
Sale of goods	-	4 517	334 034	2 272	340 823
Sale of assets held for rental	4 404	6 810	-	-	11 214
Insurance commissions	-	-	-	1 085	1 085
Full maintenance leases*	-	39 346	-	-	39 346
Revenue	837 612	183 778	334 034	3 357	1 358 781

R'000	General distribution	Truck rental and other	Retail logistics	Head office and other	Restated February 2019
Recognised over time	1 726 015	249 495	-	-	1 975 510
Services rendered	1 726 015	249 495	-	-	1 975 510
Recognised at a point in time	10 920	45 625	660 245	8 015	724 805
Services rendered	-	20 519	-	-	20 519
Sale of goods	-	9 596	660 245	5 224	675 065
Sale of assets held for rental	10 920	15 510	-	738	27 168
Insurance commissions	-	-	-	2 053	2 053
Full maintenance leases*	-	79 360	-	-	79 360
Revenue	1 736 935	374 480	660 245	8 015	2 779 675

* Lease contracts within the scope of IFRS 16: Leases

NOTES

1. Basis of preparation

The condensed consolidated interim financial results are prepared in accordance with IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these condensed consolidated interim financial results are in terms of International Financial Reporting Standards. The Group adopted the following standard for its year ending 29 February 2020: IFRS 16: Leases (IFRS 16), which has had a material impact on figures previously reported. Accordingly, a restatement of previously reported results was required, as detailed in note 6. Other than the adoption of IFRS 16, the accounting standards applied are consistent with those applied in the previous consolidated annual financial statements. The condensed consolidated interim financial results have been prepared under the supervision of the Group Financial Director, Mr CL Sack. These condensed consolidated interim financial results have not been audited nor reviewed by the Group's auditor.

	R000's	Unaudited August 2019	Restated August 2018	Restated February 2019
2.	**Headline earnings**			
2.1.	**Reconciliation between basic and headline earnings**			
	Basic earnings attributable to owners	43 977	33 962	106 336
	Loss on disposal of property, vehicles, plant and equipment	1 962	2 585	4 809
	Less: tax effect of loss on disposal of property, vehicles, plant and equipment	(550)	(675)	(1 339)
	Headline earnings	45 389	35 872	109 806
2.2.	**Number of ordinary shares of R 0.001 each in issue**			
	Shares in issue	172 635 000	176 809 100	172 635 000
	Shares in issue excluding treasury shares	141 996 097	144 598 341	143 364 180
	Weighted average shares in issue	142 906 552	147 093 770	145 284 191
	Diluted shares in issue	152 655 941	150 486 222	150 670 275
2.3.	**Number of A ordinary shares of R 0.001 each in issue**			
	Shares in issue	10 429 010	10 429 010	10 429 010
3.	**Supplementary information**			
3.1.	**Depreciation and amortisation**			
	Depreciation of property, vehicles, plant and equipment	50 191	48 170	96 538
	Depreciation of right-of-use-assets	79 737	79 250	158 790
	Amortisation of intangible assets	2 505	2 350	4 685
		132 433	129 770	260 013
3.2.	**Finance costs**			
	Lease liability	41 574	46 551	90 718
	Interest-bearing borrowings	9 685	8 513	18 044
	Bank and short-term borrowings	-	128	4
	Other	1	25	460
		51 260	55 217	109 226

NOTES (CONTINUED)

	R000's	Unaudited August 2019	Restated August 2018	Restated February 2019
3.3.	**Maturity analysis of lease liability**			
	Payable within one year	138 614	124 826	144 334
	Payable within two to five years	586 960	558 742	570 398
	Payable thereafter	184 030	350 862	266 920
		909 604	1 034 430	981 652
4.	**Fair value measurement of financial instruments**			
4.1.	**Financial assets/(liabilities)**			
	Investment in insurance cell captive (Level 2)	4 740	7 335	6 140
	The net asset value is used as a valuation technique where the underlying assets and liabilities have been assessed to represent the fair value of the investment. Due to the nature of the investment, specifically the significant composition of the liquid assets and liabilities, the net asset value is seen to be the most appropriate representation of fair value.			
	Foreign currency forward contracts (Level 2)	297	(80)	-
	Forward exchange contracts are marked to market at period end. The inputs used in the calculation are the foreign currency amounts stated in the contract, the equivalent Rand amount at the start of the contract and the Rand revaluation rate at period end.			
5.	**Related party transactions**			
	Significant transactions with related parties comprise of market related repayments on lease liabilities to Lougot Property Investments Proprietary Limited, a company controlled by SD Gottschalk, CEO of Value Group Limited.	106 171	98 290	199 619

6. Adoption of IFRS 16: Leases

IFRS 16 is applicable for annual reporting periods commencing on or after 1 January 2019. IFRS 16 introduces a single, on-balance sheet lease accounting methodology for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a corresponding lease liability representing its obligation to make lease payments, with certain exemptions for short-term leases or leases of low-value assets. Lessor accounting remains similar to the previous IAS 17 standard, i.e., lessors continue to classify leases as finance or operating leases.

The Group has adopted IFRS 16 on 1 March 2019, using the full retrospective approach, therefore comparative information has been restated. The standard has had a significant impact on the Group as the majority of the premises that the Group operates out of have previously been accounted for as operating leases. The Group has recognised right-of-use assets and associated liabilities for its operating leases of premises. The nature of expenses related to those leases have now changed as the Group has recognised a depreciation charge for the right-of-use assets and interest expense on the lease liabilities. Previously, the Group recognised operating lease expenses on a straight-line basis over the term of the leases.

Comparative segment information has accordingly been restated.

NOTES (CONTINUED)

6. Adoption of IFRS 16: Leases (CONTINUED)

Actual cash outflows associated with the adoption of IFRS 16 with regards to the payment of the lease obligations have not changed. Disclosure restatements have however been made and are noted in the comparative tables that follow. Capital repayments of the lease liability are now reflected as an outflow from financing activities. Interest expense on the lease liability is now reflected as finance costs under operating activities.

The Group determined that the most appropriate interest rate to use in order to discount the lease payments and associated costs would be the interest rate that the Group could obtain, based on indicative funding rates available and granted to the Group, had it funded the purchase of the leased properties.

In calculating the relevant right-of-use assets and lease liability, the Group has taken into account options to extend where it is reasonably certain that the Group will exercise that option.

The Group has applied the following practical expedients as permitted by the standard:

- The Group has not reassessed whether a contract is, or contains, a lease at the date of initial application. The Group has applied IFRS 16 to only those contracts that were previously identified as leases under IAS 17 and IFRIC 4.
- The Group has not capitalised leases having a term of 12 months or less, or leases of low-value items, such as cellphones and printers.
- Lease and non-lease components were combined into a single lease payment

The estimated impact of IFRS 16 as disclosed in the February 2019 integrated annual report differs from the restated numbers for February 2019 due to the inclusion of non-lease components that have now been fully quantified and accounted for as part of the lease payments in accordance with the practical expedients as noted above.

Comparative figures have been restated as follows:

Impact of change August 2018 R000's	**Previously stated**	**Impact of change**	**Restated**
Effect on consolidated statement of comprehensive income			
Cost of sales	(949 654)	31 764	(917 890)
Depreciation of right-of-use assets		(79 250)	
Reversal of operating lease costs		111 014	
Finance costs	(8 666)	(46 551)	(55 217)
Taxation	(18 345)	4 136	(14 209)
Net profit for the period attributable to Owners of the Company	44 613	(10 651)	33 962
Effect on consolidated statement of financial position			
Right-of-use asset	-	826 973	826 973
Lease liability	-	(909 604)	(909 604)
Current portion of lease liability	-	(124 826)	(124 826)
Deferred tax liability	(178 688)	56 760	(121 928)
Trade and other payables	(415 793)	5 003	(410 790)
Retained income at beginning of period	(934 283)	135 043	(799 240)
Retained income at end of period	(911 213)	145 694	(765 519)
Effect on consolidated statement of cashflows			
Cash generated by operations after changes in working capital	142 842	106 328	249 170
Finance costs	(8 666)	(46 551)	(55 217)
Repayment of lease liability	-	(59 777)	(59 777)
Effect on earnings per ordinary share (cents)			
Basic	30,3	(7,2)	23,1
Headline	31,6	(7,2)	24,4
Diluted basic	29,6	(7,0)	22,6
Diluted headline	30,9	(7,1)	23,8
Effect on net asset value per share (cents)	581,1	(100,8)	480,3

NOTES (CONTINUED)

6. Adoption of IFRS 16: Leases (CONTINUED)

Impact of change February 2019 R000's	**Previously stated**	**Impact of change**	**Restated**
Effect on consolidated statement of comprehensive income			
Cost of sales	(1 945 020)	63 268	(1 881 752)
Depreciation of right-of-use assets		(158 790)	
Reversal of operating lease costs		222 058	
Finance costs	(18 508)	(90 718)	(109 226)
Taxation	(45 722)	7 675	(38 047)
Net profit for the period attributable to Owners of the Company	126 111	(19 775)	106 336
Effect on consolidated statement of financial position			
Right-of-use asset	-	758 330	758 330
Lease liability	-	(837 318)	(837 318)
Current portion of lease liability	-	(144 334)	(144 334)
Deferred tax liability	(179 430)	60 299	(119 131)
Trade and other payables	(380 205)	8 205	(372 000)
Retained income at beginning of period	(934 283)	135 043	(799 240)
Retained income at end of period	(954 297)	154 818	(799 479)
Effect on consolidated statement of cashflows			
Cash generated by operations after changes in working capital	322 438	214 170	536 608
Finance costs	(18 508)	(90 718)	(109 226)
Repayment of lease liability	-	(123 452)	(123 452)
Effect on earnings per ordinary share (cents)			
Basic	86,8	(13,6)	73,2
Headline	89,2	(13,6)	75,6
Diluted basic	83,7	(13,1)	70,6
Diluted headline	86,0	(13,1)	72,9
Effect on net asset value per share (cents)	624,8	(107,9)	516,9

COMMENTARY

INTRODUCTION

Value Group Limited and its subsidiaries ("the Group") 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, fleet management, materials handling, commercial vehicle rental and full maintenance leasing. The Group's retail segment supplies FMCG products into the convenience, formal and informal market.

FINANCIAL REVIEW

Despite negligible growth rates, the Board is pleased to advise that the Group produced an improvement in the interim results for the 6 months ended 31 August 2019.

The difficult trading conditions have placed further pressure on volumes and rates across all segments. Volume decline was however partially mitigated by management's strategic objectives of growing the customer base in the latter half of the interim period in addition to cross selling of Group services which contributed to revenue increasing by a marginal 3% from R1,36 billion to R1,4 billion.

Ongoing focus on improving operational efficiencies in addition to maintenance cost savings contributed to gross profit margins improving from 32,4% to 33,3%. Gross profit increased by 6% to R468 million.

Salary and other overhead inflationary increases resulted in operating costs increasing by 6% from R351,6 million to R372,9 million. However, improved gross profit margins resulted in operating profit margins being maintained at 7,6% and operating profit increasing by R3,2 million to R106,2 million.

The Group adopted IFRS16 effective 1 March 2019 whereby a right-of-use asset and an associated liability is raised for its operating leases. The nature of these expenses relates to a depreciation charge on the right-of-use assets and an interest expense on the lease liabilities. Previously, the Group recognised operating lease expenses on a straight line basis over the term of the leases. The Group applied the full retrospective approach in its adoption of IFRS16 which requires the restatement of comparative financial information. Accordingly, the Group benefitted from a reduced interest cost in comparison to the previous restated interim period due to reduction of the capital outstanding on lease liabilities.

The Group also benefitted from a reduction in the effective tax rate from 29,5% to 22,8% due to the comparative period's inclusion of an underprovision pertaining to a prior period and the receipt in the current period of an allowance for energy efficiency savings.

The combined effects of the above has contributed to net profit and headline earnings per share increasing by 30% to R44 million and 31,8 cents per share respectively.

Although collections and resulting cash flows throughout the period were strong, growth in the clearing and forwarding division's customer base and associated activity contributed to increase receivable balances at 31 August 2019. In addition, inventory levels increased due to anticipated retail sales being less than expected and as a result of the increase in the number of vehicles earmarked for disposal. Working capital requirements were also negatively affected by the accelerated payment cycle pertaining to the conversion of a substantial portion of labour broker staff to permanent employees. Consequently, additional working capital requirements reduced cash generated by operations by 3% to R240,8 million.

In contrast to previous years, a substantial portion of the Group's capital expenditure was incurred in the first half in order to improve vehicle planning for the peak period. This expenditure amounted to R124,1 million and comprised R98 million for vehicles, R11,7 million for materials handling equipment, R5,4 million for plant and equipment and accessories and R9 million for IT hardware and software. This expenditure was funded by internally generated cash flows and R47,8 million increase in vehicle interest bearing debt. Although positive cash balances were utilised to fund the R8 million expenditure on share repurchases, cash resources on hand at interim period end amounted to R154,2 million, an increase of R17,2 million from the previous interim period end.

COMMENTARY (CONTINUED)

OPERATIONAL REVIEW

General distribution segment

The poor economic climate continues to impact a large portion of the customer base and volumes. This is exacerbated by competitor and customer rate pressures. Management's ongoing focus on continuous improvement and operational changes in the freightpak and logistics divisions, and procuring new customers in the warehousing, dedicated distribution and logistics divisions yielded positive benefits which curtailed general volume decline and associated rate reductions. In addition, cross selling of certain distribution services yielded positive benefits to the segment. Consequently, revenue increased by 5,4% from R837,6 million to R882,8 million. Revenue growth, operational savings and improved efficiencies contributed to operating profit increasing by 23,6% from R69,8 million to R86,3 million and operating margins improving from 8,3% to 9,8%.

Truck rental and other segments

The poor demand for truck rental and linehaul services has resulted in a highly competitive market with rates being heavily discounted in certain areas to unsustainable levels. In contrast, the clearing and forwarding division has grown its customer base and associated revenues. As a result, revenue remained relatively static at R183,9 million. Rate discounting and an increased overhead cost base however, reduced operating margins from 18,9% to 13% with operating profit reducing from R34,8 million to R23,8 million.

Retail logistics segment

Very tough trading conditions due to reduced consumer disposable income, particularly in the informal sector, has resulted in revenue remaining flat at R334,7 million. Margin pressures increased which was exacerbated by supplier amendments to rebate structures. Additional costs were incurred in growing revenue in new markets and areas. As a result, operating income reduced from R3 million to R1,3 million.

SHARE REPURCHASES

During the current period, 1 368 083 shares were acquired at a cost of R8,05 million. Subsequent to August 2019, 79 270 shares were repurchased at a cost of R0,5 million. The average acquisition cost per share amounts to R5,83 per share. The Group's subsidiary currently holds 8 467 579 ordinary shares in treasury which represents 4,9 % of ordinary shares in issue. The Group will continue to repurchase shares as the opportunities arise.

FUTURE CAPITAL EXPENDITURE

Estimated capital expenditure for the remainder of the 2020 financial year is anticipated to amount to approximately R33,9 million and consists primarily of vehicle, forklift and I.T. hardware additions and replacements. This capital expenditure will be funded by internally generated cash flows and interest bearing debt.

COMMENTARY (CONTINUED)

PROSPECTS

Due to seasonality of the Group's earnings, it is anticipated that current volumes will increase in the second half which coincides with Christmas trade. In addition, it is expected that the procurement of new customers in the second half of the financial year should add to the volume base and increase trading activity across all divisions. Furthermore, ongoing focus on reducing operating costs remains a priority particularly in view of ongoing rate, volume and margin pressures. These initiatives should mitigate the current economic challenges and provide a platform for sustainable growth. Accordingly, the Board anticipates that the 2020 financial year's earnings will at least be maintained in comparison with the previous financial year. Any reference to future financial performance included in this announcement has not been reviewed nor reported on by the Group's auditors.

DECLARATION OF DIVIDEND (NUMBER 26)

The Board resolved to declare a gross interim dividend for the six months ended 31 August 2019, of 16 cents per ordinary share which will be paid out of distributable reserves. The dividend is covered 2 times by interim headline earnings. The number of ordinary shares in issue at the date of this declaration is 172 635 000. The dividend will be subject to dividend withholding tax of 20% which amounts to 3,2 cents per share. This will result in a net dividend of 12,8 cents per share payable 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	Thursday, 17 October 2019
Last day to trade cum dividend	Tuesday, 14 January 2020
Trading ex-dividend commences	Wednesday, 15 January 2020
Record date	Friday, 17 January 2020
Payment date	Monday, 20 January 2020

Share certificates may not be dematerialised or rematerialized between Wednesday, 15 January 2020 and Friday, 17 January 2020, both days inclusive.

For and on behalf of the Board

C D Stein
Chairman

S D Gottschalk
Chief Executive Officer

Johannesburg

17 October 2019