



- HEADLINE EARNINGS UP 7%
- SUSTAINABLE MARGIN IMPROVEMENT
- RESILIENT CASH FLOWS

REVIEWED FINANCIAL RESULTS AND CAUTIONARY ANNOUNCEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	% change	Reviewed 2010	Restated Audited 2009
Revenue		1 351 611	1 368 117
Cost of sales		(754 764)	(819 728)
Gross profit	9	596 847	548 389
Other income		4 637	2 682
Operating expenses		(459 112)	(412 787)
Operating profit		142 372	138 284
Share of (loss)/profit of associate net of taxation		(13)	673
Investment income		17 412	28 937
Finance costs		(31 167)	(46 648)
Net profit before taxation		128 604	121 246
Taxation (note 2)		(37 234)	(36 261)
Net profit for the year		91 370	84 985
Other comprehensive income net of taxation		—	—
Total comprehensive income for the year	8	91 370	84 985
Earnings per share (cents) (note 3)			
– Basic		50,8	46,3
– Headline	7	52,4	48,8
– Diluted basic		50,3	47,2
– Diluted headline	4	51,9	49,7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	% change	Reviewed 2010	Restated Audited 2009
Assets			
Non-current assets		736 026	681 108
Property, vehicles, plant and equipment		704 506	654 845
Intangible assets		25 716	20 969
Investments and loans		2 518	2 655
Deferred tax		3 286	2 639
Current assets		328 047	349 903
Inventories		43 250	52 742
Trade and other receivables		179 915	185 758
Cash and cash equivalents		104 882	111 403
Non-current assets held for sale		152	655
Total assets		1 064 225	1 031 666
Equity and liabilities			
Equity		485 006	429 909
Non-current liabilities		209 432	249 842
Interest-bearing borrowings		98 375	142 814
Deferred tax		111 057	107 028
Current liabilities		369 787	351 915
Trade and other payables		283 486	272 504
Current portion of interest-bearing borrowings		73 250	68 451
Current tax payable		13 051	10 960
Total equity and liabilities		1 064 225	1 031 666
Net asset value per share (cents)	11	267,8	240,2

CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	Reviewed 2010	Restated Audited 2009
Cash flows from operating activities	166 049	168 858
Cash generated by operations	220 309	225 288
Net finance costs	(13 755)	(17 711)
Changes in working capital	28 924	(5 854)
Taxation paid	(31 761)	(19 698)
Cash available from operating activities	203 717	182 025
Dividends paid	(37 668)	(13 167)
Cash flows from investing activities	(134 409)	(125 387)
Cash flows from financing activities	(38 161)	(34 615)
Net change in cash and cash equivalents	(6 521)	8 856
Cash and cash equivalents at beginning of year	111 403	102 547
Cash and cash equivalents at end of year	104 882	111 403

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Reviewed 2010	Restated Audited 2009
Ordinary share capital and premium	194	194
Balance at beginning of year	194	13 831
Share buy back	—	(13 637)
Treasury shares	(28 323)	(32 746)
Balance at beginning of year	(32 746)	(12 558)
Treasury shares sold	4 423	3 945
Treasury shares acquired	—	(24 133)
Share-based payment reserve	746	772
Balance at beginning of year	772	563
Share-based payment expense	258	375
Transfer to retained income	(284)	(166)
Retained income	512 389	461 689
Balance at beginning of year	461 689	392 480
Transfer from share-based payment reserve	284	166
Loss on disposal of treasury shares	(3 244)	(2 754)
Dividends paid	(37 710)	(13 188)
Total comprehensive income for the year	91 370	84 985
Net profit for the year	91 370	84 985
Other comprehensive income for the year	—	—
Total capital and reserves	485 006	429 909

SEGMENT INFORMATION

R000's	Reviewed 2010	Restated Audited 2009
Total segment revenue	1 485 609	1 505 885
General distribution	1 073 095	1 086 181
Truck rental and other	333 153	350 348
Head office and other	79 361	69 356
Less: Inter-segment revenue	133 998	137 768
General distribution	3 449	7 525
Truck rental and other	51 471	61 191
Head office and other	79 078	69 052
External segment revenue	1 351 611	1 368 117
General distribution	1 069 646	1 078 656
Truck rental and other	281 682	289 157
Head office and other	283	304
Business segment results		
General distribution	103 715	104 409
Truck rental and other	45 456	42 430
Head office and other	(6 799)	(8 555)
Business segment results		
Share of (loss)/profit of associate net of taxation	142 372	138 284
Investment income	(13)	673
Finance costs	17 412	28 937
	(31 167)	(46 648)
Net profit before taxation	128 604	121 246
Total segment assets		
General distribution	491 990	436 426
Truck rental and other	426 321	442 663
Head office and other	140 110	147 283
Segment assets	1 058 421	1 026 372
Investments and loans	2 518	2 655
Deferred tax	3 286	2 639
Total assets	1 064 225	1 031 666

NOTES

1. Statement of compliance
The financial results have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and are presented in accordance with IAS 34: Interim Financial Reporting. The basis for the preparation of the financial results is consistent with that applied in the preparation of the annual financial statements for the year ended 28 February 2009, except for the changes required by IAS 1: Presentation of Financial Statements, IFRS 8: Operating Segments and Circular 3/2009: Headline Earnings.

The previously reported audited headline earnings and audited diluted headline earnings have been restated in terms of Circular 3/2009 issued in August 2009. Gains and losses on sale of assets initially held for rental, now transferred to inventory, are now included in the calculation of headline earnings. Gains and losses on assets initially held for rental were previously excluded in the calculation of headline earnings in terms of Circular 8/2007.

	Restated 2009	As previously stated 2009
Headline earnings per share (cents)	48,8	48,9
Diluted headline earnings per share (cents)	49,7	49,8

The Group's auditors, Charles Orbach & Company have reviewed these results. Their unqualified review opinion is available for inspection at the company's registered office.

R000's	Reviewed 2010	Restated Audited 2009
2. Taxation		
Secondary tax on companies included in taxation	3 346	1 369
3. Headline earnings		
3.1 Reconciliation between basic and headline earnings		
Basic earnings	91 370	84 985
Loss on disposal of property, vehicles, plant and equipment less taxation	2 852	2 972
– Previously stated	2 852	3 263
– Adjustment: Circular 3/2009	—	(291)
Impairment of intangible assets less taxation	—	1 488
Headline earnings	94 222	89 445
3.2 Number of ordinary shares in issue		
– Actual	194 436 033	194 436 033
– Weighted average	179 717 904	183 359 591
– Diluted	181 643 617	180 039 679
4. Supplementary information		
Depreciation	64 447	62 334
Amortisation of intangible assets	9 499	11 044
Impairment of intangible assets	—	2 067
Depreciation, amortisation and impairment	73 946	75 445

COMMENTARY

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

FINANCIAL REVIEW

The Group produced commendable results despite the effects of the recessionary economic environment. Although turnover in the first 6 months was down on the prior period, the growth of the customer base in the second 6 months had a marked effect on volume and turnover recovery. This contributed to turnover being only marginally down from R1,368 billion in 2009 to R1,351 billion in 2010. Of particular importance was the continued focus on resource allocation and cost control which contributed positively to increasing gross profit margins from 40% to 44% and operating margins from 10,1% to 10,5%. The culmination of the above contributed to net profit before tax increasing by 6% from R121,2 million to R128,6 million.

COMMENTARY – continued

The reduction in interest bearing debt from R211,3 million to R171,6 million contributed to reducing net finance costs to R13,8 million and increasing headline earnings by 7% from 48,8 cents to 52,4 cents per share. Headline earnings' growth was partially negated by increased STC costs arising from the declaration of a final and maiden interim dividend. Substantial focus on working capital management contributed significantly to the Group's generation of cash from operating activities. Although debtor collections were hampered due to the last day of the financial year falling on a Sunday, cash flows remained strong. These cash flows funded the Group's dividend outflows of R37,7 million, R133,8 million of capital expenditure and R39,7 million reduction of interest bearing debt. The Group's balance sheet remains financially sound with net asset value increasing by 11,5% from 240,2 cents to 267,8 cents per share.

OPERATIONAL REVIEW

General distribution segment

The segment performed well despite the decline in volumes in the first half of the financial year. Revenue was marginally down from R1,079 billion to R1,070 billion. Operating margins of 9,7% were consistent with that of the previous year, which resulted in flat operating profit of R103,7 million.

Truck rental segment

The economic downturn had a profound effect on the poor vehicle utilisations and activity levels experienced in the first half of the financial year. Turnover reduced from R289,2 million in 2009 to R281,7 million in 2010. Nevertheless, a substantial amount of management time and effort was spent on improving the segment's profitability. Management changes, defleeting of excess older vehicles and renewed focus on selling the services have contributed positively to the profitability of the segment. Operating profit increased by R3 million over the previous year with operating margins improving from 14,7% to 16,1%.

CAPITAL COMMITMENTS

The Group has and will continue to invest heavily in upgrading its vehicle, IT and depot infrastructure. These resources will provide the platform for the future sustainable growth of the Group.

Budgeted capital expenditure for the 2011 financial year amounts to R215,1 million comprising R106,9 million for vehicle additions and replacements, R77,6 million for materials handling equipment and the balance of R30,5 million pertaining to IT infrastructure and application upgrades. The bulk of this expenditure will be funded by interest bearing debt with the balance being funded by operating cash flows.

BBBEE UPDATE AND CAUTIONARY ANNOUNCEMENT

The Group is committed to the growth and development of the South African economy and its people through Black Economic Empowerment (BEE). Various initiatives have been implemented to address inequalities of the past while simultaneously ensuring sustainability into the future.

The Group has entered into discussions relating to a BEE transaction in terms of which the Group proposes to facilitate equity ownership by Dr Nakedi Mathews Phosa, Mano Padiyachy, both directors of Value Group, as well as selected black employees in terms of an employment empowerment scheme ("the proposed BEE transaction"). The proposed BEE transaction will be subject to shareholder approval and approval by the JSE.

The Group will publish a detailed announcement relating to the proposed BEE transaction in due course. Shareholders are advised that the proposed BEE transaction may have a material effect on the price of the company's securities. Accordingly, shareholders are advised to exercise caution when dealing in the company's securities until a detailed announcement is made.

CHANGE IN DIRECTORATE FROM EXECUTIVE TO NON-EXECUTIVE

Dr Nakedi Mathews Phosa has tendered his resignation as an executive director due to his current commitments. The Board would like to thank Dr Phosa for the valuable contributions he has made as an executive director. Dr Phosa will become a non-executive director of the Group effective 11 May 2010.

PROSPECTS

Management is focused on growing the Group organically and through acquisitions. Subsequent to year end, the Group procured new accounts which will contribute to increased volumes and activity while leveraging off the upgraded infrastructure base. In addition, increased synergies between business divisions has yielded supply chain opportunities which have generated new revenue streams.

Various potential acquisitions have been evaluated but did not meet the Group's criteria. Management continues to explore acquisition opportunities which best fits the Group's strategy and operational activities.

Lastly, realignment of costs to operational activity undertaken over the last year has and will continue to yield margin improvements. Accordingly, the Group is well positioned to benefit from improved consumer demand and associated volume growth from its existing and new customer base. Volumes in the current year have increased over the comparative period. Operational performance over the last two months has been in line with management's expectations. Excluding the costs associated with the pending BEE deal, management is cautiously optimistic that headline earnings will increase in the 2011 financial year. This forecast has not been reviewed nor reported on by the Group's auditors.

DECLARATION OF FINAL DIVIDEND (NUMBER 7)

The Board has resolved to declare a final dividend of 10 cents per ordinary share. This dividend is covered 3,2 times by second half headline earnings and is payable as follows:

Declaration date	Tuesday, 11 May 2010
Last day to trade cum dividend	Friday, 18 June 2010
Trading ex-dividend commences	Monday, 21 June 2010
Record date	Friday, 25 June 2010
Payment date	Monday, 28 June 2010

Share certificates may not be dematerialised or rematerialised between 21 June 2010 and 25 June 2010, both days inclusive.

For and on behalf of the Board

C D Stein Chairman

S D Gottschalk Chief Executive Officer

Johannesburg
11 May 2010



Value Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1997/002203/06) ISIN: ZAE00016507 Share code: VLE

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

Sponsor: Investec Bank Limited