ITS ALL COME TOGETHER

VISION

To create a high performance culture through aligned vision and unified purpose, by means of a renewed focus on the people platform and communication in order to streamline processes and deliver world-class customer services thereby becoming the employer of choice, logistics partner of choice and accomplishing financial targets to deliver on stakeholders' expectations.

MISSION

Providing the industry in South Africa and multi nationals with a one stop logistics chain controlled and owned by Value Group.

INTEGRATED REPORTING

In line with the principles of the King Code and Report on Governance for South Africa (King III), Value Group has prepared its first Integrated Annual Report. We recognise that the issues of financial, social and environmental performance directly impact on each other, as well as our long-term sustainability. As such, a balanced approach to reporting is required.

As we continue on this journey to a more balanced report, we believe considerable progress has been made with the 2011 report, providing an enhanced reflection of the performance of the Group as a whole.


ABNORMAL ESCORT
VEHICLE
XVW665 GP

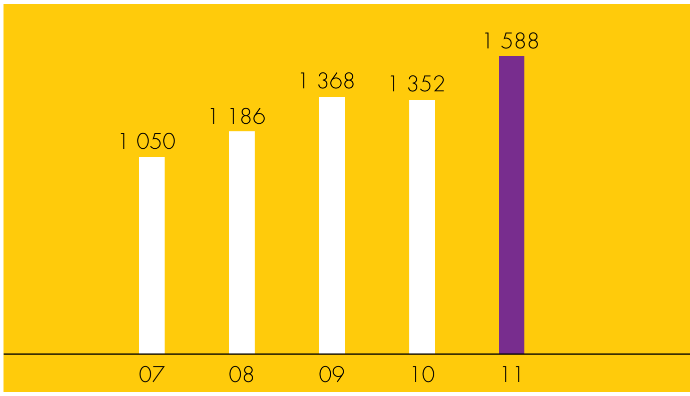
OVERVIEW

FIVE-YEAR REVIEW

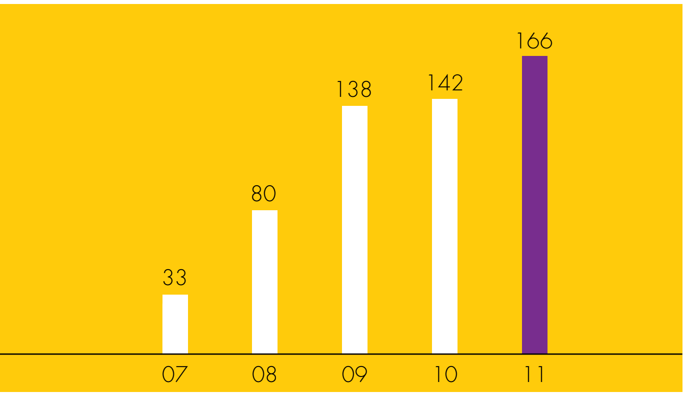
	% change	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Consolidated statement of comprehensive income						
Revenue	18	**1 588 315**	1 351 611	1 368 117	1 185 785	1 049 915
Operating profit before once-off BEE equity transaction costs	17	**166 415**	142 372	138 284	80 485	33 039
Once-off BEE equity transaction costs		**(12 192)**	—	—	—	—
Operating profit after once-off BEE equity transaction costs		**154 223**	142 372	138 284	80 485	33 039
Share of profit/(loss) of associate net of taxation		**11**	(13)	673	26	—
Investment income		**17 715**	17 412	28 937	26 968	14 788
Finance costs		**(34 370)**	(31 167)	(46 648)	(41 075)	(26 039)
Net profit before taxation		**137 579**	128 604	121 246	66 404	21 788
Taxation		**(43 468)**	(37 234)	(36 261)	(17 364)	(7 428)
Net profit for the year	3	**94 111**	91 370	84 985	49 040	14 360
Consolidated statement of financial position						
Property, vehicles, plant and equipment		**828 456**	704 506	654 845	619 506	589 566
Intangible assets		**31 611**	25 716	20 969	18 465	12 167
Investments and loans		**1 007**	2 518	2 655	122	—
Deferred tax		**3 857**	3 286	2 639	1 603	1 509
Current assets		**370 010**	328 047	349 903	358 593	246 946
Non-current assets held for sale		**20**	152	655	82	2 493
Total assets	16	**1 234 961**	1 064 225	1 031 666	998 371	852 681
Equity	4	**502 774**	485 006	429 909	394 316	363 620
Interest-bearing borrowings		**194 963**	98 375	142 814	147 636	129 839
Deferred tax		**120 249**	111 057	107 028	97 110	82 893
Current portion of interest-bearing borrowings		**84 042**	73 250	68 451	61 665	53 291
Other current liabilities		**332 933**	296 537	283 464	297 644	223 038
Total equity and liabilities		**1 234 961**	1 064 225	1 031 666	998 371	852 681

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.

Revenue (R million)



Operating profit (R million)

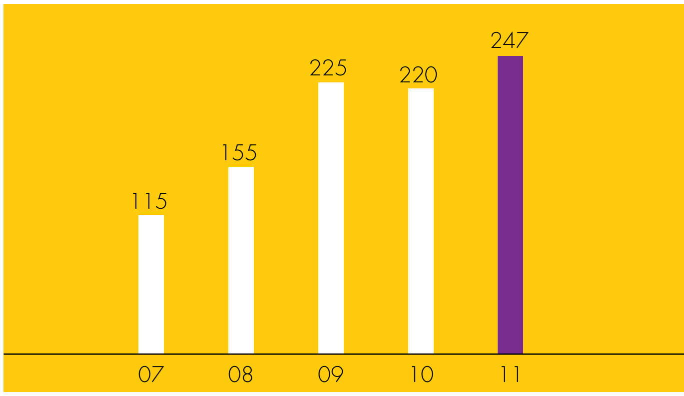


FINANCIAL STATISTICS AND RATIOS

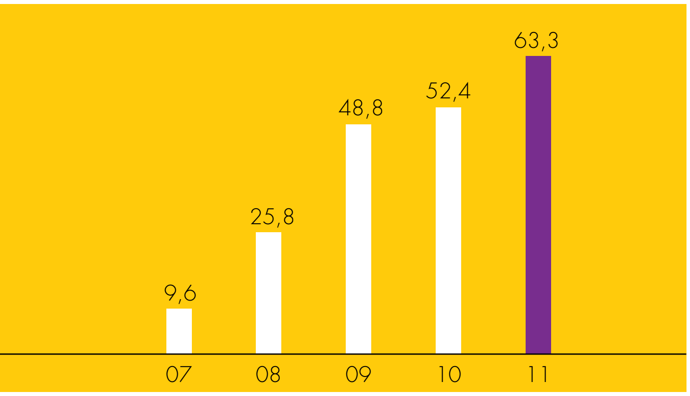
	% change	2011	2010	2009	2008	2007
Earnings						
Basic earnings per share (cents)	7	**54,5**	50,8	46,3	24,3	7,1
Headline earnings per share (cents)	7	**56,2**	52,4	48,8	25,8	9,6
Adjusted headline earnings per share excluding BEE costs (cents)	21	**63,3**	52,4	48,8	25,8	9,6
Dividends per share (cents):						
– Interim		**6,0**	6,0	–	–	–
– Final	20	**12,0**	10,0	15,0	7,0	–
Number of ordinary shares of R0,001 each in issue:						
– Actual		**198 627 386**	194 436 033	194 436 033	201 487 884	205 599 040
– Weighted average		**172 707 357**	179 717 904	183 359 591	201 550 074	201 495 411
Profitability						
Operating profit margin		**10%**	11%	10%	7%	3%
Return on shareholder's equity		**19%**	19%	20%	12%	4%
Financial						
Cash generated by operations before movements in working capital (R'000)	12	**246 908**	220 309	225 288	154 786	115 419
Debt: equity ratio		**55%**	35%	49%	53%	50%
Interest cover		**9**	10	8	6	3
Current ratio		**0,89**	0,89	0,99	1,00	0,89
Debtors days*		**42**	38	42	44	44
Net asset value per share (cents)	14	**304,8**	267,8	240,2	203,3	179,8

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

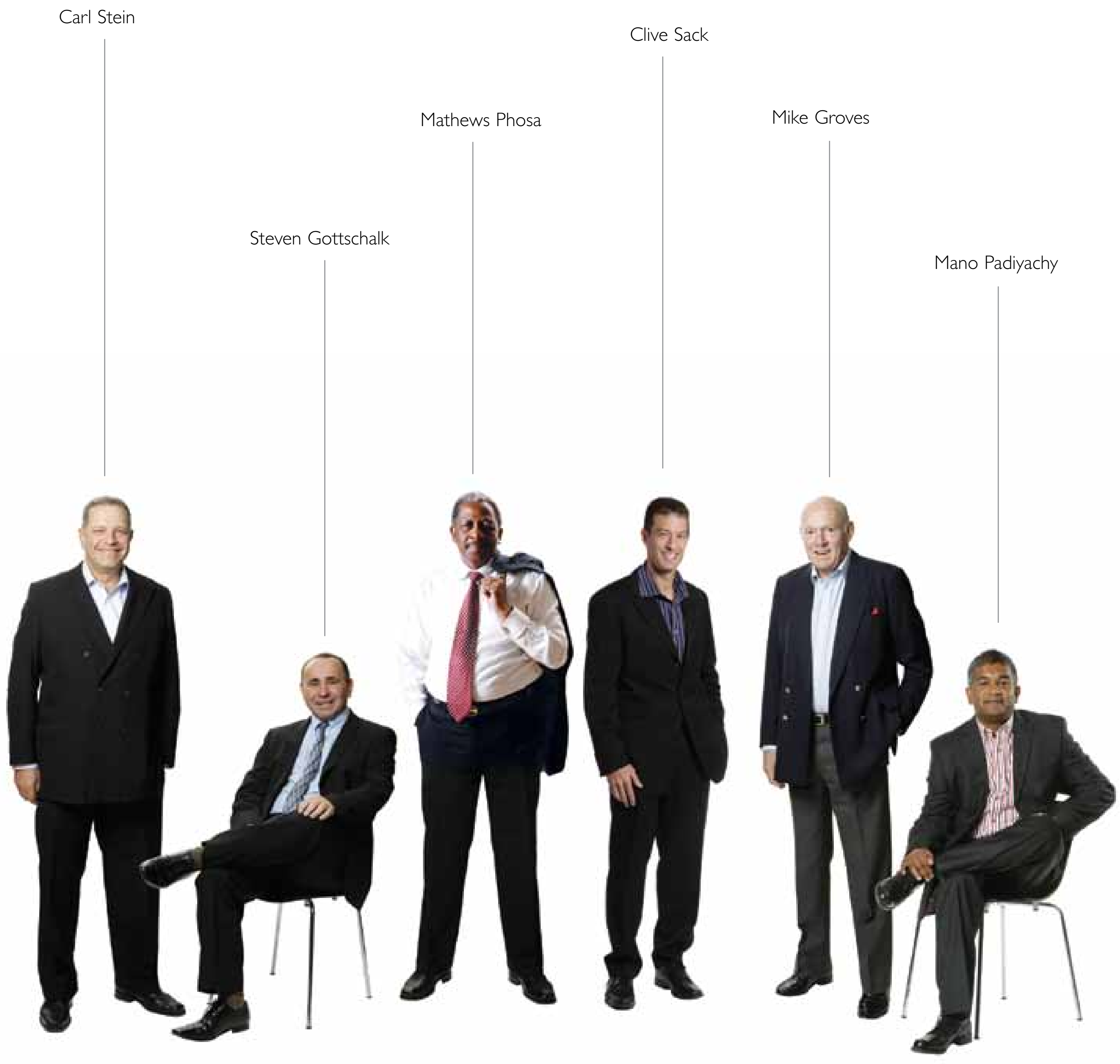
Cash generated by operations before movements in working capital (R million)



Headline earnings per share excluding BEE costs (cents)



GROUP DIRECTORS



Carl Stein (57)

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.

Steven Gottschalk (53)

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.

Clive Sack (41)

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.

Mano Padiyachy (46)

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 the divisional director of Key Accounts in August 2004 and finally to the board in July 2007.

Mike Groves (66)

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

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

Mathews Phosa (59)

Non-executive Director (Independent), 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.

VALUE LOGISTICS

Value Logistics, a division of Value Group with over 20 years experience in supply chain solutions has become the supply chain partner of choice for many of South Africa's leading brands. Value Logistics 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. Customers benefit from the advantage of Value's vast size and infrastructure, offering in excess of 200 000 m^2 of warehousing nationally. Value also offers an integrated IT network, labelling and bar-coding facilities, sophisticated routing and scheduling, as well as 24-hour vehicle and parcel tracking and management.

FREIGHTPAK

Freightpak is an integrated logistics and supply chain service provider for dangerous goods. The division primarily services the chemical industry, specialising in single source services based on the just-in-time (JIT) principle. Countrywide distribution facilities and shared resources with the Value Group give Freightpak one of the largest national footprints in South Africa. Freightpak is a CAIA Responsible Care signatory which is regularly audited by local and overseas customers' HSE consultants, and is SABS ISO 9001:2000 (KZN) accredited. Freightpak, in the conduct of its business activities, undertakes to satisfy all legal and environmental requirements and provide all the necessary resources to safeguard and protect the health and safety of employees, customers, suppliers and the public, and to preserve the environment.

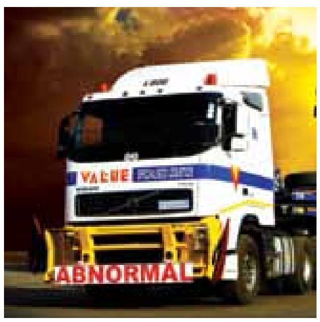
VALUE SPECIALISED LOGISTICS

Value Specialised Logistics has made a science of understanding the requirements and restrictions when it comes to the transportation of abnormal loads where varying factors such as maximum mass distribution, gross combination weights, width and height have to be considered.

Potential risks and difficulties of every load are assessed which include road surveys for route planning and specialised equipment requirements.

VALUE EXPRESS

Value Express specialises in time sensitive movement of freight through door to door, on demand delivery and collections. Value Express Courier Services offers prompt on time services for both national and international shipments. Collections and deliveries are executed within southern Africa covering 9 765 postal codes as well as worldwide covering all nine zones.



VALUE TRUCK RENTAL

Flexibility is key to the success of the Value Truck Rental division with its national footprint to cater for all rental options anywhere in South Africa. Customers have a choice of vehicles in the 1 – 8 ton range of LDVs, dropsides, panelvans, curtainsides and demounts, or 18 – 32 ton truck tractors with pantech, flatdecks and curtainside trailers. Specialised units are also available, including 1 – 12 ton refrigerated vehicles on an ad hoc or contract basis, vehicle mounted cranes, hazardous material transport and specialised fixtures for the film production market, all manned by a pool of carefully selected and highly skilled drivers and crew, and customer service of the highest levels, which results in repeat customer orders.

VALUE CLEARING AND FORWARDING

Value's Clearing and Forwarding division operates an international network of agents able to move any cargo on a door-to-door basis from anywhere to anywhere in the world by air, sea or road.

The service offering includes integrated customs clearing, landed costings, bonded warehousing, marine insurance and status reporting.

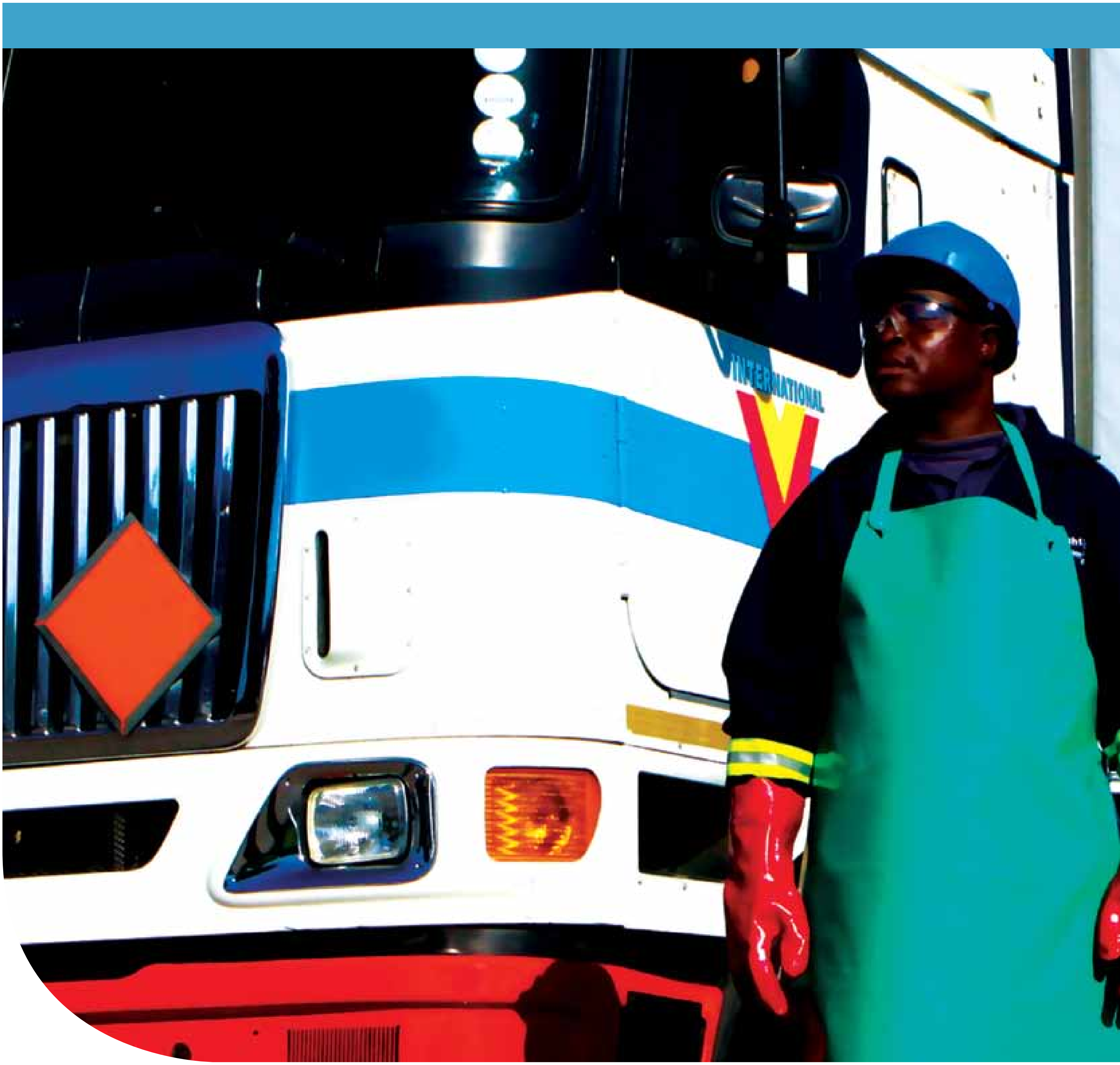
As a member of the South African Association of Freight Forwarders (SAAFF), the division receives up to date notification of any changes within the industry to which it is able to react.

VALUE MATERIALS HANDLING

Value's Materials Handling division is the sole distributor of Komatsu forklifts, Lancer side loaders and Powerboss cleaning equipment in southern Africa. The division also supplies and supports many leading brands in the 1,8 – 48 ton range of forklifts and warehousing equipment. Other products include electric pallet trucks, stock pickers, stackers and narrow aisle forklifts. The services offered range from retail, sales, parts, maintenance, short and long-term rentals.

VALUE CONTAINER STORAGE

Value's Container Storage division is based in Port Elizabeth and Gauteng. The Port Elizabeth depot is positioned close to the port of Ngqura, commonly known as Coega. The Gauteng depot is ideally situated in Boksburg close to the highway allowing easy access to and from the depot. Both depots are equipped with two 45 ton reach stackers. Value offers storage for full and empty containers and a haulage service to collect and deliver full and empty containers to and from the ports and container terminals.


INTERNATIONAL

BUSINESS REVIEW

– CHAIRMAN'S STATEMENT

– CHIEF EXECUTIVE OFFICER'S REPORT

CHAIRMAN'S STATEMENT

Successful implementation of BEE equity ownership transaction.

In a financial year characterised by industrial action and the 2010 FIFA World Cup, Value has nonetheless grown its annuity based revenue streams and leveraged off its diverse infrastructure. Accordingly, I am pleased to report a very solid set of results.

Headline earnings, excluding once off BEE equity transaction costs, increased by 21% to 63,3 cents per share. Furthermore, the Group has excelled in its ability to convert earnings into cash. Cash generated by operations before working capital movements increased by 12% to R246,9 million. These cash flows funded the R60 million voluntary share repurchase initiative in August 2010 and a substantial portion of the R249,6 million of capital expenditure.

Value Group recognises that Black Economic Empowerment (BEE) is a pragmatic growth strategy that aims to realise the country's full economic potential. I have seen a strong commitment to transformation and BEE at board level and throughout the various divisions of the Group. I am extremely pleased to report the successful implementation of up to a 15% BEE equity ownership transaction with Dr Nakedi Mathews Phosa and Mr Mano Padiyachy, both directors of Value Group, as well as selected black employees in terms of an empowerment trust. The Group was accredited as a Level 4 BBBEE contributor and has now been ranked 69th in the annual Financial Mail survey of the 100 most empowered listed companies in South Africa.

The board has welcomed the revised Code and Report on Governance in South Africa (King III). This new Code does not change the conduct, culture and ethics upon which the Group operates. Sound governance has and will continue to be the underlying principle upon which the business is run.

Value Group acknowledges that Sustainability is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." We begin this journey with our first sustainability report. We are committed to the upliftment of our communities and economy, investment in the potential of our people and protection of our environment. As we are mindful of our role in reducing our carbon footprint, the board will continuously evaluate and implement policies and procedures to achieve an offset of carbon emissions.

During the review period, Dr Phosa tendered his resignation as an executive director due to his current commitments. We thank Dr Phosa for his valuable contributions made as an executive board member. Dr Phosa has accepted the position of a non-executive director effective 11 May 2010. The board composition currently comprises three executive directors and three non-executive directors. We seek to appoint at least one additional independent non-executive director to the board to comply with international best practice.

Looking ahead, the Group is very well positioned to take advantage of new opportunities and an improved economic outlook. Infrastructure upgrades and expansion will further strengthen the Group's ability to manage future growth.

Value Group was rated as a top 100 company in the annual Sunday Times survey. In May 2011, Value celebrated its 30th anniversary. The Group can feel justly proud of achieving these milestones, as I am.

I would like to extend my sincere gratitude to the CEO, Mr Steven Gottschalk, my fellow directors, management and staff, for their diligent service, as well as to our customers and suppliers for their ongoing support. I look forward to their continued support and valuable contributions into the future.

CD Stein
Chairman

Johannesburg
12 August 2011

Adjusted headline earnings increased by 21% from 52,4 cents per share to 63,3 cents per share.

FINANCIAL RESULTS

I am pleased to report an excellent set of results in a period characterised by a protracted Transnet strike, a transport sector strike and the World Cup soccer tournament. During these periods, consistent volume throughput was materially affected. Nevertheless, combined volume growth from an expanded customer base contributed to income increasing by 17,5% from R1,352 billion to R1,588 billion.

Despite additional subcontractor costs being incurred in the first half, robust trading conditions over the Christmas period and strict cost control resulted in gross profit percentages being maintained at 44%. Gross profit increased by R99,6 million to R696,4 million.

Net profit before tax of R137,6 million was subject to a once-off BEE equity transaction cost of R12,2 million which is not tax deductable. This cost in addition to STC payments had the effect of increasing the effective tax rate to 31,6%. Consequently, headline earnings were impacted and thus increased by only 7% from 52,4 cents per share to 56,2 cents per share. Excluding these once-off BEE equity transaction costs, adjusted headline earnings increased by 21% from 52,4 cents per share to 63,3 cents per share.

Cash generated by operations before working capital movements remained consistently strong and improved by 12% to R246,9 million. To counteract the dilutive nature of the BEE transaction share issue, internal cash flows funded the R60 million voluntary share repurchase in August 2010. 16,7 million shares were repurchased and subsequently cancelled. In addition, the Group's capital expenditure totalling R249,6 million was partly financed by debt with the balance of R142,2 million being internally funded.

The Group's balance sheet remains financially sound with the net asset value increasing by 14% from 267,8 cents per share to 304,8 cents per share.

SEGMENTAL PERFORMANCE

General distribution segment

The segment performed exceptionally well with volume growth from the expanded customer base increasing turnover and operating margins. Turnover increased by 18% from R1,07 billion to R1,26 billion. In addition, stringent cost controls and operational disciplines resulted in operating margins increasing from 9,7% to 11,3% with operating profits growing by 37,3% to R142,4 million.

The results achieved are testament to the Group's strategy of growing the customer base to hedge against volume decline. The economy has not yet fully recovered from the effects of the recessionary environment. Individual customer volumes have stabilised with increasing volumes being the exception, rather than the rule.

The segment is very well positioned to benefit from an improvement in economic activity.

Truck rental and other segment

Renewed management focus in the truck rental segment saw revenue increasing by 15,6% from R281,7 million to R325,6 million. A positive contribution of R39,2 million was made to Group profitability. Truck rental has become highly competitive, with rates under severe pressure in order to improve low vehicle utilisations. This, in conjunction with the additional maintenance costs which were incurred to improve and upgrade the fleet, reduced margins from 16,1% to 12,0%.

Substantial and profitable contracts have been secured which will provide a solid base for its future growth.

The defleeting process is ongoing with 398 older vehicles having been disposed of during the 2011 financial year. The disposal of these older vehicles has had a direct effect on maintenance downtime. Consequently, the Group has improved maintenance turnaround times which have favourably affected the availability of vehicles. Hence, the disposal of excess older vehicles will continue. A further 400 vehicles have been earmarked for disposal in the new financial year. The process of the fleet realignment will be completed in September 2011. The ongoing replacement of older vehicles has contributed to the substantial improvement in the quality of the national fleet.

The materials handling business has been reorganised and restructured. Substantial and profitable contracts have been secured which will provide a solid base for its future growth.

The clearing and forwarding business produced improved results compared to the prior year. Freight rates have recovered. Export into Africa has increased markedly with demand still growing. The division continues to promote business opportunities for other business units.

BBBEE transaction and share repurchase

Over the past few years the Group has been committed to achieving BBBEE across all seven pillars of the BEE scorecard. Various initiatives have been implemented in this regard whilst simultaneously ensuring sustainability into the future. During this period, shareholder and JSE approval was obtained which facilitated up to a 15% equity ownership by Dr Nakedi Mathews Phosa and Mr Mano Padiyachy, both directors of Value Group Limited, as well as selected black employees within an empowerment trust. The transaction was funded by a preference share issue to the BEE SPV's by a subsidiary of the Group and by the creation and issue of 10 429 010 unlisted A ordinary shares to the Value Group Empowerment Trust. Subsequent to the implementation of this transaction, the Group was accredited as a Level 4 BBBEE contributor.

NEW DEVELOPMENTS

The information technology (IT) environment across the Group has been continually improved. Substantial investment in IT applications has been made in order to efficiently manage the growth of the business. New applications have been successfully implemented including a new multi-principle warehousing system known as Isastore and an ERP application, known as Embrace, to control the financial and workshop environments of the Group. Both systems are robust and have achieved operational objectives. A project is underway to implement the remaining ERP modules to further manage the rental side of the business. The Group will additionally invest substantially in its infrastructure to control the anticipated increase in transaction volumes over the next five years.

The Group's growth has necessitated the requirement for new additional depot facilities. The new facilities include a Rustenburg depot, a Hazchem compliant facility in Port Elizabeth, Johannesburg and Durban, a container depot in Boksburg and a world class panelbeating facility in Isando together with an enlarged workshop. Value moved into these facilities subsequent to year end. The facilities create a platform for growth opportunities within the various divisions as well as improving operational throughput and alleviating vehicle congestion constraints.

A start up division known as Value Specialised Logistics commenced operations towards the end of the financial year. The division specialises in the movement of abnormal loads and mining minerals. Specialised equipment consisting of truck

The Group is very well positioned to benefit from an increased customer base and any improvement in economic activity.

tractors, lowbeds and mining tipper trucks was purchased second hand at a cost of approximately R42 million. The division was not profitable as certain of the equipment purchased required refurbishment. This exercise is expected to be completed by July 2011. The division is operational and has potential for fast growth. This is in line with management's strategy of growing and diversifying the Group's revenue streams across varied service offerings within the logistics supply chain.

PROSPECTS

Management is continuously focussing on growing the customer base. The Group's strategy of growing the revenue streams within each division and each facet of the logistics supply chain has and will necessitate additional infrastructure investment. The Group's budgeted investment expenditure will provide a platform for the future sustainable growth of the business.

The prolonged effect of the recessionary environment and the recent increasing price of fuel has somewhat curtailed consumer demand. This has hampered volume growth amongst certain customers. Accordingly, volume gains in the new financial year have been relatively subdued. Notwithstanding this, operational performance to June 2011 has been in line with expectation. The Group has procured additional and new revenue streams for its various divisions. These will materialise during the course of the current year. The Group is thus very well positioned to benefit from an increased customer base and any improvement in economic activity.

ACKNOWLEDGEMENTS

A warm welcome to our new shareholders, Dr Nakedi Mathews Phosa, Mr Mano Padiyachy and select employees of Value. I hope we have a long and successful relationship.

Thanks to all of the staff members who have contributed to the exceptionally good results that we have achieved in a difficult and challenging trading environment. Well done to all of you.

A big thank you is extended to our customers for their ongoing support. We have built long standing relationships which are of paramount importance to us.

Thank you to all our suppliers for your continued support and partnerships we have established.

Lastly, I would like to thank the board of directors for their wisdom, guidance and support.

S Gottschalk

Chief Executive Officer

12 August 2011

SUSTAINABILITY

MANAGEMENT OF SUSTAINABILITY

OVERALL VISION AND IMPORTANCE OF SUSTAINABILITY

The Group has succeeded in delivering stable results in a challenging economic climate. Given the uncertainties surrounding the economy, both locally and abroad, it is now more important than ever to embrace the principles of sustainability to ensure the long-term success of the business.

These principles, which require a balanced approach to economic, environmental and social interests, form the basis of the Group's sustainability strategy:

VALUE CREATION • Positive investor returns
ASSET UTILISATION • Optimal utilisation of assets
LEADERSHIP • Leader in supply chain solutions
UPLIFTMENT • Upliftment, training and transformation of employees
ENVIRONMENTAL FOOTPRINT • Management of environmental impact

Being a leader in the supply chain industry involves the optimal use of available resources which translates into improved operational efficiency and economic performance whilst considering the impact on wider society and the environment. This, together with training and transformation in the workplace, is central to our sustainability strategy.

ABOUT THIS REPORT

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

This report, the Group's first sustainability report, covers the financial reporting period from 1 March 2010 to 28 February 2011. It covers the main South African operating divisions, which fall under wholly owned subsidiary Value Logistics Limited, which include the Logistics, Freightpak, Express, Truck Rental, Clearing and Forwarding, Materials Handling, Container Storage and Specialised Logistics divisions as well as the operations of Value Namibia (Pty) Limited. Additional information regarding subsidiary companies is contained in note 31 to the annual financial statements.

The Group's head office is situated at 49 Brewery Road, Isando and has operations strategically situated at major centres across the country providing it with a national footprint.

The Group delivers services to a wide variety of industries including the automotive, fast moving consumer goods (FMCG), electronics, chemical, textile, packaging, mining, construction, telecommunications and pharmaceutical industries.

This report examines the impact which the Group has on the various areas of sustainability including the economic, social and environmental aspects and is based on the Global Reporting Initiative (G3.1) framework.

The process for defining report content is based on a materiality analysis of sustainability issues which focuses on the effect on stakeholders and the impact on the business.

The organisational boundaries for the collection of data are those used for financial purposes to ensure alignment between financial, environmental and social reporting. Data is collected at operational level and consolidated at divisional and Group levels. The basis for reporting on wholly owned subsidiaries and associates does not significantly affect comparability from period to period.

This report has not been independently verified. While the report aims to present a transparent and balanced view of the material issues, the Group strives to further develop processes to align ourselves with global reporting practices.

For questions regarding this report, contact Group Financial Accountant, Mr GA Best.

IT IS NOW MORE IMPORTANT THAN EVER TO EMBRACE THE PRINCIPLES OF SUSTAINABILITY TO ENSURE THE LONG-TERM SUCCESS OF THE BUSINESS.

GOVERNANCE AND RISK MANAGEMENT

Implicit in the Group's philosophy is the importance of sound corporate governance. It is the duty of the Board of Directors to serve as a prudent fiduciary for stakeholders and to oversee the management of the Group's economic, environmental and social performance. Governance is comprehensively disclosed in the Group's Corporate Governance report.

The Group is committed to managing its risks and opportunities in the interests of all stakeholders. The audit committee is assisted by the internal audit function in evaluating the most material sustainability issues through an ongoing risk management process. The internal audit function reports recommendations to the audit committee quarterly, providing details of material findings. To further identify material sustainability issues, line management and support structures within the Group engage both formally and informally in the normal course of business with employees, customers, suppliers, investors and community throughout the year.

Through stakeholder engagement the Group aims to achieve the following:

- Positive, honest and transparent communication in order to identify focus areas;
- Identification of stakeholder needs through meaningful engagement;
- Share our views, progress and achievements towards sustainability.

Stakeholder engagement is discussed below:

Employees

Employee engagement is conducted in various forms. Formal engagement covers issues of performance, training, transformation, health and safety and HIV/Aids awareness campaigns. Informal engagement takes place on an ongoing basis and includes the use of monthly newsletters, ad hoc HR questionnaires, corporate and one on one communication, emails and intranet. The Group's performance review process is aimed at staff development together with the various ongoing training initiatives. The Group is a member of the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) which empowers stakeholders to negotiation matters that are of mutual interest to the industry.

Customers

The Group seeks to build long-term relationships with its 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 needs of different customer requirements.

Suppliers

The Group aims to manage issues of sustainability across the value chain. This involves the ongoing engagement with reputable suppliers for the provision of goods and services in a responsible manner. Suppliers are also engaged regarding service level agreements for the procurement of essential goods and services.

Investors

The Group's interim and final results are published in the media followed by analyst presentations conducted by the Chief Executive Officer and Group Financial Director. The Group engages with shareholders and investors in various ways regarding the safeguarding of their interests and includes the distribution of circulars and press releases which provide relevant information related to material transactions.

Community

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.

Stakeholder engagement educates us that people and companies grow together. The Group strongly believes that an organisation that provides maximum opportunities for its people to grow, finds maximum opportunities for its own growth. The Group's long-term success is dependent on its ability to attract and retain employees who have the requisite knowledge, skills, commitment and passion. The Group recognises the integral connection between sustainability and its supply chain and the important function it provides in ensuring the sustainability of all its stakeholders.

AWARDS

The following awards were received during the reporting period:

Value Group is a Top 100 Company

The Sunday Times conducts an annual survey to determine the Top 100 companies. Value Group has been selected as one of South Africa's Top 100 companies for the years 2009 and 2010. It is certainly a prestigious achievement to be a part of this elite group of local companies.

Empowerdex Top Empowerment Companies 2011

The Empowerdex Top Empowerment Companies survey is aimed at providing the public with a snapshot of the empowerment status of companies listed on the Johannesburg Stock Exchange. The survey attempts to raise awareness of broad-based black economic empowerment (BBBEE) and stimulate the use of BBBEE as a competitive advantage.

Supplier of the Year award

The Freeworld Coatings Group annually presents a national award for supplier of the year in the services category. Service providers are judged on a broad spectrum of activities including service levels, innovation, administrative support and several other considerations. The Group has been nominated and has been runner-up for this award on several occasions over the past few years. During the current year, the Group was declared the Supplier of the Year in the services category.

Film Fleet's services recognised

South Africa is becoming a location of choice for the international film-making industry. The Group's Film Fleet is at the centre of this activity, and the quality of the service being offered by the Film Fleet division has been recognised by an invitation from the Consul General of the Federal Republic of Germany to attend the premiere of one of the latest movies, 'The Miracle of Berlin'.

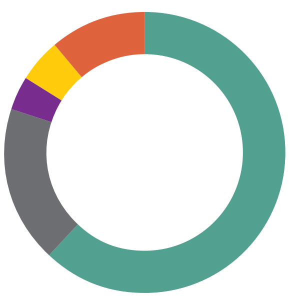
VALUE GROUP ACHIEVED THE 69TH POSITION IN THE TOP 100 BEE COMPANIES SURVEY.

VALUE ADDED STATEMENT

This statement indicates the total value created by the Group and how it was distributed:

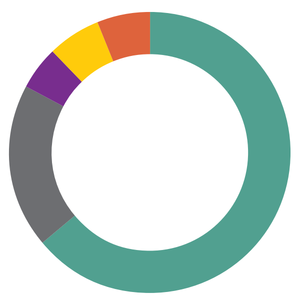
	2011 R'000	2010 R'000
WEALTH CREATED		
Revenue	1 588 315	1 351 611
Paid to suppliers for materials and services	(783 008)	(732 735)
	805 307	618 876
Investment income	17 715	17 412
	823 022	636 288
WEALTH DISTRIBUTED		
Employee remuneration and benefits including once-off BEE transaction cost	513 544	409 954
Providers of capital – finance costs	34 370	31 167
Taxes	43 468	37 234
Dividends paid and share buy back	88 008	37 710
Treasury shares sold	(1 011)	(4 423)
Reinvestment in the Group	144 643	124 646
Depreciation, amortisation and impairment	78 407	73 946
Retention of profits	66 236	50 700
	823 022	636 288

Wealth distributed for the year ended February 2011



2011		2010
62%	Employee remuneration and benefits including once-off BEE transaction cost	64%
18%	Reinvestment in the Group	19%
4%	Providers of capital	5%
5%	Taxes	6%
0%	Movement in capital and treasury shares	0%
11%	Dividends paid and share buy back	6%
100%		100%

Wealth distributed for the year ended February 2010



ENERGY AND EMISSIONS

The Group acknowledges its corporate responsibility to manage the environmental impact of its operational units by active commitment to the guiding principles of Responsible Care, a global initiative that aims to go beyond legislative and regulatory compliance.

Direct energy consumption and carbon emissions – Fuel

The volatility of the fuel price makes the consumption of this limited natural resource a key focus area. The Group has procedures in place which measure and manage the fuel consumption of its fleet:

- The debriefing process measures fuel consumption achieved after every trip against expected fuel consumption and deviations are investigated by management;
- Vehicle utilisation and route planning techniques are applied on an ongoing basis to ensure the optimal application of vehicle mix;
- Vehicles are routinely serviced and maintained to manufacturer standards by the Group's accredited in-house workshops;
- The process of de-fleeting older vehicles and their replacement ensures that the Group has a modern, more fuel efficient fleet.

The Group uses the "business carbon footprint calculator" on http://carbon.ecoforests.org/ to determine its direct carbon emissions. The online tool makes use of a rate of 2,63 kilograms of carbon emissions per litre of fuel consumed.

Fuel consumed varies with the level of operational activity within the Group which is evident in the increased consumption from 16 484 kilolitres in 2010 to 18 252 kilolitres in 2011. The equivalent carbon emissions equate to 43 353 tons in 2010 and 48 003 tons in 2011. The increase in fuel consumption and the associated carbon emissions is concerning to the Group. As a result, a fuel management system is being implemented allowing the Group's fuel consumption to be monitored more effectively and provide further opportunities for cost saving and reduced carbon emissions.

Recorded fuel consumption and equivalent carbon emissions are tabled below:

Fuel	2009	2010	**2011**
Consumption in kilolitres	17 067	16 484	**18 252**
Carbon emissions in tons	44 886	43 353	**48 003**

Indirect energy consumption and carbon emissions – Electricity

The Group embarked on an energy awareness campaign during the current year whereby electricity consumption is monitored.

As part of this campaign, sim cards have been installed in electricity meters at various sites as a method to more effectively monitor and report electricity consumption.

In addition, branches report to head office on a weekly basis regarding the progress of various initiatives aimed at reducing electricity consumption which includes the following:

- ✓ Use of energy efficient lighting;
- ✓ Removal of lights where not required;
- ✓ Fitting of thermostat controls to geysers;
- ✓ Newsletters and e-mail communiqué to promote awareness;
- ✓ Efficient use of air conditioner units.

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 has reduced from 10 214 megawatt hours (mWh) in 2010 to 9 980 mWh in 2011. The equivalent carbon emissions equate to 10 520 tons in 2010 reduced to 10 279 tons in 2011.

Electricity consumption and equivalent carbon emissions are tabled below:

Electricity	2009	2010	**2011**
Indirect energy consumption in mWh	10 090	10 214	**9 980**
Indirect carbon emissions in tons	10 393	10 520	**10 279**

As part of ongoing stringent cost control measures and awareness campaigns, the Group will continue to focus on the reduction of direct and indirect energy consumption and carbon emissions.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

The Group is committed to the transformation process and embraces the spirit of addressing these changes while ensuring the sustainability of this ongoing development. The Group's BEE committee has and continues to address the transformation challenges by focusing on each element separately.

The Group's BBBEE rating has been scored in terms of the guidelines released by the Department of Trade and Industry (DTI) on Complex Structures and Transactions, and Fronting.

The Group has been verified for the first time in terms of the Road Freight Sub-Sectors Code for BBBEE. Previously, the Group was verified in terms of the BBBEE Codes of Good Practice Statements 100 to 700.

During the current year, the element of ownership was addressed through an empowerment transaction which places up to 15% of the Group's shares in the hands of its BEE partners Dr M Phosa and Mr M Padiyachy and its key black qualifying managers. As a result, the Group improved its score from a level 5 status (60,11) to a Level 4 status (65,68).

Value Group BBBEE scorecard

Sector Code applicable		Road Freight Sub-Sector Code	Department of Trade and Industry Code	
Element	Weighting %	21 June 2011	1 October 2010	21 June 2010
Ownership	20	**12,54**	9,80	0,00
Management	10	**2,92**	5,13	5,13
Employment Equity	15	**2,76**	9,23	9,23
Skills Development	15	**9,32**	10,65	10,65
Preferential Procurement	20	**18,14**	15,10	15,10
Enterprise Development	15	**15,00**	15,00	15,00
Socio-economic Development	5	**5,00**	5,00	5,00
Total BBBEE score	100	**65,68**	69,91	60,11

The individual elements are discussed below:

Ownership:

The Group improved its ownership score from 0 to 12,54 as a result of the empowerment transaction. It is expected that this initiative will contribute towards the Group's future development and growth and help retain and motivate key black employees.

Management:

With the Group scoring 2,92 out of 10 compared to 5,13 last year, this element remains one of the Group's biggest transformation challenges. The Group has a continuous process of identifying candidates who will add value and increase the black representation of the board and management.

Employment Equity:

The Group, which scores 2,76 out of 15 against 9,23 last year, acknowledges this element as one of the most difficult transformation challenges due to the difficulties of procuring employees with the appropriate skills. As a result of the Group being verified for the first time in terms of the Road Freight Sub-Sectors Code, the area of senior management in particular requires attention. In order to address this issue, senior management is actively pursuing the employment and or promotion of historically disadvantaged people in the appropriate positions.

Skills Development:

The Group recognises the importance of training and development of its people as it is fundamental in ensuring sustainability. Learnerships for historically disadvantaged people are ongoing. A graduate development programme has also been rolled out whereby graduates from local tertiary institutions have the opportunity to visit the organisation and apply for places on the programme. 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 and has engaged in programmes targeted at developing priority skills. With the Group being verified for the first time in terms of the Road Freight Sub-Sectors Code, the score has reduced from 10,65 to 9,32 due to the element of gender recognition.

Preferential Procurement:

The procurement department has actively pursued preferential procurement as a further method to hasten economic empowerment and will continue to actively pursue this process to the benefit of the economy. Consequently, the Group has improved its score from 15,1 to 18,14 out of 20.

Enterprise Development:

Enterprise Development is the provision of support to black empowered business that qualify as enterprise development beneficiaries. The Group's contribution exceeded the target of 3% of net profit after tax for the period and thus scored the full 15 points for this element.

Socio-economic Development:

The Group's contribution towards socio-economic development exceeded the 1% of net profit after tax target and therefore scored the full 5 points for this element. Examples of initiatives undertaken by the Group are included under social investment.

EMPLOYMENT

The Group aims to create a workplace where all employees are included, and where performance and contributions are valued. Employees are acknowledged as being critical to the success of the Group. The Group's strategy with regards to employees is two fold: the first is that employees have the required skills, competencies and resources to perform their duties; the second is to focus on transformation such that historically disadvantaged individuals are offered growth and development opportunities within the Group.

As at the end of the reporting period, the Group employed a total of 2 766 staff in its South African and Namibian operations of which 2 662 were full time, 100 contract and 4 temporary staff. Total employee population by region is tabled below:

	Total employees	
Region	Number	%
Gauteng	1 874	68
KwaZulu-Natal	343	12
Western Cape	182	7
Eastern Cape	140	5
Free State	82	3
Limpopo	49	2
North West	42	1
Mpumalanga	35	1
Namibia	19	1
Total	2 766	100

In addition, the Group utilised the services of approximately 3 000 outsourced staff throughout the reporting period.

The Group monitors the rate of new employee hires and employee turnover by age group, gender and region and is tabled below:

	Employee appointments		Employee turnover	
Rate of employee appointments and turnover by age:	Number	%	Number	%
18 – 28 years	247	34	93	24
28 – 38 years	276	38	151	40
38 – 48 years	133	18	74	19
48 – 58 years	56	8	42	11
58 – 68 years	11	2	21	6
Rate of employee appointments and turnover by gender:	Number	%	Number	%
Male	508	70	249	65
Female	215	30	132	35
Rate of employee appointments and turnover by region, based on average headcount:	Number	%	Number	%
Gauteng	483	67	268	70
KwaZulu-Natal	71	10	26	7
Eastern Cape	56	8	23	6
Western Cape	51	7	16	4
Free State	20	3	15	4
Mpumalanga	19	2	15	4
North West	10	1	10	3
Limpopo	9	1	3	1
Namibia	4	1	5	1
Total	723	100	381	100

OCCUPATIONAL HEALTH AND SAFETY

The directors acknowledge their responsibility to all employees of the Group and the public for compliance with occupational safety and environmental health standards. The Group is committed to reducing workplace accidents and fatalities and promotes compliance with all occupational health and safety legislation. The Group's Code of Business Conduct requires every employee to be aware of the rules and procedures that apply to the workplace.

The Group is in the process of implementing OHSAS 18001 (Occupational, Health and Safety Management System) and thereafter plans to implement ISO 9001 (quality management system) and ISO 14001 (environmental management system) standards which will facilitate the integration of quality, environmental and occupational health and safety management systems.

The Freightpak Division, which submits Quantitative Indicators of Performance (QIP) to the Chemical and Allied Industries Association of South Africa (CAIA), is currently embarking on a project to have its current ISO 9001:2008 accreditation at its Durban branch rolled out to rest of its branches.

Initiatives such as the Driver Training Academy which offers accredited in house driver training has been effective in reducing the risk of injuries and fatalities resulting from road accidents. Accidents and fatalities are however not always within the control of the Group. This year was tarnished by the tragic death of one of the Group's drivers.

The recorded number of injuries, occupational diseases and fatalities for the period under review is tabled below:

	Injuries		Occupational diseases		Fatalities	
Region	Male	Female	Male	Female	Male	Female
Inland	43	6	0	0	1	0
KwaZulu-Natal	4	1	0	0	0	0
Eastern Cape	4	0	0	0	0	0
Western Cape	9	0	0	0	0	0

The Group recognises the effect of HIV/Aids on the transport and logistics industry. In response to this, a clinic at Value City, Tunney, provides primary health care and occupational health services to employees, including confidential and anonymous counselling and assistance on any issue that could impact on productivity and wellbeing.

With the shift in focus towards industry wellness, the National Bargaining Council for the Road Freight Industry negotiated an agreement to provide antiretroviral (ARV) treatment, training and education to road freight industry employees who fall within the Council's registered scope.

National Bargaining Council contributing members testing positive for HIV are afforded the opportunity to enrol onto the treatment programme which is managed by Corridor Empowerment Projects on behalf of Trucking Wellness. The Group has pledged its commitment to employee wellness by arranging for mobile clinics to be stationed at all depots at predetermined dates.

The treatment programme provides for:

- ✓ Free treatment, counselling and support;
- ✓ Managed ARV adherence;
- ✓ A national doctor network;
- ✓ A national counsellor network;
- ✓ A medical panel including specialist physicians, specialist paediatric HIV physicians;
- ✓ Pathology services;
- ✓ A dedicated call centre.

Trucking Wellness Schedule

Trucking Wellness is a programme dedicated to the wellness of those employed in the road freight industry. The programme provides a holistic approach to health and wellness that encompasses a wide range of services through mobile wellness units and road-side centres.

TRAINING AND EDUCATION

The Group continues to analyse the skills gap within the organisation. All staff in conjunction with their superiors complete training needs analysis. This information is utilised to plan core training needs and the reporting requirements of the respective training authorities in the annual Workplace Skills Plan and Annual Training Report.

The average hours of training for the current year per employee by gender and employee category, excluding driver training, learnership and gradute programmes, are tabled below:

	Average hours of training	
Employee category	Male	Female
Professionals and legislators	11	12
Clerks	6	6
Elementary	10	0
Plant and machine operators	13	16
Technicians	5	17
Craft	10	10
Service and sales	8	6

The Group has various training programmes which include the Driver Training Academy, Learnership and Graduate programmes.

Value Group Driver Training Academy:

The Value Group Driver Training Academy, an accredited training provider with TETA as well as SETA, provides drivers with the required level of skills demanded from them. With 4 257 hours invested in driver training, drivers are equipped to deal with the dangers and stress that they are confronted with on our roads. This investment in our drivers is what keeps our drivers committed, passionate and responsible.

Chief Executive Officer Steven Gottschalk handing a trophy to John Tjale, who was the top achiever in the Professional Driving NQF 3 course.

Driver, Simon Msweli, wrote a prayer in the form of a poem that he says everyday, which he shares with his fellow drivers.

Dear God above

Bless this truck I drive, help me keep someone alive. Be my moral sight this day, on the streets where little children play. Bless my helper fast asleep, when the night is long and deep. And keep my cargo safe and sound, through the hours big and round. Make my judgement sound and steel, be my hand upon the wheel. Bless the traveller going past, and teach him not to go so fast. Give me strength for every trip, so I may care for what they ship. And make me mind for every mile, that life is just a little while. Amen

Value Group Learnership Programme:

The Group embarked on a learnership programme in 2008 as part of the overall upskilling, training and development of staff, particularly those from designated groups. Between 2009/2010 and 2010/2011, 275 learners were enrolled onto the Value Group learnership programme. Employees have once again embraced the learning opportunities offered by the learnership which is evident in the enrolment of a total of 181 learners in the 2011/2012 programme which commenced in March 2011.

The average learnership hours for the current year per employee by gender and employee category are tabled below:

	Average learnership hours	
Employee category	Male	Female
Professionals and legislators	256	276
Clerks	294	272
Elementary	296	0
Plant and machine operators	268	0
Craft	276	0
Service and sales	0	272

Sibongile Mabela – Data Capturer added *"I have worked as a cleaner for eight years and never imagined that one day I'll be in an office working as I work now. CEO Steven Gottschalk realised my potential to grow from a cleaner to an office staff member. I grabbed the opportunity with both hands and never looked back. When he introduced me to the learnership programme, I thought I'll never succeed in executing my tasks as required, but my inclusion changed that. I have found myself very confident in my work. I have improved enormously in the way I handled my tasks. The course has given me confidence and the knowledge to understand my work from a business perspective. Thanks to the learnership providers for growing me into who I am today."*

Value Group Graduate Programme:

The Value Group Graduate Programme targets recent graduates with a genuine interest in logistics and in the Group, and a potential to become a future leader within the Group.

By taking part in the programme, graduates obtain valuable new experience related to their job profile and gain a good understanding of the Group itself. Graduates are encouraged to share the knowledge they gain and to take the initiative and contribute to the programme as much as possible. In addition, graduates are set to gain better self awareness and an increased understanding of themselves as members of a team.

The Group has invested in the mentoring of 27 graduates between 2009 and 2011.

Lizanne Harris – Graduate

"I would recommend any eligible individual to partake in Value Group's graduate programme. In short, the programme is fast paced, focuses on relevance and really puts the dynamics of economy and business into perspective. The programme touches on a wide variety of functions in a supply chain industry. After studying for four years, one is exposed to the practical side of logistics in a nutshell. It is not necessary to go into depth at each department. If you like the department you can apply for a permanent position in the department after the programme. I believe that the Group is dynamic and one should be proud to say that they have completed the Value Group Graduate programme."

DIVERSITY AND EQUAL OPPORTUNITY

An Employment Equity Plan enables the Group to achieve progress towards employment equity, to assist in eliminating unfair discrimination in the workplace and to achieve equitable representation of employees from designated groups by means of affirmative action measures. The Group is a 'designated employer' and has designed and implemented an Employment Equity Plan which is monitored and implemented in line with the Department of Labour's Code of Good Practice on the Preparation, Implementation and Monitoring of Employment Equity Plans.

The Group's Employment Equity committee is responsible for the following:

- ✓ Training and development – addresses scarce and critical skills, training needs analyses, and performance appraisals;
- ✓ Employee wellness – addresses and focuses on projects relating to wellness and health including HIV/Aids awareness;
- ✓ Recruitment and selection – addresses the interview process and assessment of possible candidates;
- ✓ Communication – ensures that all members of the Group are kept informed on all related issues.

An Employment Equity education programme has been rolled out across the Group, ensuring all employees understand the provisions contained within the Employment Equity Act. The education programme is further enhanced by the provision of Employment Equity and Basic Conditions of Employment notices placed at all branches in strategic and accessible areas to aid the information and education process.

The number of employees per category, gender and diversity are tabled below:

Employee category	Male				Female				Foreign nationals		Total employees
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	1	0	1	8	0	0	0	4	0	0	14
Senior management	0	0	0	9	1	0	0	5	0	0	15
Professionals and middle management	22	9	18	115	1	0	9	63	2	0	239
Junior management and supervisors	322	65	82	231	83	44	39	260	0	1	1 127
Semi-skilled	1 000	38	34	13	112	33	20	50	0	0	1 300
Unskilled	56	2	0	1	8	0	0	0	0	0	67
Total permanent employees	**1 401**	**114**	**135**	**377**	**205**	**77**	**68**	**382**	**2**	**1**	**2 762**
Temporary employees	1	0	1	2	0	0	0	0	0	0	4
Total employees	**1 402**	**114**	**136**	**379**	**205**	**77**	**68**	**382**	**2**	**1**	**2 766**

** Total permanent employees includes 100 contract staff*

Champion Tour to the people

COMMUNITY

The Group acknowledges its corporate social responsibility and has a balanced approach to address economic, environmental and social issues in ways that aims to benefit people, communities and society.

Stationery project boosts education

The Group has once again embarked on its national school supplies project. This project is aligned to our continued efforts to support and promote the upliftment of the poorest communities.

More than 30 000 children have benefited from the project to date. Value Group staff handed out the stationery packs to delighted children at Lotanang Primary School, Mariphu Primary School, Reagile Primary School, Dowling Primary School and the Gnobane Intermediate School. The team was rewarded with the joy and gratitude expressed by the scholars and educators who applauded our efforts.

The Group will continue to support this project and believes that every child has a right to the appropriate tools to reward their enthusiasm and interest in being educated.

Value helps bring the Champion Tour to the people

The Group went on an epic journey across the country with the South African Rugby's Champion Tour. A custom-built 22 metre trailer became a giant mobile trophy cabinet housing 12 of the rugby world's most treasured trophies. The Group provided the vehicle, two drivers and routing support. The Group's 24 hour control centre tracked the vehicle and the valuable trophies day and night.

The vehicle made 116 stops of which 50 were at underprivileged schools. The Group ran a programme promoting drug awareness education at these underprivileged schools. Coaching clinics at rural schools were also set up to promote a healthy lifestyle.

Value's truck with a heart

The Walter Sisulu Paediatric Cardiac Centre for Africa cares for indigent cardiac babies and children. The centre celebrated the opening of the Sheika Al Jalila House. The Group donated a truck to move furniture from many donors to the House before the official opening.

Helping hand in fight to protect our animals

SANParks Honorary Rangers is a group of volunteers whose objective is to assist SANParks in whatever way they can. One of the fund-raising projects is the placing of money collection tins in national parks, shops and elsewhere throughout the country to raise funds for the protection of animals.

Cartons containing new collection tins needed to be transported to Komatipoort, Nelspruit, Port Elizabeth and Upington. The Group agreed to ship the cartons free of charge utilising the Value infrastructure.

Donating the gift of life

As part of the Group's blood donation drive, the South African National Blood Services (SANBS) team visits our Value City premises every three months to assist staff to make their valuable donations.

Algoa FM charity golf day

Algoa FM, the Eastern Cape radio station hosted a charity day at the East London Golf Club in aid of a local charity known as the Workbench, an organisation that cares for the disabled and provides work opportunities. To contribute to this event, the Group sponsored the 10th green.

The preferred logistics provider for the Soccer World Cup

Angels Walking For Cancer

More than 5 000 walkers, including Value staff, participated in the recent Angels Walking for Cancer Day at the Johannesburg Zoo. Angels Walking is in its third year and is a fundraising concept where walkers raise money for cancer education.

Value East London supports local soccer talent

The Group was the proud supporter of a local football challenge in Buffalo City, being 1 of 32 corporate sponsors that each adopted a local rural football team with the aim of developing local talent. The Group chose Birmingham City from Duncan Village, East London, as its team. Birmingham City made history as they were crowned champions of the inaugural Buffalo City Corporate Football Challenge (BCCFC).

Greening the stadium for Soccer World Cup

When the 2010 FIFA Soccer World Cup players ran out onto the field at the Nelson Mandela Bay Stadium in Port Elizabeth, the Group felt proud that it had played a role in ensuring that the lawn was of world-class standard. Instant lawn, forming the vital playing field for eight games during the tournament had to be delivered in time by the Group.

The Group was identified as the preferred logistics provider for the Soccer World Cup national Trophy Tour.

CORRUPTION

The Group is uncompromisingly opposed to corruption. Value Group does not offer, pay or accept bribes in its dealings in the marketplace and does not tolerate any such activity by its employees. All divisions in the Group are continually assessed for corruption related risks. An active fraud plan is in place and is administered by internal audit. All instances of fraud are investigated.

In an effort to minimise fraud and corruption, the Group has secured the services of Whistle Blowers, an independent information gathering company, to whom the Group employees, its contractors, suppliers and customers, can report illicit activity without fear of victimisation. The whistle-blowing mechanism ensures that all reports are dealt with at the highest level and that the identity of whistleblowers remains anonymous. The toll-free number is 0800 22 32 27.

CUSTOMER HEALTH AND SAFETY

In high-risk operations, such as transporting hazardous products, health and safety is managed by professionally staffed departments where specific procedures have been implemented to protect employees and the public from exposure to hazardous substances. The Freightpak division within the Group is most impacted by health and safety due to the hazardous nature of the chemicals warehoused and distributed by the division.

The Freightpak Durban warehouse has been built on a three stage catch basin arrangement which is in accordance with *South African National Standard specifications* in SANS 10263: The Warehousing of Dangerous Goods.

Freightpak is compliant with the transportation of dangerous goods as regulated by the National Road Traffic Act (NRTA) and incorporated *South African National Standard specifications* including SANS 10231: Transport of dangerous goods – Operational requirements for road vehicles.

Compliance requirements include:

- ✓ Specially trained, qualified, medically approved permit holding drivers;
- ✓ Vehicles configured, equipped and licensed for the transportation of dangerous goods;
- ✓ Vehicle compliance with SANS 1518: Design requirements for road tankers;
- ✓ Vehicle inspections;
- ✓ Loading practices in accordance with SANS 10187: Load securement on vehicles;
- ✓ Set routes, planned stopping areas, tracking of vehicles, pre-trip and on route checks.
- ✓ Emergency preparation including on road emergency procedures and liaison with on route emergency services;
- ✓ Required documentation including tremcards and dangerous goods declarations;
- ✓ Cleaning of tankers by compliant and licensed tanker cleaning services;
- ✓ Insurance for environmental cleanup and rehabilitation.

For the Group, compliance is essential for minimising on route incidents which could have a direct impact on the environment, health and safety of communities. The above requirements do however increase consumption of resources such as wood, plastics and metals.

COMPLIANCE

Fines and penalties are reported by the Group regardless of size or significance. The Group's traffic fines department investigates the nature and amount of all traffic fines incurred and redirect where appropriate on an ongoing basis. Traffic fines incurred before recoveries for the current year amounted to R214 000 compared to R346 000 for the prior year.

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SHAREHOLDERS' INFORMATION

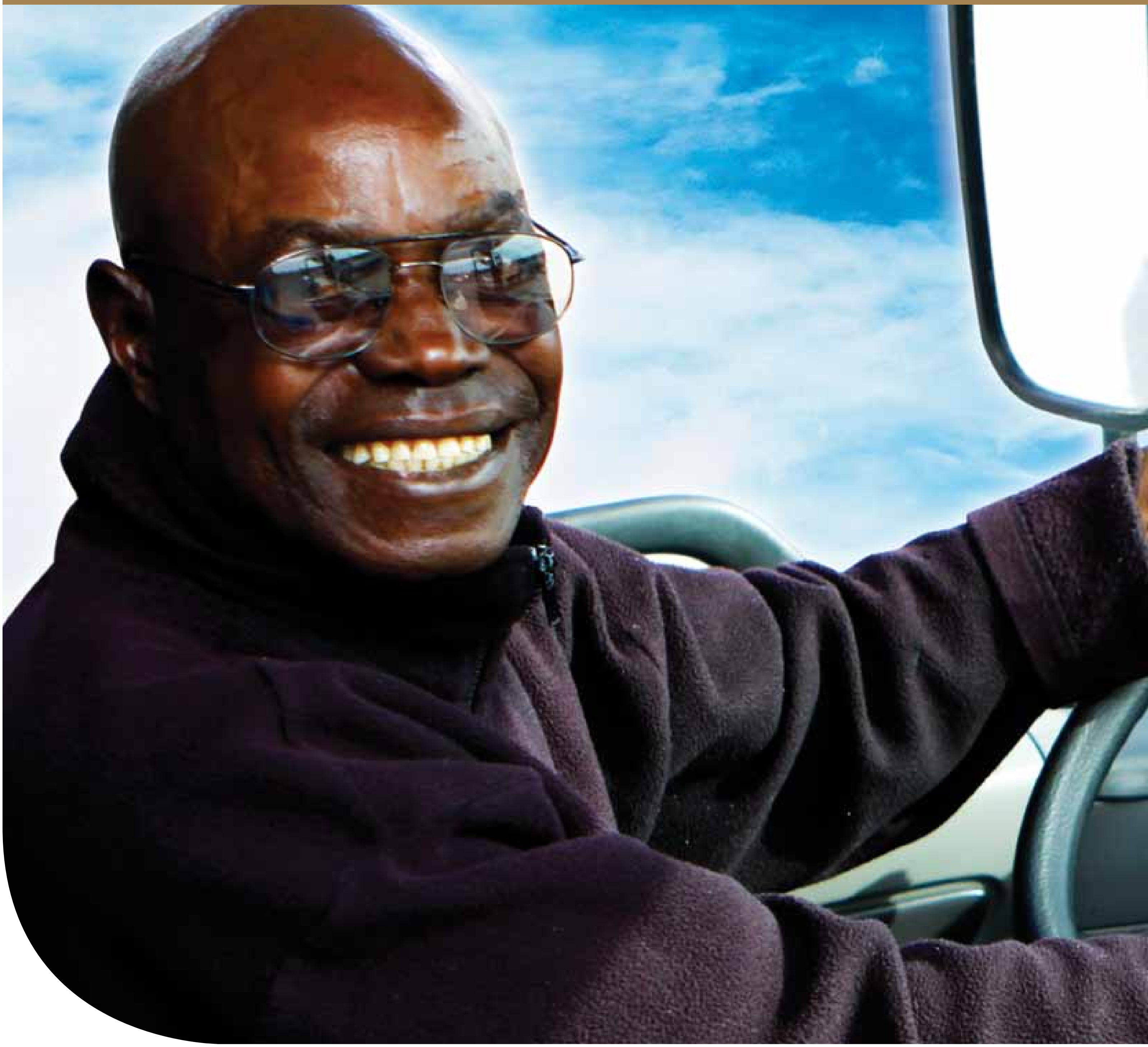
for the year ended 28 February 2011

ORDINARY SHARES – LISTED	Number of shareholders	%	Number of shares	%
Non-public shareholders				
Directors	5	0,30	2 551 370	1,28
Value Group Share Incentive Trust	1	0,06	1 740 000	0,88
Diplobuzz Investments (Pty) Limited	1	0,06	6 257 406	3,15
Kacilo Trust	1	0,06	9 007 403	4,54
Value Logistics Limited	1	0,06	11 066 492	5,57
Opsiweb Investments (Pty) Limited	1	0,06	14 600 614	7,35
Delfan Trust	1	0,06	85 175 633	42,88
	11	0,66	130 398 918	65,65
Public shareholders				
Individuals and other	1 646	99,34	68 228 468	34,35
	1 657	100,00	198 627 386	100,00
Residency				
South African	1 619	97,71	194 828 657	98,09
Foreign	38	2,29	3 798 729	1,91
	1 657	100,00	198 627 386	100,00
Holdings				
1 to 1 000	967	58,36	349 716	0,18
1 001 to 5 000	386	23,29	1 029 550	0,52
5 001 to 10 000	105	6,34	848 076	0,43
10 001 to 50 000	102	6,16	2 327 268	1,17
50 001 to 100 000	24	1,45	1 904 928	0,96
over 100 000 shares	73	4,40	192 167 848	96,74
	1 657	100,00	198 627 386	100,00

	2011	2010
Share information		
Market price per share (cents)		
– at year-end	**380**	350
– highest	**396**	360
– lowest	**335**	241
Volume of shares traded (000)	**24 146**	21 764
Rand value of shares traded (R'000)	**89 195**	67 681
Number of shares in issue (000)	**198 627**	194 436
Volume traded as a percentage of total shares in issue (%)	**12,2**	11,2

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 of objective criteria set by the board will qualify as participants in the employee empowerment scheme.



GOVERNANCE

– CORPORATE GOVERNANCE REPORT

Introduction

Value Group and its subsidiaries ("the Group") are fully committed to the principles of openness, fairness, integrity, accountability, transparency and social responsibility to safeguard the interest of the Group and all its shareholders and investors. The Group is committed to conduct its business in accordance with sound corporate governance practices and to balance this with the need to achieve sustainable return on shareholders' investments. The board is of the opinion that the Group complies, in all material respects and unless otherwise indicated below, with the principles contained in the King Code on Governance Principles ("the Code") forming part of the King Report on Corporate Governance for South Africa, 2009 ("King III") and the JSE Listings Requirements.

Board of directors

The board is the focal point for corporate governance and responsible to set the tone for ethical leadership throughout the organisation. It is responsible to shareholders and stakeholders for sustainable performance of the Group. The board takes overall responsibility for the success and prosperity of the Group. The board's role is to exercise sound leadership and judgement in directing the Group to achieve sustainable growth, having due consideration to a balanced financial, social and environmental performance, and taking into account the legitimate expectations of its stakeholders in making decisions in the best interest of the Group. An approved board charter forms the basis of the board's activities which are also aligned with an annual work plan.

Value Group Limited has a board which comprises six directors. Of these, three are non-executive directors, of which two are independent of management and free from any business or other relationships which could materially interfere with the exercise of their independent judgement. During the year, Dr M Phosa was appointed as a non-executive director with effect from 11 May 2010 having previously been an executive director. The board has for some time recognised the need for more independent directors and will continue to seek further independent non-executive directors with the aim of obtaining a majority of non-executive directors. The roles of chairman and chief executive are separate, each with clearly defined roles and responsibilities.

To avoid conflict of interest, board members must disclose their interest in material contracts involving the Group. Board members must recuse themselves when participating in deliberations or decision-making process that could in any way be affected by vested interests.

A self-assessment of the performance of the board and its committees was done following the year end and the results thereof were considered in order to identify areas for improvement.

To facilitate continuity of the board, one third of directors, excluding the CEO, retire by rotation at each annual general meeting and their re-appointment is subject to shareholders' approval. The directors retiring by rotation are Messrs M Padiyachy and CD Stein. All directors, excluding the CEO, are subject to retirement and re-election by shareholders every second year. All directors are subject to election by shareholders at the first opportunity after their initial appointments.

Details of the directors in office as at 28 February 2011, appear on pages 6 and 7 of this report.

Board meetings

Board meetings are held at least quarterly, with additional meetings called where circumstances necessitate. The attendance of directors at board meetings during the past financial year is disclosed below:

Number of meetings held	6
Directors	**Meetings attended**
CD Stein	5
IM Groves	6
SD Gottschalk	6
NM Phosa	3
CL Sack	6
M Padiyachy	6

Company secretary

All directors have access to the advice and services 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 Ms Elize Lensley, was appointed as company secretary during the period under review. Contact details of the secretary are disclosed on page 103.

Board committees

To assist the board to properly discharge its duties and responsibilities, and to ensure good corporate governance, the board has established several committees to which certain of the board's duties have been delegated. The board has an audit, remuneration and nomination committee. All these committees operate under 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.

Although the board delegates certain functions to these committees, it retains ultimate responsibility for their activities.

The audit and risk committee

The audit and risk committee is critical to ensuring the integrity of integrated reporting and practices, financial reporting, risk management and internal controls. The members of the audit and risk committee are Mr IM Groves (Chairman) and Mr CD Stein. The audit and risk committee members are suitably skilled and experienced independent non-executive directors. The audit and risk committee has noted the recommendation in King III that the chairman of the board should not be eligible for appointment as an audit committee member, but may attend the audit committee meetings by invitation. Meetings are attended by invitees, including the chief executive officer, financial director, executive directors, external auditor, internal auditor and company secretary.

The audit and risk committee recognises the need to align the interest of the Group with those of all of its stakeholders.

The functions and responsibilities of the committee are varied and include:

- considering and nominating to the board, the appointments and/or termination of the external auditors, including an assessment of their performance, independence and objectivity;
- determining the audit fee of the external auditors;
- considering and setting mandatory term limits on the period that the lead audit partner of the external auditors may serve the Group;
- determining the nature, scope and extent of audit and any non-audit services which the external auditors may provide to the Group;
- viewing and ensuring that adequate risk management strategy and internal controls are in place, through consultation with internal and external auditors;
- reviewing half-year interim results and annual financial statements before submission to the board;
- satisfying itself regarding the experience and expertise of the Group's financial director;
- receiving and dealing appropriately with any complaints relating to the accounting practices and internal audit of the Group, or to the content or auditing of its financial statements, or to any related matter;
- considering and recommending to the board the need to engage external assurance providers to provide assurance on the accuracy and completeness of integrated sustainability reporting;
- performing any other functions as may be determined by the board;
- undertaking the prescribed functions (in terms of section 94(7) of the Companies Act 71 of 2008 on behalf of the company and all subsidiary companies;
- overseeing internal audit;
- assisting the board on the going concern statement;
- considering information technology risks and controls, business continuity and data recovery related to IT, and information security and privacy;
- reviewing fraud risk and whistle-blower arrangements and consider any complaints; and
- establishing that management is adhering to, and continually improving, internal controls.

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 satisfied itself with the appropriateness of the experience and expertise of the executive financial director as required in terms of the JSE Listings Requirements.

The audit and risk committee is satisfied that both 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.

The audit and risk committee also considered and satisfied itself that the Group's external auditors are registered on the JSE register of auditors as contemplated in paragraph 3.86 of the JSE Listings Requirements.

Pre-approved non-audit related services do not exceed 10% of the total Value Group audit fee agreed by the audit committee for the financial year in question.

The chairman of the audit and risk committee is present at the annual general meeting of the shareholders, to answer questions on the audit committee's activities and matters within the scope of the audit committee's responsibilities. The external auditors also attend the annual general meeting of shareholders.

Audit and risk committee meetings are held at least quarterly, with additional meetings called where circumstances necessitate. The attendance of the audit and risk committee members is disclosed below:

Number of meetings held	4
Members	Meetings attended
IM Groves	4
CD Stein	3

The remuneration and nomination committee

The remuneration and nomination committee comprises of the independent non-executive directors, Messrs CD Stein and IM Groves. The chief executive officer, Mr SD Gottschalk and the divisional director: commercial and human resources attend meetings of the committee by invitation. The remuneration and nominations committee determines, reviews and develops the general policy for executive directors and senior management remuneration for approval by the board. The objective is to ensure that remuneration is fair and appropriate to attract, retain and motivate individuals of high caliber 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. Non-executive directors' remuneration is considered and recommended by the executive directors, with reference to external, independent benchmarks. The remuneration and nomination committee also nominates, evaluates and recommends possible new appointments to the board. 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.

The attendance of the remuneration committee members is disclosed below:

Number of meetings held	1
Members	Meetings attended
IM Groves	1
CD Stein	1

The non-executive directors' emoluments recommended by the remuneration committee and executive directors for approval by shareholders by way of a special resolution are set out in the notice of the annual general meeting forming part of this report. Remuneration of executive directors in their capacities as executive members of the management team as approved by the remuneration committee are fully disclosed in note 14 to the financial statements.

Accountability and audit

The board recognises its responsibility for ensuring that appropriate internal control systems are implemented and maintained to achieve the objectives of safeguarding the Group's assets, preventing and detecting error and fraud, ensuring the accuracy and completeness of accounting records, and preparing reliable financial statements.

The board is committed to comply with all relevant statutes, the JSE Listings Requirements and International Financial Reporting Standards. The directors are responsible for providing and maintaining adequate accounting records in order to report accurately on the financial position of the Group. Financial systems and controls are implemented across the Group to meet this responsibility. The external auditors, Charles Orbach & Company, express an independent opinion on the fair presentation of these financial statements. The external auditors were given full access to all accounting records, minutes of all meetings, directorate and management in order to express their opinion.

The Group's internal accounting controls and systems are designed to provide reasonable but not absolute assurance as to the integrity of the Group's financial statements and to safeguard, verify and maintain accountability for all its assets. Internal auditors monitor the operation of the internal controls and systems and report their findings and recommendations to management, the audit committee and the board. Corrective actions are taken to address control deficiencies and where other opportunities present themselves for improving the systems as they are identified. The board, operating through its audit committee, provides supervision of the financial reporting process and internal control systems.

In respect of internal control and an internal audit, the audit committee reviews and approves the terms of reference for internal audit, the audit plans, and evaluates the independence, effectiveness and performance of the internal audit function, and compliance with its mandate. The Group and management encourage regular co-ordination and consultation between external and internal auditors to ensure an efficient audit process.

The Group has an independent audit department. The Group's internal audit manager has direct unlimited access to the chairman of the audit committee and the CEO and reports directly to the Group's financial director for day to day matters. The internal audit manager attends all audit committee meetings, and submits a report to each audit committee meeting. The internal audit department focuses on adding value to the Group. The emphasis of its work is on adherence to Group policies and procedures, prevention of theft and fraud, and production of quality management information and risk management. Internal audit department performs independent evaluations of the adequacy and effectiveness of the Group's controls, financial reporting mechanisms and records, information systems and operation and provides additional assurance on safeguarding Group assets and financial information.

Risk management

The board is committed to efficient and effective risk management, and remains ultimately responsible for risk management. The board acknowledges that risk management is inseparable from the Group's strategic and business processes, and has recognised the increased importance of efficient risk management as envisaged by the King III report. The audit committee is an integral component of the risk management process focusing on financial reporting and risk, review of internal financial controls, fraud risks, information technology risks, reviews significant issues raised by the internal audit process and reviews policies and procedures for preventing and detecting fraud. Internal audit provides independent assurance on the risk management process.

The board is of the opinion that the effectiveness of the risk management process to date has been efficient and effective. The Group has, and maintains, an efficient and effective process of risk management to manage, identify, assess and monitor all significant risks to which the business of the Group is exposed. This includes identifying the strategic risks, reviewing their impact, assessing the probability of occurrence, and monitoring the perceived effectiveness of existing controls. The risk management process further includes an evaluation of the mitigating controls and other assurances in identifying and assessing the risk. The board is not aware of any key risk current, imminent or forecast that may threaten the sustainability of the Group.

The internal audit department assists the board in its responsibility to review and assess the integrity and quality of risk control systems, and ensure that risk policies and strategies are effectively managed, for which a Group risk management matrix has been compiled and is regularly updated. The internal audit department also assists the board in ensuring that risk assessment is an ongoing process, and that a formal risk assessment is undertaken at least biannually. The Group's annual internal audit plan incorporates the outcomes of the risk management process and what has been done to mitigate the risk. The internal audit plan is based on a risk based audit approach. Risks are monitored, reported upon and discussed on a regular basis in the audit committee meetings.

The Group is managed through a system of controls functioning throughout the Group so that awareness of risk is seen as the responsibility of each and every employee of the Group. Risk is assessed on an ongoing basis. Management is responsible for implementing the risk management process. Risk management is embedded in the Group and practised daily by staff.

Going concern

The directors are of the opinion that the business of the Group will be a going concern in the year ahead. The board's statement regarding this is contained in the directors' responsibility statement on page 46.

Corporate code of conduct

The Group has a formal code of conduct that has been adopted by the board of directors. The code is consistent with the principles of integrity, honesty, ethical behaviour and compliance with all laws and regulations.

All employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which is beyond reproach. The code is also aligned with a corporate gifts policy. The policy embraces the Prevention and Combating of Corrupt Activities Act of 2004, defines categories of gifts and prescribes the approvals required. Over the past few years there has been an aggressive and active drive by the internal audit department to reinforce the Group's code of conduct and the ethics of the Group with the introduction of a zero tolerance policy towards fraud and theft.

An external whistle-blowing facility was implemented during the financial year. To date, no reports have been received via this facility.

Price sensitive information and closed period

The Group has approved written policies on directors dealing in securities. These require all directors who wish to deal in Value's shares to obtain prior written clearance from either the chairman or the chief executive officer. The same restriction applies to the Group company secretary.

The Group adheres to the closed periods as defined in the JSE's Listings Requirements. All dealings in Value Group Limited shares by Group directors and the Group company secretary are reported to the JSE news service (SENS) within 48 hours of the trade having been made. The Group company secretary retains a record of all such share dealings and approvals.

ANNUAL FINANCIAL STATEMENTS

- DIRECTORS' RESPONSIBILITIES AND APPROVAL
- REPORT OF THE INDEPENDENT AUDITORS
- CERTIFICATE BY COMPANY SECRETARY
- DIRECTORS' REPORT
- STATEMENTS OF FINANCIAL POSITION
- STATEMENTS OF COMPREHENSIVE INCOME
- STATEMENTS OF CHANGES IN EQUITY
- STATEMENTS OF CASH FLOW
- NOTES TO THE ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company and the Group 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 financial statements.

The 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 Group 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 Group's business is 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 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 2012 and, in light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's financial statements. The financial statements have been examined by the Group's external auditors and their report is presented on page 47.

The financial statements set out on pages 49 to 93, which have been prepared on the going-concern basis and fairly present the state of affairs of the Group, were approved by the board on 12 August 2011 and were signed on its behalf by:

CD Stein
Chairman

SD Gottschalk
Chief executive officer

To the members of

VALUE GROUP LIMITED

We have audited the group annual financial statements and annual financial statements of Value Group Limited, which comprise the consolidated and separate statements of financial position as at 28 February 2011, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 93.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 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 principles 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Value Group Limited as at 28 February 2011, 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 in the manner required by the Companies Act of South Africa.

Partner: EL Steyn
Registered Auditor

Johannesburg
12 August 2011

CERTIFICATE BY COMPANY SECRETARY

In our capacity as company secretary, we hereby confirm in terms of the Companies Act of South Africa, that for the year ended 28 February 2011, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

E Lensley
for: iThemba Governance and Statutory Solutions (Pty) Limited

12 August 2011

for the year ended 28 February 2011

The directors have pleasure in submitting their report together with the annual financial statements for the year ended 28 February 2011.

NATURE OF THE BUSINESS

Value Group Limited is a holding company and operates principally in South Africa. Its shares are listed on the JSE Limited ("JSE"). Subsidiary companies provide a comprehensive range of tailored logistical solutions throughout southern Africa. The major operating divisions specialise in providing a diversified range of supply chain services, which encompass distribution, transport, clearing and forwarding, warehousing, fleet management, forklift and commercial vehicle rental and leasing.

FINANCIAL RESULTS

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

Turnover increased by 17,5% from R1,352 billion to R1,588 billion. Gross profit increased by R99,6 million to R696,4 million with gross profit percentages being maintained at 44%.

Net profit before tax, which includes a once-off BEE equity transaction cost of R12,2 million, increased by 7% from R128,6 million to R137,6 million.

Headline earnings increased by 7% from 52,4 cents per share to 56,2 cents per share. Excluding the once-off BEE equity transaction cost, adjusted headline earnings increased by 21% from 52,4 cents per share to 63,3 cents per share.

Further commentary on the financial results is provided in the chairman's statements and chief executive officer's report.

AUTHORISED AND ISSUED SHARE CAPITAL

During the year, the Group issued 14 600 614 shares to a company controlled by Dr NM Phosa and 6 257 406 shares to a company controlled by Mr M Padiyachy at R3,50 per share in terms of a BEE ownership transaction. In order to hedge against current and future dilution of earnings as a result of the BEE ownership transaction, the Group repurchased 16 666 667 ordinary shares at R3,60 per share from qualifying shareholders.

The movement on the issued ordinary share capital account for the year was as follows:

	2011 Number of shares	2010 Number of shares
Balance at beginning of year	**194 436 033**	194 436 033
Shares issued	**20 858 020**	–
Share buy-back – shares cancelled	**(16 666 667)**	–
Balance at end of year	**198 627 386**	194 436 033

In addition, 10 429 010 A ordinary shares were created and issued at 0,1 cent each to the Value Group Empowerment Trust, an employee empowerment scheme which places up to 5% of the Group's shares in the hands of qualifying black employees. The A ordinary shares will rank *pari passu* with existing ordinary shares in respect of voting rights but do not participate in shareholder distributions of Value Group.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Current approved capital expenditure amounts to R42,7 million of which R5,6 million relates to the investment in IT infrastructure. The capital expenditure will be funded by interest-bearing debt and operating cash flows.

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

DIRECTORS' INTEREST IN SHARE CAPITAL OF THE COMPANY

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

DIRECTORS' REMUNERATION

Details of the remuneration paid to directors of the company for the current financial year is tabled in note 14.

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 14, 23 and 30.

SHARE INCENTIVE SCHEMES

The Value Group Share Incentive Scheme owns 1 740 000 (2010: 2 267 197) ordinary shares in Value Group Limited. These shares represent 0,9% (2010: 1,2%) 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 28.

DIVIDENDS

Dividend number 8 of 6 cents per share was declared on 20 October 2010 and paid on 24 January 2011 to shareholders registered on 14 January 2011.

Dividend number 9 of 12 cents per share was declared on 10 May 2011 and paid on 4 July 2011 to shareholders registered on 24 June 2011.

DIRECTORATE AND SECRETARY

The names of the directors in office at the date of this report are set out on pages 6 and 7.

In terms of the company's articles of association, Messrs M Padiyachy and CD Stein will retire from office at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Mrs JC Nel resigned as secretary of the company on 31 March 2010. Mr CL Sack was appointed interim secretary of the company on 31 March 2010 and resigned on 5 August 2010.

On 6 August 2010, iThemba Governance and Statutory Solutions (Pty) Limited, represented by Ms Elize Lensley, was appointed as company secretary. Contact details of the secretary are disclosed on page 103.

INTEREST IN SUBSIDIARIES

Details of the company's subsidiaries are tabled in note 31.

The company's interest in the after tax income of the subsidiaries amounted to R94,1 million (R91,4 million).

STATEMENTS OF FINANCIAL POSITION

at 28 February 2011

	Notes	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
ASSETS					
Non-current assets		864 931	736 026	82 810	72 570
Property, vehicles, plant and equipment	2	828 456	704 506	—	—
Intangible assets	3	31 611	25 716	—	—
Investments and loans	4	1 007	2 518	82 810	72 570
Deferred tax	5	3 857	3 286	—	—
Current assets		370 010	328 047	—	—
Inventories	6	68 260	43 250	—	—
Investments and loans	4	2 617	—	—	—
Trade and other receivables	7	218 857	179 915	—	—
Taxation in advance		100	—	—	—
Cash and cash equivalents	8	80 176	104 882	—	—
Non-current assets held for sale	9	20	152	—	—
Total assets		1 234 961	1 064 225	82 810	72 570
EQUITY AND LIABILITIES					
Equity		502 774	485 006	82 666	72 452
Share capital and premium	10	10 851	194	10 851	194
Retained income		578 625	512 389	59 623	72 258
Share-based payment reserve		13 623	746	12 192	—
Treasury shares		(100 325)	(28 323)	—	—
Non-current liabilities		315 212	209 432	—	—
Interest-bearing borrowings	11	194 963	98 375	—	—
Deferred tax	5	120 249	111 057	—	—
Current liabilities		416 975	369 787	144	118
Trade and other payables	12	317 202	283 368	—	—
Current tax payable		15 587	13 051	—	—
Current portion of interest-bearing borrowings	11	84 042	73 250	—	—
Shareholders for dividend		144	118	144	118
Total equity and liabilities		1 234 961	1 064 225	82 810	72 570

for the year ended 28 February 2011

		GROUP		COMPANY	
	Notes	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Revenue	13	1 588 315	1 351 611	—	–
Cost of sales		(891 874)	(754 764)	—	–
Gross profit		696 441	596 847	—	–
Other income		4 379	4 637	—	–
Operating expenses		(546 597)	(459 112)	(13 212)	–
Operating profit	14	154 223	142 372	(13 212)	–
Write-up of loan to Value Group Share Incentive Scheme		—	–	389	2 172
Share of profit/(loss) of associate net of taxation		11	(13)	—	–
Investment income	15	17 715	17 412	31 549	40 620
Finance costs	16	(34 370)	(31 167)	—	–
Net profit before taxation		137 579	128 604	18 726	42 792
Taxation	17	(43 468)	(37 234)	—	–
Net profit for the year		94 111	91 370	18 726	42 792
Other comprehensive income net of taxation		—	–	—	–
Total comprehensive income for the year		94 111	91 370	18 726	42 792
Earnings per ordinary share (cents)	18				
– basic		54,5	50,8		
– headline		56,2	52,4		
– diluted basic		56,4	50,3		
– diluted headline		58,0	51,9		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Share capital and premium	10 851	194	10 851	194
Balance at beginning of year	194	194	194	194
Shares issued	73 013	—	73 013	—
Share issue expenses	(2 356)	—	(2 356)	—
Share buyback	(60 000)	—	(60 000)	—
Retained income	578 625	512 389	59 623	72 258
Balance at beginning of year	512 389	461 689	72 258	70 298
Transfer from share-based payment reserve	253	284	—	—
Total comprehensive income for the year	94 111	91 370	18 726	42 792
Net profit for the year	94 111	91 370	18 726	42 792
Other comprehensive income for the year	—	—	—	—
Loss on disposal of treasury shares	(120)	(3 244)	—	—
Dividends paid	(28 008)	(37 710)	(31 361)	(40 832)
Share-based payment reserve	13 623	746	12 192	—
Balance at beginning of year	746	772	—	—
Share-based payment expense	13 130	258	12 192	—
Transfer to retained income	(253)	(284)	—	—
Treasury shares	(100 325)	(28 323)	—	—
Balance at beginning of year	(28 323)	(32 746)	—	—
Treasury shares sold	1 011	4 423	—	—
Treasury shares acquired	(73 013)	—	—	—
Total capital and reserves	502 774	485 006	82 666	72 452

for the year ended 28 February 2011

	Notes	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Cash flows from operating activities		**133 450**	166 049	**(806)**	(170)
Cash generated from operations	19.1	210 810	249 233	(1 020)	–
Investment income		17 403	17 412	31 549	40 620
Finance costs		(34 370)	(31 167)	—	–
Taxation paid	19.2	(32 411)	(31 761)	—	–
Dividends paid	19.3	(27 982)	(37 668)	(31 335)	(40 790)
Cash flows from investing activities		**(204 071)**	(134 109)	**63 162**	170
Purchase of property, vehicles, plant and equipment		(234 976)	(155 986)	—	–
Purchase of intangible assets		(14 593)	(14 246)	—	–
Proceeds on disposal of property, vehicles, plant and equipment		2 546	735	—	–
Proceeds on disposal of non-current assets held for sale		540	998	—	–
Proceeds on disposal of rental assets		43 351	34 437	—	–
Increase in investments and loans		(939)	(347)	—	–
Proceeds on disposal of investments and loans		—	300	—	–
(Increase)/decrease in loans receivable		—	–	63 162	170
Cash flows from financing activities		**45 915**	(38 461)	**(62 356)**	–
Share buyback		(60 000)	–	(60 000)	–
Share issue expenses		(2 356)	–	(2 356)	–
Increase/(decrease) in loans		107 380	(39 640)	—	–
Proceeds on disposal of treasury shares		891	1 179	—	–
Net change in cash and cash equivalents		**(24 706)**	(6 521)	**—**	–
Cash and cash equivalents at beginning of year		**104 882**	111 403	**—**	–
Cash and cash equivalents at end of year		**80 176**	104 882	**—**	–

1. PRESENTATION OF FINANCIAL STATEMENTS

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

These accounting policies are consistent with the previous year.

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:

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. Deferred tax assets are recognised on secondary tax on companies ("STC") credits only to the extent it is probable that future dividends will utilise these credits.

Trade receivables, loans receivable and other receivables

The Group assesses its trade receivables, loans receivable and other receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, 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 the directors 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 used 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 28.

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.

1.2 **Business combinations, consolidation and goodwill**

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

Intercompany transactions are eliminated on consolidation.

Goodwill is initially measured at cost, being the excess of the business combination 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.

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 is 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.

There have been changes in accounting estimates relating to the useful lives of some of the categories of assets. Furniture and fittings which are included in office furniture and equipment, now have a maximum estimated useful life of 15 years. Previously the maximum estimated useful life of furniture and fittings was 6 years. IT equipment, which up until 2010 had an estimated useful life of 3 years, now has an estimated useful life of 5 years.

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

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

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

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

1.4 **Full maintenance lease assets**

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

The cost of full maintenance lease assets include 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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every year end.

Re-assessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, customer lists and items similar in substance are not recognised as intangible assets.

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	3,5 to 5 years

During the current financial year there was a change in the accounting estimate relating to the useful life of the IT software (excluding the JD Edwards computer software previously re-estimated to 3,5 years) from 3 years to 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
- Financial assets at fair value through profit or loss – designated
- Held-to-maturity investment
- Loans and receivables
- Available for sale financial assets
- Financial liabilities at fair value through profit or loss – held for trading
- Financial liabilities at fair value through profit or loss – designated
- 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 at fair value through profit or loss, classification is re-assessed on an annual basis.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term are reclassified out of that category if the asset met the definition of loans and receivables and the Group has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications are made into or out of the fair value through profit or loss category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables is reclassified to loans and receivables if the Group has the intention and ability to hold the asset for the foreseeable future or until maturity.

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. Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets. For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss. Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include/exclude dividends and interest.

Dividends income is recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

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, 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.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

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.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

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 made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Fair value determination

The fair values of quoted investments are based on current bid prices. 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.

Impairment losses are reversed in subsequent periods when an increase in the loan'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 loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

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 the statement of comprehensive income 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 the statement of comprehensive income.

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, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. These are initially and subsequently recorded at fair value.

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

Bank overdraft and borrowings

Bank overdrafts and 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.

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.

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 statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

1.7 Inventories

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

Property, vehicles, plant and equipment that are held for rental to others, and are routinely sold, are transferred to inventory at their carrying amount when they cease to be rented and become held for sale on which date depreciation ceases.

Fuel and maintenance spares are measured at the lower of cost and net realisable value on the first-in first-out basis. Forklifts 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 where 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 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 statement of financial position 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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

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.

1.11 Share-based payments

Share options granted before 7 November 2002 and vested before 1 January 2005

No expense is recognised in respect of these options.

Share options granted after 7 November 2002 and vested after 1 January 2005

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 has been 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 statement of financial position 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.

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 statement of financial position 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 and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised and future dividends will be declared against which unused STC credits 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 statement of financial position 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.

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the Group:

– has a detailed formal plan for the restructuring, identifying at least:
  – the business or part of a business concerned;
  – the principal locations affected;
  – the location, function and approximate number of employees who will be compensated for terminating their services;
  – the expenditures that will be undertaken; and
  – when the plan will be implemented; and
– has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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; and
– the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 21.

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.

Provision is made for credit notes to be issued for future refunds relating to current period sales.

Revenue, which accrues on a daily basis, comprises the net invoiced value of the hire of vehicles, heavy haulage, logistical services, the sale of materials handling equipment, insurance contracts and full maintenance leases and 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 not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as a 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 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 statement of financial position date:

– foreign currency monetary items are translated using the closing rate;
– non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
– non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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.

1.19 Investments in subsidiaries

Group financial statements

The Group financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition.

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 **Investment in associates**

An associate is an entity over which the Group has the ability to exercise significant influence, but not 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 and losses in the associates 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.

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. The Group accounts for these insurance contracts in accordance with IFRS 4.

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 contracts

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 customer indemnity for loss of or damage to the Group's motor vehicle 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.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
2. PROPERTY, VEHICLES, PLANT AND EQUIPMENT				
Motor vehicles and accessories	614 564	551 321	—	—
– Cost	866 789	797 153	—	—
– Accumulated depreciation	(252 225)	(245 832)	—	—
Forklifts	144 236	85 411	—	—
– Cost	166 174	102 196	—	—
– Accumulated depreciation	(21 938)	(16 785)	—	—
Property	19 975	20 067	—	—
– Cost	21 739	21 699	—	—
– Accumulated depreciation	(1 764)	(1 632)	—	—
Plant and equipment	24 529	24 658	—	—
– Cost	47 556	44 807	—	—
– Accumulated depreciation	(23 027)	(20 149)	—	—
Computer equipment	14 704	10 798	—	—
– Cost	57 422	45 970	—	—
– Accumulated depreciation	(42 718)	(35 172)	—	—
Office furniture and equipment	6 256	7 325	—	—
– Cost	27 485	26 086	—	—
– Accumulated depreciation	(21 229)	(18 761)	—	—
Leasehold improvements	4 192	4 926	—	—
– Cost	13 308	11 748	—	—
– Accumulated depreciation	(9 116)	(6 822)	—	—
	828 456	704 506	—	—

Certain property, vehicles, plant and equipment are encumbered as stated in note 11.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
2. PROPERTY, VEHICLES, PLANT AND EQUIPMENT *(continued)*				
Carrying value at beginning of year	704 506	654 845	—	—
Additions, at cost	234 976	155 986	—	—
– Motor vehicles and accessories	150 105	98 110	—	—
– Forklifts	68 164	39 522	—	—
– Property	40	396	—	—
– Plant and equipment	3 721	1 945	—	—
– Computer equipment	9 844	8 746	—	—
– Office furniture and equipment	1 542	3 374	—	—
– Leasehold improvements	1 560	3 893	—	—
Current depreciation	(69 709)	(64 447)	—	—
– Motor vehicles and accessories	(48 903)	(45 974)	—	—
– Forklifts	(6 060)	(4 146)	—	—
– Property	(131)	(60)	—	—
– Plant and equipment	(3 215)	(2 434)	—	—
– Computer equipment	(6 521)	(7 154)	—	—
– Office furniture and equipment	(2 584)	(2 844)	—	—
– Leasehold improvements	(2 295)	(1 835)	—	—
Disposals	(6 794)	(4 426)	—	—
– Motor vehicles and accessories	(6 403)	(4 275)	—	—
– Forklifts	(313)	(9)	—	—
– Plant and equipment	(8)	(8)	—	—
– Computer equipment	(67)	(33)	—	—
– Office furniture and equipment	(3)	(87)	—	—
– Leasehold improvements	—	(14)	—	—
Transfers	—	—	—	—
– Motor vehicles and accessories	—	(91)	—	—
– Forklifts	—	118	—	—
– Property	—	4	—	—
– Plant and equipment	(627)	240	—	—
– Computer equipment	650	(564)	—	—
– Office furniture and equipment	(23)	293	—	—
Transfer to inventory and non-current assets held for sale	(34 523)	(37 452)	—	—
– Motor vehicles and accessories	(31 557)	(36 517)	—	—
– Forklifts	(2 966)	(935)	—	—
Carrying value at end of year	828 456	704 506	—	—

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
2. PROPERTY, VEHICLES, PLANT AND EQUIPMENT *(continued)*				
Property comprises:				
Buildings constructed on erven 21717, 21718, 21719, 21739, 21740 and 21741 Killarney Gardens, Cape Town	8 130	8 262	—	—
Cost	9 671	9 671	—	—
– 2000	6 063	6 063	—	—
– 2001	3 233	3 233	—	—
– 2002	24	24	—	—
– 2010	351	351	—	—
Accumulated depreciation	(1 541)	(1 409)	—	—
Buildings constructed on erven 13083, 13084 and 13085 Pinetown Extension 107, Registration Division FT, Province of KwaZulu-Natal	11 845	11 805	—	—
Cost	12 068	12 028	—	—
– 2001	11 955	11 955	—	—
– 2002	11	11	—	—
– 2009	17	17	—	—
– 2010	45	45	—	—
– 2011	40	—	—	—
Accumulated depreciation	(223)	(223)	—	—
	19 975	20 067	—	—
3. INTANGIBLE ASSETS				
IT software				
– Cost	78 216	65 432	—	—
– Accumulated amortisation and impairment	(46 605)	(39 716)	—	—
	31 611	25 716	—	—
IT software				
– Carrying value at beginning of year	25 716	20 969	—	—
– Additions at cost	14 593	14 246	—	—
– Current amortisation	(8 698)	(9 499)	—	—
Carrying value at end of year	31 611	25 716	—	—

During the past 2 years the Group has implemented the financial and workshop modules of Embrace software.
The carrying value of this software is R14 990 000 (2010 – R11 976 000).
The maximum remaining amortisation period of this software is 5 years (2010 – 5 years).

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
4. INVESTMENTS AND LOANS				
Investment in subsidiary companies – note 34	—	—	78 075	66 998
– Shares at cost less amounts written off	—	—	*	*
– Amounts owing	—	—	78 075	66 998
Investment in associate company: 30 ordinary shares in Value SA (Pty) Limited	63	113	—	—
– Shares at cost, representing a 30% interest	*	*	—	—
– Share of retained income	44	93	—	—
– Amounts owing	19	20	—	—
Directors' valuation of unlisted investments R63 000 (2010 – R113 000)				
Loan to Value Group Share Incentive Scheme	—	—	4 735	5 572
Loans receivable	3 561	2 405	—	—
– Altivex 474 (Pty) Limited t/a Enterprise Development Service This loan is interest free, and is repayable on 31 October 2013. The company has pledged its shares in Unomax Trading (Pty) Limited, which constitute a 38% shareholding, as security for the loan. A second mortgage bond for R1 349 000 has been registered over a property owned by the company as additional security for the loan.	944	826	—	—
– SKR Marketing CC This loan is interest free, and is repayable on 25 February 2012. M Padiyachy, R Lazarus and K Padiyachy have bound themselves jointly and severally as surety and co-principal debtor for the loan.	2 617	1 579	—	—
	3 624	2 518	82 810	72 570
Long-term portion of investments and loans	1 007	2 518	82 810	72 570
Current portion of investments and loans	2 617	—	—	—
	3 624	2 518	82 810	72 570

**Less than R1 000.*

Loans receivable from Group 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.

Loans receivable from subsidiaries have been ceded to the Group's bankers as security for banking facilities.

During the year, R389 000 of the impairment of the loan to the Value Group Share Incentive Scheme was reversed (2010: reversed by R2 172 000) making a cumulative impairment of R4 802 000 (2010: R5 191 000). The reversal of the prior impairment was calculated with reference to the net asset value of the share incentive scheme.

The Group has entered into loan agreements with Altivex 474 (Pty) Limited and SKR Marketing CC, as the Group wishes to assist in the development, sustainability and ultimate financial and operational independence of these entities.

Loans receivables are classified as loans and receivables.

The fair value of loans receivable approximates the carrying amount.

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
4. INVESTMENTS AND LOANS *(continued)*				
The credit quality of loans 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 loans shown above. In certain instances the Group holds collateral as security for facilities granted.				
Summary of financial information of Value SA (Pty) Limited:				
Current assets	437	380	—	—
Non-current liabilities	19	20	—	—
Profit/(loss) after tax	75	(43)	—	—
Revenue	2 129	2 391	—	—
5. DEFERRED TAX				
Accelerated allowances on property, vehicles, plant and equipment	140 334	127 207	—	—
Future rental expense payable	(10 036)	(9 479)	—	—
Provisions	(13 709)	(10 087)	—	—
Fair value adjustments	445	(265)	—	—
STC credit	(642)	—	—	—
Tax losses	—	395	—	—
	116 392	107 771	—	—
Represented by:				
Deferred tax liability	120 249	111 057	—	—
Deferred tax asset	(3 857)	(3 286)	—	—
	116 392	107 771	—	—
Movement for the year:				
Balance at beginning of year	107 771	104 389	—	—
Temporary differences	8 621	3 382	—	—
Balance at end of year	116 392	107 771	—	—

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
6. INVENTORIES				
Maintenance spares	17 953	13 231	—	—
Forklifts	37 165	14 153	—	—
Fuel	4 762	3 386	—	—
Rental vehicles held for sale	8 577	12 432	—	—
– Opening balance	12 432	7 887	—	—
– Transfer from property, vehicles, plant and equipment	31 103	35 752	—	—
– Disposals	(34 958)	(31 207)	—	—
Rental forklifts held for sale	711	846	—	—
– Opening balance	846	371	—	—
– Transfer from property, vehicles, plant and equipment	2 966	935	—	—
– Disposals	(3 101)	(460)	—	—
	69 168	44 048	—	—
Write-down of inventories	(908)	(798)	—	—
	68 260	43 250	—	—
Forklift inventories recognised as an expense	9 709	12 430	—	—
7. TRADE AND OTHER RECEIVABLES				
Trade receivables	213 491	176 332	—	—
VAT	—	101	—	—
Other receivables	5 366	3 482	—	—
	218 857	179 915	—	—

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 who have a sound credit standing.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
7. TRADE AND OTHER RECEIVABLES *(continued)*				
Trade and other receivables are classified as loans and receivables.				
Trade receivables past due but not impaired				
At 28 February 2011, R8 457 000 (2010: R10 742 000) were past due but not impaired.				
The ageing of amounts past due but not impaired is as follows:				
Over 60 days	**5 357**	8 078	**—**	—
Over 90 days	**1 895**	1 255	**—**	—
Over 120 days	**1 205**	1 409	**—**	—
	8 457	10 742	**—**	—
Trade receivables impaired				
At 28 February 2011, trade receivables totalling R24 287 000 (2010: R15 928 000) were impaired and provided for.				
The ageing of the trade receivables relating to the provision is as follows:				
Current	**1 012**	—	**—**	—
Over 30 days	**778**	—	**—**	—
Over 60 days	**273**	—	**—**	—
Over 90 days	**1 962**	1 961	**—**	—
Over 120 days	**20 262**	13 967	**—**	—
	24 287	15 928	**—**	—
Reconciliation of provision for impairment of trade receivables				
Opening balance	**15 928**	10 343	**—**	—
Provision for impairment	**8 359**	5 585	**—**	—
	24 287	15 928	**—**	—
The creation and release of provision for impaired trade receivables has been included in operating expenses in the statement of comprehensive income (note 14). The provision was calculated based on the days outstanding and the activity on the account. 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	**218 857**	179 915	**—**	—

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
7. TRADE AND OTHER RECEIVABLES *(continued)*				
Trade receivables of R213 480 000 (2010: R176 330 000) 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.				
8. CASH AND CASH EQUIVALENTS				
Cash on hand	789	571	—	—
Bank balances	79 387	104 311	—	—
	80 176	104 882	—	—
Cash and cash equivalents are classified as held-for-trading financial assets.				
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.				
9. NON-CURRENT ASSETS HELD FOR SALE				
Motor vehicles and accessories:				
– Net book value at beginning of year	152	655	—	—
– Transfers from property, vehicles, plant and equipment	454	765	—	—
– Disposals	(586)	(1 268)	—	—
Net book value at end of year	20	152	—	—
In line with the Group's replacement policy, motor vehicles which need to be replaced are identified and disposed of within 12 months.				
10. SHARE CAPITAL AND PREMIUM				
Authorised share capital				
500 000 000 ordinary shares of 0,1 cent each	500	500	500	500
10 429 010 A ordinary shares of 0,1 cent each	10	—	10	—
Issued share capital				
198 627 386 (2010: 194 436 033) ordinary shares of 0,1 cent each	198	194	198	194
10 429 010 A ordinary shares of 0,1 cent each	10	—	10	—
Share premium	10 643	—	10 643	—
	10 851	194	10 851	194

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.

The unissued shares are under the control of the directors until the forthcoming annual general meeting.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
11. INTEREST-BEARING BORROWINGS				
Liabilities under instalment sale agreements, which bear interest at rates varying between 0,5% below the prime bank overdraft rate and 2,35% below the prime bank overdraft rate (2010: rates between the prime bank overdraft rate and 2,35% below the prime bank overdraft rate). The loans are repayable in monthly instalments of R12 544 000 (2010: R7 173 000) and are secured by vehicles having a carrying value of R327 615 000 (2010: R250 817 000)	242 531	171 622	—	—
Loan secured by a mortgage bond over property having a carrying value of R11 845 000 (2010: R11 805 000). The loan bears interest at the prime bank overdraft rate less 0,5% (2010: prime bank overdraft rate less 1,37%) and is repayable by April 2020 (2010: May 2013) in monthly instalments of R479 000 (2010: R156 000)	36 474	3	—	—
	279 005	171 625	—	—
Long-term portion of interest-bearing borrowings	194 963	98 375	—	—
Current portion of interest-bearing borrowings	84 042	73 250	—	—
	279 005	171 625	—	—
The company and its subsidiaries have unlimited borrowing powers in terms of their articles of association.				
Interest-bearing borrowings are stated at amortised cost.				
12. TRADE AND OTHER PAYABLES				
Trade payables	203 864	188 956	—	—
VAT	10 265	6 078	—	—
Other payables	103 073	88 334	—	—
	317 202	283 368	—	—
Trade and other payables are measured at amortised cost.				
13. REVENUE				
Services rendered	1 511 224	1 283 413	—	—
Sale of goods	14 022	18 246	—	—
Sale of assets held for rental	43 351	34 437	—	—
Insurance contracts	19 718	15 515	—	—
	1 588 315	1 351 611	—	—

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
14. OPERATING PROFIT ON ORDINARY ACTIVITIES IS STATED AFTER:				
Auditors' remuneration – audit fees	**3 366**	2 175	**—**	—
Depreciation	**69 709**	64 447	**—**	—
Amortisation of intangible assets	**8 698**	9 499	**—**	—
Impairment of trade and other receivables	**8 359**	5 585	**—**	—
Loss on disposal of property, vehicles, plant and equipment	**4 248**	3 691	**—**	—
Loss on disposal of non-current assets held for sale	**46**	270	**—**	—
Profit on disposal of rental assets	**(5 292)**	(2 770)	**—**	—
Fair value adjustment of loans receivable	**156**	76	**—**	—
Profit on foreign exchange	**(87)**	(71)	**—**	—
Lease rentals	**96 382**	88 643	**—**	—
– Premises	**94 391**	86 627	**—**	—
– Equipment	**1 991**	2 016	**—**	—
One-off BEE transaction costs	**12 192**	—	**12 192**	—
Retirement benefit costs				
– Defined contribution plan expense	**26 831**	20 683	**—**	—
Staff costs	**474 521**	389 271	**—**	—
Consulting and secretarial services	**3 998**	2 497	**—**	—

Depreciation increased by R389 000 in the current year (2010: R3 090 000) due to a change in the estimated residual values of certain asset categories. Depreciation decreased by R7 621 000 in the current year (2010: R292 000) due to a decision by management to change the estimated useful lives of certain asset categories.

Directors' remuneration (R'000)

	Fees for services	Basic salaries	Bonuses*	Allow-ances	Provident fund con-tributions	Other	**Total 2011**	Total 2010
Executive								
SD Gottschalk	—	3 385	2 104	127	—	76	**5 692**	4 892
CL Sack	—	2 491	1 633	78	217	14	**4 433**	3 578
NM Phosa	—	64	—	—	—	—	**64**	330
M Padiyachy	—	1 168	677	97	102	33	**2 077**	1 687
	—	7 108	4 414	302	319	123	**12 266**	10 487
Non-executive								
CD Stein	500	—	—	—	—	—	**500**	385
IM Groves	384	—	—	—	—	—	**384**	302
NM Phosa	266	—	—	—	—	—	**266**	—
	1 150	—	—	—	—	—	**1 150**	687
Total	1 150	7 108	4 414	302	319	123	**13 416**	11 174

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

**Performance bonuses paid in March 2011.*

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
15. INVESTMENT INCOME				
Interest received on loans and deposits	1 596	1 314	—	—
Fair value adjustment	16 119	16 098	—	—
Dividends received from subsidiary companies	—	—	31 489	40 238
Dividend received from associated company	—	—	60	382
	17 715	17 412	31 549	40 620
16. FINANCE COSTS				
Long-term borrowings	17 280	14 607	—	—
Bank and short-term borrowings	896	11	—	—
Fair value adjustment	15 958	16 436	—	—
Other	236	113	—	—
	34 370	31 167	—	—
17. TAXATION				
South African normal tax				
– Current year	31 425	29 446	—	—
– Arising from prior periods	—	1 060		
– Secondary tax on companies	3 422	3 346	—	—
Deferred tax				
– Current year	7 725	6 303	—	—
– Arising from prior periods	896	(2 921)		
Tax for the year	43 468	37 234	—	—
Reconciliation of rate of taxation	%	%	%	%
South African normal tax rate	28,0	28,0	28,0	28,0
Adjusted for:				
– Prior periods	0,7	(1,4)	—	—
– Permanent differences	0,4	(0,2)	(28,0)	(28,0)
– Secondary tax on companies	2,5	2,6	—	—
Effective rate	31,6	29,0	—	—

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000

18. EARNINGS PER SHARE

18.1 Basic

The calculation of basic earnings per share is based on earnings of R94 111 000 (2010: R91 370 000) and on a weighted average of 172 707 357 (2010: 179 717 904) shares in issue throughout the financial year under review.

18.2 Headline

The calculation of headline earnings per share is based on earnings of R97 046 000 (2010: R94 222 000) and on a weighted average of 172 707 357 (2010: 179 717 904) shares in issue throughout the financial year under review.

18.3 Diluted basic

The calculation of diluted basic earnings per share is based on earnings of R106 808 000 (2010: R91 370 000) and on a weighted average of 189 376 556 (2010: 181 643 617) shares in issue throughout the financial year under review.

18.4 Diluted headline

The calculation of diluted headline earnings per share is based on earnings of R109 743 000 (2010: R94 222 000) and on a weighted average of 189 376 556 (2010: 181 643 617) shares in issue throughout the financial year under review.

18.5 Reconciliation between basic and headline earnings

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Income on which basic earnings per share is based	94 111	91 370	—	—
Loss on disposal of property, vehicles, plant and equipment, less taxation	2 935	2 852	—	—
Income on which headline earnings per share is based	97 046	94 222	—	—

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
18. EARNINGS PER SHARE *(continued)*				
18.6 Reconciliation between number of shares used for basic and headline earnings calculations and diluted basic and diluted headline earnings calculations				
Weighted average number of shares used in basic, headline and adjusted headline earnings calculations ('000)	172 707	179 718	—	–
Effect of weighting	14 930	(341)	—	–
Options granted by Value Group Share Incentive Scheme ('000)	1 740	2 267	—	–
	189 377	181 644	—	–
19. NOTES TO THE CASH FLOW STATEMENT				
19.1 Cash generated by operations				
Net profit before taxation	137 579	128 604	18 726	42 792
Adjustments for:				
Depreciation	69 709	64 447	—	–
Amortisation of intangible assets	8 698	9 499	—	–
Investment income	(17 715)	(17 412)	(31 549)	(40 620)
Finance costs	34 370	31 167	—	–
Straight-line rental expense	1 990	2 371	—	–
Loss on disposal of property, vehicles, plant and equipment	4 248	3 691	—	–
Loss on disposal of non-current assets held for sale	46	270	—	–
Profit on disposal of rental assets	(5 292)	(2 770)	—	–
Fair value adjustment of loans receivable	156	76	—	–
Share-based payment expense	13 130	258	12 192	–
Share of (profit)/loss of associate net of taxation	(11)	13	—	–
Write-up of loan to Value Group Share Incentive Scheme	—	–	(389)	(2 172)
Loss on disposal of investments	—	95	—	–
Cash generated by operations before movements in working capital	246 908	220 309	(1 020)	–
Movements in working capital:				
(Increase)/decrease in inventories	(29 000)	14 512	—	–
(Increase)/decrease in trade and other receivables	(38 942)	5 843	—	–
Increase in trade and other payables	31 844	8 569	—	–
Cash generated by operations	210 810	249 233	(1 020)	–

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000

19. NOTES TO THE CASH FLOW STATEMENT
(continued)

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
19.2 Reconciliation of taxation paid during the year				
Charge to the statement of comprehensive income	**(43 468)**	(37 234)	**—**	—
Adjustment for deferred tax	**8 621**	3 382	**—**	—
Movement in taxation balance	**2 436**	2 091	**—**	—
	(32 411)	(31 761)	**—**	—
19.3 Reconciliation of dividends paid during the year				
Charge in statement of changes in equity	**(28 008)**	(37 710)	**(31 361)**	(40 832)
Movement in shareholders for dividends	**26**	42	**26**	42
	(27 982)	(37 668)	**(31 335)**	(40 790)

20. SEGMENT ANALYSIS

Operating segments are identified based on service offerings provided by the Group. Operating Segments are managed separately due to specialised resource and infrastructure requirements.

The Group operates three main business segments, namely General distribution, Truck rental and other, and Head office and other. Operating divisions with similar economic characteristics have been aggregated.

The General distribution activities includes, courier 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 includes fleet management, forklift and commercial vehicle rental and leasing, and clearing and forwarding. The Head office and other activities includes 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. Refer to pages 8 and 9 for more details on operational divisions.

Segment results which are based on internal management reporting and are regularly reviewed by the Group's executive management have been reconciled to the Group's net profit before taxation below. 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. The measurement policies applied for segment reporting under IFRS 8 are the same as those used in the preparation of the annual financial statements. Inter-segment transfer pricing is determined by management in a similar manner to transactions with third parties. Revenues from individual customers do not exceed 10% of Group total revenues.

The Group operates principally in South Africa and as such no geographical segments have been disclosed as within the different regions in South Africa the following factors are similar:

- economic and political conditions;
- relationships between operations;
- underlying currency risk; and
- special risks associated with operations in a particular area.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
20. SEGMENT ANALYSIS *(continued)*				
External segment revenues	1 588 315	1 351 611	—	—
– General distribution	1 262 625	1 069 646	—	—
– Truck rental and other	325 623	281 682	—	—
– Head office and other	67	283	—	—
Inter-segment revenues	131 442	133 998	—	—
– General distribution	3 609	3 449	—	—
– Truck rental and other	43 017	51 471	—	—
– Head office and other	84 816	79 078	—	—
Total segment revenues	1 719 757	1 485 609	—	—
– General distribution	1 266 234	1 073 095	—	—
– Truck rental and other	368 640	333 153	—	—
– Head office and other	84 883	79 361	—	—
Depreciation, amortisation and impairment	78 408	73 946	—	—
– General distribution	34 210	32 995	—	—
– Truck rental and other	30 943	27 324	—	—
– Head office and other	13 255	13 627	—	—
Business segment results	166 415	142 372	—	—
– General distribution	142 376	103 715	—	—
– Truck rental and other	39 228	45 456	—	—
– Head office and other	(15 189)	(6 799)	—	—
Share of (loss)/profit of associates net of taxation	11	(13)	—	—
– General distribution	11	(13)	—	—
– Truck rental and other	—	—	—	—
– Head office and other	—	—	—	—
Segment investment income	17 715	17 412	—	—
– General distribution	13 051	13 088	—	—
– Truck rental and other	3 459	3 256	—	—
– Head office and other	34 757	30 861	—	—
– *Less:* Inter-segment investment income	(33 552)	(29 793)	—	—
Segment finance costs	(34 370)	(31 167)	—	—
– General distribution	(26 244)	(24 884)	—	—
– Truck rental and other	(20 489)	(18 957)	—	—
– Head office and other	(21 189)	(17 119)	—	—
– *Less:* Inter-segment finance costs	33 552	29 793	—	—
Net profit before taxation and once off BEE equity transaction cost	149 771	128 604	—	—
– General distribution	129 194	91 906	—	—
– Truck rental and other	22 198	29 755	—	—
– Head office and other	(1 621)	6 943	—	—
Once off BEE equity transaction cost	(12 192)	—	—	—
Net profit before taxation	137 579	128 604	—	—

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000

20. SEGMENT ANALYSIS *(continued)*

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Assets				
Property, vehicles, plant and equipment	828 456	704 506	—	—
– General distribution	384 498	351 108	—	—
– Truck rental and other	396 668	333 700	—	—
– Head office and other	47 290	19 698	—	—
Intangible assets	31 611	25 716	—	—
– General distribution	5 367	6 203	—	—
– Truck rental and other	706	168	—	—
– Head office and other	25 538	19 345	—	—
Non-current assets held for sale	20	152	—	—
– General distribution	—	—	—	—
– Truck rental and other	1	—	—	—
– Head office and other	19	152	—	—
Current assets	367 293	328 047	—	—
– General distribution	142 747	130 473	—	—
– Truck rental and other	163 315	96 715	—	—
– Head office and other	61 231	100 859	—	—
Total segment assets	1 227 380	1 058 421	—	—
– General distribution	532 612	487 784	—	—
– Truck rental and other	560 690	430 583	—	—
– Head office and other	134 078	140 054	—	—
Investments and loans	3 624	2 518	—	—
Deferred tax	3 857	3 286	—	—
Taxation in advance	100	—	—	—
Total assets	1 234 961	1 064 225	—	—
Liabilities				
Trade and other payables	317 202	283 368	—	—
– General distribution	109 855	104 547	—	—
– Truck rental and other	132 571	102 427	—	—
– Head office and other	74 776	76 394	—	—
Capital expenditure	249 569	170 232	—	—
– General distribution	95 912	60 965	—	—
– Truck rental and other	118 297	86 472	—	—
– Head office and other	35 360	22 795	—	—

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
21. CONTINGENT LIABILITIES				
21.1 Secondary tax on companies that would be payable if all accumulated profits were distributed by way of a dividend.	52 318	46 475	5 385	6 569
21.2 The liquidators of Bert Jobs Transport Services (Pty) Limited and the trustee of the Truck and Driver Hire Trust have issued summons against a subsidiary company for an amount of R10 075 000 in respect of damages relating to an alleged breach of contract. The action is being defended on the basis of legal advice received that the claim is without merit and likely to be successfully defended.				
21.3 The company has bound itself as surety and co-principal debtor for funding facilities provided by the following banks for due payment and discharge of all the obligations of subsidiary companies, which may arise from time to time, subject to the company's liability not exceeding the amount as specified:				
– Nedbank, a division of Nedcor Bank Limited	—	–	341 752	238 912
– Standard Bank of South Africa Limited	—	–	55 000	50 000
– WesBank, a division of FirstRand Bank Limited	—	–	121 640	80 000
21.4 Letters of guarantee issued by the Group's bankers on behalf of a subsidiary company	28 491	26 147	—	–

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
22. COMMITMENTS				
22.1 Capital commitments				
Approved by the directors:				
Property, vehicles, plant and equipment				
– Contracted for	32 629	5 117	—	–
– Not contracted for	4 435	–	—	–
IT infrastructure development				
– Contracted for	5 600	10 839	—	–
This expenditure will be financed through internally generated funds and Group banking facilities.				
22.2 Operating leases – as lessee (expense)				
– Payable within one year	91 190	83 902	—	–
– Payable within two to five years	233 036	204 477	—	–
– Payable beyond five years	27 961	33 101	—	–
22.3 Operating leases – as lessor (income)				
– Receivable within in one year	30 967	12 992	—	–
– Receivable within in two to five years	51 413	10 460	—	–
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. There are no contingent rentals receivable.				

23. RELATED PARTIES

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

The names of the directors appear on pages 6 and 7 of these financial statements. Details of the directors' remuneration is set out in note 14.

Property leases were entered into with companies controlled by directors. These were done on an arm's length basis based on open market rental valuations. Property lease rentals paid to these companies and associated future lease commitments are as follows:

	Current		Due within 1 year		Due thereafter	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Companies controlled by:						
SD Gottschalk	61 723	56 782	67 116	57 457	249 571	220 683

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Associate:				
Value SA (Pty) Limited				
– Loan	19	20	—	–
– Trade receivables	201	–	—	–
– Revenue	2 006	8 985	—	–

24. RETIREMENT BENEFITS

Defined contribution plan

Currently subsidiary companies provide retirement benefits to 93% (2010: 95%) of their employees. A defined contribution provident fund, which is subject to the Pensions Fund 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 R26 619 000 (2010: R20 683 000).

Medical aid

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

25. 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 and accumulated profits as disclosed in the statement of changes in equity, borrowings as disclosed under note 11 and cash and cash equivalents as disclosed under note 8.

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 maximize shareholders' returns and reduce cost of capital.

The Group is in a net current liability position at year end and is able to meet its liquidity requirements. The Group has repaid all borrowings as they fall due during the year. The Group is in a net asset position at year end. Based on inspection of 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.

Foreign exchange risk

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, and are designated either to accounts receivable or accounts payable, or to anticipated future transactions.

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.

At 28 February 2011, 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 R2 883 000 (2010: R385 000) lower/higher.

Hedges of foreign exchange risks

Outstanding hedges for all currencies, by nature and amount, are as follows:

(In Rand, translated using exchange rates designated as at year end).

	Amount of designated hedges GROUP	
	2011 R'000	2010 R'000
Instruments that hedge operating transactions:		
Forward exchange contracts	**16 432**	5 013

25. RISK MANAGEMENT *(continued)*

Details of each outstanding forward exchange contract are as follows:

Amount in foreign currency purchased	Forward exchange rate	Maturity date
136 581 Euro (EUR)	1 EUR = 9,7985 ZAR	March 2, 2011
5 219 000 Japanese Yen (JPY)	11,8462 JPY = 1 ZAR	March 28, 2011
272 800 Euro (EUR)	1 EUR = 9,2915 ZAR	March 7, 2011
272 800 Euro (EUR)	1 EUR = 9,0369 ZAR	March 22, 2011
131 040 000 Japanese Yen (JPY)	12,0049 JPY = 1 ZAR	April 18, 2011

Amount in foreign currency sold	Forward exchange rate	Maturity date
1 262 462 Rand (ZAR)	1 EUR = 9,2433 ZAR	March 2, 2011

The Group reviews its foreign currency exposure, including commitments on an ongoing basis. The Group expects its foreign exchange contracts to hedge foreign exchange exposure.

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 and the Euro. After the recognition of the materials handling equipment, the forward exchange contracts will continue to hedge the trade payable.

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 432 000 (2010: R858 000). The simulation is done on a regular basis to verify that the maximum loss potential is within the limit given by management.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party 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.

25. RISK MANAGEMENT *(continued)*

Investments

The Group has no significant concentration of credit risk.

Loans receivable

The Group has no significant concentration of credit risk.

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.

At 28 February 2011	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings	84 042	174 873	20 090
Trade and other payables	317 202	—	—
Current tax payable	15 587	—	—
Shareholders for dividend	144	—	—

At 28 February 2010	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings	73 250	98 375	—
Trade and other payables	283 368	—	—
Current tax payable	13 051	—	—
Shareholders for dividend	118	—	—

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.

Fair value

The carrying amounts of financial liabilities approximate fair values.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Loans and receivables				
Trade and other receivables	218 857	179 915	—	—
Cash and cash equivalents	80 176	104 882	—	—
	299 033	284 797	—	—
Available-for-sale financial assets				
Investments and loans	3 624	2 518	82 810	72 570
Financial liabilities measured at amortised cost				
Long-term portion of interest-bearing borrowings	194 963	98 375	—	—
Short-term portion of interest-bearing borrowings	84 042	73 250	—	—
Trade and other payables	317 202	283 368	—	—
Shareholders for dividend	144	118	144	118
	596 351	455 111	144	118

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity. Management considers working capital management critical to the business, and in doing so, manages the balance between current assets and current liabilities. One of the core principles of the Group is to maintain strong cash balances. There were no changes in the Group's approach to capital management during the year. The Group achieved its capital objectives through the continuous review of debt levels and debt equity ratios. The Group is not subjected to externally imposed capital requirements.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Interest-bearing borrowings	279 005	171 625	—	—
Cash and cash equivalents	(80 176)	(104 882)	—	—
Net debt	198 829	66 743	—	—
Equity	502 774	485 006	82 666	72 452
Capital	701 603	551 749	82 666	72 452

27. 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
- Goods in transit insurance (GIT).

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Income	19 718	15 515	—	—
Expenses	4 688	4 623	—	—
Liabilities				
Balance at beginning of year	1 093	1 111	—	—
Movement	271	(18)	—	—
Balance at end of year	1 364	1 093	—	—
Assets				
Balance at beginning of year	8 557	7 118	—	—
Movement	(610)	1 439	—	—
Balance at end of year	7 947	8 557	—	—

The subclassification of liabilities are claims incurred but not reported (IBNR), and represents approximately 7% of income earned from insurance contracts, based on past claims experience.

27. INSURANCE CONTRACTS *(continued)*

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 are 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.

28. 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.

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:

Date of grant	Latest expiry date	Latest expiry date	Number of options outstanding (000)	
	2011	2010	2011	2010
19 November 2003	—	20 November 2010	—	200
18 February 2005	20 February 2015	20 February 2015	400	444
31 August 2005	—	16 September 2015	—	280
11 June 2007	12 June 2017	12 June 2017	200	200
9 November 2007	14 November 2017	14 November 2017	500	500
27 May 2010	2 June 2020	—	640	—
			1 740	1 624

Options are valid for seven to ten years dependent upon option scheme selected by employee and acceptance date thereof.

Date of grant	Value (cents)	Option price (cents)	Exercise price (cents)	Volatility %	Dividend yield %	Risk free rate %
19 November 2003	21.3	106	105	32.0	3.0	8.86
18 February 2005	44.2	211	215	18.4	1.8	7.56
31 August 2005	68.3	205	205	42.9	2.5	7.88
11 June 2007	89.0	253	253	29.7	0.0	8.83
9 November 2007	104.0	218	218	61.1	0.0	9.02
27 May 2010	80.0	359	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.

28. SHARE INCENTIVE SCHEMES *(continued)*

Movement during the year

	Number of options (000)	
	2011	2010
Balance at beginning of year	**1 624**	4 187
Options granted	**640**	–
Options exercised	**(524)**	(2 095)
Options cancelled and lapsed	**—**	(468)
Balance at end of year	**1 740**	1 624

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 368,8 (2010: 323,5) cents per share.

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

	Number of shares		Loan value R'000	
	2011	2010	**2011**	2010
Balance at beginning of year	**2 267 197**	4 387 252	**5 572**	5 378
Options exercised	**(523 750)**	(2 095 199)	**—**	–
Shares sold by Trust	**(3 447)**	(24 856)	**—**	–
Repayments	**—**	–	**(1 226)**	(1 978)
Write-up of loan	**—**	–	**387**	2 172
Balance at end of year	**1 740 000**	2 267 197	**4 733**	5 572

In the prior year, 643 447 ordinary shares owned by the scheme were unallocated due to option cancellations. Subsequently, 640 000 options were allocated to CL Sack at an option price of 359 cents and the remaining 3 447 ordinary shares were disposed of.

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 are as follows:

	Number of options at 28 February 2010*	Options granted	Option price (cents)	Exercise price (cents)	Number of shares delivered	**Number of options at 28 February 2011**
CL Sack	200 000	–	106	105	200 000	**—**
	–	640 000	359	359	–	**640 000**
M Padiyachy	100 000	–	211	211	–	**100 000**
	250 000	–	218	218	–	**250 000**
	550 000	640 000			200 000	**990 000**

**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 the current year for the benefit of 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 share holds approximately 5% of the issued capital of the Group.

The trust has 10 429 010 units, being one for every A ordinary share it owns.

28. SHARE INCENTIVE SCHEMES *(continued)*

The board will at its discretion nominate the beneficiaries of the trust and the number of units allocated to each beneficiary.

A notional loan has been deemed to attach to the A ordinary shares. The notional loan amounts to R36 501 535 which equates to R3,50 per A 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 beneficiaries who have met their service requirements.

During the current year, 4 050 000 units were awarded to beneficiaries.

The value of a unit awarded to the beneficiaries was calculated to be 80,63 cents.

29. NEW STANDARDS AND INTERPRETATIONS

29.1 Standards and Interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2011 or later periods:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 1, *First-time Adoption of International Financial Reporting Standards*	• Amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009	1 July 2010
	• Amendment clarifies that changes in accounting policies in the year of adoption fall outside of the scope of IAS 8	1 January 2011
	• Amendment permits the use of revaluation carried out after the date of transition as a basis for deemed cost	1 January 2011
	• Amendment permits the use of carrying amount under previous GAAP as deemed cost for operations subject to rate regulation	1 January 2011
	• Standard amended to provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS compliant financial statements, or presenting IFRS complaint financial statements for the first time	1 July 2011
	• Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption	1 July 2011
IFRS 3, *Business Combinations*	• Amendment to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS	1 January 2011
	• Clarification on the measurement of non-controlling interests	1 January 2011
	• Additional guidance provided on unreplaced and voluntarily replaced share-based payment awards	1 January 2011
IFRS 7, *Financial Instruments: Disclosures*	• Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading	1 January 2011
	• Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period	1 July 2011

29. NEW STANDARDS AND INTERPRETATIONS *(continued)*

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9, *Financial Instruments*	• New standard that forms the first part of a three-part project to replace IAS 39 *Financial Instruments: Recognition and Measurement*	1 January 2013
IFRS 10, *Consolidated Financial Statements*	• New standard that replaces the consolidation requirements in SIC-12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess	1 January 2013
IFRS 11, *Joint Arrangements*	• New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities	1 January 2013
IFRS 12, *Disclosure of Interests in Other Entities*	• New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles	1 January 2013
IFRS 13, *Fair Value Measurement*	• New guidance on fair value measurement and disclosure requirements	1 January 2013
IAS 1, *Presentation of Financial Statements*	• Clarification of statement of changes in equity • New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity	1 January 2011 1 July 2012
IAS 12, *Income taxes*	• Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale	1 January 2012
IAS 19, *Employee Benefits*	• Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans	1 January 2013
IAS 21, *The Effects of Changes in Foreign Exchange Rates*	• Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)	1 July 2010
IAS 24, *Related Party Disclosures*	• Simplification of the disclosure requirements for government-related entities • Clarification of the definition of a related party	1 January 2011
IAS 27, *Consolidated and Separate Financial Statements*	• Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements • Consequential amendments resulting from the issue of IFRS 10, 11 and 12	1 July 2010 1 January 2013
IAS 28, *Investments in Associates*	• Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation) • Consequential amendments resulting from the issue of IFRS 10, 11 and 12	1 July 2010 1 January 2013

for the year ended 28 February 2011 continued

29. NEW STANDARDS AND INTERPRETATIONS *(continued)*

Standard	Details of amendment	Annual periods beginning on or after
IAS 31, *Interests in Joint Ventures*	• Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)	1 July 2010
IAS 34, *Interim Financial Reporting*	• Clarification of disclosure requirements around significant events and transactions including financial instruments	1 January 2011
IFRIC 13, *Customer Loyalty Programmes*	• Clarification on the intended meaning of the term "fair value" in respect of award credits	1 January 2011
IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*		1 April 2010

30. DIRECTORS' INTEREST IN SHARE CAPITAL OF THE COMPANY

	Beneficial number of ordinary shares		Non-beneficial number of ordinary shares	
	2011	2010	**2011**	2010
The directors' interests, directly and indirectly, in the issued share capital of the company were as follows:				
CD Stein				
– Direct	**506 370**	506 370	**—**	—
SD Gottschalk				
– Indirect	**—**	—	**94 183 036**	109 026 158
IM Groves				
– Indirect	**70 000**	70 000	**—**	—
M Padiyachy				
– Direct	**325 000**	325 000	**—**	—
– Indirect	**6 257 406**	—	**—**	—
NM Phosa				
– Direct	**250 000**	250 000	**—**	—
– Indirect	**14 600 614**	—	**—**	—
CL Sack				
– Direct	**1 400 000**	1 200 000	**—**	—
	23 409 390	2 351 370	**94 183 036**	109 026 158

Subsequent to 28 February 2011, CD Stein disposed of 143 300 shares.

31. SUBSIDIARY COMPANIES

All subsidiary companies are directly held and wholly-owned.

Subsidiary	Issued capital	Nature of business	Shares 2011 R'000	Shares 2010 R'000	Indebtedness 2011 R'000	Indebtedness 2010 R'000
Value Logistics Limited	R2 500 000	Distribution, truck rental and full maintenance leasing	*	*	78 075	66 998
Value Logistics Personnel Services (Pty) Limited	R100	Management services company	*	*	—	—
Value Logistics (Botswana) (Pty) Limited (incorporated in Botswana)	Pula 2	Dormant	*	*	—	—
Value Logistics Namibia (Pty) Limited (Incorporated in Namibia)	N$1	Distribution, truck rental and full maintenance leasing	*	*	—	—
Value Specialised Logistics (Pty) Limited (previously Countrywide Footwear Carriers (Pty) Limited)	R100	Dormant	*	*	—	—
			*	*	78 075	66 998

**Less than R1 000.*

Unless otherwise stated, all subsidiary companies are incorporated in South Africa.

Notice is hereby given that the annual general meeting of the shareholders of Value Group Limited ("the company") will be held at Value boardroom, Value City, Essex Road, Tunney, Germiston, on Tuesday, 18 October 2011 at 14h00, to deal with the business as set out below and to consider and, if deemed appropriate, pass the ordinary and special resolutions set out in this notice.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements of the company and its subsidiaries, incorporating the reports of the auditors, the audit committee and the directors for the year ended 28 February 2011 will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act 71 of 2008.

RESOLUTIONS FOR CONSIDERATION AND APPROVAL

Ordinary resolution 1: Rotation of directors

To elect by way of separate resolutions, directors in the place of those retiring in accordance with the company's articles of association. The directors retiring are Messrs M Padiyachy and CD Stein, both of whom being eligible offer themselves for re-election. A profile of these directors appears on pages 6 and 7 of the integrated annual report.

Ordinary resolution 2: Appointment of audit committee

To confirm, by way of separate resolutions, the appointment of the following independent non-executive directors as members of the audit committee:

- Mr CD Stein
- Mr IM Groves

Ordinary resolution 3: Appointment of auditors

To re-appoint, on recommendation of the audit committee, Charles Orbach & Company, and the individually registered auditor, Mr EL Steyn, as independent auditors of the company, the designated auditor meeting the requirements of section 90(2) of the Companies Act 71 of 2008.

Ordinary resolution 4: Authority to issue shares

To authorise the directors 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, 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.

Ordinary resolution 5: Authority to issue shares for cash

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"RESOLVED that, in terms of the Listings Requirements of the JSE Limited ("JSE"), the mandate given to the directors of the company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- that this authority shall only be valid until the next annual general meeting of the company but shall not extend beyond 15 months from the date of this meeting;
- the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE;
- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;

- -that a paid press announcement giving full details, including the impact of the issue on net asset value, net tangible asset value, earnings and headline earnings per share and if applicable, diluted earnings and diluted headline earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% of the number of shares in issue prior to the issue concerned;
- that the issues in aggregate in any one financial year (including the number of any shares that may be issued in future arising out of the issue of options) shall not exceed 15% of the number of shares of the company's issued ordinary share capital; and
- that in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE, measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities."

Ordinary resolution 6: Remuneration philosophy

To approve, by way of a non-binding, advisory vote, the remuneration philosophy of the company as set out on page 42 of the integrated annual report of which this notice forms part.

Special resolution 1: General authority to repurchase shares

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED by way of a special resolution that the mandate given to the company in terms of its Articles of Association or Memorandum of Incorporation (or one of its wholly-owned subsidiaries) providing authorisation, by way of a general approval, to acquire the company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, subject to the Listings Requirements of the JSE Limited ("the JSE"), be extended, subject to the following:

- this general authority be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) 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% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (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% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) 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% (twenty percent) 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's sponsor confirming the adequacy of the company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE prior to the company entering the market to proceed with the repurchase;
- 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 in an announcement published on SENS prior to the commencement of the prohibited period;

continued

- at any point in time the company only appointing one agent to effect any repurchases on its behalf; and
- the board of directors must pass a resolution that they authorised the repurchase and that the company passed the solvency and liquidity test set out in section 4 of the Companies Act 71 of 2008 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 (twelve) months after the date of the notice of the annual general meeting 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; and
- the company's and the Group's ordinary share capital and reserves will be adequate for ordinary business purposes.

Special resolution 2: Directors' remuneration

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED, as a special resolution:

- that the company be and is hereby authorised to pay remuneration to its directors for their services as directors, as contemplated in section 66(8) and 66(9) of the Companies Act 71 of 2008; and
- that the remuneration structure and amounts as set out below, be and is hereby approved until such time as rescinded or amended by shareholders by way of a special resolution:

Type of fee (per meeting)	Actual fee in R 2011	Proposed fee in R 2012	Proposed fee in R 2013
Annual general meeting			
CD Stein – Chairman	–	10 000	10 800
Board member			
– CD Stein	–	27 750	29 970
– IM Groves	–	23 000	24 840
– NM Phosa	–	36 500	39 420
Audit and risk committee			
– CD Stein	–	27 750	29 970
– IM Groves	–	23 000	24 840
Human resources and nominations committee			
– CD Stein	–	13 875	14 985
– IM Groves	–	11 500	12 420
Monthly retainer			
– CD Stein	41 667	23 958	25 875
– IM Groves	32 000	19 167	20 700
– NM Phosa	22 167	15 208	16 425
Annual total			
– CD Stein	500 000	575 000	621 000
– IM Groves	384 000	460 000	496 800
– NM Phosa	266 000	365 000	394 200

Special resolution 3: Financial assistance to related and inter-related companies

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED, by way of a special resolution, that the directors of the company be and are hereby authorised as required in terms of section 45(2) of the Companies Act 71 of 2008 to provide financial assistance to all related and inter-related companies within the Value Group of companies, at such times and on such terms and conditions as the directors in their sole discretion deem fit and subject to all relevant statutory and regulatory requirements being met, such authority to remain in place until rescinded by way of special resolution passed at a duly constituted annual general meeting of the company."

Ordinary resolution 7: Signing authority

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 annual general meeting at which this ordinary resolution will be considered and approved at such meeting.

Additional information

The following additional information, some of which may appear elsewhere in the integrated annual 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:

- directors and management – pages 6 and 7;
- major shareholders – page 37;
- directors' interests in ordinary shares – page 92; and
- share capital of the company – page 73.

Litigation statement

The directors in office whose names appear on pages 6 and 7 of the integrated annual report, are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have, or have had, in the recent past, being at least the previous 12 (twelve) months from the date of this integrated annual report, a material effect on the Group's financial position.

Directors' responsibility statement

The directors in office, whose names appear on pages 6 and 7 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual 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 annual report.

Directors' intention regarding the general authority to repurchase the company's shares

The directors have no specific intention, at present, for the company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the company and its shareholders.

PROXIES

Any shareholder holding shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in "own name" and entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend, speak and on a poll vote in his stead. A proxy need not be a member of the company.

Proxy forms must be lodged at the offices of the transfer secretaries, Computershare Investor Services (Pty) Limited (70 Marshall Street, Corner Sauer Street, Johannesburg; PO Box 61051, Marshalltown, 2107), by no later than Friday, 14 October 2011 at 14h00.

All beneficial owners whose shares have been dematerialised through a Central Securities Depository Participant ("CSDP") or broker other than with "own name" registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the annual general meeting. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the annual general meeting.

Shareholders and proxies of shareholders are advised that they will be required to present reasonably satisfactory identification in order to attend or participate in the annual general meeting as required in terms of section 63(1) of the Companies Act 71 of 2008.

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

Elize Lensley

for: iThemba Governance and Statutory Solutions (Pty) Limited

Company secretary

Germiston

12 August 2011

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

At the annual general meeting, the directors must present the annual financial statements for the year ended 28 February 2011 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 resolution 1: Rotation of directors

In accordance with the company's articles of association, one third of the directors, excluding the CEO, are required to retire at each annual general meeting and may offer themselves for re-election. In addition, any person appointed to the board of directors following the previous annual general meeting is similarly required to retire and is eligible for re-election at the next annual general meeting.

The following directors are eligible for re-election:

- Mr M Padiyachy
- Mr CD Stein

Brief biographical details of each of the above directors and the remaining members of the board are contained on pages 6 and 7 of the integrated annual report of which this notice forms part.

Ordinary resolution 2: Appointment of audit committee

In terms of section 94(2) of the Companies Act 71 of 2008 ("the Act"), a public company must at each annual general meeting elect an audit 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 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 committee meet all relevant requirements.

Ordinary resolution 3: Appointment of auditors

Charles Orbach & Company has indicated, and the individually registered auditor, Mr EL Steyn, their willingness to continue in office and ordinary resolution 3 proposes the re-appointment of that firm as the company's auditors with effect from 1 March 2011. Section 90(3) of the Companies Act 71 of 2008 ("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 Charles Orbach & Company and the designated auditor meets the relevant requirements.

Ordinary resolutions 4 and 5: Placement and issue of shares for cash

In terms of the Companies Act 71 of 2008 ("the Act"), directors are authorised to allot and issue the unissued shares of the company, unless otherwise provided in the company's memorandum of incorporation or in instances as listed in section 41 of the Act. The JSE requires that the memorandum of incorporation 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. In the absence of the memorandum of incorporation as contemplated in the Act, ordinary resolution 4 has been included to confirm directors' authority to issue shares. 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.

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 annual general meeting for ordinary resolution number 5 to become effective.

Ordinary resolution 6: Remuneration philosophy

The King Report on Corporate Governance for South Africa, 2009 recommends that the remuneration philosophy 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.

Special resolution 1: General authority to repurchase shares

Section 48 of the Companies Act 71 of 2008 ("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 annual general meeting for special resolution number 1 to become effective.

Special resolution 2: Directors' remuneration

In terms of section 66(8) and section 66(9) of the Companies Act 71 of 2008, companies may pay remuneration to directors for their services as directors unless otherwise provided by the memorandum of incorporation 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 2011 and 2012 financial years have been included in the resolution for approval by shareholders.

Special resolution 3: Financial assistance to related and inter-related companies

Section 45(2) of the Companies Act 71 of 2008 ("the Act") authorises the board to provide direct or indirect financial assistance to a related or inter-related company, subject to subsections (3) and (4) of section 45 of the Act and unless otherwise provided in the company's memorandum of incorporation. In terms of section 45(3) of the Act, a special resolution of shareholders is required in these instances. The main purpose of the special resolution as set out in the notice of the meeting is to approve the granting of inter-company loans, a recognised and well known practice, details of which are also set out in the notes to the annual financial statements.

Ordinary resolution 7: 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 annual general meeting. It is proposed that the company secretary and/or director be authorised accordingly.

GENERAL

Shareholders and proxies attending the annual general meeting on behalf of shareholders are reminded that section 63(1) of the Companies Act 71 of 2008 requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.

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

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY

For completion by registered members of Value unable to attend the annual general meeting of the company to be held on Tuesday, 18 October 2011, at 14h00 at the Value boardroom, Value City, Essex Road, Tunney, Germiston or at any adjournment thereof.

I/We

of (address)

being the holder/s of shares in 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 attend, speak and, on a poll, vote on my/our behalf at the abovementioned annual general meeting of members or at any adjournment thereof, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

	For	Against	Abstain
1. Ordinary resolution 1: To re-elect the directors required to retire in terms of the articles of association			
1.1 Mr M Padiyachy			
1.2 Mr CD Stein			
2. Ordinary resolution 2: To elect the members of the audit committee			
2.1 Mr CD Stein			
2.2 Mr IM Groves			
3. Ordinary resolution 3: To re-appoint auditors			
4. Ordinary resolution 4: To authorise directors to allot and issue unissued ordinary shares			
5. Ordinary resolution 5: To authorise directors to allot and issue ordinary shares for cash			
6. Ordinary resolution 6: To approve remuneration philosophy by way of a non-binding, advisory vote			
7. Special resolution 1: To authorise directors to repurchase company shares			
8. Special resolution 2: To approve directors' remuneration			
9. Special resolution 3: To approve financial assistance to related and inter-related companies			
10. Ordinary resolution 7: To provide signing authority			

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 may vote or abstain as he/she sees fit.

Signed at this

day of 2011

Signature

Assisted by me, where applicable (name and signature)

Please read the notes on the reverse side hereof.

FORM OF PROXY

continued

NOTES

1. A form of proxy is only to be completed by those ordinary shareholders who are:
   1.1 holding ordinary shares in certificated form; or
   1.2 recorded on sub-register electronic form in "own name".
2. If you have already dematerialised your ordinary shares through a Central Securities Depository Participant (CSDP) or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a Letter of Representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and your CSDP or broker.
3. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space. The person whose name stands first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act to the exclusion of those whose names follow.
4. On a show of hands a member of the company present in person or by proxy shall have one (1) vote irrespective of the number of shares he/she holds or represents, provided that a proxy shall, irrespective of the number of members he/she represents, have only one (1) vote. On a poll a member who is present in person or represented by proxy 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 him/her bears to the aggregate amount of the nominal value of all the shares issued by the company.
5. A member's instructions to the proxy must be indicated by the insertion of the relevant numbers of votes exercisable by the member in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
6. Forms of proxy must be lodged at, or posted to Computershare Investor Services 2004 (Pty) Limited, to be received not later than 48 hours before the time fixed for the meeting (excluding Saturdays, Sundays and public holidays).

   For shareholders on the South African register:

   Computershare Investor Services 2004 (Pty) Limited
   Ground Floor, 70 Marshall Street
   Johannesburg, 2001

   PO Box 61051
   Marshalltown
   2107

   www.computershare.com
   Tel: +27 11 370 5000
7. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
9. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.
10. Notwithstanding the afore going, the chairman of the annual general meeting may waive any formalities that would otherwise be a prerequisite for a valid proxy.
11. If any shares are jointly held, all joint members must sign this form of proxy. If more than one of those members is present at the annual general meeting either in person or by proxy, the person whose name appears first in the register shall be entitled to vote.