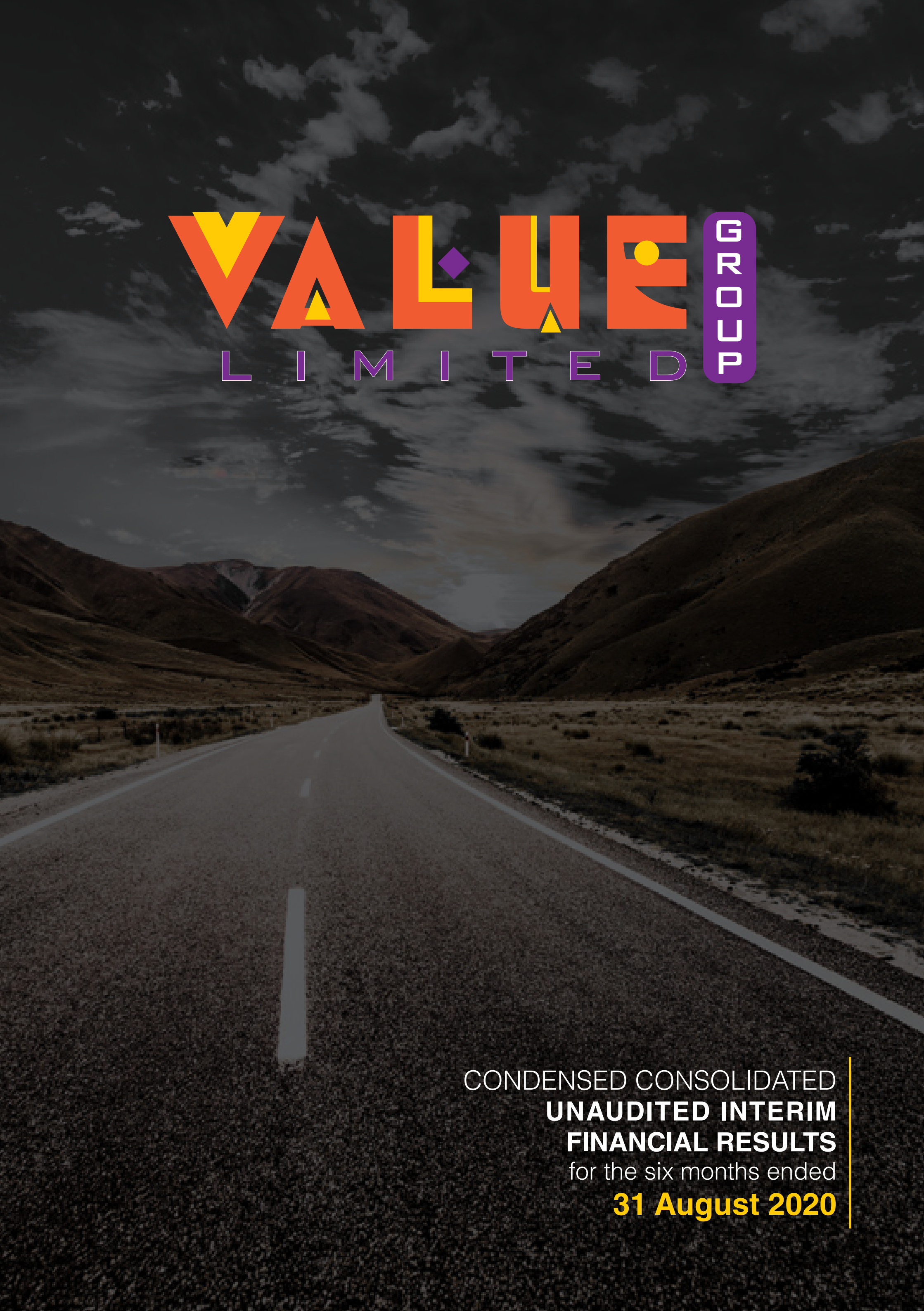


VALUE GROUP LIMITED

CONDENSED CONSOLIDATED **UNAUDITED INTERIM FINANCIAL RESULTS**

for the six months ended

31 August 2020

Value Group Limited
(Incorporated in the Republic of South Africa)
Registration number 1997/002203/06)
ISIN number: ZAE000016507 Share code: VLE
Directors: C D Stein* (Chairman), S D Gottschalk (CEO), C L Sack, N M Phosa*, M Padiyachy, V W Mcobothi*, B Bulo*
*Non-executive director
Sponsor: Investec Bank Limited

HIGHLIGHTS

REVENUE DOWN 3%
R1,36bn

HEADLINE EARNINGS PER SHARE UP 11%
35,4 cents

EARNINGS PER SHARE UP 13%
34,9 cents

NET ASSET VALUE PER SHARE UP 11%
579,6 cents

CASH GENERATED BY OPERATIONS UP 12%
R270m

INTERIM DIVIDEND PER SHARE UP 13%
18 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	% change	Unaudited August 2020	Unaudited August 2019	Audited February 2020
Revenue	(3%)	1 359 599	1 404 037	2 879 500
Cost of sales		(911 884)	(936 001)	(1 931 720)
Gross profit		**447 715**	**468 036**	**947 780**
Other income		8 201	11 101	32 574
Operating expenses		(357 343)	(372 935)	(722 653)
Operating profit	(7%)	**98 573**	**106 202**	**257 701**
Share of loss of equity-accounted investees		(1)	(3)	(14)
Fair value adjustment		593	(1 399)	(1 024)
Finance income		4 357	3 391	7 353
Finance costs (note 3.2)		(42 011)	(51 260)	(95 845)
Net profit before taxation		**61 511**	**56 931**	**168 171**
Taxation		(12 717)	(12 954)	(40 805)
Net profit for the period	11%	**48 794**	**43 977**	**127 366**
Earnings per share (cents) (note 2)				
Basic	13%	34,9	30,8	89,5
Headline	11%	35,4	31,8	92,2
Diluted basic	18%	34,0	28,8	84,1
Diluted headline	16%	34,5	29,7	86,7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	% change	Unaudited August 2020	Unaudited August 2019	Audited February 2020
Non-current assets		**1 635 295**	**1 751 658**	**1 641 041**
Property, vehicles, plant and equipment		1 000 616	1 035 636	993 796
Right-of-use assets		591 242	678 593	608 646
Intangible assets		16 296	14 101	13 528
Goodwill		16 561	16 561	16 561
Loan receivable		2 826	-	2 636
Equity-accounted investees		62	74	63
Deferred tax asset		7 692	6 693	5 811
Current assets		**746 137**	**651 379**	**697 777**
Inventories		114 615	114 708	107 807
Trade and other receivables		351 787	370 897	321 184
Other financial assets		5 708	5 037	5 878
Loan receivable		-	3 209	-
Current tax receivable		4 690	3 365	335
Cash and cash equivalents		269 337	154 163	262 573
Non-current assets held for sale		**1 401**	**3 010**	**201**
Total assets		**2 382 833**	**2 406 047**	**2 339 019**
Equity		**804 324**	**739 945**	**798 167**
Non-current liabilities		**892 288**	**1 050 354**	**905 788**
Interest-bearing borrowings		113 747	165 766	135 963
Lease liability		672 445	770 990	656 513
Deferred tax liability		106 096	113 598	113 312
Current liabilities		**686 221**	**615 748**	**635 064**
Trade and other payables		446 278	410 123	391 653
Current portion of interest-bearing borrowings		80 420	64 751	52 770
Current portion of lease liability		156 773	138 614	189 444
Other financial liabilities		220	-	-
Current tax payable		1 635	1 486	377
Shareholders for dividend		895	774	820
Total equity and liabilities		**2 382 833**	**2 406 047**	**2 339 019**
Net asset value per share (cents)	11%	579,6	521,1	564,6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Unaudited August 2020	Unaudited August 2019	Audited February 2020
Ordinary share capital and premium	**10 816**	**10 816**	**10 816**
A ordinary shares	**10**	**10**	**10**
Treasury shares	**(114 557)**	**(99 484)**	**(103 629)**
Balance at beginning of period	(103 629)	(91 433)	(91 433)
Treasury shares acquired	(10 928)	(8 051)	(13 175)
Treasury shares sold	-	-	979
Share-based payment reserve	**26 878**	**23 766**	**25 282**
Balance at beginning of period	25 282	22 108	22 108
Share-based payment expense	1 596	1 658	3 174
Retained income	**881 177**	**804 837**	**865 688**
Balance at beginning of period	865 688	799 479	799 479
Dividends paid	(33 305)	(38 619)	(61 291)
Profit on disposal of treasury shares	-	-	134
Net profit for the period	48 794	43 977	127 366
Equity	**804 324**	**739 945**	**798 167**

CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	% change	Unaudited August 2020	Unaudited August 2019	Audited February 2020
Cash flows from operating activities		**174 439**	**132 858**	**402 220**
Cash generated by operations	12%	270 234	240 803	598 748
Finance income		4 357	3 391	7 353
Finance costs (note 3.2)		(42 011)	(51 260)	(95 845)
Taxation paid		(24 911)	(21 538)	(46 872)
Cash available from operating activities		207 669	171 396	463 384
Dividends paid		(33 230)	(38 538)	(61 164)
Cash flows from investing activities		**(57 675)**	**(45 768)**	**(83 883)**
Purchase of property, vehicles, plant and equipment		(53 233)	(41 852)	(80 150)
Purchase of intangible assets		(5 815)	(5 625)	(7 728)
Proceeds on disposal of property, vehicles, plant and equipment		616	911	982
Proceeds on disposal of non-current assets held for sale		757	798	3 013
Cash flows from financing activities		**(110 000)**	**(108 871)**	**(231 708)**
Repayment of loans		(23 842)	(28 772)	(71 461)
Repayment of lease liability		(75 230)	(72 048)	(148 185)
Treasury shares acquired		(10 928)	(8 051)	(13 175)
Proceeds on disposal of treasury shares		-	-	1 113
Net change in cash and cash equivalents		**6 764**	**(21 781)**	**86 629**
Cash and cash equivalents at beginning of period		262 573	175 944	175 944
Cash and cash equivalents at end of period		**269 337**	**154 163**	**262 573**

SEGMENT INFORMATION

R000's	Unaudited August 2020	Unaudited August 2019	Audited February 2020
Total segment revenue	**1 434 906**	**1 487 112**	**3 044 106**
General distribution	809 868	885 745	1 826 869
Truck rental and other	184 335	207 033	427 959
Retail Logistics	386 220	334 661	670 903
Head office and other	54 483	59 673	118 375
Less: Inter-segment revenue	**75 307**	**83 075**	**164 606**
General distribution	2 010	2 995	4 660
Truck rental and other	20 381	23 151	47 050
Retail Logistics	-	-	-
Head office and other	52 916	56 929	112 896
External segment revenue	**1 359 599**	**1 404 037**	**2 879 500**
General distribution	807 858	882 750	1 822 209
Truck rental and other	163 954	183 882	380 909
Retail Logistics	386 220	334 661	670 903
Head office and other	1 567	2 744	5 479
Business segment results			
General distribution	90 404	86 274	201 506
Truck rental and other	17 339	23 818	55 266
Retail Logistics	5 874	1 345	2 833
Head office and other	(15 044)	(5 235)	(1 904)
Operating segment results	**98 573**	**106 202**	**257 701**
Share of loss of equity-accounted investees	(1)	(3)	(14)
Fair value adjustment	593	(1 399)	(1 024)
Finance income	4 357	3 391	7 353
Finance costs (note 3.2))	(42 011)	(51 260)	(95 845)
Net profit before taxation	**61 511**	**56 931**	**168 171**
Total segment assets			
General distribution	1 268 564	1 325 995	1 247 666
Truck rental and other	593 864	656 259	616 997
Retail Logistics	112 687	123 608	105 183
Head office and other	386 740	281 807	354 450
Segment assets	**2 361 855**	**2 387 669**	**2 324 296**
Loan receivable	2 826	3 209	2 636
Equity-accounted investees	62	74	63
Deferred tax asset	7 692	6 693	5 811
Other financial assets	5 708	5 037	5 878
Current tax receivable	4 690	3 365	335
Total assets	**2 382 833**	**2 406 047**	**2 339 019**
Total segment liabilities			
General distribution	955 360	1 009 937	951 415
Truck rental and other	236 755	281 610	254 389
Retail Logistics	75 124	74 949	64 173
Head office and other	202 424	183 748	156 366
Segment liabilities	**1 469 663**	**1 550 244**	**1 426 343**
Deferred tax liability	106 096	113 598	113 312
Other financial liability	220	-	-
Current tax payable	1 635	1 486	377
Shareholders for dividend	895	774	820
Total liabilities	**1 578 509**	**1 666 102**	**1 540 852**

SEGMENT INFORMATION (continued)

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

R000's	General Distribution	Truck Rental and other	Retail logistics	Head office and other	Unaudited August 2020
Recognised over time	789 604	92 432	-	-	882 036
Services rendered	789 604	92 432	-	-	882 036
Recognised at a point in time	18 254	34 209	386 220	1 567	440 250
Services rendered	-	13 782	-	-	13 782
Sale of goods	-	6 149	386 220	734	393 103
Sale of assets held for rental	18 254	14 278	-	166	32 698
Insurance commissions	-	-	-	667	667
Full maintenance leases *	-	37 313	-	-	37 313
Services rendered	-	37 313	-	-	37 313
Revenue	**807 858**	**163 954**	**386 220**	**1 567**	**1 359 599**

R000's	General Distribution	Truck Rental and other	Retail logistics	Head office and other	Unaudited August 2019
Recognised over time	861 201	114 983	-	-	976 184
Services rendered	861 201	114 983	-	-	976 184
Recognised at a point in time	21 549	24 707	334 661	2 744	383 661
Services rendered	-	12 562	-	-	12 562
Sale of goods	-	3 193	334 661	1 943	339 797
Sale of assets held for rental	21 549	8 952	-	40	30 541
Insurance commissions	-	-	-	761	761
Full maintenance leases*	-	44 192	-	-	44 192
Services rendered	-	44 192	-	-	44 192
Revenue	**882 750**	**183 882**	**334 661**	**2 744**	**1 404 037**

R000's	General Distribution	Truck Rental and other	Retail logistics	Head office and other	Audited February 2020
Recognised over time	1 784 712	240 336	-	474	2 025 522
Services rendered	1 784 712	240 336	-	474	2 025 522
Recognised at a point in time	37 497	51 062	670 903	5 005	764 467
Services rendered	-	27 743	-	-	27 743
Sale of goods	-	6 446	670 903	2 711	680 060
Sale of assets held for rental	37 497	16 873	-	775	55 145
Insurance commissions	-	-	-	1 519	1 519
Full maintenance leases *	-	89 511	-	-	89 511
Services rendered	-	89 511	-	-	89 511
Revenue	**1 822 209**	**380 909**	**670 903**	**5 479**	**2 879 500**

* Lease contracts within the scope of IFRS 16: Leases

NOTES

1. Basis of preparation

The condensed consolidated interim financial results are prepared in accordance with IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these condensed consolidated interim financial results are in terms of International Financial Reporting Standards. The accounting standards applied are consistent with those applied in the previous consolidated annual financial statements. The condensed consolidated interim financial results have been prepared under the supervision of the Group Financial Director, Mr CL Sack. These condensed consolidated interim financial results have not been audited nor reviewed by the Group's auditor.

R000's	**Unaudited August 2020**	Unaudited August 2019	Audited February 2020
2. Headline earnings			
2.1. Reconciliation between basic and headline earnings			
Basic earnings	48 794	43 977	127 366
Loss on disposal of property, vehicles, plant and equipment	997	1 962	5 478
Less: tax effect of loss on disposal of property, vehicles plant and equipment	(274)	(550)	(1 532)
Headline earnings	**49 517**	**45 389**	**131 312**
2.2. Number of ordinary shares of R 0.001 each in issue			
Shares in issue	172 635 000	172 635 000	172 635 000
Treasury shares	33 865 446	30 638 903	31 257 858
- Shares held by other entities (BBBEE and share incentive shares)	21 870 156	22 251 224	21 870 156
- Shares held by subsidiary company	11 995 290	8 387 679	9 387 702
Shares in issue excluding treasury shares	138 769 554	141 996 097	141 377 142
Weighted average shares in issue	139 875 959	142 906 552	142 372 490
Diluted shares in issue	143 708 235	152 655 941	151 412 663
2.3. Number of A ordinary shares of R 0.001 each in issue			
Shares in issue	10 429 010	10 429 010	10 429 010

NOTES (continued)

R000's	Unaudited August 2020	Unaudited August 2019	Audited February 2020
3. Supplementary information			
3.1. Depreciation and amortisation			
Depreciation of property, vehicles, plant and equipment	45 415	50 191	100 949
Depreciation of right-of-use assets	75 895	79 737	162 174
Amortisation of intangible assets	3 047	2 505	5 181
	124 357	**132 433**	**268 304**
3.2. Finance costs			
Lease liability	35 859	41 574	76 128
Long-term borrowings	5 915	9 685	19 098
Other	237	1	619
	42 011	**51 260**	**95 845**
3.3. Maturity analysis of lease liability			
Payable within one year	220 354	138 614	188 208
Payable within two to five years	735 507	586 960	685 640
Payable thereafter	55 233	184 030	110 465
	1 011 094	**909 604**	**984 313**
4. Fair value measurement of financial instruments			
4.1. Financial assets/(liabilities)			
Investment in insurance cell captive (Level 2)	**5 708**	4 740	5 116
The net asset value is used as a valuation technique where the underlying assets and liabilities have been assessed to represent the fair value of the investment. Due to the nature of the investment, specifically the significant composition of the liquid assets and liabilities, the net asset value is seen to be the most appropriate representation of fair value.			
Foreign currency forward contracts (Level 2)	**(220)**	297	762
Forward exchange contracts are marked to market at period end. The inputs used in the calculation are the foreign currency amounts stated in the contract, the equivalent Rand amount at the start of the contract and the Rand revaluation rate at period end.			
5. Related party transactions			
Significant transactions with related parties comprise of market related rentals paid to companies controlled by SD Gottschalk, CEO of Value Group Limited.	**108 419**	106 171	214 919

NOTES (continued)

6. Significant judgements and sources of estimation uncertainty

6.1 Going concern

Management have carefully assessed the performance of the Group since the beginning of the new financial year. Various scenario analyses have been performed and the results place the Group in a favourable position. The outlook for the Group's operations regarding future trading circumstances is positive. Budgeted scenario analyses have confirmed the Group's ability to service its outstanding debt commitments and that it will continue to meet its debt covenant requirements. The Group is solvent, has adequate cash resources and banking facilities required to continue trading into the future. The going concern assumption is thus considered appropriate for the Group's results for the period under review.

6.2 Expected Credit Loss

The Group determines an impairment loss on its trade receivables by calculating an expected credit loss (ECL) as prescribed by IFRS 9, which includes the use of forward looking information. Although there have been no significant decline in customer collections, the ECL provision was increased by R7,6 million due to the perceived increase in credit risk arising from the financial effect of COVID-19 on the Group's customer base.

6.3 Impairment assessments in terms of IAS 36: Impairment of Assets

Goodwill is attributable to the acquisition of Key Distributors Proprietary Limited (Key) during the Group's 2017 financial year. Key is a distributor and wholesaler of a variety of fast moving consumer goods into the convenience, formal and informal trade sectors. Being a provider of essential goods, this business has fared particularly well and has showed a remarkable improvement against past performance, even during the most restricted phases of the lockdown, with both revenue and operating profit reflecting an increase over the prior interim period. As such, the impairment assessments performed confirm that no impairment is required to goodwill.

The Group has been realising proceeds on the disposal of its assets similar to that achieved in the previous financial year. Accordingly, no material impairments to these assets are currently required as a result of the COVID-19 lockdown measures.

6.4 Events after the interim reporting period

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

COMMENTARY

INTRODUCTION

Value Group Limited and its subsidiaries ("the Group") provide a comprehensive range of tailored logistical solutions throughout southern Africa. The operating divisions specialise in providing a diversified range of supply chain services, which encompass distribution, transport, clearing and forwarding, warehousing, fleet management, materials handling, commercial vehicle rental and full maintenance leasing. The Group's retail segment supplies FMCG products into the convenience, formal and informal markets.

FINANCIAL REVIEW

The Group has had to navigate its way as a result of challenges brought about by the ongoing recession and the imposition of the initial highly restrictive lockdowns in order to contain the spread of the COVID-19 pandemic.

In particular, the implementation of level 5 lockdown from 27 March 2020 to 30 April 2020, resulted in a material reduction in revenue. The Group was designated as an essential service provider and was permitted to provide services to a limited number of customers supplying essential goods. Accordingly, April 2020 revenue was 32,6 % below that of April 2019. As lockdown restrictions eased to level 4 in May 2020, more of the Group's customers were permitted to trade which resulted in a material increase in revenue compared to April 2020. As a result, revenue in May 2020 was 5.3% less than that in May 2019. From 1 June 2020 onwards, with the shift to less restrictive lockdown levels, the Group eventually returned to normal operational capacity.

Despite these challenges, the Group has been successful in growing its customer base by on boarding a number of new customers during this unprecedented time. This growth partly tempered the reduction in revenue, with revenue reducing by only 3% from R1,404 billion to R1,36 billion.

Aside from preventing the spread of the virus through the implementation of a number of SHEQ procedures to ensure the health, wellbeing and safety of its employees, extensive focus has been applied in safeguarding the sustainability and operations of the Group. In this regard, the Group implemented the following measures to preserve cash balances:

- Immediate reduction of fixed and variable costs to align to trading activity where possible.
- The application for government assistance in the form of the Temporary Employer Relief Scheme (TERS) in order to compensate employees who were on unpaid leave. Where possible, employees were rotated during unpaid leave periods to ensure that a portion of their salary could be earned.
- Deferral of the payment of the final dividend to August 2020 which was pending due to the requirement to assess trading and cash flow outcomes during level 5 and level 4 lockdowns.

These initiatives, together with improvements in trading (subsequent to level 4 lockdown) and planning, contributed to partial containment of gross profit reduction. Consequently, gross profit margins reduced from 33,3% to 32,9% with gross profit reducing by R20,3 million to R447,7 million. In addition, these savings measures resulted in operating expenses reducing by R23,2 million. This was however partially offset by a R7,6 million increase in the ECL provision which was required due to the perceived increase in COVID-19 related credit risk. Accordingly, operating expenses reduced from R372,9 million to R357,3 million. Reduced gross profit, reduced other income and operating costs savings were insufficient to improve operating profits which reduced by 7% from R106,2 million to R98,6 million.

COMMENTARY (continued)

Net profit before tax however increased mainly due to a R9,2 million finance cost reduction which arose due to the following:

- Reduction in asset base funding costs due to reductions in prime interest rates and delays in delivery of vehicles earmarked for funding.
- Reduction in IFRS16 (lease) funding costs due to reduced outstanding capital balance on lease liabilities.

The Group also benefitted from a reduction in the effective tax rate from 22,8% to 20,7% due to the receipt in the current period of an increased allowance for energy efficiency savings.

The Board is thus pleased to advise that the Group produced an 11% increase in headline earnings for the 6 months ended 31 August 2020 from 31,8 cents to 35,4 cents per share.

Increases in goods and vehicles for sale inventory levels in addition to increases in receivable balances from growth in the customer base have been offset by increased payables. In addition, continued focus on working capital management yielded improved cash flow results. Given the financial difficulties that affected many businesses during this interim period, collections were better than expected. In addition, proceeds on disposal of rental assets were very encouraging with disposals generating R33,5 million. Consequently, cash generated by operations increased by 12% to R270,2 million.

In contrast to previous years, a larger portion of the Group's capital expenditure will be incurred in the second half of the financial year due to delivery delays arising from the initial lockdowns. Total capital expenditure amounted to R88,3 million and comprised R66,5 million for vehicles, R8,7 million for materials handling equipment, R1,9 million for plant and equipment and accessories and R11,2 million for IT hardware and software. Notwithstanding that positive cash balances were utilised to fund a large portion of the capital expenditure in addition to the R11 million spent on share repurchases, the focus on conserving cash balances in this uncertain period and on improving cash generation resulted in cash resources at interim period end increasing by R6,8 million to R269,3 million.

OPERATIONAL REVIEW

General distribution segment

The commencement of level 5 lockdown on 27 March 2020 had a material impact on the breakbulk and dedicated distribution divisions within the segment. Trading during this period was only undertaken for select customers providing essential services, thus resulting in a material reduction in revenue. This was matched with significant variable and fixed cost savings where possible. In contrast, the revenue model of the warehouse division which specialises in the storage of product remained intact and contributed positively to the Group particularly during this difficult period. Subsequent to the implementation of level 4 and the gradual easing of the lockdown levels, trading activity gained momentum and operations returned to normal levels. Growth of the customer base during the period together with increased activity amongst certain existing customers, partly countered lockdown volume decline amongst many customers. As a result, revenue reduced by 8,5% from R882,8 million to R807,9 million.

Improved efficiencies, stringent cost controls coupled with improved vehicle utilisation and planning contributed to operating margins improving from 9,8% to 11,2% with operating profit increasing from R86,3 million to R90,4 million.

COMMENTARY (continued)

Truck rental and other segments

The segment's revenue was materially impacted by the commencement of level 5 lockdown with trading limited to providing services to customers supplying essential goods. Subsequently, although activity levels improved, the muted demand for truck rental services has resulted in a highly competitive market with rates being heavily discounted in certain areas. In contrast, the clearing and forwarding and forklift divisions continue to trade profitably. Accordingly, revenue reduced by 11% from R183,9 million to R164 million. Truck rental rate pressures to improve vehicle utilisation and an increased variable and overhead cost base however, reduced operating margins from 13% to 10,6% with operating profit reducing from R23,8 million to R17,3 million.

Retail logistics segment

As the business was designated a supplier of essential goods, the business was extremely busy particularly during the level 5 and level 4 lockdown periods. In addition, ongoing focus on growing its markets have been successful, resulting in revenue increasing by 15,4% from R334,7 million to R386,2 million. Corrective measures to improve historical poor performance have been and continue to be implemented which has contributed to an improvement in operating margins and an increase in operating profit from R1,3 million to R5,9 million. Further improvements in regard to automation of systems and expansion into areas currently not serviced are underway.

SHARE REPURCHASES

During the period under review, 2 607 588 ordinary shares were acquired at a cost of R11 million. The average acquisition cost per share amounts to R4,16 per share. On 17 September 2020, 6 998 136 ordinary shares were cancelled against distributable reserves The Group's subsidiary currently holds 4 997 154 ordinary shares in treasury which represents 3,1% of ordinary shares in issue. The Group will continue to repurchase shares as the opportunities arise.

FUTURE CAPITAL EXPENDITURE

Future capital expenditure is anticipated to amount to approximately R91,5 million and comprises R58,3million for vehicles, R21million for forklifts and accessories and R12,2 million for IT and other costs. This capital expenditure is required mainly for the replacement of older vehicles, the anticipated growth in the forklift division and the various IT upgrade projects in progress across the Group's major applications. The capital expenditure will be funded by internally generated cash flows and interest bearing debt where required.

GOING CONCERN

During this unprecedented time with the world dealing with the effects of the COVID-19 pandemic, in order to assess going concern and establish the need to draw on facilities, a number of comprehensive budget scenarios were prepared in order to assess and test the effects of cash inflows and outflows using various trading scenarios. Cash flows and cash balances, essential for the sustainability of the Group during this period of uncertainty, were subject to stringent sensitivity analyses. To date, the extent of the Group's cash resources materially exceeds that budgeted. The Group is thus solvent, has adequate cash resources and banking facilities required to continue trading into the future.

COMMENTARY (continued)

PERFORMANCE DURING COVID-19 AND THE REQUIREMENT FOR IMPAIRMENTS

The Group continues to deal with these challenges noting the following:

- There have been no significant decline in customer collections as customers have generally continued to pay in accordance with agreed credit terms. The Group has successfully engaged with those customers where payments were delayed. The ECL provision was however increased as highlighted above.
- Trade creditors have been settled without any extension of terms. In addition, the Group's tax returns have been submitted and paid on time in accordance with regular business practice without requiring any form of financial assistance, either from financial institutions or government relief.
- Subsequent to the commencement of level 3 lockdown, the market for the acquisition of the Group's assets, which are designated for disposal, has been buoyant with proceeds realised for assets being similar to that achieved in the previous financial year. Accordingly, no material impairments to these assets are currently required as a result of the COVID-19 lockdown measures.

PROSPECTS

The Group's business characterized by a low asset based debt:equity ratio of 24% and the ability to generate positive cash flows will ensure its sustainability into the foreseeable future. The challenges associated with the impact of COVID-19 are partially negated due to the Group's robust business model, whereby logistics services across multiple divisions are supplied to a diverse range of customers within various industrial sectors. In addition, its retail segment supplies essential goods to an enlarged customer base. During these most challenging times, the Group has demonstrated its ability to adapt to the changing environment, grow its customer base and continue providing world class logistics services.

The financial impact of COVID-19 on the economy has been devastating. The significant increase in unemployment has reduced consumer disposable income which directly affects consumer demand. This can potentially reduce second half volumes (in comparison to the previous year) which will have an effect on the Group's 2021 results. Trading volumes and demand for the Group's services in the traditionally busier second half has been flat for the month of September and down in October compared to the previous year. Furthermore, this can be negatively affected should the country revert to the previous highly restrictive lockdown levels. Any reference to future financial performance included in this announcement has not been reviewed nor reported on by the Group's auditors.

COMMENTARY (continued)

DECLARATION OF DIVIDEND (NUMBER 28)

The Group's net cash position is positive with access to adequate banking facilities should the need arise. Accordingly, the Group has sufficient cash balances to increase its interim dividend and therefore resolved to declare a 13% increase in the gross interim dividend for the 6 months ended 31 August 2020 of 18 cents per ordinary share which will be paid out of distributable reserves. This dividend is covered 2 times by first half headline earnings. The number of ordinary shares in issue at the date of this declaration is 165 636 864. The dividend will be subject to dividend withholding tax of 20% which amounts to 3,6 cents per share. This will result in a net dividend of 14,4 cents per share payable to those shareholders who are not exempt from paying dividend withholding tax. The tax reference number of Value Group Limited is 9319054715. This dividend is payable to shareholders as follows:

Declaration date	Tuesday, 27 October 2020
Last day to trade cum dividend	Tuesday, 12 January 2021
Trading ex-dividend commences	Wednesday, 13 January 2021
Record date	Friday, 15 January 2021
Payment date	Monday, 18 January 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 January 2021 and Friday, 15 January 2021, both days inclusive.

For and on behalf of the Board

C D Stein
Chairman

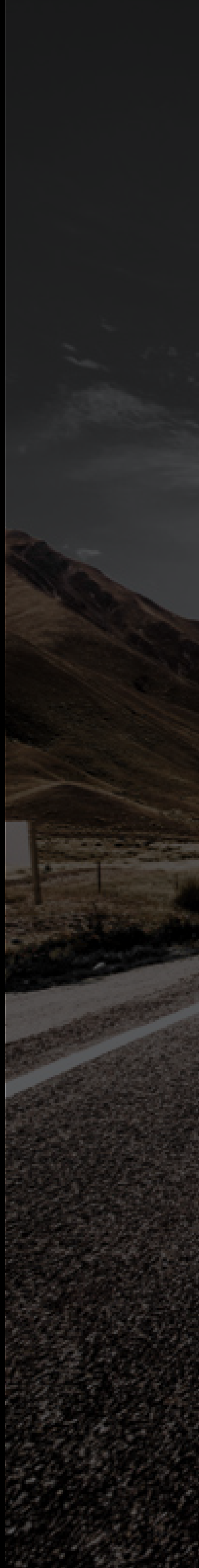
S D Gottschalk
Chief Executive Officer

Johannesburg

27 October 2020

DEFINITIONS

Cash generated by operations	A measure of the amount of cash generated by the Group's normal business operations before finance income, finance cost, taxation and dividends.
Basic earnings per share	Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.
Dividends per share	Dividend per share is the sum of declared dividends issued by the Group for every ordinary share outstanding.
Diluted basic earnings per share	Diluted basic earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares.
Gross profit	Gross profit is the profit generated after deducting costs associated with the selling of products and services.
Headline earnings	A measure of the Group's earnings based only on operational and capital investment activities which excludes exceptional and once-off profits and losses
Headline earnings per share	Per share value of the headline earnings attributable to the ordinary shareholders of the Group
Net asset value per share	Total assets less total liabilities attributable to ordinary shareholders, divided by the number of ordinary shares in issue excluding treasury shares
Operating profit	A measure of profitability that indicates how much of each Rand of revenue is left after cost of sales and operating expenses, before finance income, finance cost and taxation.
Weighted average number of shares	The weighted average number of shares is a calculation that takes into consideration any changes in the number of shares over a specific reporting period



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