onelogix

OneLogix Group Limited
(Registration number 1998/004519/06)
Share Code: OLG ISIN Code: ZAE 000026399
("OneLogix" or "the company" or "the group")

HIGHLIGHTS

- **Revenue from continuing operations up 21%**
- **HEPS up 27%**
- **HEPS from continuing operations up 44%**
- **Cash resources up 120% to R60,2 million**
- **NAV up 19%**
- **NTAV up 53%**
- **Final capital distribution of 3 cents per share**
- **Capital distribution for the year of 6 cents per share**

AUDITED CONDENSED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MAY 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	%	Audited Year ended 31 May 2010 R'000	Audited Year ended 31 May 2009 R'000
Continuing operations			
Revenue	21	**496 769**	410 118
Operating and administration costs	19	**(411 256)**	(345 352)
Depreciation and amortisation	37	**(33 699)**	(24 603)
Impairment of intangible assets	(100)	–	(1 698)
Operating profit	35	**51 814**	38 465
Finance income	2	**701**	687
Finance costs	(27)	**(9 798)**	(13 402)
Profit before taxation	66	**42 717**	25 750
Taxation	53	**(12 366)**	(8 064)
Profit from continuing operations	72	**30 351**	17 686
Profit for the year from discontinued operations	76	**12 272**	6 983
Net profit and comprehensive income for the year	73	**42 623**	24 669
Net profit and comprehensive income attributable to:			
– Minority interest	85	**7 912**	4 278
– Equity holders of the company	70	**34 711**	20 391
Net profit and comprehensive income	73	**42 623**	24 669
Number of shares in issue ('000):			
– Total		**210 131**	210 131
– Weighted		**210 131**	210 131
– Diluted		**210 131**	210 131
Basic and headline earnings per share (cents)			
Basic and diluted basic earnings per share (cents)	70	**16,5**	9,7
Headline and diluted headline earnings per share (cents)	27	**13,0**	10,2
Continuing operations:			
Basic and diluted basic earnings per share (cents)	53	**11,8**	7,7
Headline and diluted headline earnings per share (cents)	44	**11,8**	8,2
Discontinuing operations:			
Basic and diluted basic earnings per share (cents)	135	**4,7**	2,0
Headline and diluted headline earnings per share (cents)	(40)	**1,2**	2,0
Reconciliation between basic and headline earnings			
Basic earnings		**34 711**	20 391
Profit on disposal of property, plant and equipment less taxation and minorities		**(29)**	(120)
Impairment of intangible assets less taxation and minorities		–	1 148
Profit on disposal of discontinued operation less taxation and minorities		**(7 442)**	–
Headline earnings		**27 240**	21 419

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	%	Audited Year ended 31 May 2010 R'000	Audited Year ended 31 May 2009 R'000
Net cash generated from operations		**65 518**	73 665
Continuing operations	(10)	**59 277**	65 903
Discontinuing operations	(20)	**6 241**	7 762
Net cash flows from investing activities		**(18 326)**	(58 185)
Continuing operations	(19)	**(46 588)**	(57 282)
Discontinuing operations	(3 228)	**28 262**	(903)
Net cash flows from financing activities		**(14 358)**	2 918
Continuing operations	(614)	**(14 715)**	2 863
Discontinuing operations	554	**357**	55
Net increase in cash resources		**32 834**	18 398
Cash resources at beginning of year		**27 399**	9 001
Cash resources at end of year		**60 233**	27 399

The group has authorised capital expenditure over the next year of R73,9 million. R32,3 million is already committed.

Commitments			
Operating lease commitments (not exceeding five years)		**8 715**	15 490

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	%	Audited At 31 May 2010 R'000	Audited At 31 May 2009 R'000
ASSETS			
Non-current assets		**258 119**	270 175
Property, plant and equipment		**217 682**	213 406
Intangible assets		**33 550**	56 370
Interest in associate		–	120
Loans and receivables		**6 887**	279
Current assets		**160 853**	100 044
Inventories		**9 525**	5 044
Trade and other receivables		**88 866**	67 601
Taxation		**2 229**	–
Cash resources		**60 233**	27 399
Total assets		**418 972**	370 219
EQUITY AND LIABILITIES			
Equity		**201 316**	168 210
Ordinary shareholders' funds		**181 889**	153 482
Minority interests		**19 427**	14 728
Liabilities			
Non-current liabilities		**83 390**	87 550
Interest-bearing borrowings		**61 208**	68 042
Deferred tax		**20 196**	18 605
Share-based compensation liability		**1 986**	903
Current liabilities		**134 266**	114 459
Trade and other payables		**86 330**	69 037
Interest-bearing borrowings		**46 506**	44 118
Taxation		**1 430**	1 304
Total equity and liabilities		**418 972**	370 219
Net asset value per share (cents)		**86,6**	73,0
Net tangible asset value per share (cents)		**70,6**	46,2
SEGMENTAL ANALYSIS			
Revenue			
Automotive and abnormal	23	**441 041**	359 486
Retail	6	**30 585**	28 758
Media	15	**25 143**	21 874
Continuing operations	21	**496 769**	410 118
Discontinued operations	(65)	**56 206**	158 764
	(3)	**552 975**	568 882
Operating profit			
Automotive and abnormal	12	**51 980**	46 206
Retail	23	**11 780**	9 570
Media	(102)	**129**	(5 552)
Corporate	3	**(12 075)**	(11 759)
Continuing operations	35	**51 814**	38 465
Discontinued operations	(60)	**3 878**	9 618
	16	**55 692**	48 083
Total assets			
Automotive and abnormal	14	**350 639**	307 551
Retail	98	**16 767**	8 489
Media	115	**8 336**	3 877
Corporate	(3 405)	**43 230**	(1 308)
Continuing operations	32	**418 972**	318 609
Discontinued operations	(100)	–	51 610
	13	**418 972**	370 219
Total liabilities			
Automotive and abnormal	13	**161 051**	142 060
Retail	22	**7 568**	6 215
Media	189	**11 505**	3 975
Corporate	10	**15 906**	14 398
Continuing operations	18	**196 030**	166 648
Discontinued operations	(100)	–	15 452
Unallocted: Taxation and deferred taxation	9	**21 626**	19 909
	8	**217 656**	202 009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Retained income R'000	Revaluation reserve R'000	Other reserves R'000	Minority interests R'000	Total R'000
At 1 June 2008 – audited	2 101	47 400	73 354	10 184	52	12 361	145 452
Dividends declared in subsidiaries	–	–	–	–	–	(1 911)	(1 911)
Comprehensive income	–	–	20 391	–	–	4 278	24 669
At 31 May 2009 – audited	2 101	47 400	93 745	10 184	52	14 728	168 210
Dividends declared in subsidiaries	–	–	–	–	–	(1 300)	(1 300)
Dividends declared in discontinued operations	–	–	–	–	–	(1 709)	(1 709)
Capital distribution	–	(6 304)	–	–	–	–	(6 304)
Minority interests purchased	–	–	–	–	–	(75)	(75)
Minority interest disposed	–	–	–	–	–	(129)	(129)
Comprehensive income	–	–	34 711	–	–	7 912	42 623
At 31 May 2010 – audited	**2 101**	**41 096**	**128 456**	**10 184**	**52**	**19 427**	**201 316**

COMMENTS

The directors of OneLogix are pleased to present the consolidated audited annual financial results for the year ended 31 May 2010 ("the year"), which reflect a solid performance with the group emerging from the recession having successfully defended its various market positions.

Basis of presentation
The accounting policies and method of measurement and recognition applied in the preparation of the consolidated audited financial statements are consistent with those applied in the audited financial statements for the previous year ended 31 May 2009, apart from adjusting for changes resulting from the new accounting policies adopted during the year under review, as noted below.

The condensed consolidated audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the AC 500 Standards, International Accounting Standards ("IAS") 34 and the requirements of the Companies Act (Act 16 of 1973).

The consolidated audited annual financial results have been audited by PricewaterhouseCoopers Inc. and their unqualified audit opinion is available for inspection at the registered offices of OneLogix.

Accounting policies
The following new Standards and amendments to Standards are mandatory for the first time for the financial year beginning 1 June 2009:

- IAS 1 (revised), 'Presentation of financial statements': The revised Standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The group has elected to present one statement of comprehensive income. The audited condensed consolidated annual financial statements have been prepared under the revised disclosure requirements.
- IFRS 8, 'Operating segments': IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported Logistics segment has been split into two segments namely "Automotive and Abnormal" and "Media". The previously reported "Services" segment has been renamed "Retail".

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive committee.

  Goodwill is allocated by management to groups of cash-generating units on a segment level. The change in operating segments has not resulted in any additional goodwill impairment. Comparatives for the prior periods have been restated.

Acquisitions
As previously announced on 3 December 2009 OneLogix acquired Atlas Panelbeaters, a business specialising in larger commercial vehicles. The acquisition is a further move to develop niche offerings and boost revenue and will result in further integration and cost savings. Contribution to earnings commenced from January 2010 adding R20,1 million to revenue and R1 million profit after tax. If the acquisition had occurred on 1 June 2009, it is estimated that group revenue would have been R28,1 million higher with profit after tax R1,4 million higher. The group believes the new business offers a number of promising opportunities.

The assets and liabilities arising from the acquisition are as follows:	R'000 Fair value
Property	5 400
Plant and equipment	2 703
Inventories	1 897
Goodwill	25
Net identifiable assets acquired	**10 025**
Cash flow on acquisition	(5 425)
Purchase funded by vendor liability	(4 600)
Total funding	**(10 025)**

As previously announced on 12 May 2010 OneLogix, which holds 60% of the shares in Magscene, acquired a further 20% shareholding in Magscene from David Ralph for a total of R1,5 million. This acquisition, which is unconditional and effective 31 May 2010, serves to simplify shareholder relationships.

Discontinued operations
As previously announced on 21 August 2009 OneLogix disposed of its interests in the 4Logix and Gijima Supply Chain Management Services (Proprietary) Limited businesses with effect from 1 June 2009.

The disposal reflects the board's view that the relatively high revenue, low margin nature of these businesses, which provide logistics solutions for the rail of bulk commodities, no longer align with group strategy.

As previously announced on 12 May 2010 OneLogix sold the following to Media24 Limited with effect from 30 April 2010:

– all the issued shares in Press Support (Proprietary) Limited;
– its Media Express division; and
– its 26% shareholding in Internet Express (Proprietary) Limited.

The group believes the disposal is opportune as an exit from the major part of its newspaper and magazine distribution operations as OneLogix is not well-placed to continue to grow these operations. As a result of the disposal OneLogix management is now able to focus more closely on the larger businesses within the group. The proceeds of the disposal, after funding the acquisition and share repurchase referred to below, will reduce gearing pending evaluation of acquisition opportunities.

Financial information relating to the discontinued operations for the year to the date of disposal is set out below. The statement of comprehensive income and the cash flow statement distinguish discontinued operations from continuing operations. Comparative figures have been restated.

Statement of comprehensive income relating to discontinued operations:

	Year ended 31 May 2010 R'000	Year ended 31 May 2009 R'000
Revenue	**56 206**	158 764
Operating and administration costs	**(49 135)**	(145 817)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**7 071**	12 947
Depreciation and amortisation	**(3 193)**	(3 329)
Operating profit	**3 878**	9 618
Net finance income	**485**	386
Share of associate income	**25**	4
Profit before taxation	**4 388**	10 008
Taxation	**(1 542)**	(3 025)
Profit for the year from discontinued operations	**2 846**	6 983
Profit on sale of discontinued operations	**9 426**	–
Total profit on sale of discontinued operations	**12 272**	6 983

Subsequent event – Specific share repurchase
OneLogix has agreed to repurchase eight million shares in OneLogix from related parties, being Jeremy Eaton (the managing director of Press Support and a director of OneLogix (Proprietary) Limited until his resignation on implementation of the disposal) and The Eaton Family Trust, at a price of R0,85 per share plus interest at prime less 3%. The provisions of the Companies Act, 1973 and the JSE Listings Requirements have been met and the repurchase is being implemented.

Review of operations
Notwithstanding the cyclical nature of many of the OneLogix businesses the group's strong management capability ensured growth for the year. OneLogix is for the first time positioned to benefit from both a substantial cash surplus as well as an established, solid management team, which should position the group for further growth.

Vehicle Delivery Services ("VDS") improved its performance in line with market growth and enhanced its strong position within the local and cross-border vehicle logistics market. The increased market share gained during the recession as a result of industry consolidation has increased earnings and revenue in the second half of the year. VDS continues to be the major driver of group revenue and profitability.

Commercial Vehicle Delivery Services ("VDS") has encouragingly broadened and consolidated its customer base within the commercial vehicle logistics market.

Contributing to earnings for the first time **RFB Logistics ("RFB")** delivered results ahead of expectations. It has an established and successful track record in providing transport solutions throughout Southern Africa, with a particular focus on the niche abnormal load market.

Atlas Panelbeaters contributed to group earnings for the first time in January 2010. This acquisition has been profitable from the onset and has exceeded expectations.

PostNet, a well respected and established franchised chain of 227 business service outlets servicing the SME market, again performed well despite a sluggish retail market.

Magscene showed an improved performance within its specialist niche market. The business has returned to profitability following the successful resolution of operational and administrative issues.

Financial results
Revenue from continuing operations increased by 21% to R496,8 million from R410,1 million for the previous comparative period ended 31 May 2009. Notwithstanding the overall increase, the downturn in the vehicle delivery market was to a large degree successfully offset by revenue derived from the newly-acquired RFB.

In line with the increase in revenue EBITDA improved from R64,8 million to R85,5 million. With a net interest expense of R9,1 million, this still equates to a satisfactory interest cover of 9,4 times.

Operating profit, representing 10,4% (May 2009: 9,4%) of revenue, increased by 35% from R38,5 million to R51,8 million. The increase is attributable to a recovery in fixed costs within the group due to higher revenues. The fleet is currently fully operational and is being utilised across the group's businesses.

Due to the comparatively lower lending rates in the interim period, net finance costs decreased by 28% from R12,7 million to R9,1 million. This further boosted net profit before taxation by 66% from R25,8 million to R42,7 million.

Headline earnings per share ("HEPS") increased 27% from 10,2 cents to 13,0, cents. HEPS from continuing operations increased 44% from 8,2 cents to 11,8 cents.

Increased working capital requirements associated with a growth in revenue generation since the previous year-end saw cash flow from continuing operations decrease from R65,9 million to R59,3 million.

The group invested R39,3 million in continuing operations infrastructure: R27,5 million for fleet; R3,3 million for IT infrastructure; R7,6 million for property developments and R0,9 million for other assets. New interest-bearing borrowings of R46,9 million were raised during the period and were set off by repayments of interest-bearing borrowings of R55,3 million.

Net proceeds raised on disposal of discontinued operations totalled R30,8 million with the deferred payment of R5,5 million expected to realise in September 2010 once the outstanding sale conditions have been met. Net proceeds on disposal of tangible assets raised R5,8 million. Cash resources at balance sheet date increased by 120% from R27,4 million to R60,2 million.

Capital distribution
Shareholders are advised that a final distribution, by way of a capital reduction out of the share premium account, of 3,0 cents per share (May 2009: Nil) has been declared. This takes the total distribution for the year to 6,0 cents per share.

The salient dates in respect of the distribution are as follows:	2010
Last day to trade *cum* distribution on	Friday, 10 September
Shares will trade *ex* distribution from	Monday, 13 September
Record date	Friday, 17 September
Payment of distribution	Monday, 20 September

Shareholders may not dematerialise or rematerialise their shares between Monday, 13 September 2010 and Monday, 20 September 2010, both dates inclusive.

OneLogix will continue to assess the payment of interim and final dividends in light of the board's ongoing assessment of earnings, after providing for long-term growth and cash/debt resources, the amount of reserves available using going concern assessment and covenants of banking facilities providers.

Prospects
Underpinned by the group's proven market positions, superior customer service and strong business processes and supported by a skilled and motivated management team the directors believe the group businesses will continue to perform well into the next year.

OneLogix will also continue to explore acquisitive opportunities during the current year. In accordance with the group's strategy possible acquisitions will be in aligned niche markets.

People
We remain satisfied that the strong management teams and staff, undergoing continual training and skills development, are well equipped to deliver on strategic and operational objectives.

We thank our management, employees, business partners, customers, suppliers, business advisors and shareholders for their continued and invaluable support.

By order of the board

Ian Lourens
CEO

Geoff Glass
Financial Director

24 August 2010

Directors: SM Pityana *(Chairman)**, NJ Bester, AC Brooking*, GM Glass *(FD)*, AJ Grant*#, IK Lourens *(CEO)*, T Matshazi*, CV McCulloch *(COO)*, JG Modibane*#
**Non-executive #Independent*

Registered office: 46 Tulbagh Road, Pomona, Kempton Park (Postnet Suite 10, Private Bag X27, Kempton Park, 1620)

Company Secretary: Probity Business Services (Pty) Limited, Third Floor, The Mall Offices, 11 Cradock Avenue, Rosebank, 2196

Transfer secretaries: Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)

Designated advisor
JAVACAPITAL

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