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	EPS	HEPS from continuing operations	NTAV	Dividend of
⩓ 15%	⩓ 18%	⩓ 13%	⩓ 19%	4,5 cents per share

Acquisitions of **United Bulk** and **Drive Report** successfully concluded (Dec 2012)

Reduced dependence on auto-logistics businesses

Intention to move to **JSE Main Board**

Unaudited Condensed Consolidated Interim Results

for the six months ended 30 November 2012

Our people, our success

Condensed Consolidated Statement of Comprehensive Income

	%	Unaudited 6 months ended 30 November 2012 R'000	Unaudited 6 months ended 30 November 2011 R'000	Audited year ended 31 May 2012 R'000
Continuing operations				
Revenue	15	498 983	435 442	864 097
Operating and administration costs	15	(423 038)	(366 930)	(735 849)
Depreciation and amortisation	19	(24 913)	(20 909)	(43 801)
(Loss)/profit on disposal of property, plant and equipment	(*)	(304)	6 078	5 973
Operating profit	(5)	50 728	53 681	90 420
Finance income	71	2 230	1 306	2 553
Finance costs	36	(7 402)	(5 449)	(11 470)
Profit before taxation	(8)	45 556	49 538	81 503
Taxation	(10)	(13 027)	(14 432)	(23 750)
Profit from continuing operations	(7)	32 529	35 106	57 753
Profit from discontinued operations	*	8 791	985	2 103
Profit for the period	14	41 320	36 091	59 856
Other comprehensive income				
Movement in foreign currency translation reserve		31	115	165
Deferred tax increase due to CGT inclusion rate increase		–	–	(760)
Total comprehensive income for the period	14	41 351	36 206	59 261
Profit attributable to:				
– Non-controlling interest	(51)	2 410	4 926	6 127
– Equity holders of the company	25	38 910	31 165	53 729
	14	41 320	36 091	59 856
Other comprehensive income attributable to:				
– Non-controlling interest		–	–	–
– Equity holders of the company		31	115	(595)
		31	115	(595)
Total comprehensive income attributable to:				
– Non-controlling interest	(51)	2 410	4 926	6 127
– Equity holders of the company	25	38 941	31 280	53 134
	15	41 351	36 206	59 261
Number of shares in issue ('000):				
– Total issued less treasury shares		225 658	225 881	225 658
– Weighted		225 658	213 033	219 355
– Diluted		230 681	229 429	223 715
Basic and headline earnings per share (cents)				
Basic earnings per share (cents)	18	17,2	14,6	24,5
Continuing operations	(7)	13,3	14,3	23,8
Discontinuing operations	*	3,9	0,3	0,7
Diluted basic earnings per share (cents)	24	16,9	13,6	24,0
Continuing operations	(2)	13,1	13,3	23,3
Discontinuing operations	*	3,8	0,3	0,7
Headline earnings per share (cents)	11	13,6	12,2	22,1
Continuing operations	13	13,5	11,9	21,4
Discontinuing operations	(67)	0,1	0,3	0,7
Diluted headline earnings per share (cents)	18	13,3	11,3	21,7
Continuing operations	20	13,2	11,0	21,0
Discontinuing operations	(67)	0,1	0,3	0,7
Reconciliation between basic and headline earnings				
Basic earnings	25	38 910	31 165	53 729
Loss/(profit) on disposal of property, plant and equipment less taxation and non-controlling interests		206	(5 237)	(5 159)
Profit on disposal of discontinued operation less taxation		(8 523)	–	–
Headline earnings	18	30 593	25 928	48 570

** >100%*

Condensed Consolidated Statement of Cash Flows

	%	Unaudited 6 months ended 30 November 2012 R'000	Unaudited 6 months ended 30 November 2011 R'000	Audited year ended 31 May 2012 R'000
Net cash generated from operations	(52)	32 734	68 190	119 074
Continuing operations		32 792	66 425	117 741
Discontinuing operations		(58)	1 765	1 333
Net cash flows from investing activities	43	(42 030)	(29 482)	(91 683)
Continuing operations		(40 905)	(27 095)	(92 326)
Discontinuing operations		(1 125)	(2 387)	643
Net cash flows from financing activities	(92)	2 045	26 729	32 199
Continuing operations		2 120	26 516	32 242
Discontinuing operations		(75)	213	(43)
Net increase/(decrease) in cash resources		(7 251)	65 437	59 590
Cash resources at beginning of period		102 494	42 791	42 791
Exchange gain/(loss) on cash resources		17	55	113
Cash resources at end of period	(12)	95 260	108 283	102 494

Condensed Consolidated Statement of Financial Position

	%	Unaudited at 30 November 2012 R'000	Unaudited at 30 November 2011 R'000	Audited at 31 May 2012 R'000
ASSETS				
Non-current assets		389 671	328 527	368 190
Property, plant and equipment		350 887	287 425	327 555
Intangible assets		31 178	32 344	31 982
Loans and receivables		6 229	6 018	6 498
Deferred taxation		1 377	2 740	2 155
Current assets		262 371	239 589	238 406
Inventories		10 194	13 511	14 759
Trade and other receivables		154 976	117 795	119 210
Taxation		1 941	–	1 943
Cash resources		95 260	108 283	102 494
Total assets		652 042	568 116	606 596
EQUITY AND LIABILITIES				
Equity		299 920	257 285	270 390
Ordinary shareholders' funds		293 806	252 594	264 498
Non-controlling interests		6 114	4 691	5 892
Liabilities				
Non-current liabilities		156 460	141 814	149 277
Interest-bearing borrowings		129 773	120 008	122 431
Deferred tax		26 687	21 806	26 846
Current liabilities		195 662	169 017	186 929
Trade and other payables		137 012	125 321	136 211
Interest-bearing borrowings		54 867	38 896	50 017
Taxation		3 783	4 800	701
Total equity and liabilities		652 042	568 116	606 596
Net asset value per share (cents)	16	130,2	111,8	117,2
Net tangible asset value per share (cents)	19	116,4	97,5	103,0
Cash resources per share (cents)	(12)	42,2	47,9	45,4
SEGMENTAL ANALYSIS				
Revenue				
Specialised transport	15	444 567	385 003	768 424
Retail	5	15 695	15 003	28 648
Reportable segments	15	460 262	400 006	797 072
Other	9	38 721	35 436	67 025
	15	498 983	435 442	864 097
Segment results				
Specialised transport	2	54 581	53 274	93 422
Retail	5	5 662	5 386	10 788
Reportable segments	3	60 243	58 660	104 210
Other	(78)	953	4 296	5 138
Corporate items	13	(10 468)	(9 275)	(18 928)
	(6)	50 728	53 681	90 420
Unallocated:				
Finance income	59	2 230	1 306	2 553
Finance costs	35	(7 402)	(5 449)	(11 470)
	(8)	45 556	49 538	81 503
Total assets				
Specialised transport	29	561 263	434 349	480 134
Retail	74	22 359	12 817	16 723
Reportable segments	31	583 622	447 166	496 857
Other	(32)	23 457	34 692	39 202
Corporate items	(50)	41 645	83 518	66 439
Unallocated: taxation and deferred taxation	21	3 318	2 740	4 098
	15	652 042	568 116	606 596
Total liabilities				
Specialised transport	17	294 628	251 043	261 993
Retail	84	9 876	5 357	8 712
Reportable segments	19	304 504	256 400	270 705
Other	(50)	9 495	19 157	25 575
Corporate items	(12)	7 653	8 668	12 379
Unallocated: taxation and deferred taxation	15	30 470	26 606	27 547
		352 122	310 831	336 206
The group has authorised capital expenditure over the next 6 months of R31,9 million. R26,9 million is already committed.				
Commitments				
Operating lease commitments (not exceeding five years)		53 347	13 376	26 060

Condensed Consolidated Statement of Changes in Equity

	Share capital R'000	Share premium R'000	Treasury shares R'000	Retained income R'000	Revaluation reserve R'000	Other reserves R'000	Share-based compensation reserve R'000	Foreign currency translation reserve R'000	Transactions with non-controlling interests R'000	Non-controlling interests R'000	Total R'000
At 1 June 2011 – audited	2 021	20 227	(264)	167 153	11 067	52	–	(30)	–	30 046	230 272
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	(3 265)	(3 265)
Capital distributions and dividends to shareholders	–	(9 273)	–	–	–	–	–	–	–	–	(9 273)
Non-controlling interest acquired	–	–	–	–	–	–	–	–	(1 505)	1	(1 504)
Conversion of shareholding in BEE consortium	297	41 859	(8 431)	–	2 951	–	4 395	(8)	(9 643)	(27 017)	4 403
Share issue expenses	–	(444)	–	–	–	–	–	–	–	–	(444)
Share-based compensation reserve movement	–	–	–	–	–	–	525	–	–	–	525
Treasury shares disposed	–	–	264	–	–	101	–	–	–	–	365
Comprehensive income	–	–	–	31 165	–	–	–	115	–	4 926	36 206
At 30 November 2011 – unaudited	2 318	52 369	(8 431)	198 318	14 018	153	4 920	77	(11 148)	4 691	257 285
Capital distributions and dividends to shareholders	–	(6 253)	–	(4 169)	–	–	–	–	–	–	(10 422)
Share-based compensation reserve movement	–	–	–	–	–	–	789	–	–	–	789
General share repurchase	(2)	(319)	–	–	–	–	–	–	–	–	(321)
Comprehensive income	–	–	–	22 564	(760)	–	–	50	4	1 201	23 059
At 31 May 2012 – audited	2 316	45 797	(8 431)	216 713	13 258	153	5 709	127	(11 144)	5 892	270 390
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	(2 089)	(2 089)
Non-controlling interest acquired	–	–	–	–	–	–	–	–	–	(99)	(99)
Share-based compensation reserve movement	–	–	–	–	–	–	789	–	–	–	789
Capital distribution	–	(10 422)	–	–	–	–	–	–	–	–	(10 422)
Comprehensive income	–	–	–	38 910	–	–	–	31	–	2 410	41 351
At 30 November 2012 – unaudited	**2 316**	**35 375**	**(8 431)**	**255 623**	**13 258**	**153**	**6 498**	**158**	**(11 144)**	**6 114**	**299 920**

Comments

The unaudited condensed consolidated interim financial results for the six months ended 30 November 2012 ("the interim period") reflect the group's continued strong performance as a result of the ongoing hardiness of our businesses in challenging and variable economic conditions, and the strength of our management teams.

Basis of presentation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim financial reporting', the AC 500 series of interpretations, the requirements of the South African Companies Act, No. 71 of 2008 and the Listings Requirements of the JSE Limited. The unaudited condensed consolidated interim financial information should be read in conjunction with the most recent audited annual financial statements for the year ended 31 May 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Accounting policies and computations are consistently applied as in the annual financial statements. These results have been compiled under the supervision of the Financial Director, GM Glass CA(SA).The interim results have not been audited or reviewed by the group's auditors, PricewaterhouseCoopers Inc.

Review of operations

Notwithstanding industrial unrest, the group's notable performance for the interim period was driven entirely by organic growth for the third consecutive year.

Specialised Transport reportable segment

Vehicle Delivery Services ("VDS") protected its market share with recognised exceptional customer service. Notwithstanding a market exhibiting below average inflation, the group continued to invest in optimal fleet, IT infrastructure, facilities and people to effectively leverage VDS's leadership of this market and realise future growth potential. Management also focussed relentlessly on cost management.

Commercial Vehicle Delivery Services ("CVDS") continued to gain market share. During the interim period substantial costs were incurred in preparation for new secured business, which was realised post November 2012.

RFB Logistics ("RFB") and in particular *OneLogix Projex ("Projex")*, again exceeded expectations. Investment in fleet, IT and general business process, together with excellent customer service, facilit ated the market share growth, especially in the infrastructure-related project logistics market. Given the two businesses' complementary customer base within a defined market segment and operational synergies, the group is currently processing their amalgamation. This process is expected to be completed prior to year-end.

Retail reportable segment

PostNet, a mature business, remains a valuable contributor to the group with high margins and reliable annuity income. It continues to evaluate new opportunities for growth and diversification.

Other reportable segment

This comprises mainly *Atlas Panelbeaters*, which was confronted by tough market conditions necessitating a review of business processes. This action is well underway and initiatives such as cost cutting and improved operational and business process controls are beginning to bear fruit. *QSA*, acquired effective 1 June 2012, owns transport-specific accounting software. QSA is presently in an investment phase and as anticipated, is currently a small contributor to group earnings.

Discontinued operations

With effect from 1 October 2012, OneLogix disposed of its 80% stake in Magscene to CTP Limited for R10 million. Proceeds, net of cash balances disposed of, amounted to R8,5 million.

The sale signifies the group's final exit from its non-core media-related logistics businesses. OneLogix is now positioned to focus on the larger businesses within the group. This will include the pursuit of strategic acquisitions, specifically of entrepreneurial businesses to whom OneLogix can provide a proven management platform in order to expand and realise potential.

Financial results

Group revenue from continuing operations grew 15% from R435,4 million to R499 million for the interim period.

Continuing operations' operating profit, excluding items of a capital nature, increased by 7% from R47,6 million to R51 million. Including items of a capital nature, operating profit decreased by 5% to R50,7 million. A capital profit of R6 million, relating to the disposal of a group property in KwaZulu-Natal, was recognised in the prior interim period.

Operating margins, excluding items of a capital nature, were slightly down from the comparative period to 10,2% (November 2011: 10,9%). This was mainly due to higher fuel prices (which are recovered from the customer base down the line) and above inflation increases to other major input costs. Initiatives are in place to manage cost creep in line with top-line growth.

Net finance costs increased by 25% from R4,1 million to R5,2 million, as a result of the group's increased property portfolio. Interest cover of 9,8 times enables OneLogix to access further borrowings to fund growth opportunities.

Headline earnings per share ("HEPS") rose 11% from 12,2 cents to 13,6 cents, as a result of the strong performance of the Specialised Transport division. This was offset to an extent by a reduction in contribution to earnings from the Other reportable segment. HEPS from continuing operations rose 13% from 11,9 cents to 13,5 cents.

Earnings per share ("EPS") grew 18% from 14,6 cents to 17,2 cents, boosted by the capital profit realised from the disposal of Magscene.

Diluted HEPS and EPS are marginally lower than their respective undiluted measures, due to the dilutive effect of the shares held by the employee BEE Trust as treasury shares.

Cash flows from operations decreased 52% to R32,7 million due to required investment in working capital to fund the group's growth.

During the interim period, the group invested R51,7 million in continuing operational infrastructure as follows: R39 million for fleet, R7,3 million for property developments, R2,1 million for IT infrastructure and R3,3 million for other assets. Net proceeds of R2,7 million were received on the disposal of tangible assets. An investment of R1,5 million in QSA was offset by the net proceeds of R8,5 million received on the disposal of the group's interest in Magscene.

New interest-bearing borrowings of R40,1 million were raised during the interim period, offset by the repayment of interest-bearing borrowings of R27,6 million. Capital distribution number 6, totalling R10,4 million, was paid during the interim period. Cash resources at the reporting date were R95,3 million, of which R75 million was utilised subsequent to period-end to settle the purchase price of the two acquisitions made in December 2012 (see "Post interim period events").

Post interim period events

As announced on 5 December 2012, OneLogix has acquired 60% of RSA Tankers Proprietary Limited, trading as United Bulk, for R55 million. This company is a leading specialised bulk transporter of liquid food grade products, liquid hazardous materials and liquid petroleum gas. The provisional fair value of net assets acquired is R25,8 million. The split within total intangible assets of R29,2 million, between goodwill and other intangible assets is still to be finalised.

Further on 21 December 2012, the group announced its acquisition of 40% of Drive Report Proprietary Limited ("Drive Report") for R20 million cash. Drive Report is a driver behaviour management company aimed at addressing cost optimisation and road safety, currently two key factors in the logistics and transport-related industries.

Both sellers remain firmly vested, with shareholding interests of 40% and 60%, respectively.

These acquisitions complement the existing specialised logistics operations of the group, are essentially non-cyclical, and operate across a broad spectrum of the logistics market. The acquisitions are consistent with the group's acquisition philosophy and represent the systematic progression of the strategy to further reduce dependence on the auto-logistics component of the business.

Dividend

Shareholders are advised that an interim gross dividend, No.2 of 4,5 cents per share, in respect of the six months ended 30 November 2012, was declared on Friday, 22 February 2013.

This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South Africa dividends tax ("DT") rate is 15%. The net dividend payable to shareholders who are subject to dividends tax is 3,825 cents per share, while it is 4,5 cents per share for those shareholders who are exempt from dividends tax. The income tax reference number of the company is 9361229710.

At the declaration date, the issued share capital was 231 595 235 ordinary shares of no par value (with no STC reserves available for utilisation).

The salient dates in respect of the interim dividend are as follows:

	2013
Last day to trade *cum* dividend on	Friday, 12 April
Shares will trade *ex* dividend from	Monday, 15 April
Record date	Friday, 19 April
Payment of dividend	Monday, 22 April

Shareholders may not de-materialise or re-materialise their shares between Monday, 15 April 2013 and Friday, 19 April 2013, both dates inclusive.

The interim dividend, amounting to R10,4 million, has not been recognised as a liability in the condensed consolidated interim financial statements. It will be recognised in shareholders' equity for the year ending 31 May 2013.

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

Notice of intention to move to JSE Main Board

The group's present listing is on AltX. The board of directors appreciates the constraints this places on potential investors, and is intent on migrating to the JSE Main Board following all necessary approvals.

Prospects

Although revenue is traditionally weighted to the first half of the financial year, the period has been impacted by industry wide industrial action. Notwithstanding this, the outlook for the full financial year to 31 May 2013 remains positive. The existing businesses within the group clearly understand their challenges, and are well positioned to address these and to take advantage of growth opportunities in their particular market segments.

The newly acquired businesses are expected to contribute to earnings for the first time in the second half of the current year.

The group will continue to investigate further suitable acquisition opportunities.

People

We remain appreciative that our quality management and employees continue to perform at the highest levels of excellence. We believe that the group's enabling culture facilitates this by continually encouraging and empowering our people to realise their full potential.

We further thank our business partners, customers, suppliers, business advisors and shareholders for their ongoing invaluable support.

By order of the board

Ian Lourens
CEO

Geoff Glass
FD

26 February 2013

Directors: SM Pityana (Chairman)*, AB Ally* (Alternate: DA Hirschowitz), NJ Bester, AC Brooking*, GM Glass (FD), AJ Grant*#, IK Lourens (CEO), CV McCulloch (COO), JG Modibane*#, LJ Sennelo*#
** Non-executive # Independent*

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Designated Adviser: JAVACAPITAL