onelogix

OneLogix Group Limited
(Registration number 1998/004519/06)
Share code: OLG ISIN: ZAE000026399
("OneLogix" or "the company" or "the group")

HIGHLIGHTS

- **Revenue up 41%**
- **Operating profit up 43%**
- **HEPS up 46%**
- **HEPS from continuing operations up 61%**
- **NAV up 14%**
- **NTAV up 18%**
- **Cash generated by continuing operations up 38%**
- **Interim capital distribution of 4 cents per share paid**
- **Final capital distribution of 4 cents per share**

AUDITED CONDENSED RESULTS FOR THE YEAR ENDED 31 MAY 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	%	**Audited Year ended 31 May 2011 R'000**	Audited Year ended 31 May 2010 R'000
Continuing operations			
Revenue	41	**701 710**	496 769
Operating and administration costs	43	**(588 669)**	(411 256)
Depreciation and amortisation	15	**(38 911)**	(33 699)
Operating profit	43	**74 130**	51 814
Finance income	259	**2 519**	701
Finance costs	(29)	**(6 958)**	(9 798)
Profit before taxation	63	**69 691**	42 717
Taxation	58	**(19 502)**	(12 366)
Profit from continuing operations	65	**50 189**	30 351
Profit from discontinued operations	(100)	**–**	12 272
Profit for the year	18	**50 189**	42 623
Other comprehensive income			
Movement in foreign currency translation reserve		**(38)**	–
Revaluation of properties		**1 118**	–
Total comprehensive income for the year	20	**51 269**	42 623
Profit attributable to:			
– Non-controlling interest		**11 492**	7 912
– Equity holders of the company		**38 697**	34 711
	18	**50 189**	42 623
Other comprehensive income attributable to:			
– Non-controlling interest		**227**	–
– Equity holders of the company		**853**	–
		1 080	–
Total comprehensive income attributable to:			
– Non-controlling interest		**11 719**	7 912
– Equity holders of the company		**39 550**	34 711
	20	**51 269**	42 623
Number of shares in issue ('000):			
– Total		**202 131**	210 131
– Weighted		**203 789**	210 131
– Diluted		**202 131**	210 131
Basic and headline earnings per share:			
Basic and diluted basic earnings per share (cents)	15	**19,0**	16,5
Headline and diluted headline earnings per share (cents)	46	**19,0**	13,0
Continuing operations:			
Basic and diluted basic earnings per share (cents)	61	**19,0**	11,8
Headline and diluted headline earnings per share (cents)	61	**19,0**	11,8
Discontinuing operations:			
Basic and diluted basic earnings per share (cents)		**0,0**	4,7
Headline and diluted headline earnings per share (cents)		**0,0**	1,2
Reconciliation between basic and headline earnings:			
Basic earnings		**38 697**	34 711
(Loss)/profit on disposal of property, plant and equipment less taxation and non-controlling interests		**1**	(29)
Profit on disposal of discontinued operation less taxation and non-controlling interests		**–**	(7 442)
Headline earnings		**38 698**	27 240

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	%	**Audited Year ended 31 May 2011 R'000**	Audited Year ended 31 May 2010 R'000
Net cash generated from operations		**81 727**	65 518
Continuing operations	38	**81 727**	59 277
Discontinuing operations		**–**	6 241
Net cash flows from investing activities		**(93 045)**	(18 326)
Continuing operations	100	**(93 045)**	(46 588)
Discontinuing operations		**–**	28 262
Net cash flows from financing activities		**(6 087)**	(14 358)
Continuing operations	(59)	**(6 087)**	(14 715)
Discontinuing operations		**–**	357
Net (decrease)/increase in cash resources	(153)	**(17 405)**	32 834
Cash resources at beginning of the year	120	**60 233**	27 399
Exchange loss on cash resources		**(37)**	–
Cash resources at end of the year	(29)	**42 791**	60 233

The group has authorised capital expenditure over the next 12 months of R66,1 million. R54,4 million is already committed.

Commitments			
Operating lease commitments (not exceeding five years)		**16 097**	8 715

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	%	**Audited At 31 May 2011 R'000**	Audited At 31 May 2010 R'000
ASSETS			
Non-current assets		**314 502**	258 119
Property, plant and equipment		**274 241**	217 682
Intangible assets		**32 498**	33 550
Loans and receivables		**6 271**	6 887
Deferred tax		**1 492**	–
Current assets		**161 443**	160 853
Inventories		**12 157**	9 525
Trade and other receivables		**105 460**	88 866
Taxation		**1 035**	2 229
Cash resources		**42 791**	60 233
Total assets		**475 945**	418 972
EQUITY AND LIABILITIES			
Equity		**230 272**	201 316
Ordinary shareholders' funds		**200 226**	181 889
Non-controlling interests		**30 046**	19 427
Liabilities			
Non-current liabilities		**106 498**	83 390
Interest-bearing borrowings		**81 286**	61 208
Deferred tax		**21 080**	20 196
Share-based compensation liability		**4 132**	1 986
Current liabilities		**139 175**	134 266
Trade and other payables		**95 595**	86 330
Interest-bearing borrowings		**41 554**	46 506
Taxation		**2 026**	1 430
Total equity and liabilities		**475 945**	418 972
Net asset value per share (cents)		**99,1**	86,6
Net tangible asset value per share (cents)		**83,0**	70,6
Cash resources per share (cents)		**21,2**	28,7

SEGMENTAL ANALYSIS

	%	**Audited At 31 May 2011 R'000**	Audited At 31 May 2010 R'000
Revenue			
Automotive and abnormal	46	**643 634**	441 041
Retail	(2)	**29 908**	30 585
Media	12	**28 168**	25 143
	41	**701 710**	496 769
Operating profit			
Automotive and abnormal	49	**77 575**	51 980
Retail	(9)	**10 776**	11 780
Media	2 239	**3 017**	129
Corporate	43	**(17 238)**	(12 075)
	43	**74 130**	51 814
Unallocated:			
Finance income	259	**2 519**	701
Finance costs	(29)	**(6 958)**	(9 798)
	63	**69 691**	42 717
Total assets			
Automotive and abnormal	24	**433 991**	350 639
Retail	(16)	**14 158**	16 767
Media	9	**9 055**	8 336
Corporate	(62)	**16 214**	43 230
	13	**473 418**	418 972
Unallocated: Taxation and deferred taxation		**2 527**	–
	14	**475 945**	418 972
Total liabilities			
Automotive and abnormal	20	**193 554**	161 051
Retail	(4)	**7 292**	7 568
Media	(27)	**8 441**	11 505
Corporate	(17)	**13 280**	15 906
	14	**222 567**	196 030
Unallocated:			
Taxation and deferred taxation	7	**23 106**	21 626
	13	**245 673**	217 656

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	Foreign currency translation reserve R'000	Non-controlling interests R'000	Total R'000
At 1 June 2009 – audited	2 101	47 400	–	93 745	10 184	52	–	14 728	168 210
Dividends declared in subsidiaries	–	–	–	–	–	–	–	(3 009)	(3 009)
Capital distribution	–	(6 304)	–	–	–	–	–	–	(6 304)
Non-controlling interests purchased	–	–	–	–	–	–	–	(75)	(75)
Non-controlling interests 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
Dividends declared in subsidiaries	–	–	–	–	–	–	–	(1 100)	(1 100)
Specific share repurchase	(80)	(6 720)	–	–	–	–	–	–	(6 800)
Capital distribution	–	(14 149)	–	–	–	–	–	–	(14 149)
Treasury shares acquired	–	–	(264)	–	–	–	–	–	(264)
Comprehensive income	–	–	–	38 697	883	–	(30)	11 719	51 269
At 31 May 2011 – audited	**2 021**	**20 227**	**(264)**	**167 153**	**11 067**	**52**	**(30)**	**30 046**	**230 272**

COMMENTS

The directors of OneLogix are pleased to present the condensed consolidated audited annual financial results for the year ended 31 May 2011 ("the year"). The economy during the year offered a mixed bag of conditions. The results reflect overall continued growth driven by the fundamental strength of the businesses and their management teams which enable the group to capitalise on economic improvement in certain sectors and overcome the still challenging conditions in others.

Basis of preparation
The accounting policies and method of measurement and recognition applied in the preparation of the condensed consolidated audited annual financial statements are consistent with those applied in the audited annual financial statements for the previous year ended 31 May 2010, apart from adjustments for changes resulting from the new accounting policies adopted during the year, as noted below.

The condensed consolidated audited annual financial statements have been prepared in accordance with International Financial reporting Standards ("IFRS") and are presented in terms of the disclosure requirements set out in International Accounting Standards ("IAS") 34, as well AC 500 standards , the JSE Limited Listings Requirements and the requirements of the Companies Act. Financial Director Geoff Glass CA(SA) prepared the consolidated annual financial statements.

The condensed consolidated annual financial statements have been audited by PricewaterhouseCoopers Inc. and their unqualified audit opinion, along with the consolidated annual financial statements which were approved on 23 August 2011, are available for inspection at the registered offices of OneLogix.

Accounting policies
The group adopted the following new standards from 1 June 2010:
- IFRS 3: Business Combinations (Revised); and
- Consequential amendments to IAS 27: Consolidated and Separate Financial Statements (Revised), IAS 28: Investments in Associates and IAS 31: Interests in Joint Ventures.

These standards are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

Review of operations
The OneLogix group has continued to demonstrate the resilience of its business model in terms of which the spread of businesses and markets of operation act as a successful risk hedge in any economic cycle. This can again be attributed to our strong management teams that guide tested business models for servicing various logistics markets in South and Southern Africa.

Vehicle Delivery Services ("VDS") performed well on the back of a recovery in the local market, while the export market is also starting to show signs of a recovery. It maintained its track record of exceptional customer service and delivered significantly improved results, supported by overall market growth. VDS continues to be the major driver of group revenue and profitability.

Commercial Vehicle Delivery Services ("CVDS") continues to capture market share by expanding its customer base and maintaining its admirable track record of delivery and performance, boding well for the future.

RFB Logistics ("RFB") performed ahead of expectations and continued to grow a well-diversified customer base, notwithstanding the highly competitive general freight and abnormal load environment.

OneLogix Projex is a newly established business that has proven successful in its early stages. Already contributing to group earnings, it works closely with RFB and specialises in the project logistics and abnormal transport market. OneLogix Projex has an experienced management team that has quickly built a substantial, sustainable customer base.

Atlas Panelbeaters ("Atlas") has completed a major review of its operation, processes and systems and is now favourably positioned for future growth. It performed well during the year.

PostNet suffered the effects of a sluggish retail market. Nonetheless its sustained annuity income, derived from a network of 236 franchised stores, continues to entrench its position as a defensive asset for OneLogix and a leader in a resilient sub-sector – SMME's.

Magscene maintained its recently established stability and is expected to return steady growth going forward.

Discontinued operations
As previously announced, the outstanding sale conditions relating to the disposal of certain of the group's media interests to Media 24 Limited have been fulfilled, and the deferred purchase payment of R5,5 million was received in December 2010.

The statement of comprehensive income and the cash flow statement distinguish discontinued operations from continuing operations.

Specific share repurchase
As previously announced, the specific share repurchase and subsequent cancellation of 8 million shares, purchased from Jeremy Eaton and The Eaton Family Trust at R0,85 per share, have been implemented (in accordance with the Companies Act, 1973 and the JSE Limited Listings Requirements) with effect from 30 August 2010.

Financial results
Revenue from operations increased 41% on the back of a continued revival in the automotive and abnormal load markets as well as the first -time contributions from the newly acquired and established businesses (see 'Review of operations' above).

Operating profit, representing 10,6% (May 2010: 10,4%) of revenue, grew by 43% from R51,8 million to R74,1 million. The increase is attributable to an improved utilisation of infrastructure and greater activity during the year. A charge of R2,1 million was incurred during the year relating to the BEE share trust. A further charge of R0,3 million relating to the professional fees associated with the specific share repurchase was also incurred during the year. The fleet is currently fully operational and deployed across the group's businesses. The approved CAPEX budget for the upcoming year is R66,1 million, R33,1 million of which will be used for replacement of assets and the balance for expansion. Group properties were independently revalued upwards by R1,3 million.

Due to the comparatively lower lending rates as well as substantially increased cash resources, net finance costs decreased by 51% from R9,1 million to R4,4 million. This further enhanced profit before taxation by 63% from R42,7 million to R69,7 million.

Headline earnings per share ("HEPS") grew 46% from 13,0 cents to 19,0 cents. HEPS from continuing operations was up 61% from 11,8 cents to 19,0 cents.

Increased revenue generation and strict working capital structures saw cash flow from continuing operations increase 38% from R59,3 million to R81,7 million.

During the year the group invested R97,7 million in operational infrastructure as follows: R62,2 million for fleet; R28,9 million for property developments; R4,0 million for IT infrastructure; and R2,6 million for other assets. Net proceeds on disposal of tangible assets raised R4,7 million. New interest-bearing borrowings of R74,5 million were raised during the year, offset by repayments of R59,4 million. Capital distributions No. 2 and No. 3, totalling R14,1 million, were paid in the year. A further R6,8 million was invested in the share repurchase transaction as detailed above (see 'Specific share repurchase').

Cash resources at the reporting date decreased by 29% from R60,2 million to R42,8 million, due to certain of the investing activities in new assets being funded by available cash resources.

Capital Distribution No. 4
Shareholders are advised that a final distribution, by way of a capital reduction out of the share premium account, of 4,0 cents per share (May 2010: 3,0 cents per share) has been declared. This takes the total distribution for the year to 8,0 cents per share (2010: 6,0 cents per share).

The salient dates in respect of the capital distribution are as follows:	2011
Last day to trade *cum* distribution on	Friday, 9 September
Shares will trade *ex* distribution from	Monday, 12 September
Record date	Friday, 16 September
Payment of distribution	Monday, 19 September

Shareholders may not de-materialise or re-materialise their shares between Monday, 12 September 2011 and Friday, 16 September 2011, both dates inclusive.

OneLogix will continue to assess the payment of interim and final distributions in light 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
Based on the firm foothold of the group's businesses in their respective markets, the directors are optimistic of a solid performance in the year ahead, dependent obviously on economic circumstances.

Prospects are supported by a substantial cash reserve, and OneLogix will continue to assess appropriate earnings-enhancing acquisitions.

People
As previously reported, Tsakani Matshazi resigned as a non-executive director of OneLogix (and all of the OneLogix subsidiaries of which she was a director) with effect from 22 November 2010. Tsakani was appointed as a representative of the company's empowerment partner and shareholder, Izingwe Holdings (Pty) Limited. We thank her for the valuable contribution over the years and wish her well in her future endeavours.

Ashley Basil Ally has been appointed as a non-executive director of OneLogix in Tsakani's stead, with Debrah Ann Hirschowitz as his alternate.

We remain confident that our management teams and staff, undergoing continual training and skills development, are well–equipped to deliver on strategic and operational objectives.

We thank our management and employees for their efforts and tenacity which have driven our success. We further extend our appreciation to our business partners, customers, suppliers, business advisors and shareholders for their ongoing invaluable support.

By order of the board

Ian Lourens
CEO
23 August 2011

Geoff Glass
Financial Director

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*# **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: JAVA CAPITAL

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Your Specialist logistics service provider