OneLogix Group Limited | Incorporated in the Republic of South Africa | (Registration number 1998/004519/06)
JSE share code: OLG | ISIN: ZAE000026399 | ("OneLogix" or "the company" or "the group")

Highlights

Five consecutive periods of strong growth since market recovery

Revenue up 33%

Operating profit up 34%

HEPS up 29%

Core HEPS up 35%

Unaudited Condensed Consolidated Interim Results

for the six months ended 30 November 2013

- Cash flows generated from operations up 93%
- Specific share repurchase successfully concluded December 2013
- Previous acquisitions successfully integrated

Condensed Consolidated Statement of Comprehensive Income

	%	Unaudited six months ended 30 November 2013 R'000	Unaudited six months ended 30 November 2012 R'000	Audited year ended 31 May 2013 R'000
Continuing operations				
Revenue	33	**664 956**	498 983	1 040 301
Operating and administration costs	34	**(568 335)**	(423 342)	(896 711)
Depreciation and amortisation	16	**(28 867)**	(24 913)	(51 054)
Operating profit	34	**67 754**	50 728	92 536
Share of profits from associate	>100	**2 633**	–	4 814
Finance income	(66)	**750**	2 230	2 423
Finance costs	21	**(8 973)**	(7 402)	(15 494)
Profit before taxation	36	**62 164**	45 556	84 279
Taxation	29	**(16 793)**	(13 027)	(22 237)
Profit from continuing operations	39	**45 371**	32 529	62 042
Profit from discontinued operations		**–**	8 791	8 762
Profit for the period	10	**45 371**	41 320	70 804
Other comprehensive income				
Movement in foreign currency translation reserve		**27**	31	161
Total comprehensive income for the period	10	**45 398**	41 351	70 965
Profit attributable to:				
– Non-controlling interest	129	**5 508**	2 410	5 316
– Owners of the parent	2	**39 863**	38 910	65 488
	10	**45 371**	41 320	70 804
Other comprehensive income attributable to:				
– Non-controlling interest		**–**	–	–
– Owners of the parent		**27**	31	161
		27	31	161
Total comprehensive income attributable to:				
– Non-controlling interest	129	**5 508**	2 410	5 316
– Owners of the parent	2	**39 890**	38 941	65 649
	10	**45 398**	41 351	70 965
Total comprehensive income attributable to owners of the parent arises from:				
– Continuing operations	32	**39 890**	30 233	56 941
– Discontinued operations		**–**	8 708	8 708
	2	**39 890**	38 941	65 649
Number of shares in issue ('000):				
– Total issued less treasury shares		**231 595**	225 658	225 658
– Weighted		**225 858**	225 658	225 658
– Diluted		**231 595**	230 681	231 258
Basic and headline earnings per share (cents)				
Basic earnings per share (cents)	2	**17,6**	17,2	29,0
Continuing operations	32	**17,6**	13,3	25,1
Discontinued operations		**0,0**	3,9	3,9
Diluted basic earnings per share (cents)	2	**17,2**	16,9	28,3
Continuing operations	31	**17,2**	13,1	24,5
Discontinued operations		**0,0**	3,8	3,8
Headline earnings per share (cents)	29	**17,6**	13,6	25,1
Continuing operations	30	**17,6**	13,5	25,0
Discontinued operations		**0,0**	0,1	0,1
Diluted headline earnings per share (cents)	29	**17,2**	13,3	24,5
Continuing operations	30	**17,2**	13,2	24,4
Discontinued operations		**0,0**	0,1	0,1
Core headline earnings per share (cents)	35	**18,5**	13,7	25,6
Continuing operations	36	**18,5**	13,6	25,5
Discontinued operations		**0,0**	0,1	0,1
Diluted core headline earnings per share (cents)	34	**18,0**	13,4	25,0
Continuing operations	35	**18,0**	13,3	24,9
Discontinued operations		**0,0**	0,1	0,1
Calculation of headline earnings and core headline earnings				
Profit attributable to owners of the parent	2	**39 863**	38 910	65 488
(Profit)/loss on disposal of property, plant and equipment less taxation and non-controlling interests		**(57)**	206	22
Insurance proceeds less taxation and non-controlling interests		**–**	–	(438)
Profit on disposal of discontinued operation less taxation		**–**	(8 523)	(8 495)
Headline earnings	30	**39 806**	30 593	56 577
Amortisation of intangible assets acquired as part of a business combination less taxation and non-controlling interests		**1 905**	355	1 209
Core headline earnings	35	**41 711**	30 948	57 786
Segmental split of amortisation of intangible assets acquired in a business combination less taxation and non-controlling interests				
Specialised transport	>100	**891**	355	1 048
Retail		**–**	–	–
Reportable segments		**891**	355	1 048
Other	>100	**1 014**	–	161
	>100	**1 905**	355	1 209

Condensed Consolidated Statement of Cash Flows

	%	Unaudited six months ended 30 November 2013 R'000	Unaudited six months ended 30 November 2012 R'000	Audited year ended 31 May 2013 R'000
Net cash generated from operations	93	**63 292**	32 734	97 431
Continuing operations		**63 292**	32 792	97 489
Discontinued operations		**–**	(58)	(58)
Net cash flows from investing activities	123	**(15 236)**	(6 840)	(88 544)
Continuing operations		**(15 236)**	(5 715)	(88 482)
Discontinued operations		**–**	(1 125)	(62)
Net cash flows from financing activities	(1)	**(32 971)**	(33 145)	(63 592)
Continuing operations		**(32 971)**	(33 070)	(63 517)
Discontinued operations		**–**	(75)	(75)
Net increase/(decrease) in cash resources		**15 085**	(7 251)	(54 705)
Cash resources at beginning of period		**47 899**	102 494	102 494
Exchange gain/(loss) on cash resources		**18**	17	110
Cash resources at end of period	(34)	**63 002**	95 260	47 899

Condensed Consolidated Statement of Financial Position

	%	Unaudited at 30 November 2013 R'000	Unaudited at 30 November 2012 R'000	Audited at 31 May 2013 R'000
ASSETS				
Non-current assets		**629 784**	389 671	555 335
Property, plant and equipment		**505 490**	350 887	446 418
Intangible assets		**71 417**	31 178	66 289
Investment in associate		**36 567**	–	33 935
Loans and receivables		**14 836**	6 229	7 219
Deferred taxation		**1 474**	1 377	1 474
Current assets		**269 037**	262 371	219 345
Inventories		**10 975**	10 194	10 090
Trade and other receivables		**189 333**	154 976	148 994
Taxation		**5 727**	1 941	5 512
Cash resources		**63 002**	95 260	54 749
Total assets		**898 821**	652 042	774 680
EQUITY AND LIABILITIES				
Equity		**359 813**	299 920	309 456
Ordinary shareholders' funds		**327 279**	293 806	292 272
Non-controlling Interests		**32 534**	6 114	17 184
Liabilities				
Non-current liabilities		**227 898**	156 460	201 327
Interest-bearing borrowings		**172 008**	129 773	149 722
Deferred tax		**55 890**	26 687	51 605
Current liabilities		**311 110**	195 662	263 897
Trade and other payables		**191 023**	137 012	156 088
Interest-bearing borrowings		**87 488**	54 867	74 137
Vendor liability		**9 000**	–	9 000
Non-controlling interest put option		**16 206**	–	16 206
Taxation		**7 393**	3 783	1 616
Bank overdrafts		**–**	–	6 850
Total equity and liabilities		**898 821**	652 042	774 680
Net asset value per share (cents)	9	**141,3**	130,2	129,5
Net tangible asset value per share (cents)	(5)	**110,5**	116,4	100,1
SEGMENTAL ANALYSIS				
Revenue				
Specialised transport	35	**600 896**	444 567	936 967
Retail	9	**17 115**	15 695	30 188
Reportable segments	34	**618 011**	460 262	967 155
Other	21	**46 945**	38 721	73 146
	33	**664 956**	498 983	1 040 301
Segment results				
Specialised transport	34	**73 033**	54 581	99 458
Retail	25	**7 054**	5 662	12 148
Reportable segments	33	**80 087**	60 243	111 606
Other	>100	**4 148**	953	4 599
Corporate items	57	**(16 481)**	(10 468)	(23 669)
	34	**67 754**	50 728	92 536
Unallocated:				
Share of profits from associate	>100	**2 633**	–	4 814
Finance Income	(66)	**750**	2 230	2 423
Finance costs	21	**(8 973)**	(7 402)	(15 494)
	36	**62 164**	45 556	84 279
Total assets				
Specialised transport	37	**768 814**	561 263	686 539
Retail	19	**26 683**	22 359	26 261
Reportable segments	36	**795 497**	583 622	712 800
Other	11	**26 101**	23 457	17 146
Corporate items	(20)	**33 455**	41 645	3 813
Investment in associate	>100	**36 567**	–	33 935
Unallocated: taxation and deferred taxation	117	**7 201**	3 318	6 986
	38	**898 821**	652 042	774 680
Total liabilities				
Specialised transport	37	**404 292**	294 628	339 856
Retail	84	**18 200**	9 876	15 857
Reportable segments	39	**422 492**	304 504	355 713
Other	27	**12 013**	9 495	10 032
Corporate items	439	**41 220**	7 653	46 258
Unallocated: taxation and deferred taxation	108	**63 283**	30 470	53 221
		539 008	352 122	465 224
The group has authorised capital expenditure over the next six months of R52,3 million. R46,8 million is already committed.				
Commitments				
Operating lease commitments (not exceeding five years)		**64 437**	53 347	67 840

Restatement of cash flows

Net cash flows from investing activities and net cash flows from financing activities for the period ended 30 November 2012 have been restated.

Property, plant and equipment additions previously included acquisitions of assets that were financed by instalment sale agreements and mortgage bonds.

In terms of IAS 7, Statement of cash flows, only cash payments for assets acquired should be included and not those financed by way of finance lease or acquired on credit.

Additions financed by way of instalment sale agreements and mortgage bonds have been excluded from the restated net cash flows from investing activities line item.

Accordingly, borrowings raised included the gross amounts of new instalment sales agreements and mortgage bonds entered into during the year and these have been excluded from the restated cash flow from financing activities line item.

The previously reported and restated line items are shown in the table below:

	As previously reported R'000	Adjustment R'000	As restated R'000
2013			
Net cash flows from investing activities	(42 030)	35 190	(6 840)
Net cash flows from financing activities	2 045	(35 190)	(33 145)

The restatement had no impact on net movement in cash resources, nor the balance thereof at period-end.

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 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)
Capital distribution paid to OneLogix shareholders	–	(10 422)	–	–	–	–	–	–	–	–	(10 422)
Non-controlling interest acquired	–	–	–	–	–	–	–	–	–	(99)	(99)
Share-based compensation reserve movement	–	–	–	–	–	–	789	–	–	–	789
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
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	(1 700)	(1 700)
Dividend paid to OneLogix shareholders	–	–	–	(10 422)	–	–	–	–	–	–	(10 422)
Non-controlling interest acquired	–	–	–	–	–	–	–	–	–	7 462	7 462
Share-based compensation reserve movement	–	–	–	–	–	–	788	–	–	–	788
Transactions with non-controlling interests	–	–	–	–	–	–	–	–	(18 608)	2 402	(16 206)
Comprehensive income	–	–	–	26 578	–	–	–	130	–	2 906	29 614
At 31 May 2013 – audited	2 316	35 375	(8 431)	271 779	13 258	153	7 286	288	(29 752)	17 184	309 456
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	(1 250)	(1 250)
Dividend paid to OneLogix shareholders	–	–	–	(11 580)	–	–	–	–	–	–	(11 580)
Non-controlling interest acquired	–	–	–	–	–	–	–	–	–	8 015	8 015
Share-based compensation reserve movement	–	–	–	–	–	–	789	–	–	–	789
Transactions with non-controlling interests	–	–	–	–	–	–	–	–	5 908	3 077	8 985
Treasury shares becoming unrestricted on vesting to BEE share scheme participants	–	–	8 431	–	–	–	–	–	(8 431)	–	–
Share-based payment scheme completed	–	–	–	8 075	–	–	(8 075)	–	–	–	–
Comprehensive income	–	–	–	39 863	–	–	–	27	–	5 508	45 398
At 30 November 2013 – unaudited	2 316	35 375	–	308 137	13 258	153	–	315	(32 275)	32 534	359 813

Commentary

The interim period, while marked by significant trading challenges, saw the group continue to grow and expand. Our strong existing businesses continued to perform well despite adverse market conditions, and recent acquisitions contributed a gratifying performance for the full six months. The group further continued on the acquisition and business development path with a focus on the Specialised Transport reportable segment.

Basis of presentation

The unaudited condensed consolidated interim 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 the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act, 2008. 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 2013.

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

The unaudited condensed consolidated interim financial statements are available to be viewed on the company's website www.onelogix.com.

Review of operations

In the interim period the group successfully overcame trading difficulties including protracted industrial unrest in the vehicle manufacturing, component supply and delivery markets.

Acquisition and business expansion

During the latter part of the interim period the group acquired a 51% stake in Madison Freight Lines SA (Pty) Ltd, trading as Madison, a niche Gauteng-based operation specialising in the delivery of heavy and abnormal equipment. The business specifically strengthens the growing OneLogix Projex business by extending its foothold in Gauteng. Intangible assets of R4,8 million and goodwill of R2 million have been recognised on the preliminary allocation of the purchase price. The final allocation will be completed before year-end. Had the Madison acquisition been effective from 1 June 2013 the effect on the statement of comprehensive income would not have been significant.

Further, OneLogix established its third start-up business through a 75% stake in OneLogix Linehaul (Pty) Ltd, a company specialising in the cross-border movement of commodities and general freight. The group's two previous start-ups – OneLogix Projex (Pty) Ltd ("Projex") and Commercial Vehicle Delivery Services (Pty) Ltd ("CVDS") – are today highly successful businesses within the group. Both new investments are part of the Specialised Transport reportable segment.

Disposal

With effect from 1 October 2013 the group disposed of a 10% shareholding in Projex to Projex management for R9 million through vendor financing. This transaction better aligns the interests of management and shareholders. OneLogix remains the majority shareholder with an 80% interest in Projex. The difference between the consideration payable and the net asset value disposed of, is R5,9 million and has been credited directly to the transactions with non-controlling interests reserve.

Specialised Transport reportable segment

Vehicle Delivery Services ("VDS"), a mature business, remains the group's largest business. It continues to deliver solid growth and maintain its market leading position despite a difficult market, which exhibits below-average inflation. In the interim period, growth within the market was further inhibited by lower consumer demand and industry-wide labour disruptions. Fortunately healthy labour relations in VDS mitigated the full effect of the latter. VDS continues to investigate new opportunities on the back of ongoing investment in optimising fleet, IT infrastructure and people.

CVDS faced down the same industry challenges as VDS and entrenched its significant market share while continuing to expand its customer base.

Projex is now a significant player in the Durban harbour freight logistics market with a well-established customer base. The business is focussing on expanding its business by concentrating on larger established customers. The newly acquired Madison has worked closely with Projex over the years and is expected to maximise customer, fleet and infrastructure synergies between the two companies.

United Bulk contributed a pleasing performance in its first full six-month of earnings within the group. A fleet expansion programme should facilitate market share growth to complement the strong existing customer base.

The newly established *OneLogix Linehaul* contributed one month's trading to the group, and is expected to be a solid performer in the future.

Retail reportable segment

PostNet, another of the group's mature businesses, continues to deliver reliably high operating margins and regular annuity income. The process of evaluating new opportunities for growth and diversification continues unabated.

Other – Logistics Services

The remaining businesses in the group are involved in providing support services to the logistics industry. These businesses do not meet the recognition criteria of a separately reportable segment and include:

Atlas Panelbeaters which exceeded expectations during the period. It has responded very well to earlier remedial action and is presently evaluating market expansion opportunities.

QSA, which owns transport-specific accounting software critical to the group's operations, is in the development phase but is nonetheless a small contributor to earnings.

Drive Report (our 40% owned associate) is also a first time contributor for a full six-month period, and also performed well. It occupies a well-defined and high-growth niche as a driver behaviour management company that seeks to address cost optimisation and road safety, two key factors in the logistics and transport industries. The results of Drive Report have been equity accounted.

Financial results

Revenue increased by 33% to R665 million on the back of strong organic growth across the group as well as the maiden contribution of United Bulk.

The combined operating margin was maintained at 10,2%. This is encouraging as it supports the business processes that are in place to manage cost creep in line with top-line growth. This resulted in operating profit increasing 34% to R67,8 million compared to the 33% jump in revenue. The group has extended the estimated useful lives of a portion of the fleet based on past experience of fleet replacement resulting in a once off reduction in the depreciation charge of approximately R4 million during the interim period.

Net finance costs increased by 59% from R5,2 million to R8,2 million, as a result of the group's increased investment in fleet as well as the reduced cash on hand due to the funding of the United Bulk and Drive Report acquisitions in December 2012. Interest cover of 8,2 times (November 2012: 9,8 times) remains healthy.

Headline earnings per share ("HEPS") rose 29% from 13,6 cents to 17,6 cents. Earnings per share ("EPS") grew 2% from 17,2 cents to 17,6 cents given that the prior period's earnings were boosted by the capital profit realised on the disposal of Magscene (Pty) Ltd for R8,5 million.

We aim to present the stakeholders with similar information to that which management uses to evaluate the performance of the group's operations. Accordingly we present core headline earnings, which are headline earnings (as calculated based on SAICA Circular 2/2013) adjusted for the amortisation charge of intangibles recognised on acquisitions. Core HEPS increased 35% and diluted core HEPS increased 34% to 18,5 cents and 18 cents, respectively. A reconciliation between headline earnings and core headline earnings is provided.

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. As of 25 November 2013 these shares are no longer treated as treasury shares as they have become unrestricted.

Cash flows from operations increased 93% to R63,2 million due to continued focus on working capital management and the proven ability of the group to convert our profits into cash. Dividend number 3, totalling R11,6 million, was paid during the interim period and is included in operating cash flows.

During the interim period, the group invested R76,6 million in operational infrastructure as follows: R70 million in fleet (of which R49,2 million relates to expansionary spend), R2,0 million in IT-related assets, R3,9 million for other assets (mainly at Atlas Panelbeaters) and R0,7 million in property. Net proceeds of R3,2 million were received on the disposal of tangible assets. The investment of R10,3 million in Madison was paid in cash during the period.

New interest-bearing borrowings of R40,1 million were raised, offset by the repayment of interest-bearing borrowings of R27,6 million. Cash resources at the reporting date were R63,0 million, of which R60,8 million was utilised subsequent to period-end to settle the outstanding purchase price of the share repurchase from Izingwe Holdings (Pty) Ltd in December 2013 (see "Post-interim period events").

Post-interim period events

As announced on 25 September 2013, Izingwe Holdings (Pty) Ltd ("Izingwe") expressed the desire to exit its 10,25% investment in OneLogix and the company capitalised on the opportunity by repurchasing, cancelling and delisting these shares ("the Izingwe share buy-back"). As announced on 12 December 2013 shareholders in general meeting unanimously approved this transaction, and the purchase consideration of R60,8 million, being an amount of 250 cents per share together with interest thereon at a rate of 8,5% from 3 September 2013 until the repurchase date, was paid out of the available cash resources and short-term revolving credit facilities of the company.

Dividend

Persuant to the extraordinary, although temporary, impact of the Izingwe share buy-back on the group's cash reserves (see "Post-interim period events"), the OneLogix board has decided not to pay an interim dividend. A dividend declaration will be reassessed at year-end.

Prospects

OneLogix's strategy is working well – acquiring small entrepreneurial businesses, offering them the benefit of a management platform which allows them to expand and realise their potential, together with a focus on expanding existing businesses with continually refined business systems and processes. It has been tested during difficult trading conditions and is expected to prevail in the medium term. Despite the depletion of cash resources with the Izingwe share buy-back, OneLogix remains strongly cash generative, which will undoubtedly continue proving a strong building block going forward.

People

We go to great lengths to ensure that high-quality people find their home in the group. Much energy is also spent on ensuring a healthy and enabling cultural environment at work, all of which goes a long way in the realisation of the company's strategy. We therefore remain highly appreciative of our quality management and employees who continue to perform at the highest levels of excellence.

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

6 February 2014

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

There was no change to the board of directors during the period.

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