onelogix

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

HIGHLIGHTS

- **Revenue up 30%**
- **Operating profit (excluding items of a capital nature) up 23%**
- **Total comprehensive income up 35%**
- **HEPS up 18%**
- **NTAV up 25%**
- **Distribution of 4,5 cents per share**

UNAUDITED CONDENSED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 NOVEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	%	**Unaudited Six months ended 30 November 2011 R'000**	Unaudited Six months ended 30 November 2010 R'000	Audited Year ended 31 May 2011 R'000
Continuing operations				
Revenue	30	**449 780**	346 320	701 710
Operating and administration costs	32	**(379 813)**	(287 793)	(588 719)
Depreciation and amortisation	12	**(21 111)**	(18 825)	(38 911)
Profit on disposal of property, plant and equipment		**6 108**	114	50
Operating profit	38	**54 964**	39 816	74 130
Finance income	21	**1 405**	1 165	2 519
Finance costs	57	**(5 463)**	(3 487)	(6 958)
Profit before taxation	36	**50 906**	37 494	69 691
Taxation	39	**(14 815)**	(10 639)	(19 502)
Profit for the period	34	**36 091**	26 855	50 189
Other comprehensive income				
Revaluation of land and buildings		**–**	–	1 300
Movement in foreign currency translation reserve		**115**	(18)	(38)
Income tax relating to components of other comprehensive income		**–**	–	(182)
Total comprehensive income for the period	35	**36 206**	26 837	51 269
Profit attributable to:				
– Non-controlling interest	(17)	**4 926**	5 913	11 492
– Equity holders of the company	49	**31 165**	20 942	38 697
	34	**36 091**	26 855	50 189
Other comprehensive income attributable to:				
– Non-controlling interest		**–**	(4)	227
– Equity holders of the company		**115**	(14)	853
		115	(18)	1 080
Total comprehensive income attributable to:				
– Non-controlling interest	(17)	**4 926**	5 909	11 719
– Equity holders of the company	49	**31 280**	20 928	39 550
	35	**36 206**	26 837	51 269
Number of shares in issue ('000):				
– Total issued *less* treasury shares		**225 881**	202 131	202 131
– Weighted		**213 033**	206 066	203 789
– Diluted		**229 429**	202 131	202 131
Basic and headline earnings per share (cents)				
Basic earnings per share	43	**14,6**	10,2	19,0
Diluted basic earnings per share	33	**13,6**	10,2	19,0
Headline earnings per share	18	**12,2**	10,3	19,0
Diluted headline earnings per share	10	**11,3**	10,3	19,0
Reconciliation between basic and headline earnings:				
Basic earnings	49	**31 165**	20 942	38 697
Profit on disposal of property, plant and equipment *less* taxation and non-controlling interests		**(5 237)**	(65)	1
Professional fees related to specific repurchase of shares		**–**	260	–
Headline earnings	23	**25 928**	21 137	38 698

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	%	**Unaudited Six months ended 30 November 2011 R'000**	Unaudited Six months ended 30 November 2010 R'000	Audited Year ended 31 May 2011 R'000
Net cash generated from operations	37	**68 190**	49 865	81 727
Net cash flows from investing activities	(29)	**(29 482)**	(41 402)	(93 045)
Net cash flows from financing activities	(407)	**26 729**	(8 696)	(6 087)
Net increase/(decrease) in cash resources		**65 437**	(233)	(17 405)
Cash resources at beginning of six months		**42 791**	60 233	60 233
Exchange gain/(loss) on cash resources		**55**	–	(37)
Cash resources at end of six months	80	**108 283**	60 000	42 791

The group has authorised capital expenditure over the next six months of R58,8 million. R45,8 million is already committed.

Commitments				
Operating lease commitments (not exceeding five years)		**13 376**	13 581	16 097

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	%	**Unaudited At 30 November 2011 R'000**	Unaudited At 30 November 2010 R'000	Audited At 31 May 2011 R'000
ASSETS				
Non-current assets		**328 527**	280 525	314 502
Property, plant and equipment		**287 425**	240 670	274 241
Intangible assets		**32 344**	32 998	32 498
Loans and receivables		**6 018**	6 857	6 271
Deferred taxation		**2 740**	–	1 492
Current assets		**239 589**	173 458	161 443
Inventories		**13 511**	10 384	12 157
Trade and other receivables		**117 795**	102 216	105 460
Taxation		**–**	858	1 035
Cash resources		**108 283**	60 000	42 791
Total assets		**568 116**	453 983	475 945
EQUITY AND LIABILITIES				
Equity		**257 285**	214 189	230 272
Ordinary shareholders' funds		**252 594**	189 953	200 226
Non-controlling interests		**4 691**	24 236	30 046
Liabilities				
Non-current liabilities		**141 814**	91 765	106 498
Interest-bearing borrowings		**120 008**	68 245	81 286
Deferred tax		**21 806**	19 988	21 080
Share-based compensation liability		**–**	3 532	4 132
Current liabilities		**169 017**	148 029	139 175
Trade and other payables		**125 321**	99 032	95 595
Interest-bearing borrowings		**38 896**	43 637	41 554
Taxation		**4 800**	5 360	2 026
Total equity and liabilities		**568 116**	453 983	475 945
Net asset value per share (cents)	19	**111,8**	94,0	99,1
Net tangible asset value per share (cents)	25	**97,5**	77,7	83,0
Cash resources per share (cents)	61	**47,9**	29,7	21,2

SEGMENTAL ANALYSIS

	%	**Unaudited At 30 November 2011 R'000**	Unaudited At 30 November 2010 R'000	Audited At 31 May 2011 R'000
Revenue				
Automotive and abnormal	32	**420 439**	317 426	643 634
Retail	(4)	**15 003**	15 582	29 908
Media	8	**14 338**	13 312	28 168
	30	**449 780**	346 320	701 710
Segment results				
Automotive and abnormal	38	**57 570**	41 741	77 575
Retail		**5 386**	5 387	10 776
Media	34	**1 283**	955	3 017
Corporate	12	**(9 275)**	(8 267)	(17 238)
	38	**54 964**	39 816	74 130
Unallocated:				
Finance income	21	**1 405**	1 165	2 519
Finance costs	57	**(5 463)**	(3 487)	(6 958)
	36	**50 906**	37 494	69 691
Total assets				
Automotive and abnormal	19	**460 963**	385 930	433 991
Retail	(26)	**12 817**	17 343	14 158
Media	(13)	**8 078**	9 337	9 055
Corporate	102	**83 518**	41 373	16 214
	25	**565 376**	453 983	473 418
Unallocated:				
Taxation and deferred taxation		**2 740**	–	2 527
	25	**568 116**	453 983	475 945
Total liabilities				
Automotive and abnormal	44	**262 420**	181 871	193 554
Retail	(25)	**5 357**	7 170	7 292
Media	(25)	**7 780**	10 313	8 441
Corporate	(43)	**8 668**	15 092	13 280
	33	**284 225**	214 446	222 567
Unallocated:				
Taxation and deferred taxation	5	**26 606**	25 348	23 106
	30	**310 831**	239 794	245 673

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 reserve R'000	Non-controlling interests R'000	Total R'000
At 1 June 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	–	(6 064)	–	–	–	–	–	–	–	–	(6 064)
Comprehensive income	–	–	–	20 942	–	–	–	(14)	–	5 909	26 837
At 30 November 2010 – unaudited	2 021	28 312	–	149 398	10 184	52	–	(14)	–	24 236	214 189
Dividends declared in subsidiaries	–	–	–	–	–	–	–	–	–	–	–
Capital distribution	–	(8 085)	–	–	–	–	–	–	–	–	(8 085)
Treasury shares purchased	–	–	(264)	–	–	–	–	–	–	–	(264)
Comprehensive income	–	–	–	17 755	883	–	–	(16)	–	5 810	24 432
At 31 May 2011 – audited	2 021	20 227	(264)	167 153	11 067	52	–	(30)	–	30 046	230 272
Dividends declared in subsidiaries	–	–	–	–	–	–	–	–	–	(3 265)	(3 265)
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
Capital distribution	–	(9 273)	–	–	–	–	–	–	–	–	(9 273)
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**

COMMENTS

The directors of OneLogix are pleased to present the unaudited condensed consolidated interim financial results for the six months ended 30 November 2011 ("the interim period"), reflecting a sustained strong performance. The group continued to capitalise on the upturn in the niche markets in which it operates, leveraging the strength of its market positioning and execution of its growth strategy.

Basis of preparation
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 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 2011 ('the annual financial statements'), 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 condensed consolidated interim financial statements have not been audited or reviewed by PricewaterhouseCoopers Inc.

The financial information was prepared by Geoff Glass CA(SA), in his capacity as Financial Director.

Review of operations
The group performed well. In key businesses, market share was increased based on the fruits of prior strategic planning and the implementation of strong operating systems.

Vehicle Delivery Services ("VDS") took advantage of favourable trading conditions to retain and enhance its market leadership. The past six months were challenging, requiring innovative management to negate the impact of increasing costs. The company also experienced an illegal strike, the first in its history. The successful resolution has enhanced the relationship between the company and its drivers. Notably, VDS grew 24% in the period which exceeded growth in the vehicle industry by 9%. The business remains firmly positioned to continue this momentum, with vigorous business processes, optimum efficiency levels and exceptional customer service.

Commercial Vehicle Delivery Services ("CVDS") gained market share and entrenched itself in the market based on consistent excellent service. Opportunities within the group were also exploited.

Similarly, **RFB Logistics ("RFB")** performed ahead of expectations. Key drivers of the business's outstanding performance included an expanded fleet, increased work into Southern Africa, upgraded administrative procedures and recognised customer service.

OneLogix Projex ("Projex"), a relatively new start-up business within the group, is holding its own and exceeding expectations in the highly competitive project logistics and abnormal transport market.

Atlas Panelbeaters reaped the benefit of previous infrastructural, systems and operational improvements to perform well. This has resulted in a growing reputation in the industry for quality output and customer satisfaction.

Although **PostNet** suffered the loss of the annuity income-generating Fax2E-mail service, the balance of the business delivered satisfactory growth, offsetting the loss. Management has initiated a replacement for this service. PostNet remains a valuable contributor to the group delivering a strong reliable annuity income with high margins and continues to evaluate new opportunities.

Business system improvements at **Magscene** are now fully operational. The business continues to capture increasing market share with the introduction of new international titles and other expansions to the product base, as well as improved penetration into the retail market.

Conversion of shareholding
As previously announced on 14 September 2011, in order to align the interests of the BEE consortium more directly with the interests of other shareholders, the company exercised its right to trigger a conversion of shares held by Izingwe Holdings (Pty) Limited ("Izingwe") and the employee BEE trust in OneLogix (Pty) Limited, to listed shares in the group with effect from 8 September 2011. As a result, Izingwe and the employee BEE trust now own 10,25% and 2,56%, respectively, of the group's issued ordinary share capital.

Share repurchase
As previously announced on 30 November 2011, the group entered into a share repurchase programme to repurchase its ordinary shares during the interim 'closed period'. The programme commenced on 1 December 2011 and terminated on the release of the group's interim financial results on SENS. The mandate given to the broking firm with regards the programme, covered the repurchase of shares up to an aggregate maximum value of R10,0 million, to be bought at a price not greater than the lower of R1,45 per share or 10% above the volume average trading price over five trading days preceding the particular repurchase. At 18 February 2012, 223 550 shares at an average price of R1,44 per share had been repurchased.

Financial results
Group revenue grew 30% from R346,3 million to R449,8 million for the interim period.

After mitigating the direct effect of the significantly higher fuel prices during the interim period, which is recovered from the customer base, revenue growth from the comparable period is estimated to be 24% to R429,6 million.

Operating profit, including items of a capital nature, increased 38% from R39,8 million to R55,0 million. Excluding items of a capital nature, operating profit increased by 23% to R48,9 million. Margins (excluding items of a capital nature and recovery of fuel price increases from the customer base) were in line with the comparative period at 11,4% (November 2010: 11,5%).

Net finance costs increased by 75% from R2,3 million to R4,1 million, due to finance costs previously capitalised regarding the development of the Cape Town vehicle facility (completed June 2011) and the group's increased property portfolio.

Headline earnings per share ("HEPS") rose 18% from 10,3 cents to 12,2 cents. HEPS has been negatively impacted due to the timing of the BEE consortium shareholding conversion (see 'Conversion of Shareholding') during the interim period.

Earnings per share ("EPS") rose 43% from 10,2 cents to 14,6 cents, boosted by the capital profit realised from the disposal of a group property in KwaZulu-Natal.

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

Continued emphasis on working capital management resulted in cash flow from operations growing by 37%, in line with operating profit.

During the interim period, the group invested R54,4 million in continuing operational infrastructure as follows: R39,9 million for fleet, R9,6 million for property developments, R3,3 million for IT infrastructure and R1,6 million for other assets. Net proceeds on disposal of tangible assets raised R26,4 million. A further investment of R1,5 million was made by way of increasing the group's share in Projex from 70% to 80%.

New interest-bearing borrowings of R63,3 million were raised during the interim period, set-off by the repayments of interest-bearing borrowings of R27,3 million. Capital distribution number 4, totalling R9,3 million, was paid during the interim period. Cash resources at the reporting date increased by 80% to R108,3 million, of which R19,7 million is committed to purchase two fully funded new properties.

Combined distribution to shareholders
Shareholders are advised that a total cash distribution of 4,5 cents per share (November 2010: 4,0 cents) has been declared for the interim period. This is made up of a capital distribution out of share premium of 2,7 cents ("capital distribution No. 5") and a dividend distribution of 1,8 cents ("interim dividend No. 1"). The capital distribution will be paid from contributed tax capital and, as such, does not constitute a dividend for taxation purposes. The rationale for the dividend is to utilise unused Secondary Tax on Companies credits before the implementation of the new dividends tax regime effective from 1 April 2012.

The salient dates in respect of the combined distributions are as follows:	**2012**
Last day to trade *cum* dividend on	Thursday, 15 March
Shares will trade *ex* dividend from	Friday, 16 March
Record date	Friday, 23 March
Payment of dividend	Monday, 26 March

Shareholders may not dematerialise or rematerialise their shares between Friday, 16 March 2012 and Friday, 23 March 2012, both dates inclusive.

The interim distribution, 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 in the year ending 31 May 2012.

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

Prospects
Revenue is traditionally weighted to the first half of the financial year. Notwithstanding this, the outlook for the full financial year to 31 May 2012 remains positive. The group has a well-functioning mix of businesses, each well-positioned to take advantage of growth opportunities in their particular market segments. OneLogix also has a comparatively large cash reserve and will continue to assess appropriate earnings-enhancing acquisitions.

People
Andrew Brooking, a non-executive director of the group, has resigned from the group's Audit & Risk Committee to ensure the group complies with the King III corporate governance principles with regards to the independence of committee members (Java Capital, of which he is a director, is Designated Advisor to the group). Joe Modibane, an independent non-executive director of the group, has assumed his position on the committee. We thank Andrew for his invaluable input to date, and look forward to a continuing association with him as a non-executive director on the group board.

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

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 **Geoff Glass**

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, 1619 (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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