onelogix GROUP

INTEGRATED ANNUAL REPORT **2016**

MOVING
FORWARD
TOGETHER

OUR INVESTMENT CASE

- 10+ year history of consistent trading profit growth
- Established track record of successful start-up operations
- Group businesses each a market leader in a well-defined niche market
- Strong and long-standing management teams
- Proven acquisition strategy targeting entrepreneurially-based businesses
- Proven entrepreneurial model and empowering culture
- Structured to successfully and quickly assimilate acquisitions
- Recognised ethos of customer service
- Significant management and staff shareholding aligns with stakeholder interests

NAVIGATION TOOLKIT

The following icons represent easy reference to related content.

Go to **www.onelogix.com** **Key facts**

The complete Integrated Annual Report 2016 is also available on our website **www.onelogix.com.**

OneLogix Group Limited
Incorporated in the Republic of South Africa Registration no.: 1998/004519/06 ISIN: ZAE000026399 JSE Main Board sector: Transportation Services
JSE share code: OLG Listing date: 11 September 2000 Shares in issue: 289 923 181 (31 May 2016)

CONTENTS

OneLogix operates in the logistics industry in Southern and East Africa through 11 business units offering specialised logistics services within well-defined niche markets. The company's shareholding in these companies is typically over 70%, with one minority associate interest of 49%. The specific nature of the services offered by these respective companies sets relatively high barriers to entry, with each of the businesses having built a strong market leading position in its chosen market.

This seventh integrated annual report aims to present a holistic overview of the company's financial, ESG and overall sustainability performance. It seeks to communicate the company's business strategy and planning as well as other relevant issues in an open and balanced manner and the directors believe that it encompasses a fair account of all the capitals employed by the group in our business activities and on which we impact.

The scope of the report encompasses all 11 operating business units, reported as per the group's reportable segments. The disposal of PostNet in December 2014 resulted in the formerly reported Retail segment becoming redundant. The reportable segments now comprise: Abnormal Logistics and Primary Product Logistics, both deemed to be reportable for the purposes of the annual financial statements. The third segment – Other – encompasses the remaining businesses which are denoted as a non-reportable segment for the purposes of the annual financial statements. These businesses provide support services to the logistics industry as opposed to being logistics service providers themselves.

OneLogix's operational activities are based primarily within South Africa. However, operations extend either their infrastructural or services reach into the greater Southern and East Africa regions.

Reporting approach

In compiling the report we were guided by the South African and International reporting guidelines including King III and the International Integrated Reporting Framework (issued in December 2013), as well as best practice. In addition we comply with the disclosure requirements of South African legislation and regulations including the Companies Act, JSE Listings Requirements and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee as well as with IFRS. The sustainability information has been compiled with reference to the GRI G4 guidelines based on a self-declared core compliance. The GRI index is available on the website at www.onelogix.com.

Assurance

To ensure the integrity of sustainability reporting in the group, the following combined assurance model has been employed:

Business process	Nature of assurance	Status	Assurance provider
Operational/financial risk			
Annual financial statements	Unqualified audit	Assured	PwC
Internal audit	External assurance	In place	BDO Risk Advisory Services
Empowerment			
BBBEE	BEE scorecard	Assured	Transformex
Safety			
Health and safety	Internal assurance	Assured	Group SHEQ manager
Quality			
Quality assurance (United Bulk)	ISO 9001: 2008	Assured	SABS
Quality assurance (CVDS)	ISO 9001: 2015	Assured	BSI
Quality assurance (VDS)	ISO 9001: 2008 ISO 14001: 2004 OHSAS 18001: 2007	Assured	SHEQ National Cert
Ethics			
Whistle blowing	External assurance	In place	BDO Risk Advisory Services

Feedback

We extend an open invitation to send any constructive views on this report to CEO Ian Lourens at ian.lourens@onelogix.com.

The integrated annual report 2016 is available in hard copy on request from the registered office of the company and is also posted on the group's website www.onelogix.com.

Ian Lourens
CEO

Alec Grant
Chairman: Audit and risk committee

Specialist logistics service provider

WHO WE ARE

IN SNAPSHOT

- JSE sector: Transportation (Air freight and Logistics)
- Level 3 BBBEE
- Logistics services specialist
- 2 412 employees
- 11 leading businesses in well-defined logistics niches
- Long-standing proven management teams
- Market cap R900 million
- Entrepreneurial culture balanced with central strategic input

Established in 2000, OneLogix is a specialist logistics service provider in well-defined niche logistics markets within South Africa and the greater Southern and East African regions.

2016 AWARDS

- "Sunday Times Top 100 Companies 2016" – OneLogix Top 10
- "Investment Analysts Society" – OneLogix Group Best Results Presentation for companies with a market capitalisation < R5 billion
- "Top Employer 2016" – OneLogix Group enhanced overall rating and awarded Top Employer Logistics sector
- "Toyota Superior Service" award – OneLogix VDS

ABNORMAL LOGISTICS

		SPECIALISED ACTIVITY	MD
ONELOGIX VDS	*Established: 1998* *Joined: 2001* **100%**	Market leader in local and cross-border auto-logistics	Neville Bester 28 years with VDS
ONELOGIX CVDS	*Established and started by OneLogix: 2007* **100%**	Market leader in local and cross-border auto-logistics for vehicles in excess of 3,5 tons	Dick van der Zee 9 years with CVDS (since inception)
ONELOGIX PROJEX	*Established and started by OneLogix: 2010 – amalgamated with other group entities RFB (2013) and Madison (2015)* **86,9%**	Market leader in project, abnormal and general freight logistics throughout South and Southern Africa	Nadir Moosa, 6 years with Projex (since inception)

PRIMARY PRODUCT LOGISTICS

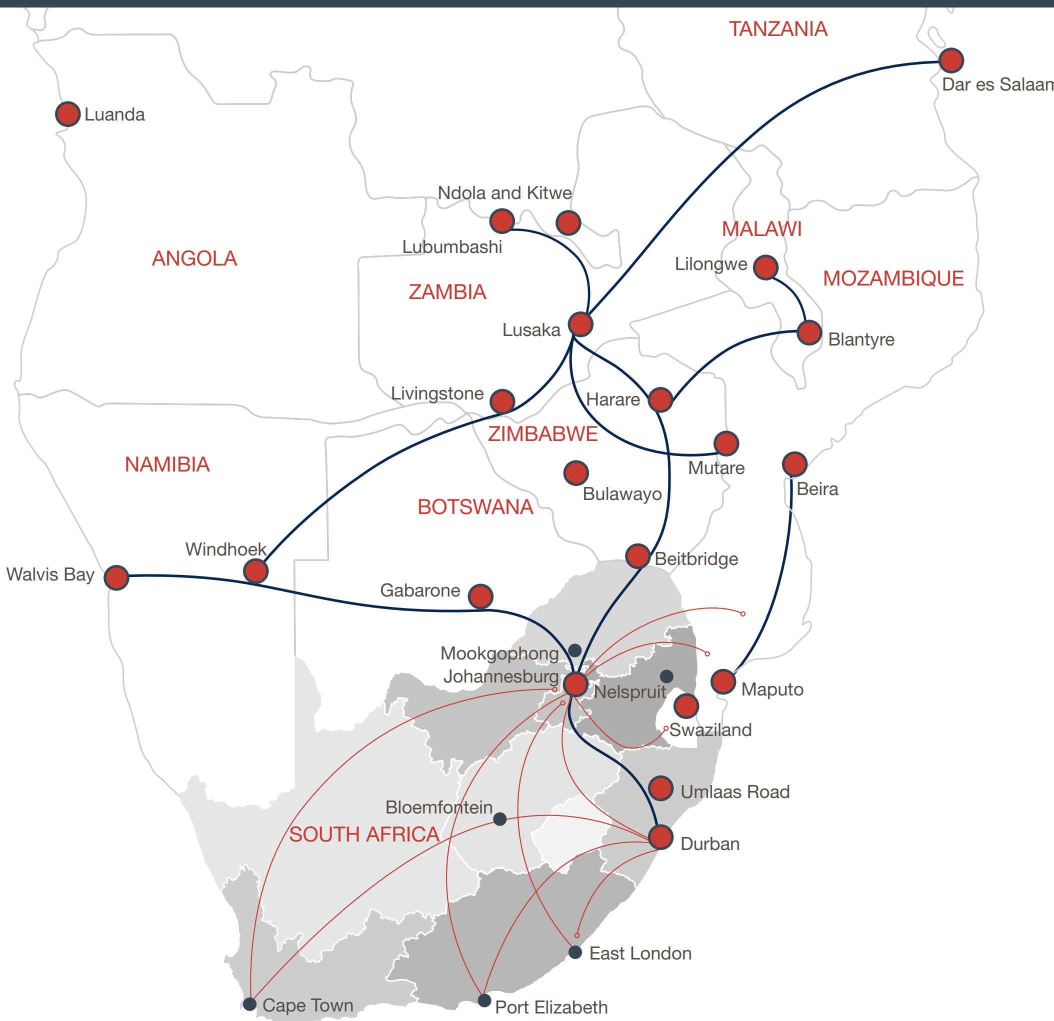
		SPECIALISED ACTIVITY	MD
ONELOGIX UNITED BULK	*Established: 1996* *Joined: 2013* **100%**	Market leader in logistics for solvents, acid, food grade product, liquid petroleum gas, cryogenics and dry bulk	Patrick Pols 20 years with United Bulk
ONELOGIX LINEHAUL	*Established and started by OneLogix: 2013* **75%**	Specialises in the movement of general freight into and out of Southern Africa	Karl Steyn 3 years with OneLogix Linehaul
Jackson	*Established: 1990* *Joined: 2015* **74%**	Market leader in top-end refrigerated logistics of agricultural products	Jacques du Randt 26 years with Jackson
BUFFELSHOEK TRANSPORT	*Established: 2003* *Joined: 2015* **74%**	Specialises in the distribution of agricultural inputs and final products	Athol Saunders 13 years with Buffelshoek

OTHER – LOGISTICS SUPPORT SERVICES

		SPECIALISED ACTIVITY	MD
ATLAS360 COMMERCIAL VEHICLE SERVICES	*Established: 2002* *Joined: 2010* **71,3%**	Offers accident repairs for commercial vehicles, structural chassis repairs, cab rebuilds and specialised spray painting	Morne Nel 6 years with Atlas360
QSA	*Established: 1996* *Joined: 2013* **85%**	Developer of logistics-related accounting software (utilised extensively within the group)	Vincent Kaufman 13 years with QSA
ONELOGIX CARGO SOLUTIONS	*Established: 1999* *Joined: 2014* **69,5%**	Specialises in import and export warehouse handling, and recently clearing and forwarding activity	Andre Niemand 17 years with Cargo Solutions
DriveRisk	*Established: 2000* *Joined: 2013* **49%**	Specialist in driver behaviour management	Louis Swart 13 years with DriveRisk

OUR AFRICAN FOOTPRINT

The group's African footprint was pioneered by VDS and together with other group companies has progressively grown over the past 25 years.



	FOOTPRINT										
	ABNORMAL LOGISTICS			PRIMARY PRODUCT LOGISTICS				OTHER – LOGISTICS SUPPORT SERVICES			
Company	VDS	CVDS	Projex	Linehaul	United Bulk	Jackson	Buffelshoek	Atlas 360	QSA	Cargo Solutions	DriveRisk
Gauteng	✓	✓	✓	✓	✓	✓		✓	✓		✓
Bloemfontein											✓
Nelspruit											✓
Durban	✓	✓	✓		✓					✓	
East London	✓	✓									
Port Elizabeth	✓										
Cape Town	✓	✓			✓					✓	✓
Mookgophong							✓				
Harare	✓		✓	✓	✓						
Lusaka	✓		✓	✓	✓						

FY16 HIGHLIGHTS

Financial highlights

REVENUE
30%

TRADING PROFIT
21%

CASH GENERATED
from operations by continuing operations
33%

CORE HEPS
from continuing operations
5%

DILUTED CORE HEPS
from continuing operations
8%

NUMBER OF EMPLOYEES

2 412

MARKET CAPITALISATION

R900 million

LEVEL 3

BEE

Operational highlights

SUCCESSFULLY ACQUIRED 100% of Vision Transport and 74,2% of Cryogas under OneLogix United Bulk

INCREASED SHAREHOLDING in OneLogix United Bulk to 100%

ACQUIRED ADDITIONAL SHAREHOLDING in Madison of 24% facilitating successful merger with OneLogix Projex and increasing OneLogix's shareholding in Madison to 75%. (The group owns 86,9% of Projex, with the balance owned by Projex management.)

COMPLETED R90 million PHASE 2 of the OneLogix Logistics Hub

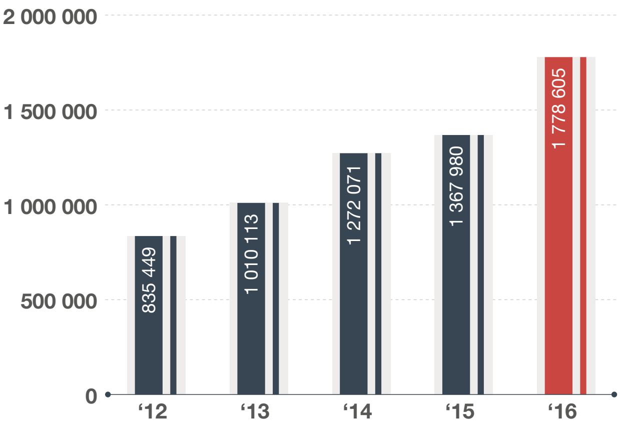
COMPLETED RENOVATION and upgrade of Port Elizabeth VDS depot

STARTED COMMERCIAL DEVELOPMENT in Brakpan for OneLogix Projex, OneLogix Linehaul, Onelogix United Bulk and Atlas360

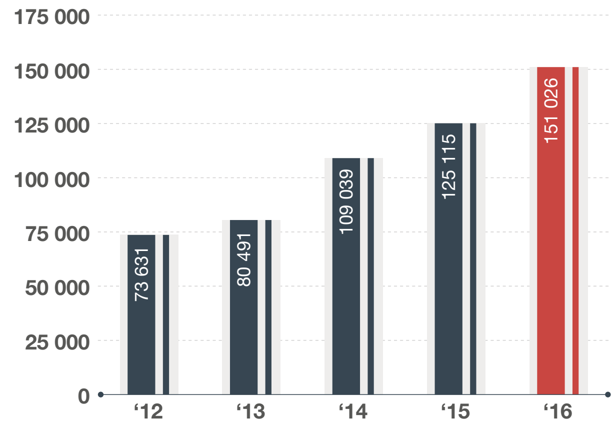
Sustainability highlights

240 solar panels now operative at Pomona

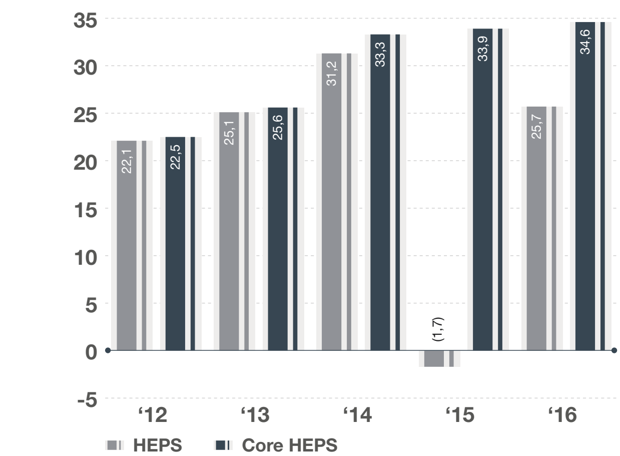
Revenue*
(R'000)



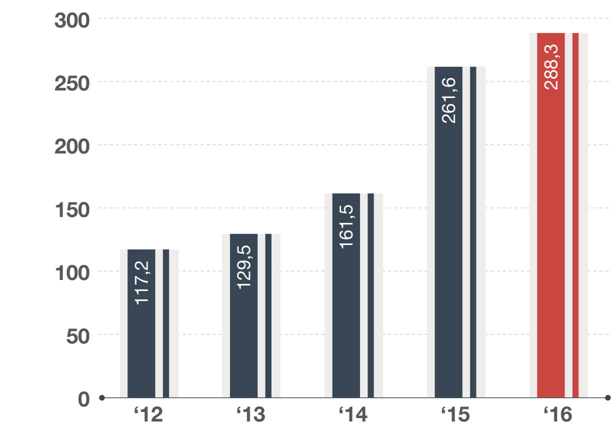
Trading profit*
(R'000)



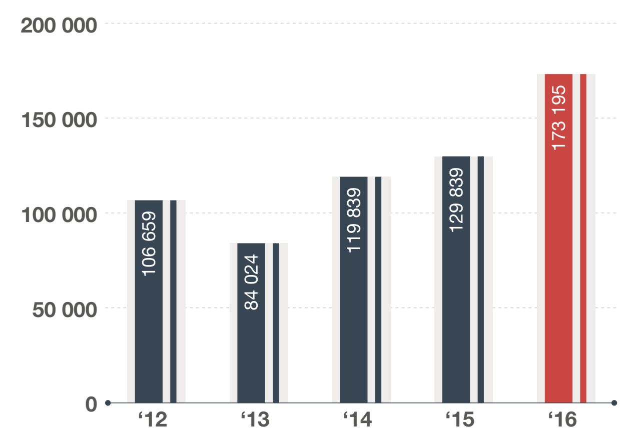
HEPS and Core HEPS
(cents)



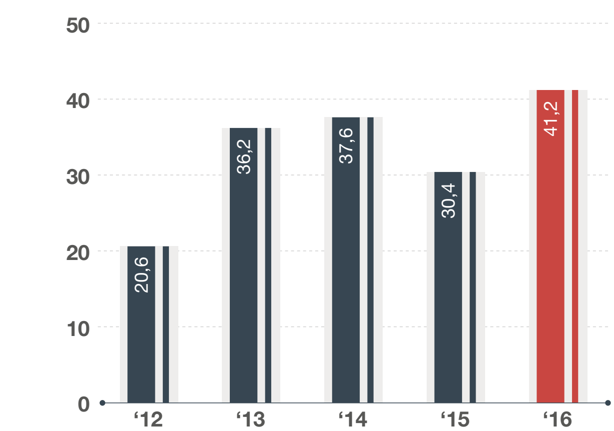
Net asset value per share
(cents)



Net cash generated from operations*
(R'000)



Gearing ratio
(including cash on hand) (%)



* *From continuing operations.*

The majority of the founding entrepreneurs of our group businesses remain at the helm, the consequence of a successful acquisition and start-up strategy that harnesses existing and proven entrepreneurial ability and supports this with centralised financial, administrative, IT and HR services as well as strategic direction from Head Office. Unsurprisingly the organisational structure of the group is decentralised, based on entrepreneurialism balanced with the strong governance processes expected of a company in the public domain.

We own an explicit commitment to excellence in all dealings with our stakeholders that underpins our distinction in the logistics sector.

Our management and staff hold a substantial equity interest in the company which ensures alignment not only with other shareholders' interests, but that of all stakeholders.

Our values

A COMMITMENT TO EXCELLENCE
We operate at the highest level of which each of us is capable

TEAMWORK
We understand that the working of a world-class organisation necessitates interdependence, so we don't let the team down

ACCOUNTABILITY
We each accept responsibility for our individual actions and words

INTEGRITY
We do what we say and mean what we say. This enables straight dealing and professional conduct. We do not tolerate corruption in any form whatsoever

RESPECT
Every single person we deal with, we regard as an individual deserving of dignity, courtesy and civility

FAIRNESS
All our colleagues are treated in an equitable and fair manner

TRUST
We do what we say and mean what we say so that we are reliable and conduct ourselves in good faith

> "An efficient logistics infrastructure is central to the functional competitiveness of any region, and we are proud that the OneLogix group is a strong contributor in this regard."

Introduction

While the political and economic landscapes worldwide are becoming increasingly concerning, it is particularly pleasing that OneLogix has continued its more than 10-year uninterrupted growth trajectory.

The subdued global economy has recently been compounded by increasing uncertainty and weaker growth scenarios beginning to materialise. This has impacted the greater Southern African region and South Africa in addition faces its own growth constraints, compounded by the most severe drought the country has suffered in the past 30 years.

OneLogix's proven resilience against this backdrop is testament to the strength of the company's business model and the quality of our management and staff.

Our businesses operate in well-defined niches of the broader logistics market in southern, east and South Africa. Our business model, which is continually proving its mettle, is to grow existing businesses, to start up new businesses where feasible, and to acquire smaller entrepreneurial businesses and offer them a management platform which directs their expansion and potential.

Meeting our strategic objectives

In the year we advanced our strategic objectives of growth through appropriate acquisitions, amalgamating synergous group interests and consolidating minority interests in subsidiaries in the pursuit of full ownership. This activity gave further impetus to our ongoing goal of diversifying away from the prior over-reliance on the vehicle delivery markets (through VDS and CVDS).

Our acquisitions of Vision and Cryogas have bolstered the group's footprint in the acids, solvents and cryogenics market in line with our model of building leading footprints in well-defined logistics niches. At the same time we bought the outstanding shareholding in United Bulk to own 100% and management and shareholder interests are now fully aligned.

We also acquired an additional 24% in Madison and the consequent total stake of 75% paved the way for a merger with OneLogix Projex, under the Projex brand. In terms of successfully anticipating the future needs of customers, we completed Phase 2 of the OneLogix Logistics Hub in KwaZulu-Natal in early 2016 at a cost of R90 million. As expected, the Hub has enhanced the group's offering by way of its strategic location on the N3 outside of the rustbelt, and by increasing our capacity for vehicle storage, workshop capability and more. We also began with improvements to our Brakpan property to be used by OneLogix Projex, OneLogix Linehaul, OneLogix United Bulk and Atlas360 on completion later this year. Another initiative which addresses customers' future needs has seen CVDS successfully introduce a truck-on-truck carrier option, which has been well received.

The group's focus remains on providing continued service excellence with a view to protecting and growing our existing market share.

Sipho Pityana
Chairman

Dividend

After careful consideration the board has decided that no dividend will be declared for FY16. The group wishes to preserve our cash resources given the recent acquisitive activity, the extension to the OneLogix Logistics Hub and prevailing market conditions as well as our aim to grow certain areas of the business. A dividend was declared in August 2015 relating to the prior year (see CEO's report for more detail).

Transformation

OneLogix improved our BBBEE rating from a Level 4 to a Level 3 with effect end May 2016. We continue working hard in retaining and further improving this status.

Directorate

Effective 21 January 2015 Anuradha Sing representing Kagiso Capital (Pty) Ltd was appointed as a non-executive director. She resigned on 18 August 2015 to be replaced by Kgotso Schoeman, the present CEO of Kagiso Capital. Debrah Hirschowitz also resigned as an independent non-executive and member of the audit and risk committee, to be replaced by Bridgitte Mathews effective 18 August 2015. We thank Anuradha and Debrah for their valued contribution.

Outlook

Tough business conditions will continue unabated for the short to medium term and OneLogix will remain focused on retaining and extending our existing businesses.

The OneLogix businesses are well-conceived and well-managed. Our dedicated teams continue to perform at the highest levels of excellence and for this I express my deep appreciation. I believe that the enabling culture within the group is the key to our success, driving a strong performance by continually encouraging and empowering people to exceed their goals.

I also thank our customers, suppliers, business advisors and shareholders for their ongoing and invaluable support.

Sipho Pityana
Chairman

25 August 2016

DIRECTORATE

Executive

Non-executive

Independent non-executive

1. Ian K Lourens (64)
CEO
BA (Hons), MBA

Ian is the co-founder of PostNet and Cash Converters and was previously brand manager at Beecham and marketing manager at Hoechst.

He is a former Mayor of Midrand and past Chairperson of the Franchise Association of Southern Africa.

Ian is a co-founder of OneLogix.

2. Neville J Bester (57)

Neville founded VDS in 1988. He is currently the managing director of VDS. Neville also focuses on stakeholder engagement, acquisitions and general strategy.

Neville is a co-founder of OneLogix.

3. Cameron V McCulloch (44)
COO
BCom, BAcc, CA(SA)

A chartered accountant, Cameron was the group financial manager at Pinnacle Technology Holdings before becoming a senior manager at PricewaterhouseCoopers Inc. He joined the group in 2002. Cameron previously held the position of FD, before being appointed COO in 2008.

Cameron is a co-founder of OneLogix.

4. Geoffrey M Glass (41)
FD
BCom Honours (Acc), CA(SA)

A chartered accountant, Geoff was previously FD of Cargo Africa Group (a subsidiary of Imperial Holdings).

He joined OneLogix as FD in 2008.

5. Kgotso B Schoeman (52)
BA Economics, Advanced Financial Management Diploma, Cambridge Advance Leadership Programme

Kgotso is currently CEO of Kagiso Capital, a new investment company Kagiso Trust established. He has been involved with the Trust for over 15 years and successfully managed its transition from being donor-dependent to becoming self-financed. During this time he also led the design of strategic programmes for Kagiso Trust and partner organisations. Kgotso is a director of a number of private companies and a director of First Rand Bank Limited.

6. Sipho M Pityana (57)
Chairman
BA (Hons), MSc, DTech (Honoris)

Sipho is executive chairman of Izingwe Capital (Pty) Ltd as well as chairman of AngloGold Ashanti and Munich Reinsurance of Africa. He has previously served on the boards of Afrox, Spescom, Bytes Technology Group, Scaw Metals and Old Mutual Leadership Group. Sipho is also a former executive director of Nedcor Investment Bank.

Sipho was the first Director-General of the Department of Labour in a democratic South Africa. Subsequently as the Foreign Affairs Director-General, he represented South Africa in various international forums including the UN, AU, Commonwealth and ILO. He was also a founding member of the governing body for the CCMA and convenor of the SA government delegation to Nedlac.

7. Lesego J Sennelo (38)
BCompt, BCom Hons (Accounting), CA(SA)

Lesego is presently Managing Director of AWCA Investment Holdings Limited. Prior to this she served as a Finance Transformation Manager in the GCFO's office of PRASA. She also serves as a non-executive director on the board of Sasfin Holdings and is a board member of the South African Institute of Chartered Accountants ("SAICA").

8. Alec J Grant (67)
Lead independent director
BCom, FCIS, CAIB, MBL

Alec has 35 years' experience in banking and has held a senior executive position in the Barclays Group. Formerly he was also CEO and executive director of CorpCapital Bank after starting Fulcrum Bank.

9. Bridgitte Mathews (47)
CA(SA), HDip Tax

A self-employed consultant, Bridgitte provides financial and tax consulting services to clients in various industries and also acts as a facilitator, providing training in the risk, governance and banking sectors. She serves as an independent non-executive director of Suidwes Agriculture Group (RF) (Pty) Ltd and Agrinet (Pty) Ltd, and as the Chair of the audit and risk and IT committee; PSG Group Limited and PSG Financial Services Limited, where she also serves as a member of the audit and risk committee, Deputy Chair of ATKV NPC and Chair of the Board of Trustees of Redefine Empowerment Trust and is a member of the African Women Chartered Accountants and the Institute of Directors ("IOD").

EXECUTIVE TEAM

Back (left to right)
Karl Steyn, Athol Saunders, Morné Nel, Andre Niemand, Cameron McCulloch, Selwyn Dawson, Nadir Moosa, Ben Venter, Dawid Joubert, Japie Britz

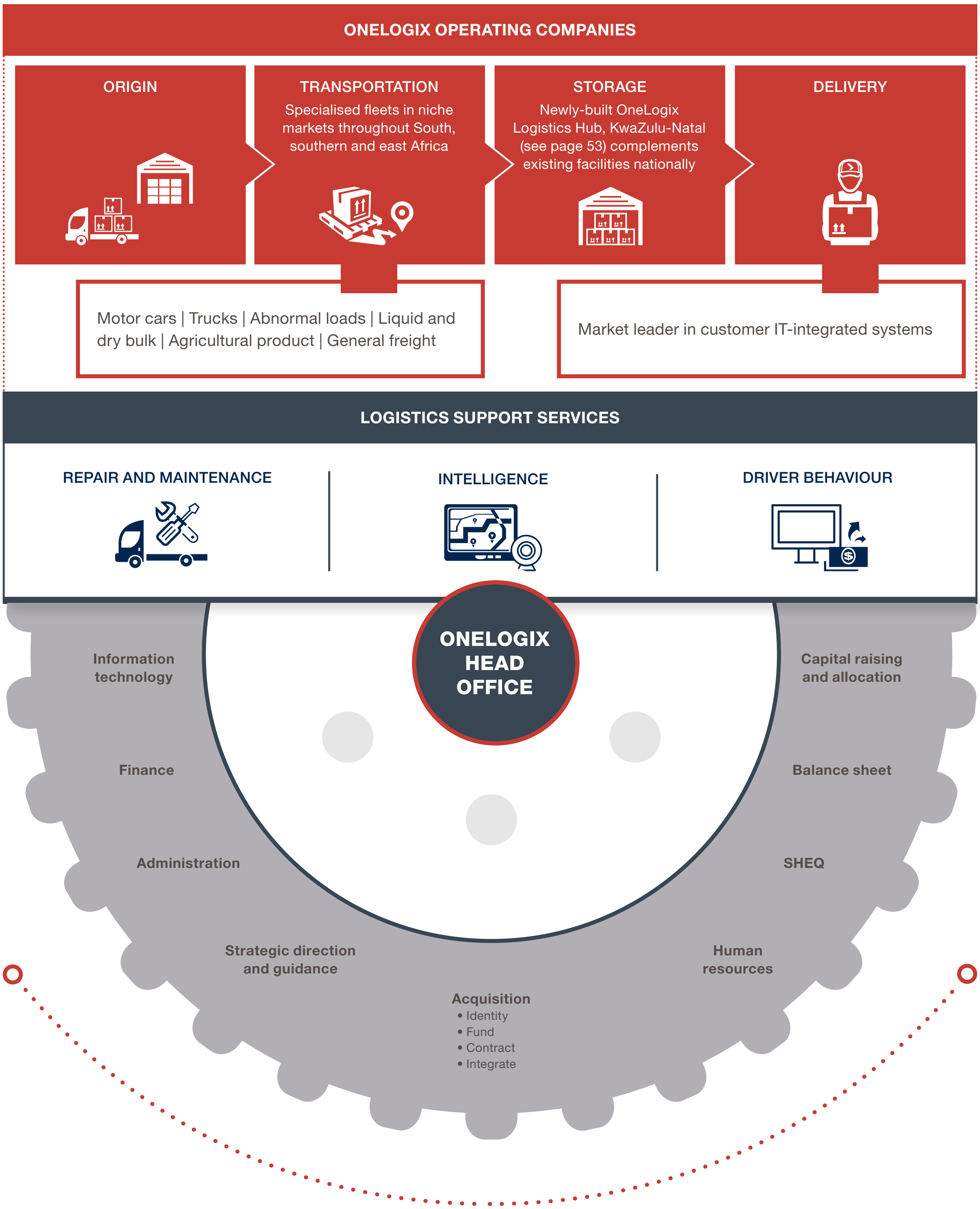
Middle (left to right)
Ronnie Robertson, Vincent Kaufman, Rockie Snell, Patrick Pols, Jacques du Randt, Johan Duvenhage, Louis Swart, Hein Swart

Front (left to right)
Dirk van der Zee, Neville Bester, Ian Lourens, Mitzi Vosloo, Geoff Glass

BBBEE Level 3

ONELOGIX IN PROFILE

BUSINESS MODEL AND SUPPLY CHAIN



FIVE-YEAR REVIEW

for the year ended 31 May 2016

The statement of comprehensive income and cash flows distinguish discontinued operations from continuing operations. Comparative figures have been restated.

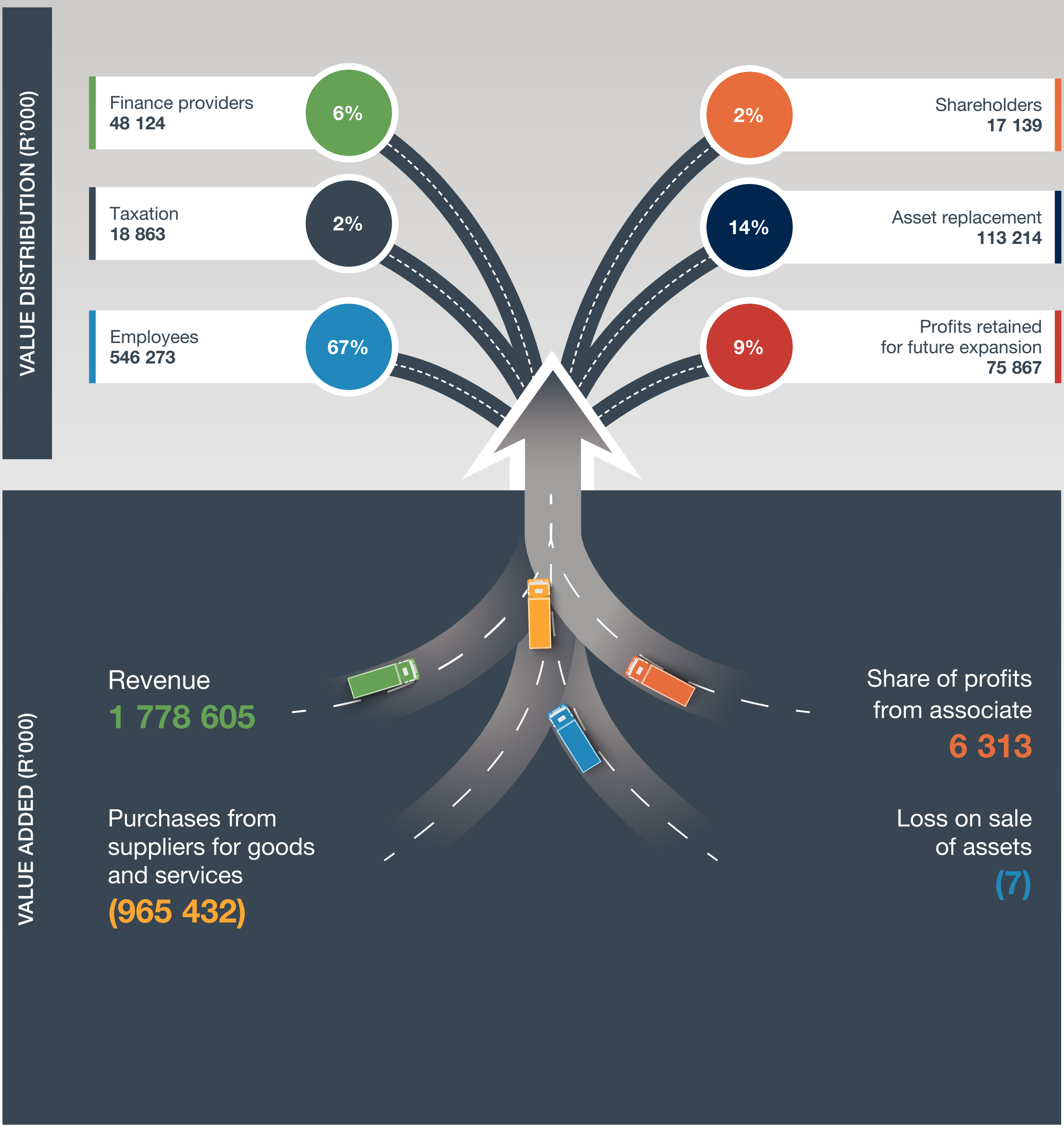
	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
Group statement of comprehensive income					
Revenue	**1 778 605**	1 367 980	1 272 071	1 010 113	835 449
Operating and administration costs	**(1 529 542)**	(1 168 074)	(1 101 240)	(878 866)	(718 307)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	**249 063**	199 906	170 831	131 247	117 142
Depreciation on property, plant and equipment and amortisation of intangibles	**(113 214)**	(79 265)	(61 792)	(50 756)	(43 511)
Share-based payment – specific share issue for cash	**–**	(71 621)	–	–	–
(Loss)/profit on sale of assets	**(7)**	(366)	9 572	(294)	5 988
Operating profit	**135 842**	48 654	118 611	80 197	79 619
Net finance costs	**(48 124)**	(23 638)	(20 112)	(13 390)	(8 989)
Share of profits from associate	**6 313**	3 811	4 190	4 814	–
Gain on acquisition	**699**	–	–	–	–
Profit before taxation	**94 730**	28 827	102 689	71 621	70 630
Taxation	**(18 863)**	(26 772)	(26 451)	(18 674)	(20 704)
Profit from continuing operations	**75 867**	2 055	76 238	52 947	49 926
Profit from discontinued operations	**–**	1 817	10 218	9 362	9 930
Profit from disposal of discontinued operations	**–**	144 178	–	8 495	–
Profit for the year	**75 867**	148 050	86 456	70 804	59 856
Other comprehensive income					
Revaluation of land and buildings	**–**	–	16 270	–	–
Movement in foreign currency translation reserve	**510**	179	41	161	165
Deferred tax increase due to CGT inclusion rate increase	**(1 291)**	–	–	–	(760)
Net profit and comprehensive income for the year	**75 086**	148 229	102 767	70 965	59 261
Profit attributable to:					
– Non-controlling interest	**10 653**	7 934	10 367	5 316	6 127
– Equity holders of the company	**65 214**	140 116	76 089	65 488	53 729
	75 867	148 050	86 456	70 804	59 856
Other comprehensive income attributable to:					
– Non-controlling interest	**–**	–	–	–	–
– Equity holders of the company	**(781)**	179	16 311	161	(595)
	(781)	179	16 311	161	(595)
Total comprehensive income attributable to:					
– Non-controlling interest	**10 653**	7 934	10 367	5 316	6 127
– Equity holders of the company	**64 433**	140 295	92 400	65 649	53 134
	75 086	148 229	102 767	70 965	59 261

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
Group statement of financial position					
Assets					
Non-current assets					
Property, plant and equipment	**1 136 474**	849 947	532 672	446 418	327 555
Intangible assets	**163 724**	132 184	77 257	66 289	31 982
Interest in associate	**36 785**	43 964	38 125	33 935	–
Loans and receivables	**7 118**	8 148	15 033	7 219	6 498
Deferred tax	**2 049**	1 532	2 201	1 474	2 155
Current assets					
Inventories	**24 122**	22 222	10 376	10 090	14 759
Trade and other receivables	**259 127**	210 422	179 455	148 994	119 210
Taxation	**1 722**	–	781	5 512	1 943
Non-current assets held-for-sale	**–**	20 082	–	–	–
Cash and cash equivalents	**100 012**	160 417	70 323	54 749	102 494
Total assets	**1 731 133**	1 448 918	926 223	774 680	606 596
Equity and liabilities					
Equity					
Ordinary shareholders' funds	**722 075**	643 988	334 978	292 272	264 498
Non-controlling interests	**36 509**	44 430	36 599	17 184	5 892
Liabilities					
Non-current liabilities					
Interest-bearing borrowings	**466 463**	313 592	168 165	149 722	122 431
Deferred tax	**123 420**	105 884	66 647	51 605	26 846
Current liabilities					
Trade and other payables	**215 793**	187 116	182 939	156 088	136 211
Interest-bearing borrowings	**164 655**	146 369	90 134	74 137	50 017
Vendor liability	**–**	–	9 000	9 000	–
Non-controlling interest put option	**–**	–	–	16 206	–
Taxation	**2 218**	6 592	1 371	1 616	701
Bank overdrafts	**–**	947	36 390	6 850	–
Total equity and liabilities	**1 731 133**	1 448 918	926 223	774 680	606 596
Group cash flow					
Net cash generated from operations	**173 195**	104 933	133 434	97 431	119 074
– Continuing operations	**173 195**	129 839	119 072	84 024	106 659
– Discontinued operations	**–**	(24 906)	14 362	13 407	12 415
Net cash flows from investing activities	**(102 207)**	8 254	1 265	(88 544)	4 646
– Continuing operations	**(102 207)**	(172 982)	1 252	(77 841)	5 337
– Discontinued operations	**–**	181 236	13	(10 703)	(691)
Net cash flows from financing activities	**(130 912)**	12 200	(148 680)	(63 592)	(64 130)
– Continuing operations	**(130 912)**	12 424	(148 304)	(66 972)	(62 068)
– Discontinued operations	**–**	(224)	(376)	3 380	(2 062)
Net movement in cash resources	**(59 924)**	125 387	(13 981)	(54 705)	59 590
Cash and cash equivalents at beginning of year	**159 470**	33 933	47 899	102 494	42 791
Exchange gain on cash resources	**466**	150	15	110	113
Cash and cash equivalents at end of year	**100 012**	159 470	33 933	47 899	102 494

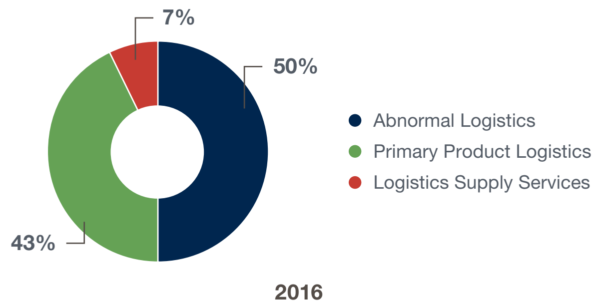
	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
Number of shares in issue ('000):					
– Total issued less treasury shares	**251 946**	246 146	207 402	225 658	225 658
– Weighted	**250 488**	224 540	217 411	225 658	219 355
– Diluted	**250 488**	224 540	217 411	231 258	223 715
– Diluted measure for core earnings purposes	**253 646**	233 825	217 411	231 258	223 715
Basic earnings per share (cents)	**26,0**	62,4	35,0	29,0	24,5
– Continuing operations	**26,0**	(2,6)	30,3	21,1	20,2
– Discontinued operations	**–**	65,0	4,7	7,9	4,3
Diluted basic earnings per share (cents)	**26,0**	62,4	35,0	28,3	24,0
– Continuing operations	**26,0**	(2,6)	30,3	20,6	19,8
– Discontinued operations	**–**	65,0	4,7	7,7	4,2
Headline earnings per share (cents)	**25,7**	(1,7)	31,2	25,1	22,1
– Continuing operations	**25,7**	(2,5)	26,5	21,0	17,8
– Discontinued operations	**–**	0,8	4,7	4,1	4,3
Diluted headline earnings per share (cents)	**25,7**	(1,7)	31,2	24,5	21,7
– Continuing operations	**25,7**	(2,5)	26,5	20,5	17,5
– Discontinued operations	**–**	0,8	4,7	4,0	4,2
Core headline earnings per share (cents)	**34,6**	33,9	33,3	25,6	22,5
– Continuing operations	**34,6**	33,1	28,6	21,5	18,2
– Discontinued operations	**–**	0,8	4,7	4,1	4,3
Diluted core headline earnings per share (cents)	**34,1**	32,5	33,3	25,0	22,0
– Continuing operations	**34,1**	31,7	28,6	21,0	17,8
– Discontinued operations	**–**	0,8	4,7	4,0	4,2
Calculation of headline and core headline earnings					
Net profit attributable to shareholders	**65 214**	140 116	76 089	65 488	53 729
Adjusted for:					
Profit on sale of fixed assets adjusted for tax and non-controlling interest	**(81)**	188	(8 163)	22	(5 159)
Insurance proceeds adjusted for tax and non-controlling interest	**–**	–	–	(438)	–
Profit on disposal of discontinued operation less taxation and non-controlling interest	**–**	(144 178)	–	(8 495)	–
Gain on acquisition	**699**	–	–	–	–
Headline earnings	**64 434**	(3 874)	67 926	56 577	48 570
Share-based payments	**15 177**	76 095	–	–	–
Amortisation of intangible assets acquired as part of a business combination less taxation and non-controlling interests	**6 993**	3 852	4 443	1 209	711
Core headline earnings	**86 604**	76 073	72 369	57 786	49 281

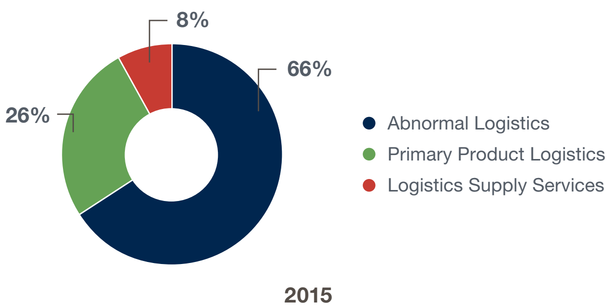
The intention of the core headline earnings measure is to provide users with a metric that management uses to evaluate performance.

The definition of the core headline earnings measure is headline earnings (as calculated based on SAICA circular 2/2015) adjusted for the amortisation charge of intangibles recognised on business combinations and share-based payment charges.

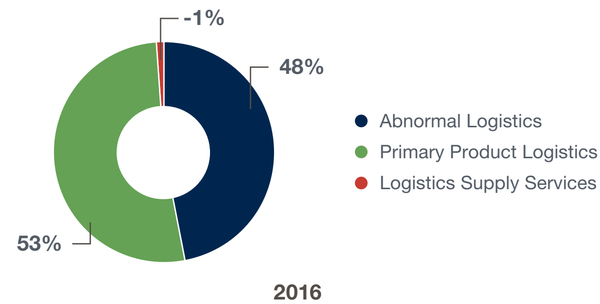

VALUE DISTRIBUTION (R'000)
Finance providers
48 124
6%
Taxation
18 863
2%
Employees
546 273
67%
Shareholders
17 139
2%
Asset replacement
113 214
14%
Profits retained
for future expansion
75 867
9%
VALUE ADDED (R'000)
Revenue
1 778 605
Purchases from
suppliers for goods
and services
(965 432)
Share of profits
from associate
6 313
Loss on sale
of assets
(7)

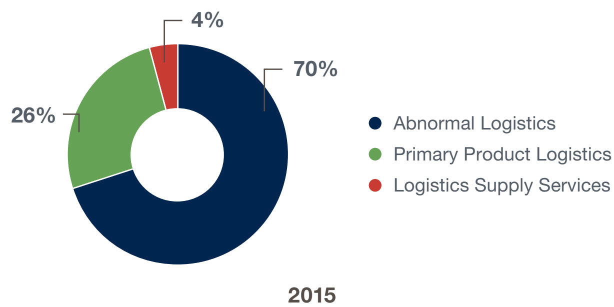
REVENUE CONTRIBUTION





TRADING PROFIT CONTRIBUTION





ABNORMAL LOGISTICS

ONELOGIX VDS

EMPLOYEES
729

KEY DRIVERS

- Long established Top 3 vehicle delivery service provider in South Africa
- Comprehensive supply chain offering:
  - Timeous, seamless and damage-free storage and delivery of motor vehicles for OEMs, motor fleet operators, retailers and private clients
  - Delivery fleet of 300 truck/trailers
  - Full in-house import and clearing capability
  - Truly national and regional operator with extensive coverage within South Africa and sub-continent
  - Largest and most sophisticated bonded and unbonded storage facilities on sub-continent
  - Able to leverage new state-of-the-art OneLogix Logistics Hub
  - Centralised control room enabling 24/7 fleet monitoring including driver behaviour
- Transparent real time track and trace capability accessed via a dedicated customer internet portal
- Full and seamless integration of customer administrative system from point of instruction to final delivery
- Value add options, eg pre-delivery inspection services, fitment, Data Dot and automotive paint facilities
- Fully ISO 9001, ISO 14001, OSHAS 18001 and RTMS accredited
- Service provider to all leading motor vehicle brands

MARKET CONTEXT

- Market leader in local and cross-border auto logistics
- Historically strong markets although contracting for last three years
- OEMs enjoy considerable manufacturing incentives from South African government
- VDS well positioned for market upturn

ONELOGIX CVDS

EMPLOYEES
285

KEY DRIVERS

- Largest and most sophisticated operator and pioneer in defining parameters of truck delivery market segment
- Comprehensive supply chain offering including storage facilities in East London, KwaZulu-Natal (new OneLogix Logistics Hub) and Gauteng
- Innovative new option of truck carrier in addition to own wheels delivery
- Mobile GPS tracking technology
- Fully ISO 9001 accredited
- Exceptional track record of service delivery excellence
- Driver outsourcing option

MARKET CONTEXT

- Large commercial vehicle auto logistics market is strong
- Consists of four segments:
  - Mid-sized trucks (3,5 – 8 tons)
  - Heavy trucks (8 – 16 tons)
  - Extra heavy trucks (16+ tons)
  - Buses (8,5+ tons)
- Local and cross-border markets contracting over the past year

ONELOGIX PROJEX

EMPLOYEES
149

KEY DRIVERS

- Market leader in project, abnormal and general freight logistics throughout southern Africa
- Flexible fleet of 85+ trucks and 130+ trailers which include lowbeds, stepdecks, flatdecks, retractable, extendable, skeletal, superdecks and crane trucks
- New 40 000 m^2 depot under construction in Brakpan with dedicated 10 000 m^2 storage facility
- SARS licence for removal of goods in bond storage
- Able to move hazardous cargo
- Full standards compliance
- Track and trace facility

MARKET CONTEXT

- Considerably large local and regional market has contracted in line with falling demand for industrial, mining, and construction and related equipment in Southern Africa. Head office is located in a prime Durban harbour location

PRIMARY PRODUCT LOGISTICS

ONELOGIX UNITED BULK

EMPLOYEES
421

KEY DRIVERS

- Market leader in solvents, acid, food grade product, liquid petroleum gas, cryogenics and dry bulk in South and Southern Africa
- An expanding fleet, now standing at 240+ tanker combinations which traverse the entire Southern African region
- Fully compliant with extremely rigorous SHEQ standards
- Substantial synergies extracted from recent acquisitions of Vision and Cryogas
- Strong management team and staff with a clear vision

MARKET CONTEXT

- Strong market demand for products that span the broad spectrum of mining, industrial and consumer goods
- United Bulk enjoys a strong market position and is a Top 3 service provider in the market

ONELOGIX LINEHAUL

EMPLOYEES
59

KEY DRIVERS

- Specialises in the movement of general freight into and out of Southern Africa
- Flexibility offered by fleet-40+ super link flatdeck and 10 tri-axle flatdeck vehicles
- Capable of moving hazardous products in addition to commodities, steel structures, food products and containers
- Recently established, but already built a solid reputation for cost-effective service excellence
- Strong and reliable customer base

MARKET CONTEXT

- Competitive market dependent on strong commodity prices
- Market is presently weak
- Linehaul well-positioned for an upswing with a strong customer base

Jackson

EMPLOYEES
184

KEY DRIVERS

- Market leader in top-end refrigerated logistics of fruit and vegetable products, seafood, meat and poultry
- Operates throughout the greater Southern African region
- Ability to maintain cold chain at required temperatures from producer to final distribution point
- Ability to accommodate customer's 'just in time' delivery requirements
- Flexible fleet configuration of 80+ refrigerated, tri-axle reefers, dumper and tipper trailers, flatdecks and tautliners
- Head office in Brakpan
- Long-standing and loyal customer base
- Strong, well-established, goal-oriented and disciplined team

MARKET CONTEXT

- Importance of local food security together with the search for additional export markets will ensure market resilience and long-term sustainability
- Recent drought in South Africa is contracting the overall market

BUFFELSHOEK TRANSPORT

EMPLOYEES
95

KEY DRIVERS

- Specialises in the distribution of agricultural inputs and final products
- Mostly operative in Limpopo, North West, Gauteng and Mpumalanga
- Final product moved to various local markets or to ports for export
- Head office based in Mookgophong with large storage space, workshop and related facilities
- Strong core base of customers including fertilizer suppliers (loose, bagged and palletised) and farming community
- Flexibility in all respects to accommodate farmers' variable needs
- Expanding into base material deliveries in industrial market

MARKET CONTEXT

- Necessity of ensuring local food security together with the search for additional export markets for local agricultural product will ensure market robustness
- Recent drought in South Africa is contracting the overall market

OTHER – LOGISTIC SUPPORT SERVICES

ATLAS360 COMMERCIAL VEHICLE SERVICES

EMPLOYEES
80

KEY DRIVERS

- A honed, clear focus on core strengths in accident repairs to commercial vehicles
- An established leader in the South African commercial vehicle accident repair market

MARKET CONTEXT

- Market is strong, but dependent on economic activity
- Competitive market, often subject to corruption which is now being addressed more vigorously by various role-players

QSA

EMPLOYEES
2

KEY DRIVERS

- Developer, seller and supporter of a well-established logistics accounting software package

MARKET CONTEXT

- Strong and loyal customer base
- Comprehensive and cost-effective product
- In-house competitive advantage (used extensively within the group)

ONELOGIX CARGO SOLUTIONS

EMPLOYEES
26

KEY DRIVERS

- Simplifies the movement of import and export cargo by offering storage, container transport, unpacking and packing of containers and consolidating cargo services
- Recent innovation of a clearing and forwarding service
- Head office is 11 500 m^2 prime location site in Durban harbour precinct
- Additional 3 000 m^2 site in Cape Town

MARKET CONTEXT

- Long-established company with loyal customer base
- Involved in both export and import oriented product

BEE SCORECARD

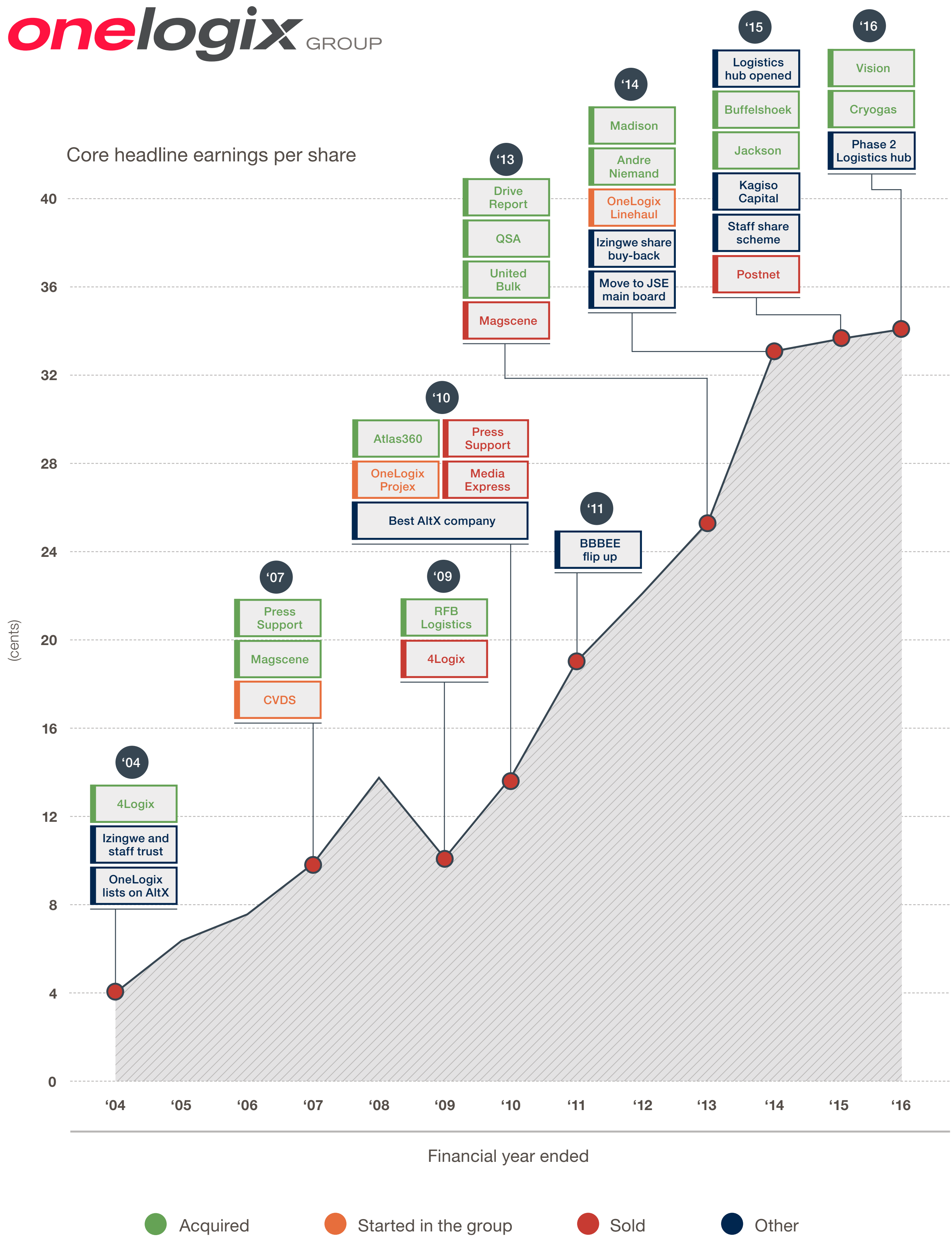
BBBEE Level – 3
BEE supplier recognition – 110%

Scorecard

	Target score	Actual company score
BEE ownership*	23,0	20,2
BEE management	11,0	3,8
Employment equity	18,0	6,1
Skills development	15,0	15,0
Preferential procurement	20,0	11,4
Enterprise development	15,0	15,0
Socio-economic development	5,0	5,0
Fronting risk		Low

** Black ownership – 27,73%*
Black women ownership – 7,02%
(at 25 May 2016)

MILESTONES



onelogix GROUP
Core headline earnings per share
(cents)
40
36
32
28
24
20
16
12
8
4
0
'04
4Logix
Izingwe and staff trust
OneLogix lists on AltX
'07
Press Support
Magscene
CVDS
'09
RFB Logistics
4Logix
'10
Atlas360
Press Support
OneLogix Projex
Media Express
Best AltX company
'11
BBBEE flip up
'13
Drive Report
QSA
United Bulk
Magscene
'14
Madison
Andre Niemand
OneLogix Linehaul
Izingwe share buy-back
Move to JSE main board
'15
Logistics hub opened
Buffelshoek
Jackson
Kagiso Capital
Staff share scheme
Postnet
'16
Vision
Cryogas
Phase 2 Logistics hub
'04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16
Financial year ended
Acquired
Started in the group
Sold
Other

To be a world-class logistics and related services provider

THE ONELOGIX STRATEGY

OUR STRATEGIC FOCUS

To be at the forefront of providing world-class logistics and related services to the entire Southern and east Africa region.

Each group business seeks to position and maintain its status as a preferred supplier in its niche market through consistent delivery of world-class and cost-effective customer service.

Strategic progress during FY16

Overall, group companies maintained and grew their customer bases, albeit that certain customers lowered spend given poor economic conditions.

In anticipation of customers' future needs, we:

- Acquired Vision and Cryogas in order to enhance our liquid bulk service offering
- Expanded our new KwaZulu-Natal based OneLogix Logistics Hub by a further 10 ha vehicle storage development
- Bought and extensively renovated a site in Port Elizabeth for OneLogix VDS in order to facilitate better customer service
- Enabled a pre-delivery inspection ("PDI") centre together with Data Dot Facilities at OneLogix Logistics Hub
- Successfully introduced in CVDS a superior truck carrier option
- Commenced the OneLogix Projex, OneLogix Linehaul, OneLogix United Bulk and Atlas360, Brakpan property development to cater for these companies inland markets
- Within OneLogix Projex enhanced SHEQ standards to accommodate specifically multinational customers' future requirements
- Expanded OneLogix Projex capabilities in hazardous products and refrigerated goods
- Implemented fleet extensions and upgrades for OneLogix United Bulk, Jackson and Buffelshoek in anticipation of increased demand
- Within QSA began the process of enhancing its transport-related software program in line with demand
- Realised efficiencies throughout the group to maintain cost competitiveness in the prevailing economy

FACING OUR RISKS HEAD-ON

Material issue	Risk	Strategic focus
Meeting and exceeding customers' expectations	• Loss of key customers • Revenue loss	*Sustaining an intimate understanding of the group's markets* • Constantly monitor the nature and dynamics of each market • Ensure the best possible value proposition is presented to the market • Continually evaluate new opportunities in existing and new markets
Anticipating customers' future needs	• Loss of key customers • Long-term sustainability of the group	• Leverage the group's entrepreneurial skills • Encourage creative approaches to existing and new market opportunities • Reward innovative responses to challenges
Understanding the dynamics of the competitive landscape	• Loss of key customers • Loss of competitive advantage	*As above*
The implications of State-driven initiatives	• Inappropriate response to governments' road-to-rail initiatives	*As above*
All-round operational efficiencies (including excellence in financial management)	Loss of competitive edge due to: • Margin squeeze • Incorrect pricing • Fraud • Corruption	*Striving for operational excellence* • Thoroughly understand business processes and cost structures, enabling sustainable and competitive pricing options • Continually review operations with a view to increasing productivity • Integrate newly acquired or newly established companies into the OneLogix operational system efficiently and productively • Maintain an appropriately motivated, skilled, competent and value driven workforce
Developing an appropriate supplier network	Sustainable business inputs	*Striving for clarity on input requirements* • Understand options • Build relationships via clear communication
Developing and maintaining high calibre staff	Loss of key staff Succession planning	*Developing leadership and people* • Continually focus on maintaining a high performance culture • Maintain and enhance the entrepreneurial attitude of management and staff • Provide opportunities for people development and related recognition and reward • Ensure a functionally efficient ethos of teamwork • Create an enabling culture based on a clear value system
Sustained growth of group businesses	Protection of business core strength	*Ensuring that business models within the group are resilient and sustainable* • Identify and maintain competitive advantages • Maintain a healthy financial position for all companies • Ensure responsible and safe operations • Regulatory compliance • Protect the company's reputation • Ensure positive stakeholder relationships • Develop an empowering culture • Retain skilled people • Focus intently on customer service • Foster a workforce centred on excellence
Sourcing suitable acquisitions	Ineffective merger and acquisition strategy	*Market intelligence* • A suitable acquisition model

Developing and maintaining high calibre staff

- Uninterrupted 10-year growth trajectory
- Revenue and trading profit compound growth > 22%

OUR PERFORMANCE

> As we have always maintained, our management team's underlying entrepreneurial strength has and continues to come to the fore in finding new revenue opportunities and more profitable operating procedures, anticipating future trends and speedily implementing internal adaptations.

Overview

The group performed well in a year in which we were confronted with increasingly difficult trading conditions while finalising the busiest period of corporate activity in our history.

We continued our decade-long uninterrupted growth trajectory with ten-year compound annual growth of 26% for revenue, and 22% for trading profit. In addition, we improved our BBBEE platform from Level 4 to Level 3.

I must make mention here of the strong and committed management teams who remain in place throughout the group. They each have an unparalleled understanding of their respective markets, the associated dynamics and how best to realise delivery of sustainable services in those contexts. Their interaction with Head Office continues to be most effective and positive, resulting in quick, flexible and informed responses at business level to emerging opportunities and trends.

Our steady organic growth is attributable in large part to these teams.

Over the years OneLogix has proven our methodology for the successful sourcing, conclusion and integration of acquisitions. Apart from generating additional and sustainable sources of revenue, the methodology has purposefully diversified the group away from our former reliance on the auto industry. Typically we have targeted a controlling interest in well-established entrepreneurial businesses that present a compelling value proposition for their customers. These businesses remain operated by the founding entrepreneurs in well-defined markets that complement and extend the reach of our existing offering. During this year a large and a small acquisition were effected (see Acquisitions).

With our emphasis on entrepreneurialism, the success of new ventures set up in-house over the years is not surprising. While no such activity occurred in the year, it is gratifying to note that all three of our start-ups to date – CVDS, OneLogix Projex and OneLogix Linehaul – performed well and have established themselves as core to the group.

These three approaches to growth are connected by shared values, a common business ethos and an entrepreneurial mindset and are underpinned by strong centralised business controls. We intend to continue this modus operandi for the foreseeable future given its evident success.

Acquisitions

As announced on 22 July 2015, the group acquired a 100% interest in specialist liquids mover, Vision, for a cash consideration of R110 million with effect from 1 July 2015. The timing of the Competition Commission approval resulted in profits being consolidated from 1 October 2015, with interest of R1,4 million on the purchase price being expensed. With effect from 1 October 2015 we also acquired a 74,2% interest in Cryogas for a cash consideration of R5,5 million.

REVENUE
30%

TRADING PROFIT
21%

CASH GENERATED
from operations by continuing operations
33%

CORE HEPS
from continuing operations
5%

DILUTED CORE HEPS
from continuing operations
8%

Ian Lourens
CEO

Both these businesses have been successfully integrated into the operating fabric of the group under the OneLogix United Bulk brand.

Corporate transaction

On 1 September 2015, OneLogix concluded a related-party transaction which saw the group acquire a further 26% shareholding in United Bulk for a purchase consideration of R30,5 million, settled by the issue of 5,8 million fully paid-up OneLogix shares. OneLogix now owns 100% of United Bulk and the management and shareholding interests are fully aligned. The excess consideration paid over and above the carrying value of the non-controlling interest acquired is recognised in equity.

In December 2015 an additional 24% interest in Madison was acquired for a cash consideration of R5,0 million. This increased OneLogix's shareholding in Madison to 75% and paved the way for the merger of the Projex and Madison businesses, resulting in the acquisition of the remaining 25% in Madison from the non-controlling shareholder in exchange for shares in Projex. Following the merger of the two businesses, the shareholding in Projex is 86,9% held by OneLogix with the balance held by Projex management.

Phase 2 of the OneLogix Logistics Hub was transferred to the group in January 2016. The Phase 2 facility is fully operational and cost us R90 million. New borrowings of R66 million were raised on transfer and the remainder of the investment has been settled by existing cash resources.

The Logistics Hub, situated at Umlaas Road in KwaZulu-Natal, now has capacity to store 9 000 passenger vehicles under cover and a further 1 000 commercial vehicles. The Logistics Hub also provides facilities such as workshops, refuelling, offices, driver accommodation and fleet parking areas to all the group's companies.

Operational review

Our Primary Product Logistics businesses performed ahead of expectations, while the remaining businesses dealt as best as possible with tough trading conditions.

Abnormal Logistics

OneLogix VDS experienced mixed fortunes and overall traded down in line with an increasingly competitive market which has continually contracted over the past three years. Its leading market position is thanks to cost-effective and quality service backed by extensive storage facilities around the country, most notably the new and recently expanded OneLogix Logistics Hub. However, OneLogix VDS is a mature business in a mature market and remains pressured by margin squeeze, which is passed on by OEMs in difficult trading conditions.

OneLogix CVDS retained its leadership position in the commercial vehicle storage and movement market, but also remained subject to the pressure of a contracting market. This business too benefits from the new and expanded OneLogix Logistics Hub. It recently introduced an innovative and cost-effective truck carrier option which has been welcomed by the market.

OneLogix Projex experienced declining project cargo moving through the Durban port. Despite the consequent drop in revenue, the company managed to boost profitability ahead of expectations through effective margin management. In December 2015 the merger with Madison took effect and has been a successful exercise in capitalising on synergies. In the year ahead a new, substantially improved and bigger Gauteng depot will become operational, to be situated in Brakpan.

Primary Product Logistics

OneLogix United Bulk is now a significant contributor to group earnings. The business, operative mainly in the bulk liquids logistics niche, improved its performance through a strategic increase in fleet and by successfully integrating the recent Vision and Cryogas acquisitions.

OneLogix Linehaul performed well in its second full year of operation. This in-house start-up has benefited from the prior year investment in additional fleet and represents an important thrust by OneLogix into Southern Africa.

Jackson contributed well in its first full year within the group. It has emerged relatively unscathed from the worst drought in 30 years by proactively increasing its customer base and diversifying further into adjacent product categories.

Buffelshoek, another agricultural operator contributing a full year's earnings for the first time, performed well.

Other – Logistics Services

Atlas360, a small contributor to earnings, traded down in a harsh market. It remains a market leader in commercial truck repairs, including warranty repairs for leading brands within the country.

OneLogix Cargo Solutions, also a small contributor to earnings, maintained an important role within the group by offering facilities support, primarily in import and export warehousing and increasingly in clearing and forwarding.

QSA represents a small strategic investment by the group aimed at securing an IT advantage. At present, earnings contribution is small while we align and improve the product offering according to market needs.

DriveRisk remains a well-established and respected driver behaviour management company. The group has a minority stake in this business.

Financial overview

Revenue from continuing operations increased by 30% to R1,78 billion on the back of the maiden contributions for the full year of *Jackson* and *Buffelshoek*, and the newly-acquired *Vision* and *Cryogas* contributing to earnings for the last eight months of the year.

Trading margins from continuing operations declined to 8,5% (May 2015: 9,1%), which resulted in commensurate growth in trading profit of 21% to R151 million. As reported in the interim results, trading profit was adversely affected by a R16 million charge relating to the group's ongoing skills upliftment programme that had to be escalated in line with the recently promulgated amended BBBEE Codes. The vast majority of this charge will be recovered through learnership allowances afforded by SARS. This has contributed to the effective tax charge of 19,9% on profit for the period. Excluding the skills charges recovered in the income tax line, the trading margin would be in line with the prior year.

Operating profit increased 179% from R48,7 million to R135,8 million. The prior year's results were impacted by the once-off, non-cash flow IFRS 2 share-based payment charge of R71,6 million relating to the implementation of the specific issue of shares for cash to Kagiso Capital (Pty) Ltd ("IFRS 2 Kagiso charge"). A R15,1 million IFRS 2 share-based payment charge relating to the employee and management participation schemes, implemented from February 2015, was incurred in full during the year under review.

Net finance costs doubled to R48,1 million as a result of the group's recent significant investment in infrastructure and acquisitions concluded over the past 18 months, as well as increases in lending rates in the latter part of the year. Interest cover on trading profit of 3,1 times (2015: 5,3 times) remains above our targeted level, but we are cognisant of gearing in relation to the prevailing trading environment. The gearing in the group is 99% asset-based.

EPS declined by 58% to 26 cents, mainly due to the R144,2 million after-tax profit realised on the disposal of PostNet in the prior year, offset by the IFRS 2 Kagiso charge also incurred in the prior year (see above).

HEPS increased to 25,7 cents from a negative 1,7 cents. The IFRS 2 Kagiso charge impacted HEPS in the prior year.

As previously communicated, we aim to present users with the same information that management utilises to evaluate the performance of the group's operations. Accordingly, we present core headline earnings per share ("Core HEPS") – headline earnings (as calculated based on SAICA Circular 2/2015) adjusted for the amortisation charge of intangible assets recognised on business combinations and charges relating to share-based payments. Core HEPS from continuing operations increased by 5% to 34,6 cents and Diluted Core HEPS from continuing operations increased by 8% to 34,1 cents. The dilutionary effect on Core HEPS of the employee and management participation schemes is calculated based on a volume weighted average share price for the year of R4,11. A reconciliation of headline earnings to core headline earnings is provided in the financial results.

Cash generated from continuing operations increased 33% to R173,2 million. This is testament to our ongoing focus on converting trading into cash and the discipline on working capital cycles.

Dividend number 5, totalling R15,1 million, was declared on 18 August 2015 and paid during the year.

The group invested R320,8 million in operational infrastructure as follows: R207,7 million in fleet (of which R136,6 million relates to expansion), R103,8 million in property (of which R90 million relates to Phase 2 of the OneLogix Logistics Hub), R5,3 million in IT-related assets and R4 million for other assets. Net proceeds of R39,8 million were received on the disposal of fixed assets. Investments in acquisitions of R90 million (net of cash acquired) were settled in cash during the period (see Acquisitions).

New interest-bearing borrowings of R319,1 million were raised to fund acquisitions of fixed assets, offset by the repayment of interest-bearing borrowings of R190,6 million. Net cash resources at year-end amounted to R100 million.

Recent investments in fleet, properties and acquisitions have substantially increased the magnitude of OneLogix operations and we are mindful of scaling the various businesses in line with opportunities and conditions in their respective markets.

Sustainability

OneLogix has a long track record of building sustainable businesses, which would not be possible if the concerns of our stakeholders were not integral to how we conduct our business.

We do our best to define and action our group as a good corporate citizen, by being mindful of the broader implications of our decisions while managing the delicate balance with the interests of our shareholders.

Wealth creation is a critical measure for our survival as is the ongoing support of our stakeholders. We are happy that we have achieved this in a meaningful way since the establishment and listing of OneLogix on the JSE. This was corroborated in the year by the 2016 Sunday Times Top 100 Companies award to OneLogix, 10th place, recognising actual returns to shareholders over a five-year period. The staff and management share participation scheme, driver remuneration schemes and the long history of company profitability are further aspects in which we take pride.

Challenges to our growth drivers

These challenges keep us awake at night, which is undoubtedly expected of a business looking to sustain and grow.

We remain vigilant in evaluating the risks and opportunities in government's intention to upgrade the country's rail infrastructure. We are confident that road-based logistics solutions, especially those offered by the OneLogix group, will retain their central role in the economic growth of our country and broader southern Africa region. As we've always maintained, the challenge will be to timeously adapt with appropriate initiatives to retain our leadership position in this arena.

Our new OneLogix Logistics Hub (Umlaas Road) represents such a response, since a rail siding provision has been incorporated into the layout and construction. One step further, we have held discussions with Transnet and are reasonably optimistic that the Hub will feature in its thinking around movement of vehicles out of the congested Durban port.

As mentioned in prior reports, the group's previous disproportionate reliance on earnings from VDS and CVDS has been systematically reduced by way of a purposeful and strategic acquisitive strategy as well as in-house start-ups. This process continued into the year under review (see above).

Many of the group's companies are generally moving into mature lifecycle phases, which in turn demands particular responses from the entrepreneurially-oriented leadership. Margin squeeze, particularly at VDS and Projex, represents one such challenge.

We also recognise the importance of continually enhancing our central business control processes. This process advances incrementally every year and the group is now in its strongest process position in history.

How we are moving forward

I am confident that the resilience of the group is in capable management hands. As we have always maintained, our management team's underlying entrepreneurial strength has and continues to come to the fore in finding new revenue opportunities and more profitable operating procedures, anticipating future trends and speedily implementing internal adaptations.

Thanks to our management teams' capabilities we have excellent general financial management systems, particularly strong working capital management, tested business systems, a solid operational focus, an innovative mindset and a professional interaction with all our stakeholders, particularly staff and customers.

In the year ahead we will continue to pursue organic growth. In addition, the fact that we make decisions quickly and generate strong cash flows will enable us to continue pursuing earnings-enhancing acquisitions of quality operators in well-defined logistics niches.

My thanks

As always, we remain highly appreciative of our quality management teams and staff who continue to perform at the highest levels of excellence. Our network of suppliers, business advisors, business partners, shareholders and particularly our customers deserve our thanks too. I extend my heartfelt thanks to all these roleplayers in our ongoing growth.

Ian Lourens
CEO

25 August 2016

OUR PEOPLE BEHIND OUR SUCCESS

ABNORMAL LOGISTICS

OneLogix VDS

1

Back (left to right) | Ronnie Gerber, Japie Britz, Nico van Rensburg, Johan Duvenhage, Geoff Glass, Dimitrie Georgeson, Lance Jansen
Middle (left to right) | Shannon Middlemiss, Martin Terblanche, Andre Pieterse, Pierre van Schalkwyk, Steve Oosthuizen, Hein Swart, Johan Gates
Front (left to right) | Neville Bester, Adri de Klerk, Jan Pretorius, Cameron McCulloch, Claude Roestoff, Linda Govender, Renier Basson, Aobakwe Moseta

OneLogix CVDS

2

Back (left to right) | Quinton Roos, Ajay Jaram, Brad Tessendorf
Front (left to right) | Rufus Pieterse, Dick van der Zee, Jonathan Beukes

OneLogix Projex*

3

Left to right | Rockie Snell, Karan Pillay, Nadir Moosa, Ronnie Robertson, Sagie Moodley

** Includes Madison effective 1 December 2015*

PRIMARY PRODUCT LOGISTICS

United Bulk

5

Back (left to right) | Mornè Rademeyer, Rudi Bloem, Stefan Eksteen, Christoff Gerber, Andries Helm, Gideon du Plessis, Pierre Scharneck, Albert Erxleben, Sarel Smit, Lourens Roux, Selwyn Dawson, Donovan O'Grady

Front (left to right) | Ruaan van Tonder, Graham Hunter, Mitzi Vosloo, Patrick Pols, Ben Venter, Raphealline Opperman, Buks Venter

OneLogix Linehaul

6

Front (left to right) | Tracy Worral, Karl Steyn, Steven Bilisha

Jackson

7

Back (left to right) | Brand du Randt, Herman Pretorius, Jacques du Randt, Leon Lombard, Kobus Venter, Burger Fourie

Front (left to right) | Cindy Duvenage, Sandra du Randt, Stephanie Naude

Buffelshoek

8

Back (left to right) | Chris Fourie, Hendrik le Roux, Anita van Eck

Front (left to right) | Athol Saunders, Adri Potgieter

OTHER – LOGISTICS SERVICES

Atlas360

9

Front (left to right) | John Thompson, Morné Nel, Arno Zwarts, Dhiren Dherman, Johan Oosthuizen

OneLogix Cargo Solutions

10

Front (left to right) | Andre Niemand, Carol Coetzee, Shameer Tolaram

QSA

11

Front (left to right) | Allan van Eetveld, Vincent Kaufman

OUR PEOPLE

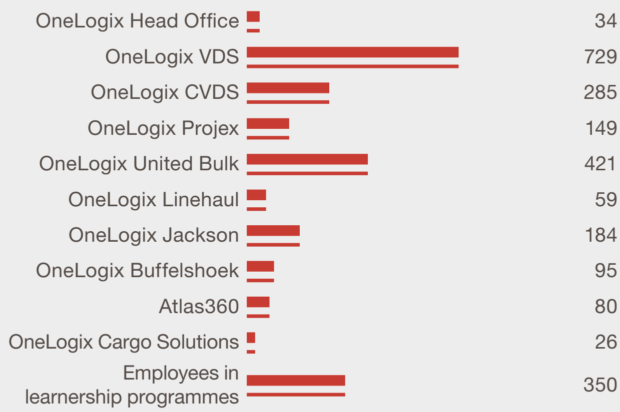
"Our people, our success" is a phrase often used by management in communicating with stakeholders. The common understanding across the group is that in order to give full effect to our business strategy, it must be personally owned, modified if necessary, and implemented consistently by all our people. Unsurprisingly, HR is therefore an important element in the management mix.

The HR Department follows an approach, driven by the group's values, comprising:

- Strategic HR management
- Performance management
- Talent management
- HR service delivery
- HR risk management
- HR technology
- Staff wellbeing
- HR measurements
- Organisational development
- Remuneration management
- Workforce planning
- Culture
- Training and development
- Staff relations

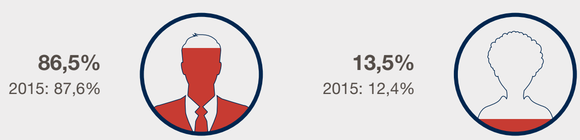
OneLogix employs 1 941 permanent staff (2015: 1 862) and 471 temporary staff (2015: 81). The latter includes 350 black disabled youth temporarily employed by the group in accordance with its Nkomazi Learnership Programme. (The staff numbers include foreign nationals employed by the company and exclude the DriveRisk staff as the group has a minority stake in this company.)

Breakdown of staff per company



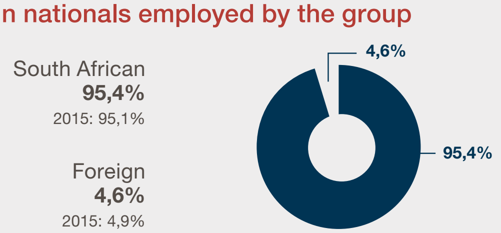
The company complies fully with all Department of Labour information submission requirements, the more pertinent of which are listed below:

Workforce by gender (excluding foreign nationals)

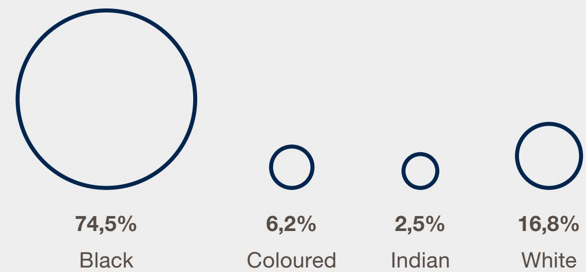


Gender inequality within the group remains a very practical challenge, since the nature of activities is biased towards a traditionally strong male orientation, such as qualified heavy duty drivers and maintenance technicians.

Foreign nationals employed by the group



Workforce by ethnicity



Employment of blacks has shown a particular increase over the past year from 66,7% to 74,5%, due to the nature of the workforce incorporated into the group via our recent acquisitions. This upward trend has been continuing consistently from 2011 when this figure stood at 56,9%.

The group's social and ethics committee monitors the implementation of employment policies appropriate to the business environment, market and South African landscape. The policies are designed to attract, motivate and retain quality staff at all levels.

Staff turnover

Staff turnover in terms of voluntary resignations is marginally up from last year to 112 (2015: 67).

Minimum notice periods are determined by the employment period, as follows:

- Less than six months – one week;
- Six to twelve months – two weeks;
- More than one year – one month; and
- Senior positions – as individually negotiated.

Dismissals for the year increased slightly, up from 119 to 160. Generally dismissals can be explained by the group's firm but fair disciplinary procedures. We continue to work on improving employment criteria to ensure that appropriate candidates are appointed at the start, thereby reducing the need for subsequent disciplinary action.

Resignations and terminations

	Male				Female				Foreign nationals		
	B	C	I	W	B	C	I	W	Male	Female	Total
Resignations	36	6	2	39	–	–	11	11	7	–	**112**
Non-renewal of contract	38	1	–	8	3	1	–	–	5	–	**56**
Dismissal	106	1	1	22	1	–	3	3	23	–	**160**
Incapacity/illness	2	–	–	1	1	–	–	–	1	–	**5**
Retirement/pension	4	–	–	2	–	–	1	1	–	–	**8**
Deceased	5	1	–	2	1	–	–	–	–	–	**9**
Absconded	36	1	–	7	2	1	–	–	–	–	**47**
Retrenchment	14	–	–	1	–	–	1	1	2	–	**19**
Total	**241**	**10**	**3**	**82**	**8**	**2**	**16**	**16**	**38**	**–**	**416**

Staff benefits

Full-time staff are granted access to medical aid schemes via leading service providers at statutory rates. Typically, staff receive the benefit of unconditional acceptance (such as no waiting periods, generous consideration on exclusions and no late joining fee penalties). Staff also have access to life assurance with leading service providers, together with a company funded scheme, all of which provide three times (and in one instance, four times) annual salary at death and in the event of total and permanent disability.

In addition, staff unaffected by industry-specific collective main agreements are provided a provident fund administered by leading service providers. Newly acquired companies in certain instances retain their original provident fund arrangements. The long-term aim is that staff ultimately participate in a standard OneLogix scheme. At present, OneLogix contributes 9% of pensionable salary with the staff member contributing a voluntary percentage of 0% to 9%. The fund administrator costs are paid by OneLogix and the fund further includes a family funeral benefit.

Staff covered by the industry-specific collective agreement contribute to a provident fund as follows:

Bargaining council contribution	Group company	Employee contribution	Company contribution
Motor Ferry	VDS CVDS	10%	10%
Road Freight	Projex Linehaul United Bulk Madison Jackson Buffelshoek Cargo Solutions	10%	10%
Motor Industry	Atlas360	7,5%	8%

Further, staff have access to a staff bursary scheme which contributes some 95% of study costs. There is also a bursary scheme for children of staff, to which OneLogix generally contributes 80% of study costs.

In the year the staff bursary scheme totalled approximately R323 000 (2015: R460 000) and funding was utilised as follows:

Company	Number of staff
VDS	28
OneLogix	2
United Bulk	2
Jackson	1
Total staff	**33**

Course	Gender	
	Male	**Female**
B.Comm (Indus Phys)	–	1
Diplomas		
Bus Mgt	3	–
Fin Mgt	–	1
Logistics/Supply Chain	2	–
Human Resources	–	1
Ops Mgt	1	–
Driver Training/Development	9	1
Road Trans Mgt	–	1
Health and Safety	1	–
General Admin	9	3
Total	**25**	**8**

The bursary scheme for children of staff totalled approximately R1 324 000 (2015: R1 146 000) and was utilised as follows:

Course	Number of children
Schooling	290
Degrees (incl. B.Comm, B.Sc B.A.)	11
Diplomas (incl. HR, Legal, Bus Admin, Teaching, Psycholgy, IT, Fin Mgt, Sports Mgt, Driver's licences)	27
Total	**328**

Skills development and training

The group's skills training objectives include to:

- Develop and empower staff;
- Improve productivity and quality of work;
- Assist in creating a strong core of skilled and professional people;
- Assist in career pathing and self-development; and
- Address the skills scarcity in the country.

Formal training courses presented to staff and prospective staff during the year included:

1. **National Certificate: Generic Management NQF 5 Learnership**
   Presently there are seven permanent staff completing an 18-month learnership, which is specifically designed to develop management competencies required for any occupation, particularly first line management.

2. **Professional Driving Learnership NQF 3**
   The duration of this learnership is 12 months and comprises a professional driver learnership consisting of 30 unemployed learners. The qualification is designed to provide accredited theoretical classroom training together with on-the-job training hosted by a group company. On completion, the learners take possession of a Code 14 driver's licence together with related skills which are expected of a responsible driver in the logistics industry.

3. **Business Practice NQF 1 Learnership**
   This learnership forms a substantial part of the group's skills development initiative. Commencing in June 2015, 350 unemployed and disabled learners in the rural Nkomazi region of Mpumalanga have received basic modern business practice skills over a 12-month period. The group uses its best endeavours to arrange employment for the learners on graduation, either within OneLogix or with our peers. Post June 2016 another 350 similar learners have been enrolled, both from Nkomazi and Cape Town.

TAKING SUSTAINABILITY SERIOUSLY

At OneLogix we are committed to reaching a well-reasoned balance between the various ESG demands. Accordingly, we are committed to:

- Conducting our business with respect and care for the people and the environment
- Complying, as a minimum, with all the applicable regulatory requirements
- Continually improving our SHE performance
- Promoting dialogue with all stakeholders about our ESG performance

Stakeholder engagement

Finding out what matters to our key stakeholders is not a matter of corporate etiquette and best practice alone, but of commercial necessity. We are genuinely interested on a human level but importantly on a business and strategic level. OneLogix does not operate in a vacuum and we are acutely aware that understanding our impacts on our stakeholders, and *vice versa*, is one of the key drivers of a sustainable strategy.

	Employees	Customers	Suppliers	Shareholders/investors
What matters to them	• Job security • Clear communication of expectations • Career and personal development • Reward for excellent performance • Zero discrimination • Transparent and regular communication • Quality work environment • Health and safety	• Excellent service delivery • Quality • Reliability • Resolution of problems • Competitive pricing • Communication	• Clear communication of expectations • Clarity around delivery requirements • Adherence to payment terms • Communication on future direction of the company	• Financial performance (including ability to service debt, solvency and liquidity) • Sustainable growth/ returns • Company reputation • Communication
How we find this out	• Individual performance reviews • Regular formal and informal interaction • Regular formal job satisfaction and cultural climate surveys • Training sessions	• Maintain healthy and professional relationships via: – clear service contracts; – involvement of senior staff; – regular face-to-face meetings; – email updates and systems interaction; – general availability of staff; – events; and – annual customer surveys	• Contracts and service agreements • Meetings and workshops • Training • Events	• Results presentations • General meetings • Site visits • Road shows • Regular 1:1 meetings • JSE showcases • Access to executive management team • Engagement with financial media
Our response	• Promotion preference from within group • Staff share participation scheme implemented in 2015 • Increased investment in skills and personal development and training • Group bursary scheme for staff (and their children) • Monthly newsletter • Driver Imbizos which facilitate joint addressing of appropriate issues • Regular meeting with unions and non-unionised staff • Constant internal discussions with staff to reinforce company culture, Code of Conduct, policies and procedures • Open door policy • Ongoing health, wellness and safety programmes	• Strong focus on customer service • Constant monitoring of relationship by all senior management • Ongoing two-way communication • Company and product brochures	• Professional relationships that ensure impartiality and no corruption • Regular communication with appropriate staff including senior management • Timeous payment and fair business practice • Focus on suitably qualified BEE operations	• Ongoing engagement and communication • Management and staff share participation schemes launched in 2015 • Annual and interim reports • SENS announcements • Comprehensive website

The environment

OneLogix is cognisant of the impact the group has on the environment and has actively implemented energy-saving initiatives across the board. Our focus on continually improving operating efficiencies has a clear congruence with environmental best practice.

The group's procurement policy bears this out, as a central tenet is to engage suppliers with a proven ability to:

- Cost-effectively supply the most advanced environmentally friendly product; and
- Recycle used product in accordance with current industry environmental standards.

Chemical products within the group are monitored and only cleaning materials with acceptable specifications are used. In addition, wherever possible, spray booths capture solvent and oil waste product and wash-bays' effluent is channelled to separate waste, oil and water. Our bulk tanker wash-bays meet all environmental specifications. At the new OneLogix Logistics Hub, water used at the truck workshop, pre-delivery inspection facilities as well as in showers and toilets, is recycled to approximate a 90% recovery.

Other areas of focus include fuel and oil spillage, wastage and theft. Storage tanks are purposefully designed to minimise spillage and limit ground pollution. Again, the new OneLogix Logistics Hub has installed latest technology fuel tanks that are particularly environmentally friendly.

Fuel efficiency processes have been introduced to the various group companies over the years and include specialist metrics for diesel usage per truck as well as information on fuel consumption per driver on a monthly basis. Further, the group's internal driver training programmes ensure further controls relating to excessive idling and "green band" driving metrics. DriveRisk's and DriveCam's profiling of driver behaviour is also helpful in this regard.

With respect to our vehicles, almost all used tyres are returned to suppliers for recycling purposes and no asbestos products are accepted when replacing brake shoes and clutch plates.

In terms of recycling, other materials such as used batteries are all returned to suppliers with the ability to recycle, scrap metal is sold to approved scrap dealers and scrap paper is sold to recycling organisations.

To conserve electricity, electrical equipment and appliances are switched off at night wherever appropriate and environmentally efficient equipment is used whenever possible. At the VDS Pomona premises, a second phase deployment of 140 x 250w solar panels with an additional 25kva grid tied inverter has been installed to complement the 100 x 250w solar panels installed last year. The future plans are to roll out this type of cost saving throughout the group.

SHEQ

The group complies with the South African Occupational Health and Safety Act, 85 of 1993.

As reported last year, OneLogix has recently undergone a rigorous gap audit by a recognised third party for each of the group companies. Compliance was determined on the following standards:

- ISO 9001;
- ISO 14001;
- OSHAS 18001; and
- SQAS (for dangerous goods).

The shortcomings and recommendations are being systematically addressed in line with our commitment to continual improvement in meeting customer expectations and our obligations to our staff.

Further, the last year saw additional focus on the investigation of accidents and identifying preventative and corrective actions. The results are pleasing and have delivered further impetus to an improved SHEQ management system.

RTMS (Road Transport Management Systems) audits were conducted within VDS and OneLogix Projex, with both companies achieving their accreditation certificates.

SANS (South African National Standards) conducted a surveillance audit on the ISO 9001:2008 standard within OneLogix United Bulk, which was successful. OneLogix United Bulk (Gauteng depot) was also audited by Sasol on the SQAS standard and received its re-certification certificate, which is valid for a further two years.

Various other external audits were conducted on group companies during the year and without exception positive results were achieved.

OneLogix VDS received ISO 9001, ISO 14001 and OSHAS 18001 accreditations in early 2016.

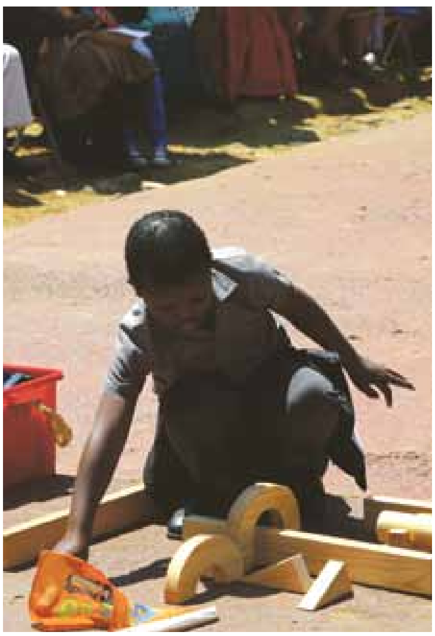
Supporting our communities

The various group companies support a range of deserving community projects within their respective geographic regions of influence, the more noteworthy of which are highlighted below:

The largest community support project undertaken in the group is an **OneLogix United Bulk** initiative where the business has, for a number of years, acted as the host company for the Free State leg of the well-known "**Rally to Read**" programme. This is an annual event involving business and rural schools around the country, in terms of which convoys of off-road vehicles deliver educational material to remote and neglected rural areas. In order to ensure the sustainability of this initiative, the respected READ Educational Trust follows up with principals, teachers and children during the remainder of the year. OneLogix United Bulk's annual contribution to this initiative is now well in excess of R350 000.

Head Office supports a staff-initiated project known as The OneLogix Care Group, which aims to assist deserving staff members throughout the group. Funding takes the form of a monthly donation from the group, supplemented by donations of cash or product from concerned staff members. During this year funds were applied to replacing bedding, general linen, clothing and groceries for two staff members whose entire household contents were lost to fires, assisted appropriately in the case of a special needs daughter of a staff member who was sexually abused, groceries for other staff who were struggling for various reasons as well as sourcing and coordinating a Mandela Day initiative which assisted a local primary school with stationery.

Group companies participate in other structured initiatives. **OneLogix United Bulk** has been a generous sponsor of the Worcester Villagers Rugby Club for some time. The company also sponsors various golf days and other sporting activities within the Worcester community. **OneLogix Projex** (which now incorporates **Madison**) has been a contributor towards the well-known Johnson Crane Hire marathon over the years. Various adhoc assistance has also been forthcoming, such as assistance for an epilepsy foundation, a rhino protection programme and contributions towards physical infrastructure for needy schools, undertaken by **OneLogix Projex** and **Buffelshoek** in particular. Such contributions individually exceeded R250 000 for the year.



OneLogix United Bulk: "Rally to Read October 2015"

OneLogix Value
Accountability
We each accept responsibility for our individual actions and words

ACCOUNTABILITY

GOVERNANCE REPORTING STRUCTURE

onelogix GROUP

CEO

COO
- Group HR
- Group IT
- Group SHEQ
- Group Risk
- Group Procurement

FD
- Internal Audit
- Group Finance and Admin

Abnormal Logistics	Primary Product Logistics	Other – Logistics Services
ONELOGIX VDS 100%*	ONELOGIX UNITED BULK 100%*	ATLAS360 COMMERCIAL VEHICLE SERVICES 71,3%*
ONELOGIX CVDS 100%*	ONELOGIX LINEHAUL 75%*	ONELOGIX CARGO SOLUTIONS 69,5%*
ONELOGIX PROJEX 86,9%**	BUFFELSHOEK TRANSPORT 74%*	QSA 85%*
	Jackson 74%*	DriveRisk 49%*

* Percentage owned by OneLogix.

** Includes Madison effective 1 December 2015.

THE BOARD

Executive directors

- IK Lourens (CEO)
- GM Glass (FD)
- CV McCulloch (COO)
- NJ Bester

Non-executive directors

- KB Schoeman

Independent non-executive directors

- SM Pityana (Chairperson)
- B Mathews
- LJ Sennelo
- AJ Grant

COMMITTEES

Audit and risk committee

- AJ Grant (Chairperson)
- LJ Sennelo
- B Mathews
- *By invitation*
  IK Lourens (CEO)
  GM Glass (FD)
  CV McCulloch (COO)

Remuneration committee

- LJ Sennelo (Chairperson)
- B Mathews
- AJ Grant
- *By invitation*
  IK Lourens (CEO)

Social and ethics committee

- LJ Sennelo (Chairperson)
- IK Lourens
- GM Glass

Audit and risk committee	Remuneration committee	Social and ethics committee
3/3	3/3	1/3

Number of independent directors

The board completed a self-evaluation process and deemed the board to be fully functional.

Effective 21 January 2015 Anuradha Sing representing Kagiso Capital (Pty) Ltd was appointed as a non-executive director. She resigned on 18 August 2015 to be replaced by Kgotso Schoeman, the present CEO of Kagiso Capital. Further, Debrah Hirschowitz resigned as independent non-executive director and member of the audit and risk committee to be replaced by Bridgitte Mathews, effective 18 August 2015.

SOCIAL AND ETHICS COMMITTEE REPORT

The board of directors is the ultimate guardian of the group's values and ethics and in its own conduct strives to embody these to lead by example. It follows that the board aims to integrate these values and ethics into the company's growth strategy in order to secure the sustainability of the group. The social and ethics committee, a statutory committee of the board, assists the board in this endeavour. The committee is formally appointed to assist the board with social and ethics and related matters, as provided for in the Companies Act 71 of 2008 (as amended).

Its terms of reference require membership to consist of not less than three members appointed by the board. At least one of the members must be a director who has not been involved in the day-to-day management of the company's business within the past three financial years. Accordingly the committee is chaired by independent non-executive director, Lesego Sennelo, and further comprises the CEO and FD. The committee meets at least twice a year.

The committee has all the functions and responsibilities provided for in the Companies Act and its terms of reference more explicitly, but not exhaustively, task it to monitor the company's activities with regard to:

- Social and economic development (including the UN Global Compact Principles; the OECD recommendations regarding corruption); the Employment Equity Act and the Broad-Based Black Economic Empowerment Act;
- Good corporate citizenship, including promotion of equality, prevention of unfair discrimination, reduction of corruption, contribution to the development of communities in which its products and services are marketed, record of sponsorship, donations and charitable giving;
- The environment, health and public safety, including the impact of the company's activities;
- Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
- The company's employment relationships and its contribution towards the educational development of its employees.

The chair of the committee is required to attend board meetings as well as annual general meetings of the company in order to provide a report relating to the affairs of the committee.

Notable matters relating to social and ethics pertaining to the company during the year included:

BBBEE

The most recent BBBEE certification for OneLogix places the group at Level 3. The validity of this accreditation extends to end-May 2017. We are actively engaged in initiatives aimed at ensuring that this level of accreditation is maintained beyond that date.

Health and safety

As reported last year, the group has recently undergone a rigorous gap audit by a recognised third party for each of the group companies. Compliance is determined on the following standards:

- ISO 9001;
- ISO 14001;
- OSHAS 18001; and
- SQAS (for dangerous goods).

The shortcomings and recommendations of this audit are being systematically addressed in line with the group's commitment to continual improvement in meeting customer expectations and obligations to our staff.

(See earlier report under "Taking sustainability seriously" for further detail.)

Code of Conduct

There were no reported breaches of the group's Code during the year. The Code is printed, distributed and displayed in prominent positions within each of the group companies, and is based on the value system to which staff are expected to adhere. It addresses the following matters:

- Business is to be conducted with integrity, mutual respect and professionalism in order to enhance the company's reputation;
- Zero tolerance for any form of corruption, unethical business practice and behaviour that contravenes a law, regulation or accepted norms of society;
- Avoidance of actual or potential conflicts of interest that may compromise an individual's ability to act in the company's best interest;
- Refusal of gifts, hospitality or other forms of favour from third parties in return for any kind of favour, service or treatment;
- Desisting from direct or indirect discriminatory practices and supporting the process of sustainable and real transformation;
- Safeguarding the use of company assets for legitimate purposes only;
- Protecting the confidentiality of company information;
- Adhering to systems of internal control designed to meet the company's strategic objectives;
- Subscribing to and acting in accordance with sound health, safety and environmental practices;
- Generally applying good corporate governance and high ethical standards in all instances; and
- Generally complying with all the laws of the countries within which the group operates.

Fraud

A single incidence of fraud in the group was recorded during the year. It occurred at the Port Elizabeth premises of OneLogix VDS, where a cash box holding an amount of R19 230 was stolen on forced entry into a locked steel cabinet. Subsequent to notifying OneLogix internal security and the police, a suspect was identified who was not an employee of the company and has since absconded from his place of employment. A criminal case was opened but to date nothing has concluded. A full revision and rectification of cash security procedures have since been implemented at the site.

Our policy regarding reporting criminal activity at work is communicated at least once a year to staff via the company's internal newsletter. In summary, there are two avenues open in this regard:

- Report directly to an immediate supervisor or department head. If the reporter feels uncomfortable with this action, direct communications with a company director is urged; and
- If anonymity is desirable, the reporter is directed to contact the company's internal auditors. The name and contact details of the partner in charge of the audit are provided to all staff.

A reward system is in place for anyone who volunteers information that leads to appropriate action being taken. The reward is commensurate with the nature and extent of the criminal activity involved.

Staff are also reminded that if they are aware of any criminal activity at work, and fail to report it, they risk being deemed to be in breach of company policy. They are at the same time reminded not to misuse the "whistleblowing" system in order to settle personal scores.

Internal audit

Please see Annexure 1, page 112 for further detail.

Good corporate citizenship

The group has a number of initiatives in place, including:

- Staff wellness programmes conducted on a regular basis;
- Mobile clinic visits to various group companies (being rolled out);
- Regular blood clinics with the SA Blood Services. The group is one of the largest blood donors;
- Our long-standing bursary scheme addressing the educational needs of staff members (beyond training conducted within the company) as well as those of staff children (see report under heading "People"); and
- Regular donations to worthwhile causes.

Staff relations

A staff and management share participation scheme was introduced last year. Nodus Capital were appointed in May 2016 to provide the updated annual valuation models for the group's businesses, as required by the relevant companies' Memoranda of Incorporation and based on the audited financial statements of OneLogix. Nodus Capital will also ensure that all terms and conditions of the relevant legal agreements are adhered to and attend to other administration matters as becomes necessary.

To date Nodus Capital has provided the group with a detailed administrative plan documenting the steps to address the good and bad leavers of both the staff and management share participation schemes.

As at the start of the current year, there were 1 654 and 125 participants, respectively, for the staff and management schemes. Of these, a total of 30 good leavers and 172 bad leavers have ceased to be participants in the staff scheme, while zero good leavers and nine bad leavers ceased to be participants in the management scheme.

Employee and management share participation scheme

On 28 January 2015, OneLogix implemented an employee share ownership initiative whereby newly formed OLG Esizayo (Pty) Ltd acquired 10% in OneLogix funded by the issue of preference shares by Esizayo to OneLogix. Esizayo was incorporated to enable all staff of OneLogix, other than directors and prescribed officers of the group, to collectively acquire an indirect shareholding in OneLogix. The implementation of this share participation transaction has a positive impact on the ownership element of the new BEE codes.

Also on 28 January 2015, subsequent to the board identifying the need to retain key executives within the group, a management share participation initiative was implemented via the newly formed OLG Abaholi (Pty) Ltd. Abaholi acquired a 5% stake in OneLogix funded by the issue of preference shares by Abaholi to OneLogix. The transaction was implemented for the benefit of creating value for key management over the long term while also serving the interests of OneLogix and its shareholders. The participants only benefit if and to the extent that OneLogix achieves certain pre-determined earnings growth targets over a five-year period commencing on 28 January 2015, thereby aligning the interests of the participants with those of OneLogix shareholders.

Customer relations

Customer relations remains a strength of the group and is the responsibility of the executive management together with the senior management of each company. The group continues to receive positive affirmation of its performance from customers and OneLogix VDS in particular excelled in the year, with a customer service award from Toyota SA.

Supplier relations

A new group procurement manager has recently been appointed, whose responsibilities include identifying appropriate small business suppliers as part of the group's transformation initiatives.

Environmental considerations

The group has a number of initiatives in place. (See earlier report under "Taking sustainability seriously" for further detail.)

LJ Sennelo
Chairperson, Social and ethics committee

25 August 2016

REMUNERATION REPORT

The company policy with respect to remuneration is to maintain salary levels, including those of executives, at comparable market medians while striving to maintain a company culture and other employment factors well above comparable market norms.

For the past few years the average salary increase across the group has been in excess of the cost of living increase. While the percentage increase is set at group level, individual managing directors of group businesses have the discretion to vary this percentage both upwards and down, depending on particular circumstances within that business. A large portion of the group's staff have increases determined by bargaining councils and the company is naturally bound by these decisions.

Group businesses strive to pay performance bonuses whenever possible. Such performance-based bonuses are calculable against pre-determined criteria during performance reviews and are determined on a set formula basis pertinent to each company.

Executive management have a short-term incentive in place calculated on a return on equity model with a hurdle rate on profit after tax of 15% of equity. Should the target not be achieved, discretionary limit at a maximum of 30% of annual guaranteed remuneration package may be approved by the remuneration committee.

The short-term incentive for senior, middle management and other staff varies from company to company and generally represents legacy policy of acquired companies. A 13th cheque, dependent on company performance, is the most prevalent model within the group. Variations to this include OneLogix United Bulk, where staff enjoy a quarterly bonus dependent on performance relative to revenue and cost targets, OneLogix VDS, where a portion of management's annual bonus is calculated on business unit performance against budget, with the balance calculated on overall company performance and Atlas360 and OneLogix Projex, where senior management's bonus is calculated according to the same formula as the group's executive management.

The group will in due course consider a more standardised short-term incentive policy.

For those staff not bound by bargaining council decisions, the company makes a contribution on behalf of the employees to a provident fund. In addition, staff have the opportunity to make their own contributions. The company bears the administrative costs of these additional contributions.

Executive salary scales are determined by research reports generated specifically for the group by independent advisor, PE Corporate Services. In all, three reports are typically utilised:

1. Top Executive Remuneration Survey ("TERS"), which considers approximately 800 listed and unlisted companies in South Africa;
2. The JSE Abstract of Disclosed Information, based on published financial information of all JSE listed companies for the past 12 months and suitably adjusted for inflation for purposes of the OneLogix comparison; and
3. Peer comparisons of JSE listed companies, suitably adjusted for inflation where applicable.

The executive bonus payment is based on a return on equity formula which has been in operation for the past few years.

Directors' and executive remuneration is set out on pages 96 to 97.

LJ Sennelo
Chairperson, remuneration committee

25 August 2016

OneLogix Logistics Hub, KwaZulu-Natal

MOVING FORWARD TOGETHER


BRIEFING


STORES

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 May 2016

DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors acknowledge their responsibility for the adequacy of accounting records, the effectiveness of risk management and the internal control environment, the appropriateness of accounting policies supported by reasonable and prudent judgements and the consistency of estimates. The directors further acknowledge their responsibility for the preparation of the annual consolidated financial statements, adherence to applicable accounting standards and presentation of related information that fairly presents the state of affairs and the results of the company and of the group.

The annual consolidated financial statements set out in this report incorporate the results for the year ended 31 May 2016. They have been prepared by the directors in accordance with International Financial Reporting Standards, 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 Listings Requirements and in the manner required by the South African Companies Act. They incorporate full and adequate disclosure and are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

No event material to the understanding of this report has occurred between the financial year-end and the date of this report. In the context of the audit carried out for the purposes of expressing an opinion on the fair presentation of the annual consolidated financial statements. The directors have reviewed the group's budget and cash flow forecast for the year to 31 May 2016. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the company and the group are a going concern and they have accordingly adopted the going concern basis in preparing the annual financial statements.

The external auditors are not responsible for providing an independent assessment of internal financial controls but are responsible for reporting on whether the financial statements are fairly presented in conformity with International Financial Reporting Standards. The external audit offers reasonable, but not absolute, assurance on the accuracy of financial disclosures.

Competence of the company secretary

The board of directors has also considered and satisfied itself of the appropriateness of the competence, qualifications and expertise of the company secretary, CIS Company Secretaries Proprietary Limited. The board of directors confirms that the company secretary is not a director of the company, and reports directly to the Chief Executive Officer and therefore is considered to maintain an arm's-length relationship with the board of directors.

Board approval

The annual consolidated financial statements were approved by the board of directors on 25 August 2016 and are signed on its behalf by:

IK Lourens
Chief Executive Officer

GM Glass
Financial Director

25 August 2016

Johannesburg

DECLARATION BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, No 71 of 2008 ("the Act"), I confirm that for the year ended 31 May 2016, OneLogix Group Limited has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Act and that all such returns and notices are true, correct and up to date.

CIS Company Secretaries Proprietary Limited
Company secretary

25 August 2016

Johannesburg

The directors present their annual report, which forms part of the annual consolidated financial statements of the company and the group for the year ended 31 May 2016.

Preparation of financial statements in terms of the Companies Act

The annual consolidated financial statements have been audited by PricewaterhouseCoopers Inc. in accordance with the requirements of the Companies Act. The financial statements were prepared by Mr Geoff Glass, the Financial Director of the group, who is a qualified CA(SA).

Nature of business

The group's activities are specialised logistics for passenger and commercial vehicles, liquid bulk logistics, fresh produce logistics, general transportation of goods and repairs to commercial vehicles.

Group results

The group's financial results are set out in detail in the annual consolidated financial statements and accompanying notes.

Share capital

At year-end the authorised share capital comprised 500 000 000 ordinary shares of no par value, of which 289 923 181 (2015: 284 123 181) were issued. 37 976 892 ordinary shares are classified as treasury shares as these shares are held by OLG Esizayo Proprietary Limited and OLG Abaholi Proprietary Limited whose results are required to be consolidated by OneLogix as per IFRS 10, Consolidated financial statements.

The company's unissued shares have been placed under the control of the directors until the upcoming annual general meeting.

Subsidiaries

Details of the company's interest in its subsidiaries are set out in note 25 to the annual consolidated financial statements.

Dividend

A dividend of 6 cents per share was declared and paid during the year under review (2015: 8 cents per share).

Directors

The directors during the period were as follows:

Independent non-executive directors
SM Pityana (Chairman)
AJ Grant
B Mathews (appointed 18 August 2015)
LJ Sennelo
DA Hirschowitz (resigned 18 August 2015)

Non-executive directors
A Singh (resigned 18 August 2015)
K Schoeman (appointed 18 August 2015)

Executive directors
NJ Bester
GM Glass (FD)
IK Lourens (CEO)
CV McCulloch (COO)

In terms of the memorandum of incorporation, SM Pityana and LJ Sennelo will retire as directors at the upcoming annual general meeting and, being eligible, will offer themselves for re-election.

Directors' interest

No material contracts in which directors have an interest were entered into during the year other than the transactions detailed in note 24 to the annual consolidated financial statements.

Directors' emoluments are set out in note 24 to the annual consolidated financial statements.

Directors' shareholding

At 31 May 2016, the directors of the company held, directly and indirectly, 108 959 799 shares (2015: 109 959 799) in the issued share capital of the company. Save for the shareholdings detailed below, no other director held any interest in the issued share capital of the company.

Director	Direct 2016	Direct 2015
NJ Bester*	**91 253 945**	91 253 945
GM Glass*	**1 040 000**	1 040 000
IK Lourens*	**11 665 854**	12 665 854
CV McCulloch*	**5 000 000**	5 000 000
	108 959 799	109 959 799

** Beneficially held.*

Since year-end to the date of this report there has been no change in directors' shareholding.

Company secretary

The secretary of the company during the year under review was CIS Company Secretaries Proprietary Limited. Their business and postal addresses are set out on page 120 of the integrated annual report.

Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act of South Africa.

Special resolutions

The following special resolutions were passed by shareholders during the year (all were passed at the annual general meeting on 24 November 2015):

- General authority for the company or its subsidiaries to acquire shares in the company;
- Approval of non-executive remuneration: 2015/2016; and
- Authority to provide financial assistance for group inter-related companies.

Subsequent events

The directors are not aware of any other matter or circumstances arising since the end of the financial year, not otherwise dealt with within the financial statements, that would affect the operations or results of the company or group significantly.

25 August 2016
Johannesburg

AUDIT AND RISK COMMITTEE REPORT

In terms of section 94 of the Companies Act, No 71 of 2008 ("the Act") the audit and risk committee reports that it has adopted appropriate formal terms of reference as its mandate, and has regulated its affairs in compliance with this mandate, and has discharged all of its responsibilities set out therein.

The audit and risk committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

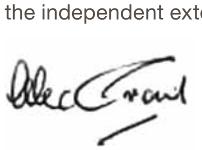
- Reviewed the interim and year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - Took appropriate steps to ensure the financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Act.
  - Considered and where appropriate, made recommendations on internal financial controls.
  - Dealt with concerns or complaints on accounting policies, internal audit, the auditing or content of annual consolidated financial statements, and internal financial controls; and
  - Reviewed legal matters that could have a significant impact on the group's financial statements;
- Reviewed external audit reports on the annual consolidated financial statements;
- Reviewed and approved the internal audit function;
- Reviewed internal audit and risk management functions and, where relevant, made recommendations to the board;
- Evaluated the effectiveness of risk management, controls and governance processes;
- Verified the independence of the external auditor, nominated PricewaterhouseCoopers Inc. as auditor for 2016 and noted the appointment of Mr Pietro Calicchio as the designated auditor;
- Approved audit fees and engagement terms of the external auditor; and
- Determined the nature and extent of allowable non-audit services and approved contract terms for non-audit services by the external auditor.

The members of the audit and risk committee will be re-elected at the forthcoming annual general meeting.

As required by JSE Listings Requirement 3.84(h), the audit and risk committee has satisfied itself that the group Financial Director has appropriate expertise and experience. In addition the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

On 11 February 2016 the JSE Limited issued a report on the findings of their process of monitoring financial statements for compliance with IFRS. This report was considered by the audit and risk committee during the review of the consolidated and separate annual financial statements.

Nothing has come to the attention of the audit and risk committee that there has been a material breakdown in the internal accounting controls during the financial year. We base this on the information and explanations given by management as well as discussions with the independent external auditors on their results of their audits.



Alec Grant
Chairman

25 August 2016

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ONELOGIX GROUP LIMITED

Report on the financial statements

We have audited the consolidated and separate financial statements of OneLogix Group Limited set out on pages 63 to 107 which comprise the statements of financial position as at 31 May 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of OneLogix Group Limited as at 31 May 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 May 2016, we have read the directors' report, the report of the audit and risk committee and the declaration by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in *Government Gazette Number 39475* dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of OneLogix Group Limited for 16 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Pietro Calicchio
Registered Auditor

Sunninghill
25 August 2016

STATEMENTS OF FINANCIAL POSITION

at 31 May 2016

	Notes	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	**1 136 474**	849 947	**–**	–
Intangible assets	9	**163 724**	132 184	**–**	–
Investment in subsidiaries	10	**–**	–	**233 746**	94 681
Investment in associate	11	**36 785**	43 964	**–**	–
Loans and other receivables	12	**7 118**	8 148	**–**	–
Deferred taxation	20	**2 049**	1 532	**371**	–
		1 346 150	1 035 775	**234 117**	94 681
Current assets					
Inventories	13	**24 122**	22 222	**–**	–
Trade and other receivables	14	**259 127**	210 422	**–**	108 765
Current tax receivable		**1 722**	–	**–**	–
Cash and cash equivalents	16	**100 012**	160 417	**1 647**	1 656
		384 983	393 061	**1 647**	110 421
Non-current assets held for sale	15	**–**	20 082	**–**	–
Total assets		**1 731 133**	1 448 918	**235 764**	205 102
EQUITY AND LIABILITIES					
Capital and reserves attributable to the group's equity holders					
Stated capital	17	**425 875**	395 425	**430 650**	400 200
Treasury shares	18	**(143 430)**	(143 430)	**(142 805)**	(142 805)
Retained earnings/(accumulated losses)		**456 465**	406 368	**(74 727)**	(58 654)
Revaluation reserve	8	**26 749**	28 040	**–**	–
Other reserves		**153**	153	**–**	–
Share-based compensation reserve	28	**19 651**	4 474	**19 651**	4 474
Foreign currency translation reserve		**1 018**	508	**–**	–
Transactions with non-controlling interests		**(64 406)**	(47 550)	**–**	–
Total shareholders' equity		**722 075**	643 988	**232 769**	203 215
Non-controlling interests		**36 509**	44 430	**–**	–
Total equity		**758 584**	688 418	**232 769**	203 215
Non-current liabilities					
Interest-bearing borrowings	19	**466 463**	313 592	**–**	–
Deferred taxation	20	**123 420**	105 884	**–**	–
		589 883	419 476	**–**	–
Current liabilities					
Trade and other payables	21	**215 793**	187 116	**2 995**	1 653
Current portion of interest-bearing borrowings	19	**164 655**	146 369	**–**	–
Current tax liabilities		**2 218**	6 592	**–**	234
Bank overdrafts	16	**–**	947	**–**	–
		382 666	341 024	**2 995**	1 887
Total liabilities		**972 549**	760 500	**2 995**	1 887
Total equity and liabilities		**1 731 133**	1 448 918	**235 764**	205 102

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 May 2016

	Notes	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Continuing operations					
Revenue	2.1	**1 778 605**	1 367 980	**–**	–
Fuel and motor vehicle expenses		**(528 267)**	(371 051)	**–**	–
Other operating expenses	2.2	**(455 002)**	(405 644)	**–**	–
Employment costs	3	**(546 273)**	(391 379)	**(23 235)**	–
Depreciation of property, plant and equipment and amortisation of intangible assets		**(113 214)**	(79 265)	**–**	–
Loss on sale of assets		**(7)**	(366)	**–**	–
Share-based payment charge – specific share issue for cash		**–**	(71 621)	**–**	(71 621)
Administration income		**–**	–	**21 908**	–
Operating profit/(loss)		**135 842**	48 654	**(1 327)**	(71 621)
Finance income	4	**3 238**	6 023	**–**	7 336
Finance costs	4	**(51 362)**	(29 661)	**–**	–
Share of profit of associate	11	**6 313**	3 811	**–**	–
Gain on acquisition	26	**699**	–	**–**	–
Profit/(loss) before taxation		**94 730**	28 827	**(1 327)**	(64 285)
Taxation	5	**(18 863)**	(26 772)	**371**	(2 054)
Profit/(loss) from continuing operations		**75 867**	2 055	**(956)**	(66 339)
Profit from discontinued operation	6	**–**	1 817	**–**	–
Profit on disposal of discontinued operation	6	**–**	144 178	**–**	–
		75 867	148 050	**(956)**	(66 339)
Other comprehensive income:					
Currency translation differences*		**510**	179	**–**	–
Deferred tax increase on revaluation reserve due to CGT inclusion rate increase*	8	**(1 291)**	–	**–**	–
Other comprehensive income for the year net of tax		**(781)**	179	**–**	–
Total comprehensive income/(loss)		**75 086**	148 229	**(956)**	(66 339)
Profit attributable to:					
– Owners of the parent		**65 214**	140 116		
– Non-controlling interests		**10 653**	7 934		
		75 867	148 050		
Total comprehensive income attributable to:					
– Owners of the parent		**64 433**	140 295		
– Non-controlling interests		**10 653**	7 934		
		75 086	148 229		
Total comprehensive income attributable to owners of the parent arises from:					
– Continuing operations		**64 433**	(5 700)		
– Discontinued operations		**–**	145 995		
		64 433	140 295		
Basic earnings per share (cents)	7	**26,0**	62,4		
Continuing operations		**26,0**	(2,6)		
Discontinued operations		**–**	65,0		
Diluted basic earnings per share (cents)	7	**26,0**	62,4		
Continuing operations		**26,0**	(2,6)		
Discontinued operations		**–**	65,0		

** This component of other comprehensive income may subsequently be reclassified to profit and loss during future reporting periods.*

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 May 2016

	Attributable to equity holders									
Group	Stated capital R'000	Treasury shares R'000	Retained earnings R'000	Revaluation reserve* R'000	Other reserves R'000	Share-based payment 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 31 May 2014	37 691	(629)	285 683	28 040	153	–	329	(16 289)	36 599	371 577
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	(3 659)	(3 659)
Dividends to shareholders	–	–	(19 431)	–	–	–	–	–	–	(19 431)
Non-controlling interest acquired with business combination	16 026	–	–	–	–	–	–	–	13 623	29 649
Transactions with non-controlling interest	29 018	–	–	–	–	–	–	(31 261)	(10 067)	(12 310)
Share-based payment reserve movement	–	–	–	–	–	4 474	–	–	–	4 474
Specific share issues	315 534	(142 801)	–	–	–	–	–	–	–	172 733
Share issue expense	(2 844)	–	–	–	–	–	–	–	–	(2 844)
Profit for the year	–	–	140 116	–	–	–	–	–	7 934	148 050
Other comprehensive income for the year	–	–	–	–	–	–	179	–	–	179
At 31 May 2015	395 425	(143 430)	406 368	28 040	153	4 474	508	(47 550)	44 430	688 418
Dividends declared to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2 022)**	**(2 022)**
Dividends to shareholders	**–**	**–**	**(15 117)**	**–**	**–**	**–**	**–**	**–**	**–**	**(15 117)**
Non-controlling interest acquired with business combination (refer to note 26)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2 174**	**2 174**
Transactions with non-controlling interests (refer to note 26.1)	**30 450**	**–**	**–**	**–**	**–**	**–**	**–**	**(16 856)**	**(18 726)**	**(5 132)**
Share-based payment reserve movement (refer to note 28)	**–**	**–**	**–**	**–**	**–**	**15 177**	**–**	**–**	**–**	**15 177**
Profit for the year	**–**	**–**	**65 214**	**–**	**–**	**–**	**–**	**–**	**10 653**	**75 867**
Other comprehensive income for the year	**–**	**–**	**–**	**(1 291)**	**–**	**–**	**510**	**–**	**–**	**(781)**
At 31 May 2016	**425 875**	**(143 430)**	**456 465**	**26 749**	**153**	**19 651**	**1 018**	**(64 406)**	**36 509**	**758 584**

** This reserve may subsequently be reclassified to profit or loss during future reporting periods.*

The accompanying notes are an integral part of the financial statements.

for the year ended 31 May 2016

Company	Stated capital R'000	Treasury shares R'000	Accumulated losses R'000	Share-based compen-sation reserve R'000	Total R'000
At 31 May 2014	42 466	–	27 154	–	69 620
Comprehensive loss for the year	–	–	(66 339)	–	(66 339)
Dividend paid	–	–	(19 469)	–	(19 469)
Share-based compensation reserve movement	–	–	–	4 474	4 474
Purchase of treasury shares from OneLogix BEE Trust	–	(4)	–	–	(4)
Specific share issue	360 578	(142 801)	–	–	217 777
Share issue expense	(2 844)	–	–	–	(2 844)
At 31 May 2015	400 200	(142 805)	(58 654)	4 474	203 215
Comprehensive loss for the year	**–**	**–**	**(956)**	**–**	**(956)**
Dividend paid	**–**	**–**	**(15 117)**	**–**	**(15 117)**
Share-based compensation reserve movement	**–**	**–**	**–**	**15 177**	**15 177**
Specific share issue	**30 450**	**–**	**–**	**–**	**30 450**
At 31 May 2016	**430 650**	**(142 805)**	**(74 727)**	**19 651**	**232 769**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 May 2016

		Group		Company	
	Notes	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Cash flows from operating activities					
Cash receipts		**1 907 026**	1 494 111	**15 342**	–
Cash paid to suppliers and employees		**(1 644 112)**	(1 301 976)	**–**	(75 266)
Cash generated from operations	23	**262 914**	192 135	**15 342**	(75 266)
Finance income received	4	**3 238**	6 023	**–**	7 336
Finance costs	4	**(51 362)**	(29 661)	**–**	–
Taxation paid	23.2	**(24 456)**	(15 568)	**(234)**	(1 838)
Dividend paid to non-controlling interests		**(2 022)**	(3 659)	**–**	–
Dividend paid to shareholders		**(15 117)**	(19 431)	**(15 117)**	(19 469)
Discontinued operation	6	**–**	7 221	**–**	–
Tax paid relating to gain from disposal of discontinued operations		**–**	(32 127)	**–**	–
Net cash flows from/(used in) operating activities		**173 195**	104 933	**(9)**	(89 237)
Cash flows from investing activities					
Purchase of property, plant and equipment	8	**(63 637)**	(87 391)	**–**	–
Borrowing costs capitalised	8	**–**	(2 497)	**–**	–
Purchase of intangible assets	9	**(2 926)**	(2 568)	**–**	–
Proceeds from disposal of property, plant and equipment		**39 818**	9 933	**–**	–
Acquisition of subsidiaries	26	**(89 984)**	(79 866)	**–**	(9 000)
Settlement of vendor liability	11	**–**	(6 500)	**–**	–
Additional acquisition of associate	11	**–**	(4 528)	**–**	–
Disposal of discontinued operation	23.1	**–**	180 766	**–**	–
Decrease in non-current receivables		**1 030**	435	**–**	–
Discontinued operation	6	**–**	470	**–**	–
Dividend received from associate		**13 492**	–	**–**	–
Net cash flows (used in)/from investing activities		**(102 207)**	8 254	**–**	(9 000)
Cash flows from financing activities					
Increase in borrowings		**64 858**	49 105	**–**	–
Repayment of borrowings		**(190 638)**	(122 638)	**–**	–
Shares issued		**–**	101 111	**–**	101 111
Share issue expense		**–**	(2 844)	**–**	(2 844)
Purchase of treasury shares from OneLogix BEE trust		**–**	–	**–**	(4)
Acquisition of non-controlling interests	26.1	**(5 132)**	(12 310)	**–**	–
Discontinued operation	6	**–**	(224)	**–**	–
Net cash flows (used in)/from financing activities		**(130 912)**	12 200	**–**	98 263
Net movement in cash and cash equivalents		**(59 924)**	125 387	**(9)**	26
Cash and cash equivalents at beginning of year		**159 470**	33 933	**1 656**	1 630
Exchange gain on cash resources		**466**	150	**–**	–
Cash and cash equivalents at end of year		**100 012**	159 470	**1 647**	1 656

The accompanying notes are an integral part of the financial statements.

The significant accounting policies adopted in the preparation of the group's financial statements are set out below. Except as described below, these policies have been consistently applied to all the years presented.

1. Basis of preparation

The consolidated and company annual financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE and the Companies Act of South Africa and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain items of property as described in the accounting policies below. The term IFRS includes International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC"). The standards referred to are set by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. Actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 23 of the accounting policies.

2. Consolidation

2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which control ceases.

Investments in subsidiaries in the company's stand-alone financial statements are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

Business combinations

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Common control transactions

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory) are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book value in its consolidated financial statements. The book value of the acquired entity is the consolidated book value as reflected in the consolidated financial statements of the selling entity. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to the existing control business combination reserve in equity. Where comparative periods are presented, the financial statements and financial information presented are not restated.

2. Consolidation (continued)

2.1 Common control transactions (continued)

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where the group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in non-controlling interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Increases in fair value of assets that occur on the group obtaining control, for nil consideration, of an entity previously accounted for as an associate or joint venture is transferred to a reserve called "Surplus arising on change in control".

Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity in a separate reserve. Dilution gains or losses on disposals to non-controlling interests are also recorded in equity in a separate reserve. This reserve may be transferred to retained earnings.

Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investo's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Dilution profits and losses relating to such partial disposal are accounted for in the statement of comprehensive income.

The group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising on investments in associates are recognised in the statement of comprehensive income.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 and adjusted to the investment in associate.

3. Foreign currencies

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in South African rand which is the group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income under other expenses.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences are recognised in other comprehensive income.

4. Property, plant and equipment

Land and buildings comprise mainly vehicle storage facilities and offices. All property, plant and equipment ("PPE") is shown at cost less subsequent depreciation and impairment, except for land and buildings, which is shown at revaluation less impairment. Land and buildings is shown at fair value based on periodic, but at least triannual, valuations by external independent valuers. All other classes of plant and equipment are stated at historical cost less depreciation. Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to operating profit. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

	Years
Leasehold improvements	Shorter of useful life or the period of the lease
Buildings	20
Vehicle storage facilities	10 to 20
Plant and equipment	4 to 10
Vehicles – trailers	7 to 15
Vehicles – horses	4 to 10
Vehicles – other	4 to 5
Office furniture and equipment	5 to 10
Computer equipment	2 to 3

Land is not depreciated.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

4. Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

5. Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill on acquisition of subsidiaries is tested annually for impairment or more frequently if assets and circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(b) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit (not exceeding five years).

(c) Purchased software

Purchased software is shown at cost less subsequent amortisation and impairment (two years).

(d) Other intangibles: Brands, contractual customer relationships and supplier contracts

Brands, contractual customer relationships and supplier contracts are recognised at cost. They have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brands, customer relationships and supplier contracts over their estimated useful lives (two to ten years).

(e) Internally generated and purchased computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (two years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software and development costs recognised as assets are amortised over their estimated useful lives using the straight-line method (not exceeding five years).

6. Impairment of non-financial assets

Assets that have an indefinite useful life (such as goodwill) are not subject to amortisation or depreciation, and are tested annually for impairment. Assets that are subject to depreciation and amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss recognised on an asset in a previous period is written back through the statement of comprehensive income if the estimates used to calculate the recoverable amount have changed since the previous impairment loss was recognised. The reversal of the impairment charge is limited to the carrying amount that would have been determined had no impairment loss been recognised in previous years. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the reporting date. Impairment losses on goodwill are not reversed.

7. Financial assets

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition. The group had no financial assets carried at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets during the current or prior years.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. The loans and receivables category includes loans and other receivables, trade and other receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the financial period end. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet. Loans and other receivables are subsequently measured at amortised cost using the effective interest method.

Purchases and sales of investments are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available for sale, are not reversed through the statement of comprehensive income. Refer to accounting policy for trade receivables for impairment policy.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

8. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

9. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

10. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

11. Non-current assets held-for-sale

Non-current assets are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available from immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. A non-current asset is not depreciated while it is classified as held-for-sale.

12. Stated capital

Ordinary shares are classified as equity.

12. Stated capital (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Treasury shares are accounted for in a separate reserve in equity. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders. The profit or loss realised on the sale of treasury shares is accounted for in a separate reserve in equity.

13. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

14. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in countries where the company's subsidiaries and associate operate and generate taxable income. Management periodically evaluates individual positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised. The estimated future taxable profits are based on management's forecasts and budgets.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

15. Employee benefits

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render services that increases their entitlement or, in case of non-accumulating expenses, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

15. Employee benefits (continued)

(a) Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group has defined contribution plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(c) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Share-based payments

The group operates two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the granted shares:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity financial statements.

16. Provisions

Provisions for restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

17. Revenue

17.1 Revenue recognition

Revenue comprises the fair value of the sale of services, net of value-added tax, rebates and discounts and after eliminating sales within the group. Revenue is recognised in the ordinary course of business as follows:

(a) Rendering of services

Services offered by the group include the following:

- Logistical and related services:
  - Delivery of motor vehicles (passenger and commercial); and
  - General and abnormal transport of goods, liquids and gas.
- Repairs to commercial motor vehicles.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Estimation of the percentage of completion of trips does not involve significant judgement due to the relatively short distance of trips which are normally completed within a short time period.

(b) Sale of goods

Sale of goods is recognised on delivery and recorded at the agreed price.

17.2 Recognition of other income

(a) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues accreting the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

18. Leases

The group is the lessee

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the comprehensive income on a straight-line basis over the period of the lease.

19. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

20. Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

21. Dividend tax

Dividend tax is withheld at a rate of 15%.

22. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

23. Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Intangible assets acquired in business combinations

On the acquisition of a company or business, a determination of the fair value and the useful life of intangible assets acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the group to change which could have a significant impact on the results and net position of the group.

(b) Estimated residual values and useful lives of vehicles

The residual values are based on published trade prices of similarly aged comparable assets. Management adjusts the residual values for current industry conditions. The useful life is determined by the estimated utilisation of the related asset.

24. Recently issued accounting standards

(a) New standards and amendments to existing standards have been adopted for the first time for the year ended 31 May 2016:

Standard/interpretation	Title
Various	Annual improvements to IFRS

None of the above pronouncements had a significant effect on the group's financial statements.

(b) New standards, interpretations and amendments to existing standards issued that are not yet effective:

The following new standards, amendments and interpretations to existing standards are not yet effective as at 31 May 2016. The group is currently evaluating the effects of the standards and interpretations which have not been early adopted by the group.

Standard/interpretation	Effective date for the year beginning
Various standards: annual improvements issued December 2014	1 June 2016
IAS 38/IAS 16 – Amendment to clarify depreciation and amortisation methods	1 June 2016
IAS 1 – Amendments to disclosures	1 June 2016
IFRS 15 – Revenue from contracts with customers	1 June 2018
IFRS 9 – Financial Instruments	1 June 2018
IFRS 16 – Leases	1 June 2019

1. Segment information

Management has determined the operating segments based on the monthly reports reviewed by the executive committee that are used to make strategic decisions. The chief operating decision-maker has been identified as the group's executive committee.

The executive committee considers the business from both a geographical basis and business type, being the abnormal logistics and primary products logistics segments. All revenues are currently derived from operating segments within South Africa. The Zambian and Zimbabwean operations derive their revenues from VDS as intergroup revenue. This intergroup revenue has been eliminated within the segment.

The reportable segments have been identified as follows and derive their revenue from the following operations:

- Abnormal Logistics: Services revenue from VDS, Commercial Vehicle Delivery Services and OneLogix Projex; and
- Primary Products Logistics: Services revenue from United Bulk, OneLogix Linehaul, Jackson Transport and Buffelshoek Transport.

The other reconciling item includes operating segments which do not meet the individual quantitative threshold for separate reporting, being Quasar Software Developments, Atlas360 Commercial Vehicle Services and OneLogix Cargo Solutions.

The group's executive committee assesses the performance of the operating segments based on trading profit. This measure excludes share-based payments, profit or loss on sale of assets, share of profit from associate, net finance costs, gains on acquisition and taxation expense.

The total assets and total liabilities of the segments presented in the segmental analysis exclude intergroup loans, taxation payable or receivable and deferred tax. Consolidation entries are shown as part of corporate items.

No single customer contributed more than 10% of revenues in the current year.

	2016 R'000	2015 R'000
Segmental analysis		
Revenue		
Abnormal logistics	**881 761**	904 022
Primary products logistics	**767 017**	352 162
Reportable segments	**1 648 778**	1 256 184
Other	**129 827**	111 796
	1 778 605	1 367 980
Segment results		
Abnormal logistics	**96 018**	110 097
Primary products logistics	**106 250**	40 083
Reportable segments	**202 268**	150 180
Other	**(1 787)**	6 657
Corporate items	**(49 455)**	(31 722)
Trading profit	**151 026**	125 115
Unallocated:		
Share-based payments – employees	**(15 177)**	(4 474)
Share-based payment – specific share issue for cash	**–**	(71 621)
Loss on sale of assets	**(7)**	(366)
Share of profits from associate	**6 313**	3 811
Finance income	**3 238**	6 023
Finance costs	**(51 362)**	(29 661)
Gain on acquisition	**699**	–
Profit before tax	**94 730**	28 827

	2016 R'000	2015 R'000
1. Segment information (continued)		
Segmental analysis (continued)		
Total assets		
Abnormal logistics	**821 003**	678 064
Primary products logistics	**761 654**	565 890
Reportable segments	**1 582 657**	1 243 954
Other	**57 221**	43 736
Corporate items	**50 699**	115 732
Investment in associate	**36 785**	43 964
Unallocated: taxation and deferred taxation	**3 771**	1 532
	1 731 133	1 448 918
Total liabilities		
Abnormal logistics	**445 601**	324 300
Primary products logistics	**346 762**	268 296
Reportable segments	**792 363**	592 596
Other	**37 106**	23 913
Corporate items	**17 442**	31 515
Unallocated: taxation and deferred taxation	**125 638**	112 476
	972 549	760 500
The group has authorised capital expenditure over the next 12 months of R286,3 million.		
Commitments		
Operating lease commitments (not exceeding seven years)	**90 560**	63 167

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
2.1 Revenue				
Services rendered				
Logistical and related services	**1 651 942**	1 260 453	**–**	–
Commercial vehicle repair services	**95 170**	97 695	**–**	–
Other services	**2 225**	2 280	**–**	–
	1 747 337	1 360 428	**–**	–
Sale of goods				
Fuel sales	**29 268**	7 552	**–**	–
	1 778 605	1 367 980	**–**	–

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
2.2 Other operating expenses				
The following significant items have been included in other operating expenses:				
Repairs and maintenance expenditure	**4 942**	3 973	**–**	–
Operating lease rentals				
Property	**20 397**	28 078	**–**	–
Office equipment	**1 382**	1 201	**–**	–
Foreign exchange (gain)/loss	**(803)**	133	**–**	–
Auditors' remuneration				
Audit fees	**5 094**	3 428	**–**	–
Other services	**–**	9	**–**	–
Insurance and claims	**39 936**	29 529	**–**	–
Customs, clearing and visa costs	**30 576**	23 930	**–**	–
Subcontractors' fees	**82 126**	88 788	**–**	–
Toll fees	**59 551**	44 896	**–**	–
Security	**20 213**	17 493	**–**	–
Other expenses	**133 446**	105 672	**–**	–
Cost of repairs for external customers	**58 142**	58 514	**–**	–
	455 002	405 644	**–**	–
3. Employment costs				
Salaries and wages	**480 641**	356 992	**19 434**	–
Staff recruitment	**754**	425	**–**	–
Staff training	**12 507**	2 736	**26**	–
Staff relocation	**189**	179	**–**	–
Contributions to defined contribution plans	**37 005**	26 573	**2 108**	–
Share-based compensation charges	**15 177**	4 474	**1 667**	–
	546 273	391 379	**23 235**	–
4. Finance (cost)/income				
Finance income				
Bank	**2 503**	5 139	**–**	–
Loan to subsidiary	**–**	–	**–**	7 336
Interest on loan to OneLogix Projex Proprietary Limited Management	**735**	884	**–**	–
	3 238	6 023	**–**	7 336
Finance cost				
Instalment sale and mortgage bond liabilities	**(48 095)**	(26 136)	**–**	–
Other	**(2 693)**	(992)	**–**	–
Overdrafts	**(574)**	(2 533)	**–**	–
	(51 362)	(29 661)	**–**	–
5. Taxation				
Current taxation				
Current year South African normal tax	**22 092**	18 779	**–**	2 054
Adjustments in respect of prior year	**–**	(1 185)	**–**	–
Foreign taxation	**400**	448	**–**	–
	22 492	18 042	**–**	2 054
Deferred taxation				
Current year	**(3 629)**	8 751	**(371)**	–
Adjustments in respect of prior year	**–**	(21)	**–**	–
	(3 629)	8 730	**(371)**	–
	18 863	26 772	**(371)**	2 054

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
5. Taxation (continued)				
The taxation on the group's and company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:				
Profit/(loss) before taxation	**94 730**	28 827	**(1 327)**	(64 285)
Tax calculated at a tax rate of 28% (2015: 28%)	**26 524**	8 072	**(371)**	(18 000)
Share-based payment charge not deductible for tax purposes	**4 233**	21 307	**–**	20 054
Other expenses not deductible for tax purposes	**802**	502	**–**	–
Adjustments in respect of prior year	**–**	(1 206)	**–**	–
Foreign tax rate differential	**166**	42	**–**	–
Tax attributable to equity accounted earnings	**(1 768)**	(1 067)	**–**	–
Deductions granted by SARS[1]	**(10 561)**	(297)	**–**	–
Income received not taxable	**(337)**	(671)	**–**	–
Gain on acquisition not taxable	**(196)**	–	**–**	–
Taxation	**18 863**	26 682	**(371)**	2 054

Further information about deferred taxation is presented in note 20.

[1] *These deductions relate to learnership allowances granted by SARS in terms of S12H of the Income Tax Act.*

	Group
	2015
	R'000
6. Discontinued operation	
In the prior year OneLogix disposed of its 100% interest in PostNet Holdings Proprietary Limited to Aramex Limited for R190,6 million.	
Analysis of the discontinued operation is as follows:	
Revenue	19 743
Operating and administration costs	(16 893)
Depreciation and amortisation	(303)
Operating profit	2 547
Finance income	170
Finance costs	(193)
Profit before taxation	2 524
Taxation	(707)
Profit from discontinued operations	1 817
Profit from disposal of discontinued operation	176 305
Capital gains tax	(32 127)
Total profit from discontinued operation, attributable to equity holders of the parent	145 995
Analysis of cash flows from discontinued operation is as follows:	
Net cash generated from operating activities	7 221
Net cash flows generated from investing activities	470
Net cash flows utilised by financing activities	(224)

	Group 2016 R'000	Group 2015 R'000
7. Earnings and headline earnings per share		
Basic and diluted earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.		
Reconciliation to headline earnings		
Profit attributable to shareholders	**65 214**	140 116
Loss on sale of property, plant and equipment	**7**	366
Taxation and non-controlling interest effect	**(88)**	(178)
Profit on sale of discontinued operation	**–**	(144 178)
Gain on acquisition	**(699)**	–
Headline earnings	**64 434**	(3 874)
Profit after tax from discontinued operation (note 6)	**–**	(1 817)
Headline earnings – continuing operations	**64 434**	(5 691)
Reconciliation of headline earnings to core headline earnings		
Headline earnings	**64 434**	(3 874)
Share-based payment expense	**15 177**	76 095
Amortisation of intangible assets acquired as part of a business combination less taxation and non-controlling interests	**6 993**	3 852
Core headline earnings	**86 604**	76 073
Profit after tax from discontinued operations	**–**	(1 817)
Core headline earnings – continuing operations	**86 604**	74 256

Core headline earnings is presented which are headline earnings (as calculated based on SAICA circular 2/2015) adjusted for the amortisation charge of intangibles recognised on business combinations and charges relating to share-based payments.

	Group 2016 R'000	Group 2015 R'000
Net number of shares in issue ('000)		
Total shares in issue	**289 923**	284 123
Treasury shares held	**(37 977)**	(37 977)
Total less treasury shares	**251 946**	246 146
Weighted average number of shares in issue	**250 488**	224 540
Diluted number of shares	**250 488**	224 540
Diluted number of shares for core headline earnings measurement	**253 646**	233 825
Basic earnings per share (cents)	**26,0**	62,4
Continuing operations	**26,0**	(2,6)
Discontinued operation	**–**	65,0
Diluted basic earnings per share (cents)	**26,0**	62,4
Continuing operations	**26,0**	(2,6)
Discontinued operation	**–**	65,0
Headline earnings per share (cents)	**25,7**	(1,7)
Continuing operations	**25,7**	(2,5)
Discontinued operation	**–**	0,8

	Group 2016 R'000	Group 2015 R'000
7. Earnings and headline earnings per share (continued)		
Diluted headline earnings per share (cents)	**25,7**	(1,7)
Continuing operations	**25,7**	(2,5)
Discontinued operation	**–**	0,8
Core headline earnings per share (cents)	**34,6**	33,9
Continuing operations	**34,6**	33,1
Discontinued operation	**–**	0,8
Diluted core headline earnings per share (cents)	**34,1**	**32,5**
Continuing operations	**34,1**	**31,7**
Discontinued operation	**–**	**0,8**

Dividends declared

A dividend of 6 cents per share was declared and paid during the year under review (2015: 8 cents per share).

	Leasehold improve-ments R'000	Land and buildings R'000	Plant and equipment R'000	Vehicles R'000	Office furniture and equipment R'000	Computer equipment R'000	Total R'000
8. Property, plant and equipment							
Group							
Year ended 31 May 2016							
Opening carrying amount	8 086	257 222	10 774	567 030	2 821	4 014	849 947
Additions – expansion	376	103 473	2 429	136 584	1 541	2 351	246 754
Additions – replacement	–	–	2	71 090	6	26	71 124
Acquisition of subsidiaries	–	–	51	90 167	20	54	90 292
Disposals	–	–	–	(19 738)	–	(2)	(19 740)
Depreciation charge	(3 978)	(5 395)	(3 456)	(85 320)	(1 148)	(2 652)	(101 949)
Foreign exchange differences	–	2	–	35	3	6	46
Transfers	–	–	350	(350)	–	–	–
Closing carrying amount	4 484	355 302	10 150	759 498	3 243	3 797	1 136 474
At 31 May 2016							
Cost and revaluations	28 039	381 367	27 184	1 125 637	12 241	22 943	1 597 393
Accumulated depreciation	(23 555)	(26 065)	(17 034)	(366 139)	(8 998)	(19 146)	(460 919)
Carrying amount	4 484	355 302	10 150	759 498	3 243	3 797	1 136 474

	Leasehold improvements R'000	Land and buildings R'000	Plant and equipment R'000	Vehicles R'000	Office furniture and equipment R'000	Computer equipment R'000	Total R'000

8. Property, plant and equipment (continued)

	Leasehold improvements R'000	Land and buildings R'000	Plant and equipment R'000	Vehicles R'000	Office furniture and equipment R'000	Computer equipment R'000	Total R'000
Year ended 31 May 2015							
Opening carrying amount	8 165	118 757	7 945	389 792	4 558	3 455	532 672
Additions – Expansion	3 498	142 234	5 350	126 431	630	2 789	280 932
Additions – Replacement	64	–	247	15 148	23	407	15 889
Acquisition of subsidiaries	–	5 833	283	127 786	221	316	134 439
Disposal of subsidiaries	–	(6 845)	–	(1 109)	(1 585)	(349)	(9 888)
Disposals	(10)	–	(287)	(9 959)	(50)	(11)	(10 317)
Depreciation charge	(3 631)	(2 682)	(2 816)	(60 870)	(939)	(2 037)	(72 975)
Depreciation charge – discontinued operations	–	(88)	–	(84)	(28)	(103)	(303)
Foreign exchange differences	–	–	–	20	4	2	26
Transfers	–	13	52	(43)	(13)	(9)	–
Transfer of intangible assets	–	–	–	–	–	(446)	(446)
Transfer to non-current assets held for sale	–	–	–	(20 082)	–	–	(20 082)
Closing carrying amount	8 086	257 222	10 774	567 030	2 821	4 014	849 947
At 31 May 2015							
Cost and revaluations	27 663	271 581	23 504	842 976	10 007	19 882	1 195 163
Accumulated depreciation	(19 577)	(14 359)	(12 730)	(275 946)	(7 186)	(15 868)	(345 666)
Carrying amount	8 086	257 222	10 774	567 030	2 821	4 014	849 947

Details of assets pledged as security are disclosed in note 19. The register of property is held at the company's registered office.

The land and buildings were revalued during the 2014 financial year by independent valuers. The method used to value the properties was based on the net income capitalisation method. The land and buildings will be revalued during the next financial year.

The fair value at 31 May 2016 of land and buildings is R355,3 million (2015: R257,2 million). If land and buildings were to be recognised at cost, the carrying amount would have been R322,3 million (2015: R222,7 million). This is a level 3 fair value. This method determines the net normalised annual income of property, assuming the property is fully let at market-related rentals, and market escalations, with an allowance made for vacancies (where applicable). Market-related operating expenses are incurred, resulting in a net annual income which is then capitalised at a market-related rate. The capitalisation rate is determined from the market (ie rate at which similar assets have traded recently), and is influenced in general by: rates of return of similar properties, risk, obsolescence, inflation, market rentals' growth rates, rates of return on other investments, as well as mortgage rates. In determining the rate of capitalisation we have taken the following into account:

- Demand experienced in this particular node;
- Lack of vacancies in the area;
- Condition of the buildings;
- Exposure to busy main roads; and
- Location of area.

Capitalisation rate

The inherent aspects of the subject property, its size, location and risk profile determines the final capitalisation rate applied. The current market trend in capitalisation rates also has to be considered. The group applied rates between 10% and 12% to the properties due to their location, quality and condition of the improvements.

8. Property, plant and equipment (continued)

Reconciliation to revaluation reserve included in equity:

	Land and buildings 2016 R'000	Land and buildings 2015 R'000
Revaluation reserve at the beginning of the year	**34 470**	34 470
Deferred tax recognised	**(6 430)**	(6 430)
Revaluation reserve net of tax	**28 040**	28 040
Deferred tax recognised due to change in CGT inclusion rate	**(1 291)**	–
Revaluation reserve at the end of the year	**26 749**	28 040

Asset additions financed through instalment sale agreements and mortgage bonds have been removed from the additions as per the statement of cash flows in order to disclose only those additions paid in cash.

Reconciliation of additions paid in cash:

	2016 R'000	2015 R'000
Total additions of property, plant and equipment	**317 878**	296 821
Additions made prior to disposal of discontinued operation	**–**	447
Less non-cash additions and additions at discontinued operations	**(254 241)**	(207 380)
Borrowing cost capitalised	**–**	(2 497)
Total cash additions as per statement of cash flows	**63 637**	87 391

9. Intangible assets

	Internally generated software R'000	**Purchased software R'000**	**Goodwill R'000**	**Other intangibles R'000**	**Total R'000**
Group					
Year ended 31 May 2016					
Opening carrying amount	**5 002**	**530**	**73 863**	**52 789**	**132 184**
Additions	**2 216**	**710**	**–**	**–**	**2 926**
Acquisition of business	**–**	**–**	**–**	**2 551**	**2 551**
Acquisition of subsidiaries (note 26)	**–**	**–**	**18 665**	**18 663**	**37 328**
Amortisation charge	**(1 926)**	**(511)**	**–**	**(8 828)**	**(11 265)**
Closing carrying amount	**5 292**	**729**	**92 528**	**65 175**	**163 724**
At 31 May 2016					
Cost	**16 699**	**1 570**	**92 528**	**87 413**	**198 210**
Accumulated amortisation and impairment	**(11 407)**	**(841)**	**–**	**(22 238)**	**(34 486)**
Closing carrying amount	**5 292**	**729**	**92 528**	**65 175**	**163 724**

	Internally generated software R'000	Purchased software R'000	Goodwill R'000	Other intangibles R'000	Total R'000
9. Intangible assets (continued)					
Group					
Year ended 31 May 2015					
Opening carrying amount	4 512	–	48 185	24 560	77 257
Additions	2 235	414	–	–	2 649
Acquisition of subsidiaries (note 26)	–	–	25 678	32 443	58 121
Amortisation charge	(1 745)	(330)	–	(4 214)	(6 289)
Transfer from property, plant and equipment	–	446	–	–	446
Closing carrying amount	5 002	530	73 863	52 789	132 184
At 31 May 2015					
Cost	14 483	860	73 863	66 199	155 405
Accumulated amortisation and impairment	(9 481)	(330)	–	(13 410)	(23 221)
Closing carrying amount	5 002	530	73 863	52 789	132 184

Reconciliation of additions paid in cash:

	2016 R'000	2015 R'000
Total additions of intangible assets	**5 477**	2 649
Less non-cash additions	**(2 551)**	(81)
Total cash additions as per statement of cash flows	**2 926**	2 568

Impairment tests for goodwill

Goodwill is allocated to nine of the group's cash-generating units ("CGUs"), namely Vehicle Delivery Services, a division of OneLogix Proprietary Limited, United Bulk Proprietary Limited, OneLogix Projex Proprietary Limited, Quasar Software Development Proprietary Limited, Atlas360 Commercial Vehicle Services Proprietary Limited, Vision Transport Proprietary Limited, OneLogix Cargo Solutions Proprietary Limited, Jackson Transport Proprietary Limited and Buffelshoek Transport Proprietary Limited.

The group annually tests whether goodwill has suffered any impairment, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 5%.

Management determined budgeted gross margins based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the expectations of management and are in the range of 5% to 8%. Pre-tax discount rates of between 22% and 37% reflect specific risks relating to the relevant CGU.

	Goodwill 31 May 2016 R'000	Goodwill 31 May 2015 R'000
9. Intangible assets (continued)		
The attributable goodwill allocated to the CGUs is as follows:		
Madison Freightlines SA Proprietary Limited[1]	**–**	2 835
Atlas360 Commercial Vehicle Services Proprietary Limited	**25**	25
Quasar Software Development Proprietary Limited	**313**	313
OneLogix Cargo Solutions Proprietary Limited	**3 032**	3 032
OneLogix Projex Proprietary Limited	**8 234**	5 399
Buffelshoek Transport SA Proprietary Limited	**9 669**	9 669
Jackson Transport Proprietary Limited	**16 009**	16 009
United Bulk Proprietary Limited	**17 406**	17 406
Vision Transport Proprietary Limited	**18 665**	–
Vehicle Delivery Services (division of OneLogix Proprietary Limited)	**19 175**	19 175
	92 528	73 863

[1] CGU merged with OneLogix Projex during the current year.

	Supplier contract R'000	**Customer relationships R'000**	**Information technology R'000**	**Total R'000**
Analysis of other intangibles:				
Year ended 31 May 2016				
Opening carrying value	**4 193**	**48 148**	**448**	**52 789**
Acquisition of subsidiaries	**–**	**18 663**	**–**	**18 663**
Acquisition of business	**–**	**2 551**	**–**	**2 551**
Amortisation charge	**(751)**	**(7 853)**	**(224)**	**(8 828)**
Closing carrying amount	**3 442**	**61 509**	**224**	**65 175**
At 31 May 2016				
Cost	**4 944**	**81 352**	**1 117**	**87 413**
Accumulated amortisation	**(1 502)**	**(19 843)**	**(893)**	**(22 238)**
Closing carrying amount	**3 442**	**61 509**	**224**	**65 175**
Remaining useful life (years)	**5**	**5 to 8**	**1**	
Year ended 31 May 2015				
Opening carrying value	4 944	18 945	671	24 560
Acquisition of subsidiaries	–	32 443	–	32 443
Amortisation charge	(751)	(3 240)	(223)	(4 214)
Closing carrying amount	4 193	48 148	448	52 789
At 31 May 2015				
Cost	4 944	60 138	1 117	66 199
Accumulated amortisation	(751)	(11 990)	(669)	(13 410)
Closing carrying amount	4 193	48 148	448	52 789
Remaining useful life (years)	6	6 to 9	2	

	Company	
	2016	2015
	R'000	R'000

10. Investment in subsidiaries

Unlisted:		
Shares at cost		
Balance at beginning of the year	**94 681**	52 190
Additional investment in OneLogix Proprietary Limited (IFRS 2 charges)	**13 510**	4 474
Additional investment in Commercial Vehicle Delivery Services Proprietary Limited	**–**	15 407
Additional investment in United Bulk Proprietary Limited	**30 450**	14 671
Additional investment in OneLogix Projex Proprietary Limited	**–**	7 939
Loan to OneLogix Proprietary Limited	**95 105**	–
Balance at end of the year	**233 746**	94 681

The additional investment was settled by the issue of OneLogix Group Limited shares.
The loan to OneLogix Proprietary Limited has no fixed repayment terms, is interest-free and is considered to be part of the investment in subsidiary. The loan was reclassified to investment in subsidiary due to the renegotiation of the terms.

Aggregate attributable after tax profits of subsidiaries	**51 010**	202 815
Aggregate attributable after tax losses of subsidiaries	**(3 567)**	(352)
Aggregate attributable after tax profits of subsidiaries	**47 443**	202 463

Refer to note 25 for detail of principal subsidiary undertakings. Further details pertaining to the acquisition of indirectly held subsidiaries are noted in business combinations, note 26.

11. Investment in associate

The associate as listed below has share capital consisting solely of ordinary shares, of which a 49% direct interest is held by the group.

DriveRisk is a private company, incorporated in South Africa and there is no quoted market price available for its shares. DriveRisk is involved in the business of selling driver behaviour management and monitoring systems, which is ancillary to the group core operations. DriveRisk operates predominately in South Africa.

Summarised financial information of the associate

Set out below is the summarised financial information which is accounted for using the equity method.

	DriveRisk Proprietary Limited	
	2016	2015
	R'000	R'000
Non-current assets	**18 707**	10 035
Current assets	**79 550**	74 281
Total assets	**98 257**	84 316
Non-current liabilities	**12 216**	68
Current liabilities	**38 638**	25 558
Total liabilities	**50 854**	25 626
Revenue	**166 425**	127 642
Profit after tax	**16 248**	11 597
Other comprehensive income	**–**	–
Total comprehensive income	**16 248**	11 597

	DriveRisk Proprietary Limited	
	2016 R'000	2015 R'000
11. Investment in associate (continued)		
Reconciliation of attributable summarised financial information above to carrying value of investment:		
Attributable opening net assets (including intangible assets)	**32 090**	26 251
Attributable profit for the year (after amortisation of the intangible assets)	**6 313**	3 811
Additional investment	**–**	4 500
Transaction costs	**–**	28
Derecognition of partial contingent consideration	**–**	(2 500)
Dividend received	**(13 492)**	–
Closing net assets	**24 911**	32 090
Goodwill recognised	**11 874**	11 874
Carrying value of investment	**36 785**	43 964

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
12. Loans and other receivables				
OneLogix Projex – loan to management	**7 118**	8 148	**–**	–
	7 118	8 148	**–**	–

During September 2014 a loan of R9 million was advanced to senior management of OneLogix Projex in order to procure a non-controlling interest in the company. The loan incurs interest at the ruling prime rate plus 1% and is repayable no later than March 2018. Interest of R0,8 million was charged during the year and repayments of R1,8 million were made by the borrowers. Security has been provided in the form of suretyships for the loans provided to the directors.

The loan is considered to be fully performing and not impaired.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
13. Inventories				
Fuel stock, vehicle spares and consumables	**21 794**	19 436	**–**	–
Work-in-progress	**2 328**	2 786	**–**	–
	24 122	22 222	**–**	–
14. Trade and other receivables				
Trade receivables	**243 087**	193 608	**–**	–
Provision for impairment	**(375)**	(697)	**–**	–
Other receivables and prepayments	**14 751**	14 304	**–**	–
Sundry loans	**125**	266	**–**	–
VAT receivable	**1 539**	2 941	**–**	–
Loan to OneLogix Proprietary Limited	**–**	–	**–**	108 765
	259 127	210 422	**–**	108 765

The group has provided various financial institutions with a first cession over its book debts with a carrying value of R242,7 million (2015: R192,9 million) in order to secure credit facilities (refer to note 19).

	2016		2015	
	Gross R'000	**Impairment R'000**	Gross R'000	Impairment R'000
14. Trade and other receivables (continued)				
Group				
The age analysis of trade receivables is as follows:				
Fully performing	**179 364**	**–**	140 886	–
Past due not impaired: 30 to 60 days	**49 534**	**–**	43 758	–
Past due not impaired: 60 to 90 days	**7 934**	**–**	6 829	–
Past due not impaired: 90 days and over	**5 880**	**–**	1 438	–
Past due and impaired: 90 days and over	**375**	**(375)**	697	(697)
Total	**243 087**	**(375)**	193 608	(697)

The standard credit terms across the group are 30 days from statement.

Reconciliation of impairment provision

	R'000
Balance as at 1 June 2015	1 455
Increase in provision during the year	574
Bad debts written of during the year	(701)
Provision derecognised on disposal of subsidiary	(1 032)
Provision recognised as part of the acquisition of subsidiaries	401
Balance as at 31 May 2015	697
Increase in provision during the year	687
Bad debts written off during the year	(1 009)
	375

The creation and release of provision for impaired receivables have been included in "other expenses" in comprehensive income (note 2.2). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Other receivables and sundry loans are not overdue or impaired including the prior year amounts. All trade and other receivables are denominated in South African rand other than R8,1 million (2015: R0,4 million) which is denominated in US dollar.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
15. Non-current assets held-for-sale				
Vehicles	**–**	20 082	**–**	–

During the prior year certain vehicles were planned to be removed from operations due to a specific replacement programme authorised by management. The vehicles were sold within 12 months of the prior reporting date and were reclassified as non-current assets held-for-sale. No gain/loss had been recognised on the remeasurement to fair value less cost to sell. These assets were all disclosed within the abnormal logistics segment.

No impairment was required and the vehicles were shown at their net carrying value.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
16. Cash and cash equivalents				
Cash at bank and on hand	**100 012**	**160 417**	**1 647**	1 656
Bank overdrafts	**–**	**(947)**	**–**	–
	100 012	**159 470**	**1 647**	1 656

	Number of shares 2016	Number of shares 2015
17. Stated capital		
Group and company		
Authorised		
The total authorised number of ordinary shares is 500 000 000 shares with no par value	**500 000 000**	500 000 000

	Number of shares 2016	Number of shares 2015	**2016 R'000**	2015 R'000
Group				
Issued				
Balance at beginning of year	**284 123 181**	207 845 235	**395 425**	37 691
Shares issued to employee and management share participation schemes	**–**	37 576 892	**–**	142 801
Shares issued during the year	**–**	28 086 585	**–**	172 733
Shares issued as part of business combination	**–**	3 257 328	**–**	16 026
Shares issued to non-controlling interest – refer to note 26.1	**5 800 000**	7 357 141	**30 450**	29 018
Share issue expenses	**–**	–	**–**	(2 844)
Balance at end of year	**289 923 181**	284 123 181	**425 875**	395 425
Company				
Issued				
Balance at beginning of year	**284 123 181**	207 845 235	**400 200**	42 466
Shares issued to employee and management shares participation schemes	**–**	37 576 892	**–**	142 801
Shares issued during the year	**–**	28 086 585	**–**	172 733
Shares issued as part of business combination – refer to note 26	**–**	3 257 328	**–**	16 026
Shares issued to non-controlling interest – refer to note 26.1	**5 800 000**	7 357 141	**30 450**	29 018
Share issue expenses	**–**	–	**–**	(2 844)
Balance at end of year	**289 923 181**	284 123 181	**430 650**	400 200

	Number of shares 2016	Number of shares 2015	2016 R'000	2015 R'000
18. Treasury shares				
Group				
Treasury shares at beginning of year	**38 020 106**	443 214	**143 430**	629
Treasury shares allocated to participants of the share scheme	**(43 214)**	–	**–**	–
Treasury shares issued to employee and management share participation schemes	**–**	37 576 892	**–**	142 801
Treasury shares at end of year	**37 976 892**	38 020 106	**143 430**	143 430

The prior year difference between the treasury shares held in OneLogix Group consolidated and OneLogix group company relates to 43 214 shares held in the BEE share trust which is consolidated in terms of IFRS 10 but not held by the company.

	Number of shares 2016	Number of shares 2015	2016 R'000	2015 R'000
Company				
Treasury shares at beginning of year	**37 976 892**	–	**142 805**	–
Treasury shares purchased from the BEE share trust	**–**	400 000	**–**	4
Treasury shares issued to employee and management share participation schemes	**–**	37 576 892	**–**	142 801
Treasury shares at end of year	**37 976 892**	37 976 892	**142 805**	142 805

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
19. Interest-bearing borrowings				
Current				
Instalment sale liabilities	**140 969**	118 220	**–**	–
Mortgage bond liabilities	**20 120**	12 412	**–**	–
Loan from DriveRisk Proprietary Limited*	**3 566**	15 737	**–**	–
	164 655	146 369	**–**	–
Non-current				
Instalment sale liabilities	**290 082**	216 361	**–**	–
Mortgage bond liabilities	**176 381**	97 231	**–**	–
	466 463	313 592	**–**	–
Total borrowings	**631 118**	459 961	**–**	–
Maturity of non-current borrowings				
Between one and two years	**136 728**	99 650	**–**	–
Later than two years and not later than five years	**325 023**	206 732	**–**	–
Later than five years	**4 712**	7 210	**–**	–
	466 463	313 592	**–**	–
Effective interest rates	**%**	%	**%**	%
Instalment sale liabilities	**9,15**	8,18	**–**	–
Mortgage bond liabilities	**9,95**	8,89	**–**	–
Loan from DriveRisk Proprietary Limited	**8,75**	7,50	**–**	–

** DriveRisk Proprietary Limited is an associate of the company. Refer to note 25 for further information.*

Refer to note 27.5 for the contractual maturity analysis.

19. Interest-bearing borrowings (continued)

Securities

1. Instalment sale liabilities are secured over vehicles with a net carrying value of R561,9 million (2015: R442,9 million). The instalment sale liabilities bear interest at rates varying from prime plus 3,2% to prime less 1,5% and are repayable over no more than five years. The carrying value approximates fair value.
2. Mortgage bond liabilities are secured over land and buildings with a net carrying value of R355,3 million (2015: R257,2 million). Certain of the mortgage bond liabilities bear interest at fixed rates. The carrying value of the fixed rate liabilities is R10,6 million (2015: R15,2 million) opposed to a fair value of R10,3 million (2015: R15 million).
3. The group has a R356,6 million credit facility with Nedbank Limited which is secured by way of the following securities:
   - Cession over the debtors' book of OneLogix Proprietary Limited, United Bulk Proprietary Limited, Atlas360 Commercial Vehicle Services Proprietary Limited and Commercial Vehicle Services Proprietary Limited.
   - The company has supplied cross guarantees, incorporating pledge and cessions of all loan funds in favour of OneLogix Group Limited, OneLogix Proprietary Limited, Commercial Vehicle Delivery Services Proprietary Limited, Atlas360 Commercial Vehicle Services Proprietary Limited, OneLogix Projex Proprietary Limited, United Bulk Proprietary Limited and OneLogix Linehaul Proprietary Limited.
   - Further limited suretyships have been issued by the above mentioned companies.
   - Mortgage bonds registered over the group property portfolio excluding the properties noted in note 6 below.
4. The group has a R72,8 million credit facility with WesBank, a division of FirstRand Bank Limited which is secured by limited suretyships of R118 million issued by OneLogix Proprietary Limited and R5 million by OneLogix Group Limited.
5. The group has a R83,1 million credit facility with ABSA Bank Limited which is secured by limited suretyship issued by OneLogix Proprietary Limited, of R53 million.
6. The group has a R161 million facility with Investec Bank Limited secured by mortgage bonds registered over portions 854 and 855 (of 844) and the remainder of portion 773 of the farm Vaalkop and Dadelfontein No. 885 in KwaZulu-Natal, and a cession over insurance policies and lease agreements related to the property.
7. The group has a R48 million facility with Mercedes-Benz Financial Services South Africa Proprietary limited which is secured by a limited suretyship issued by OneLogix Proprietary Limited of R58,8 million.
8. The group has a R78 million facility with The Standard Bank of South Africa Limited which is secured by a limited suretyship issued by OneLogix Proprietary Limited of R91 million.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Borrowing facilities				
The group has the following undrawn committed borrowing facilities:				
Total bank borrowing capacity at year-end	**799 500**	553 335	**–**	–
Total bank borrowings at year-end	**631 113**	459 963	**–**	–
Remaining borrowing capacity	**168 387**	93 372	**–**	–

Borrowing capacity of the group is sufficient to fund the ongoing asset-based finance requirements of the group.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000

20. Deferred taxation

Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 28% (2014: 28%).

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
The movement on deferred taxation is as follows:				
At beginning of year	**(104 352)**	(64 446)	**–**	–
Income statement movement	**3 629**	(8 751)	**371**	–
Charged to other comprehensive income increase in CGT inclusion rate	**(1 291)**	–	**–**	–
On acquisition of subsidiary	**(19 357)**	(30 320)	**–**	
On disposal of subsidiaries	**–**	(856)	**–**	–
Adjustment in respect of prior year	**–**	21	**–**	–
At end of year	**(121 371)**	(104 352)	**371**	–
The deferred tax liability balance comprises:				
Capital allowances	**(141 173)**	(113 569)	**–**	–
	(141 173)	(113 569)	**–**	–
The deferred tax asset balance comprises:				
Provisions and other	**7 852**	6 667	**371**	–
Tax losses carried forward	**11 950**	2 550	**–**	–
	19 802	9 217	**371**	–
Deferred tax liability (net)	**(121 371)**	(104 352)	**371**	–

Deferred taxation assets and liabilities are offset when the income tax relates to the same fiscal authority and there is a legal right to offset at settlement. The following amounts are shown in the consolidated statement of financial position:

	2016 R'000	2015 R'000
Classification in statement of financial position		
Deferred tax assets	**2 049**	1 532
Deferred tax liabilities	**(123 420)**	(105 884)
Net deferred tax liabilities	**(121 371)**	(104 352)

The tax losses are attributable to various subsidiaries that are expected to generate taxable profits in the foreseeable future.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000

21. Trade and other payables

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Trade payables	**132 553**	112 102	**–**	–
Bonus accrual	**13 346**	14 408	**774**	–
Leave pay accrual	**13 911**	12 114	**556**	–
Payroll-related accrual	**12 167**	7 041	**–**	–
Workmen's compensation accrual	**2 407**	2 472	**25**	–
Audit fee accrual	**3 950**	2 905	**–**	–
VAT payable	**10 329**	8 679	**–**	–
Accruals for other liabilities and charges	**25 490**	25 741	**–**	–
Unclaimed capital distributions and dividends	**1 640**	1 654	**1 640**	1 653
	215 793	187 116	**2 995**	1 653

Trade payables are non-interest bearing and are generally on 30-day terms. Refer to note 27.5 for the contractual maturity analysis.

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
22. Future capital expenditure				
Authorised by directors but not yet contracted for				
Vehicles	**263 015**	157 734	**–**	–
Land and buildings	**12 328**	132 670	**–**	–
Other	**10 942**	14 627	**–**	–
	286 285	305 032	**–**	–
Operating lease commitments				
The future minimum lease payments under non-cancellable operating leases are as follows:				
Not later than one year	**19 934**	21 499	**–**	–
Later than one year and not later than five years	**53 419**	41 668	**–**	–
Later than five years	**17 207**	–	**–**	–
	90 560	63 167	**–**	–

Operating lease commitments – group companies as lessee

The group leases various properties for use predominantly as vehicle storage facilities and for operational requirements under non-cancellable operating lease agreements. The lease terms are between one and seven years, and the majority of the lease agreements are renewable at the end of the lease period at market rates.

The group also leases office equipment under operating non-cancellable lease agreements. The lease terms are between one and three years. The group is required to give a six-month notice for the termination of these agreements. The lease expenditure charged to the statement of comprehensive income during the year is disclosed in note 2.

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
23. Cash generated from operations				
Reconciliation of operating profit to cash flows from operating activities:				
Operating profit/(loss)	**135 842**	48 654	**(1 327)**	(71 621)
Adjustments for:				
Depreciation of property, plant and equipment	**101 949**	72 975	**–**	–
Amortisation of intangible assets	**11 265**	6 289	**–**	–
Share-based payments	**15 177**	76 095	**1 667**	71 621
Loss on disposal of property, plant and equipment	**7**	366	**–**	–
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):				
Movement in inventories	**(919)**	(3 918)	**–**	–
Movement in trade and other receivables	**(16 639)**	8 360	**13 660**	(75 291)
Movement in trade and other payables	**16 232**	(16 686)	**1 342**	25
	262 914	192 135	**15 342**	(75 266)

	Group
	2015 R'000

23. Cash generated from operations (continued)

23.1 Net cash inflow from disposal of subsidiary

	Group 2015 R'000
Carrying value of net assets disposed:	
Plant, property and equipment (refer to note 8)	9 888
Non-current loans receivable	6 089
Bank and cash	9 515
Deferred tax (refer to note 20)	836
Inventories	671
Trade and other receivables	7 363
Taxation	(488)
Trade and other payables	(15 988)
Current portion of borrowings	(462)
Long-term borrowings	(3 449)
Carrying value of net assets disposed	13 975
Profit on the disposal of subsidiary net of tax	144 178
Cash in subsidiary disposed of	(9 514)
Net cash inflow from disposal	148 639
Cash proceeds (net of transaction costs)	190 280
Cash in subsidiary disposed of	(9 514)
Cash paid to SARS in respect of capital gains tax	(32 127)
Net cash inflow from disposal	148 639

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
23.2 Taxation paid				
Current tax liability at 1 June	**(6 592)**	(590)	**(234)**	(18)
Current tax provided	**(22 492)**	(18 042)	**–**	(2 054)
Acquisition of subsidiary	**4 132**	(5 178)	**–**	–
Current tax liability at 31 May	**496**	6 592	**–**	234
Tax on discontinued operation	**–**	1 650	**–**	–
Taxation paid	**(24 456)**	(15 568)	**(234)**	(1 838)

24. Related-party transactions

24.1 Related parties included the following:

- Subsidiaries and associate (refer to note 25);
- Directors (refer to directors' report);
- Directors of subsidiary companies; and
- The company has no controlling shareholder as it is widely held.

24.2 Leases

Leases on properties have been entered into with the companies controlled by directors and directors of subsidiaries.

Escalations on these leases vary from CPI to fixed escalations of between 6% and 8% and the remaining lease periods range from six months to five years. The lease commitments have been calculated based on the remaining period of the various agreements by applying the estimated escalations over the full period of the lease.

24. Related-party transactions (continued)

24.2 Leases (continued)

Details of property lease rentals paid to companies controlled by directors and directors of subsidiaries and associated future lease commitments are summarised below:

		Current year		Due within one year		Due thereafter	
		2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Related party	**Relationship to OneLogix**						
NJ Bester	Director	**766**	723	**405**	383	**–**	–
PEJ Pols and M Vosloo	Directors of subsidiary	**2 996**	2 495	**3 236**	2 580	**1 947**	4 061
J du Randt	Director of subsidiary	**1 805**	435	**1 950**	2 115	**6 080**	7 065
BJ Venter	Director of subsidiary	**316**	–	**510**		**1 001**	–
		5 883	3 653	**6 101**	5 078	**9 028**	11 126

24.3 Directors' remuneration

	Gross salary R'000	Incentive R'000	Provident fund contri-bution R'000	IFRS 2 charge relating to manage-ment partici-pation scheme R'000	Other R'000	Total R'000
2016						
Executive						
NJ Bester	**2 490**	**500**	**246**	**353**	**41**	**3 630**
GM Glass	**1 560**	**340**	**264**	**235**	**27**	**2 426**
IK Lourens	**2 445**	**500**	**306**	**353**	**41**	**3 645**
CV McCulloch	**2 246**	**500**	**489**	**353**	**36**	**3 624**
	8 741	**1 840**	**1 305**	**1 294**	**145**	**13 325**
2015						
Executive						
NJ Bester	2 276	1 645	211	85	29	4 246
GM Glass	1 417	1 095	241	56	29	2 838
IK Lourens	2 252	1 645	249	85	43	4 274
CV McCulloch	2 032	1 645	454	85	30	4 246
	7 977	6 030	1 155	311	131	15 604

	2016 R'000	2015 R'000
Non-executive directors		
DA Hirschowitz	**31**	33
AJ Grant	**117**	107
B Mathews	**54**	–
SM Pityana	**170**	155
LJ Sennelo	**110**	111
K Schoeman	**48**	21
	530	427

	Company 2016 R'000	Company 2015 R'000
24. Related-party transactions (continued)		
24.3 Directors' remuneration (continued)		
Executive directors		
Gross remuneration	**13 325**	15 604
Non-executive directors		
Fees	**530**	427
	13 855	16 031
Paid by subsidiaries	**–**	(16 031)
	13 855	–

The executive directors are considered to be the only key management and prescribed officers.

Total earnings of executive directors are based on a cost to company package.

24.4 Refer to note 25 for the details of loans receivable from the company's subsidiary and note 12 for details of loans to directors at OneLogix Projex Proprietary Limited.

	Country	Effective percentage held 2016 %	Effective percentage held 2015 %	Shares at cost R'000	Capital contribution to subsidiaries in respect of equity-settled share-based payment R'000	Net receivable 2016 R'000	Net receivable 2015 R'000
25. Interest in subsidiaries and associates							
Details of companies are reflected below:							
Directly held:							
Subsidiary of OneLogix Group Limited:							
OneLogix Proprietary Limited	RSA	**100**	100	52 190	17 984	**95 105**	108 765
Indirectly held:							
Subsidiaries of OneLogix Proprietary Limited:							
Commercial Vehicle Delivery Services Proprietary Limited	RSA	**100**	100[1]	15 406	–	**–**	–
Vehicle Delivery Services Zimbabwe (Pvt) Limited	Zimbabwe	**100**	100	–	–	**–**	–
RFB Logistics Proprietary Limited[2]	RSA	**100**	100	–	–	**–**	–
PM Hire Proprietary Limited[2]	RSA	**100**	100	–	–	**–**	–
Madison Freightlines Proprietary Limited	RSA	**100**	51	–	–	**–**	–
Atlas360 Commercial Vehicle Services Proprietary Limited	RSA	**71,3**	71,3	–	–	**–**	–
OneLogix Projex Proprietary Limited	RSA	**86,9**	90[1]	7 939	–	**–**	–
Middle of the Road Proprietary Limited	RSA	**90**	90	–	–	**–**	–
Quasar Software Development Proprietary Limited	RSA	**85**	85	–	–	**–**	–

	Country	Effective percentage held 2016 %	Effective percentage held 2015 %	Shares at cost R'000	Capital contribution to subsidiaries in respect of equity-settled share-based payment R'000	Net receivable 2016 R'000	Net receivable 2015 R'000
25. Interest in subsidiaries and associates (continued)							
United Bulk Proprietary Limited	RSA	**100**	74[1]	45 122	–	**–**	–
OneLogix Linehaul Proprietary Limited	RSA	**75**	75	–	–	**–**	–
Jackson Transport Proprietary Limited	RSA	**74**	74	–	–	**–**	–
Jackson Fleet Proprietary Limited	RSA	**74**	74	–	–	**–**	–
Buffelshoek Transport SA Proprietary Limited	RSA	**74**	74	–	–	**–**	–
Buffelshoek Fleet Proprietary Limited	RSA	**74**	74	–	–	**–**	–
OneLogix Cargo Solutions Proprietary Limited	RSA	**69,5**	62,5	–	–	**–**	–
Subsidiaries of United Bulk Proprietary Limited:							
Vision Transport Proprietary Limited	RSA	**100**	–	–	–	**–**	–
Cryogas Express Proprietary Limited	RSA	**74.2**	–	–	–	**–**	–
Indirectly held							
Associate of OneLogix Proprietary Limited							
DriveRisk Proprietary Limited (previously known as Drive Report Proprietary Limited)*	RSA	**49**	49	–	–	**(3 566)**	(15 737)
				120 657	17 984	**91 539**	93 028

** This loan is repayable on demand with 48 hours' notice and bears interest at prime less 1,75% per year.*
[1] Additional shareholding acquired during the current and prior financial year is held by OneLogix Group Limited.
[2] RFB Logistics (Pty) Ltd, PM Hire (Pty) Ltd and Madison Freightlines (Pty) Ltd are dormant companies.

The group acquired 100% and 74,2% of the share capital of Vision Transport Proprietary Limited and Cryogas Express Proprietary Limited respectively on 1 October 2015.

All subsidiary companies have a 31 May year-end except for Vehicle Delivery Services Zimbabwe (Pvt) Limited which has a 31 December year-end due to regulatory requirements in Zimbabwe. The results of this entity are consolidated for the 12 months ended 31 May.

25. Interest in subsidiaries and associates

The loan by OneLogix Proprietary Limited has no fixed term repayment terms is interest-free and part of the investment in subsidiary. The loan was reclassified to investment in subsidiary due to renegotiation of the terms. No interest was charged on the loan to the company's subsidiary for the year (2015: R7,3 million).

25. Interest in subsidiaries and associates (continued)

The summarised financial information contained below relates to subsidiaries of the group that are considered to have significant non-controlling interests:

	OneLogix Projex Proprietary Limited		Atlas360 Commercial Vehicle Services Proprietary Limited		Jackson Transport Proprietary Limited		Buffelshoek Transport SA Proprietary Limited	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Summarised statement of financial position								
Non-current assets	**51 155**	43 915	**7 507**	8 212	**105 839**	539	**56 337**	10 728
Current assets	**47 405**	35 444	**25 481**	24 272	**52 470**	38 914	**25 814**	13 416
Total assets	**98 560**	79 359	**32 988**	32 484	**158 309**	39 453	**82 151**	24 144
Non-current liabilities	**19 563**	13 405	**1 760**	2 025	**60 244**	18 392	**47 302**	16 358
Current liabilities	**31 114**	30 573	**17 445**	14 856	**64 285**	17 241	**16 352**	4 732
Total liabilities	**50 677**	43 978	**19 205**	16 881	**124 529**	35 633	**63 654**	21 090
Accumulated non-controlling interests	**6 153**	3 538	**3 956**	4 478	**12 224**	8 096	**6 734**	794

The summarised financial information contained below relates to subsidiaries of the group that are considered to have significant non-controlling interests:

	OneLogix Projex Proprietary Limited		Atlas360 Commercial Vehicle Services Proprietary Limited		Jackson Transport Proprietary Limited		Buffelshoek Transport SA Proprietary Limited	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Summarised income statement								
Revenue	**180 401**	196 895	**102 367**	101 091	**237 087**	33 848	**87 212**	11 116
Profit/(loss) for the year	**9 636**	11 139	**(1 819)**	4 488	**14 501**	3 124	**4 983**	(244)
Total comprehensive income	**9 636**	11 139	**(1 819)**	4 488	**14 501**	3 124	**4 983**	(244)
Profit/(loss) attributable to non-controlling interests	**1 088**	1 113	**(522)**	1 403	**3 381**	747	**1 077**	(99)
Dividends paid to non-controlling interests	**1 778**	1 200	**–**	459	**–**	–	**–**	–
Summarised statement of cash flows								
Cash flows generated from operating activities	**14 147**	15 309	**(388)**	3 707	**32 556**	(547)	**1 402**	(7 828)
Cash flows utilised in investing activities	**(5 525)**	(442)	**(328)**	(3 062)	**6 523**	(64)	**(314)**	(188)
Cash flows (utilised in)/generated from financing activities	**(13 843)**	(13 697)	**1 559**	(1 828)	**(37 114)**	414	**(19 265)**	7 002

** Jackson Transport Proprietary Limited and Buffelshoek Transport SA Proprietary Limited were acquired in the prior year and the comparative financial information relates to the three months the companies contributed to group earnings.*

26. Business combinations

Financial year ended 31 May 2016

The acquisitions during the current year related to Vision Transport Propriety Limited and Cryogas Express Proprietary Limited. These subsidiaries are all operational within the primary products logistics segment of the group and the board identified these businesses based on their strategic offerings and ability to expand the group activities. The goodwill is based on the final fair values of the assets and liabilities, including intangible assets identified at acquisition date. Refer to note 25 for effective date and holdings. Effective control was obtained through the purchase of the majority equity in these subsidiaries.

	Vision Transport Proprietary Limited R'000	Cryogas Express Proprietary Limited R'000	Total R'000
Total consideration paid			
Cash	110 000	5 541	115 541
Settlement of shareholder loan as part of purchase agreement	–	1 179	1 179
Cash received on shareholder accounts prior to acquisition date	–	(662)	(662)
	110 000	6 058	116 058
Less cash on hand in subsidiary at acquisition	(25 793)	(281)	(26 074)
Total cash outflow on acquisition	84 207	5 777	89 984
Recognised amounts of identifiable assets acquired and liabilities assumed:			
Bank and cash	25 793	281	26 074
Plant, property and equipment (refer to note 8)	74 709	15 583	90 292
Intangible assets (refer to note 9)	18 388	275	18 663
Inventories	982	–	982
Trade and other receivables	29 689	2 398	32 087
Trade and other payables	(10 632)	(2 347)	(12 979)
Deferred tax	(17 604)	(1 753)	(19 357)
Borrowings	(32 955)	(7 190)	(40 145)
Taxation	2 965	1 167	4 132
Total identifiable net assets	91 335	8 414	99 749
Non-controlling interests	–	(2 174)	(2 174)
Goodwill	18 665	–	18 665
Gain on acquisition	–	(699)	(699)
Total	110 000	5 541	115 541

Acquisition-related costs for the acquisitions amounted to R0,5 million which has been expensed in operating expenses.

The value of the non-controlling interest in the unlisted subsidiary was measured by using the proportionate share of the identifiable net assets. The goodwill recognised in the Vision Transport Propriety Limited transaction arises due to the business' specialised service offerings as well as their leading market presence. The goodwill is not deductible for income tax purposes. The gain on acquisition relating to Cryogas Express Proprietary Limited has been recognised in the statement of comprehensive income and related to the net fair value of assets acquired exceeding the purchase consideration. The previous shareholder of Cryogas Express Proprietary Limited exited the business as it was non-core to their operations.

The revenue and profit after tax in the consolidated statement of comprehensive income contributed by Vision Transport Proprietary Limited and Cryogas Express Proprietary Limited was R117 million and R16,4 million respectively.

Had the subsidiaries been consolidated for the entire year, the consolidated statement of comprehensive income would have reflected an increase in revenue of R65,5 million and an increase in profit after tax of R9,3 million.

In May 2016, the group acquired through its subsidiary Buffelshoek an existing contract to transport raw material for a customer for a purchase consideration of R2,5 million. The duration of the contract is 21 months. The consideration was partially settled in cash of R1 million with the balance payable in instalments. A customer relationship intangible asset has been recognised.

26. Business combinations (continued)

26.1 Transactions with non-controlling interests

The transaction with Madison Proprietary Limited ("Madison") non-controlling interests consisted of two transactions, the first to acquire 24% for a cash consideration of R5 million, and the second to exchange 25% in Madison for the issue of 5,16% shareholding in OneLogix Projex Proprietary Limited ("Projex") resulting in a net increase in the non-controlling interest of Projex by 3,1%. The Madison business was merged with Projex as part of this transaction.

Details on the transactions concluded with non-controlling interests are detailed in the table below.

	Additional interest acquired %	Carrying value of non-controlling interest acquired R'000	Consid-eration paid in cash to non-controlling interest R'000	Fair value of OneLogix Group Limited shares to non-controlling interest R'000	Total consid-eration received by non-controlling interest R'000	Difference recognised in trans-actions with non-controlling interest reserve R'000	Trans-action costs R'000	Total contri-bution paid in cash R'000
Subsidiary								
Madison Freightlines Proprietary Limited	24	7 870	5 000	–	5 000	(2 770)	100	5 100
United Bulk Proprietary Limited	26	10 856	–	30 450	30 450	19 626	32	32
		18 726	5 000	30 450	35 450	16 856	132	5 132

27. Financial instruments

27.1 Introduction

The group's principal financial instruments comprise cash and cash equivalents, bank loans and overdrafts, instalment sale agreements and loans to and from subsidiary companies. The main reason for these instruments is to finance the group's operations. Other financial instruments such as trade receivables and trade payables arise directly as a consequence of the group's operations.

The main risks arising from the group's financial instruments are credit risk, market risks (currency risk and interest rate risk) and liquidity risk. The board reviews and agrees policies for managing each of these risks which are summarised below.

27.2 Credit risk

The most significant exposure to credit risk is in trade receivables and cash investments. The group only deposits short-term cash surpluses with banks of a high credit rating.

The majority of customers have been contractually tied for some years and have proven credit risk ratings. The group policy is to evaluate credit-worthiness of customers on an ongoing basis and renegotiate terms with these customers where the risk may be higher. We subscribe to a credit bureau who we utilise to evaluate the customer base as and when required. The group has experienced no significant default by its customers during the current year.

The group has a policy of insuring trade receivables that require a high amount of credit in relation to the margin achieved.

At 31 May 2016, the group did not consider there to be any significant credit risk that was not adequately provided for. Refer to note 14 for the quantitative analysis of credit risk.

The carrying amounts of financial assets included in the group's balance sheet represent the group's exposure to credit risk in relation to these assets.

The profile of credit risk exposure consists mainly of original equipment manufacturers and large listed industrial groups.

27. Financial instruments (continued)

27.3 Market risk and sensitivity analysis

The group has used a sensitivity analysis technique that measures the estimated change to the comprehensive income of either an instantaneous increase or decrease of 1% (100 basis points) in market interest rates or a 10% strengthening or weakening in the rand against all other currencies, from the rates applicable at 31 May 2016, for each class of financial instrument.

This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

Interest rate risk

The group monitors its exposure to changeable interest rates and generally enters into agreements that are linked to market rates relative to the underlying asset or liability.

The interest rate sensitivity analysis is based on the assumption that changes in the market interest rates affect the interest income or expense of variable interest financial instruments only.

	Increase/ decrease in basis points	Effect on profit before tax on interest rate increase R'000	Effect on profit before tax on interest rate decrease R'000
Year			
Group			
2016	**100**	**(5 217)**	**5 217**
2015	100	(2 748)	2 748
Company			
2016	**100**	**–**	**–**
2015	100	2 378	(2 378)

Group foreign currency risk

The group has no significant exposure to significant foreign currency risk.

Other price risks

As at 31 May 2016, hypothetical changes in other risk variables would not significantly affect the price of financial instruments at that date where practical fuel price risks are contractually covered with customers.

27.4 Liquidity risk

The group monitors risk to a shortage of funds by using strict working capital models and projected cash flow modelling. The cash flows from trade receivables and trade payables are well matched in that payment terms agreed with customers are replicated with suppliers. The group enforces current trade and credit terms to ensure a constant level of liquidity.

Current liabilities include short-term interest-bearing borrowings of R164,7 million which are repayable over 12 months. The level of current assets is considered adequate to service current liabilities of the group.

27. Financial instruments (continued)

27.4 Liquidity risk (continued)

The table below summarises the maturity profile of the group's financial liabilities at 31 May 2016 based on contractual undiscounted cash flows.

27.5 Maturity profile of financial liabilities

	Instalment sale liabilities R'000	Mortgage bond liabilities R'000	Loan from associate R'000	Trade payables R'000	Other payables and accruals R'000
Group at 31 May 2016					
Within one month	**17 082**	**3 219**	**–**	**132 553**	**27 130**
Later than one month but not later than one year	**153 204**	**35 410**	**3 566**	**–**	**–**
Between one and two years	**134 855**	**38 629**	**–**	**–**	**–**
Later than two years but not later than five years	**191 696**	**175 324**	**–**	**–**	**–**
Later than five years	**160**	**5 038**	**–**	**–**	**–**
Total	**496 997**	**257 620**	**3 566**	**132 553**	**27 130**
Less: Future finance charges	**(65 946)**	**(61 119)**	**–**	**–**	**–**
Present value of liability	**431 051**	**196 501**	**3 566**	**132 553**	**27 130**
Non-current liabilities	**290 082**	**176 381**	**–**	**–**	**–**
Current liabilities	**140 969**	**20 120**	**3 566**	**–**	**–**
Total financial liabilities carried at amortised cost	**431 051**	**196 501**	**3 566**	**132 553**	**27 130**

The company's financial liabilities are all expected to be settled within the next 12 months.

	Instalment sale liabilities R'000	Mortgage bond liabilities R'000	Loan from associate R'000	Trade payables R'000	Other payables and accruals R'000	Bank overdraft R'000
Group at 31 May 2015						
Within one month	12 285	1 820	–	112 102	27 395	947
Later than one month but not later than one year	124 688	19 780	15 737	–	–	–
Between one and two years	101 097	19 159	–	–	–	–
Later than two years but not later than five years	137 516	95 068	–	–	–	–
Later than five years	465	7 521	–	–	–	–
Total	376 051	143 348	15 737	112 102	27 395	947
Less: Future finance charges	(41 470)	(33 705)	–	–	–	–
Present value of liability	334 581	109 643	15 737	112 102	27 395	947
Non-current liabilities	216 361	97 231	–	–	–	–
Current liabilities	118 220	12 412	15 737	112 102	27 395	947
Total financial liabilities carried at amortised cost	334 581	109 643	15 737	112 102	27 395	947

27. Financial instruments (continued)

27.5 Maturity profile of financial liabilities (continued)

	Instalment sale liabilities R'000	Mortgage bond liabilities R'000
Maturity profile of future finance charges as at 31 May 2016		
Within one month	**3 242**	**1 607**
Later than one month but not later than one year	**26 071**	**16 902**
Between one and two years	**20 308**	**16 447**
Later than two years but not later than five years	**16 324**	**25 678**
Later than five years	**1**	**485**
Total	**65 946**	**61 119**

	Group Loans and receivables		Company Loans and receivables	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
27.5.1 Financial assets by category				
The accounting policies for financial instruments have been applied to the line items below:				
Loans and other receivables:				
– OneLogix Projex Management loan	**7 118**	8 148	**–**	–
– Loan to subsidiary	**–**	–	**95 105**	108 765
Trade and other receivables	**259 127**	210 031	**–**	–
Cash and cash equivalents	**100 012**	160 417	**1 647**	1 656
	366 257	378 596	**96 752**	110 421

27.6 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the group may issue new shares, pay a dividend to shareholders, return capital to shareholders or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio and considers a ratio of 40% to 50% as an optimal gearing ratio. The ratio is calculated as total borrowings (including current and non-current borrowings as shown on the balance sheet) divided by total capital. Total capital is calculated as shareholders' funds plus total borrowings. The gearing ratio for 2016 is 46,6% (2015: 41,7%).

There has been no change to the group's approach to capital management during the year.

The group is subject to externally imposed capital requirements arising in the ordinary course of securing financing facilities from debt providers and has complied with these requirements.

27.7 Net fair values

The carrying amounts of financial instruments approximated their fair values due to the short-term maturities of these assets and liabilities.

28. Share-based compensation

Share-based compensation schemes

The company entered into various agreements during the prior financial year to establish employee and management share-based compensation schemes in order to incentivise employees of the company.

To give effect to these schemes, OLG Esizayo Proprietary Limited and OLG Abaholi Proprietary Limited was established to house the employee and management schemes respectively.

28. Share-based compensation (continued)

Employee share-based compensation scheme

Accordingly, OneLogix and OLG Esizayo have entered into a reciprocal subscription agreement, in terms of which OLG Esizayo will subscribe for 24 917 929 OneLogix ordinary shares for an aggregate amount of R89 380 613 and, to enable OLG Esizayo to fund its acquisition of the OLG Esizayo subscription shares, OneLogix will subscribe for one non-convertible cumulative redeemable preference share with no par value for an aggregate amount of R89 384 613 subject to the further terms and conditions of such agreement, and the trustees for the time being of the OneLogix Group BEE Trust have entered into a sale of shares agreement, which governs the sale of 400 000 OneLogix shares registered in the name of the BEE Trust to OLG Esizayo for an aggregate amount of R4 000 subject to the further terms and conditions of such.

OLG Esizayo shares have been allocated to the employees of the group and will vest to the employees if they remain in employment of the group after five years from 28 January 2015.

The OneLogix shares held by OLG Esizayo are classified as treasury shares in terms of the application of IFRS 10 (see note 18). The share-based compensation charge to be recognised over the five year vesting period was calculated with the assistance of valuation specialists using a Monte Carlo simulation model which is the appropriate model to take into account the various inputs of the scheme. The estimated total charge amounts to R46 million which will be expensed over the five year vesting period starting on 28 January 2015 and is not deductible for tax in terms of current taxation legislation. The valuation will be reassessed annually to take into account the expected number of shares that will vest.

The group has no legal or constructive obligation to repurchase or settle the shares in cash and as a result the scheme is equity settled.

The group recognised a total expense of R9,2 million (2015: R3,1 million) related to the OLG Esizayo share-based payment scheme for the current year. As at 31 May 2016 the group had a share-based payment equity reserve of R12,3 million (2015: R3,1 million) in the statement of changes in equity relating to the employee share-based compensation scheme.

Management share-based compensation scheme

In terms of the management share-based compensation scheme, OneLogix and OLG Abaholi Proprietary Limited ("OLG Abaholi") have entered into a reciprocal subscription agreement, in terms of which OLG Abaholi will subscribe for 12 658 963 OneLogix ordinary shares for an aggregate amount of R53 420 825 and, to enable OLG Abaholi to fund its acquisition of the OLG Abaholi subscription shares, OneLogix will subscribe for one non-convertible cumulative redeemable participating preference share with no par value for an aggregate amount of R53 420 825.

The benefit which the OLG Abaholi participants (certain of whom are defined as "related parties" in terms of paragraph 10.1(b) of the Listings Requirements) derive from the OLG Abaholi transaction will depend on the extent to which OneLogix achieves certain pre-determined earnings growth targets over a five-year period thereby aligning their interests with those of the shareholders of OneLogix.

The OLG Abaholi preference share will have certain preferential rights, including the right to a cumulative preference dividend arising from the distributions received from OneLogix during each dividend period less any operating costs of OLG Abaholi during the relevant dividend period ("net income") and shall reduce on a sliding scale over a five-year period as set out in the table below:

Period	Percentage of net income (%)
During the first year following the OLG Abaholi subscription date	100
During the second year following the OLG Abaholi subscription date	80
During the third year following the OLG Abaholi subscription date	60
During the fourth year following the OLG Abaholi subscription date	40
During the fifth year following the OLG Abaholi subscription date	20
From the sixth year following the OLG Abaholi subscription date	0

In terms of the OLG Abaholi ordinary "A" subscription agreement and the OLG Abaholi ordinary "B" subscription agreement:

- the OLG Abaholi participants shall subscribe for the OLG Abaholi ordinary "A" shares for a subscription price of R0,01 per share; and
- OneLogix shall subscribe for the OLG Abaholi ordinary "B" share for an aggregate amount of R1,00.

28. Share-based compensation (continued)

Share-based compensation schemes (continued)

Management share-based compensation scheme (continued)

The OLG Abaholi "A" ordinary shares and the OLG Abaholi "B" ordinary shares will have different voting rights and rights to dividends and will be subject to different transfer restrictions, as set out in the OLG Abaholi memorandum of incorporation ("MOI"), the most notable difference being that the holder of OLG Abaholi ordinary "B" shares shall have the right to receive out of capital gains arising from the sale of any assets of OLG Abaholi or deemed capital gains arising from the distribution of any assets of OLG Abaholi, a preferred ordinary dividend based on the real growth rate of core headline earnings per share of OneLogix (as defined in the OLG Abaholi MOI) over a period of five years from the date of issue of the OLG Abaholi "B" ordinary share as follows:

- if the relevant growth rate is less than 4%, 100% of any capital gains;
- if the relevant growth rate is 4% or more, but less than or equal to 10%, 100% to 0% of any capital gains on a linear basis; or
- if the relevant growth rate is more than 10%, 0% of any capital gains, with the balance of any capital gains capable of being declared as a dividend to the holders of the OLG Abaholi "A" ordinary shares.

OLG Abaholi shares have been allocated to management employees of the group's various entities and will vest to management if they remain in employment of the group after five years from 28 January 2015.

The OneLogix shares held by OLG Abaholi are classified as treasury shares in terms of the application of IFRS 10 (see note 18). The share-based compensation charge to be recognised over the five-year vesting period was calculated with the assistance of valuation specialists using a Monte Carlo simulation model which is the appropriate model to take into account the various inputs of the scheme. The estimated total charge amounts to R29,3 million which will be expensed over the five-year vesting period starting on 28 January 2015 and is non-tax deductible in terms of current taxation legislation. The valuation will be reassessed annually to take into account the expected number of shares that will vest.

The group has no legal or constructive obligation to repurchase or settle the shares in cash and as a result the scheme is equity settled.

The group recognised a total expense of R6 million (2015: R1,4 million) related to the OLG Abaholi share-based payment scheme. At 31 May 2016 the group has a share-based payment equity reserve of R7,4 million which is included in the share-based compensation reserve in the statement of changes in equity relating to the management share-based compensation scheme.

The main inputs into the above valuation models are as follows:
Valuation date: 28 January 2015
Maturity date: 28 January 2020
Exercise price: R3,60
Spot price at 28 January 2015: R6,03
90-day VWAP to price the preference shares: R5,22
Volatility: 26%
Dividend yield: 1,5%

The risk-free interest rate was determined using a bootstrapped zero coupon perfect fit swap curve.

The following executives participate in the management scheme:

Name	**Indicative number of OneLogix shares 2016**	**IFRS 2 charge 2016 R'000**	Indicative number of OneLogix shares 2015	IFRS 2 charge 2015 R'000
NJ Bester	**747 551**	**353**	759 538	85
GM Glass	**498 367**	**235**	506 359	56
IK Lourens	**747 551**	**353**	759 538	85
CV McCulloch	**747 551**	**353**	759 538	85
	2 741 020	**1 294**	2 784 973	311

The number of indicative shares will fluctuate annually and will only be finalised based on the expected number of shares to be settled at vesting date.

29. Employee share trust

The group established a share trust in 2001. The share trust was set up to facilitate the allocation of shares to employees. The shares are held in the name of the trust purely for administration purposes. However, they are controlled by the employee, who may dispose of the shares at any point in time, except during closed trading periods.

All employee benefits in respect of the above shares vested immediately on allocation. During the year all shares were distributed to the beneficiaries. As a result the trust is no longer required and will be wound up in accordance with its trust deed.

	Number of shares 2016	Number of shares 2015
Number of shares held by the trust on behalf of employees	–	891 523

30. Subsequent events

No material fact or circumstance has occurred between year-end and the date of this report which has a material impact on the financial position of the company or the group.

What matters to our shareholders is of genuine human interest, and of critical business and strategic importance to OneLogix

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDERS

at 31 May 2016

	Number of ordinary shareholders	%	Number of ordinary shares	%
At 31 May 2016				
Directors	**4**	**0,2**	**108 959 799**	**37,6**
Other individuals	**2 138**	**83,8**	**33 766 610**	**11,6**
Institutions and other companies	**407**	**15,9**	**109 219 880**	**37,7**
Treasury shares held by OneLogix Group	**2**	**0,1**	**37 976 892**	**13,1**
Total	**2 551**	**100,0**	**289 923 181**	**100,0**
Size of holdings				
1 – 999	**592**	**23,2**	**197 704**	**0,1**
1 000 – 9 999	**1 206**	**47,3**	**4 245 427**	**1,5**
10 000 – 99 999	**618**	**24,2**	**16 199 978**	**5,6**
100 000 shares and over	**106**	**4,2**	**26 127 055**	**9,0**
1 000 000 shares and over	**29**	**1,1**	**243 153 017**	**83,8**
Total	**2 551**	**100,0**	**289 923 181**	**100,0**
At 31 May 2015				
Directors	4	0,2	109 959 799	38,7
Other individuals	1 986	79,7	36 340 335	12,8
Institutions and other companies	501	20,1	99 846 155	35,1
Treasury shares held by OneLogix Group	2	0,1	37 976 892	13,4
Total	2 493	100,0	284 123 181	100,0
Size of holdings				
1 – 999	410	16,4	158 299	0,1
1 000 – 9 999	1 283	51,5	4 576 772	1,6
10 000 – 99 999	660	26,5	18 040 188	6,3
100 000 – 999 999	113	4,5	30 168 992	10,6
1 000 000 shares and over	27	1,1	231 178 930	81,4
Total	2 493	100,0	284 123 181	100,0

At year-end 2 540 shareholders holding 127 913 905 shares were classified as public shareholders (being 99,6% of the total number of shareholders and 44,1% of the total number of issued shares) and 11 shareholders holding 162 009 276 shares were classified as non-public shareholders (being 0,4% of the total shareholders and 55,9% of the issued shares).

Beneficial shareholders with a holding greater than 5% of the issued shares	Number of shares	% of issued capital
Mr Neville John Bester	**91 253 945**	**31,5**
Kagiso Capital (Pty) Limited	**28 056 585**	**9,7**
OLG Esizayo (Pty) Limited (treasury shares held by OneLogix Group Limited)	**25 317 929**	**8,7**

SHAREHOLDERS' DIARY

Financial year-end	31 May
Announcement of interim results	25 February 2016
Announcement of annual results	25 August 2016
Integrated annual report	October 2016
Annual general meeting	24 November 2016

ANNEXURE 1 – CORPORATE GOVERNANCE

The board is fully committed to upholding the King III "RAFT" principles, namely responsibility, accountability, fairness and transparency. We appreciate that these principles are essential for good governance and are important to successful stakeholder engagement. The board members have chosen to also include discipline, independence and social responsibility as key constituents of sound corporate governance at OneLogix. The principles of sound corporate governance permeate the group with each employee expected to behave with integrity, honesty and fairness as led by the board.

The board subscribes to the Code of Corporate Practices and Conduct set out in the King III Report and an assessment of the group's compliance with all 75 principles can be found on the company's website, www.onelogix.com. Other than as set out in the assessment, the group complies in all material respects with the 75 King III principles. The directors are cognisant that the key governance challenges lie in balancing financial growth with community, environmental and broader economic and social development interests.

All members of the board also recognise that governance principles and practices evolve, so OneLogix's approach to governance is continually reviewed to embrace best practice. See later in Annexure 1 for the group's compliance with Chapter 2.

The board

The board remains responsible and accountable for the performance of the group and has full control over all subsidiaries. The responsibilities of the chairman and CEO, and those of other non-executive and executive directors, are clearly separated to ensure a balance of power and prevent any one director from exercising unfettered powers of decision-making. The chairman provides leadership to the board in all deliberations ensuring independent input, and oversees its efficient operation.

The CEO is responsible for proposing, updating, implementing and maintaining the strategic direction of OneLogix as well as ensuring appropriately supervised and controlled daily operations. In this regard, the CEO is assisted by the COO, financial director and other executive directors. The independent non-executive directors are high merit individuals who contribute a wide range of industry skills, knowledge and experience to the board's decision-making process. These directors are not involved in the daily operations of the company.

Currently an informal evaluation of the independence of these directors is undertaken each year based on a formal annual declaration of interests to assess any changes.

In the past evaluation performed during the year, all independent non-executive directors were confirmed to be independent in line with King III.

Access to the advice and services of the company secretary and to company records, information, documents and property is unrestricted. Non-executive directors also have unfettered access to the external auditors and to management at any time. All directors are entitled, at the group's expense, to seek independent professional advice on any matters concerning the affairs of the group. The group's memorandum of incorporation provides for one-third of the directors to retire by rotation annually or after a three-year term of office. Accordingly, SM Pityana and LJ Sennelo will retire by rotation at the upcoming annual general meeting and being eligible, will stand for re-election.

The board meets at least four times a year with ad hoc meetings when necessary to review strategy, planning, financial performance, resources, operations, risk, capital expenditure, standards of conduct, transformation, diversity, employment equity, human resources and environmental management. Directors are briefed timeously and comprehensively in advance of board meetings with sufficient information to enable them to effectively discharge their responsibilities. Meetings are conducted in accordance with a formal agenda and are chaired by a competent suitably qualified and experienced chairperson, thus ensuring that all substantive matters are appropriately and timeously addressed. Meeting attendance for the year is set out on page 112.

The board acts as the focal point for and custodian of the group's corporate governance. In doing so it ensures the group is a responsible corporate citizen, cognisant of the impact its operations may have on the environment and society in which it operates, while acting in accordance with the board charter as well as with its own approved code of conduct.

The purpose of the formal board charter is to regulate the parameters within which the board operates and to ensure the application of the principles of good corporate governance. The charter outlines the board's primary function as determining the group's strategy, purpose, values and stakeholders relevant to its business, and further defines the roles and responsibilities of the directors in accordance with legislation and global best practice.

The charter takes into consideration recommendations for improvement as set out in the King III Report, JSE Listings Requirements and other relevant regulations. The annual review of the charter during the year focused on incorporating improvements recommended by the King III Report. OneLogix's compliance with the principles of King III is set out in detail on the company's website www.onelogix.com, and in summary in Annexure 2 of this integrated annual report.

To ensure that OneLogix is managed ethically and within prudently determined risk parameters in conformity with South African accepted standards of best practice, the board undertakes self-evaluation exercises.

Board and committee meeting attendance

Director	Board meetings	Audit and risk committee meetings	Remuneration committee meetings	Social and ethics committee meetings
SM Pityana	4/4			
NJ Bester	4/4			
GM Glass	4/4	2/2^		2/2
AJ Grant	4/4	2/2	2/2	
IK Lourens	4/4	2/2^	2/2^	2/2
CV McCulloch	4/4	2/2^		
LJ Sennelo	4/4	2/2	2/2	2/2
DA Hirschowitz*	1/1	1/1		
B Mathews**	3/3	1/1	0/1	
K Schoeman**	4/4			

^ *Attended by invitation.*
* *Resigned 18 August 2015.*
** *Appointed 18 August 2015.*

Share dealings and conflicts of interest

Directors are required to disclose their shareholdings, additional directorships and any potential conflicts of interest as well as any share dealings in the company's securities to the chairman and CEO. The company secretary, together with the sponsor and financial director, ensures publication of share dealings on SENS.

All directors, senior executives and prescribed officers with access to financial and any other price sensitive information are prohibited from dealing in OneLogix shares during "closed periods", as defined by the JSE, or while the company is trading under cautionary. The company secretary informs all directors and all other relevant employees by email when the company enters a "closed period".

OneLogix assesses its directors' interests in the group, their external shareholdings and any other directorships that they hold, on an annual basis to determine the existence of any actual or potential conflicts of interest. A register containing the directors' declarations of interest is maintained by the company secretary and is available for inspection by any of the directors at any time. In addition, the agenda at each scheduled board meeting allows the board to consider any conflicts arising from changes to the directors' declarations of interests.

The board has satisfied itself that no relationships currently exist which could adversely affect the classification of its independent non-executive directors, and accordingly that the classification of each such director is appropriate.

Internal audit

The internal audit function is a key assurance provider in OneLogix's combined assurance framework. BDO was appointed to conduct a fully outsourced internal audit function in the prior year.

During this year the approved Internal Audit plan was directed at the eight main businesses of the group – Abnormal and Primary Product Logistics segments plus Atlas360. The plan included attention to specific issues identified by management, and was conducted within a framework of adequacy (control design), effectiveness (control operations) and overall assessment for each of the businesses reviewed.

The results of the internal audit indicate that overall effective and well-designed internal controls have operated consistently and without fail for the entire year.

The executives and management as well as BDO's internal audit department understand that the risk environment is of a dynamic nature and risk registers therefore need regular updating to allow the internal audit team to timeously address high-risk areas and provide real-time assurance in respect of the OneLogix internal control environment.

Throughout the year, the internal auditors had direct unfettered access to the group financial director, his staff and members of the audit and risk committee, primarily through its chairman. The members of the board as well as the audit and risk committee are satisfied that the internal audit function is fully functional, operating effectively and addressing adequate and appropriate scope.

Audit and risk committee

The audit and risk committee meets at least twice during the year and the external auditors, internal auditors, CEO, financial director and COO attend meetings by invitation. The committee remains responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its duties. In addition, it remains responsible for assessing the performance of the internal audit function. The committee has satisfied itself that there is adequate cooperation between both the internal and external auditors, and continues to serve as a conduit between the board and these functions.

The internal audit function's annual audit plan is revised annually and approved by the audit and risk committee.

To the best of the committee's knowledge, the group has complied with all relevant and material legal, regulatory and other responsibilities. The committee members are also all satisfied with the functioning of the committee. The board is satisfied that the committee members collectively have sufficient academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs and HR management as required by section 94(5) of the Companies Act, read with Regulation 42. (See page 61 for the committee's full report.)

Remuneration committee

The committee is chaired by independent non-executive director LJ Sennelo and has two independent non-executive directors, AJ Grant and B Mathews, as additional members. It is responsible for determining the remuneration, incentive arrangements, profit participation and benefits of the executive directors and executive management. Further, the committee is responsible for ensuring that levels of remuneration are sufficient to attract, retain and motivate executives of the calibre required for high-level management and key personnel positions.

A global consulting firm is utilised to ensure executives' salaries are appropriately benchmarked against peers.

The committee is also responsible for assisting in a performance assessment of the executive directors in respect of the discharge of their functions and responsibilities.

The board as a whole identifies and nominates suitable candidates for election to the group's board and sub-committees, which nominations are in line with the company's policy on appointments to the board and which ensures that all director appointments are done in a formal and transparent manner.

IT governance and IT steering committee

The group CIO appointed last year continues to address issues relating to customising IT requirements throughout the different businesses' operations. IT governance and risk management are fully integrated with the overall group risk management framework, and continue to be monitored by the financial director supported by the CIO.

The group's IT internal control framework is mature, embedded in the risk and internal audit framework and associated databases/registers. Independent assurance is provided by risk management specialists who are qualified as Certified Information Auditors ("CISA") and who form part of the internal audit team. Senior management is presented with reports as and when required, and the audit and risk committee provides the board with appropriate feedback and reports.

The CIO and the IT steering committee have refined the IT Governance Charter throughout the year. Significant improvements were made to IT governance in the year particularly with regard to the sustainability of data integrity, redundancy of operations, availability and reliability using cloud-based technology and embedded data redundancy. Disaster recovery was also enhanced together with security of data sources and databases. During the year an ICT review assessment was undertaken by BDO IT RAS to verify the effectiveness of these improvements, and the results of the review support management assertions confirming the extent of governance improvement.

Risk reporting

The audit and risk committee, working with the OneLogix executive management team, is responsible for determining the key risk areas facing the group and recommends mitigation measures. Consideration is given to profit growth, return on investment and debt levels against targets set during the annual budget process. The executive management team continually reviews risk, at least on a monthly basis. The specialist input of an outsourced risk consultant is utilised in this process, who conducts a critical and objective analysis of the group's risks making use of purpose-designed software and methodology.

The entire process is designed to manage rather than eliminate risk. The reviews are in turn tabled with the audit and risk committee, which gains insight by discussing the risks further in person with the executive management team. The committee tests the group's risk tolerance levels at least once a year and recommends changes to policy if required, taking into account profitability, liquidity/solvency and utilisation of assets. These findings are communicated to and sanctioned by the board of directors, which takes ultimate responsibility for management of the group's risk.

The committee is satisfied that the appropriate risk management processes, including the role of the outsourced risk specialist, the risk management software application and the methodology adopted are appropriate, effective and sustainable.

The audit and risk committee defines both "risk appetite" and "risk tolerance". "Risk appetite" is defined as the amount and type of risk the company is willing to accept in the pursuit of its objectives. "Risk tolerance" is the specific maximum risk the company is willing to take and is derived from translating the risk appetite into more measurable quantitative or qualitative terms.

These definitions are consistently applied on a regular basis throughout the group after ratification by the board. Risk control – a fully integrated risk management system based on the Australian/New Zealand standards NZAU360 and ISO 31000 – is being used for the development of an enterprise-wide risk management ("ERM") framework and processes.

The "KnowRisk" risk management application, developed by Corprofit Australia, assists with compiling a consolidated risk register which is further aligned with the findings of the external and internal auditors. The "KnowRisk" system's flexibility is of particular value to OneLogix, given the diverse nature of the activities undertaken by the business units within the group. In terms of the ERM system, material risks are identified and categorised on an annual basis for each business unit and for the group as a whole. Inherent and residual assessments are performed based on both the likelihood of occurrence and the severity of the potential impact. Appropriate and feasible mitigation actions are then identified, developed and implemented for each of the identified and assessed risks, with the result that these risks are either terminated, treated, tolerated or transferred outside the business in question or the group as a whole. Individual risks are not managed outside the system.

This integrated approach to risk management ensures that an assessment of the indirect impacts of ESG risks is performed regularly. The risk reports are generated from the live system as and when it is updated, and then reviewed by the CEO and financial director.

The process for the year indicated that the risks in the group are well identified, controlled and in line with acceptable risk propensity as defined by the board.

Internal control

The board and management make use of the process above to sustain a practical and effective internal control environment. These internal controls are designed to provide reasonable but not absolute assurance as to the safeguarding of assets, the maintenance of proper accounting records, the integrity and reliability of financial information and the minimisation of significant fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations. The system is designed to manage rather than eliminate risk of failure and opportunity risk. This control environment enables the board to provide reasonable assurance of the group's achievement of strategic objectives and compliance with applicable laws and requirements. In addition, the system of internal controls enables the board to ensure business sustainability under normal and adverse operating conditions, and responsible behaviour towards all stakeholders. Nothing has come to the attention of the directors to indicate that a material breakdown in the internal controls within the group has occurred during the year.

Legal compliance

The board and each director within the group has a working knowledge and understanding of the laws, rules, codes and standards applicable to the business in all the various forms. Each board member and officer as well as the business unit managing directors have access to appropriate legal advice when required. The provision of such advice is funded by the group. In addition, the company secretary together with the group's sponsor monitors compliance with the provisions set out in the Companies Act, the JSE Listings Requirements and the King III Code.

Company secretary

The company secretary, CIS Company Secretaries (Pty) Ltd, is an independent company secretarial practice providing services to numerous JSE-listed companies. The board has evaluated the competency, qualifications and experience of the company secretary and has satisfied itself that the company secretary and in particular its representative, Mr Neville Toerien, maintains an arm's length relationship with the board at all times. The board has further satisfied itself that Mr Toerien is adequately and appropriately qualified and skilled to act in accordance with the requirements as defined in King III, and any pertinent legislation or regulations.

King III Application

The full King III application is available on the website at www.onelogix.com.

Chapter 2

Principle number	Description	Application
2.1	The board should act as the focal point for and custodian of corporate governance	In terms of the board charter, the board ensures sound corporate governance by managing its relationship with management and other stakeholders along sound corporate governance principles. The board meets at least four times per year; and ensures that the company survives and thrives.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	In accordance with the board charter, the board is responsible for approving the strategy and aligning strategic objectives, purpose, vision and values with risk and performance. The group monitors the extent of its risk closely and the Social and Ethics Committee is responsible for sustainability issues.
2.3	The board should provide effective leadership based on an ethical foundation	In accordance with the board charter, the board sets the values to which the company will adhere formulated in its code of conduct and provides overall leadership of the business, a cornerstone of which is acting as guardian of the group's values and ethics. The board promotes the stakeholder-inclusive approach of governance.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	The board is the focal point of good corporate citizenship and seeks to integrate this value into the group's growth strategy and daily operations. The Social and Ethics Committee explicitly includes good corporate citizenship as part of its responsibilities.
2.5	The board should ensure that the company's ethics are managed effectively	In terms of the board charter, the board ensures that the group's ethics are managed effectively. The Social and Ethics Committee will assist the board in this regard: • Ethical risks and opportunities are incorporated in the risk management process; • A code of conduct and ethics-related policies are implemented; • Compliance with the code of conduct is integrated in the operations of the company; and • The company's ethics performance are assessed, monitored, reported and disclosed.
2.6	The board should ensure that the company has an effective and independent audit committee	An effective and independent audit and risk committee exists and meets as often as is necessary to fulfil its functions but at least twice a year. The audit and risk committee ensures that combined assurance is achieved and meets with internal and external auditors at least once a year.
2.7	The board should be responsible for the governance of risk	The audit and risk committee is responsible for overseeing the group's risk management programme. The committee reports to the board, which retains ultimate responsibility for the control and management of risk. The committee will ensure that the disclosure of risk is comprehensive, timely and relevant and that an effective policy and plan is in place to achieve strategic objectives. The risk management policy is widely distributed throughout the company. The board continually monitors, and at least once a year reviews the implementation of the risk management plan.

Principle number	Description	Application
2.8	The board should be responsible for information technology ("IT") governance	The board, through the audit and risk committee, is responsible for effectively managing relevant IT risks, and ensures: • That an IT charter and policies are established and implemented; • The promotion of an ethical IT governance culture and awareness and of a common IT language; and • That an IT internal control framework is adopted and implemented. The board receives independent assurance on the effectiveness of the IT internal controls.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The board charter demands that the board complies with applicable laws and considers adherence to non-binding rules and standards, with the assistance of the audit and risk committee. The board monitors the company's compliance with applicable laws, rules, codes and standards.
2.10	The board should ensure that there is an effective risk-based internal audit	An internal audit function is in place, with a reporting line to the Chairperson of the audit and risk committee in place.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	The group understands that fully functional interaction with all stakeholders is critical to the sustainability of the business.
2.12	The board should ensure the integrity of the company's integrated report	The board's audit and risk committee is responsible for recommending controls to enable it to verify and safeguard the integrity of its integrated report.
2.13	The board should report on the effectiveness of the company's system of internal controls	The audit and risk committee assumes this responsibility and provides a written assessment of the system of internal controls and risk management to the board.
2.14	The board and its directors should act in the best interests of the company	The board clearly understands its responsibility in acting on behalf of shareholders. This is included in the board charter. The board acts in the best interests of the group by ensuring that individuals adhere to legal standards of conduct, are permitted to take independent advice, disclose real or perceived conflicts to the board and deal in shares in accordance with accepted best practice.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	The audit and risk committee reviews the going concern, solvency and liquidity principle on an ongoing basis as set out in the Companies Act.
2.16	The board should elect a Chairperson of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of Chairperson of the board	The board complies fully with this requirement.
2.17	The board should appoint the Chief Executive Officer and establish a framework for the delegation of authority	This is in place.

Principle number	Description	Application
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The board has a majority of independent non-executive directors.
2.19	Directors should be appointed through a formal processes	The formal processes of the board demand a formal and transparent system of appointing directors.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	A formal induction programme is followed for new directors. Inexperienced directors are mentored by fellow directors and directors receive briefings on changes in risk, laws and environment.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	CIS Company Secretaries (Pty) Ltd, an independent company secretarial practice is appointed in terms of the Companies Act, the JSE Listings Requirements and the recommendations of King III.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	The first such assessment was performed during the 2013 year. An assessment is performed on a periodic basis. The results of performance evaluations identifies training needs for directors.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The board delegates specific functions, without abdicating its own responsibilities, to the following committees: • Executive committee; • Audit and risk committee; • Remuneration committee; and • Social and ethics committee. Each of these committees has a formal charter approved by the board and reviewed yearly. Committees (except the Executive Committee) comprise of a majority of non-executive directors of which the majority is independent. These committees are free to take independent outside professional advice.
2.24	A governance framework should be agreed between the group and its subsidiary boards	All policies and procedures are communicated to subsidiary boards and the subsidiaries comply with the rules of the relevant stock exchange in respect of insider trading.
2.25	Companies should remunerate directors and executives fairly and responsibly	The board charter places the responsibility for ensuring an appropriate remuneration strategy with the board. The group's remuneration committee makes independent recommendations to the board for final approval ensuring that the group remunerates non-executive directors and executives fairly and responsibly and that the disclosure of directors' remuneration is accurate, complete and transparent. In addition, fees for board members are approved annually at the annual general meeting.
2.26	The remuneration of directors is disclosed in the integrated annual report	The remuneration of directors and executive management is disclosed in the integrated annual report (see page 97).
2.27	Shareholders should approve the company's remuneration policy	The shareholders will pass a non-binding advisory vote on the company's Remuneration policy. Details of the remuneration policy are set out on page 52.

ANNEXURE 3 – RESPONSIBILITY STATEMENT AND DISCLAIMER

Statement of responsibility

The audit and risk committee acknowledges its responsibility on behalf of the board to ensure the integrity of this integrated annual report 2016. The committee has accordingly applied its mind to the report and believes that it appropriately and sufficiently addresses all material issues, and fairly presents the integrated performance of OneLogix and its subsidiaries for the year within the scope and boundary above. The audit and risk committee recommends this integrated annual report 2016 to the board for approval.

Forward-looking statements

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 31 May 2016. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required by regulation and/or legislation.

ANNEXURE 4 – DEFINITIONS

"Abnormal Logistics"	Reportable segment comprising VDS, CVDS and OneLogix Projex
"Atlas360"	Atlas360 Commercial Vehicle Services (Pty) Ltd
"BBBEE"	Broad-based black economic empowerment
"the board"	The board of directors of OneLogix Group Limited
"Buffelshoek"	Buffelshoek Transport SA (Pty) Ltd and Buffelshoek Fleet (Pty) Ltd
"Companies Act"	South African Companies Act No 71 of 2008
"CEO"	Chief Executive Officer of OneLogix (Ian Lourens)
"COO"	Chief Operations Officer of OneLogix (Cameron McCulloch)
"Cryogas"	Cryogas Express (Pty) Ltd
"DriveRisk"	DriveRisk (Pty) Ltd
"ESG"	Environment, social, governance
"FD"	Financial Director of OneLogix (Geoff Glass)
"FY16"	Financial year ended 31 May 2016
"GRI"	Global Reporting Index
"the group"	OneLogix Group Limited and its subsidiaries, associates and affiliates
"Jackson"	Jackson Transport (Pty) Ltd and Jackson Fleet (Pty) Ltd
"JSE"	JSE Limited, the official securities exchange of South Africa
"King III Report" or "King III"	King Report on Corporate Governance for South Africa 2009
"Madison"	Madison Freightlines SA (Pty) Ltd
"OEM"	Original Equipment Manufacturer, which refers to automotive parts, specifically replacement parts made by the manufacturer of the original part
"OneLogix" or "the company"	OneLogix Group Limited listed on the JSE in the Transportation Services Sector
"OneLogix Cargo Solutions" or "Cargo Solutions"	OneLogix Cargo Solutions (Pty) Ltd
"OneLogix CVDS" or "CVDS"	Commercial Vehicle Delivery Services (Pty) Ltd
"OneLogix Linehaul"	OneLogix Linehaul (Pty) Ltd
"OneLogix Projex" or "Projex"	OneLogix Projex (Pty) Ltd
"OneLogix United Bulk" or "United Bulk"	United Bulk (Pty) Ltd
"OneLogix VDS" or "VDS"	Vehicle Delivery Services, a division of OneLogix (Pty) Ltd
"Other – Logistics Services"	Non-reportable segment including the businesses comprising Atlas360, QSA, OneLogix Cargo Solutions and DriveRisk
"PostNet"	PostNet Southern Africa (Pty) Ltd
"Primary Products Logistics"	Reportable segment comprising United Bulk, OneLogix Linehaul, Jackson and Buffelshoek
"QSA"	Quasar Software Developments (Pty) Ltd
"Retail"	Former reportable segment comprising PostNet
"SENS"	Stock Exchange News Service, the official information dissemination platform of the JSE Limited
"SHEQ"	Safety, Health, Environment and Quality
"the previous year" or "the prior year"	The year ended 31 May 2015
"the year" or "the year under review"	The year ended 31 May 2016
"United Bulk Cluster"	United Bulk (Pty) Ltd, Vision Transport (Pty) Ltd and Cryogas Express (Pty) Ltd
"Vision"	Vision Transport (Pty) Ltd
Financial	
"Core HEPS"	HEPS adjusted for the amortisation charge of intangibles recognised on business combinations and share-based payment charges
"EPS"	Earnings per share
"HEPS"	Headline earnings per share (as calculated based on SAICA Circular 2/2015)
"NAV"	Net asset value
"NTAV"	Net tangible asset value

ADMINISTRATION

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JSE share code: OLG
ISIN: ZAE000026399

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