

# Condensed consolidated unaudited interim financial results and cautionary announcements for the six months ended 28 February 2015

enX Group Limited (Incorporated in the Republic of South Africa) [Registration number 2001/029771/06] JSE share code: ENX ISIN: ZAE000195723 ("enX" or "the company" or "the group")

**New Way Power order book at record levels** | **Acquisition of Centlube completed** | **Commenced distribution of Mobil lubricants** | **Sustained turnaround at Wood**

## Condensed consolidated statement of comprehensive income

	% change	Unaudited for the six months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2014 R'000	Audited for the year ended 31 August 2014 R'000
<b>Revenue</b>	23,6	<b>326 469</b>	264 110	585 006
Cost of sales		(227 870)	(179 686)	(410 416)
<b>Gross profit</b>	16,8	<b>98 599</b>	84 424	174 590
Other operating income		<b>11 014</b>	1 821	6 025
Net operating expenses	35,0	(97 986)	(72 591)	(156 772)
<b>Profit from operations before impairment of goodwill</b>	(16,0)	<b>11 627</b>	13 654	23 843
Impairment of goodwill		(15 712)	-	-
<b>(Loss)/profit from operations before interest and taxation</b>		<b>(4 085)</b>	13 654	23 843
<b>Net interest received</b>		<b>442</b>	559	1 293
Interest received		<b>1 238</b>	972	1 719
Interest paid		(796)	(413)	(426)
<b>(Loss)/profit before share of loss from associate and taxation</b>		<b>(3 643)</b>	14 213	25 136
Share of loss from associate		(151)	-	-
<b>(Loss)/profit before taxation</b>		<b>(3 794)</b>	14 213	25 136
Taxation expense		(1 901)	(2 320)	(625)
<b>Total comprehensive (loss)/income for the period</b>		<b>(5 695)</b>	11 893	24 511
<b>Attributable to:</b>				
Equity holders of parent		(5 695)	11 984	24 718
Non-controlling interest		-	(91)	(207)
<b>Total comprehensive (loss)/income for the period</b>		<b>(5 695)</b>	11 893	24 511
Number of shares in issue		421 689 018	395 292 923	395 292 923
Weighted average number of shares (Loss)/earnings per share and diluted (Loss)/earnings per share (cents)		405 910 347	395 292 923	395 292 923
Headline earnings per share and diluted headline earnings per share (cents) <sup>1</sup>	(19,8)	<b>2,4</b>	3,0	6,3
Adjusted headline earnings per share (cents) <sup>1</sup>	(13,9)	<b>3,8</b>	4,4	8,7
EBITDA (R'000) <sup>2</sup>	3,5	<b>18 496</b>	17 874	32 402
Adjusted EBITDA (R'000) <sup>2</sup>	(4,6)	<b>26 081</b>	27 329	49 379

	% change	Unaudited for the six months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2014 R'000	Audited for the year ended 31 August 2014 R'000
<b>Headline earnings reconciliation</b>				
Attributable (loss)/income for the period		(5 695)	11 984	24 718
Net loss/(profit) on disposal of plant and equipment		26	(78)	(676)
Gain on disposal of subsidiary		(209)	-	-
Impairment of goodwill		15 712	-	-
Tax effect of adjustments		(7)	22	189
<b>Headline earnings</b>	(17,6)	<b>9 827</b>	11 928	24 231
Legal costs relating to Freed litigation		-	3 087	3 211
Release of straight-line provision for operating lease		(9 272)	-	-
IFRS2 charge		15 796	6 368	13 766
Deferred taxation adjustment		-	(1 435)	(2 946)
Pre-opening expenses (ExxonMobil Distributorship)		1 061	-	-
Tax effect of adjustments		(2 124)	(2 647)	(3 854)
<b>Adjusted headline earnings</b>	(11,6)	<b>15 288</b>	17 301	34 408
<b>EBITDA reconciliation</b>				
(Loss)/profit from operations before interest and taxation		(4 085)	13 654	23 843
Impairment of goodwill		15 712	-	-
Depreciation and amortisation		6 869	4 220	8 559
<b>EBITDA</b>	3,5	<b>18 496</b>	17 874	32 402
Legal costs relating to Freed litigation		-	3 087	3 211
Release of straight-line provision for operating lease		(9 272)	-	-
IFRS2 charge		15 796	6 368	13 766
Pre-opening expenses (ExxonMobil Distributorship)		1 061	-	-
<b>Adjusted EBITDA</b>	(4,6)	<b>26 081</b>	27 329	49 379
Adjusted EBITDA %		<b>8,0%</b>	10,3%	8,4%

## Condensed segmental analysis

	Power			Fuel			Wood			Head Office			Consolidation			Total		
	Unaudited for the six months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2014 R'000	Audited for the year ended 31 August 2014 R'000	Unaudited for the three months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2014 R'000	Audited for the year ended 31 August 2014 R'000	Unaudited for the six months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2014 R'000	Audited for the year ended 31 August 2014 R'000	Unaudited for the six months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2014 R'000	Audited for the year ended 31 August 2014 R'000	Unaudited for the six months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2014 R'000	Audited for the year ended 31 August 2014 R'000		
Revenue	175 291	174 237	389 859	48 951	102 227	89 873	195 147	12 788	9 342	26 345	(12 788)	(14 088)	(26 345)	326 469	264 110	585 006		
External Intercompany	175 291	174 237	389 859	48 951	102 227	89 873	195 147	-	-	-	-	-	-	326 469	264 110	585 006		
Gross profit	54 509	54 258	107 775	10 730	33 359	30 364	67 361	12 788	9 342	26 345	(12 787)	(9 540)	(26 891)	98 599	84 424	174 590		
Gross profit %	31%	30%	28%	22%	33%	34%	35%	100%	100%	100%	100%	100%	100%	30%	32%	30%		
Profit/(loss) from operations before interest and taxation	14 083	13 350	13 679	2 151	4 104	5 295	14 302	(7 705)	(4 991)	(3 592)	(16 718)	-	(546)	(4 085)	13 654	23 843		
EBITDA <sup>3</sup>	26 526	22 753	38 095	3 399	9 533	9 738	24 772	(7 688)	(4 959)	(3 568)	(13 274)	(9 658)	(26 917)	18 496	17 874	32 402		
Adjusted EBITDA <sup>3</sup>	18 894	25 860	42 091	4 441	9 741	9 738	24 831	6 259	1 409	9 374	(13 274)	(9 658)	(26 917)	26 081	27 329	49 379		
Capital expenditure	8 795	4 540	7 539	2 301	2 095	3 545	4 372	759	9	9	-	(299)	-	13 950	7 795	11 920		
Depreciation and amortisation	1 866	1 615	3 323	1 026	3 427	2 574	5 191	17	31	45	533	-	-	6 869	4 220	8 559		
Taxation expense/(income)	3 171	2 605	4 329	518	758	1 349	(2 240)	(2 297)	(1 634)	(1 464)	(249)	-	-	1 901	2 320	625		
Total assets	311 619	293 042	287 891	153 444	128 736	108 528	123 372	367 326	260 987	262 693	(238 571)	(161 615)	(160 006)	722 554	500 942	513 950		
Total liabilities	117 445	74 547	61 613	116 184	47 365	42 088	41 817	30 182	10 756	22 417	(27 971)	(3 028)	(1 094)	283 205	124 363	124 753		
Net tangible operating assets <sup>4</sup>	193 445	194 333	175 006	68 413	74 841	64 422	68 663	(22 024)	7 180	6 429	249	-	-	314 944	266 135	250 098		
Number of employees	278	251	258	45	155	136	147	7	5	5	-	-	-	485	392	410		

<sup>1</sup> All EBITDA figures exclude intercompany management fees  
<sup>2</sup> Excludes goodwill which is attributable to the Power and Fuel segments

## Condensed consolidated statement of changes in equity

	Unaudited for the six months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2014 R'000	Audited for the year ended 31 August 2014 R'000
<b>Stated capital</b>			
Balance at beginning of period	295 497	295 497	295 497
Issue of shares	55 430	-	-
Balance at end of period	350 927	295 497	295 497
<b>Accumulated profits</b>			
Balance at beginning of period	94 117	69 399	69 399
Attributable (loss)/income for the period	(5 695)	11 984	24 718
Non-controlling interest	-	(301)	(417)
<b>Total capital and reserves</b>	<b>439 349</b>	<b>376 579</b>	<b>389 197</b>

## Condensed consolidated statement of financial position

	Unaudited as at 28 February 2015 R'000	Unaudited as at 28 February 2014 R'000	Audited as at 31 August 2014 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>224 276</b>	160 417	157 152
Plant and equipment	62 472	43 976	42 853
Goodwill	124 849	95 544	95 544
Intangibles	17 085	-	-
Deferred taxation	19 870	20 897	18 755
<b>Current assets</b>	<b>498 278</b>	340 525	356 798
Inventories	247 089	194 496	145 467
Trade and other receivables	190 363	108 804	128 943
Taxation receivable	10 385	5 285	8 744
Cash and cash equivalents	50 441	31 940	73 644
<b>Total assets</b>	<b>722 554</b>	500 942	513 950
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>439 349</b>	376 880	389 614
Stated capital	350 927	295 497	295 497
Accumulated profits	88 422	81 383	94 117
Non-controlling interest	-	(301)	(417)
<b>Total capital and reserves</b>	<b>439 349</b>	376 579	389 197
<b>Non-current liabilities</b>	<b>6 320</b>	6 214	1 820
Interest-bearing liabilities	4 499	2 510	1 820
Deferred tax liability	1 821	3 704	-
<b>Current liabilities</b>	<b>276 885</b>	118 149	122 933
Trade and other payables	242 593	115 029	119 368
Current portion of interest-bearing liabilities	30 958	2 734	1 785
Taxation payable	3 334	386	1 780
<b>Total equity and liabilities</b>	<b>722 554</b>	500 942	513 950
Net asset value per share (cents)	104,19	95,34	98,56
Net tangible asset value per share (cents)	70,53	71,17	74,39
Average net operating assets (R'000)	410 693	373 751	363 812
Average net tangible operating assets (R'000)	291 954	278 207	268 268
Average net operating asset turnover (LTM)	1,6x	1,4x	1,6x
Average net tangible operating asset turnover (LTM)	2,2x	1,8x	2,2x
Adjusted operating profit margin	5,9%	8,7%	7,0%
Pre-tax return on average net operating assets	9,3%	11,8%	11,2%
Pre-tax return on average net tangible operating assets	13,0%	15,9%	15,2%

## Condensed consolidated statement of cash flow

	Unaudited for the six months ended 28 February 2015 R'000	Unaudited for the six months ended 28 February 2014 R'000	Audited for the year ended 31 August 2014 R'000
(Loss)/profit before taxation	(3 794)	14 213	25 136
Non-cash items and other adjustments	23 611	3 583	6 590
<b>Net (decrease)/increase in working capital</b>	<b>19 817</b>	17 796	31 726
(Increase)/decrease in inventories	(56 092)	(24 198)	24 831
Increase in trade and other receivables	(44 556)	(20 142)	(40 281)
Increase in trade and other payables	78 503	27 589	31 928
<b>Cash (utilised)/generated by operations</b>	<b>(2 328)</b>	1 045	48 204
Interest received	1 238	972	1 719
Interest paid	(796)	(413)	(426)
Dividends paid	-	-	-
Taxation paid	(2 077)	(1 619)	(3 551)
<b>Cash (outflow)/inflow from operating activities</b>	<b>(3 963)</b>	(15)	45 946
Additions to plant and equipment	(13 950)	(7 795)	(11 920)
Proceeds on disposal of plant and equipment	893	864	2 171
Acquisition of business	(37 035)	-	-
Goodwill acquired	(1 000)	-	-
<b>Cash outflow from investing activities</b>	<b>(51 092)</b>	(7 131)	(9 749)
Interest-bearing liabilities raised/(repaid)	31 852	(1 252)	(2 891)
<b>Cash inflow/(outflow) from financing activities</b>	<b>31 852</b>	(1 252)	(2 891)
Net (outflow)/inflow of cash and cash equivalents	(23 203)	(8 398)	33 306
Cash and cash equivalents at beginning of period	73 644	40 338	40 338
<b>Cash and cash equivalents at end of period</b>	<b>50 441</b>	31 940	73 644

Due to their involvement in CapTel Proprietary Limited, directors Paul O'Flaherty and Paul Baloyi will no longer be considered independent following the conclusion of the empowerment transaction referred to below.

## Non-executive directors

SB Joffe (Chairman), PC Baloyi\*, NV Lila\*, PM Makwana (Lead Independent)\*, PS O'Flaherty, AJ Phillips\*  
\* Independent

## Executive directors

PD Mansour (Chief Executive Officer), JS Friedman (Financial Director)

## Registered address

202D, 11 Crescent Drive, Melrose Arch, 2196

## Business postal address

PO Box 1914, Florida, 1710

## Company secretary

CIS Company Secretaries Proprietary Limited

## Transfer secretaries

Computershare Investor Services Proprietary Limited

## Sponsor

Java Capital

## COMMENTARY

enX is an industrial energy and supplies group that provides quality branded and in some segments, locally manufactured capital and consumable goods and services to a broad range of economic sectors in South Africa and sub-Saharan Africa. Adding value to the products sold by offering ongoing servicing and customer support is a key component of enX's business model.

enX currently comprises three businesses:

- Power segment ("Power") incorporates:
  - Private Power Sales: The design, manufacture, supply, installation and maintenance of diesel generators and related components (New Way Power)
  - Power Product Distribution: The distribution of industrial engines, marine engines and components (PowerO<sup>2</sup>)
  - Temporary Power: Rental of temporary power in the form of diesel generators (Neptune Plant Hire)
- Fuel and Chemicals segment ("Fuel") comprises the production and marketing of oil lubricants (Centlube)
- Wood segment ("Wood") encompasses the distribution of professional woodworking equipment, tooling and edging and the provision of associated services such as blade sharpening and equipment maintenance (Austro)

In line with management's intention to introduce new energy platforms into the group, enX acquired a 100% shareholding in Centlube Holdings Proprietary Limited ("Centlube") effective on 1 December 2014. Based in Germiston, Johannesburg, Centlube has a production capacity in excess of 12 million litres per annum