



The audited consolidated financial results were prepared under the supervision of M Pydigadu CA(SA) in her capacity as Financial Director of the Group and were made available on 11 June 2012.

### A WORD FROM THE CEO, STEFAN JOSELOWITZ

The 2012 financial year has been outstanding for the MiX Telematics Group ("MiX"). We broke through the billion-rand sales barrier for the first time, while our after tax profits exceeded R100 million – two fantastic milestones!

We maintained and improved on the momentum that we established in the first half of the year and finished the year with headline earnings growth of over 40% – a great achievement! Adjusted HEPS grew 33,3% to 18,8 cents per share.

MiX is focused on all levels of vehicle telematics, combining vehicle tracking and recovery, fleet management, driver and passenger safety and compliance services. MiX services customers in 111 countries. In six of those countries we own and manage regional operations and engage directly with our customers. In the balance of the countries we deal through third-party distributors. All of our distributors as well as our regional operations source products and services from the business we call MiX International – this operation, based in Stellenbosch, South Africa, is responsible for the design, development and procurement of the MiX range of products and services. In effect, MiX International is a central services organisation that wholesales our product and services to our regional operations and distributors. MiX International showed strong growth both at the revenue and EBITDA level.

Most of our regional businesses performed ahead of plan:

- Our USA operation made great progress in the implementation of the mega-deals that it won last year and showed top-line year-on-year growth of over 200%. This business finished in the green for the first time with EBITDA of R13,5 million.
- Moving across the pond to our UK/European business, investors that review our segmental analysis will observe that revenue at this business has declined. Although an accurate observation, this does not paint a balanced picture of the performance during the year and we in fact did deliver reasonable subscriber growth even in the midst of very tricky trading conditions. The declines at the revenue and EBITDA lines are due mainly to one-off restructuring costs which can be summarised as follows:
  - We disposed of the non-core vehicle conversion business called One Stop Shop in the opening months of the year under review.
  - We have concluded the conversion of those customers that were utilising legacy Datatrak products onto our mainstream MiX platform (at a lower revenue per subscriber which further skews the revenue comparison) and the dilapidation and shutdown of the proprietary Datatrak network was completed during the year.

These actions will lower overheads in this business moving forward and allows our local leadership team to focus on our core objectives free of the distraction of legacy issues.
- Our Middle East and Australasia business performed well through turbulent conditions.
  - The political upheaval in the Middle East region did cause our Dubai-based outfit some disruptions yet despite this, the business showed top-line growth and in the latter half of the year, signed two significant deals with oil and gas multi-nationals which will contribute to earnings in future years.
  - Our operations in Australia have been ideally placed to take advantage of the resource boom and we expect to see continued strong growth from this region.
- In Africa, our Fleet and Consumer businesses have grown to a point where dedicated focus on each sector is required. To accommodate this, I have made some structural changes and have welcomed two new executives onto my team. Brendan Horan is now heading up the Consumer business and Gert Pretorius is running point on our African fleet operation. Both Brendan and Gert have managed various portfolios within our Group over the past several years and know the industry well. Riette Botha has a wealth of experience and is now working on various projects including globalisation of our Consumer business. Looking back at FY2012, the performances of our African businesses were a mixed bag:
  - Our African fleet business grew nicely at both a top-line and EBITDA level.
    - o Strong growth came from our Enterprise division which enjoys a BBBEE level 2 contributor status. This business services medium to large fleets in South Africa and just one of the successes this year has been the ongoing rollout of MiX systems and services into the Eskom fleet.
    - o Another initiative was the formation of an exclusive relationship with Intellichain, which has developed an integrated supply-chain management software platform. This technology dovetails perfectly with our current MiX Telematics offerings and enhances our ability to further grow the Software as a Service ("SaaS") component of our annuity stream.
    - o We are also starting to see payback from our efforts north of the borders and are earning great orders from multi-national owned fleets operating in East Africa. We recently opened a permanent sales office in Uganda to aid our expansion plans in the region.

## Audited summary consolidated financial results for the year ended 31 March 2012

### Financial highlights

Revenue increased by  
**14,8% to R1 018 million**

EPS increased by  
**44,0% to 15,7 cents per share**

Adjusted HEPS increased by  
**33,3% to 18,8 cents per share**

EBITDA increased by  
**19,0% to R238 million**

Annuity revenue increased by  
**14,7% to R577 million**

Net cash increased to  
**R46 million**

Dividend declared  
**8 cents per share, a 33% increase**

Cash generated from operations  
**R166 million**

For more information on our final results, please visit our website at:

[www.mixtelematics.com](http://www.mixtelematics.com)

– Our consumer and stolen-vehicle-recovery (“SVR”) business and home of the leading Matrix brand was flat at the revenue line although the team did deliver modest subscriber growth. The main reason for the EBITDA decline was due to the investment in our major new product, “Beam-e”, that we believe will position the Group to compete in the high-volume low-cost end of the SVR market – a space that we haven’t traditionally played in. As I reported at the half-year, we are incredibly excited about Beam-e. It is a whole new species of asset tracking with unique features, positioning us to aggressively grow our market share. Just some of the advantages of Beam-e are that the low-cost device is completely wireless thus dramatically cutting down on installation time and costs whilst at the same time expanding on the concealment options within a vehicle. With a multi-year internal battery (and absolutely no reliance on external power), the Beam-e market is much broader than just motor vehicles; we envisage Beam-e protecting assets such as trailers, containers, motorbikes and even bicycles. Watch this space!

As usual and again at the risk of boring long-term investors in our business, I tend to stick to my perennial favourites when highlighting a few financial indicators:

**Annuity revenue:** This remains one of our key performance measures and we are happy to yet again show strong growth in this area. For the 2012 financial year, the Group added more than 40 000 new subscribers (after churn) and annuity revenue grew to R577 million (up from R503 million for FY2011) and represents over 56% of total revenue.

**Foreign revenue:** Foreign currency revenue grew to R482 million for the year (up from R368 million for FY 2011) and represents over 47% of total revenue.

**Cash:** The Group generated cash from operations of nearly R166 million for the year. Although less than the previous financial year, this performance was in line with our expectations for the following reasons:

- The rollout phase of the mega-deals that we won increased working capital.
- We appointed dual manufacturers for most key products as part of our on-going risk management. During the transition we ramped up our inventories to ensure no interruption in supplies.

Despite the increased drain on cash, we improved our positive net cash position by R39 million and this was achieved after paying out dividends to shareholders last year of R43 million (including STC)!

Arising out of the strong financial performance of the Group, the Board has approved a final full year dividend of 8 cents per share. This is an increase of 33% over FY2011 and takes into account the change in the South African tax code’s treatment of dividends. The Board has also approved that this dividend payment will be earlier than in the past, and should be paid to shareholders in early July 2012. The Board has approved a change in dividend policy resulting in an interim and final dividend going forward. Interim dividends will be paid out in December.

During the year Afzal Patel, one of our long-standing non-executive directors (and a personal friend), resigned due to ill health. We wish him well in his recovery and we are grateful to him for all his efforts on the Board over the past seven years.

MiX operates more globally now than ever and our industry remains highly competitive. We have proved that we can compete successfully both locally and abroad and our innovative product offerings, coupled with a strong annuity base, position us well for future growth.

Our strong performance this past year is a tribute to all the people in the business including our employees and partners; their hard work and commitment to serving our loyal customers shows in these results. On behalf of the Board of directors, I thank you all. To our non-executive directors, thank you again for your time, effort and wise counsel. I look forward to the year ahead and the challenges and rewards it will bring.

## SUMMARY CONSOLIDATED INCOME STATEMENT

|                                                         | 12 months<br>ended<br>31 March<br>2012<br>Audited<br>R'000 | 12 months<br>ended<br>31 March<br>2011<br>Audited<br>R'000 |
|---------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| Revenue                                                 | 1 018 482                                                  | 886 604                                                    |
| Cost of sales                                           | (390 926)                                                  | (340 168)                                                  |
| <b>Gross profit</b>                                     | <b>627 556</b>                                             | <b>546 436</b>                                             |
| Other income – net                                      | 7 008                                                      | 4 877                                                      |
| Operating expenses                                      | (488 176)                                                  | (434 133)                                                  |
| <b>Operating profit (note 4)</b>                        | <b>146 388</b>                                             | <b>117 180</b>                                             |
| Finance income                                          | 2 392                                                      | 2 193                                                      |
| Finance cost                                            | (5 265)                                                    | (13 625)                                                   |
| <b>Profit before taxation</b>                           | <b>143 515</b>                                             | <b>105 748</b>                                             |
| Taxation                                                | (40 275)                                                   | (34 247)                                                   |
| <b>Profit for the year attributable to shareholders</b> | <b>103 240</b>                                             | <b>71 501</b>                                              |

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|                                                                             | 12 months<br>ended<br>31 March<br>2012<br>Audited<br>R'000 | 12 months<br>ended<br>31 March<br>2011<br>Audited<br>R'000 |
|-----------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| <b>Profit for the year</b>                                                  | <b>103 240</b>                                             | <b>71 501</b>                                              |
| Other comprehensive income/(losses):                                        |                                                            |                                                            |
| Exchange differences on translating foreign operations                      | 29 816                                                     | (3 872)                                                    |
| Fair value reserve on available-for-sale financial asset                    | —                                                          | (167)                                                      |
| Exchange differences on net investments in foreign operations               | (6 718)                                                    | (2 547)                                                    |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>           | <b>23 098</b>                                              | <b>(6 586)</b>                                             |
| <b>Total comprehensive income for the year attributable to shareholders</b> | <b>126 338</b>                                             | <b>64 915</b>                                              |
| Ordinary shares ('000)                                                      |                                                            |                                                            |
| – in issue                                                                  | 657 200                                                    | 657 000                                                    |
| – weighted average                                                          | 657 045                                                    | 657 000                                                    |
| – diluted weighted average                                                  | 662 322                                                    | 658 366                                                    |
| Attributable earnings per share (cents)                                     |                                                            |                                                            |
| – basic                                                                     | 15,7                                                       | 10,9                                                       |
| – diluted                                                                   | 15,6                                                       | 10,9                                                       |

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                            | 31 March<br>2012<br>Audited<br>R'000 | 31 March<br>2011<br>Audited<br>R'000 |
|--------------------------------------------|--------------------------------------|--------------------------------------|
| <b>ASSETS</b>                              |                                      |                                      |
| <b>Non-current assets</b>                  |                                      |                                      |
| Property, plant and equipment              | 45 386                               | 44 805                               |
| Intangible assets                          | 643 086                              | 647 013                              |
| Deferred tax assets                        | 13 267                               | 11 302                               |
| <b>Total non-current assets</b>            | <b>701 739</b>                       | <b>703 120</b>                       |
| <b>Current assets</b>                      |                                      |                                      |
| Inventory                                  | 46 014                               | 34 549                               |
| Inventory held in client vehicles          | 29 709                               | 28 039                               |
| Trade and other receivables                | 163 125                              | 114 744                              |
| Loans to external parties                  | 6 001                                | —                                    |
| Taxation                                   | —                                    | 1 897                                |
| Restricted cash                            | 3 133                                | 1 852                                |
| Cash and cash equivalents                  | 118 695                              | 110 007                              |
| <b>Total current assets</b>                | <b>366 677</b>                       | <b>291 088</b>                       |
| <b>Total assets</b>                        | <b>1 068 416</b>                     | <b>994 208</b>                       |
| <b>EQUITY AND LIABILITIES</b>              |                                      |                                      |
| <b>Capital and reserves</b>                |                                      |                                      |
| Share capital                              | 13                                   | 13                                   |
| Share premium                              | 787 589                              | 787 353                              |
| Retained earnings                          | 139 233                              | 75 413                               |
| Other reserves                             | (154 745)                            | (179 844)                            |
| <b>Total equity</b>                        | <b>772 090</b>                       | <b>682 935</b>                       |
| <b>Non-current liabilities</b>             |                                      |                                      |
| Borrowings                                 | —                                    | 36 070                               |
| Deferred tax liabilities                   | 25 816                               | 28 170                               |
| Provisions                                 | —                                    | 1 092                                |
| <b>Total non-current liabilities</b>       | <b>25 816</b>                        | <b>65 332</b>                        |
| <b>Current liabilities</b>                 |                                      |                                      |
| Trade and other payables                   | 157 038                              | 133 190                              |
| Borrowings                                 | 22 941                               | 27 508                               |
| Taxation                                   | 11 403                               | 4 669                                |
| Provisions                                 | 28 963                               | 40 606                               |
| Bank overdraft                             | 50 165                               | 39 968                               |
| <b>Total current liabilities</b>           | <b>270 510</b>                       | <b>245 941</b>                       |
| <b>Total equity and liabilities</b>        | <b>1 068 416</b>                     | <b>994 208</b>                       |
| <b>Net cash (note 8)</b>                   | <b>45 589</b>                        | <b>6 461</b>                         |
| Net asset value per share (cents)          | 117,5                                | 103,9                                |
| Net tangible asset value per share (cents) | 19,6                                 | 5,5                                  |
| <b>Capital expenditure</b>                 |                                      |                                      |
| – incurred                                 | 50 740                               | 56 929                               |
| – authorised but not spent                 | 37 303                               | 34 815                               |

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|                                                      | Share capital<br>R'000 | Share premium<br>R'000 | Other reserves<br>R'000 | Retained earnings<br>R'000 | Total<br>R'000 |
|------------------------------------------------------|------------------------|------------------------|-------------------------|----------------------------|----------------|
| Balance at 31 March 2010                             | 13                     | 787 353                | (174 306)               | 36 762                     | 649 822        |
| Dividends declared of 5 cents per share (note 10)    | —                      | —                      | —                       | (32 850)                   | (32 850)       |
| Total comprehensive (loss)/income for the year       | —                      | —                      | (6 586)                 | 71 501                     | 64 915         |
| Share-based payments                                 | —                      | —                      | 1 048                   | —                          | 1 048          |
| Balance at 31 March 2011                             | 13                     | 787 353                | (179 844)               | 75 413                     | 682 935        |
| Dividends declared of 6 cents per share (note 10)    | —                      | —                      | —                       | (39 420)                   | (39 420)       |
| Total comprehensive income for the year              | —                      | —                      | 23 098                  | 103 240                    | 126 338        |
| Shares issued in relation to share options exercised | *                      | 236                    | —                       | —                          | 236            |
| Share-based payments                                 | —                      | —                      | 2 001                   | —                          | 2 001          |
| Balance at 31 March 2012                             | 13                     | 787 589                | (154 745)               | 139 233                    | 772 090        |

\*Amount less than R1 000

## SUMMARY SEGMENTAL ANALYSIS

|                                      |                                 | Total revenue<br>R'000 | Intersegment revenue<br>R'000 | EBITDA*<br>R'000 | Assets<br>R'000 |
|--------------------------------------|---------------------------------|------------------------|-------------------------------|------------------|-----------------|
| <b>12 months ended 31 March 2012</b> |                                 |                        |                               |                  |                 |
| Africa                               | Consumer solutions              | 342 324                | (8 546)                       | 73 523           | 253 162         |
|                                      | Fleet solutions                 | 232 542                | (2 953)                       | 79 040           | 79 082          |
| Europe                               | Fleet solutions                 | 126 782                | —                             | (6 541)          | 71 110          |
| North America                        | Fleet solutions                 | 156 013                | (298)                         | 13 532           | 54 365          |
| Middle East and Australasia          | Fleet solutions                 | 131 393                | —                             | 14 528           | 72 333          |
| International                        | Fleet solutions and development | 286 433                | (245 208)                     | 83 450           | 258 692         |
| Total                                |                                 | 1 275 487              | (257 005)                     | 257 532          | 788 744         |
| Corporate and consolidation entries  |                                 | —                      | —                             | (19 980)         | 408 349         |
| Inter-segment elimination            |                                 | (257 005)              | 257 005                       | —                | (128 677)       |
| Total                                |                                 | 1 018 482              | —                             | 237 552          | 1 068 416       |
| <b>12 months ended 31 March 2011</b> |                                 |                        |                               |                  |                 |
| Africa                               | Consumer solutions              | 342 795                | (8 696)                       | 90 368           | 246 560         |
|                                      | Fleet solutions                 | 199 922                | (740)                         | 59 433           | 50 414          |
| Europe                               | Fleet solutions                 | 154 397                | —                             | (362)            | 87 744          |
| North America                        | Fleet solutions                 | 51 698                 | —                             | (1 309)          | 14 369          |
| Middle East and Australasia          | Fleet solutions                 | 109 953                | —                             | 15 469           | 51 475          |
| International                        | Fleet solutions and development | 201 342                | (164 067)                     | 49 441           | 224 027         |
| Total                                |                                 | 1 060 107              | (173 503)                     | 213 040          | 674 589         |
| Corporate and consolidation entries  |                                 | —                      | —                             | (12 897)         | 430 104         |
| Inter-segment elimination            |                                 | (173 503)              | 173 503                       | —                | (110 485)       |
| Total                                |                                 | 886 604                | —                             | 200 143          | 994 208         |

\*Previously EBITDAR (note 3)

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

|                                                                         | 12 months ended<br>31 March<br>2012<br>Audited<br>R'000 | 12 months ended<br>31 March<br>2011<br>Audited<br>R'000 |
|-------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| <b>Operating activities</b>                                             |                                                         |                                                         |
| Cash generated from operations                                          | 165 751                                                 | 189 781                                                 |
| Net financing costs                                                     | (3 632)                                                 | (9 896)                                                 |
| Taxation paid                                                           | (35 769)                                                | (35 577)                                                |
| <b>Net cash generated from operating activities</b>                     | <b>126 350</b>                                          | <b>144 308</b>                                          |
| <b>Investing activities</b>                                             |                                                         |                                                         |
| Capital expenditure                                                     | (50 739)                                                | (56 929)                                                |
| Loans granted to external parties                                       | (5 486)                                                 | —                                                       |
| Proceeds on sale of property, plant and equipment and intangible assets | 867                                                     | 572                                                     |
| <b>Net cash used in investing activities</b>                            | <b>(55 358)</b>                                         | <b>(56 357)</b>                                         |
| <b>Financing activities</b>                                             |                                                         |                                                         |
| Proceeds from share capital issued                                      | 236                                                     | —                                                       |
| Net borrowings repaid                                                   | (41 548)                                                | (103 488)                                               |
| Dividends paid                                                          | (39 374)                                                | (32 812)                                                |
| <b>Net cash used in financing activities</b>                            | <b>(80 686)</b>                                         | <b>(136 300)</b>                                        |
| <b>Net decrease in cash and cash equivalents</b>                        | <b>(9 694)</b>                                          | <b>(48 349)</b>                                         |
| <b>Net cash and cash equivalents at beginning of the year</b>           | <b>70 039</b>                                           | <b>119 664</b>                                          |
| <b>Exchange gains/(losses) on cash and cash equivalents</b>             | <b>8 185</b>                                            | <b>(1 276)</b>                                          |
| <b>Net cash and cash equivalents at end of the year</b>                 | <b>68 530</b>                                           | <b>70 039</b>                                           |

## RECONCILIATION OF HEADLINE AND ADJUSTED HEADLINE EARNINGS

|                                                                                          | 12 months ended<br>31 March<br>2012<br>Audited<br>R'000 | 12 months ended<br>31 March<br>2011<br>Audited<br>R'000 |
|------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Profit for the year                                                                      | 103 240                                                 | 71 501                                                  |
| Adjusted for:                                                                            |                                                         |                                                         |
| Net loss on disposal of property, plant and equipment and intangible assets              | 430                                                     | 61                                                      |
| Impairment of available-for-sale financial asset                                         | —                                                       | 2 552                                                   |
| Impairment of intangible assets                                                          | 1 332                                                   | 580                                                     |
| Exchange gain on settlement of net investment in foreign operation                       | —                                                       | (174)                                                   |
| Tax effect on the above components                                                       | (323)                                                   | 22                                                      |
| <b>Headline earnings</b>                                                                 | <b>104 679</b>                                          | <b>74 542</b>                                           |
| Headline earnings per share (cents)                                                      |                                                         |                                                         |
| – basic                                                                                  | 15,9                                                    | 11,3                                                    |
| – diluted                                                                                | 15,8                                                    | 11,3                                                    |
| <b>Headline earnings</b>                                                                 | <b>104 679</b>                                          | <b>74 542</b>                                           |
| Amortisation of intangible assets arising out of business combinations                   | 18 500                                                  | 21 405                                                  |
| Trading loss from business unit disposed of during the year (note 7)                     | 3 509                                                   | —                                                       |
| Tax effect on the amortisation of intangible assets arising out of business combinations | (3 235)                                                 | (3 231)                                                 |
| <b>Adjusted headline earnings</b>                                                        | <b>123 453</b>                                          | <b>92 716</b>                                           |
| <b>Adjusted headline earnings per share (cents)</b>                                      |                                                         |                                                         |
| – basic                                                                                  | 18,8                                                    | 14,1                                                    |
| – diluted                                                                                | 18,6                                                    | 14,1                                                    |

**1. Independent audit**

These summary consolidated financial results have been audited by our independent auditors, PricewaterhouseCoopers Inc., who have performed their audit in accordance with the International Standards on Auditing. A copy of their unqualified audit report is available for inspection at the Company's registered office.

**2. Basis of preparation and accounting policies**

These summary consolidated financial statements have been derived from the audited consolidated financial statements of MiX Telematics Limited for the year ended 31 March 2012, and have been prepared in accordance with Section 8.57 of the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa, as applicable to summary financial statements. A copy of the full set of consolidated financial statements is available for inspection at the Company's registered office.

The accounting policies applied are consistent in all material respects with those applied in the preparation of the consolidated annual financial statements for the year ended 31 March 2011.

The Group has adopted all the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board ("IASB") which were effective for the Group from 1 April 2011. None of the adopted pronouncements had a material impact on the consolidated results for the year ended 31 March 2012.

**3. Operating segments**

The MiX Telematics businesses are managed primarily on a geographic and also on a product basis. During the year under review, the profit measures previously applied (EBITDA and EBITDAR) were reduced to only include EBITDAR as previously defined as earnings before interest, tax, depreciation, amortisation, impairment of assets, negative goodwill and the amortisation of inventory held in client vehicles recognised during the current year. In addition, although the definition remained consistent, the acronym used was changed from EBITDAR to EBITDA. This is in accordance with the profit measures as evaluated by the chief operating decision maker of the Group. A reconciliation of EBITDA to operating profit is set out in note 4.

**4. Operating profit and EBITDA**

|                                                                        | 12 months<br>ended<br>31 March<br>2012<br>Audited<br>R'000 | 12 months<br>ended<br>31 March<br>2011<br>Audited<br>R'000 |
|------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| Operating profit                                                       | 146 388                                                    | 117 180                                                    |
| Add: depreciation, amortisation and impairments (note 5)               | 91 164                                                     | 82 963                                                     |
| <b>EBITDA per segmental analysis</b>                                   | <b>237 552</b>                                             | <b>200 143</b>                                             |
| <b>5. Depreciation, amortisation and impairment</b>                    |                                                            |                                                            |
| Depreciation and amortisation                                          | 48 083                                                     | 37 427                                                     |
| Amortisation of intangible assets arising out of business combinations | 18 500                                                     | 21 405                                                     |
| Impairment of available-for-sale financial asset                       | —                                                          | 2 552                                                      |
| Impairment of intangible assets                                        | 1 332                                                      | 580                                                        |
| Inventory in client vehicles amortised                                 | 23 249                                                     | 20 999                                                     |
| <b>Total</b>                                                           | <b>91 164</b>                                              | <b>82 963</b>                                              |

**6. Effective tax rate**

The effective tax rate reduced from 32,4% in the prior year to 28,1% in the current year primarily as a result of MiX North America now being profitable and utilising assessed losses for which deferred tax had not been recognised in the past.

**7. Related party transactions**

In June 2011, MiX Telematics Europe Limited and Imperial Commercials Limited, a subsidiary of a significant shareholder, entered into an agreement whereby Imperial Commercials Limited purchased the business and assets of MiX Telematics Europe Limited's vehicle conversion business, One Stop Shop. The business and related assets were sold to Imperial Commercials Limited for R2,3 million. The trading loss from this business, which is not considered to be a discontinued operation in terms of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, has been added back in determining adjusted headline earnings. No other significant related party transactions were concluded during the year.

**8. Net cash**

Net cash/(debt) is calculated as being net cash and cash equivalents, excluding restricted cash less interest-bearing borrowings.

**9. Borrowings**

Borrowings decreased from R63,6 million at the end of the prior year to R22,9 million at the end of the current year. This decrease in borrowings primarily contributed to the decrease in finance costs from R13,6 million in the prior financial year to R5,3 million during the current financial year.

**10. Dividends**

A final dividend of R39,4 million (2011: R32,9 million) was declared during the year under review and paid on 1 August 2011. Using shares in issue of 657 million (2011: 657 million) this equates to a dividend of 6,0 (2011: 5,0) cents per share.

**11. Contingent liabilities**

*Connection incentives*

The Group receives connection/upgrade incentives from Mobile Telephone Networks Proprietary Limited for connecting subscribers to their network. In the event that a subscriber contract is terminated during the contract period, the full amount of the connection/upgrade incentive received for this subscriber contract becomes repayable. In the unlikely event that every subscriber contract is terminated prematurely, the potential liability would amount to R70,1 million (31 March 2011: R75,4 million). No loss is expected under this arrangement.

*Taxation*

MiX Telematics Africa Proprietary Limited, one of the subsidiaries of the Group, received a query and a subsequent reassessment of their tax liability relating to the claiming of tax allowances in terms of section 24C of the Income tax Act of 1962. In terms of this assessment, the South African Revenue Services ("SARS") have disallowed the S24C allowance going back to 2008 and has charged interest thereon amounting to R4 million. MiX Telematics Africa Proprietary Limited has been claiming the S24C allowance on the basis of legal opinion obtained from a prominent law firm. The S24C allowance had always been fully disclosed in the tax return and has been previously allowed by SARS. MiX Telematics Africa Proprietary Limited is disputing this and has already formally responded to SARS in this regard. If the Group is unsuccessful in defending the matter, it will result in a reclassification from non-current deferred tax liabilities to current taxation liabilities of approximately R10 million. In addition, the claim for interest referred to above has not been provided for.

**12. Exchange rates**

|                                                  | 31 March<br>2012<br>R'000 | 31 March<br>2011<br>R'000 |
|--------------------------------------------------|---------------------------|---------------------------|
| The following major rates of exchange were used: |                           |                           |
| SA Rand : United States Dollar – closing         | 7,69                      | 6,83                      |
| – average                                        | 7,43                      | 7,21                      |
| SA Rand : British Pound – closing                | 12,29                     | 10,95                     |
| – average                                        | 11,84                     | 11,21                     |

**13. Events after reporting period**

Other than the dividend declared, appointment of R Shough (note 14) and the transaction entered into with Intellichain Proprietary Limited ("Intellichain") further explained below, the directors are not aware of any matters material or otherwise arising since 31 March 2012 and up to the date of this report, not otherwise dealt with herein.

*Dividend declared*

Subsequent to year end, the Board declared a dividend of 8 cents per share.

*Acquisition of Intellichain*

On 1 May 2012, the Group acquired the business of Intellichain for an amount equal to the outstanding balance of the loan provided to Intellichain by the Group on the effective date of the transaction approximating R6 million.

Due to the transaction only becoming effective shortly prior to the release of the annual results the identification and allocation of fair values to the assets and liabilities acquired have not yet been finalised. This process will be completed within 12 months after transaction date, as allowed in accordance with International Financial Reporting Standards ("IFRS").

**14. Changes to the Board**

On 10 January 2012, Afzal Patel, an independent non-executive director, resigned from the Board of MiX. Chris Ewing was appointed as an independent non-executive director to the Board and as a member of the Audit and Risk Committee in Afzal's place.

On 1 June 2012, Roy Shough was appointed as an independent non-executive director to the Board and as a member and Chairman of the Audit and Risk Committee. Richard Bruyns, the current Chairman of the Audit and Risk Committee, will step down as Chairman of the Audit and Risk Committee but will remain on the Audit and Risk Committee as a member.

For and on behalf of the Board:

SR Bruyns SB Joselowitz  
Midrand

7 June 2012

**MIX TELEMATICS LIMITED**

Incorporated in the Republic of South Africa. Registration number 1995/013858/06  
JSE code: MIX ISIN: ZAE000125316. ("MiX" or "the Company" or "the Group")

**Registered office:** Matrix Corner, Howick Close, Waterfall Park, Midrand

**Directors:** SR Bruyns\* (Chairman); SB Joselowitz (CEO); R Botha; HR Brody\*; TE Buzer; C Ewing\*; RA Frew\*; R Friedman\*; ML Pydigadu; F Roji\*; HG Scott; RA Shough\*; CWR Tasker; AR Welton\* \*Non-executive

**Company secretary:** Probity Business Services Proprietary Limited

**Auditors:** PricewaterhouseCoopers Inc.

**Sponsor:** Java Capital

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