Highlights

Revenue R469m
Increased ↑ 7,7%

EPS 4,6 cps
Increased ↑ 28,1%

EBITDA R90m
Increased ↑ 8,5%

Annuity revenue R282m
Increased ↑ 11%

Adjusted HEPS 6,5 cps
Increased ↑ 29,3%

Cash from ops R76m
Decreased ↓ 5,6%

Beam-e launched
Revolutionary new low cost tracking

Unaudited group interim financial results for the six month period ended 30 September 2011

The unaudited financial results were prepared under the supervision of Howard Scott in his capacity as a Director of the Group and were made available on 17 November 2011.

A WORD FROM THE CEO, STEFAN JOSELOWITZ

The strong foundations that we built during the latter part of last year have certainly contributed to the strong showing that our team has delivered in this latest period. I am delighted to report that the growth trend that we restored in 2010 has not only continued but has in fact accelerated. Although trading conditions remain challenging in most territories in which we operate, all of our businesses have delivered performances ahead of plan for the year thus far. Looking at the 6 months under review, we grew revenue to R469m (R436m for the first half of last year) whilst adjusted HEPS grew 29,3% over the comparative period to 6,5 cents per share.

As I alluded to in the June investor update, the focus on the Oil and Gas industry by our USA operation has proved to be a sound strategy. In the closing months of the past financial year, we signed mega-deals with two top-tier Oil and Gas companies, both listed on the NYSE. This year, we have had our hands full implementing these rollouts and, when concluded we expect these two deals to yield an additional 12 000 subscriber vehicles; as this business unit is now rapidly reaching critical mass, we have recruited an experienced industry veteran to head it.

On the topic of "full hands", our UK and European team have ticked off all of the major objectives that were set for the period; notably, we have disposed of the non-core vehicle conversion business, One Stop Shop. Additionally we are converting our customers from the legacy Datatrak network onto our core MiX product platform and this process should be completed by December 2011. We will then close down the Datatrak network, which will ultimately lower our overheads. We have also enjoyed sales success in Europe, recently winning a bid to provide our services for 1 800 buses in Belgium.

In Africa, we are in the process of a major new product and service launch, branded Beam-e, that will position your group to compete in the high-volume low-cost end of the stolen-vehicle-recovery market – a space that we haven't traditionally played in. We are incredibly excited about Beam-e. We have created a proprietary technology with unique features that will give us a real competitive edge, allowing 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 costs whilst at the same time expanding on the concealment options within a vehicle. Additionally, with a multi-year internal battery and 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!

At the risk of boring long-term investors in our business, I tend to stick to my favorites 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 our recurring revenue. For the six months under review, annuity revenue grew to R282m (up from R254m as at September 2010) and it now represents a healthy 60% of total revenue.

Cash: The Group generated cash from operations of R76m for the half-year period. Although marginally less than the 2010 comparative period, we are happy with this performance for the following reasons: The number of mega-deals that we have won has resulted in inflated accounts receivable and inventory during the roll-out phase. We are also in the process of implementing dual supply relationships for all key products as part of our ongoing risk management process and this transition may further exacerbate the investment in inventory in the second half.

Foreign revenue grew to R214m for the half-year period (up from R185m as at September 2010) and now represents over 45% of total revenue.

Clearly, we have enjoyed a good start to the year but I must confess that we remain nervous about the economies in many of the key territories in which we operate. We have invested heavily in new technology and our new product line-up is compelling, boding well for the future. Our staff are highly motivated and are determined to meet our medium-term objectives. Once again, I would like to extend the Board's and my deep appreciation to our talented executives and employees for their superb efforts over the past six months.

CONDENSED GROUP INCOME STATEMENT

	Six months ended 30 September 2011 Unaudited R'000	Six months ended 30 September 2010 Unaudited R'000	12 months ended 31 March 2011 Audited R'000
Revenue	468 974	435 575	886 604
Cost of sales	(182 820)	(171 137)	(340 168)
Gross profit	286 154	264 438	546 436
Other income – net	3 148	463	4 877
Operating expenses	(241 833)	(220 565)	(434 133)
Operating profit (note 3)	47 469	44 336	117 180
Finance income	865	1 532	2 193
Finance cost	(3 373)	(8 395)	(13 625)
Profit before taxation	44 961	37 473	105 748
Taxation	(14 751)	(13 886)	(34 247)
Profit for the period attributable to shareholders	30 210	23 587	71 501

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September 2011 Unaudited R'000	Six months ended 30 September 2010 Unaudited R'000	12 months ended 31 March 2011 Audited R'000
Profit for the period	30 210	23 587	71 501
Other comprehensive income/ (losses):			
Exchange differences on translating foreign operations	32 304	(2 943)	(3 872)
Fair value reserve on available-for-sale financial asset	–	1 290	(167)
Exchange differences on net investment in foreign operations	(6 724)	(2 068)	(2 547)
Taxation relating to components of other comprehensive income	–	–	–
Other comprehensive income/ (loss) for the period, net of tax	25 580	(3 721)	(6 586)
Total comprehensive income for the period attributable to shareholders	55 790	19 866	64 915
Ordinary shares ('000)			
– in issue	657 000	657 000	657 000
– weighted average	657 000	657 000	657 000
– diluted weighted average	660 841	660 394	658 366
Attributable earnings per share (cents)			
– basic	4,6	3,6	10,9
– diluted	4,6	3,6	10,9

RECONCILIATION OF HEADLINE AND ADJUSTED HEADLINE EARNINGS

	Six months ended 30 September 2011 Unaudited R'000	Six months ended 30 September 2010 Unaudited R'000	12 months ended 31 March 2011 Audited R'000
Profit for the period	30 210	23 587	71 501
Adjusted for:			
Net loss on disposal of property, plant and equipment	453	28	61
Impairment of available-for-sale financial asset	–	–	2 552
Impairment of intangible assets	–	–	580
Exchange gain on settlement of net investment in foreign operation	–	–	(174)
Taxation on the above components	(4)	(9)	22
Headline earnings	30 659	23 606	74 542
Headline earnings per share (cents)			
– basic	4,7	3,6	11,3
– diluted	4,6	3,6	11,3
Headline earnings	30 659	23 606	74 542
Amortisation of intangible assets arising out of business combinations	9 830	10 840	21 405
Trading loss from business unit disposed of during the period (note 5)	3 594	–	–
Tax effect on the amortisation of intangible assets arising out of business combinations	(1 618)	(1 615)	(3 231)
Adjusted headline earnings	42 465	32 831	92 716
Adjusted headline earnings per share (cents)			
– basic	6,5	5,0	14,1
– diluted	6,4	5,0	14,1

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Other reserves R'000	Retained earnings R'000	Total R'000
Balance at 31 March 2010	13	787 353	(174 306)	36 762	649 822
Dividends declared of 5 cents per share (note 7)	–	–	–	(32 850)	(32 850)
Total comprehensive income for the period	–	–	(3 721)	23 587	19 866
Share-based payments	–	–	552	–	552
Balance at 30 September 2010	13	787 353	(177 475)	27 499	637 390
Total comprehensive income for the period	–	–	(2 865)	47 914	45 049
Share-based payments	–	–	496	–	496
Balance at 31 March 2011	13	787 353	(179 844)	75 413	682 935
Dividends declared of 6 cents per share (note 7)	–	–	–	(39 420)	(39 420)
Total comprehensive income for the period	–	–	25 580	30 210	55 790
Share-based payments	–	–	948	–	948
Balance at 30 September 2011	13	787 353	(153 316)	66 203	700 253

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	30 September 2011 Unaudited R'000	30 September 2010 Unaudited R'000	31 March 2011 Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment	44 070	42 765	44 805
Intangible assets	654 712	651 756	647 013
Available-for-sale financial asset	–	3 903	–
Deferred tax assets	15 584	13 586	11 302
Loans receivable (note 10)	5 738	–	–
Total non-current assets	720 104	712 010	703 120
Current assets			
Inventory	46 299	40 432	34 549
Inventory held in client vehicles	29 879	26 709	28 039
Trade and other receivables	141 251	118 635	114 744
Taxation	1 441	1 503	1 897
Restricted cash	2 274	1 653	1 852
Cash and cash equivalents	113 367	104 065	110 007
Total current assets	334 511	292 997	291 088
Total assets	1 054 615	1 005 007	994 208
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	13	13
Share premium	787 353	787 353	787 353
Retained earnings	66 203	27 499	75 413
Other reserves	(153 316)	(177 475)	(179 844)
Total equity	700 253	637 390	682 935
Non-current liabilities			
Borrowings	15 783	56 551	36 070
Deferred tax liabilities	25 892	28 035	28 170
Provisions	–	15 290	1 092
Total non-current liabilities	41 675	99 876	65 332
Current liabilities			
Trade and other payables	163 882	133 967	133 190
Borrowings	11 668	71 794	27 508
Taxation	7 651	3 239	4 669
Provisions	45 569	29 743	40 606
Bank overdraft	83 917	28 998	39 968
Total current liabilities	312 687	267 741	245 941
Total equity and liabilities	1 054 615	1 005 007	994 208
Net cash/(debt) (note 6)	1 999	(53 278)	6 461
Net asset value per share (cents)	106,6	97,0	103,9
Net tangible asset value per share (cents)	6,9	(2,2)	5,5
Capital expenditure			
– incurred	24 047	27 103	56 929
– authorised but not spent	33 330	17 188	34 815

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Six months ended 30 September 2011 Unaudited R'000	Six months ended 30 September 2010 Unaudited R'000	12 months ended 31 March 2011 Audited R'000
Operating activities			
Cash generated from operations	**75 758**	80 282	189 781
Net financing costs	**(2 339)**	(5 800)	(9 896)
Taxation paid	**(17 690)**	(18 676)	(35 577)
Net cash generated from operating activities	**55 729**	55 806	144 308
Investing activities			
Capital expenditure	**(24 047)**	(27 103)	(56 929)
Loans receivable	**(5 485)**	–	–
Proceeds from disposal of property, plant and equipment	**429**	205	572
Net cash utilised in investing activities	**(29 103)**	(26 898)	(56 357)
Financing activities			
Net borrowings repaid	**(36 884)**	(39 449)	(103 488)
Dividends paid	**(39 370)**	(32 810)	(32 812)
Net cash utilised in financing activities	**(76 254)**	(72 259)	(136 300)
Net decrease in cash and cash equivalents	**(49 628)**	(43 351)	(48 349)
Net cash and cash equivalents at beginning of the period	**70 039**	119 664	119 664
Exchange gains/(losses) on cash and cash equivalents	**9 039**	(1 246)	(1 276)
Net cash and cash equivalents at end of the period	**29 450**	75 067	70 039

CONDENSED SEGMENTAL ANALYSIS

		Total revenue R'000	Inter-segment revenue R'000	EBITDA* R'000	Assets R'000
Six months ended 30 September 2011 (Unaudited)					
Africa	Vehicle tracking and recovery	166 831	(4 342)	35 205	246 473
	Fleet management	109 870	(1 195)	32 304	58 257
United Kingdom	Fleet management	64 882	–	(5 826)	83 787
North America	Fleet management	57 412	–	2 771	47 138
Middle East	Fleet management	56 390	–	5 648	60 164
International	Fleet management and development	129 813	(110 687)	32 012	257 292
Total		585 198	(116 224)	102 114	753 111
Corporate and consolidation entries		–	–	(11 969)	429 309
Inter-segment elimination		(116 224)	116 224		(127 805)
Total		468 974	–	90 145	1 054 615
Six months ended 30 September 2010 (Unaudited)					
Africa	Vehicle tracking and recovery	168 914	(2 748)	43 292	243 322
	Fleet management	93 693	(462)	23 441	56 071
United Kingdom	Fleet management	82 649	–	(231)	101 987
North America	Fleet management	23 987	–	(2 496)	12 704
Middle East	Fleet management	54 737	–	8 522	47 282
International	Fleet management and development	96 416	(81 611)	19 770	232 786
Total		520 396	(84 821)	92 298	694 152
Corporate and consolidation entries		–	–	(9 242)	510 574
Inter-segment elimination		(84 821)	84 821	–	(199 719)
Total		435 575	–	83 056	1 005 007
12 months ended 31 March 2011 (Audited)					
Africa	Vehicle tracking and recovery	342 795	(8 696)	90 368	246 560
	Fleet management	199 922	(740)	59 433	50 414
United Kingdom	Fleet management	154 397	–	(362)	87 744
North America	Fleet management	51 698	–	(1 309)	14 369
Middle East	Fleet management	109 953	–	15 469	51 475
International	Fleet management 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 2)*

NOTES TO THE CONDENSED GROUP FINANCIAL RESULTS

1. Basis of preparation and accounting policies

These condensed unaudited Group financial results for the half year ended 30 September 2011 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and are in compliance with IAS 34: Interim Financial Reporting, the AC 500 Standards as issued by the Accounting Practices Board, the Listings Requirements of the JSE Limited and the South African Companies Act. The interim financial results have not been audited or reviewed by the Group's auditors.

The condensed unaudited Group interim financial results do not include all the information and disclosures required in the annual financial results and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with IFRS.

The accounting policies applied are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011, except where the Group has adopted new or revised accounting standards.

The Group has adopted the required new or revised accounting standards in the current period, none of which had a material impact on the Group's results.

2. Operating segments

The MiX Telematics businesses are managed primarily on a geographic and also on a product basis. During the period 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 period. 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 3.

3. Operating profit and EBITDA

	Six months ended 30 September 2011 Unaudited R'000	Six months ended 30 September 2010 Unaudited R'000	12 months ended 31 March 2011 Audited R'000
Operating profit and EBITDA			
Operating profit	**47 469**	44 336	117 180
Add depreciation, amortisation and impairments (note 4)	**42 676**	38 720	82 963
EBITDA per segmental analysis	**90 145**	83 056	200 143

4. Depreciation, amortisation and impairment

	Six months ended 30 September 2011 Unaudited R'000	Six months ended 30 September 2010 Unaudited R'000	12 months ended 31 March 2011 Audited R'000
Depreciation, amortisation and impairments			
Depreciation and amortisation	**21 953**	16 565	37 427
Amortisation of intangible assets arising out of business combinations	**9 830**	10 840	21 405
Impairment of available-for-sale financial asset	**–**	–	2 552
Impairment of intangible assets	**–**	–	580
Inventory in client vehicles amortised	**10 893**	11 315	20 999
Total	**42 676**	38 720	82 963

5. Related party transactions

In June 2011 MiX Telematics UK 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 UK'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, has been added back in determining adjusted headline earnings. No other significant related party transactions were concluded during the interim period.

6. Net cash/(debt)

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

7. Dividends

No interim dividend was declared as per our policy. A final dividend of R39,4 million (2011: R32,9 million) was declared during the period under review. Using shares in issue of 657 million (2011: 657 million), this equates to a dividend of 6,0 (2011: 5,0) cents per share.

8. 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 R74,2 million (30 September 2010: R76,8 million and 31 March 2011: R75,4 million). No loss is expected under this arrangement.

9. Exchange rates

	30 September 2011	30 September 2010	31 March 2011
Exchange rates			
The following major rates of exchange were used:			
SA Rand: United States Dollar			
– closing	**7,91**	6,95	6,83
– average	**6,94**	7,46	7,21
SA Rand: British Pound			
– closing	**12,36**	10,98	10,95
– average	**11,24**	11,34	11,21

10. Significant events

Internal restructuring

During the period under review, the Group commenced with an internal restructuring process whereby the investments, held via an offshore intermediary holding company, were transferred and are now directly held by the parent company. The restructuring has had no impact on operations and no financial impact on the consolidated interim results of the Group for the period under review. In accordance with IFRS, the Group has elected an accounting policy in terms of which the recycling of cumulative exchange differences are deferred up until the date of disposal, change in control or liquidation. At that time the deferred cumulative amount will be finally determined by the prevailing exchange rates and recognised in profit or loss.

Intellichain

As mentioned under subsequent events in our 31 March 2011 results, MiX Telematics Africa advanced a convertible loan of R5,5 million to Intellichain during the period. MiX Telematics Africa also has call options exercisable at future dates in terms of which it can ultimately own 100% of the company.

11. Subsequent events

The directors are not aware of any matter material or otherwise arising since the period end and up to the date of this report, not otherwise dealt with herein.

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; RA Frew*; R Friedman*; A Patel*; ML Pydigadu; F Roji*; HG Scott; CWR Tasker; AR Welton*. *Non-executive

Company secretary: Probity Business Services (Proprietary) Limited

Auditors: PricewaterhouseCoopers Inc

Sponsor: Java Capital

COMMENTARY

1. Nature of business

MiX Telematics is a group that is focused on all levels of vehicle telematics, combining vehicle tracking and recovery, fleet management, driver and passenger safety and compliance services.

2. Operations

MiX Telematics Africa

This business comprises Matrix, the vehicle tracking and recovery business and the fleet business, which focuses on providing both large scale enterprise solutions as well as fleet management solutions to clients in South Africa, other SADC countries and in East and West Africa. This was an exciting period in terms of new initiatives. Some of the highlights include: the commercial launch of the innovative new entry-level stolen vehicle recovery device, Beam-e; the successful implementation of the first portion of the Eskom tender; the relationship with a company called Intellichain, which includes an integrated supply-chain management offering; and the establishment of an office in Uganda to service the East African market. All these initiatives support MiX's ongoing focus on establishing and growing the annuity revenue base in all the sectors and geographical locations it services.

MiX Telematics International

MiX Telematics International (based in Stellenbosch) develops fleet management and vehicle tracking and recovery products for Group subsidiary companies and is the Group's global technology and development centre. The half year saw the development and release of extensions to fleet software platforms and mobile applications, including MiX Track, MiX DriveTime and FM-Web, as well as the launch of a new Matrix Internet Tracking application for South African customers subscribing to MiX Africa's premium stolen vehicle recovery services, and the launch of Beam-e.

MiX Telematics UK

MiX Telematics UK provides fleet management products and solutions to customers across the United Kingdom, Europe and North Africa. The UK and European markets continue to be highly competitive, but with businesses under increased pressure to reduce their cost base, the business is well poised to help them generate tangible savings. Progress has been made in breaking into new vertical markets in mainland Europe which has culminated in winning a number of large contracts, one being with the largest bus company in Belgium. The first half also saw the business extricating itself from non-core activities such as the vehicle conversions business, and the operations team was heavily focused on migrating existing customers to new MiX Group technology platforms.

MiX Telematics SDI Middle East

MiX Telematics SDI provides land transport solutions and driver safety training to customers in the Middle East, Eastern Europe, South America and Australasia. The business has retained its focus on providing safety-related services with a principal focus on de-risking all forms of land transport. Sales into the Middle East and Australasia continue to be strong year on year. New targeted areas for growth include Russia, Iraq and other parts of Asia.

MiX Telematics North America

MiX Telematics North America provides driver safety, training and fleet management solutions to customers throughout the Americas. During the first half of the year, the business was focused on the rollout of two large Oil and Gas contracts in the USA that have started to contribute greatly to a growing annuity business. With an accelerating subscriber base, revenues finished above the comparative trading period. The mission still remains to build an annuity base with real critical mass in the North American and Latin American regions, converting competitive opportunities through MiX's value-added services.

For and on behalf of the board:

SR Bruyns SB Joselowitz

Midrand

17 November 2011