



Audited group financial results

for the year ended 31 March 2011

miX
TELEMATICS
MOBILE INFORMATION EXCHANGE

www.mixtelematics.com

FINANCIAL HIGHLIGHTS

- Annuity revenue increased to **R503 million**
- Revenue increased to **R887 million** ● EBITDAR increased to **R200 million**
- Adjusted HEPS increased to **14,1 cents per share**
- Dividend declared increased by **20% to 6 cents per share**
- Cash generated from operations increased to **R190 million**

A WORD FROM THE CEO, STEFAN JOSELOWITZ

Firstly I am delighted to report that your Group is back on the growth track. This was by no means an easy year but the signs of easing that we had observed towards the end of the last financial year, improved even further as this latest period progressed. At an adjusted HEPS level of 14.1 cents per share (12.8 cents per share in 2010), we ended the year up 10.2% when comparing against the previous reporting period.

As our investors are aware, we are a global group operating from 6 international offices and serving dealers and customers in 111 countries. 41.5% of our total revenue is earned in foreign currency but naturally, we report in South African Rands. It is worth mentioning that we achieved fair growth despite the fact that the Rand strengthened further this year against the global currencies in which we invoice our offshore customers. A weaker Rand would certainly favour our results.

Over and above good growth in adjusted HEPS, the following key performance measures are also worth highlighting:

Annuity revenue: We grew total annuity revenue to R503 million (up from R477 million in 2010). This translates to 56.8% of our total revenue.

Foreign revenue reduced somewhat to R368 million (R379 million in 2010). Ignoring the obvious factor of the currency exchange rate, revenue in our European business was lower off the back of weaker trading in the region and specifically the UK.

Cash: Strong cash generation remains a defining feature of the Group and again I am happy to report that our operations did not disappoint. The Group generated R190 million in cash from operations and reduced net debt by R54,6 million from the previous year-end. The big news is that net-debt has been effectively eliminated and we finished the year in a net-cash position. This feat was achieved even after paying out dividends of R32,8 million to shareholders and R56,9 million in capex (which includes product development costs). In light of this strong cash flow the Board has approved a 20% increase in the dividend to 6 cents per share.

Significant new resources have been added in our design and product engineering facility in Stellenbosch (for the benefit of our global investors, this is a small university town near Cape Town). This will accelerate speed of new products to market, improve innovation, and ultimately enhance our competitiveness.

Trading conditions during the year under review were a mixed bag. As I reported in November, last year's world cup event in South Africa was certainly entertaining but as per expectations, local sales for the period of the event were disappointing. Despite this, I am happy with the performance of our African operations during the year. Our local fleet business gave a strong showing in the second half, with a number of new deals as well as implementation of some large tender projects, most notably our fledgling contract with Eskom (the local electricity utility).

Some of our other regions also traded quite strongly. Our Middle East operation had a good year although political upheaval in the region did give us some headaches and still remain a cause for concern.

Our USA operation, which services both North and South America, showed good revenue growth and at an EBITDAR level showed a solid improvement over the previous year. This business won two large deals in the closing months that resulted in a forward-moving order pipeline of several thousand subscribers. It is particularly gratifying that large global customers continue to demonstrate their confidence in our product and service delivery and that we are able to win major contracts against tough international competitors.

From our perspective, many of the world economies are still fragile and the UK has been particularly hard hit resulting in disappointing results from our operation based in Birmingham. This business unit services both the UK and Europe and is a key hub for us. We are in the process of refocusing this unit with the aim of returning it to profitability as soon as possible.

Our stated strategy is to leverage our strong cash flows to grow our high margin annuity revenue base. We have executed well against this strategy during the past year, growing our corporate subscriber base by over 40%. Additionally, we launched a number of new products during the year, with another major release scheduled for rollout early in the 2012 financial year. These initiatives augur well for the future growth of the Group. We are confident that we are on track to achieve our medium term objectives and remain vigilant for opportunities or transactions that will enhance shareholder value.

I would like to extend my deep appreciation to the hardworking team at MiX who, together with our loyal suppliers and customers, drive our growth and success. To Richard Bruyns and our board of directors, thanks for all the wise counsel.

CONDENSED GROUP INCOME STATEMENT

	12 months ended 31 March 2011 Audited R'000	12 months ended 31 March 2010 Audited R'000
Revenue	886 604	840 488
Cost of sales	(340 168)	(337 603)
Gross profit	546 436	502 885
Other income – net	4 877	1 547
Operating expenses	(434 133)	(394 577)
Operating profit (note 4)	117 180	109 855
Finance income	2 193	3 665
Finance cost	(13 625)	(19 994)
Share of joint venture losses	–	(529)
Profit before taxation	105 748	92 997
Taxation	(34 247)	(26 909)
Profit for the year attributable to shareholders	71 501	66 088

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	12 months ended 31 March 2011 Audited R'000	12 months ended 31 March 2010 Audited R'000
Profit for the year	71 501	66 088
Other comprehensive (losses)/income:		
Exchange differences on translating foreign operations	(3 872)	(36 340)
Fair value reserve on available-for-sale financial asset	(167)	167
Exchange differences on net investment in foreign operations	(2 547)	(14 981)
Taxation relating to components of other comprehensive income	–	1 752
Other comprehensive loss for the year, net of tax	(6 586)	(49 402)
Total comprehensive income for the year attributable to shareholders	64 915	16 686
Ordinary shares ('000)		
– in issue	657 000	657 000
– weighted average	657 000	657 000
– diluted weighted average	658 366	657 974
Attributable earnings per share (cents)		
– basic	10,9	10,1
– diluted	10,9	10,0

RECONCILIATION OF HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS

	12 months ended 31 March 2011 Audited R'000	12 months ended 31 March 2010 Audited R'000
Profit for the year	71 501	66 088
Adjusted for:		
Net loss on disposal of property, plant and equipment	61	496
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	22	(111)
Headline earnings	74 542	66 473
Headline earnings per share (cents)		
– basic	11,3	10,1
– diluted	11,3	10,1
Headline earnings	74 542	66 473
Amortisation of intangible assets arising out of business combinations	21 405	20 801
Tax effect on the amortisation of intangible assets arising out of business combinations	(3 231)	(3 217)
Adjusted headline earnings	92 716	84 057
Adjusted headline earnings per share (cents)		
– basic	14,1	12,8
– diluted	14,1	12,8

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	31 March 2011 Audited R'000	31 March 2010 Audited R'000
ASSETS		
Non-current assets		
Property, plant and equipment	44 805	44 424
Intangible assets	647 013	653 171
Available-for-sale financial asset	–	2 683
Deferred tax assets	11 302	8 209
Total non-current assets	703 120	708 487
Current assets		
Inventory	34 549	29 691
Inventory held in client vehicles	28 039	24 809
Trade and other receivables	114 744	126 929
Taxation	1 897	1 857
Restricted cash	1 852	1 639
Cash and cash equivalents	110 007	155 011
Total current assets	291 088	339 936
Total assets	994 208	1 048 423
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	13	13
Share premium	787 353	787 353
Retained earnings	75 413	36 762
Other reserves	(179 844)	(174 306)
Total equity	682 935	649 822
Non-current liabilities		
Borrowings	36 070	96 056
Deferred tax liabilities	28 170	27 067
Provisions	1 092	14 703
Total non-current liabilities	65 332	137 826
Current liabilities		
Trade and other payables	133 190	124 090
Borrowings	27 508	71 740
Taxation	4 669	3 964
Provisions	40 606	25 634
Bank overdraft	39 968	35 347
Total current liabilities	245 941	260 775
Total equity and liabilities	994 208	1 048 423
Net cash/(debt) (note 6)	6 461	(48 132)
Net asset value per share (cents)	103,9	98,9
Net tangible asset value per share (cents)	5,5	(0,5)
Capital expenditure		
– incurred	56 929	45 658
– authorised but not spent	34 815	27 543

CONDENSED GROUP STATEMENT OF CASH FLOWS

	12 months ended 31 March 2011 Audited R'000	12 months ended 31 March 2010 Audited R'000
Operating activities		
Cash generated from operations	189 781	174 529
Net financing costs	(9 896)	(15 178)
Taxation paid	(35 577)	(36 334)
Net cash generated from operating activities	144 308	123 017
Investing activities		
Capital expenditure	(56 929)	(45 658)
Proceeds from disposal of property, plant and equipment	572	1 350
Net cash utilised in investing activities	(56 357)	(44 308)
Financing activities		
Net borrowings repaid	(103 488)	(33 312)
Dividends paid	(32 812)	(26 247)
Net cash utilised in financing activities	(136 300)	(59 559)
Net (decrease)/increase in cash and cash equivalents	(48 349)	19 150
Cash and cash equivalents at beginning of the year	119 664	112 363
Exchange losses on cash and cash equivalents	(1 276)	(11 849)
Cash and cash equivalents at end of the year	70 039	119 664

ABBREVIATED SEGMENTAL ANALYSIS

		Total revenue	Inter-segment revenue	EBITDA	EBITDAR	Assets
		R'000	R'000	R'000	R'000	R'000
12 months ended 31 March 2011						
Africa	Vehicle tracking and recovery	342 795	(8 696)	71 758	90 368	246 560
	Fleet management	199 922	(740)	56 015	59 433	50 414
United Kingdom	Fleet management	154 397	-	(768)	(362)	87 744
America	Fleet management	51 698	-	(1 309)	(1 309)	14 369
Middle East	Fleet management	109 953	-	15 469	15 469	51 475
International	Fleet management and development	201 342	(164 067)	49 441	49 441	224 027
Total		1 060 107	(173 503)	190 606	213 040	674 589
Corporate and consolidation entries		-	-	(11 462)	(12 897)	430 104
Inter-segment elimination		(173 503)	173 503	-	-	(110 485)
Total		886 604	-	179 144	200 143	994 208
12 months ended 31 March 2010						
Africa	Vehicle tracking and recovery	328 221	(5 115)	76 871	94 448	272 194
	Fleet management	160 534	(7 383)	32 484	33 802	72 301
United Kingdom	Fleet management	204 924	(1 978)	6 368	6 368	112 424
America	Fleet management	23 920	(9)	(11 031)	(11 031)	11 770
Middle East	Fleet management	108 281	(6 036)	9 550	9 550	60 748
International	Fleet management and development	156 812	(121 683)	50 476	50 476	259 393
Total		982 692	(142 204)	164 718	183 613	788 830
Corporate and consolidation entries		-	-	(4 489)	(4 584)	506 464
Inter-segment elimination		(142 204)	142 204	-	-	(246 871)
Total		840 488	-	160 229	179 029	1 048 423

NOTES TO THE CONDENSED GROUP FINANCIAL RESULTS

1. Audit opinion

These condensed consolidated 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 condensed group financial results 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 AC500 Standards as issued by the Accounting Practices Board or its successor, the Listings Requirements of the JSE Limited and the South African Companies Act.

The accounting policies applied are consistent with those followed in the preparation of the group financial statements for the year ended 31 March 2010, except where the Group has changed its accounting policies (as outlined below) or adopted new or revised accounting standards.

The Group has adopted the following new or revised accounting standards in the current period, which had no impact on the Group's results:

- IFRS 3 (revised 2008) Business Combinations
- IAS 27 (revised 2008) Consolidated and Separate Financial Statements
- IFRS 8 (amendment 2009) Operating Segments
- IAS 36 (amendment 2009) Impairment of Assets
- IAS 38 (amendment 2009) Intangible Assets

In addition, the Group has changed its accounting policy with regard to revenue recognition on hardware cash sales of vehicle tracking and recovery ("SVR") units. Previously, the Group deferred the hardware revenue (together with the related expenditure) over the estimated life of a SVR contract. The Group now recognises the hardware revenue (and the related expenditure) upfront once risks and rewards have transferred and continues to recognise the service revenue on a month to month basis as the service is performed.

Management resolved to change the previously applied accounting policy due to the existence of a separate market for the hardware units thereby establishing fair value for the units on a standalone basis.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the 12 months ended 31 March 2011

	Share capital	Share premium	Other reserves	Retained earnings/(accumulated losses)	Total
	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2009	13	787 353	(126 893)	(3 046)	657 427
Dividends declared of 4 cents per share (note 7)	-	-	-	(26 280)	(26 280)
Total comprehensive income for the period	-	-	(49 402)	66 088	16 686
Share-based payments	-	-	1 989	-	1 989
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	-	-	(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

This change in accounting policy resulted in an increase in profit before tax for the current financial year of R2,3 million consisting of increases in revenue and cost of sales of R8,5 million and R6,2 million respectively; and an increase in profit after tax of R1,6 million, and an increase in earnings and headline earnings per share of 0,2 cents per share.

The effect on the prior year is considered to be immaterial and therefore the change in accounting policy has not been applied retrospectively resulting in the comparative amounts remaining unchanged.

3. Operating segments

The MiX Telematics businesses are managed primarily on a geographic and also on a product basis. During the current year, together with profit measures previously used, a new additional measure of profit performance of the operating segments has been introduced being: earnings before interest, tax, depreciation, amortisation, impairment of assets, negative goodwill and the amortisation of inventory held in client vehicles recognised over the contract period ("EBITDAR"). A reconciliation of EBITDAR to operating profit for the current and comparative year is set out in note 4.

4. Operating profit, EBITDA and EBITDAR

	12 months ended 31 March 2011	12 months ended 31 March 2010
	Audited R'000	Audited R'000
Operating profit	117 180	109 855
Add depreciation, amortisation and impairments (note 5)	61 964	50 374
EBITDA per segmental analysis	179 144	160 229
Add inventory in client vehicles amortised	20 999	18 800
EBITDAR per segmental analysis	200 143	179 029

5. Depreciation, amortisation and impairments

	12 months ended 31 March 2011	12 months ended 31 March 2010
	Audited R'000	Audited R'000
Depreciation and amortisation	37 427	29 573
Amortisation of intangible assets arising out of business combinations	21 405	20 801
Impairment of available-for-sale financial asset	2 552	-
Impairment of intangible assets	580	-
Sub total	61 964	50 374
Inventory in client vehicles amortised	20 999	18 800
Total	82 963	69 174

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

A dividend of R32,9 million (2010: R26,3 million) was paid during the year under review. Using shares in issue of 657 million (2010: 657 million) this equates to a dividend of 5,0 (2010: 4,0) 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 R75,4 million (31 March 2010: R79,6 million). Any loss incurred in terms of this arrangement is considered minimal.

9. Exchange rates

	31 March 2011	31 March 2010
The following major rates of exchange were used:		
SA Rand: United States Dollar - closing	6,83	7,37
- average	7,21	7,85
SA Rand: British Pound - closing	10,95	11,10
- average	11,21	12,51

10. Subsequent events

Other than the dividend declared, the transaction entered into with Intellichain (Proprietary) Limited ("Intellichain") and the closure of One Stop Shop detailed below, the directors are not aware of any matter material or otherwise arising since 31 March 2011 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 6 cents per share.

Intellichain

Intellichain is a software solution company that focuses on fleet management and supply execution. Effective 1 April 2011, MiX Telematics Africa advanced a convertible loan of R5,5 million to Intellichain; convertible at the option of the lender from 31 March 2012 onwards. In terms of the agreement entered into, MiX Telematics Africa also has call options to take up additional shareholding in Intellichain, from April 2012 onwards with the ultimate ability to own 100% of the company.

One Stop Shop

Subsequent to year end, the Group resolved to close down One Stop Shop, the vehicle conversion business unit forming part of MiX Telematics UK. The closing down of this business unit is not considered to have a material impact on the Group.

11. Changes to the Board

As previously announced, Mr Anthony Welton resigned as interim executive financial director and resumed the role of non-executive director on 31 July 2010. On 1 August 2010, Mrs Megan Pydigadu was appointed as executive financial director, Mr Afzal Patel relinquished his role of audit committee chair, Mr Anthony Welton resumed the role of chair of the audit committee and Mr Hubert Brody was appointed as non-executive director. On 11 November 2010, Ms Fundiswa Roji, previously an alternate board member to Mr Afzal Patel, was appointed as a non-executive director and Mr Howard Scott was appointed as an executive director.

On 27 May 2011, Mr Anthony Welton stepped down as chairman and member of the audit committee. He remains a non-executive director. Mr Richard Bruyns has now been appointed as chairman of the audit committee.

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

MiX Telematics Africa 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. Large local fleet deals as well as continued growth from the Africa expansion plan resulted in strong growth in the revenue and subscriber base of the Fleet Management business. The vehicle tracking and recovery revenue and subscriber numbers showed some improvement due to improved new vehicle sales volumes. The MiX brand benefited from strong marketing spend during the Soccer World Cup early in this financial year.

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 launch of MiX Track – an entry level vehicle tracking and fleet management service for the UK market – as well as extensions to FM-Web, MiX Telematics' secure web application for online driver and vehicle management.

MiX Telematics UK

MiX Telematics UK provides fleet management products and solutions to customers across the United Kingdom, Europe and North Africa. These solutions have provided major quantifiable running costs, safety and carbon emission benefits to customers operating in an environment in which legislative controls are becoming more stringent. The United Kingdom and Europe are slowly emerging from an extended recession but the MiX Telematics base is still expanding with some exciting new products launched into the European market at the end of the period. These products and services have helped us regain momentum into mainland Europe and we are encouraged by our prospects at the year-end. We finished a difficult year with an increased base of connected clients.

MiX Telematics SDI Middle East

MiX Telematics SDI provides driver safety training and management solutions to customers in the Middle East, Eastern Europe, South America and Australasia. The Company has retained its focus on providing safety-related services with growth in the Middle East and Australia.

MiX Telematics North America

MiX Telematics North America provides driver safety, training and fleet management solutions to customers throughout the Americas. The first half of the year started significantly better than last for this business with repeat orders flowing from existing Oil and Gas customers. A new focus into South America has also started delivering value and this region is becoming a real contributor to the business. Revenues this year finished significantly up over the comparative trading period. The mission still remains to build an annuity base with real critical mass in this region. The signing of two large deals in the closing months of the year has resulted in a forward-moving order pipeline of several thousand subscribers which puts us well on track towards achieving this objective.

For and on behalf of the board:

SR Bruyns

Midrand
8 June 2011

SB Joselowitz

NOTICE OF DIVIDEND DECLARATION NUMBER 4 AND SALIENT FEATURES

Notice is hereby given that the directors have declared a cash dividend of 6 cents per share for the year ended 31 March 2011. The salient dates are as follows:

- Last date to trade <i>cum</i> dividend	Friday, 22 July 2011
- Trading ex dividend commences	Monday, 25 July 2011
- Record date	Friday, 29 July 2011
- Payment date	Monday, 1 August 2011

Share certificates may not be dematerialised or rematerialised between Monday, 25 July 2011 and Friday, 29 July 2011, both dates inclusive.

On behalf of the board

Probity Business Services (Proprietary) Limited (Company Secretary)
8 June 2011



MIX TELEMATICS LIMITED

Incorporated in the Republic of South Africa

Registration number 1995/013858/06

JSE code: MIX

ISIN: ZAE000125316

("MiX Telematics" 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

JAVACAPITAL

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