



TELEMATICS
MOBILE INFORMATION EXCHANGE

Unaudited group interim financial results for the six month period ended 30 September 2010

www.mixtelematics.com

- Revenue increased to **R436 million**
 - **R254 million** annuity
 - **R185 million** foreign currency
- EBITDAR increased to **R83 million**
- Adjusted HEPS maintained at **5,0 cents** per share
- Cash generated from operations maintained at **R80 million**

A WORD FROM THE CEO, S JOSELOWITZ (“JOSS”)

Relative to the previous comparative reporting period, the standout difference for our Group is that we started this year with a couple of big wins and the implementation of these contracts is well progressed. Where 12 months ago, I reported an absolute absence of what we term “mega-deals”, this year we were proud to kick off with the news that we had been awarded the Eskom fleet tender. This was the culmination of a lengthy race against our major competitors and again demonstrates our ability to compete against even much larger players. Thus far, we have confirmed orders for over 3 000 units from this customer and we estimate the total fleet potential to be close to 9 000 vehicles. Also significant is that large global customers have again been affirming their confidence in our product and service delivery – for example, we successfully won a 1 000-plus unit tender for PDO, a Shell operating company based in Oman.

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 over R80 million from operations and reduced net debt by R36 million from this time last year. Net debt now sits at just over R53 million, down from R89 million 12 months ago – this reduction was achieved even after paying out R33 million to shareholders.

Trading conditions during the period under review were a mixed bag. The recent World Cup event in South Africa was a lot of fun but was not good for our local business and frankly, we did not expect anything different.

Some of our other regions traded quite strongly, most notably our Middle-East operation had a good six months. Although still trading in the red, our North American operation showed good revenue growth thanks in part to some repeat orders from existing customers – Baker Hughes have rolled out our devices into another 650 vehicles. Also, our focus into Latin America has started to bear fruit with over 3 000 subscribers added during the period under review.

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.

The strength of the South African currency (the currency in which we report) continues to influence our results as we have positioned this Group as a Rand-hedge play. A strong Rand is not good for us and the currency has strengthened dramatically from the comparative reporting period to now. In fairness, the negative impact is somewhat reduced while some of our global operations are trading in the red.

Competition in our industry is stiff but we have repeatedly demonstrated that we are strong and able and as far as global players are concerned, are ranked amongst the very best. We expect the weakness in global economies to remain so for some time but despite this, I feel strongly that we are well positioned to achieve our medium-term objectives. Under these less than ideal conditions and despite flat revenue and profit performance, we have again succeeded in growing our subscriber base and the associated recurring revenue to R254 million for the six months (up R17 million from the comparative period) – this is another indicator that your Group is growing in strength.

One achievement that I am particularly proud of is that we have once again been adjudged by the CRF Institute to be one of South Africa’s top employers – this is the seventh year in a row that we have qualified in this category. On this note, I would like to extend the board’s and my sincere thanks to all of our executives and employees for their efforts over the last 15 years and particularly the past six months. It is thanks to them that we have such a great business.

Condensed group income statement

	Six months ended 30 September 2010 Unaudited R'000	Six months ended 30 September 2009 Unaudited R'000	12 months ended 31 March 2010 Audited R'000
Revenue	435 575	431 292	840 488
Cost of sales	(171 137)	(176 097)	(337 603)
Gross profit	264 438	255 195	502 885
Other income – net	463	4 323	1 547
Operating expenses	(220 565)	(212 430)	(394 577)
Operating profit (note 3)	44 336	47 088	109 855
Finance income	1 532	8 698	3 665
Finance cost	(8 395)	(17 826)	(19 994)
Share of joint venture (losses)/profit	–	13	(529)
Profit before taxation	37 473	37 973	92 997
Taxation	(13 886)	(14 221)	(26 909)
Profit for the period attributable to shareholders	23 587	23 752	66 088

Condensed group statement of comprehensive income

	Six months ended 30 September 2010 Unaudited R'000	Six months ended 30 September 2009 Unaudited R'000	12 months ended 31 March 2010 Audited R'000
Profit for the period attributable to shareholders	23 587	23 752	66 088
Other comprehensive (losses)/income:			
Exchange differences on translating foreign entities	(2 943)	(30 307)	(36 340)
Fair value reserve on available-for-sale financial asset	1 290	(40)	167
Exchange differences on net investment in foreign operations	(2 068)	(11 932)	(14 981)
Taxation relating to components of other comprehensive income	–	1 331	1 752
Other comprehensive loss for the period, net of tax	(3 721)	(40 948)	(49 402)
Total comprehensive income/(loss) for the period attributable to shareholders	19 866	(17 196)	16 686
Ordinary shares ('000)			
– in issue	657 000	657 000	657 000
– weighted average	657 000	657 000	657 000
– diluted weighted average	660 394	657 000	657 974
Attributable earnings per share (cents)			
– basic	3,6	3,6	10,1
– diluted	3,6	3,6	10,0

Reconciliation of headline earnings and adjusted headline earnings

	Six months ended 30 September 2010 Unaudited R'000	Six months ended 30 September 2009 Unaudited R'000	12 months ended 31 March 2010 Audited R'000
Profit for the period attributable to shareholders	23 587	23 752	66 088
Adjusted for:			
Loss on disposal of property, plant, equipment and intangible assets	28	82	496
Taxation on the above components	(9)	–	(111)
Headline earnings	23 606	23 834	66 473
Headline earnings per share (cents)			
– basic	3,6	3,6	10,1
– diluted	3,6	3,6	10,1
Headline earnings	23 606	23 834	66 473
Amortisation of IFRS3 intangible assets	10 840	10 806	20 801
Taxation on the amortisation of the IFRS3 intangible assets	(1 615)	(1 626)	(3 217)
Adjusted headline earnings	32 831	33 014	84 057
Adjusted headline earnings per share (cents)			
– basic	5,0	5,0	12,8
– diluted	5,0	5,0	12,8

Condensed group statement of financial position

	30 September 2010 Unaudited R'000	30 September 2009 Unaudited R'000	31 March 2010 Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment	42 765	45 002	44 424
Intangible assets	651 756	664 439	653 171
Available-for-sale financial asset and other assets	3 903	3 198	2 683
Deferred tax assets	13 586	16 680	8 209
Total non-current assets	712 010	729 319	708 487
Current assets			
Inventory	40 432	32 397	29 691
Inventory held in client vehicles	26 709	23 306	24 809
Trade and other receivables	118 635	114 597	126 929
Taxation	1 503	74	1 857
Restricted cash	1 653	1 320	1 639
Cash and cash equivalents	104 065	86 283	155 011
Total current assets	292 997	257 977	339 936
Total assets	1 005 007	987 296	1 048 423
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	13	13
Share premium	787 353	787 353	787 353
Retained earnings/(accumulated losses)	27 499	(5 574)	36 762
Other reserves	(177 475)	(166 677)	(174 306)
Total equity	637 390	615 115	649 822
Non-current liabilities			
Borrowings	56 551	90 789	96 056
Deferred tax liabilities	28 035	36 580	27 067
Provisions	15 290	15 077	14 703
Total non-current liabilities	99 876	142 446	137 826
Current liabilities			
Trade and other payables	133 967	115 373	124 090
Borrowings	71 794	52 248	71 740
Taxation	3 239	10 884	3 964
Bank overdraft	28 998	32 548	35 347
Provisions	29 743	18 682	25 634
Total current liabilities	267 741	229 735	260 775
Total equity and liabilities	1 005 007	987 296	1 048 423
Net borrowings (note 5)	(53 278)	(89 302)	(48 132)
Net asset value per share (cents)	97,0	93,6	98,9
Net tangible asset value per share (cents)	(2,2)	(7,5)	(0,5)
Capital expenditure			
– incurred	27 103	19 310	45 658
– authorised but not spent	17 188	10 898	27 543

Condensed group statement of cash flows

	Six months ended 30 September 2010 Unaudited R'000	Six months ended 30 September 2009 Unaudited R'000	12 months ended 31 March 2010 Audited R'000
Cash generated from operations	80 282	79 754	174 529
Net financing costs	(5 800)	(8 734)	(15 178)
Taxation paid	(18 676)	(15 810)	(36 334)
Net cash generated from operating activities	55 806	55 210	123 017
Investing activities			
Capital expenditure	(27 103)	(19 310)	(45 658)
Proceeds from disposal of property, plant and equipment and intangible assets	205	–	1 350
Net cash utilised in investing activities	(26 898)	(19 310)	(44 308)
Financing activities			
Net borrowings repaid	(39 449)	(58 177)	(33 312)
Dividends paid	(32 810)	(26 280)	(26 247)
Net cash utilised in financing activities	(72 259)	(84 457)	(59 559)
Net (decrease)/increase in cash and cash equivalents	(43 351)	(48 557)	19 150
Cash and cash equivalents at beginning of period	119 664	112 363	112 363
Exchange losses on cash and cash equivalents	(1 246)	(10 071)	(11 849)
Cash and cash equivalents at end of period	75 067	53 735	119 664

Abbreviated segmental analysis

		Inter-segment		Total segment		EBITDA		EBITDAR		Assets	
		revenue	revenue	EBITDA	EBITDAR	EBITDA		EBITDAR		Assets	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Six months ended September 2010											
Africa	Vehicle tracking and recovery	168 914	(2 748)	33 453	43 292	243 322					
	Fleet management	93 693	(462)	21 919	23 441	56 071					
United Kingdom	Fleet management	82 649	-	(423)	(231)	101 987					
North America	Fleet management	23 987	-	(2 496)	(2 496)	12 704					
Middle East	Fleet management	54 737	-	8 522	8 522	47 282					
International	Fleet management and development	96 416	(81 611)	19 770	19 770	232 786					
Corporate and consolidation	journal entries	-	-	(9 004)	(9 242)	510 574					
	Inter-segment elimination	(84 821)	84 821	-	-	(199 719)					
Total		435 575	-	71 741	83 0561	005 007					

Six months ended September 2009											
Africa	Vehicle tracking and recovery	163 096	(2 201)	37 668	46 648	239 404					
	Fleet management	77 951	(2 936)	15 119	15 690	66 391					
United Kingdom	Fleet management	120 492	(823)	6 965	6 965	122 961					
North America	Fleet management	9 759	(10)	(5 989)	(5 989)	15 790					
Middle East	Fleet management	54 086	(3 381)	6 060	6 060	49 582					
International	Fleet management and development	72 449	(59 541)	17 860	17 860	230 375					
Corporate and consolidation	journal entries	2 747	(396)	(5 445)	(5 445)	576 681					
	Inter-segment elimination	(69 288)	69 288	-	-	(313 888)					
Total		431 292	-	72 238	81 789	987 296					

12 months ended 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					
North 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					
Corporate and consolidation	journal entries	-	-	(4 489)	(4 584)	506 464					
	Inter-segment elimination	(142 204)	142 204	-	-	(246 871)					
Total		840 488	-	160 229	179 0291	048 423					

Notes to the condensed unaudited group interim financial results

1. Basis of preparation and accounting policies

These condensed unaudited group interim financial results for the half year ended 30 September 2010 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, AC 500 standards as issued by the Accounting Practices Board or its successor, the Listings Requirements of the JSE Limited and the South African Companies Act. These 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 2010, 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 2010, 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 current period, 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 and depreciation of inventory in client vehicles ("EBITDAR"). A reconciliation of EBITDAR to operating profit is set out in note 3.

Condensed group statement of changes in equity

	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 paid (note 6)	-	-	-	(26 280)	(26 280)
Total comprehensive loss for the period	-	-	(40 948)	23 752	(17 196)
Share based payments	-	-	1 164	-	1 164
Balance at 30 September 2009	13	787 353	(166 677)	(5 574)	615 115
Total comprehensive income for the period	-	-	(8 454)	42 336	33 882
Share based payments	-	-	825	-	825
Balance at 31 March 2010	13	787 353	(174 306)	36 762	649 822
Dividend paid (note 6)	-	-	-	(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

3. Operating profit, EBITDA and EBITDAR

	Six months ended	Six months ended	12 months ended
	30 September	30 September	31 March
	2010	2009	2010
	Unaudited	Unaudited	Audited
	R'000	R'000	R'000
Operating profit	44 336	47 088	109 855
Add depreciation and amortisation (note 4)	27 405	25 150	50 374
EBITDA per segmental analysis	71 741	72 238	160 229
Add inventory in client vehicles depreciated	11 315	9 551	18 800
EBITDAR per segmental analysis	83 056	81 789	179 029

4. Depreciation and amortisation

	Six months ended	Six months ended	12 months ended
	30 September	30 September	31 March
	2010	2009	2010
	Unaudited	Unaudited	Audited
	R'000	R'000	R'000
Depreciation and amortisation	16 565	14 344	29 573
Amortisation of IFRS3 intangible assets	10 840	10 806	20 801
Sub-total	27 405	25 150	50 374
Inventory in client vehicles depreciated	11 315	9 551	18 800
Total	38 720	34 701	69 174

5. Net borrowings

Net borrowings is calculated as being interest bearing borrowings less cash and cash equivalents, but excluding restricted cash.

6. Dividends

No interim dividend was declared as per our policy. A final dividend of R32,9 million (2010: R26,3 million) was paid during the period 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.

7. Contingent liabilities

7.1. 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 R76,8 million (30 September 2009: R75,6 million and 31 March 2010: R79,6 million). No loss is expected under this arrangement.

8. Exchange rates

	30 September	30 September	31 March
	2010	2009	2010
The following major rates of exchange were used:			
SA Rand: United States Dollar - closing	6,95	7,43	7,37
- average	7,46	8,19	7,85
SA Rand: British Pound - closing	10,98	11,83	11,10
- average	11,34	12,43	12,51

9. Events after the reporting period

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.

10. 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 non-executive director and Mr Howard Scott was appointed as an executive director.

COMMENTARY

1. Nature of business

MiX 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, the Enterprise business which focuses on providing large scale Enterprise solutions and RSA Fleet which provide fleet management solutions to clients in South Africa and SADC countries in east and west Africa. The Fleet Management business increased its subscriber base, improved revenue per subscriber and achieved good growth from the African expansion plan. Vehicle Tracking and Recovery revenue and subscriber numbers has shown some improvement, due to improved new vehicle sales volumes. The MiX- and Matrix brands benefitted from strong marketing spend during the Soccer World Cup.

MiX Telematics International

MiX Telematics International (based in Stellenbosch) provides fleet management products and services to Group subsidiary companies and to certain global customers and is also the Group's technology and development centre. The half year saw the release of the MiX3000 – a combined tracking, fleet management and recovery product for South Africa as well as the launch of MiX DriveTime, for managing European driving hours compliance in real-time. The period also saw a significant investment in additional development resources as well as changes to our development methodologies in order to facilitate faster time to market of compelling, high quality products.

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 cost, 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.

MiX Telematics SDI Middle East

MiX Telematics SDI provides driver safety, training and management solutions to customers in the Middle East, Eastern Europe and Australasia. Since a large percentage of revenue comes from the Oil and Gas sector, the easing off of the global recession and gradual increase in the oil price has resulted in numerous opportunities that were previously on hold, being tabled again. As a result, sales of product and services is steadily improving and the pipeline for additional business into existing and new customers is very positive.

MiX Telematics North America

MiX Telematics North America provides driver safety, training and fleet management solutions to customers throughout the Americas. This year has started significantly better than last for this business with repeat business flowing from existing Oil and Gas customers. A new focus into South America is also delivering value and Latin America in particular is becoming a real contributor to the business. Revenues so far this year are already up significantly over the comparative trading period. The mission still remains to build an annuity base with real critical mass in this region and although still a long way from achieving this, annuity revenues have more than doubled since this time last year.

For and on behalf of the board:

SR Bruyns

Midrand

15 November 2010

SB Joselowitz

Corporate information

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

TE Buzer

CWR Tasker

ML Pydigadu

H Scott

RA Frew*

R Friedman*

A Patel*

AR Welton*

HR Brody*

F Roji

**Non-executive*

Company secretary:

Probitry Business Services (Proprietary) Limited

Auditors:

PricewaterhouseCoopers Inc.

Sponsor:

JAVACAPITAL

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