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Group unaudited interim financial results for the six months ended 30 September 2009

- Revenue **R431 million**
  - **R237 million** annuity
  - **R213 million** foreign currency
- EBITDA **R72 million** (down 14% on 2008)
- Adjusted HEPS **5,0 cents** per share (down 25% on 2008)
- Cash generated from operations – **R80 million** (2008: R64 million)

A WORD FROM THE CEO, S JOSELOWITZ ("JOSS")

For sake of continuity, I would like to start off this half-year update by quoting from my closing remarks in the report that we published for the March year-end:

"Forgive me for pointing out the obvious, but global trading conditions remain tough and in some regions have deteriorated even further than last year. For now, our focus will remain on weathering the storm whilst executing well on the basics."

As the results show, the trading conditions for the six months under review were exceedingly difficult. The Group was buffeted by a combination of poor new vehicle sales worldwide, a strong Rand and decision inertia by corporate clients unsure of their own prospects.

In the face of these conditions I am satisfied with the performance of the Group for the period. By-and-large, we have weathered the storm and have executed well on the basics. Most divisions have managed to contain costs while continuing to develop the exciting new products and markets that are vital to our future success.

Our positioning as a Rand-hedge investment is no secret so clearly a strong Rand is not ideal for a Group that provides its technologies and services all over the globe. Whilst we cannot do anything about the exchange rate, we are working hard to land some mega-deals, the absence of which was a defining feature of the past six months. Our efforts are starting to bear fruit and we are proud to have recently concluded significant deals with both British Gas and PDO (a large subsidiary of Shell based in the Middle East) – both of these deals were concluded after the period under review. Even in the absence of any mega-deals, our large annuity base helped limit the negative impact of disappointing new sales and confirms the attractiveness of our business model. Annuity revenue for the period was 55% of total revenue.

Our continued focus on cash generation was maintained and I am pleased to report that the Group continued its stated path. Net debt was maintained at the R89 million level notwithstanding paying a dividend of R26,3 million on which STC of R2,6 million was paid.

Whilst it is too early to call off the storm-watch, I remain very excited about the future of the Group and believe the next two years will deliver the fruits of our current labours. I would like to thank all the executives and employees for their efforts over the last six months.

Condensed group income statement

	Six months ended 30 September 2009 Unaudited R'000	Six months ended 30 September 2008 Reviewed R'000	12 months ended 31 March 2009 Audited R'000
Revenue	**431 292**	432 446	958 139
Cost of sales	**(176 097)**	(178 406)	(393 515)
Gross profit	**255 195**	254 040	564 624
Other income	**4 323**	3 807	10 210
Operating expenses	**(212 430)**	(193 956)	(439 777)
Operating profit (note 2)	**47 088**	63 891	135 057
Net finance cost (note 4)	**(9 128)**	(11 438)	(25 931)
Share of joint venture profit/(losses)	**13**	(416)	(916)
Profit before tax	**37 973**	52 037	108 210
Income tax expense	**(14 221)**	(15 452)	(39 125)
Profit for the period	**23 752**	36 585	69 085
Profit attributable to:			
Equity holders of the Company	**23 752**	36 585	69 085

Condensed group statement of comprehensive income

	Six months ended 30 September 2009 Unaudited R'000	Six months ended 30 September 2008 Reviewed R'000	12 months ended 31 March 2009 Audited R'000
Profit for the period	**23 752**	36 585	69 085
Other comprehensive income:			
Exchange differences on translating foreign currencies	**(30 307)**	(12 840)	(17 888)
Fair value reserve on available-for-sale financial asset			
Arising in the current year	**(40)**	(217)	(1 211)
Charged to the income statement	**–**	–	1 728
Exchange differences on shareholder loan	**(11 932)**	(680)	(2 105)
Income tax relating to components of other comprehensive income	**1 331**	198	394
Net loss recognised in other comprehensive income	**(40 948)**	(13 539)	(19 082)
Total comprehensive (loss)/income for the period	**(17 196)**	23 046	50 003
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	**(17 196)**	23 046	50 003
Ordinary shares (million)			
– in issue	**657 000**	657 000	657 000
– weighted average	**657 000**	642 833	649 917
– diluted weighted average	**657 000**	642 833	649 917
Attributable earnings per share			
– basic	**3,6**	5,7	10,6
– diluted	**3,6**	5,7	10,6

Reconciliation of headline earnings and adjusted headline earnings

	Six months ended 30 September 2009 Unaudited R'000	Six months ended 30 September 2008 Reviewed R'000	12 months ended 31 March 2009 Audited R'000
Profit attributable to equity holders of the Company	**23 752**	36 585	69 085
Adjusted for:			
Loss on disposal of property, plant and equipment	**82**	–	425
Impairment of available-for-sale financial asset	**–**	–	1 728
Impairment of intangible assets	**–**	–	10 226
Negative goodwill	**–**	(1 581)	(1 325)
Income tax effect on the above components	**–**	–	(81)
Headline earnings	**23 834**	35 004	80 058
Headline earnings per share (cents)			
– basic	**3,6**	5,4	12,3
– diluted	**3,6**	5,4	12,3
Headline earnings	**23 834**	35 004	80 058
Amortisation of IFRS3 intangible assets	**10 806**	11 155	26 798
Income tax effect on the amortisation of the IFRS3 intangible assets	**(1 626)**	(3 232)	(3 229)
Adjusted headline earnings	**33 014**	42 927	103 627
Adjusted headline earnings per share (cents)			
– basic	**5,0**	6,7	15,9
– diluted	**5,0**	6,7	15,9

Condensed group statement of financial position

	30 September 2009 Unaudited R'000	30 September 2008 Reviewed R'000	31 March 2009 Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**45 002**	57 239	51 755
Intangible assets	**664 439**	721 354	693 345
Available-for-sale and other investments	**3 198**	5 321	3 675
Deferred income tax	**16 680**	12 457	13 481
Total non-current assets	**729 319**	796 371	762 256
Current assets			
Inventory	**32 397**	68 114	40 544
Inventory held in client vehicles	**23 306**	23 439	23 456
Trade and other receivables	**114 597**	161 864	135 396
Current income tax asset	**74**	74	436
Cash and cash equivalents	**86 283**	30 568	140 095
Restricted cash	**1 320**	1 000	1 351
Total current assets	**257 977**	285 059	341 278
Total assets	**987 296**	1 081 430	1 103 534
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**13**	13	13
Share premium	**787 353**	787 353	787 353
Accumulated losses	**(5 574)**	(35 546)	(3 046)
Other reserves	**(166 677)**	(122 394)	(126 893)
Total equity	**615 115**	629 426	657 427
Non-current liabilities			
Interest bearing borrowings	**90 789**	120 787	120 232
Deferred income tax	**36 580**	39 516	35 611
Provisions and other liabilities	**15 077**	18 792	17 886
Total non-current liabilities	**142 446**	179 095	173 729
Current liabilities			
Trade and other payables	**115 373**	148 827	139 511
Interest bearing borrowings	**52 248**	79 170	81 170
Current income tax	**10 884**	27 371	10 603
Bank overdraft	**32 548**	8 678	27 732
Provisions and other liabilities	**18 682**	8 863	13 362
Total current liabilities	**229 735**	272 909	272 378
Total equity and liabilities	**987 296**	1 081 430	1 103 534
Net borrowings (note 5)	**(89 302)**	(178 067)	(89 039)
Net asset value per share (cents)	**93,6**	95,8	100,1
Net tangible asset value per share (cents)	**(8)**	(14)	(6)
Capital expenditure			
– incurred	**19 310**	17 651	30 250
– authorised but not spent	**10 898**	15 000	10 000

Condensed statement of changes in equity

	Stated capital R'000	Share premium R'000	Other reserves R'000	Accumulated losses R'000	Total R'000
Balance at 31 March 2008	13	770 353	(109 817)	(62 531)	**598 018**
Dividends paid	–	–	–	(9 600)	**(9 600)**
Total comprehensive income for the period	–	–	(13 539)	36 585	**23 046**
Share-based payments	–	–	962	–	**962**
Shares issued on business combination	–	17 000	–	–	**17 000**
Balance at 30 September 2008	13	787 353	(122 394)	(35 546)	**629 426**
Total comprehensive income for the period	–	–	(5 543)	32 500	**26 957**
Share-based payments	–	–	1 044	–	**1 044**
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**

Condensed group statement of cash flows

	Six months ended 30 September 2009 Unaudited R'000	Six months ended 30 September 2008 Reviewed R'000	12 months ended 31 March 2009 Audited R'000
Cash generated from operating activities	**79 754**	64 498	226 497
Net interest expense (note 4)	**(8 734)**	(11 438)	(25 864)
Taxation paid	**(15 810)**	(15 762)	(61 491)
Net cash generated from operating activities	**55 210**	37 298	139 142
Investing activities			
Capital expenditure	**(19 310)**	(17 651)	(30 250)
Proceeds from disposal of property, plant and equipment	**–**	–	367
Acquisition of subsidiary companies	**–**	(30 767)	(31 045)
Net cash utilised in investing activities	**(19 310)**	(48 418)	(60 928)
Financing activities			
Net borrowings (repaid)/raised	**(58 177)**	45 109	47 010
Dividends paid	**(26 280)**	(9 600)	(9 600)
Net cash (utilised in)/generated from financing activities	**(84 457)**	35 509	37 410
Net (decrease)/increase in cash and cash equivalents	**(48 557)**	24 389	115 624
Cash and cash equivalents at beginning of period	**112 363**	(1 666)	(1 666)
Exchange losses on cash and cash equivalents	**(10 071)**	(833)	(1 595)
Cash and cash equivalents at end of period	**53 735**	21 890	112 363

Abbreviated segmental analysis

		Total revenue R'000	Inter-segment revenue R'000	EBITDA R'000	Assets R'000
Six months ended September 2009					
Africa	Stolen vehicle recovery	163 096	(2 201)	37 668	239 404
	Fleet management	77 951	(2 936)	15 119	66 391
United Kingdom	Fleet management	120 492	(823)	6 965	122 961
North America	Fleet management	9 759	(10)	(5 989)	15 790
Middle East	Fleet management	54 086	(3 381)	6 060	49 582
International	Fleet management and development	72 449	(59 541)	17 860	230 375
All other segments		2 747	(396)	(5 445)	142 561
Group	Goodwill and IFRS 3 intangible assets	–	–	–	434 120
Inter-segment elimination		(69 288)	69 288	–	(313 888)
Total		**431 292**	**–**	**72 238**	**987 296**
Six months ended September 2008					
Africa	Stolen vehicle recovery	163 537	–	36 933	261 987
	Fleet management	99 682	–	18 331	59 931
United Kingdom	Fleet management	129 182	(2 395)	3 422	174 664
North America	Fleet management	4 554	–	(1 241)	8 840
Middle East	Fleet management	6 555	(239)	766	32 975
International	Fleet management and development	93 260	(61 690)	29 875	126 749
All other segments		–	–	(3 694)	105 986
Group	Goodwill and IFRS 3 intangible assets	–	–	–	469 212
Inter-segment elimination		(64 324)	64 324	–	(158 914)
Total		432 446	–	84 392	1 081 430
12 months ended March 2009					
Africa	Stolen vehicle recovery	334 351	(1 433)	78 487	284 762
	Fleet management	156 106	–	27 047	86 309
United Kingdom	Fleet management	264 494	(5 863)	5 464	137 325
North America	Fleet management	39 112	–	(949)	13 081
Middle East	Fleet management	83 665	(4 262)	17 838	53 586
International	Fleet management and development	205 568	(113 599)	82 310	180 007
All other segments		–	–	(12 817)	139 412
Group	Goodwill and IFRS 3 intangible assets	–	–	–	462 863
Inter-segment elimination		(125 157)	125 157	–	(253 811)
Total		958 139	–	197 380	1 103 534

Notes to the condensed group interim financial results

1. Basis of preparation and accounting policies

These condensed group interim 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 Listings Requirements of the JSE Limited and the South African Companies Act (1973), as amended. These interim financial results have not been audited or reviewed by the Company's auditors.

The condensed 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 2009.

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 2009, except where the Group has adopted new or revised accounting standards.

The Group adopted all IFRS and interpretations which became effective during the period under review and which were deemed applicable to the Group, including IAS 1 – Revised Presentation of Financial Statements and IFRS 8 – Operating Segments, none of which had any material impact on the Group's results.

MiX Telematics' businesses are managed primarily on a geographic and also on a product basis. In accordance with IFRS 8 – Operating Segments, MiX Telematics has revised the disclosure of its segments. In addition, the assessment of the profit performance of the operating segments has been amended and is now measured at the earnings before interest, tax, depreciation and amortisation ("EBITDA") level. This measurement provides a greater comparison of performance across all segments. All comparative figures have been reworked in accordance with this revised disclosure. The reconciliation of EBITDA to operating profit is set out in note 2.

2. Operating profit and EBITDA (R'000)

	Six months ended 2009	Six months ended 2008	12 months ended 2009
Operating profit	**47 088**	63 891	135 057
Add depreciation, amortisation and other (note 3)	**25 150**	20 501	62 323
EBITDA per segmental analysis	**72 238**	84 392	197 380

3. Depreciation, amortisation, impairment and other (R'000)

	Six months ended 2009	Six months ended 2008	12 months ended 2009
Depreciation and amortisation	**14 344**	10 927	24 896
Amortisation of IFRS3 intangible assets	**10 806**	11 155	26 798
Impairment of available-for-sale financial asset	**–**	–	1 728
Impairment of intangible assets	**–**	–	10 226
Negative goodwill	**–**	(1 581)	(1 325)
Total	**25 150**	20 501	62 323

4. Net finance cost (R'000)

	Six months ended 2009	Six months ended 2008	12 months ended 2009
Interest expense on borrowings	**17 432**	11 941	26 887
Interest received on surplus cash	**(8 698)**	(503)	(1 023)
Net interest expense	**8 734**	11 438	25 864
Discount adjustment on non-current provisions	**394**	–	67
Total	**9 128**	11 438	25 931

5. Net borrowings

Net borrowings are comprised of the sum of all interest bearing borrowings and bank overdraft less cash and cash equivalents, but excluding restricted cash.

6. Dividends

A dividend of R26,3 million (2008: R9,6 million) was paid during the six months under review. Using shares in issue of 657 million (2008: 640 million) this equates to a dividend of 4,0 (2008: 1,5) cents per share. STC of R2,7 million was paid on the R26 million dividend.

7. Contingent liabilities

7.1. Connection incentives

The Group has received connection and 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 all subscriber contracts are terminated prematurely, the potential liability would amount to R76 million (31 March 2009: R79 million). No loss is expected under this arrangement.

7.2. Vehicle Security Association of South Africa ("VESA")

Since the last report, the Competition Tribunal of South Africa has now held hearings following the complaint that VESA (of which MiX Telematics Africa (Proprietary) Limited was a member) had engaged in anti-competitive behaviour in the period ended in June 2003. The Competition Tribunal has not yet issued its ruling on this matter. Due to the nature of the complaint, even an adverse finding should result in no monetary fine being imposed by the Competition Tribunal. However, in the advent of an adverse finding, there is the risk that the Company may be sued by third parties who believe they suffered prejudice.
It should be noted that the complainant in this matter has acknowledged that they did not suffer any damages as their venture was not capable of commercial launch during the period in question.

7.3. Net working capital dispute

Post 30 September 2009, the Group settled the dispute with the vendors of OmniBridge RSA and OmniBridge Europe regarding the fair value of net working capital in the businesses at the effective date of acquisition. The settlement is not material and will have no impact on earnings.

8. Exchange rates

	30 September 2009	30 September 2008	31 March 2009
The following major rates of exchange were used:			
SA Rand: United States Dollar – closing	**7,43**	8,20	9,72
– weighted average	**8,19**	7,94	9,05
SA Rand: British Pound – closing	**11,83**	14,90	13,82
– weighted average	**12,43**	15,06	14,73

9. Events after the reporting period

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

COMMENTARY

1. Nature of business

MiX Telematics is a Group that is focused on all levels of vehicle telematics, combining vehicle tracking, driver and passenger safety and recovery services, a complete range of fleet management products and services and driver training services.

2. Operations

MiX Telematics Africa: R Botha

MiX Telematics Africa comprises Matrix, the stolen vehicle recovery business; and Enterprise and RSA Fleet, which provide fleet management solutions to clients in SADC countries and east and west Africa. Recent trading conditions in South Africa have been dreadful but despite this, the businesses held market share and produced solid results.

MiX Telematics International: C Tasker

MiX Telematics International provides fleet management services to Group subsidiaries and to global customers not served by MiX Telematics offshore companies. This business also forms the core of the Group's research and development activities. The business's results suffered due to Rand strength during the six months under review and the world-wide economic recession which impacted adversely on many of the Group's global customers.

MiX Telematics UK: T Buzer

MiX Telematics UK provides fleet management solutions to customers across the United Kingdom and Europe. Whilst trading conditions were tough, our restructuring efforts in this business are starting to flow through to the bottom line as evident in an improved EBITDA profit. The 3 500 vehicle Go Ahead Bus fleet has been fully installed and has demonstrated the company's ability to service large international clients and fleets.
The company has recently been awarded the fleet contract for British Gas and other large trials are currently in the adjudication process.

MiX Telematics SDI Middle East: C Tasker

Acquired in September 2008, SDI operates in Dubai and Australia, supplying fleet management products and driver training services primarily to the oil and gas sectors in the Middle East and Eastern Europe. This sector has seen considerable contraction following the global economic meltdown and specifically the chaos caused to our target market by the recent volatility in the oil price. Thankfully, signs of life are starting to appear in the oil-and-gas sector and MiX SDI has recently won a significant tender for driving training services to PDO (a Shell operating company) in Oman.

MiX Telematics North America: S Joselowitz

Acquired in August 2008, this Dallas based business has been fully integrated into the Group, supplying fleet management solutions to its US customers. In the second half of the previous financial year, the business was successful in winning the Baker-Hughes and Chevron contracts. Like SDI, this business is heavily focused on the oil-and-gas sector where spending activity all but dried up during the period under review. Again like SDI, we are starting to see increased interest from potential customers and have recently been contracted to open a small Journey Management Center for Schlumberger in the USA.

3. Changes to the Board

As previously announced on 24 July 2009, Mr S Evans resigned as finance director. Mr A Welton, previously a non-executive director and chairman of the audit committee, assumed the position of financial director pending a permanent appointment.

Midrand
16 November 2009

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; TE Buzer; RA Frew*; R Friedman*
A Patel*; CWR Tasker; AR Welton, F Roji*(alternate) *non-executive director*

Company secretary: Probity Business Services (Proprietary) Limited

Auditors: PricewaterhouseCoopers Inc.

Sponsor: Java Capital (Proprietary) Limited