



**CONTROL
INSTRUMENTS**
GROUP LIMITED

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Sam O'Leary
Chairman

4 December 2007

Dear Control Instruments Group Shareholder

I am writing to you following the sale of our fleet management businesses, CI OmniBridge and Datatrak, to TeliMatrix Limited ("TeliMatrix") and to update you on the Group and where it is going.

TeliMatrix

TeliMatrix listed on the JSE on Monday, 12 November 2007 signifying the conclusion of what we believe is a beneficial transaction for Control Instruments and its shareholders. Control Instruments shareholders are now invested in Control Instruments and TeliMatrix. These companies are focused on very different markets.

The rationale behind the TeliMatrix transaction was to unlock value for shareholders. As a result of the transaction, shareholders received two TeliMatrix shares for every one Control Instruments share they held on Friday, 9 November 2007. Thus, if you owned 10 000 Control Instruments shares on 9 November 2007, you would have owned 10 000 Control Instruments shares plus 20 000 TeliMatrix shares when TeliMatrix listed on 12 November 2007.

Although at current prices one Control Instruments share plus two TeliMatrix shares do not add up to the price of one Control Instruments share before the listing of TeliMatrix, the underlying businesses have not changed.

Control Instruments

Control Instruments supplies products and services to the automotive industry, focusing on two main areas:

- Specialised sectors of the global original equipment manufacture ("OEM") market;
- The automotive aftermarket in sub-Saharan Africa.

The OEM market refers to the supply of products and services directly to the manufacturers of motor vehicles, such as BMW, Daimler Benz, Ford, GM, Nissan, Toyota and Volkswagen as well as certain niche companies including AM General, Aston Martin, Bentley, Lotus and Jaguar.

The aftermarket comprises replacement parts and accessories used in motor vehicles.

www.ci.co.za

OEM market

The Group's Pi Shurlok subsidiaries operate in the OEM market.

Pi Shurlok employs more than 100 engineers with extensive experience in designing electronic products and software for the automotive industry. It is a leading supplier of emission control technology, which, in the light of present and future legislation, places the business at the forefront of international environmental requirements. Other expertise includes engine management systems, vehicle security and other advanced electronic hardware and software solutions for the automotive industry.

Pi Shurlok's head office, European sales and design and development facilities are based in Cambridge in the United Kingdom. It has additional design and development facilities in Detroit (USA), Rodgau (Germany) and Pietermaritzburg (South Africa). Manufacturing facilities are in Pietermaritzburg.

The local and international OEM markets have been characterised by a great deal of (well publicised) turmoil in the past 24 months. As part of meeting the challenges posed by the OEM markets Pi Shurlok has sold its OEM plastics operations to Smiths Plastics (Proprietary) Limited. These operations were not meeting the Group's minimum performance criteria. (Refer to announcement dated Thursday, 29 November 2007).

Aftermarket

Group subsidiary, CI Automotive is a major supplier of premium branded parts and accessories into the sub-Saharan Africa automotive aftermarket. A number of these brands, in particular Gabriel, Echlin, SiemensVDO and Warn, dominate their respective market segments. Other leading brands represented by CI Automotive include Eurocable, ContiTech and Shurlok.

The sub-Saharan Africa vehicle park (the number of vehicles on the road) has shown dramatic growth over the past five years and this should result in strong growth for the aftermarket parts and accessories market. To accommodate this expected growth, CI Automotive recently consolidated all its Johannesburg operations into a new office and warehouse facility with an eventual capacity of over 20 000m².

Directors

On 9 November 2007 we announced a number of changes to our board of directors.

- Richard Bruyns and Terry Buzer resigned to take up positions as chairman and executive director respectively on the board of TeliMatrix.
- Rod Forrester, managing director of Pi Shurlok retires from the Group at the end of the year after 37 years of service. Rod was transferred to the United Kingdom in 2005 to establish an international sales and engineering organisation for the Group. This resulted in the acquisition of Pi Technology (now Pi Shurlok) at the end of 2006.

- Stuart Bromfield has been reappointed as an independent, non-executive director. Stuart resigned in September 2004 to prevent a potential conflict of interest. This has been resolved and we are delighted to have him back on the board - his extensive experience in the motor industry is invaluable.

Pi Shurlok is pivotal to the Group's international expansion plans. Following Rod Forrester's retirement, the board has decided that with effect from January 2008, Group managing director, Richard Friedman, will be based in Cambridge, United Kingdom to manage this process.

In conclusion

During the past three years the Group has shown enormous growth, mainly through acquisitions. In order to enhance shareholder value the majority of these acquisitions were funded using debt. By the end of this year most of the Group's long-term debt will have been repaid.

Throughout this period the Group has managed significant growth and the integration of acquisitions, and coped with extreme challenges in operating conditions and, more recently, a strike in the local automotive industry. Nevertheless it has traded profitably at an EBITDA level. This bodes well for the future, particularly given the significant reduction in the level of debt.

The Group is well positioned for growth, both internationally in its OEM business and in Africa in its aftermarket business.

Yours sincerely

Sam O'Leary

Chairman