

CONTROL INSTRUMENTS GROUP LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

OVERVIEW

The Group's major focus over the past three years has been the creation of shareholder wealth. Part of the strategy to achieve this has been to increase the size of the Group's operations through acquisitions and to invest in product development, thereby creating business units with sufficient critical mass.

This strategy has enabled the Group to sell its fleet and vehicle management businesses to TeliMatrix Limited ("TeliMatrix"). TeliMatrix will list on the JSE Limited and Control Instruments will unbundle approximately 87% of the shares it receives in TeliMatrix.

Despite the Group's fleet management and vehicle telematics business, CI OmniBridge, continuing to produce excellent results and recording strong growth and profits, the Group's results for the six months to 30 June 2007 are below our expectations. This is due to the poor performance of the automotive components and products business as a result of very difficult market conditions in the local and international original equipment manufacture ("OEM") automotive industry.

RESULTS AND BUSINESS OUTLINE

Group turnover increased 69% from R333.6 million to R565.1 million and gross profit increased 62% from R125.3 million to R202.7 million. Net profit before interest and tax increased 59% from R25.1 million to R40.0 million and net profit increased 57% to R19.5 million.

Discontinued operations: Fleet and vehicle management

Results

The fleet and vehicle management businesses performed well with revenue increasing 48% from R82.7 million to R122.6 million and operating profit from operations increasing 116% from R14.1 million to R30.4 million in the six months under review.

Business

Since 1997, SiemensVDO has acted as the worldwide distributor of Control Instruments' fleet and vehicle management products. Siemens' decision to dispose of its automotive businesses enabled Control Instruments to acquire; with effect from 1 July 2007, the worldwide distribution rights to its own products, which gives CI OmniBridge direct access to 44 distributors covering 70 countries; and the business of Datatrak in the United Kingdom, with effect from 1 June 2007.

Datatrak is a vehicle telematics business. It has traditionally focused on high value and security related vehicle tracking. Eighty percent of cash-in-transit vehicles in the United Kingdom are fitted with Datatrak. It owns its own network covering the United Kingdom with 19 000 subscribers and the bulk of its income is annuity revenue. Datatrak offers an excellent platform to launch the lower cost Control Instruments and Matrix products into the United Kingdom.

The TeliMatrix transaction

As mentioned above, the Group has agreed to sell its fleet and vehicle management businesses, including the worldwide distribution rights and Datatrak acquired from SiemensVDO to TeliMatrix.

Control Instruments will receive 320 million shares in Telimatrix, of which approximately 280 million will be unbundled to shareholders in the ratio of two TeliMatrix shares for every one share held in Control Instruments. The Group will place the balance of approximately 40 million TeliMatrix shares and use the proceeds to reduce its borrowings.

TeliMatrix will be a global fleet management business with one of the largest GSM based vehicle subscriber networks in the world with 60% of its revenue derived from annuity revenue streams and 40% of its revenue foreign currency denominated.

TeliMatrix's strategy is to leverage its profitable and cash generating businesses into expanding its recurring revenue model into the worldwide distribution channel that has been built up and operated successfully over the past ten years by CI OmniBridge.

The estimated value of this transaction to Control Instruments' shareholders is approximately R750 million, which equates to R5.38 per share.

Full details of this transaction are contained in the circular that was posted to shareholders on 13 September 2007.

Continuing operations: Automotive components and products

Post the transaction, the Group will be focused on the supply of automotive components and products to the international automotive industry.

Results

Compared with the six months ended 30 June 2006, revenue increased 76% from R250.9 million to R442.5 million and gross profit increased 78% to R127.3 million from R71.7 million. However operating profit decreased 12% from R11.0 million to R9.7 million.

Business

The OEM operations had a torrid first six months of the year arising from the ongoing turmoil in the global and local OEM markets. Significant orders were cancelled by a number of major OEMs; new model launches were delayed; vehicle models were phased-out early; and

OEMs worldwide are exerting significant downward price pressure on suppliers. Input costs increased and considerable disruptions to our operations were incurred as a result of labour disputes in the industry.

The Group responded rapidly and aggressively to these changing circumstances. Significant cost reduction programmes have been implemented, including sizeable staff reductions at all levels, both locally and internationally. The Group has also declined to take on any new business that does not meet certain minimum criteria.

These operations are now better positioned to compete in a constantly changing OEM environment.

The final step in the plan to integrate the business of Gabriel South Africa into the automotive components and products business will be completed with the centralisation of all the distribution functions into one new facility situated in City Deep, Johannesburg. This will consolidate four separate operations into one and should be fully operational in the first half of 2008.

At a Group level, once the TeliMatrix transaction has been completed and the 40 million TeliMatrix shares have been placed, Control Instruments will have very low levels of debt. This should see a significant reduction in finance costs.

Post the transaction, the role of the Group's head office will be scaled back considerably and where possible absorbed into the operations.

ISSUE OF SHARES

On 30 May 2007 the directors authorised the issue of 15 000 000 ordinary shares, with a par value of five cents each, at a price of R6.00 per share in a vendor placement with third parties and a further 15 000 000 ordinary shares, with a par value of five cents each, at a price of R6.00 per share under the general authority granted to directors to issue shares for cash.

The income generated was used to pay for the acquisition of the Datatrak business and to reduce debt.

PROSPECTS

We have always pointed out to shareholders that the Group operates in niche sectors of global markets and is therefore subject to local and international disruptions that are not under its control. This statement has never been more valid than during the first six months of 2007.

Despite this, the board is positive about the prospects for the Group post the TeliMatrix transaction. The major focus for the remainder of the year will be on completing the TeliMatrix transaction and on optimising the continuing operations and their performance.

Going forward the Group will have little gearing and has the critical mass necessary to compete efficiently in its selected markets.

DIVIDEND

The board has declared an interim dividend of 3.5 cents per share in respect of the six months ended 30 June 2007.

In terms of the requirements of STRATE:

Last day to trade <i>cum</i> dividend	Friday	12 October 2007
Shares trade <i>ex</i> dividend	Monday	15 October 2007
Record date	Friday	19 October 2007
Payment date	Monday	22 October 2007

Share certificates may not be dematerialised or rematerialised between Monday, 15 October 2007 and Friday, 19 October 2007, both days inclusive.

On behalf of the board

JPS O'Leary
Chairman

R Friedman
Group Managing Director

26 September 2007

CONTROL INSTRUMENTS GROUP LIMITED
CONSOLIDATED INCOME STATEMENTS
For the six months ended 30 June 2007

Combined income statement

	6 months ended 30/06/07	6 months ended 30/06/06 Restated	Variance %	Year ended 31/12/06 Audited
	Unaudited R 000	Unaudited R 000		R 000
Revenue	565 115	333 595	69.40	772 155
Cost of sales	<u>(362 443)</u>	<u>(208 339)</u>		<u>(511 470)</u>
Gross profit	202 672	125 256	61.81	260 685
Other operating income	36 435	7 308		86 113
Interest income	86	80		-
Administrative expenses	(112 674)	(59 425)		(127 329)
Marketing and selling expenses	(25 786)	(17 907)		(41 779)
Other operating expenses	<u>(60 692)</u>	<u>(30 185)</u>		<u>(96 327)</u>
Operating profit from operations	40 041	25 127	59.35	81 363
Finance costs	(18 802)	(7 462)		(19 498)
Net profit from joint ventures	<u>1 553</u>	<u>1 710</u>		<u>1 939</u>
Profit before tax from operations	22 792	19 375		63 804
Tax	<u>(3 257)</u>	<u>(6 933)</u>		<u>(7 085)</u>
Profit from ordinary activities	<u>19 535</u>	<u>12 442</u>	57.00	<u>56 719</u>

The accounting treatment of the Tripmaster and Sagercy acquisitions was determined provisionally in terms of IFRS 3 in the results for the six months ended 30 June 2006. This was finalised for the year-end results. As a result, the 2006 interim figures have been restated accordingly.

The 2006 figures have also been restated to reflect the split between continuing operations and discontinued operations.

CONTROL INSTRUMENTS GROUP LIMITED
CONSOLIDATED INCOME STATEMENTS
For the six months ended 30 June 2007

	6 months ended 30/06/07 Unaudited R 000	6 months ended 30/06/06 Restated Unaudited R 000	Variance %	Year ended 31/12/06 Restated Unaudited R 000
<i>Continuing operations</i>				
Revenue	442 536	250 919	76.4	634 655
Cost of sales	(315 193)	(179 232)		(456 546)
Gross profit	127 343	71 687	77.6	178 109
Other operating income	23 078	2 113		80 750
Administrative expenses	(74 794)	(31 089)		(82 760)
Marketing and selling expenses	(16 824)	(13 057)		(30 277)
Other operating expenses	(49 124)	(18 630)		(85 684)
Operating profit from continuing operations	9 679	11 024	(12.2)	60 138
Finance costs	(18 141)	(6 233)		(17 544)
Net profit from joint ventures	1 553	1 710		1 939
(Loss)/profit before tax from continuing operations	(6 909)	6 501	(206.3)	44 533
Tax	5 964	(2 413)		1 323
Net (loss)/profit for the period from continuing operations	(945)	4 088		45 856
<i>Discontinued operations</i>				
Profit for the period from discontinued operations	20 480	8 354		10 863
Profit for the period	19 535	12 442	57.0	56 719
Attributable to equity holders of the company	19 535	12 442		56 719

CONTROL INSTRUMENTS GROUP LIMITED
CONSOLIDATED INCOME STATEMENTS
For the six months ended 30 June 2007

	6 months ended 30/06/07	6 months ended 30/06/06 Restated	Year ended 31/12/06
	Unaudited	Unaudited	Unaudited
Total shares in issue (excluding treasury shares) (000)	130 434	95 623	100 434
Weighted average number of shares in issue (000)	106 177	90 190	93 247
Adjustment for share options (000)	4 156	6 375	6 374
Weighted average number of shares for diluted earnings per share (000)	<u>110 333</u>	<u>96 565</u>	<u>99 621</u>
Earnings per share (cents)			
Continuing (loss)/earnings per share (cents)	(0.89)	4.53	49.18
Discontinued earnings per share (cents)	19.29	9.26	11.65
Total earnings per share (cents)	<u>18.40</u>	<u>13.79</u>	<u>60.83</u>
Headline earnings (R 000)			
<i>Continuing headline loss (R 000)</i>			
(Loss)/earnings from the period	(945)	4 088	45 856
Profit of disposal of property, plant and equipment	(18 990)	-	(1 280)
Excess of acquirer's interest in the net fair value of the acquiree over cost	-	-	(59 539)
Impairment of available-for-sale financial assets	-	-	3 208
	<u>(19 935)</u>	<u>4 088</u>	<u>(11 755)</u>
<i>Discontinued headline earnings (R 000)</i>			
Earnings for the period	20 480	8 354	10 863
(Profit)/loss of disposal of property, plant and equipment	(2 840)	43	53
Excess of acquirer's interest in the net fair value of the acquiree over cost	(5 145)	-	-
Impairment of development costs	-	256	282
	<u>12 495</u>	<u>8 653</u>	<u>11 198</u>
Total headline (loss)/earnings (R 000)	<u>(7 440)</u>	<u>12 741</u>	(158.4) <u>(557)</u>
Headline (loss)/earnings per share (cents)			
Continuing headline (loss)/earnings per share (cents)	(18.78)	4.53	(12.61)
Discontinued headline earnings per share (cents)	11.77	9.60	12.01
Headline (loss)/earnings per share (cents)	<u>(7.01)</u>	<u>14.13</u>	(149.6) <u>(0.60)</u>
Diluted earnings per share (cents)			
Continuing diluted (loss)/earnings per share (cents)	(0.86)	4.23	46.03
Discontinued diluted earnings per share (cents)	18.56	8.65	10.90
Diluted earnings per share (cents)	<u>17.70</u>	<u>12.88</u>	<u>56.93</u>
Diluted headline (loss)/earnings per share (cents)			
Continuing diluted headline (loss)/earnings per share (cents)	(18.07)	4.23	(11.80)
Discontinued diluted headline earnings per share (cents)	11.33	8.96	11.24
Diluted headline (loss)/earnings per share (cents)	<u>(6.74)</u>	<u>13.19</u>	<u>(0.56)</u>
Dividend per share (cents)	-	4.00	7.50

CONTROL INSTRUMENTS GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
At 30 June 2007

	30/06/07	30/06/06	31/12/06
	Unaudited	Restated	Audited
	R 000	Unaudited	R 000
	R 000	R 000	R 000
ASSETS			
Non-current assets	411,904	344,053	518,405
Property, plant and equipment	189,814	136,919	229,748
Intangible assets	218,148	198,074	281,119
Investment in joint ventures	2,230	1,871	2,178
Financial assets	-	3,208	-
Non-current receivables	368	-	366
Deferred tax assets	1,344	3,981	4,994
Current assets	710,037	269,518	403,601
Inventories	163,877	98,621	176,656
Trade and other receivables	201,999	159,407	212,888
South African Revenue Service	8,517	612	5,675
Cash and cash equivalents	41,567	10,878	8,382
Non-current assets held for sale	294,077	-	-
Total assets	1,121,941	613,571	922,006
EQUITY AND LIABILITIES			
Capital and reserves	552,192	283,471	350,231
Non-current liabilities	237,354	197,450	304,099
Borrowings	178,806	143,729	221,764
Retirement benefit obligations	600	600	600
Deferred tax liabilities	55,935	50,245	81,169
Provisions	2,013	2,876	566
Current liabilities	332,395	132,650	267,676
Trade and other payables, provisions and current borrowings	199,405	130,402	213,981
Derivative financial liabilities	-	-	466
South African Revenue Service	4,571	1,057	6,857
Bank overdraft	-	1,191	46,372
Liabilities directly associated with non-current assets classified as held for sale	128,419	-	-
Total equity and liabilities	1,121,941	613,571	922,006
Net asset value per share (cents)	423	296	349

CONTROL INSTRUMENTS GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENTS
For the six months ended 30 June 2007

	6 months ended 30/06/07 Unaudited R 000	6 months ended 30/06/06 Restated Unaudited R 000	Year ended 31/12/06 Audited R 000
Cash flows from operating activities			
Operating profit before working capital changes	42 180	42 080	78 320
Working capital changes	(13 419)	(22 408)	(37 543)
Cash generated from operations	<u>28 761</u>	<u>19 672</u>	<u>40 777</u>
Interest received	86	80	-
Finance costs paid	(18 888)	(7 462)	(19 498)
Dividends received	1 500	-	2 526
Dividends paid	-	(3 826)	(7 179)
Tax paid	(44)	(4 662)	(8 509)
	<u>11 415</u>	<u>3 802</u>	<u>8 117</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(9 973)	(4 507)	(32 240)
Proceeds from disposal of property, plant and equipment	10 943	14	9 998
Increase in intangible assets	(7 422)	(8 181)	(20 173)
Movement of investments in joint ventures	-	894	-
Acquisition of subsidiaries and operations, net of cash	(7 767)	(74 752)	(54 371)
Increase in non-current receivables	(54)	-	(366)
	<u>(14 273)</u>	<u>(86 532)</u>	<u>(97 152)</u>
Cash flow from financing activities			
Settlement of non-current borrowings	(12 469)	(6 193)	25 786
Shares issued	89 892	99 947	24 233
Shares cancelled	-	(97)	-
Proceeds on disposal of treasury shares	4 885	-	1 062
	<u>82 308</u>	<u>93 657</u>	<u>51 081</u>
Net cash inflow/(outflow) for the period	79 450	10 927	(37 954)
Forex translation adjustments on cash and cash and cash equivalents	107	-	1 204
Cash and cash equivalents at the beginning of the period	(37 990)	(1 240)	(1 240)
Cash and cash equivalents at the end of the period	<u>41 567</u>	<u>9 687</u>	<u>(37 990)</u>

CONTROL INSTRUMENTS GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2007

	Share capital Share premium Treasury shares R 000	Fair value and other reserves R 000	Retained earnings R 000	Total R 000
Balance at 1 January 2006	82 020	7 564	75 443	165 027
Net profit not recognised in the income statement:		7 317		7 317
Cash flow hedges: net fair value gains, net of tax		1 162		1 162
Creation of currency translation reserve		6 155		6 155
Net profit			12 442	12 442
Cancellation of treasury shares	9 423		(9 520)	(97)
Employee share option scheme: - value of services provided		2 661		2 661
Shares issued	99 947			99 947
Dividends paid			(3 826)	(3 826)
Balance at 30 June 2006	191 390	17 542	74 539	283 471
Net loss not recognised in the income statement:		(1 852)		(1 852)
Cash flow hedges: net fair value losses, net of tax		(1 067)		(1 067)
Creation of currency translation reserve		(785)		(785)
Net profit			44 277	44 277
Movement of treasury shares	483		579	1 062
Employee share option scheme: - value of services provided		2 243		2 243
Shares issued	24 383			24 383
Dividends paid			(3 353)	(3 353)
Balance at 31 December 2006	216 256	17 933	116 042	350 231
Net profit not recognised in the income statement:		1 693		1 693
Cash flow hedges: net fair value losses, net of tax		(373)		(373)
Creation of currency translation reserve		2 066		2 066
Net profit			19 535	19 535
Movement of treasury shares	2 689		(726)	1 963
Employee share option scheme: - value of services provided		1 340		1 340
Shares issued	177 430			177 430
Balance at 30 June 2007	396 375	20 966	134 851	552 192

CONTROL INSTRUMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 30 June 2007

Accounting policies - basis of presentation

The financial statements have been prepared in terms of International Financial Reporting Standards ("IFRS") and comply with IAS34 - *Interim Financial Reporting*.

The accounting policies are consistent with those applied in the annual financial statements for the year ended 31 December 2006.

Discontinued operations

Discontinued operations comprise Control Instruments' fleet and vehicle management businesses, viz. CI OmniBridge, Datatrak and Tripmaster.

	6 months ended 30/06/07 Unaudited R 000
	<hr/>
Non-current assets held for sale and discontinued operations	
a) Non-current assets classified as held for sale	
Disposal group held for sale - CI OmniBridge and Datatrak	
Non-current assets	126 040
Current assets	<hr/> 109 458
Disposal group held for sale - Tripmaster	
Non-current assets	41 747
Current assets	<hr/> 16 832
Total	<hr/> <hr/> 294 077
b) Liabilities directly associated with non-current assets classified as held for sale	
Disposal group held for sale - CI OmniBridge and Datatrak	
Non-current liabilities	29 551
Current liabilities	<hr/> 80 420
Disposal group held for sale - Tripmaster	
Non-current liabilities	13 932
Current liabilities	<hr/> 4 515
Total	<hr/> <hr/> 128 419

CONTROL INSTRUMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 30 June 2007

- c) Analysis of the results of discontinued operations, and the results recognised on the remeasurement of assets or disposal group.

	6 months ended 30/06/07 Unaudited R 000	6 months ended 30/06/06 Unaudited R 000	Variance %	Year ended 31/12/06 Unaudited R 000
Revenue	122 579	82 676		137 500
Cost of sales	(47 250)	(29 107)		(54 924)
Gross profit	75 329	53 569		82 576
Other operating income	13 357	5 195		5 363
Interest income	86	80		-
Administrative expenses	(37 880)	(28 336)		(44 569)
Marketing and selling expenses	(8 962)	(4 850)		(11 502)
Other operating expenses	(11 568)	(11 555)		(10 643)
Operating profit from operations	30 362	14 103		21 225
Finance costs	(661)	(1 229)		(1 954)
Profit before tax from operations	29 701	12 874		19 271
Tax	(9 221)	(4 520)		(8 408)
Profit for the period	20 480	8 354		10 863

Significant acquisitions

- a) Datatrak

The Group acquired 100% interest in the business of Datatrak, including the worldwide distribution rights to Control Instruments' fleet management products with effect from 1 June 2007 and 1 July 2007 respectively.

Details of the net assets acquired and the excess of acquirer's interest in the net fair value of the acquiree over cost (negative goodwill) are as follows:

Purchase consideration	
Paid	90 704
Direct costs relating to the acquisition	7 063
Total purchase consideration	97 767
Less: Fair value of net assets acquired	(102 912)
Excess of acquirer's interest in the net fair value of the acquiree over cost	(5 145)

CONTROL INSTRUMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 30 June 2007

Significant acquisitions (continued)

	Fair value R 000	Acquiree's carrying amount R 000
	<u> </u>	<u> </u>
The assets and liabilities arising from the acquisition are as follows:		
Property, plant and equipment	13 100	8 688
Intangible assets	64 203	-
Other investments and non-current receivables	6 875	6 875
Current assets	58 930	59 273
Current liabilities	(44 257)	(31 699)
Deferred tax assets	4 061	-
Net assets acquired	<u>102 912</u>	<u>43 137</u>
Purchase consideration	97 767	
Purchase consideration settled in issuing shares	(90 000)	
Cash outflow on acquisition	<u>7 767</u>	

The accounting of this business combination has been determined provisionally in terms of IFRS 3. As a result these figures may change at year-end.