Cartrack Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 2005/096316/06)
Share code: CTK
ISIN:ZAE000198305 (“Cartrack” or “the group”)

Abridged unaudited consolidated interim financial statements 2018

Salient features
- Robust comparative subscriber growth of 21% to 666,422
- Headline EPS (HEPS) of 46,2 cents, up 20%
- Return on equity of 59%
- Declared dividend per share of 18 cents
- Cash generated from operating activities of R178,2 million

Commentary

GROUP PROFILE
Cartrack is a leading global provider of fleet management (Fleet), stolen vehicle recovery (SVR) and insurance telematics services, with a focus on technology development to enhance customer experience. Cartrack already has an extensive footprint in 24 countries across Africa, Europe, North America, Asia-Pacific and the Middle East. With a base of more than 666,000 active subscribers, the group ranks among the largest telematics companies globally.

Cartrack is a service-centric organisation focusing on in-house design, development and installation of telematics technology and data analytics. It provides fleet-, mobile asset- and workforce management solutions, underpinned by real-time actionable business intelligence, delivered as Software-as-a-Service (SaaS), as well as the tracking and recovery of stolen vehicles.

Cartrack’s technology is widely accepted by motor manufacturers and insurers. Its customer telematics web interface provides a comprehensive set of features ensuring the optimisation of both Fleet and human resources. As an expansion of its integrated service offering, Cartrack also provides driver risk assessment offerings in the insurance telematics field.

In addition, Cartrack specialises in vehicle tracking and recovery. An industry-leading audited recovery rate of 93% as at 28 February 2017 reflects the superior quality of its technology and services. The technology and infrastructure required for the recovery of stolen vehicles is a key barrier to entry for competitors looking to enter the telematics industry in any high crime region.

Cartrack’s vision is to achieve global industry leadership in the telematics industry, including Fleet, SVR and insurance telematics services, by ensuring that it is the technology of choice to manage both fleets and workforces. Its mission is to provide its customers and partners with real-time actionable business intelligence, based on advanced technology and reliable data.

GROUP PERFORMANCE
Cartrack has delivered a robust set of interim results with 6% growth of 21%. This was achieved as a result of strong subscriber and revenue growth while maintaining industry-leading operating profit and EBITDA margins of 32% (HY17: 30%) and 47% (HY17: 43%) respectively. These operating metrics are indicative of the strong performance of the annuity-based revenue model in a growth environment. The ongoing strategic decision to invest in distribution and operating capacity in pursuit of sensible growth, and the realisation of economies of scale across businesses and segments have generated solid returns.

The group achieved period on period subscriber growth of 21%, increasing from 551,000 to more than 666,000 subscribers. South Africa, Europe and Asia-Pacific all contributed positively to the growth, while the Africa segment showed a decrease in subscribers of 3% consequent upon the challenging economic conditions in the region. The group continues to maintain a strong order book while focusing efforts on channel and market development.

Revenue increased by 14% from R554,1 million to R629,9 million period on period. Subscription revenue increased by 19% and now represents 88% of total revenue. The increase in revenue can primarily be attributed to strong subscriber growth. Revenue was negatively impacted on consolidation by the strengthening rand. Had exchange rates remained unchanged, revenue would have increased by 18% to R652,4 million.

While continuing to invest in operational, service and distribution capacity, plus an accelerated investment in research and development, the group managed to limit operating expense growth to 15%. Operating profit increased by 19% from R168,1 million to R200,1 million.

Return on assets of 33% (HY17: 33%) remain indicative of the efficient application of capital across the group.

Opportunities to develop further vertically aligned revenue streams remain at the forefront of management’s short and medium-term strategy.

Segment overview
South Africa
Cartrack delivered particularly strong results in the South Africa segment. Subscription revenue increased by 19% period-on-period and was in line with subscriber growth of 19% over the same period. The realisation of a strong sales pipeline and an effective distribution strategy are the primary contributors to this growth.

Effective cost management has resulted in single digit operating expense growth period on period. As the subscriber base continues to grow, Cartrack continues to identify and exploit opportunities to realise economies of scale and operating efficiencies.

Overall, the South African market remains underpenetrated with many opportunities to provide customer-centric solutions to individuals and fleets alike.

Africa
The Africa segment delivered a resilient performance, notwithstanding the sluggish regional economic performance which has been evident over the past 18 months. Revenue decreased period on period to R51,0 million (HY17: R57,0 million) as a result of the stronger rand over the same period, had exchange rates remained
unchanged, revenue would have increased by 9%.

Financial hardship experienced by consumers, private and commercial customers alike, is the major factor contributing to the lacklustre new sales levels. Encouragingly, subscribers have remained constant since 28 February 2017. All subsidiaries in this segment remain profitable in local currency terms and continue to generate positive cash flows.

Operating costs in this segment have decreased by 6%. This is the result of careful cost management and a stabilisation in successful collection processes. These remain key focus areas for management while the economic activity of the segment recovers from the challenges faced over the past 18 months. As a result, operating profit remained largely unchanged at R17.8 million period on period.

A new management structure and a refreshed strategy for the segment in terms of sales, distribution and operating capacity has been implemented. Cartrack expects these changes to positively impact the segment and group results over the next 6 - 18 months.

Europe
The segment delivered strong subscriber growth of 24% period on period largely as a result of the investment in distribution and operating capacity over the previous 18 months. The consolidated segment revenue remained unchanged at R54.6 million. The strengthening rand impacted negatively on consolidated end exchange rate remained unchanged, revenue would have increased by 10% to R60.5 million. Competitive pricing pressure and selective entering of certain lower priced market segments further impacted reported revenue.

The investment in distribution and operating capacity will continue as new channels to market are established. In particular, the insurance telematics and individual retail markets remain underpenetrated. These markets present lucrative growth opportunities to provide telematics offerings and related value-added services. Operating expenses as a percentage of revenue remained higher than target levels resulting in lower operating profit margins. This will resolve itself in the short to medium term as increased subscription revenues start reflecting for a full reporting cycle.

Asia-Pacific
Asia-Pacific continues to deliver strong subscriber growth in line with management’s expectation. Subscribers increased by 122% period on period from 19 100 to 42 385. Subscription revenue increased by 32% from R22.0 million to R66.7 million while total revenue increased by 80% from R29.0 million to R52.1 million. On a constant currency basis, subscription revenue would have increased by 140% to R33.0 million and total revenue would have increased by 100% to R59.6 million.

Cartrack continues to incur start-up costs within the region as the businesses in Thailand, Malaysia, Philippines and Indonesia in particular are established. These businesses are between 18 and 30 months into the establishment cycle and will continue to absorb resources until breaking even at between three and four years from commencement of operating activity. Singapore, in its fourth year of operation, is now consistently contributing to the growth in group revenue and operating profit.

The market in this segment remains considerably underpenetrated due to fragmented market participants delivering entry-level telematics offerings, enabling Cartrack to exploit its more sophisticated, reliable products and customer-centric services. Cartrack remains poised to exploit new opportunities while expanding cross-border relationships as it drives its robust and proven offerings to Sri and Fleet customers in this segment.

USA
Cartrack expanded in-field testing in the USA in the six months ended 31 August 2017. This revealed the need for further hardware and software adaptations in order to successfully compete in this marketplace. R4.3 million in operating expenses were incurred during the interim reporting period. Sales activities have now commenced.

MANAGING OUR BALANCE SHEET
Capital allocation and cash management remain key focus areas which are monitored and managed on an ongoing basis.

Inventory balances, specifically components required for the FY18/19 production cycle, increased significantly since 28 February 2017 mainly due to increasing lead times by suppliers and increased forecasted sales for the group. Production has been planned to meet growth targets while ensuring that sufficient buffer stock remains available to provide for adequate lead times and unforeseen demand. This has resulted in inventory days increasing to 254 days (FY17: 197 days). Management expects the inventory days to improve in H2-18 as the sales pipeline is realised.

The planned and continued investment in distribution and operating capacity of the group, as well as the increase in inventory levels to ensure uninterrupted realisation of the sales pipeline, has resulted in the re-investment of cash flows generated from operating activities, resulting in current and quick ratios of 0.9 (FY17: 1.1) and 0.5 (FY17: 0.7) respectively. The group continues to hold prudent provisions for doubtful debt and absolute stock.

Debtor's days (after provision for bad debts) have improved to 30 days (FY17: 31 days). This is a key metric indicating operational effectiveness and a strong focus on credit management, improved collections processes and prudent provisioning practices that will be maintained.

Notwithstanding the significant and continuing investment in distribution and operating capacity within the group which will require cash resources in the short to medium term, and despite short-term borrowings, Cartrack remains highly cash generative with a strong and positive cash flow forecast for the foreseeable future.

OUTLOOK
SaaS, within the context of the Internet of Things (IoT), continues to rapidly expand as the digital civilisation of age, Cartrack remains at the forefront of the related telematics expansion and continues to drive innovation and application through its interaction with customers and strategic research and development activities.

Customers are ever more demanding and reliant on the telematics market to optimise business intelligence relating to assets and people on a global scale. Cartrack will continue to become a more integral part of its current and future customers’ lives. This will require a continued and deliberate investment in technology, information management, human resources as well as distribution and operating capacity in current and new markets. Under certain circumstances, this may be achieved through market consolidation to the extent that operational efficiencies can be realised while customer service deepens.

The South African market, particularly in the lower vehicle value segment, remains underpenetrated. Opportunities to provide customer-centric solutions that put Cartrack customers in control will be exploited.

The Africa-Other operations will be closely monitored and managed in anticipation of a more favourable economic environment. The order book in Europe remains strong while new sales are being actively pursued. Asia-Pacific continues to gain operational mass as a region, with a strong sales pipeline and many cross-border opportunities which are being exploited.

Notwithstanding global economic and foreign exchange volatility, Cartrack expects to continue double digit subscriber and revenue growth in the foreseeable future.

BASES OF ACCOUNTING
The abridged consolidated interim financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports, and the requirements of the Companies Act, 71 of 2008, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts as a minimum and the measurement and recognition requirements of IFRS, IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the
Financial Reporting Standards Council. The accounting policies applied in the preparation of the consolidated financial statements from which the abridged consolidated interim financial statements were derived are in terms of IFRS and are consistent, in all material respects, with those detailed in Cartrack’s prior year annual financial statements.

DIVIDEND DECLARATION

Continued strong subscriber growth, together with rental sales increasing as a proportion of total sales, will require further and probable accelerated reinvestment in the medium-term of cash generated through operations. To finance this growth, management deems it prudent to declare, within policy, a dividend at the higher end of the dividend cover range. Ordinary shareholders are advised that the board of directors has declared an interim gross cash dividend of 18 cents per ordinary share (14,4 cents net of dividend withholding tax) for the period ended 31 August 2017 (the cash dividend). The cash dividend will be paid out of profits of the company.

2017 forecast information included in this section has not been reviewed and reported on by Cartrack’s auditor in accordance with 8.40(a) of the JSE Listings Requirements. The directors take sole responsibility for the statements.

Share code CTX
ISIN ZAE000198305
Company registration number 2005/036316/06
Company tax reference number 9108121162
Dividend number 7
Gross cash dividend per share 18 cents
Issued share capital as at declaration date 300 000 000
Declaration date Wednesday, 11 October 2017
Last date to trade cum dividend Tuesday, 5 December 2017
Shares commence trading ex dividend Wednesday, 6 December 2017
Record date Friday, 8 December 2017
Dividend payment date Monday, 11 December 2017
Share certificates may not be dematerialised or rematerialised between Wednesday, 6 December 2017 and Friday, 8 December 2017, both days inclusive.

TAX IMPLICATIONS

The cash dividend is likely to have tax implications for both resident and non-resident shareholders. Shareholders are therefore encouraged to consult their professional tax advisers should they be in any doubt as to the appropriate action to take.

In terms of the Income Tax Act, the cash dividend will, unless exempt, be subject to dividend withholding tax (DWT). South African resident shareholders that are liable for DWT, will be subject to DWT at a rate of 20% of the cash dividend and this amount will be withheld from the cash dividend. Non-resident shareholders may be subject to DWT at a rate of less than 20% depending on their country of residence and the applicability of any double tax treaty between South Africa and their country of residence.

on behalf of the board

David Brown Zak Calisto
Chairman Global chief executive officer

Johannesburg 11 October 2017
Sponsor Investec Bank Limited

Abridged unaudited consolidated interim statement of financial position as at 31 August 2017
Figures in rand thousand Notes unaudited unaudited six months six months ended ended 31 August 31 August 2017 2016

Assets
Non-current assets
Property, plant and equipment 3 405 052 258 146
Goodwill 117 467 151 615
Deferred taxation 50 347 43 287
572 866 453 048
Current assets
Inventories 160 348 86 705
Loans to related parties 1 823 1 823
Trade and other receivables 4 164 494 130 956
Current taxation receivable 3 320 2 576
Cash and cash equivalents 42 121 56 615
372 106 278 675
Total assets 944 972 731 723

Equity and Liabilities
Equity
Share capital 42 488 42 488
Reserves (32 762) 8 145
Retained income 495 287 379 271
Equity attributable to equity holders of parent 505 013 429 904
Non-controlling interest 12 871 17 945
517 884 447 849
Liabilities
Non-current liabilities
Finance lease obligation 23 015 11 645
Deferred taxation 5 122 4 223
28 137 15 868
Current liabilities
Trade and other payables 178 803 168 868
Loans from related parties 4 693 1 228
Finance lease obligation 18 118 10 848
Current taxation payable 46 475 44 321
Provisions for warranties*                                    5 928       5 812
Share based payment liability                               7 022        6 028
Bank overdraft                                               140 123     32 701
Total liabilities                                            427 088     283 874
Total equity and liabilities                                 944 912     731 273

*Provisions for warranties, previously included in trade and other payables, have been disclosed separately on the face of the statement of financial position (August 2017: R5 928 440; August 2016: R5 812 000). This fairly presents the financial position of the group.

Abridged unaudited consolidated interim statement of profit or loss and other comprehensive income for the six months ended 31 August 2017

<table>
<thead>
<tr>
<th></th>
<th>Unaudited six months ended 31 August 2017</th>
<th>Unaudited six months ended 31 August 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>5 629 866</td>
<td>5 544 345</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(112 255)</td>
<td>(108 711)</td>
</tr>
<tr>
<td>Other income</td>
<td>3 782</td>
<td>3 052</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>1 982</td>
<td>2 095</td>
</tr>
<tr>
<td>Taxation</td>
<td>(52 137)</td>
<td>(48 704)</td>
</tr>
<tr>
<td>Profit for the six months</td>
<td>143 952</td>
<td>119 365</td>
</tr>
<tr>
<td>Other comprehensive income: Items that may be reclassified to profit or loss in future periods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations</td>
<td>19 756</td>
<td>(19 397)</td>
</tr>
<tr>
<td>Other comprehensive income for the six months net of taxation</td>
<td>(64 801)</td>
<td>(64 801)</td>
</tr>
<tr>
<td>Total comprehensive income for the six months</td>
<td>163 708</td>
<td>99 968</td>
</tr>
<tr>
<td>Profit attributable to: owners of the parent</td>
<td>163 708</td>
<td>99 968</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>4 762</td>
<td>4 263</td>
</tr>
<tr>
<td>Total comprehensive income attributable to: owners of the parent</td>
<td>163 084</td>
<td>96 931</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>624</td>
<td>3 037</td>
</tr>
<tr>
<td></td>
<td>163 708</td>
<td>99 968</td>
</tr>
</tbody>
</table>

Abridged unaudited consolidated interim statement of changes in equity for the period ended 31 August 2017

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Foreign currency translation reserve</th>
<th>Treasury shares</th>
<th>Total reserves</th>
<th>Total income</th>
<th>Total attributable to equity holders of the group</th>
<th>Non-controlling interest</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 September 2016</td>
<td>42 488</td>
<td>20 250 (12 105)</td>
<td>8 145</td>
<td>379 371</td>
<td>429 904</td>
<td>17 945</td>
<td>447 849</td>
<td>163 708</td>
</tr>
<tr>
<td>Profit 1 September 2016 to 28 February 2017</td>
<td></td>
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<td>other comprehensive income 1 September 2016 to 28 February 2017</td>
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<tr>
<td>Total comprehensive income for the six months: 1 September 2016 to 28 February 2017</td>
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<tr>
<td>Dividends 1 September 2016 to 28 February 2017</td>
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<tr>
<td>Reduction due to capital distribution in Cartrack Polska,SP.20.0</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Balance at 1 March 2017</td>
<td>42 488</td>
<td>(44 551) (12 105)</td>
<td>(36 656)</td>
<td>461 743</td>
<td>437 077</td>
<td>14 200</td>
<td>461 777</td>
<td>163 084</td>
</tr>
<tr>
<td>Profit 1 March 2017 to 31 August 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>other comprehensive income 1 March 2017 to 31 August 2017</td>
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<tr>
<td>Total comprehensive income for the six months: 1 March 2017 to 31 August 2017</td>
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<tr>
<td>Dividends 1 March 2017 to 31 August 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Increase in holding of subsidiary - Cartrack Technologies (China) Limited</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Acquisition of subsidiary with WZ portion - Cartrack New Zealand Limited</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 31 August 2017</td>
<td>42 488</td>
<td>(20 657) (12 105)</td>
<td>(32 762)</td>
<td>495 287</td>
<td>505 013</td>
<td>12 871</td>
<td>517 884</td>
<td>163 084</td>
</tr>
</tbody>
</table>

Abridged unaudited consolidated interim statement of cash flows for the period ended 31 August 2017

<table>
<thead>
<tr>
<th></th>
<th>Unaudited six months ended 31 August 2017</th>
<th>Unaudited six months ended 31 August 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>242 623</td>
<td>253 578</td>
</tr>
<tr>
<td>Interest income</td>
<td>1 982</td>
<td>2 095</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(4 656)</td>
<td>(2 659)</td>
</tr>
<tr>
<td>Taxation paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>178 199</td>
<td>211 969</td>
</tr>
<tr>
<td>Sale of property, plant and equipment</td>
<td>(185 152)</td>
<td>(129 599)</td>
</tr>
<tr>
<td>Acquisition of subsidiaries, net of cash acquired</td>
<td>(2 277)</td>
<td>2 093</td>
</tr>
<tr>
<td>Net cash from investing activities</td>
<td>(182 878)</td>
<td>(126 906)</td>
</tr>
</tbody>
</table>
Cash flows from financing activities
Increase in loans from related parties 915  248
Increase/(decrease) in loans to related parties 2 765  9 781
Finance lease receipts 9 643  9 781
Dividends paid (101 233)  (105 613)
Reduction due to capital distribution in Cartrack Polska, SP.20.0 (192)  (7000)
Net cash from financing activities (92 102)  (102 250)
Total cash movement for the six months (96 781)  (18 527)
Cash at the beginning of the period (1 007)  (2 553)
Total cash at end of the six months (98 080)  (21 954)

Accounting policies
1. Presentation of group financial statements
The abridged consolidated interim financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports, and the requirements of the Companies Act, Act 71 of 2008. The interim financial statements require preliminary reports to be prepared in accordance with the framework concepts as a minimum and the measurement and recognition requirements of IFRS, IAS 34: Interim Financial Reporting, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the consolidated interim financial statements from which the abridged consolidated financial statements were derived are in terms of IFRS and are consistent, in all material respects, with those detailed in Cartrack's prior year annual financial statements.

2. Segment reporting
The group is organised into geographical business units and has five reportable segments. The group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is evaluated based on revenue and profit or loss and is measured consistently with the abridged unaudited interim consolidated financial statements.

Segment report - 31 August 2017

<table>
<thead>
<tr>
<th>Segment</th>
<th>South Africa</th>
<th>Africa - Other</th>
<th>Europe</th>
<th>Asia-Pacific and</th>
<th>USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>469 932</td>
<td>51 013</td>
<td>54 559</td>
<td>54 559</td>
<td>52 129</td>
<td>233</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(88 648)</td>
<td>(9 599)</td>
<td>(9 776)</td>
<td>(9 776)</td>
<td>(5 055)</td>
<td>(228)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>381 277</td>
<td>45 414</td>
<td>44 785</td>
<td>44 785</td>
<td>47 074</td>
<td>18 517</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(204 698)</td>
<td>(25 902)</td>
<td>(40 497)</td>
<td>(40 497)</td>
<td>(315 731)</td>
<td>(3 853)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>177 059</td>
<td>17 553</td>
<td>9 298</td>
<td>9 298</td>
<td>104 344</td>
<td>18 510</td>
</tr>
<tr>
<td>Net operating foreign exchange (loss)/gain</td>
<td>(2 096)</td>
<td>(295)</td>
<td>521</td>
<td>521</td>
<td>1 148</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>174 963</td>
<td>17 258</td>
<td>9 759</td>
<td>9 759</td>
<td>105 492</td>
<td>18 652</td>
</tr>
<tr>
<td>Financing cost</td>
<td>(4 836)</td>
<td>(231)</td>
<td>(325)</td>
<td>(325)</td>
<td>(573)</td>
<td>(2 117)</td>
</tr>
<tr>
<td>Financing income</td>
<td>1 264</td>
<td>807</td>
<td></td>
<td></td>
<td>2 095</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>171 125</td>
<td>16 451</td>
<td>9 434</td>
<td>9 434</td>
<td>103 377</td>
<td>16 535</td>
</tr>
<tr>
<td>Total assets</td>
<td>502 820</td>
<td>88 373</td>
<td>120 949</td>
<td>120 949</td>
<td>107 673</td>
<td>7 690</td>
</tr>
<tr>
<td>Goodwill</td>
<td>517 884</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue
3. Property, plant and equipment

<table>
<thead>
<tr>
<th>31 August 2017</th>
<th>31 August 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated</td>
<td>Accumulated</td>
</tr>
<tr>
<td>Cost</td>
<td>Carrying value</td>
</tr>
<tr>
<td>6 380</td>
<td>1 816</td>
</tr>
<tr>
<td>6 043</td>
<td>1 741</td>
</tr>
<tr>
<td>6 203</td>
<td>1 751</td>
</tr>
<tr>
<td>2 043</td>
<td>6 160</td>
</tr>
<tr>
<td>2 043</td>
<td>6 160</td>
</tr>
</tbody>
</table>

Goodwill
447 849
Leasehold improvements               4 783   (4 736)   47         4 993   (4 975)   18
Motor vehicles                      69 972   (28 025) 41 947    55 871   (25 548) 30 323
Office equipment                    1 972   (1 285) 687         2 030   (1 198)  832
Plant and machinery                 1 972   (1 285) 687         2 030   (1 198)  832
Security equipment                  819      (462) 357          547   (388)  159
Total                                740 970   (335 918) 405 052    516 776   (258 630) 258 146

Figures in rand thousand
six months ended 31 August 2017
Unaudited

Credit quality of trade and other receivables
The credit quality of trade and other receivables can be assessed by reference to historical information. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, legal handover, financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

Figures in rand thousand
six months ended 31 August 2017
Unaudited

Expense items have been reallocated to more accurately represent the nature of their cost. Operating forex losses result from transactions in the normal course of business. These exchange losses are disclosed as part of operating expenses in the consolidated statement of profit and loss.

7. Financial instruments - fair values and risk management
Financial assets and liabilities are materially short term in nature and settled in the ordinary course of business with the exception of finance lease agreements. The fair values of these short-term financial instruments approximate in all material respects the carrying amounts of the instruments as disclosed in the statement of financial position. Finance lease agreements are variable rate instruments which mature over a period of approximately 60 months. It is estimated that the fair value of these agreements materially approximate the carrying amounts of the instruments as disclosed in the statement of financial position.

Figures in rand thousand
six months ended 31 August 2017
Unaudited

8. Earnings per share
8.1. Basic earnings per share
Basic earnings per share (cents)  46,6    38,5
Weighted average number of ordinary shares ('000) (basic) 300 000 300 000
12 134  12 134
Basic earnings 46,6    38,5
Basic earnings per share (cents)  46,6   (38,5)
Nedbank Limited has provided a facility of R5 million (August 2016: R5 million) to Plexique (Pty) Ltd. Cartrack (Pty) Ltd has provided a limited guarantee for the facility in favour of Nedbank Limited. At the end of the period, the amount utilised was R3 million (August 2016: R1.1 million).

Cartrack Investments UK Limited has provided Cartrack Espana, S.L. with a loan in the amount of Euro 1.4 million (August 2016: Euro 1.4 million) ("the Loan"). Cartrack Technologies Asia Pte. Limited has provided Cartrack Investments UK Limited with a guarantee for repayment of the loan.

The group has signed subordination agreements with all insolvent subsidiaries.

In the period August 2017, Cartrack Manufacturing (Pty) Ltd has no outstanding forward exchange contracts. Cartrack Manufacturing (Pty) Ltd had forward exchange contracts in August 2016: R70 million which expired on 3 April 2017.

10. Acquisitions

Acquisitions occurring during the six months ended 31 August 2017 Cartrack New Zealand Limited

In April 2017, the group acquired 51% interest in Cartrack New Zealand Limited for a cash consideration of 510 New Zealand dollars from Johan de Wet. The group acquired this company in order to achieve economies of scale, standardisation, integration and operational simplification in order to stimulate future growth.

Cartrack Technologies (China) Limited

In July 2017, the group acquired 20% minority interest in Cartrack Technologies (China) Limited for a cash consideration of 20,000 Singapore dollars from YC Lee. The group acquired this company in order to achieve economies of scale, standardisation, integration and operational simplification in order to stimulate future growth.

Acquisitions occurring during the 31 August 2016 year end Cartrack North East (Pty) Ltd

In July 2016, the group acquired the full minority interest of 24.5% in Cartrack North East (Pty) Ltd for a cash consideration of R7 million from the Phillip Oosthuysen Trust. The new shareholding in Cartrack North East (Pty) Ltd is 100%. The group acquired this company in order to achieve economies of scale, standardisation, integration and operational simplification in order to stimulate future growth.

11. Constant Currency segment Report

<table>
<thead>
<tr>
<th>Figures in Rand thousand</th>
<th>South Africa</th>
<th>Africa - Other</th>
<th>Europe</th>
<th>Asia-Pacific and Middle East</th>
<th>USA</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>HY18</td>
<td>469 932</td>
<td>62 170</td>
<td>60 483</td>
<td>59 573</td>
<td>260</td>
<td>652 748</td>
<td>554 148</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(88 306)</td>
<td>(11 080)</td>
<td>(7 070)</td>
<td>(9 929)</td>
<td>(194)</td>
<td>(116 579)</td>
<td>(108 711)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>381 626</td>
<td>51 090</td>
<td>53 413</td>
<td>49 644</td>
<td>66</td>
<td>535 839</td>
<td>445 437</td>
</tr>
<tr>
<td>Other Income</td>
<td>2 497</td>
<td>168</td>
<td>398</td>
<td>882</td>
<td>-</td>
<td>3 945</td>
<td>3 052</td>
</tr>
<tr>
<td>Net operating foreign exchange gain/(loss)</td>
<td>(2 096)</td>
<td>(330)</td>
<td>572</td>
<td>(359)</td>
<td>-</td>
<td>(1 495)</td>
<td>(2 062)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(204 638)</td>
<td>(29 958)</td>
<td>(44 376)</td>
<td>(49 656)</td>
<td>(4 314)</td>
<td>(332 942)</td>
<td>(278 336)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>177 180</td>
<td>20 481</td>
<td>10 007</td>
<td>1 229</td>
<td>(2 484)</td>
<td>205 474</td>
<td>168 091</td>
</tr>
<tr>
<td>Financing cost</td>
<td>(4 834)</td>
<td>(220)</td>
<td>(341)</td>
<td>(628)</td>
<td>-</td>
<td>(2 363)</td>
<td>(2 095)</td>
</tr>
<tr>
<td>Financing revenue</td>
<td>76</td>
<td>2 283</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>2 363</td>
<td>2 095</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>172 629</td>
<td>23 023</td>
<td>9 662</td>
<td>605</td>
<td>(4 248)</td>
<td>201 671</td>
<td>168 069</td>
</tr>
</tbody>
</table>

This pro forma information is the responsibility of the directors of Cartrack. The purpose of this pro forma information is to provide insight into the impact of foreign exchange movements on the statement of comprehensive income and related earnings information, and is for illustrative purposes only. It may not fairly present Cartrack's financial position, changes in equity, and results of operations or cash flows. This information has not been reviewed or audited by the Group's auditors.

The impact is computed as a combination of the following two calculations:
- Components included in cost of sales are largely procured in US dollars. The impact of currency fluctuations on cost of sales for the period to 31 August 2017 was recomputed by applying the average exchange rates applicable to the corresponding 31 August 2016 cost of sales, being those rates applicable at the dates of stock procurement. On this basis, the cost of sales for period to 31 August 2017 would have decreased by 2%;
- All other actual 31 August 2017 line items were recalculated at the average exchange rates applied for the period ended 31 August 2016.