

Cartrack Holdings Limited  
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(Incorporated in the Republic of South Africa)  
(Registration number 2005/036316/06)  
Share Code: CTX ISIN:ZAE000198305  
("Cartrack" or "the group")

Abridged unaudited consolidated interim financial statements 2018

#### Salient features

- Robust comparative subscriber growth of 21% to 666 422
- Subscription revenue up 19%
- Total revenue up 14% to R629,9 million
- Continued strong investment in operating capacity
- EBITDA of R297,1 million, up 26%
- EBITDA margin of 47%
- Normalised EPS (NEPS)<sup>1</sup> of 46,2 cents, up 20%
- Basic earnings per share (EPS) of 46,6 cents, up 21%
- 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
- Currency fluctuations had a R5,3 million negative impact on operating profit

<sup>1</sup>The presentation of normalised earnings per share is not an IFRS or JSE requirement. Management presents this measure as a supplementary performance measure. Normalised earnings represents headline earnings plus/(less) any other unusual non-recurring and non-operating items not already taken into account in headline earnings. In HY18 and HY17 there were no such adjustments and therefore NEPS equalled HEPS.

#### 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 EPS 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.

EPS increased by 21% to 46,6 cents (HY17: 38,5 cents). HEPS and NEPS increased by 20% to 46,2 cents (HY17: 38,4 cents). Return on equity of 59% (HY17: 53%) and return on assets of 33% (HY17: 33%) remain indicative of the efficient application of capital across the group.

Lucrative growth opportunities are evident across all channels to market and in each operating region as the demand for telematics data continues to increase. 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 R53,0 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 in 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 revenue. Had exchange rates 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 remain higher than the targeted 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 112% from R22,0 million to R46,7 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 R53,0 million and total revenue would have increased by 106% 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 SVR 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 associated with global distribution and unforeseen component shortages or obsolescence. This has resulted in inventory days increasing to 254 days (FY17: 197 days). Management expects the inventory days to improve in HY2-18 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 obsolete stock.

Debtors' 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.

#### OUTLOOK2

SaaS, within the context of the Internet of Things (IoT), continues to rapidly expand as the digital civilisation comes 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.

#### BASIS 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.

2Any 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	CTK
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 six months ended 31 August 2017	Unaudited six months ended 31 August 2016
<b>Assets</b>			
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
<b>Equity and Liabilities</b>			
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		2 512	2 423
		25 527	14 068
Current liabilities			
Trade and other payables*		178 803	168 868
Loans from related parties		4 693	1 228
Finance lease obligation		18 518	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	140 122	32 701
	401 561	269 806
Total liabilities	427 088	283 874
Total equity and liabilities	944 972	731 723

\*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  
Figures in rand thousand

	Notes	Unaudited six months ended 31 August 2017	Unaudited six months ended 31 August 2016
Revenue	5	629 866	554 148
Cost of sales		(112 255)	(108 711)
Gross profit		517 611	445 437
Other income		3 782	3 052
Operating expenses	6	(321 321)	(280 398)
Operating profit		200 072	168 091
Investment revenue		1 982	2 095
Finance costs		(5 965)	(2 117)
Profit before taxation		196 089	168 069
Taxation		(52 137)	(48 704)
Profit for the six months		143 952	119 365
Other comprehensive income:			
Items that may be reclassified to profit or loss in future periods:			
Exchange differences on translating foreign operations		19 756	(19 397)
Other comprehensive income for the six months net of taxation		19 756	(19 397)
Total comprehensive income for the six months		163 708	99 968
Profit attributable to:			
Owners of the parent		139 190	115 100
Non-controlling interest		4 762	4 265
		143 952	119 365
Total comprehensive income attributable to:			
Owners of the parent		163 084	96 931
Non-controlling interest		624	3 037
		163 708	99 968
Earnings per share			
Per share information			
Basic earnings per share (cents)	8.1	46,6	38,5

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

	Share capital	Foreign currency translation reserve	Treasury shares	Total reserves	Retained income	Total attributable to equity holders of the group	Non- controlling interest	Total equity
Balance at 1 September 2016	42 488	20 250	(12 105)	8 145	379 271	429 904	17 945	447 849
Profit 1 September 2016 to 28 February 2017	-	-	-	-	141 795	141 795	3 014	144 809
Other comprehensive income 1 September 2016 to 28 February 2017	-	(64 801)	-	(64 801)	-	(64 801)	(1 518)	(66 319)
Total comprehensive income for the six months: 1 September 2016 to 28 February 2017	-	(64 801)	-	(64 801)	141 795	76 994	1 496	78 490
Dividends 1 September 2016 to 28 February 2017	-	-	-	-	(59 321)	(59 321)	(4 832)	(64 153)
Reduction due to capital distribution in Cartrack Polska.SP.ZO.O	-	-	-	-	-	-	(409)	(409)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(59 321)	(59 321)	(5 241)	(64 562)
Balance at 1 March 2017	42 488	(44 551)	(12 105)	(56 656)	461 745	447 577	14 200	461 777
Profit 1 March 2017 to 31 August 2017	-	-	-	-	139 190	139 190	4 762	143 952
Other comprehensive income 1 March 2017 to 31 August 2017	-	23 894	-	23 894	-	23 894	(4 138)	19 756
Total comprehensive income for the six months: 1 March 2017 to 31 August 2017	-	23 894	-	23 894	139 190	163 084	624	163 708
Dividends 1 March 2017 to 31 August 2017	-	-	-	-	(104 709)	(104 709)	(524)	(105 233)
Increase in holding of subsidiary - Cartrack Technologies (China) Limited	-	-	-	-	(939)	(939)	747	(192)
Acquisition of subsidiary with NCI portion - Cartrack New Zealand Limited	-	-	-	-	-	-	(2 176)	(2 176)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(105 648)	(105 648)	(1 953)	(107 601)
Balance at 31 August 2017	42 488	(20 657)	(12 105)	(32 762)	495 287	505 013	12 871	517 884

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

Figures in rand thousand

	Unaudited six months ended 31 August 2017	Unaudited six months ended 31 August 2016
Cash flows from operating activities		
Cash generated from operations	242 623	253 578
Interest income	1 982	2 095
Finance costs	(4 658)	(2 659)
Taxation paid	(61 748)	(41 445)
Net cash from operating activities	178 199	211 569
Cash flows from investing activities		
Purchase of property, plant and equipment	(185 152)	(129 599)
Sale of property, plant and equipment	2 279	2 693
Acquisition of subsidiaries, net of cash acquired	(5)	-
Net cash from investing activities	(182 878)	(126 906)

Cash flows from financing activities		
Increase in loans from related parties	915	248
Decrease/(increase) in loans to related parties	2 765	(199)
Finance lease receipts	9 643	9 783
Dividends paid	(105 233)	(105 613)
Increase in holding of subsidiary	(192)	(7000)
Reduction due to capital distribution in Cartrack Polska.SP.ZO.O	-	(409)
Net cash from financing activities	(92 102)	(103 190)
Total cash movement for the six months	(96 781)	(18 527)
Cash at the beginning of the period	(2 227)	44 994
Effect of exchange rate movement on cash balances	1 007	(2 553)
Total cash at end of the six months	(98 001)	23 914

#### Accounting policies

##### 1.Presentation of group financial statements

###### Statement of compliance

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 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.

###### Basis of measurement

The abridged unaudited consolidated interim financial statements have been prepared on the historical cost basis.

###### Functional and presentation currency

These abridged unaudited consolidated interim financial statements are presented in South African Rand (ZAR), which is the company's functional currency. All financial information presented has been rounded off to the nearest thousand ZAR, unless otherwise indicated.

###### Going concern

The abridged unaudited consolidated interim financial statements are prepared on the going-concern basis as the directors believe that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

##### 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	South Africa	Africa - Other	Europe	Asia-Pacific and Middle East	USA	Total
Revenue	469 932	53 013	54 559	52 129	233	629 866
Cost of sales	(88 660)	(9 599)	(5 776)	(8 005)	(215)	(112 255)
Gross profit	381 272	43 414	48 783	44 124	18	517 611
Other income	2 497	136	367	782	-	3 782
Net operating foreign exchange (loss)/gain	(2 096)	(295)	521	322	-	(1 548)
Operating expenses	(204 638)	(25 502)	(40 497)	(45 283)	(3 853)	(319 773)
Operating profit	177 035	17 753	9 174	(55)	(3 835)	200 072
Financing cost	(4 836)	(231)	(325)	(573)	-	(5 965)
Financing revenue	76	1 903	-	3	-	1 982
Profit before taxation	172 275	19 425	8 849	(625)	(3 835)	196 089
Total tangible assets	502 820	88 373	120 949	107 673	7 690	827 505
Total liabilities	(289 471)	(40 602)	(51 096)	(44 889)	(1 030)	(427 088)
Goodwill						117 467
Equity						517 884

Refer to note 5 for additional information on revenue.

Refer to note 6 for additional information on operating expenses, and on net operating foreign exchange.

Segment report - 31 August 2016	South Africa	Africa - Other	Europe	Asia-Pacific and Middle East	USA	Total
Revenue	413 154	56 972	55 063	28 959	-	554 148
Cost of sales	(80 092)	(10 214)	(11 303)	(7 102)	-	(108 711)
Gross profit	333 062	46 758	43 760	21 857	-	445 437
Other income	2 238	157	63	594	-	3 052
Net operating foreign exchange (loss)/gain	(501)	(1 415)	47	(193)	-	(2 062)
Operating expenses	(189 424)	(27 136)	(34 102)	(26 457)	(1 217)	(278 336)
Operating profit	145 375	18 364	9 768	(4 199)	(1 217)	168 091
Financing cost	(1 971)	-	(138)	(8)	-	(2 117)
Financing revenue	1 264	807	-	24	-	2 095
Profit before taxation	144 668	19 171	9 630	(4 183)	(1 217)	168 069
Total tangible assets	368 032	80 562	82 958	46 825	1 731	580 108
Total liabilities	(190 312)	(41 825)	(31 875)	(19 617)	(245)	(283 874)
Goodwill						151 615
Equity						447 849

Refer to note 5 for additional information on revenue.

Refer to note 6 for additional information on operating expenses, and on net operating foreign exchange.

##### 3. Property, plant and equipment

	31 August 2017			31 August 2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	6 380	(1 816)	4 564	5 734	(1 073)	4 661
Capital rental units	610 043	(271 546)	338 497	412 511	(202 955)	209 556
Computer software	5 205	(1 253)	3 952	2 560	(883)	1 677
Furniture and fixtures	6 603	(3 754)	2 849	6 707	(3 303)	3 404
IT equipment	31 405	(19 780)	11 625	21 638	(15 026)	6 612

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	3 788	(3 261)	527	4 185	(3 281)	904
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	Unaudited six months ended 31 August 2017	Unaudited six months ended 31 August 2016
4.Trade and other receivables		
Trade receivables	162 037	133 004
Allowance for impairment of trade receivables	(41 828)	(21 862)
	120 209	111 142
Prepayments	28 045	11 553
Deposits	2 477	1 679
Sundry debtors	5 578	5 423
Value added taxation receivable	8 185	1 159
	164 494	130 956

#### 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	Unaudited six months ended 31 August 2017	Unaudited six months ended 31 August 2016
5.Revenue		
Sale of hardware	64 562	76 881
Subscription revenue	557 238	467 292
Sundry sales	8 066	9 975
	629 866	554 148
6.Operating expenses		
Depreciation in operating expenses	45 611	32 055
Employee costs	143 097	119 673
Marketing	13 378	11 478
Bad debts	15 677	19 388
Net operating foreign exchange loss	1 548	2 062
Other operating expenses	73 781	80 239
Research and development	28 229	15 503
	321 321	280 398

Expense items have been reallocated to more accurately represent the nature of their cost.

Operating forex losses results 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	Unaudited six months ended 31 August 2017	Unaudited six months ended 31 August 2016
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
Effect of treasury shares held	(1 234)	(1 234)
	298 766	298 766
Basic earnings		
Profit attributable to ordinary shareholders	139 190	115 100
8.2.Headline earnings per share		
Headline earnings per share (cents)	46,2	38,4
Reconciliation between basic earnings and headline earnings		
Basic earnings	139 190	115 100
Adjusted for:		
Gain on disposal of assets net of tax	(1 131)	(231)
	138 059	114 869
8.3.Normalised earnings per share		
Normalised earnings per share (cents)	46,2	38,4
Reconciliation between headline earnings and normalised earnings		
Headline earnings	138 059	114 869
Net non-operating foreign exchange gain	-	-
	138 059	114 869

#### 9.Commitments

Mercantile Bank Limited has provided a facility of R70 million to Cartrack (Pty) Ltd. At the end of the period the amount utilised was R55 million.

Mercantile Bank Limited has provided a facility of R80 million (August 2016: R40 million) to Cartrack Manufacturing (Pty) Ltd. Cartrack (Pty) Ltd has provided limited suretyship in favour of Mercantile Bank Limited for this facility. At the end of the period, the amount utilised was R80 million (August 2016:

R33 million).

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 10% 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

Figures in Rand thousand	South Africa	Africa - Other	Europe	Asia-Pacific and Middle East	USA	Total HY18	Total HY17
Revenue	469 932	62 170	60 483	59 573	260	652 418	554 148
Cost of sales	(88 306)	(11 080)	(7 070)	(9 929)	(194)	(116 579)	(108 711)
Gross profit	381 626	51 090	53 413	49 644	66	535 839	445 437
Other income	2 497	168	398	882	-	3 945	3 052
Net operating foreign exchange gain/(loss)	(2 096)	(330)	572	359	-	(1 495)	(2 062)
Operating expenses	(204 638)	(29 958)	(44 376)	(49 656)	(4 314)	(332 942)	(278 336)
Operating profit	177 389	20 970	10 007	1 229	(4 248)	205 347	168 091
Financing cost	(4 836)	(230)	(345)	(628)	-	(6 039)	(2 117)
Financing revenue	76	2 283	-	4	-	2 363	2 095
Profit before taxation	172 629	23 023	9 662	605	(4 248)	201 671	168 069

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. Due to its nature, 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%; and
- All other actual 31 August 2017 line items were recalculated at the average exchange rates applied for the period ended 31 August 2016.

Cartrack Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 2005/036316/06)  
Share Code: CTK ISIN:ZAE000198305  
("Cartrack" or "the group")

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Directors  
Independent non-executive directors  
David Brown (independent chairman)  
Thebe Ikalafeng  
Kim White

Executive directors  
Isaias Jose Calisto (global chief executive officer)  
John Richard Edmeston (global chief financial officer)

Company Secretary  
Anname de Villiers  
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