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

ABRIDGED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2017

Salient Features
- Robust subscriber growth of 19% to 600 610
- Subscriber revenue up 16%
- Total revenue up 13% to R1 141 million
- Continued strong investment in operating capacity
- EBITDA of R523 million, up 13%
- EBITDA margin of 46%
- Normalised EPS (NEPS)1 of 85 cents, up 12%
- Basic earnings per share (EPS) of 86 cents, up 8%
- Headline EPS (HEPS) of 85 cents, up 6%
- Return on equity of 55%
- Final dividend per share of 35 cents
- Cash generated from operating activities of R387 million, up 48%
- Currency fluctuations had a R27 million negative impact on 2017 operating profit

1The 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. HEPS was adjusted by the net non-operating foreign exchange gain of R2.6 million (FY16: R15.7 million) in determining NEPS.

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 Africa, Europe, Asia and the Middle East. During the year ended 28 February 2017, offices were opened in the United States of America (USA) and New Zealand, expanding its presence to 24 countries. With a base of more than 600 000 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% in South Africa (FY16: 94%) 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's operations across five continents have delivered strong NEPS results, particularly in the second half of FY17. Operating metrics remain amongst the highest in the industry with a gross profit margin of 80% (FY16: 81%), operating profit margin of 32% (FY16: 34%) and EBITDA margin of 46% (FY16: 46%).

These results were achieved despite a number of key influencing factors:
- Exchange rate fluctuations negatively impacted consolidated revenue and profit;
- Severe economic challenges within the Africa-Other segment contributed to a reduction in sales volumes and profitability in this segment;
- Significant investment in the distribution and operating capacity in all segments; and
- Planned start-up costs for establishing the USA operation.

The group's global subscriber base grew from 502 849 to 600 610 contracts, representing 19% growth year-on-year. Asia Pacific and Europe contributed strongly with 225% and 26% subscriber growth respectively. The South African subscriber base increased by a robust 17%. However, with the challenging economic environment encountered in the rest of Africa, the Africa-Other subscriber base decreased by 2% year-on-year.

The group achieved subscription revenue growth of 16%, taking annuity income up to 86% of total revenue (FY16: 84%). The current estimate of subscriber lifecycle in the group is 64 months (FY16: 60 months). Total revenue grew by 13% to R1 141 million (FY16: R1 005 million), with all operating segments contributing positively in local currency terms. Average revenue per unit (ARPU) decreased by 4% to R1 854 (FY16: R1 927) largely as a result of a stronger rand resulting in lower consolidated revenue from non-South African operations. Had the exchange rates within the group remained unchanged, ARPU would have decreased by only 2% to R1 896.

Gross profit was impacted by higher rand-based component cost year-on-year. Cartrack's procurement cycle precedes the production and sales cycles and, as a result, components purchased in US dollars were concluded during a period of severe rand weakness. Had the exchange rate remained unchanged year-on-year, cost of sales would have been R216 million or 5% lower.

Operating profit increased by 7% to R369 million. Operating costs in South Africa increased by only 8% versus the strong revenue increase of 15%, the benefit of the increased investment in distribution channels in the prior year now coming to fruition. The severe economic headwinds experienced in the Africa-Other countries necessitated a focus on sustaining the current infrastructure and distribution channels. However, strong investment in distribution and operating capacity continued within Europe and, more particularly, within Asia Pacific. This, together with the initial operating costs incurred in the USA, resulted in group operating expenses increasing by 12%. Cartrack is confident that these regional investments will deliver meaningful revenue growth in the short-to-medium term with a commensurate increase in operating profit margins.

NEPS increased by 12% in line with management's expectation to 85 cents (FY16: 75 cents). EPS and HEPS increased by 8% and 6% to 86 cents (FY16: 80 cents) and 85 cents (FY16: 81 cents) respectively. Return on equity of 55% (FY16: 62%) and return on assets of 35% (FY16: 42%) are also in line with management's expectations.

Cartrack's telematics database continues to grow in volume and granularity. New revenue streams utilising this database are being researched. Together with expansion into other vertically aligned revenue streams, including value added services, these additional opportunities will contribute to further revenue and profit growth in the short- to medium term.

IMPACT OF FOREIGN EXCHANGE RATE CHANGES ON FINANCIAL PERFORMANCE2
The consolidated group results have been negatively impacted by considerable exchange rate fluctuations in Cartrack's operating currencies. On the assumption of a constant currency basis, revenue would have been R25 million higher, while cost of sales would have been lower by R12 million than the reported FY17 amounts. Operating profit would have increased by R27 million compared to the reported FY17 amount. Year-on-year, revenue would have consequently increased by 16%, while operating profit would have increased by 15%. Adjusted NEPS would have increased significantly to 92 cents, or by 22% year-on-year with HEPS growing by 15%. The segment impact is shown in the segment report included in the audited abridged financial statements.

2This 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, results of operations or cash flows.
The impact is computed as a combination of the following two calculations:

1. Components included in cost of sales are largely procured in US dollars. The impact of currency fluctuations on cost of sales for the year ended 28 February 2017 was recomputed by applying the average exchange rates applicable to the corresponding 29 February 2016 cost of sales, being those rates applicable at the dates of stock procurement. On this basis, the cost of sales for the year ended 28 February 2017 would have decreased by 5%.
2. All other actual 28 February 2017 line items were recalculated at the average exchange rates applied for the period ended 28 February 2016. An unmodified reasonable assurance report has been issued by the company's auditors, Grant Thornton, in terms of ISAE 3420, Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus, and is available for inspection at the company's registered office. The pro forma information has been compiled in terms of the JSE Listings Requirements, the Revised Guide on Pro Forma Information by SAICA and the accounting policies of the group as at 29 February 2017.

SEGMENT PERFORMANCE
South Africa
The South African segment has continued to produce strong results. The investment in FY16 in distribution capacity has resulted in record sales for the year and a consequent subscriber growth of 17%. The market for telematics and stolen vehicle recovery has shown both resilience and signs of increased demand. Cartrack has been able to increase its penetration through certain channels to market and fully meet its sales growth expectations. Revenue grew by 15% to R861 million, reflecting a 2% reduction in ARPU to R1 801 (FY16: R1 840). This marginally lower ARPU is attributable to an increased weighting of sales through somewhat lower priced channels as well as the application of new business models for customer acquisition.

Profit margins remain largely protected by the growing subscriber base as well as strong annuity-based revenue, combined with a lower increase in operating cost structures as predicted for the second half year.

Operating expenses were closely managed, whilst maintaining the requisite high service quality standards, resulting in an increase of only 8% year-on-year. As a result, operating profit grew by 13%. Gross profit margin decreased by 2 basis points to 79%, but remains high largely as a result of the vertically integrated business model which generates a margin by 'owning' the full cycle of operational activities from production through to fitment, service and vehicle recovery. The operating profit margin for the segment was 36%, while EBITDA increased by 18%.

Cartrack continues to believe that there remains considerable untapped depth to the telematics market, particularly in the lower vehicle value SVR and the small to medium enterprise (SME) Fleet markets and related services. A recently published research report (reference Berg Insight: Fleet Management in South Africa) estimates that the market penetration on the population of non-privately owned fleet vehicles used by businesses was 24% in 2016. The Fleet base now exceeds the pure vehicle recovery base by 34%. Subscribers continue to move towards Fleet products bundled with SVR, as opposed to pure SVR products, as their understanding of the benefits of diverse telematics data increases. However, SVR remains a critical service given the increasing incidence of theft evidenced on the Cartrack base over the past year. The vast telematics data accumulated to date is an inherently valuable asset for analytical and marketing purposes, and represents a significant future revenue opportunity.

Africa-Other
The continent continues to experience significant economic challenges. Corporates and individuals are experiencing cash flow constraints as a result of poor economic performance and severe currency devaluations, amongst other factors. The significant deterioration in local currencies severely impacted the consolidated results reported in rand.

Whilst management planned conservatively against these headwinds, the reality has been an underperformance against expectations. Revenue decreased by 22% mostly as a result of local currencies depreciating significantly against the South African rand. The subscriber base decreased by 2%, ascribed primarily to economic hardship.

Operating profit has reduced by 30% year-on-year, substantially as a result of foreign exchange volatility and a flat subscriber base. Doubtful debt provisions have been increased in the light of the trading difficulties currently experienced. However, operating profit margin at 37% (FY16: 41%, or 37% excluding the operating foreign exchange gains realised) is currently the highest in the group. Despite the downturn, all subsidiaries within the segment remain operationally sound, mostly highly profitable in local currency terms and well-positioned for an economic turnaround. Management focus remains firmly placed on controlling costs, improving collection effectiveness and driving sales and customer retention.

The trading environment in the Africa-Other segment is likely to remain challenging in the medium-term. Market research and forecasts do, however, indicate that the long-term outlook for a turnaround remains positive. At this time, Cartrack remains confident that the trading environment remains conducive to maintaining a strong presence in this region, for all of the subsidiaries to remain profitable in the foreseeable future and to have a sound infrastructure for the next economic growth cycle. The Africa-Other segment plays an important role in the high recovery rate of stolen vehicles in South Africa and vice versa.

Europe

The European segment showed solid subscriber growth of 26% and revenue growth of 14% in rand terms. The region has tough competition and is experiencing some market consolidation. These results bear testament to Cartrack's strong telematics value proposition and can be attributed largely to the investment in distribution capacity in the region during this financial year.

Currency movements on consolidation, investment in operating- and distribution capacity, and depreciation of rental acquisition costs had a significant impact on the segment results, causing a 19% decrease in operating profit. On an EBITDA basis, however, an increase of 21% year-on-year is reflected, given that depreciation on the high level of capitalised rentals was a significant factor. Currently, the European operations sell primarily rental contracts resulting in an increase in the capitalisation of hardware and acquisition cost, and the subsequent amortisation thereof over the contract period.

The European market is becoming more discerning in its search for value from telematics, while embracing technological development. This, together with ever increasing regulatory requirements, contributes positively to Cartrack's product development pipeline which also benefits countries outside of Europe in a meaningful way.

Asia-Pacific and Middle East

This segment performed particularly well despite the negative impact of the strengthening rand in FY17. Revenue grew by 147% largely due to a 225% growth in subscribers. ARPU for the region decreased by 8% to R3 032 (FY16: R3 309) primarily as a result of a more diversified service offering and customer base.

Operating expenses increased by 44% as a result of the continued investment in distribution and operating capacity as the individual start-up entities within this segment gain traction. This investment will continue across all entities in line with a structured and cautious development plan employed in the region, where Singapore acts as a local executive and strategic office that drives and manages the operations based on group best practice.

Overall, this segment showed its first consolidated profit before tax. The profitability was largely driven by the Singapore operation which contributed pre-consolidation profit before tax of R16 million in its third year of operation.

The results continue to be in line with the investment case for this region and proves again that greenfield operations require approximately three years to become profitable.

Asia-Pacific also continues to be a key strategic segment from a product development perspective. For example, the rapid change from 2G towards 3G and 4G data communication within the region has driven the development of our hardware to also benefit Europe and the USA. Despite natural demand for our services, customers in this segment are also subject to continuing stringent regulatory development. This results in a particularly large and growing market that presents many opportunities for strong revenue growth, which Cartrack aims to capitalise on.

United States of America (USA)

Cartrack established an operational base in California and, to date, it has incurred start-up and initial operating costs of R4 million. In-field testing of the hardware and related software functionality on a new upgraded platform commenced in H2 17. Cartrack's strong product offering, combined with competitive pricing and a developing distribution and operating infrastructure, will provide the platform for market penetration in FY18.

MANAGING OUR BALANCE SHEET

Working capital allocation and cash generation are key business objectives for the group.

Inventory balances, specifically components required for the FY18 production cycle, increased significantly year-on-year, mainly due to increasing of lead times by suppliers. 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. As a result, inventory days have increased from 173 days to 197 days year-on-year.

Both current and quick ratios have decreased to 1.1 (FY16: 1.4) and 0.7 (FY16: 0.9) respectively. This is primarily as a result of a concerted and continued investment in distribution capacity in Europe, Asia Pacific and the USA, as well as increased inventory balances.

Debtors' days (after provision for bad debts) have improved from 33 days to 31 days year-on-year. 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 FY18, and despite minor short-term borrowings, Cartrack remains highly cash generative with a strong and positive cash flow forecast for the foreseeable future.

OUTLOOK[3]

The coming of age of the digital era puts the Internet of Things (IoT) and SaaS firmly in the spotlight. As a result, the telematics industry is experiencing an explosion of innovation - something that is at the heart of Cartrack's business and vital to the success thereof.

Current and future customers require ever-increasing information about their assets and people to more effectively achieve their goals. In this context, Cartrack will become a more integral part of their lives, moving away from a service provider relationship to become business partners.

This will require a continued and significant investment in technology and intellectual property, and a further expansion of Cartrack's distribution and operating capacity. Cartrack's current and expected internal cash flow generation will fund the majority of these investments, although inexpensive funding opportunities are easily accessible.

The global telematics industry is showing signs of further consolidation. Cartrack will remain vigilant to such industry developments. Opportunities that may arise to provide economies of scale as well as improved subscriber value will be considered on their merits.

[3]In accordance with 8.40(b) of the JSE Listing Requirements, any forecast information included in this section has not been reviewed and reported on by Cartrack's auditor. The directors take sole responsibility for the statements.

The South African market remains under-penetrated. Opportunities to enter the lower LSM market and to expand the product offering in the fleet-, asset- and people tracking markets will increase sales and revenues. The order book in Europe is strong while new sales are being actively pursued. Asia Pacific is now gaining operational mass as a region, with a strong sales pipeline and many cross-border opportunities which are ready to be exploited. The Africa-Other operations will be closely monitored and managed in anticipation of a more favourable economic environment.

With all of this in mind, 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 auditors, Grant Thornton, have issued their opinion on the consolidated financial statements for the year ended 28 February 2017. The audit was conducted in accordance with International Standards on Auditing (ISA). They have issued an unmodified audit opinion. The abridged consolidated financial statements have been prepared under the supervision of John Edmeston (CA)SA. They represent a summary of the complete set of audited consolidated financial statements of Cartrack as approved on 15 May 2017. The directors take full responsibility and confirm that this information has been correctly extracted from the consolidated financial statements. The complete set of consolidated financial statements is available at www.cartrack.com and at Cartrack's registered office for inspection. The abridged consolidated financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports, and the requirements on the Companies Act, no 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 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
Ordinary shareholders are advised that the board of directors has declared a final gross cash dividend of 35 cents per ordinary share (28 cents net of dividend withholding tax) for the year ended 28 February 2017 (the cash dividend). The cash dividend will be paid out of profits of the company.

Share code	CTK
ISIN	ZAE000198305
Company registration number	2005/036316/06
Company tax reference number	9108121162
Dividend number	6
Gross cash dividend per share	35 cents
Issued share capital as at declaration date	300 000 000
Declaration date	Wednesday, 17 May 2017
Last date to trade cum dividend	Tuesday, 4 July 2017
Shares commence trading ex dividend	Wednesday, 5 July 2017
Record date	Friday, 7 July 2017
Dividend payment date	Monday, 10 July 2017

Share certificates may not be dematerialised or re-materialised between 5 July 2017 and 7 July 2017, both days inclusive.

The total dividend declared for the year ended 28 February 2017 amounted to 55 cents per share (FY16: 55 cents).

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

17 May 2017

Sponsor
Investec Bank Limited

Abridged audited consolidated statement of Financial Position
as at 28 February 2017

Figures in rand thousand	Notes	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	3	309 255	207 534
Goodwill		102 045	156 011
Deferred taxation		41 641	34 517
		452 941	398 062
Current assets			
Inventories		123 140	88 318

Loans to related parties		4 588	1 624
Trade and other receivables	4	151 438	128 655
Current taxation receivable		1 639	5 500
Cash and cash equivalents		70 078	45 181
		350 883	269 278
Total assets		803 824	667 340
EQUITY AND LIABILITIES			
Equity			
Share capital		42 488	42 488
Reserves		(56 656)	26 314
Retained income		461 745	375 306
Equity attributable to equity holders of parent		447 577	444 108
Non-controlling interest		14 200	16 387
		461 777	460 495
Liabilities			
Non-current liabilities			
Finance lease obligation		18 123	7 789
Deferred taxation		2 066	1 040
		20 189	8 829
Current liabilities			
Trade and other payables*		173 951	153 585
Loans from related parties		3 778	1 478
Finance lease obligation		12 461	6 604
Current taxation payable		47 209	26 652
Provisions for warranties*		6 124	5 500
Share-based payment liability		6 030	4 010
Bank overdraft		72 305	187
		321 858	198 016
Total liabilities		342 047	206 845
Total equity and liabilities		803 824	667 340

* Provisions for warranties, previously included in trade and other payables, have been disclosed separately on the face of the statement of financial position (February 2017: R 6 124 000; February 2016: R 5 500 000). This presentation fairly presents the financial position of the group.

Abridged audited consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 28 February 2017

Figures in rand thousand	Notes	2017	2016
Revenue	5	1 140 989	1 005 481
Cost of sales		(228 598)	(186 749)
Gross profit		912 391	818 732
Other income*		6 796	6 062
Operating expenses*	6	(550 356)	(479 988)
Operating profit		368 831	344 806
Investment revenue		3 962	6 256
Finance costs		(5 775)	(4 463)
Net non-operating foreign exchange gain		2 607	15 667
Profit before taxation		369 625	362 266
Taxation		(105 451)	(102 779)
Profit for the year		264 174	259 487
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified to profit or loss in future periods:			
Exchange differences on translating foreign operations		(85 716)	3 399
Other comprehensive income for the year net of taxation		(85 716)	3 399
Total comprehensive income for the year		178 458	262 886
Profit attributable to:			
Owners of the parent		256 895	239 674
Non-controlling interest		7 279	19 813
		264 174	259 487
Total comprehensive income attributable to:			
Owners of the parent		173 925	245 842
Non-controlling interest		4 533	17 044
		178 458	262 886
EARNINGS PER SHARE			
Per share information			
Basic earnings per share (cents)	8.1	86	80

* Bad debts recovered, previously included in other income, have been included in operating expenses
(February 2017: R 5 949 179; February 2016: R 6 029 026). This presentation fairly presents the financial performance of the group.

Abridged audited consolidated Statement of Changes in Equity
for the year ended 28 February 2017

Figures in rand thousand	Share capital	Foreign currency translation reserve	Treasury shares	Total reserves	Retained income	Total attributable to equity holders of	Non-controlling interest	Total equity

						the group		
Balance at 01 March 2015	42 488	32 251	-	32 251	285 632	360 371	13 391	373 762
Profit for the year	-	-	-	-	239 674	239 674	19 813	259 487
Other comprehensive income	-	6 168	-	6 168	-	6 168	(2 769)	3 399
Total comprehensive income for the year	-	6 168	-	6 168	239 674	245 842	17 044	262 886
Treasury shares acquired for Share Incentive Scheme	-	-	(12 105)	(12 105)	-	(12 105)	-	(12 105)
Dividends	-	-	-	-	(150 000)	(150 000)	(14 048)	(164 048)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(12 105)	(12 105)	(150 000)	(162 105)	(14 048)	(176 153)
Balance at 01 March 2016	42 488	38 419	(12 105)	26 314	375 306	444 108	16 387	460 495
Profit for the year	-	-	-	-	256 895	256 895	7 279	264 174
Other comprehensive income	-	(82 970)	-	(82 970)	-	(82 970)	(2 746)	(85 716)
Total comprehensive income for the year	-	(82 970)	-	(82 970)	256 895	173 925	4 533	178 458
Dividends	-	-	-	-	(164 321)	(164 321)	(5 446)	(169 767)
Increase in holding of subsidiary - Cartrack North East Pty Ltd	-	-	-	-	(6 135)	(6 135)	(865)	(7 000)
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	-	-	-	-	(170 456)	(170 456)	(6 720)	(177 176)
Balance at 28 February 2017	42 488	(44 551)	(12 105)	(56 656)	461 745	447 577	14 200	461 777

Abridged audited consolidated statement of CASH FLOWS
for the year ended 28 February 2017

Figures in rand thousand	Notes	2017	2016
Cash flows from operating activities			
Cash generated from operations		473 685	391 752
Interest income		3 962	6 256
Finance costs		(3 865)	(3 502)
Taxation paid		(87 131)	(133 120)
Net cash from operating activities		386 651	261 386
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(266 542)	(158 216)
Sale of property, plant and equipment		4 155	3 923
Acquisition of subsidiaries, net of cash acquired		-	(15)
Net cash from investing activities		(262 387)	(154 308)
Cash flows from financing activities			
Increase in loans from related parties		2 300	243
(Increase)/decrease in loans to related parties		(2 964)	3 639
Finance lease receipts/(payments)		14 281	(1 596)
Purchase of shares for Share Incentive Scheme (Treasury shares)		-	(12 105)
Dividends paid		(169 767)	(164 048)
Increase in holding of subsidiary - Cartrack North East Pty Ltd		(7 000)	-
Reduction due to capital distribution in Cartrack Polska.SP.ZO.O		(409)	-
Net cash from financing activities		(163 559)	(173 867)
Total cash movement for the year		(39 295)	(66 789)
Cash at the beginning of the period		44 994	109 933
Effect of exchange rate movement on cash balances		(7 926)	1 850
Total cash at end of the year		(2 227)	44 994

Accounting policies

1. Presentation of group financial statements
Reporting entity
Cartrack Holdings Ltd is a company domiciled in the Republic of South Africa. These abridged audited consolidated annual financial statements are for the year ended 28 February 2017 comprise the company and its subsidiaries (collectively the "group" and individually "group companies"). The group is primarily involved in the design, development and installation of telematics technology, data collection and analysis and the delivery of fleet and mobile asset management solutions delivered as Software-as-a-service ('SaaS') and the tracking and recovery of vehicles.

Statement of compliance
The abridged audited consolidated annual financial statements are prepared in compliance with the JSE Listings Requirements, International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board (IASB), the financial reporting pronouncements as issued by the Financial Reporting Standards Council (FRSC) that are relevant to its operations and have been effective for the annual reporting period ending 28 February 2017, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the South African Companies Act 71 of 2008, as amended. The annual financial statements were approved for issue by the board of directors on 16 May 2017 and are subject to approval by the annual general meeting of shareholders, on 20 July 2017.

Basis of measurement
The abridged audited consolidated annual financial statements have been prepared on the historical-cost basis.

Functional and presentation currency
These abridged audited consolidated annual 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 audited consolidated annual 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 consolidated annual financial statements.

Segment report - 28 February 2017	South Africa	Africa -Other	Europe	Asia Pacific and Middle East	USA	Total
Revenue	861 455	108 610	102 745	68 167	12	1 140 989
Cost of sales	(182 112)	(15 288)	(18 152)	(13 046)	-	(228 598)
Gross profit	679 343	93 322	84 593	55 121	12	912 391
Other income	2 846	516	2 827	607	-	6 796
Net operating foreign exchange (loss)/gain*	(4 003)	603	1 689	76	-	(1 635)
Operating expenses*	(364 913)	(54 697)	(69 510)	(55 341)	(4 260)	(548 721)
Operating profit	313 273	39 744	19 599	463	(4 248)	368 831
Financing cost	(5 462)	(67)	(230)	(16)	-	(5 775)
Financing revenue	1 804	2 157	-	1	-	3 962
Net non-operating foreign exchange gain	2 607	-	-	-	-	2 607
Profit before taxation	312 222	41 834	19 369	448	(4 248)	369 625
Total tangible assets	435 808	75 485	88 998	97 255	4 233	701 779
Total liabilities	(231 325)	(44 922)	(38 274)	(26 288)	(1 238)	(342 047)
Goodwill						102 045
Equity						461 777

Segment report - 29 February 2016	South Africa	Africa-Other	Europe	Asia Pacific and Middle East	Total
Revenue	748 600	139 197	90 037	27 647	1 005 481
Cost of sales	(142 150)	(24 050)	(16 476)	(4 073)	(186 749)
Gross profit	606 450	115 147	73 561	23 574	818 732
Other income	3 822	122	1 673	445	6 062
Net operating foreign exchange gain*	3 133	5 217	498	2 485	11 333
Operating expenses*	(337 321)	(63 966)	(51 529)	(38 505)	(491 321)
Operating profit	276 084	56 520	24 203	(12 001)	344 806
Financing cost	(4 360)	(10)	(78)	(15)	(4 463)
Financing revenue	2 987	3 268	-	1	6 256
Net non-operating foreign exchange gain/(loss)	-	332	(648)	15 983	15 667
Profit before taxation	274 711	60 110	23 477	3 968	362 266
Total tangible assets	188 102	79 049	83 273	160 905	511 329
Total liabilities	(84 377)	(54 544)	(53 355)	(14 569)	(206 845)
Goodwill					156 011
Equity					460 495

* Net operating foreign exchange gain/(loss) is disclosed as part of operating expenses in note 6.

	2017 Cost	2017 Accumulated depreciation	2017 Carrying value	2016 Cost	2016 Accumulated depreciation	2016 Carrying value
3. Property, plant and equipment						
Buildings	5 468	(1 234)	4 234	5 234	(942)	4 292
Capital rental units	470 210	(212 133)	258 077	310 267	(144 173)	166 094
Computer software	3 003	(960)	2 043	1 533	(749)	784
Furniture and fixtures	6 326	(3 614)	2 712	6 310	(2 785)	3 525
IT equipment	24 305	(16 618)	7 687	22 218	(13 730)	8 488
Leasehold improvements	4 659	(4 356)	303	5 331	(5 331)	-
Motor vehicles	58 535	(25 626)	32 909	47 318	(24 652)	22 666
Office equipment	3 277	(3 045)	232	3 942	(3 227)	715
Plant and machinery	2 044	(1 291)	753	2 101	(1 211)	890
Security equipment	707	(402)	305	452	(372)	80
	578 534	(269 279)	309 255	404 706	(197 172)	207 534

Figures in rand thousand	2017	2016
4. Trade and other receivables		
Trade receivables	157 284	126 272
Allowance for impairment of trade receivables	(33 898)	(19 509)
	123 386	106 763
Prepayments	16 131	12 031
Deposits	2 033	4 616
Sundry debtors	5 846	3 512
Value added taxation receivable	4 042	1 733
	151 438	128 655

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	2017	2016
Trade and other receivables (continued)		

Trade receivables not provided for

The ageing of amounts not provided for is as follows:

Not past due	73 036	58 991
1 month past due	17 746	15 719
2 months past due	14 563	11 412
3 months past due	18 041	20 641
	123 386	106 763

Reconciliation of allowance for impairment of trade and other receivables

Opening balance	(19 509)	(6 649)
Increase in allowance for impairment	(45 728)	(39 071)
Amounts utilised	31 339	26 211
	(33 898)	(19 509)

5. Revenue

Sale of hardware	144 008	147 360
Subscription revenue	980 017	842 095
Sundry sales	16 964	16 026
	1 140 989	1 005 481

6. Operating expenses

Depreciation in operating expenses	71 794	48 286
Employee costs	270 312	254 639
Lease rentals on operating lease	25 504	23 068
Motor vehicle expenses	34 995	34 251
Net operating foreign exchange loss/(gain)	1 635	(11 332)
Other operating expenses	66 190	93 290
Research and development	79 926	37 786
	550 356	479 988

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. We estimate 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	2017	2016
8.Basic earnings per share		
8.1. Basic earnings per share		
Basic earnings per share		
Basic earnings per share (cents)	86	80
Weighted average number of ordinary shares (basic)		
Issued at the beginning of the year	300 000	300 000
Effect of treasury shares held	(1 234)	(51)
	298 766	299 949
Basic earnings		
Profit attributable to ordinary shareholders	256 895	239 674
8.2. Headline earnings per share		
Headline earnings per share (cents)	85	81
Reconciliation between basic earnings and headline earnings		
Basic earnings	256 895	239 674
Adjusted for:		
Reversal of bargain purchase	-	3 279
Gain on disposal of assets net of tax	(1 610)	(1 019)
	255 285	241 934
8.3. Normalised earnings per share		
Normalised earnings per share (cents)	85	75
Reconciliation between headline earnings and normalised earnings		
Headline earnings	255 285	241 934
Net non-operating foreign exchange gain	(2 607)	(15 667)
	252 678	226 267

Figures in rand thousand	South Africa	Africa-Other	Europe	Asia Pacific and Middle East	USA	Total 2017	Total 2016
9. Supplementary information							
Constant currency segment report1							
Revenue	861 455	140 699	98 975	64 650	12	1 165 790	1 005 481
Cost of sales	(173 222)	(10 480)	(17 843)	(14 561)	-	(216 106)	(186 749)
Gross profit	688 233	130 219	81 132	50 089	12	949 685	818 732
Other income	2 846	579	2 716	576	-	6 717	6 062
Net operating foreign exchange gain/(loss)	(4 003)	405	1 601	73	-	(1 924)	11 333
Operating expenses	(364 913)	(68 580)	(67 152)	(53 330)	(4 260)	(558 235)	(491 321)
Operating profit	322 163	62 623	18 297	(2 592)	(4 248)	396 243	344 806
Financing cost	(5 462)	(67)	(220)	(16)	-	(5 765)	(4 463)
Financing revenue	1 804	3 322	-	1	-	5 128	6 256
Net non-operating foreign exchange gain	2 607	-	-	-	-	2 607	15 667
Profit before taxation	321 112	65 878	18 077	(2 607)	(4 248)	398 212	362 266

1 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.

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 28 February 2017 was recomputed by applying the average exchange rates applicable to the corresponding 29 February 2016 cost of sales, being those rates applicable at the dates of stock procurement. On this basis, the cost of sales for period to 28 February 2017 would have decreased by 25%, and
- All other actual 31 August 2016 line items were recalculated at the average exchange rates applied for the period ended 29 February 2016.

CORPORATE INFORMATION
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David Brown (Independent Chairman)
Thebe Ikalafeng
Kim White

Executive Directors
Isaias Jose Calisto (Global Chief Executive Officer)
John Richard Edmeston (Global Chief Financial Officer)

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