Annual Report and Accounts 2017

A year of investment

Trakm8
Data driven insights

Welcome to our Annual Report

Trakm8 Group is a Big Data company utilising telematics as its primary enabler.

Trakm8 Holdings PLC ("Company") and its subsidiaries (together the "Group" or "Trakm8") manufacture, distribute and sell telematics devices and services. Through IP-owned technology and expertise, billions of miles of data are collected annually to continuously improve and further develop our solutions. We are able to do this by:

Providing solutions

See pages 02-03

Understanding our markets

See pages 04-05

Adding value to all areas of the business

See pages 08-09

Having a clear and focused strategy

See pages 18-19

Contents

Highlights

2017 was the year **of investment**

Revenues
£26.8m
(2016: £25.7m)

Adjusted operating profit[1]
£1.3m
(2016: £3.9m)

1 Before exceptional costs and share-based payments.

Operating profit
£0.9m
(2016: £3.1m)

Profit after tax
£1.5m
(2016: £3.3m)

Cash generated from operations
£0.7m
(2016: £4.5m)

Basic earnings per share
4.51p
(2016: 11.15p)

Operating Highlights

- Over 190,000 units now reporting to our servers (2016: 151,000)
- Acquisition of Roadsense completed and fully integrated within the Fleet business and core to the recently announced Iceland Foods contract extension. The directors of Roadsense have taken leadership positions within the Fleet Business Unit so that the Group benefits from their extensive commercial fleet telematics experience
- Significant investment in R&D and sales and marketing resources to drive growth
- Exchange rate movement following Brexit meant increased costs across components
- Delayed contract wins for both fleet and insurance customers that adversely impacted 2017 finally secured:
  - Substantial contract wins post year-end from Mecalac and a roadside assistance technology company
  - DLG, Marmalade, Shell and Iceland Foods contract extensions announced post year-end

Outlook

- Continuation of a strong order pipeline and increase in sales opportunities
- Good start to the new financial year with revenues 10% higher than the corresponding two-month period last year
- Much improved performance expected, consistent with market expectations

Visit trakm8.com for more information

From big data algorithms and market-leading hardware technology to **end-to-end solutions**

Through IP-owned hardware and software, we collect vehicle data and use this to develop intelligent algorithms which are then applied uniquely to four business units; Fleet Management, Optimisation, Insurance, and Automotive. Using this data, we identify business insights that are relevant to our respective markets and create solutions which help businesses to overcome obstacles such as risk, vehicle maintenance, fuel optimisation, time inefficiency and crash alerts.

Fleet Management

Our primary goal is to provide our fleet customers with the tools to reduce road risk, improve efficiency, identify outstanding maintenance requirements and simplify the insurance claims process. Using a combination of telematics hardware, mobile phone blocking technology and vehicle camera systems, businesses can encourage safer and more fuel-efficient driving styles through driver behaviour monitoring. The fuel efficiency and environmental credentials of our Fleet customers are also dramatically increased through our route optimisation and scheduling algorithms, which calculate how operations can be conducted within the shortest mileage and using the least amount of vehicles, almost instantaneously.

Our range of vehicle cameras, which now includes a telematics integrated camera, not only complements driver coaching exercises but also enables our customers to provide irrefutable evidence to insurers or police in the event of a road traffic collision. Our expertise in vehicle diagnostics has been applied to our telematics hardware, giving transport managers a means of remotely identifying vehicle health faults and even predicting breakdowns before they occur.

To see how our Fleet Management solutions have assisted Iceland Foods, please turn to page 10

Optimisation

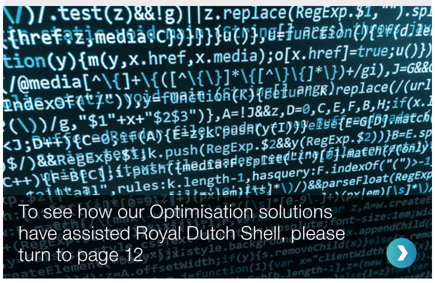
We have developed pioneering algorithms for energy management and electric vehicles (EVs).

Through this analysis of a fleet's operational data, our award-winning Electric Vehicle Optimisation Software (EVOS) solution can accurately demonstrate the potential for EVs for within the business. By forecasting cost reductions and emissions savings, these "virtual trials" help fleet managers to build the business case for EVs.

Our algorithms and team of energy experts can also precisely calculate infrastructure requirements, such as charge post installation. In this way, we furnish our customers with a complete total cost of ownership calculation for the switch to EVs.

Increased uptake of EVs and the growth of on-site renewables both bring new challenges for energy management. Our energy algorithms optimise smart grid applications, whether this is better management of peak load demand, intelligent network planning, or transforming EVs into optimised energy assets that generate savings for their owners.

Our unique algorithms can aggregate and optimise energy management across multiple locations. Using this data we can accurately predict energy requirements in order to inform procurement decisions. Optimisation further minimises each asset's energy costs, by utilising time-of-use tariffs and demand response opportunities.



To see how our Optimisation solutions have assisted Royal Dutch Shell, please turn to page 12

Insurance

We supply our insurance customers with an end-to-end solution that allows them to evaluate the likelihood of individual policyholders being involved in a claim. By monitoring factors such as travel times, routes, speeding, heavy braking and harsh acceleration, we are able to develop risk scores in order for our insurance customers to build an accurate portrait of high-risk behaviours. Self-install telematics devices are manufactured at our electronics plant in the West Midlands where they are shipped directly to policyholders. We also provide a dedicated technical support service on behalf of insurers.

Using our telematics hardware, our insurance customers' also provide their policyholders with additional features. Our First Notification of Loss (FNOL) and crash assistance algorithms inform insurers if policyholders are involved in a collision, allowing them to contact the policyholder almost instantaneously. If the insurer cannot reach the policyholder, the emergency services can be contacted on their behalf. In addition to FNOL, policyholders can benefit from value-added services such as vehicle diagnostics, MOT and service reminders, locating their vehicle in large car parks, and differentiating between business and private mileage.

To see how our Insurance solutions have assisted Marmalade, please turn to page 14

New Products and Solutions

Post year-end, we have launched RoadHawk 600; the first-to-market integrated camera and telematics unit. This has been well-received so far, with orders already announced from Iceland Foods with others in the pipeline. Through the acquisition of Roadsense, we now supply Cellcontrol's Drive ID product, an in-cab, self-install device which restricts at-work drivers from using their mobile phone behind the wheel.

Our customers are also able to access information about their vehicles or fleet using our newly developed range of mobile apps. With the manufacturing of all of our units in the UK, the Group continues to be awarded its 'Made in Britain' accreditation.

Automotive

Our connected car solution enables Original Equipment Manufacturers (OEMs) to meet the requirements of their customers by both retro fitting telematics hardware and providing data feeds for manufacturers to utilise in order to enhance their service to customers.

It also enables leasing companies to access odometer readings directly from the instrument cluster, and take service indicators directly from the vehicle rather than relying on traditional GPS mileage. In addition to service reminders, users can identify when insurance renewals or MOT's are due. This saves administration time and ensures vehicles are legally compliant at all times.

Diagnostic trouble codes (DTCs) from any vehicle can be accessed via our easy-to-use web portals and mobile apps. Our apps can also display highly accurate fuel levels, real MPG, and information such as when diesel particulate filters need cleaning or AdBlue levels are too low.

To see how our Automotive Solutions have assisted AA Car Genie, please turn to page 16

Research & Development

We have continued to invest significantly in the development of both current and new solutions with the recruitment of 23 additional employees in our Engineering team compared to the previous financial year. New products include the RoadHawk 600 (as previously mentioned), and Insight, the new vehicle tracking web portal which will replace SWIFT. Complementing this, is MyRouteMonkey, the new Electric Vehicle (EV) journey planner which specifically plans user journeys for EVs taking into account charging points. Other future short-term projects include developing an Advanced Driver Assistance System (ADAS) module to the RoadHawk 600 which will offer benefits such as driver distraction detection, micro-sleeping warnings, lane departure alerts and notify drivers when they are travelling at an unsafe distance from the vehicle ahead.

User Journeys

- Over 190,000 vehicles are installed with a Trakm8 manufactured telematics unit reporting to our servers – an increase of 26% since last year (2016: 151,000)
- Information regarding the vehicle's operation is sent via the Global System for Mobile Communications (GSM) network via satellite
- This data is then displayed on a web-based user interface or mobile app to show users location of vehicles and driver behaviour
- The data is also analysed by the in house team of Big Data scientists who use it to further fine-tune our algorithms
- These algorithms give our customers valuable insights into how they can operate vehicles more efficiently and with lower risks

"Our primary goal is to provide our varied customer base with unique insights to improve road safety and operational efficiency."

Market Overview

Creating technology and **driving market development**

Trakm8 solutions are developed by collecting data from our telematics and camera devices. This data is then used in a wide range of applications across a number of markets.

Overall Market

World passenger transport demand is forecast to increase by 120% between 2005 and 2050, while the global number of road freight vehicles is expected to rise by 49.5% within the same period[1]. This increase in demand for logistics will give rise to continued growth within the fleet management and insurance markets. The use of Fleet Management systems globally is forecast to grow at a compound annual growth rate of 23.9% from 2016 to 2021[2]. The insurance telematics market also mirrors the forecasted increase of vehicles on a global scale with the number of insurance telematics policies in force in Europe estimated to reach 25.8m by 2020 from 5.3m in Q4 of 2015. In North America, the total number of insurance telematics policies in force is forecasted to increase from an estimated 6.3m policies at the end of 2015 to reach 42.1m policies by 2020, representing a compound annual growth rate of 45.8%[3]. On a global scale, the Connected Mobility Services Forecast 2016 from Ptolemus predicts almost 50% of vehicles will be connected by telematics insurance policies by 2030[4].

Trends

An increasing need for operational efficiency, safety and improved environmental credentials underpins the growth of telematics among fleets. Our range of fleet solutions address this requirement by encouraging fuel-efficient driving styles, optimising routes and delivery schedules, improving maintenance planning through advanced vehicle health warnings and reducing insurance premiums. Typically, our customers can achieve fuel savings of up to 15% and productivity boosts of up to 30% through our fleet and optimisation solutions.

There is a continued demand for on-board camera systems among commercial fleets and domestic drivers with recent research projecting a compound annual growth rate in the dashboard camera market of 11.3% over the next decade[5]. The introduction of our first consumer-focused dashboard camera in 2016, the RoadHawk Vision, and the recently launched integrated telematics device, RoadHawk 600, position us to flourish in both domestic and commercial markets.

Integration of fleet management products and solutions are beginning to emerge, as the market demands simplified procurement processes and lower implementation costs. The RoadHawk 600 combines our expertise within both the telematics and vehicle camera markets, offering improved efficiencies, a reduction in at fault accident rates and a significant reduction in installation costs. The development of mobile applications to obtain fleet insights has also been met to fulfil the growing demand for the remote viewing of fleet information.

Research suggests that 90% of vehicles will be connected via the internet by 2020 and recent reports from Berg Insight suggest that line fitment of fleet management solutions has become a major trend in past years[6]. In light of this, our newly created Automotive business unit is well positioned to accommodate the increased demand for OEM-fitted connectivity across all vehicle varieties including cars, HGVs, LCVs, plant and machinery.

The insurance market continues to be dominated by hardwired telematics units. However, the cost advantages of Trakm8's self-install devices continue to be of significant interest to major insurance companies with contract extensions from Marmalade and Direct Line Group.

1 Purwanto, Joko, Griet de Ceuster, and Kris Vanherle. "Mobility, Vehicle Fleet, Energy Use And Emissions Forecast Tool (MOVEET)". World Conference on Transport Research (2016)
2 "Fleet Management Market by Deployment Type, Solution (Operation, Asset, Driver Management, Vehicle Maintenance & Leasing, and Driver Information System,) Connectivity Technology, Industry, Service, and Region – Global Forecast to 2021" (2016) – http://www.marketsandmarkets.com/PressReleases/fleet-management-systems.asp
3 Berg Insight Insurance Telematics in North America (2017) http://www.berginsight.com/ReportPDF/ProductSheet/bi-insurancetelematics-ps.pdf
4 Ptolemus, Connected Mobility Services Global Forecast, April (2016). Web: http://www.ptolemus.com/mobility-forecast/
5 Global Dashboard Camera Market Analysis & Trends – Industry Forecast to 2025, (2016), Acuuray Research LLP: Web. 1 June 2017 http://www.prnewswire.com/news-releases/global-dashboard-camera-market-analysis--trends---industry-forecast-to-2025-300314268.html
6 Growth Enabler, Market Pluse Report, Internet of Things (IoT), (2017), Web: https://growthenabler.com/flipbook/pdf/IOT%20Report.pdf

Units reporting to our servers

190,000

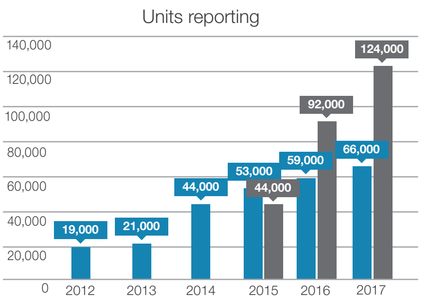
+26%

(2016: 151,000)

Operational Review

The total number of units reporting to our servers increased by 26% to 190,000. The largest component of this growth is from insurance policies. Our revenues are split into two segments; products and solutions. Products refer to the sales of hardware to other telematics service providers, camera sales without service connections and CEM while solutions refer to the sales of hardware and ongoing service fees with the objective of increasing our recurring revenues.

Continuation of underlying organic growth



26% increase in units reporting to our servers – in excess of 190,000 at year-end (2016: 151,000)

Fleet Management   Insurance

"Our solutions are used in a wide variety of applications from heavy duty commercial vehicles to LCVs, cars, earth moving equipment and a number of niche applications such as golf carts and industrial cleaning machines."

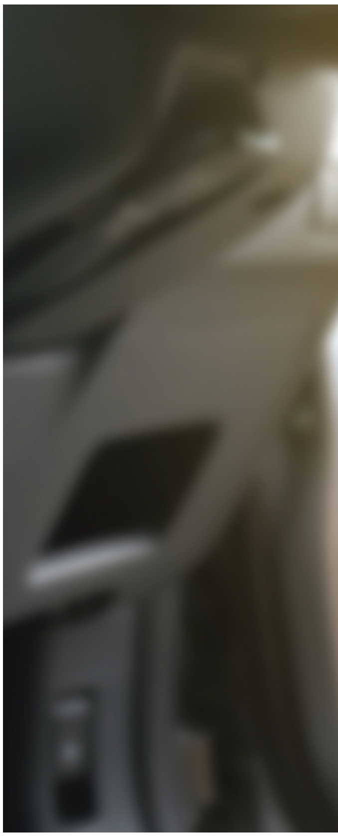
Key market
DRIVERS

For Fleet Management
- Increase in demand for logistics and transport
- Fluctuation of fuel prices
- Economic climate
- Growing number of commercial vehicle sales
- Competition to improve efficiency
- Increase in electric vehicles
- Improvement in maintenance planning
- Increased focus on air quality and emissions
- Regulatory and legal compliance

For Optimisation
- Rapid growth of internet retail and home delivery sectors
- Demand for dynamic scheduling to re-route vehicles in real time
- Expansion of clean air zones and road pricing
- Growth of sharing economy – ride and freight sharing
- Increased demand for electric vehicles and charge points
- Explosion in growth of energy storage and smart grid
- Evolution of Smart Cities and Intelligent Mobility
- Smarter network planning by utilities companies
- Growing understanding of benefits of algorithms and automation

For Insurance
- Increase in insurance premium tax rise from 10% to 12% is resulting in narrower margins for insurers and an increase in average premiums
- Change to the Ogden discount rate resulting in an increase in average premiums
- Increasing car insurance premiums, especially among younger drivers
- Increase in digitally-savvy policyholders
- The streamlining of the first notification of loss process
- Reduction in claim risk
- Roadside recovery benefits
- Competition to provide value-added features

For Automotive
- Increase in connected car requirements
- Increase in smart car and smart mobility feature requirements
- Enhanced remote diagnostic requirements
- Increase in connectivity applications via smartphones
- Improvement in maintenance planning
- Competition to improve efficiencies in plant and machinery
- Requirement to have accurate usage reports in plant and machinery
- Requirement to control service schedules and working hours on plant and machinery
- Health and safety improvements on plant and machinery



“We use Big Data to provide efficiency, safety and productivity gains in a wide range of industries from transport and insurance to plant and energy.”

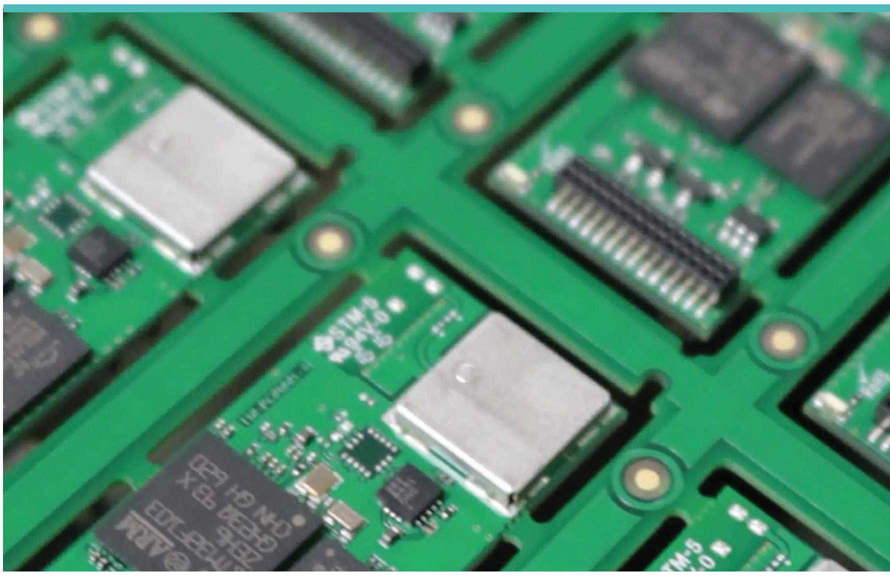
Number of vehicles predicted to be connected by telematics insurance policies by 2030[7]

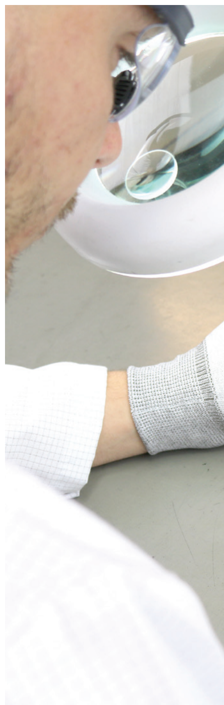
50%

7 Ptolemus, Connected Mobility Services Global Forecast, April (2016). Web: http://www.ptolemus.com/mobility-forecast/

Creating value
through technology and operations

The Group uses telematics data to provide customers with increasingly deeper insights, continuously improving the algorithms behind this knowledge.



What makes us different

Ownership of all intellectual property

We own almost all of the Intellectual Property within our solutions. This enables us to introduce innovative technologies before our competitors, quickly create bespoke products and solutions for specific customers, as well as continually improving our supplied services to meet market demands. It also ensures that we provide our customers with higher levels of responsiveness in the event of a technical challenge.

Extensive integration

With the ability to integrate our products and solutions with third-parties, we offer an attractive proposition to clients that wish to continue using their own established systems.

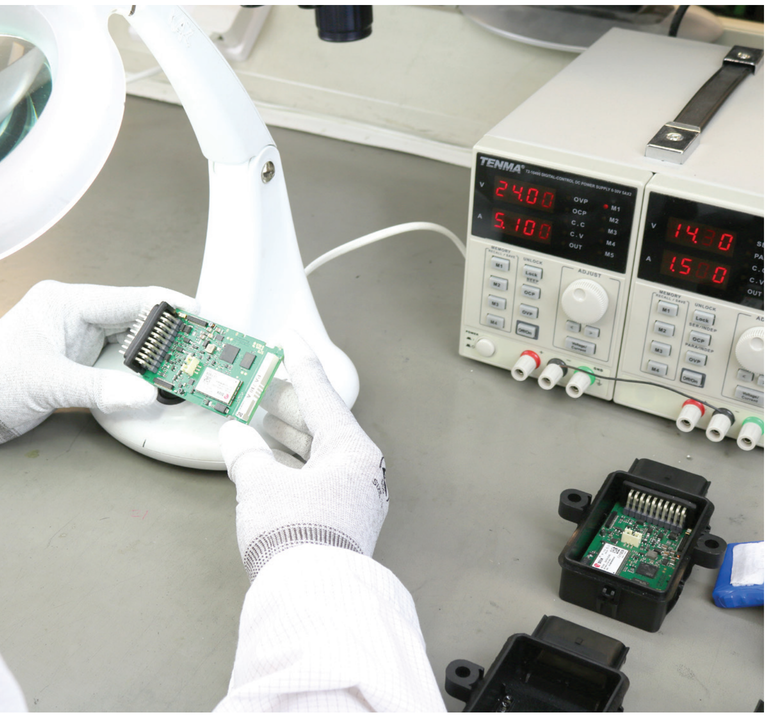
Modular approach

The flexibility of our architecture has allowed us to integrate acquisitions to create a unique product offering. This allows our customers to select subsets of our systems, upgrading as their business model develops.

First class insights

We collect billions of miles worth of vehicle and driver data annually. This enables us to develop and continuously improve our algorithms and provide our customers with a solution that facilitates optimum efficiencies. Our driver behaviour and vehicle diagnostics data is provided to fleets, insurers and OEMs in an easily-understood format to avoid 'data overload'.

The Trakm8 manufacturing facility in Coleshill, West Midlands.



How is value created?

Customers

We act responsibly and sustainably in our practices in order to provide high-quality Big Data solutions to our customers. Through the ongoing creation of new prospects and nurturing of existing relationships, we strive to deliver a responsive and highly-valued partnership across our wide customer base.

Our people

The extensive expertise, commitment and drive of our staff are key to us providing wider value to our customers. With offices across the UK and Europe, we continuously seek to recruit only the most capable people to fulfil the needs of our colleagues, suppliers, customers and end-users across a wide range of industry sectors.

Shareholders

Our strategy is designed to drive profitable growth and to generate the cash we need to pay down debt and to re-invest in the business. We have identified strategic opportunities to accelerate our growth plans by leveraging our capabilities, infrastructure and brand equity to expand into new formats, channels and markets. The Board continuously strives to support the strategy by regularly reviewing strategic decisions, analysing the Company's performance and ensuring product development is fit to suit the requirements of a rapidly evolving market. We believe this approach will be central to the creation of value for our shareholders over the medium-term.

Supply chain

The majority of our supply chain is handled in-house with our engineering, manufacturing, purchasing and logistics teams working in close partnership. This gives us the ability to address problems and respond quickly to customer and wider market demands. We have built long-term relationships with the best suppliers in the world for quality, technology, service and price.

Technology in Action

Providing world-class solutions for fleets: **Iceland Foods**

We have recently been awarded a seven-year contract extension by Iceland Foods for our integrated 4G video and telematics solution, RoadHawk 600, alongside our latest data solution, Insight.

What we do

We have worked with Iceland Foods, the UK's leading frozen food retailer, for over four years providing optimisation and telematics solutions. By integrating our route optimisation and scheduling algorithms into their ordering platform, Iceland has been able to reduce its annual fuel bill of approximately £5m and has experienced significant productivity benefits. The positive service provided to Iceland and the integration of our route optimisation and scheduling algorithms with telematics and dashboard cameras has led to a seven-year contract extension for the provision of the new RoadHawk 600 and Insight products.

What this means

From almost 800 sites across the UK, the company is now completing up to 210,000 deliveries per week using 1,500 vans. Over the Christmas period, this number of deliveries increases to around 400,000 per week.

By using Trakm8's routing and scheduling algorithms, Iceland experienced a 10% decrease in its annual fuel bill. By optimising the routes and schedules of each delivery, the company has seen a 30% productivity boost from the 50,000 hours that its drivers spend behind the wheel every week. (Benefits were realised FY2016 following implementation 2014/15).

"The integration of Trakm8's telematics, route optimisation and dash camera technology is brilliant as we can now assess the performance of our drivers, see where they are and optimise our deliveries in a single system. We hope that RoadHawk 600 and Insight will build upon the already significant efficiency improvements we are experiencing at present."

Steve Pennington, Head of Delivered Sales at Iceland


Iceland
DE13 EWC

Technology in Action

Intelligent EV charging: **Royal Dutch Shell**

Energy giant Royal Dutch Shell tasked us to create an optimised charging engine for electric vehicles (EVs). The objective was to match energy demand with supply in a way that benefited both EV owners and grid operators.

What we do

Trials began in 2015 in Hamburg, Germany; London, UK and San Diego, California.

In conjunction with Shell, we developed a unique algorithm and mobile app that prevents too many EVs from charging at once, thereby causing a blackout. The technology incentivises vehicle owners in two ways: Firstly, they save money by using off-peak energy tariffs to charge their vehicles. Secondly, the algorithm aggregates forecasted energy usage and bids this into the energy markets.

Shell announced in May 2017 that it is looking for commercial opportunities to roll out our optimised charging engine worldwide.

What this means

A UK study by the Green Alliance think tank found that plugging six cars in at the same time on the same street could cause localised power shortages. As the number of plug-in vehicles on our roads increases, they will place additional stress on our energy infrastructure. Shell recognised this issue and hired us to partner in the development of a solution to help address it.

Fundamentally, smart charging technology can prevent battery-powered cars causing blackouts. By intelligently controlling when EVs draw electricity from the grid, it can help prevent demand exceeding supply.

In order for this to work, the algorithm has to be able to aggregate daily vehicle charging requirements so it can trade this cumulative capacity in each country's spot and reserve energy markets. This requires the system to deliver responses in less than three seconds to energy market fluctuations.

"The trials have gone well. We are now in the commercialisation phase, so we are working in California with the utilities there and looking at options in Europe."

Angie Boakes, Manager for eMoblity, Shell New Energies

Technology in Action

Interpreting risk: **Marmalade**

Marmalade launched their new Family Driver Insurance product in January 2017, powered by our advanced self-install Connect 300 device and data.

What we do

Through the Connect 300 device and data services created over years of extensive engineering, we provide Marmalade with journey data, theft tracking and FNOL features to generate an accurate interpretation of customer risk.

Our Connect 300 Device and data push, which includes accelerometer, GPS information and FNOL alerts, enables Marmalade to sell their innovative insurance solution direct to customers. Marmalade uses our data to score policyholders for risk and provide this to their insurance customers. The data derived from Trakm8's device enables Marmalade to display journey details and driving behaviour to their customers in order to engage in meaningful conversations with the insured and reduce their risk.

What it means

Our services provide Marmalade with the insight they need in order to assess driver risk and make underwriting decisions based on this information. Customers are given access to their data through mobile apps and dashboards and incentivised to improve the way that they drive, in order to make them safer drivers.

"We know that telematics makes a big difference to the safety of a young driver. In fact, studies show that 1 in 5 young drivers in the UK have an accident within the first six months of passing their test, but with our customers this figure significantly improves to only 1 in 16 – making our young drivers three times safer."

Crispin Moger, CEO of Marmalade

Technology in Action

Predicting breakdowns: the AA

Following a strong and lengthy relationship with the AA, 2017 saw Trakm8 jointly develop multiple telematics propositions for AA customers.

What we do

We provide our self-install Connect 300 device to the AA for their newly launched Car Genie product which is designed to help AA members gain insight into the health of their vehicle. The device is able to read and transmit real-time location data, driver behaviour data and diagnostics information. The intelligent firmware and configuration on the devices is provided by Trakm8 utilising a unique vehicle specific configuration service.

What it means

Our extensive expertise in vehicle diagnostics means that the AA's members are provided with information on underlying problems such as a degrading battery, problems with the ignition coil and failing exhaust gas recirculation. The AA is also able to analyse fault codes alongside breakdowns experienced by their members to improve the service from the attending patrol. In around one-third of cases, the AA is able to identify fault codes that would normally lead to a breakdown and alert the member before the breakdown happens.

The Car Genie product is managed through a simple and intuitive app. By remotely identifying vehicle health problems, the AA are able to contact Car Genie customers to offer help and advice, or even arrange a time to fix the issue. The same also applies to instances where Car Genie customers are involved in potential car crashes as algorithms are able to differentiate between impacts from car crashes and jolts from likes of driving over cattle grids or mounting curbs. Car Genie customers are also able to view and improve their fuel economy by accessing eco-driving scores.

"In the initial Car Genie trial, 33 per cent of the participants said it helped them save money on fuel and 49 per cent agreed that the service gave them a better understanding of car issues. Using Trakm8 devices and firmware allows us to access functional data at an unprecedented depth to support our Car Genie product and provide the best possible service to our members."

Alan Ferguson, Head of Connected Car at AA


AA
TEMPORARY SPARE WHEEL
AA
MAX 50 MPH
WARNING!!
MAX 80 KPH

Our Strategy

Our goal is to use telematics data to help **improve how our customers operate their businesses**

We will continue to develop our own hardware and software solutions in order to maximise the benefits that complex telematics systems can provide.

Growing RECURRING REVENUES 1

Our primary objective is to grow our recurring revenues from the provision of value-added data services from our telematics solutions.

Progress in 2017

In line with our strategy for 2017, we grew recurring revenues by 18% to £9.8m. As stated last year, recurring revenues are the bedrock of our business to give us the confidence to continue to invest in our expanding portfolio of solutions.

We continued to purposefully move towards higher profit revenue streams, and move away from lower margin Contract Electronic Manufacturing (CEM) and hardware-only sales. In the year to 31 March 2017, this had a negative impact of £2.7m in revenues however we expect to see the benefits of this in our margins in years to come.

Focus for 2018

Our number one priority continues to be to increase our recurring revenues from solutions sales, and decrease our CEM sales. CEM sales form a part of product revenues while solution sales form the basis of our recurring revenues. We invested heavily in increasing our Sales team in 2017 and expect to see a strong return from this in the 2018 financial year.

We expect there to be further strong growth in market demand for telematics solutions and we believe we will increase our market share in fulfilling this growth. We expect that CEM revenues of £3.6m (2016: £6.0m) will be eliminated before the end of 2018.

Investing in CURRENT PRODUCTS 2

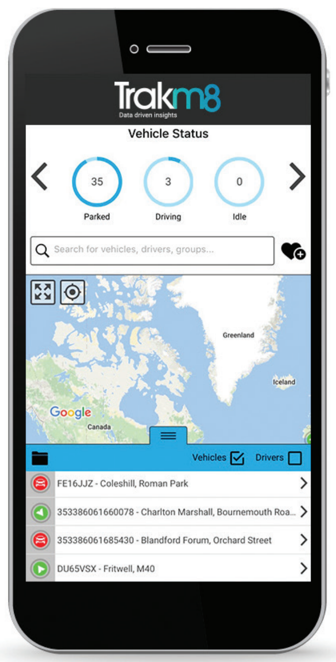
We will continue to invest and develop innovative telematics products in order to provide market-leading solutions in each of our business units. Our investment in engineering resource positions us to drive the best quality data from all types of makes and models of vehicles.

Progress in 2017

To develop and manufacture world-class telematics products, we invested as planned with a 39% increase in engineers during 2017. However, we had a number of challenges to overcome that resulted in delays to our original timelines. We also changed the leadership team in Engineering mid-year with a positive impact to the delivery of programmes later in the year.

Focus for 2018

The focus for 2018 echoes that of the previous year. We will continue to use the data aggregated from our devices to fine-tune our algorithms in order to continuously improve our solutions. Whilst we will continue to invest heavily into Research and Development, we do not anticipate growth on the scale of 2017 in terms of the Engineering teams.



Recurring Revenues

£9.8m

+18%

(2016: £8.3m)

Increase in engineering staff during 2017

39%

Develop NEW PRODUCTS

3

We intend to continue the ownership of the majority of Intellectual Property in our solutions as we are confident this gives us the best platform to develop new products and to provide the best service to our customers.

Progress in 2017

The year saw us working on our new flagship software, 'Insight', which was launched at the end of the year, as well as what we believe to be the market's most advanced 4G integrated telematics camera unit, RoadHawk 600. We announced, post year-end, a significant contract extension with frozen food specialist, Iceland Foods, which incorporates both the products mentioned above.

Focus for 2018

We are developing our integrated telematics/optimisation and camera to expand our presence in the fleet and insurance markets. Advanced Driver Assistance Systems will be added to the RoadHawk 600's functionality to provide customers with a tool to further improve road safety. We expect to announce more significant contract wins for our newly developed products during this financial year.

Meet the demands of OUR MARKETS

4

We will continue to focus on the Insurance, Fleet Management, Energy and Automotive markets. The demand from Insurance companies is expected to continue in growth and our objective is to satisfy this demand by offering low-cost self-fit devices and dashboard cameras together with our sophisticated driver risk-profiling algorithms. In addition, the Fleet Management market is also expanding further and we now offer additional rich diagnostic data alongside integrated video data and route optimisation and scheduling.

Progress in 2017

We have split the business into four units, Fleet, Optimisation, Insurance and Automotive, with two Managing Directors overseeing two units each. This is to provide focus for these revenue streams and maximise our sales potential. The change was made in the final quarter of the financial year and will provide a positive new structure to the way the sales team operates.

Focus for 2018

We expect 2018 to not only be the year of increased sales opportunities, but an increase in delivery from our Engineering team. With significant progress achieved in 2017, we will focus 2018 on delivering the new products that we see the market demanding. We have an excellent pipeline of opportunities built on the back of new products delivered by the expanded Engineering team.

Capture a bigger MARKET SHARE

5

Our Trakm8prime solution for small fleets is now fully operational with a number of smaller fleets enjoying a low-cost tracking solution with driver behaviour, vehicle diagnostics and business and private mileage reports. With the recruitment of dedicated experts for the HGV market, we intend to win contracts for businesses with larger fleets in the coming financial year.

Progress in 2017

The Group saw a 12% increase of additional units reporting to our servers within the Fleet Management sector during 2017. While there is room for improvement in the fleet management market, we are confident that the new RoadHawk 600 and Insight products will boost the number of units reporting in this sector in the coming financial year. In contrast, units reporting to our servers within the Insurance sector increased by 35%.

Focus for 2018

The market continues to grow at a strong rate and we will focus on gaining market share through 2018 and beyond. We hope to do this with a new generation of products and solutions, which we expect to increase our recurring revenues from.

A year of **investment**

This has been a year of investment and preparation for growth for the Group. This resulted in a significant increase in our overhead costs before we converted the potential orders in our pipeline into revenues, profits and cashflows. This resulted in disappointing results for the year when compared to our original expectations. However, we expect to reap the rewards of this investment in the new financial year, with a number of new contract wins and extensions either side of the year-end providing new momentum, supporting our confidence.

Orders booked for the year were up by 33% like for like. As contracts secured were won later in the year than expected, this translated into revenues for the year up by only 4% to £26.8m (2016: £25.7m). This headline rate masked a 9% underlying organic growth in revenues (excluding Roadsense revenues, acquired during the year, and deliberate reductions in non-core product and contract manufacturing sales).

Our sales of new fleet management solutions and insurance products have increased our already solid base of recurring revenues, providing future visibility from which we can continue to expand. Furthermore, the range and breadth of the data we are now able to provide gives us a market-leading proposition for all the business sectors we touch.

Adjusted operating profit (before exceptional costs and share-based payments) reduced by 67% to £1.3m as a result of the significant increase in investment to drive long-term growth, increasing overhead costs ahead of revenues. Our total research and development expenditure increased from £2.9m to £4.5m. We also incurred significantly increased sales and marketing costs. Our operating profits reduced by 71% to £0.9m (2016: £3.1m). Our statutory profit before tax reduced to £0.7m (2016: £3.0m).

In February 2017, the Group decided to reduce debt and to underpin the working capital requirements of growing the business. It completed an oversubscribed fundraise of £2.0m (net of fees) on 3 March 2017. The Directors and senior management showed their commitment to the Company by investing £0.7m alongside the institutional and other investors. As a result at the year-end the Group had cash equivalents of £2.0m and an available revolving credit facility of £3.3m to draw down upon if required, compared to net debt of £3.9m (2016: £1.1m). This should be sufficient for the Group's requirements over the next twelve months.

John Watkins
EXECUTIVE CHAIRMAN

The Group remains in a phase of rapid growth and significant investment; this requires it to invest heavily in working capital. This is likely to result in cash conversion as a percentage of operating profit being comfortably below 100% in the next few years, until such time as the Group reaches a more mature state. However, the Board notes that recent corporate consolidation has valued target companies on the basis of revenue and installed base, rather than on profitability and cashflows, such is the growth profile of the telematics industry.

As announced in March 2017, the Group has initiated a major streamlining exercise, the first phase of which is expected to generate annualised savings of £1.5m at a one-off cost of £0.1m. These savings have been achieved through the various consolidation activities that have been undertaken to focus the Group into one operating business, whilst retaining focus on our core activities of designing innovative products and selling them more effectively.

Acquisitions

In August 2016, we completed the acquisition of Roadsense Technology Limited ("Roadsense") which provides fleet telematics solutions to the SME market. The purchase consideration was £0.8m paid in cash.

The acquisition complemented our vehicle telematics solutions enabling Trakm8 to address a wider customer base. The success of this acquisition along with that of Route Monkey in the previous year was demonstrated by the seven-year contract extension announced post year-end with Iceland Foods for a fully integrated camera, telematics and optimisation solution. This was validation of the powerful business case for having made the DCS (cameras), Route Monkey (optimisation) and Roadsense (fleet sales) acquisitions. Roadsense is now fully integrated into the Group as part of Trakm8 Fleet Business Unit.

Solutions

Solutions sales are the core of our telematics offerings and comprise revenues from customers where they pay for service fees in addition to the cost of the hardware, installation and other bespoke services. Revenues increased by 24% to £21.3m (2016: £17.2m) and more importantly within this growth our recurring revenues grew by 18% to £9.8m (2016: £8.3m). Growing these service revenues is a key focus as it provides increasing confidence and predictability to future periods. In total, we had in excess of 190,000 units (2016: 151,000) reporting to our servers at the year-end. The trend of increasing solution sales is demonstrated by the share of the revenues that are now solutions. This increased from 67% in 2016 to 80% in 2017.

Our solutions sales cover both the fleet management and insurance market sectors. The total fleet management units increased by 12% over the year to 66,000 (2016: 59,000). Telematics for insurance is experiencing higher levels of growth. At the year-end we had 124,000 insurance solution units reporting to our servers (2016: 92,000), which is an increase of 35%. Market forecasts are predicting compound annual growth rates in excess of 46% for the number of insurance telematics policies in force and we have seen a corresponding increased level of interest from well-known insurance businesses. As a result the lifetime cost of an installed unit has dropped significantly over the last couple of years with a growing appetite from customers for richer data.

We have continued to invest in our crash algorithms and driver scoring algorithms and believe that these are now very competitive. Broadening these in conjunction with video algorithms based on driver distraction analysis, will further improve these driver behaviour solutions.

Investment in the latest generation server and portal has progressed well so that the Group can deploy much higher levels of units and process much higher levels of data. The new product launched since year-end, called Trakm8 Insight, replaces Trakm8 SWIFT. Trakm8 Insight is the new web portal which allows our customers to view information about their vehicles such as real-time locations, driver behaviour and vehicle health faults. Initial customer feedback is positive. This new architecture along with the new hardware platforms continue to give Trakm8 market-leading solutions with the widest and deepest offer in the market today.

Since the year-end, as stated on the previous page, we have announced a contract extension with Iceland Foods to provide our 4G integrated camera and telematics solution with driver feedback devices to 1,500 vehicles. This is the Group's first significant order for the complete fleet solution (fully integrated camera, telematics and optimisation).

A contract was also recently announced with a roadside assistance technology company to supply devices based on our 4th generation self-fit hardware and Trakm8connectedcare software. This solution will be widely deployed to roadside assistance providers across Europe. It follows a 12-month trial of the solution with the AA in the UK.

Products

Product sales are the sales of our hardware mainly to other telematics service providers and integrators. In addition the sales of the DCS camera products are included together with the revenues from our contract electronic manufacturing facility in Coleshill, Birmingham. Total product revenues reduced by 35% to £5.5m (2016: £8.4m) with £2.7m of this reduction being accounted for by the deliberate elimination of sales to a single contract manufacturing customer. As a result, product sales accounted for 20% of total revenues down from 33% in 2017.

Although Trakm8 has market-leading devices that are of interest to other telematics companies, this is no longer a strategic sales focus for the Group due to the relatively low margins and the increased demand for Trakm8 solutions. As a result the Group expects to fill all its existing capacity this year and is not aiming to supply third-parties; this is likely to lead to a further planned reduction in product revenues.

Research and development

We operate in a competitive market where hardware costs are reducing, along with the costs of sending data over the mobile networks. At the same time customers are becoming increasingly aware of the variety and volumes of data that can be made available from telematics solutions and this is driving the market towards providing "more for less". We also exist in a fragmented market where there are many competitors with few barriers to entry. Trakm8 has always focused on owning the intellectual property ("IP") we use in our products and solutions and we see this as one of our key competitive advantages. Telematics systems are complex but because we own all the elements that encompass a solution (with the exception of the mobile networks and GPS constellations), we have the ability to understand and resolve problems more easily than our competitors.

The Group has invested in a 39% increase in the average number of Engineers in our research & development teams to 82 (2016: 59) during the year. The Trakm8connectedcare automotive connected solution has been considerably expanded and we now have a number of features important to our customers that can be derived from 95%+ of the vehicles that report this data to the diagnostic port.

"The trend of increasing solution sales is demonstrated by the share of the revenues that are now solutions. This increased from 67% in 2016 to 80% in 2017."

The integrated 4G camera telematics unit has been launched and has been well-received by the market.

Insurance propositions have been expanded to improve the crash detection algorithms and now include driver scoring solutions.

The next generation portal and server solution, Trakm8 Insight, was launched after year-end. It replaces Trakm8 SWIFT which is now almost ten years old.

Board changes
Keith Evans was appointed Deputy Chairman so that the Group could benefit from his extensive commercial and financial experience and expertise and to act as a further link to shareholders.

Dividend
In September 2016, we paid a dividend of 2p per share, reflecting the very strong financial performance in that year. As a result of the disappointing trading last year, the Group does not propose to recommend a dividend for the year at the forthcoming AGM. However, the Board will continue to review its dividend policy and plans to recommend a dividend payment when the Group's financial performance justifies it again.

People
The number of people we employ has grown rapidly as we have continued to invest strongly in our customer service, sales and marketing and engineering teams. In total our staff numbers have grown by 18% over the year including six new colleagues we have welcomed from the Roadsense acquisition.

It has been a demanding year as the Group has experienced rapid growth. We have an exceptional team and I would like to thank everyone for their hard work, dedication and contribution to the ongoing success of the business.

Outlook
The Group has started the new financial year consistent with its expectations for the year as whole. The revenues in the first two months of the new financial year are 10% greater than the corresponding period last year.

We have recently announced new contracts with a roadside assistance technology company, and Mecalac, the construction equipment company. We have also announced renewed and extended contracts with Marmalade, Iceland Foods, Shell and Direct Line Group. These important contracts together with our strong pipeline of further opportunities provide additional visibility in our outlook for this year.

Overall, we anticipate reaping the rewards of our investments as evidenced by our renewed contract momentum. As a result we are confident of achieving a much-improved performance in the new financial year consistent with market expectations.

John Watkins
EXECUTIVE CHAIRMAN

Finance Director's Report

A steady **year of growth**

Trading results

Revenues increased by 4% to £26.8m (2016: £25.7m) and organic growth was 9%, excluding the benefit of the acquisition of Roadsense, and excluding the impact of prior year acquisitions and reductions in non-core product and contract manufacturing sales.

Solutions revenues continued to grow as we continued our investment in new products and the consolidation of our recent acquisitions. These revenues increased by 24% to £21.3m (2016: £17.2m) and now account for 80% of our total revenues, up from 67% last year. We had expected further growth in these revenues but the signing of certain new contracts occurred much later than anticipated. Our recurring revenues increased by £1.5m to £9.8m (2016: £8.3m) and now represent 37% of total revenues (2016: 32%).

Product revenues reduced by 35% to £5.5m (2016: £8.4m) as we ended our contract with Microlise and continued to withdraw from our contract electronic manufacturing operations. This strategy will continue into 2018 and is planned to lead to a further drop in product revenues.

Our gross margin increased by 1.1% to 49.4% (2016: 48.3%) helped by lower manufacturing revenues being replaced by higher margin solution revenues and their accompanying recurring revenues. The effect of Brexit and increased raw material prices is estimated to have decreased our gross margin by 2%. The total cost in the year of Brexit including adverse currency movements was £0.6m.

Overheads

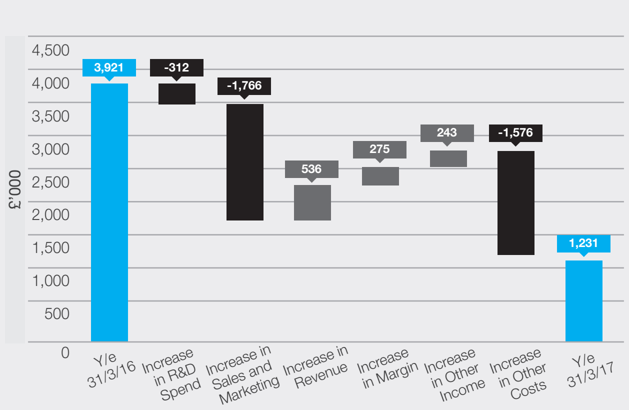
Total overheads (excluding exceptional costs) increased by 42% to £12.5m (2016: £8.8m). During the year we have made substantial investments in our engineering and sales and marketing teams, increasing average staff numbers by 23 and 13 respectively. Our total research and development costs increased to £4.5m from £2.9m out of which we have expensed £1.3m (2016: £1.0m).

Adjusted Operating Profit

Adjusted operating profit is one of our key performance indicators and is operating profit before exceptional costs and share-based payments. This dropped to £1.3m (2016: £3.9m) on account of disappointing revenue growth accompanied by the increases in our staff numbers. Our operating profit was £0.9m (2016: £3.1m).

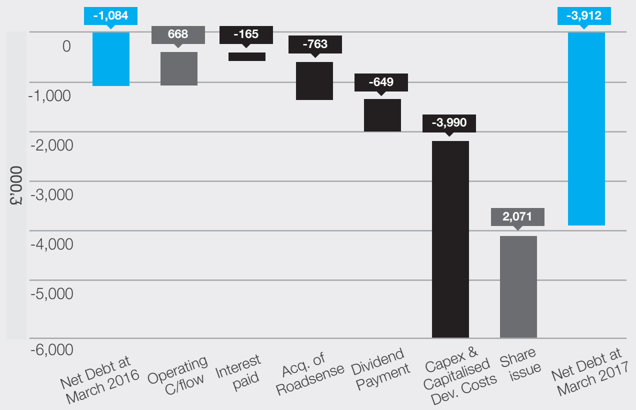
James Hedges
FINANCE DIRECTOR

Adjusted Operating Profit* Bridge



* Before exceptional items and share-based payments

Cashflow Bridge April 2016-March 2017



Exceptional Costs

Exceptional costs totalled £0.2m and consisted of costs incurred from the acquisition of Roadsense Technology Limited ("Roadsense") together with rationalisation and integration costs, and costs associated with our exit from our contract manufacturing operations.

Profit

Profits before tax were £0.7m (2016: £3.0m). We realised a net tax credit of £0.8m (2016: £0.3m) during the year resulting from substantial R&D tax credits arising from our investment in research and development of new technologies. Profits after tax were £1.5m (2016: £3.3m). The Group has tax losses carried forward of £7.3m (2016: £6.3m).

Earnings Per Share

Basic earnings per share decreased by 60% to 4.51p (2016: 11.15p). Adjusted earnings per share which is before exceptional costs and share-based payments also fell to 5.81p (2016: 13.44p).

Balance Sheet

Net assets increased to £20.2m (2016: £17.1m). Continuing investment in our telematics solutions together with investments in software and goodwill arising from the acquisition of Roadsense increased our net intangibles by £3.1m to £17.1m (2016: £14.0m).

Our inventories increased by £1.4m to £3.7m (2016: £2.3m) due to increasing our quantities of finished goods in expectation of additional demand in the final quarter. These orders were delayed into the new financial year and so inventories were higher than anticipated at the year-end. However inventories are expected to reduce on the back of the substantial new orders we have announced since year-end.

Financing

Net borrowings at the year-end were £3.9m (2016: £1.1m). Our bank facilities comprised our term loan of £3.9m and our £5.0m revolving credit facility of which £1.7m was drawn at 31 March 2017. Our term loan is repayable by monthly instalments until 2021 and outstanding amounts under the revolving credit facility are repayable in December 2018.

In March 2017, the Group raised a net £2.0m (after fees) through a share placing of 3.2m shares at 65.0p per share. The proceeds were used to repay part of our revolving credit facility and to strengthen our working capital position to support future growth.

At the year-end the Group had cash balances of £2.0m (2016: £3.9m) and total borrowings of £5.9m (2016: £4.9m).

Cashflow

Net cash generated from operating activities was £0.7m (2016: £4.5m). This decrease was largely due to the reduction in our earnings before depreciation and amortisation plus the funding of increases in our inventories, reduction in trade and other payables and our investment in engineering resources. In addition, we have experienced a net £1.9m working capital deterioration compared to 2016 due to our evolving business model, reflecting many customers' preference to sign SaaS (software as a service) type contracts which spreads the payments for hardware and software elements over the term of the contract.

Our free cashflow (operating cashflow less capex and capitalised development costs) was a net outflow of £3.0m (2016: inflow £2.0m) after our substantial investment in capex and capitalised development costs of £3.7m. Our free cashflow as a percentage of adjusted operating profit was -228% (2016: +51%). We anticipate improved cashflows in the new financial year as our profitability improves.

Key Performance Indicators

Achieving our objectives

The Board monitors the following key performance indicators to ensure the objectives of the Group are being achieved.

Adjusted Operating Profit

£1.3m

-67%

(2016: £3.9m)

Year	£m
2017	1.3
2016	3.9
2015	1.9

Performance in 2017
Adjusted Operating Profit (before exceptional costs and share-based payments) has reduced by 67%. Revenue growth was disappointing in 2017.

Focus for 2018
Investment in engineers and new products launched in 2018 is expected to drive growth in revenues and profits.

Gross Margin

49.4%

+2%

(2016: 48.3%)

Year	%
2017	49.4
2016	48.3
2015	45.2

Performance in 2017
Our margin increased by 1.1% compared to last year helped by the increase in our recurring revenues and reduction in our contract manufacturing revenues.

Focus for 2018
Strategy is to continue to drive growth in our recurring revenues through enhanced data diagnostic services and optimisation benefits. This is expected to lead to further increases in our gross margins.

Connected units Insurance

124,000

+35%

(2016: 92,000)

Year	Units
2017	124,000
2016	92,000
2015	44,000

Performance in 2017
This refers to the amount of connected telematics devices reporting to our servers from our insurance customers. Units being invoiced for the insurance market increased by 35%.

Focus for 2018
The service fees per unit are lower than those in the fleet management sector but the market is expected to continue to grow as consumers look to combat rising insurance premiums.

Connected units Fleet Management

66,000

+12%

(2016: 59,000)

Year	Units
2017	66,000
2016	59,000
2015	58,000

Performance in 2017
This refers to the amount of connected telematics devices reporting to our servers from our fleet customers. The total number of units from our Fleet business increased by a disappointing 12%.

Focus for 2018
We expect our significant investment in engineering and new products will be reflected in higher numbers of fleet sales in 2018.

Recurring revenues

£9.8m

+4%

(2016: £8.3m)

2017	9.8
2016	8.3
2015	5.6

Performance in 2017
Total recurring revenues earned during the year increased by 18% to £9.8m driven by the increased numbers of units reporting to our servers.

Focus for 2018
Our strategy is to continue increasing our Solution sales, leading to larger recurring revenues. This will be achieved by the launch of new products providing enhanced data and diagnostic services.

Cash generated from Operating Activities

£0.7m

-84%

(2016: £4.5m)

2017	0.7
2016	4.5
2015	1.2

Performance in 2017
Our cash generation from operating activities was disappointing due to lower than expected revenues and profits. In addition, we suffered a £2.7m adverse movement in our working capital due to increases in inventories and selling more SaaS contracts.

Focus for 2018
Our cash generation is expected to continue to be impacted by new SaaS type contracts. However, we will start to benefit from existing contracts which become cash generating.

Adjusted Operating Profit Conversion to Cash

51%

-55%

(2016: 113%)

2017	51
2016	113
2015	63

Performance in 2017
The Adjusted Operating Profit cash conversion worsened since last year due to new SaaS type contracts and increases in inventories.

Focus for 2018
Our objective is to increase our cash conversion ratio to ensure that the Group is self-financing, but expect to utilise the majority of the cash generated to reinvest in growing the business to the maximum extent possible.

Free cashflow
(after capex and capitalised development costs)

(£3.0m)

-250%

(2016: £2.0m)

2017	(3.0)
2016	2.0
2015	0.0

Performance in 2017
Substantial investment in capex and development costs generated a negative free cashflow of £3.0m.

Focus for 2018
We expect our free cashflow to improve as our investment in R&D falls as a percentage of future revenues and profits.

Thus we will aim for a free cashflow conversion of between 25% and 50% of our Adjusted Operating Profits.

Corporate Social Responsibility

Environmental **improvements**

Trakm8 understands that it has a responsibility to understand and meet the needs of all the stakeholders involved in the business, including suppliers, customers, employees and shareholders.

Trakm8 has a responsibility to meet the needs of all the stakeholders within the business. Through the interaction with all affected parties, the Group endeavours to have a positive impact on both its micro and macro environment whilst fulfilling our promises to our shareholders. The Audit and Risk Committee review the risk register to ensure Corporate and Social Responsibility is integral to the way our business operations are conducted.

People

Recruitment, Development and Retention

Trakm8 has an in-house recruitment specialist who is responsible for the vast majority of the recruitment to the Group. The Group provides its employees with varied and interesting work with an emphasis on the opportunity of career development.

Managers are encouraged to have regular meetings with their teams, with many of the managers progressing from junior roles in the company to the experienced leaders they are today. Long-serving employees are rewarded with additional annual leave allowances, whilst those who are deemed exceptional receive share options that can be exercised between three and 10 years after issue.

Communication

Employees receive a Company Brief at the end of each month from the Executive Chairman to outline order entry against budget and any other news on significant projects. The Company Brief also announces the exceptional employee of the month award where a bonus is awarded to any employee who is recognised to have made an exceptional contribution.

A weekly digest of Trakm8's marketing efforts and instances where Trakm8 appear in the press is sent out in order to keep staff on all levels aware of on goings within the business. There are also plans to roll out an intranet portal in the next few months.

Environment

Following the award of our Group certification during 2016, the first set of surveillance audits was performed this year with no adverse findings being reported by our external ISO assessors.

We are also planning to complete the transition to the latest version of the ISO environmental management standard (ISO14001:2015) during Q4 of this year.

Annual reviews of the environmental aspects and impacts were successfully undertaken with only minor updates being required.

A core part of our business proposition is to enable fleets to reduce their environmental impact by improving the efficiency of their vehicles.

"We have begun to introduce EV charging facilities at our offices across the UK."

12 months of
ENVIRONMENTAL IMPROVEMENTS

During 2017, the Group has continued to improve both our environmental management system and our environmental performance. During the past 12 months we have:

- Continued to work on simplifying the efforts required to demonstrate compliance with ROHS, REACH and COSHH legislation.
- Continued with our drive to review and replace chemicals used within our processes for less harmful alternatives wherever possible – for example changing the solution used to clean our stencils with a more environmentally-friendly equivalent.
- Undertaken air quality monitoring of our manufacturing plant to ensure continued compliance following the introduction of new substances used to test our products.
- Installed video conferencing facilities to facilitate a reduction in travel between sites. Use of the video conferencing will be monitored during the coming year to ensure it is being used effectively wherever possible.
- Replaced F Gas air conditioning units with non F Gas alternatives. This has also resulted in an enhanced working environment for our staff, particularly at our Coleshill site.
- Continued to monitor our fuel and natural resource usage to drive further improvements in environmental performance.

In the next 12 months, we intend to finalise our 5S program which we feel will have a positive impact both on the environment we offer our staff as well as our overall environmental performance. 5S is a systematic, team-based approach to organise our workplace in the safest and most efficient manner; reducing waste and improving efficiency. 5S originated in Japan as part of the Toyota production system and is a cornerstone of modern lean manufacturing. 5S will assist such aspects as general tidiness, the correct storage and identification of chemicals and the segregation and disposal of different waste streams. Our 5S activities so far have enabled various improvements including new manufacturing lines for RoadHawk 600 and our latest generation Connect 300 telematics device.

We are also in the process of updating our Trakm8 Group Supplier Manual with a view to flowing down our environmental standards and expectations into our supply chain. Once in place, we will then commence more detailed monitoring of our supplier's environmental performance and compliance.

Risk Management Framework

How we manage **risk effectively**

Our risk management process is designed to improve the likelihood of delivering our business objectives, to protect the interests of our key stakeholders, to enhance the quality of our decision making, and to assist in the safeguarding of our assets. This includes people, finances, property and our reputation.

The Board takes overall responsibility for risk management, evaluating our exposure to individual strategic risks, overseeing our risk governance structure and internal control framework. Strategic decisions are evaluated against our tolerance levels to the risks identified and the Board continues to monitor these trends in order to implement mitigation activities in line with our long-term strategy.

Approach to RISK MANAGEMENT

Each year the Board carries out a robust assessment of the principal risks facing the Group, including those that would threaten our business model, future performance, solvency or liquidity. The report overleaf summarises these possible risks and how they are being managed or mitigated.

The Executive Chairman and the senior management team take responsibility for reviewing the effectiveness of the risk management process and the risk register is subjected to detailed review and discussion.

This group identifies all the key risks to the business and ensures our elimination and mitigation processes are robust and up to date to minimise any possible impact. Risk identification is embedded in other processes, including product development, contract approvals and other operational activities. Trakm8's corporate strategy is designed to optimise our business model and accept risk, with the required controls on an informed basis.

To create value for our shareholders, we set varying risk tolerances and associated criteria. We continue to accept risk and manage our risk environment on the following basis:

- Strategic – medium to low tolerance for risks arising from poor business decisions or substandard execution of business objectives.
- Operational – low to near-zero tolerance for risks arising from business processes including the technical, quality, and project management or organisational risk associated with programmes and products.
- Corporate – low to near-zero tolerance for compliance and reputational risks including those related to the law, health, safety and the environment.
- Financial – zero tolerance for financial risks including failure to provide adequate liquidity to meet our obligations and manage currency, interest rate and credit risks.

Risk management PROCESS

Risk management is a key element of the Group's decision making process as there is a risk element in all areas of its activities and these risks need to be managed appropriately. Alongside the strong governance structure and effective internal controls, the risk management process gives the Board assurance that risks are being appropriately identified and managed.

The Risk Management Process is set up in the following way:

- An annual business review to set strategies, objectives and agreed initiatives to achieve its goals, taking account of the risk appetite set by the Board.
- Day-to-day operations are supported by a clear schedule of authority limits that define processes and procedures for approving material decisions. This ensures that projects are approved at the appropriate level of management, with the largest and most complex projects being approved by the Board.
- The Group's Executive Directors also compile their own risk assessment, ensuring that a top-down approach is undertaken when considering the Group-wide environment.
- The Group's Audit and Risk Committee meets quarterly and assists the Board in assessing and monitoring risk management across the Group. The role of the Committee is to ensure the timely identification and robust management of inherent and emerging risks. The Committee reviews the risk register as it develops, to ensure net risk and proposed further actions are together consistent with the risk appetite set by the Board.

Principal Risk and Uncertainties

The following table outlines threats to the business as perceived by the nominated Risk Committee.

Principal risk and uncertainties	Strategic priorities	Potential impact	Mitigation
Significant operational system failure	1, 2, 4	• Reputational impact • Deterioration in customer relations • Liability claims (penalties for data breaches are becoming much greater) • Reduction in revenues, profitability and cash generation	• Our systems are both within the Cloud and within a traditional data centre environment • We provide no single point of failure as there is diversity of data centres from separate suppliers and replication of data between data centres • Daily point in time back-ups are also taken off-site
Cyber-attack and data security	1, 4, 5	• Reputational impact • Deterioration in customer relations • Liability claims	• We commissioned a third-party audit of our data security and are carrying out their recommendations. We are also accredited for ISO27001 – Information Security
Brexit and a deteriorating economic climate	1, 5	• Increasing uncertainty over type of Brexit could impact cost of goods and ability to recruit staff • Lower revenues • Currency fluctuations • Increased material costs tariffs etc • Transfer of data around Europe may become more difficult	• Increase sales and marketing spend; readiness to cut-back on non-essential spend; maintain good head-room in our financing • Develop new contracts priced in dollars or euros • Currency contracts to minimise fluctuations
Operating in a fast moving technology industry where we will always be at risk from new products being launched	1, 3, 5	• Decelerating sales growth and affecting profit • Delay in achieving projected revenues	• We heavily invest in research and development to ensure we are at the forefront of telematics technology • With a large base in the Midlands, we can recruit temporary Engineering resource at relatively short notice to help deliver projects if necessary

Strategic priorities

Grow recurring REVENUES	1
Investing in CURRENT PRODUCTS	2
Develop NEW PRODUCTS	3
Meet the demands of OUR MARKETS	4
Capture MARKET SHARE	5

Principal risk and uncertainties	Strategic priorities	Potential impact	Mitigation
Adverse mobile network changes	1, 4, 5	• Reputational impact • Deterioration in customer relations • Reduction in revenues, profitability and cash generation	• We provide a configuration manager which allows remote upgrade of the installed base and this can be used to address system wide issues as long as basic GPRS communications exist • We rely on mobile phone suppliers to provide a quality of service and investment in suitable reliable infrastructure. The same is true for the GPS network and the Internet
Attracting and maintaining high-quality employees	1, 2, 3, 4, 5	• Loss of key personnel • Potential business disruption • Breakdown of communication and misalignment	• We provide interesting work within a growing business and maintaining this is key to employee retention • Key tasks and background knowledge of our bespoke systems have been spread across a larger pool of individuals to mitigate the risk of a key individual leaving the business
Access to finance and debt	2, 3	• Growth plans affected	• Detailed annual forecasts • Monthly reviews and results v forecast • Regular discussions with other banks or financial institutions
Space limitation	1, 2, 3, 4, 5	• Inability to increase workforce • Inefficiencies incurred • Additional costs incurred	• Review alternative sites and adopt a wider home working policy • Move to a three-shift production process

By order of the Board

James Hedges
COMPANY SECRETARY
3 July 2017

Board of Directors

John Watkins
EXECUTIVE CHAIRMAN

John Watkins has a Master's Degree in Engineering Science from Oxford University and considerable engineering and international sales experience. He has been a Director of several Public companies, Managing Director of a wide range of private and subsidiaries/divisions of public companies and Chairman of two very successful private equity companies that exited with significantly better than average IRRs.

Keith Evans
NON-EXECUTIVE DEPUTY CHAIRMAN

Keith Evans graduated from Cambridge University with a degree in Economics. Keith is a former partner for over 25 years at PricewaterhouseCoopers LLP with very extensive experience of commercial and financial roles having worked with companies operating in the financial services, automotive and information technology sectors.

Bill Duffy
NON-EXECUTIVE DIRECTOR

Bill Duffy started working with the company in April 2014 supporting our business and strategy development as a Consultant and joined the Board in July 2015.

Bill also runs his own consultancy business and is Chairman of motoreasy, a pioneering motoring services platform for UK drivers. He was formerly CEO of Andrew Page Limited and CEO of Halfords Autocentres Limited. He has extensive strategic and operational capability in the automotive sector and successful private equity experience.

James Hedges
CHIEF FINANCIAL OFFICER

James Hedges was appointed Finance Director in 2008. James is an Engineering graduate who qualified as a chartered accountant with KMG Thompson McLintock (now KPMG) in 1983. He has since gained extensive experience in a variety of different industries. He has worked in venture capital, property, on Private Finance Initiatives as well as for a number of technology companies. He was Non-Executive Director of System C Healthcare for 10 years before it floated on AIM in 2005.

Mark Watkins
CHIEF OPERATING OFFICER

Mark Watkins has a Master's Engineering degree and worked for Ford Motor Co in the group IT team. He has previously held positions in IT and Operations having been Head of Manufacturing Operations at Continental UK for several years. In 2014 he joined Trakm8 Holdings as Managing Director of BOX Telematics following its' acquisition and is now responsible for all operational matters.

Matt Cowley
BIG DATA DIRECTOR

One of the founders of Trakm8 along with his brother Tim Cowley, Matt Cowley is a highly experienced software Engineering Director with over twenty five years' experience within the Telematics and Telecommunications industry. Awarded an MSc Software Engineering with distinction from University of Oxford in 1998, Matt Cowley now leads the in-house Big Data team and is passionate about algorithms, machine learning, computer vision and data science.

Tim Cowley
GROUP STRATEGY DIRECTOR

Tim Cowley has 30 years' experience in Engineering & Technology sector. After graduating with a degree in Electronics Engineering in 1988 from Brunel University, Tim Cowley was awarded a prestigious Michael Cobham scholarship, and stayed with the Cobham Group for eleven years.

Alongside his brother Matt Cowley, he founded Trakm8 in 2002 and is now responsible for the Group Product Strategy and the Advanced Engineering function.

Sean Morris
AUTOMOTIVE BUSINESS UNIT DIRECTOR

Sean Morris has over 30 years' experience in automotive electrical and electronic engineering at various OEM's and Tier 1 suppliers, including Continental, BMW, Honda, and Land Rover, and was Chief Engineer Electrical & Electronics, of Aston Martin. Sean has also run a successful turnkey engineering company providing services to OEM's such as Jaguar Land Rover, Bentley and McLaren. He is now responsible for leading Trakm8's newly-formed Automotive business unit.

Board of Directors and Committees

The Board of Trakm8 Holdings PLC is responsible for the strategic direction of the Group's businesses. The Board's specific roles include corporate governance policy and direction; as well as strategy formation and monitoring the achievement of the Group against the business plan. The day-to-day management of the Group is the responsibility of the team of Executive Directors and the Executive Chairman. The Board meetings of Trakm8 Holdings PLC cover matters required to be covered by the Boards of the Group's subsidiary entities.

The Board has operated Audit and Risk, Remuneration and Nomination Committees throughout the period. These bodies operate under formally delegated duties and responsibilities and seek advice from independent third-parties as the need arises. The committees during the year have comprised of the two Non-Executive Directors and the Executive Chairman.

John Watkins
EXECUTIVE CHAIRMAN

For the financial year ended 31 March 2017 the Directors' attendance at Board and Committee meetings has been as follows:

Type	Board	Audit	Nomination	Remuneration
Total Held in period	16	1	1	1
John Watkins	16	1	1	1
Keith Evans	15	1	1	1
Matt Cowley	15	–	–	–
Tim Cowley	14	–	–	–
Bill Duffy	14	1	1	1
James Hedges	14	–	–	–
Sean Morris	14	–	–	–
Mark Watkins	15	–	–	–

Nominations Committee

The committee met once during the year and appointed Keith Evans as Non-Executive Deputy Chairman.

Audit and Risk Committee

The Audit and Risk Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. The Finance Director and other Directors attend as required.

The committee and the external auditor have safeguards to avoid a potential compromise of auditor's objectivity and independence. These include the adoption of a policy that segregates the supply of audit and non-audit services and requires committee approval for the supply of services such as tax services and acquisition related due diligence.

The key issues considered by the Audit and Risk Committee included revenue recognition, capitalisation of development costs and impairment review of Goodwill.

Remuneration Committee

The Remuneration Committee's terms of reference include making recommendations on Directors' compensation packages to ensure that the Group enjoys and retains an appropriate level of motivated resources. The Committee engages with external consultants as and where it is deemed beneficial.

The Group has adopted and operates a share dealing code for Directors and employees in accordance with the requirements of the Combined Code.

Relations with Shareholders

The Board values and attaches the utmost importance to the maintenance of good relationships with shareholders. The Executive Chairman and the Finance Director meet investors immediately after publication of the annual and interim results, at the Annual General Meeting and on an ongoing basis as required throughout the year. In addition we provided a number of shareholders with updated presentations and the intention is to continue this programme during the new financial year.

Chairs of the BOARD AND COMMITTEES

PLC Board

Audit and Risk Committee

Nomination Committee

Remuneration Committee

By order of the Board

James Hedges
COMPANY SECRETARY
3 July 2017

Directors' Report

The Directors submit their Directors' Report and the audited financial statements of the Group and company for the year ended 31 March 2017.

Trakm8 Holdings PLC is a public listed company incorporated and domiciled in England (Company Number 05452547) whose shares are quoted on AIM, a market operated by the London Stock Exchange PLC.

Principal Activities

The principal activities of the Trakm8 Group are the manufacture, marketing and distribution of vehicle and plant telematics equipment and services. Trakm8 Holdings PLC is the holding company for the Trakm8 Group.

Financial Risk Management

The Group manages its key financial risks as follows. Further details can be found in note 27.

Liquidity risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of borrowings and financial assets with a range of maturities. It is also the Group's policy to mitigate the risk of borrowings by maintaining cash reserves. The Group currently has an unused revolving bank credit facility of £3.3m.

Currency risk

The Group endeavours to minimise its foreign currency exposure by trading in Sterling wherever possible. The two principal foreign currencies used are the US Dollar and the Euro and where possible we endeavour to match inflows and outflows.

Interest rate risk

The Group regularly monitors the risk of increasing interest rates and the effect this would have on our total interest charges. Currently our bank borrowings are linked to variable interest rates and the Group would move to using fixed rates if it was deemed appropriate to minimise the effects of further interest rate rises.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and the Group attaches considerable importance to the collection and management of trade receivables. The Group minimises its credit risk through the application of appropriate credit limits.

Results and Dividends

The Group results for the year ended 31 March 2017 are shown in the Consolidated Statement of Comprehensive Income on page 47. The Directors do not recommend the payment of a dividend (2016: 2.0p per ordinary share).

Research and Development

The Group has continued to expand the investment in research and development to ensure the future success of the business. During the year the Group capitalised development costs of £3.2m and a further £1.3m was expensed. Further details about the Group's approach to R&D can be found in the Strategic Report on page 3.

Going Concern

The Directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason they have continued to adopt the going concern basis in preparing the financial statements.

Future Developments

Consideration on the future developments and exciting prospects of the Group, has been made in the Executive Chairman's Statement in the Strategic Report. The Group expects to expand the fleet management and insurance solutions with the integration of camera and route optimisation technologies. The Group also expects that the enlarged sales and marketing teams will continue to generate organic growth in the UK and international markets. Further acquisitions will be assessed and if our strict criteria are met will be progressed.

Employees

The Group's employment policies are designed to ensure that they meet the statutory, social and market practices where the Group operates. The Group regularly provides employees with information about the progress of the Group, wider economic factors and also matters likely to be of concern to them. The Group recognises the importance of its employees and their training and conducts annual appraisals with each member of staff.

The Group is committed to employment policies, which follow best practice and are based on equal opportunities for all employees regardless of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. If members of staff become disabled the Group will continue their employment either in the same or an alternative position, with appropriate retraining being given if necessary.

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

John Watkins
Keith Evans
Matt Cowley
Tim Cowley
Bill Duffy
James Hedges
Sean Morris
Mark Watkins

Directors and Their Interests

At 31 March 2017 the Directors' interests in the shares of the Company are detailed below:

This table is audited

	1p Ordinary shares at 31 March 2017	% of issued Ordinary share capital (35,723,254 Ordinary shares)	1p Ordinary shares at 1 April 2016	% of issued Ordinary share capital (32,035,064 Ordinary shares)
John Watkins	**6,177,859**	17.29%	5,774,344	18.03%
Keith Evans	**153,846**	0.43%	–	–
Matt Cowley	**1,744,203**	4.88%	1,590,357	4.96%
Tim Cowley	**1,949,945**	5.46%	1,857,638	5.80%
Bill Duffy	**140,000**	0.39%	20,000	0.06%
James Hedges	**2,250,318**	6.30%	2,142,626	6.69%
Sean Morris	**–**	–	–	–
Mark Watkins	**250,128**	0.70%	250,128	0.78%

The Directors had no interest in the share capital of the Company's subsidiary undertakings at 31 March 2017 or on the date on which these financial statements were approved.

Directors' Remuneration

The Directors' remuneration for the year ended 31 March 2017 was:

This table is audited

	Salaries & benefits £	Fees £	Total remuneration to year ended 31 March 2017 £	Pension contributions £	Total aggregate emoluments to year ended 31 March 2017 £	Total aggregate emoluments to year ended 31 March 2016 £
John Watkins	260,403	–	260,403	–	**260,403**	655,343
Keith Evans	30,430	21,500	51,930	316	**52,246**	161,124
Matt Cowley	96,954	–	96,954	874	**97,828**	331,020
Tim Cowley	111,560	–	111,560	1,020	**112,580**	345,412
Bill Duffy[1]	25,620	35,000	60,620	–	**60,620**	46,500
James Hedges	178,238	–	178,238	6,756	**184,994**	451,612
Sean Morris[1]	120,592	–	120,592	4,875	**125,467**	87,338
Mark Watkins[1]	121,801	–	121,801	4,917	**126,718**	84,764
Paul Wilson[2]	–	–	–	–	**–**	306,800
Total	945,598	56,500	1,002,098	18,758	**1,020,856**	2,469,913

1 Appointed 1 July 2015.
2 Resigned 15 December 2015.

There were no share options exercised by the Directors during the year ended 31 March 2017.

Directors' Share Options

At 31 March 2017 the following options had been granted to the Company's Directors and remain current and unexercised:

This table is audited

	Option exercise price	Balance as at 1 April 2016	Granted during year	Exercised during year	Expired/ forfeited during year	Balance as at 31 March 2017	Expiry date
John Watkins	£0.445	250,000	–	–	–	**250,000**	21/01/2024
	£1.925	225,000	–	–	–	**225,000**	21/09/2025
	£1.830	9,836	–	–	(9,836)	**–**	–
Matt Cowley	£0.445	125,000	–	–	–	**125,000**	21/01/2024
	£1.925	25,000	–	–	–	**25,000**	21/09/2025
Tim Cowley	£0.445	125,000	–	–	–	**125,000**	21/01/2024
	£1.925	50,000	–	–	–	**50,000**	21/09/2025
James Hedges	£0.445	125,000	–	–	–	**125,000**	21/01/2024
	£1.925	75,000	–	–	–	**75,000**	21/09/2025
	£1.830	9,836	–	–	–	**9,836**	30/09/2018
Sean Morris	£0.875	175,000	–	–	–	**175,000**	17/12/2024
	£1.925	75,000	–	–	–	**75,000**	21/09/2025
Mark Watkins	£0.578	200,000	–	–	–	**200,000**	06/04/2024
	£1.925	75,000	–	–	–	**75,000**	21/09/2025

All share options were issued at the open market price on the day the options were granted.

The Group provides qualifying third-party indemnity provisions for the Directors which was in place throughout the year and has remained in place since the year-end.

Treasury Shares

At 1 April 2016 and 31 March 2017 the Company held 29,000 of its own 1p Ordinary shares representing 0.08% (2016: 0.09%) of the called up share capital. There were no purchases or sales by the Company during the year.

Statement as to Disclosure of Information to the Auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and parent company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Governance Report confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the group and parent company, together with a description of the principal risks and uncertainties that it faces.

Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP, Chartered Accountants, as independent auditors, will be put to the members at the Annual General Meeting.

On behalf of the Board on 3 July 2017

James Hedges
COMPANY SECRETARY

Independent Auditors' Report
on the Group Financial Statements

Report on the Group Financial Statements

Our opinion

In our opinion, Trakm8 Holdings PLC's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 March 2017 and of its profit and cashflows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated Statement of Financial Position as at 31 March 2017;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash-Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other Matters on Which We Are Required to Report by Exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the Financial Statements and the Audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other Matter

We have reported separately on the parent company financial statements of Trakm8 Holdings PLC for the year ended 31 March 2017.

Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
3 July 2017

Consolidated Statement of Comprehensive Income
for the Year Ended 31 March 2017

	Note	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Revenue	6	26,758,532	25,649,188
Cost of sales		(13,549,580)	(13,251,581)
Gross profit		13,208,952	12,397,607
Other income	7	325,058	81,443
Administrative expenses excluding exceptional costs		(12,461,917)	(8,756,085)
Exceptional administrative costs	9	(214,492)	(612,559)
Total administrative costs		(12,676,409)	(9,368,644)
Operating profit	8	857,601	3,110,406
Finance income		45	874
Finance costs	10	(164,585)	(108,208)
Profit before taxation		693,061	3,003,072
Income tax	11	777,382	340,678
Profit for the year attributable to the owners of the parent		1,470,443	3,343,750
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		(791)	3,811
Total other comprehensive income		(791)	3,811
Total comprehensive income for the year attributable to owners of the parent		1,469,652	3,347,561

Adjusted Operating profit	8	1,321,518	3,921,044

Earnings per ordinary share (pence) attributable to owners of the parent			
Basic	13	4.51p	11.15p
Diluted	13	4.36p	10.27p

There were no discontinued operations in 2017 or 2016. Accordingly the results relate to continuing operations.

Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2017

	Share capital £	Share premium £	Merger reserve £	Translation reserve £	Treasury reserve £	Retained earnings £	Total equity £
Balance as at 1 April 2015	289,738	3,757,400	509,837	195,603	(11,625)	2,254,048	6,995,001
Comprehensive income							
Profit for the year	–	–	–	–	–	3,343,750	3,343,750
Other comprehensive income							
Exchange differences on translation of overseas operations	–	–	–	3,811	–	–	3,811
Total comprehensive income	–	–	–	3,811	–	3,343,750	3,347,561
Transactions with owners							
Shares issued	30,612	6,110,982	612,344	–	–	–	6,753,938
Reclassification of previous Treasury share transactions	–	(300,000)	–	–	–	–	(300,000)
Sale of own shares	–	72,680	–	–	7,130	–	79,810
IFRS 2 Share-based payments	–	–	–	–	–	198,079	198,079
Transactions with owners	30,612	5,883,662	612,344	–	7,130	198,079	6,731,827
Balance as at 1 April 2016	320,350	9,641,062	1,122,181	199,414	(4,495)	5,795,877	17,074,389
Comprehensive income							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**1,470,443**	**1,470,443**
Other comprehensive income							
Exchange differences on translation of overseas operations	**–**	**–**	**–**	**(791)**	**–**	**–**	**(791)**
Total comprehensive income	**–**	**–**	**–**	**(791)**	**–**	**1,470,443**	**1,469,652**
Transactions with owners							
Shares issued	**36,882**	**2,141,942**	**15,397**	**–**	**–**	**–**	**2,194,221**
Equity dividend	**–**	**–**	**–**	**–**	**–**	**(649,270)**	**(649,270)**
Share placing fees	**–**	**(108,667)**	**–**	**–**	**–**	**–**	**(108,667)**
IFRS 2 Share-based payments	**–**	**–**	**–**	**–**	**–**	**249,425**	**249,425**
Transactions with owners	**36,882**	**2,033,275**	**15,397**	**–**	**–**	**(399,845)**	**1,685,709**
Balance as at 31 March 2017	**357,232**	**11,674,337**	**1,137,578**	**198,623**	**(4,495)**	**6,866,475**	**20,229,750**

Consolidated Statement of Financial Position
as at 31 March 2017

	Note	As at 31 March 2017 £	As at 31 March 2016 £
Assets			
Non-current assets			
Intangible assets	14	17,107,776	13,996,240
Property, Plant and equipment	15	1,854,885	1,572,613
Deferred income tax asset	18	297,368	801,365
Amounts receivable under finance leases	17	498,634	294,296
		19,758,663	16,664,514
Current assets			
Inventories	16	3,674,003	2,258,882
Trade and other receivables	17	6,075,575	7,239,954
Corporation tax receivable		1,645,169	24,001
Cash and cash equivalents		1,989,992	3,871,110
		13,384,739	13,393,947
Liabilities			
Current liabilities			
Trade and other payables	19	(6,470,839)	(7,541,122)
Borrowings	20	(1,051,419)	(968,182)
Provisions	21	(61,749)	(92,208)
		(7,584,007)	(8,601,512)
Current assets less current liabilities		5,800,732	4,792,435
Total assets less current liabilities		25,559,395	21,456,949
Non-current liabilities			
Trade and other payables	19	(480,211)	(395,313)
Borrowings	20	(4,805,596)	(3,927,586)
Provisions		(43,838)	(59,661)
Net assets		20,229,750	17,074,389
Equity			
Share capital	22	357,232	320,350
Share premium		11,674,337	9,641,062
Merger reserve		1,137,578	1,122,181
Translation reserve		198,623	199,414
Treasury reserve		(4,495)	(4,495)
Retained earnings		6,866,475	5,795,877
Total equity		20,229,750	17,074,389

The notes on pages 47 to 67 are an integral part of these consolidated financial statements. These financial statements on pages 43 to 67 were approved by the Board of directors and authorised for issue on 3 July 2017 and are signed on their behalf by:

John Watkins
DIRECTOR

James Hedges
DIRECTOR

Consolidated Statement of Cashflows
for the Year Ended 31 March 2017

	Note	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Net cash generated from operating activities	24	**667,604**	4,447,310
Cashflows from investing activities			
Interest received		**45**	874
Acquisition of subsidiary undertaking (net of cash acquired)		**(763,461)**	(7,697,531)
Purchases of property, plant and equipment		**(180,603)**	(528,597)
Purchases of software		**(262,149)**	(79,134)
Proceeds from sale of plant and equipment		**300**	–
Capitalised development costs		**(3,241,379)**	(1,852,639)
Net cash used in investing activities		**(4,447,247)**	(10,157,027)
Cashflows from financing activities			
Issue of new shares		**2,070,157**	5,839,751
Sale of Treasury shares		**–**	79,810
Increase in bank loan		**2,700,000**	6,000,000
Repayment of bank loans		**(1,954,067)**	(5,751,888)
Increase in hire purchase agreement		**–**	126,242
Repayment of obligations under hire purchase agreements		**(103,710)**	(12,839)
Interest paid		**(164,585)**	(108,208)
Dividends paid to owners of the parent		**(649,270)**	–
Net cash generated from financing activities		**1,898,525**	6,172,868
Net (decrease)/increase in cash and cash equivalents		**(1,881,118)**	463,151
Cash and cash equivalents at beginning of year		**3,871,110**	3,407,959
Cash and cash equivalents at end of year		**1,989,992**	3,871,110

Notes to the Consolidated Financial Statements

1 General Information
Trakm8 Holdings PLC ("Company") and its subsidiaries (together the "Group") manufacture, distribute and sell telematics devices and services.

Trakm8 Holdings PLC is a public limited company incorporated in the United Kingdom (registration number 05452547). The Company is domiciled in the United Kingdom and its registered office address is Lydden House, Wincombe Business Park, Shaftesbury, Dorset, SP7 9QJ. The Company's Ordinary shares are traded on the AIM market of the London Stock Exchange. The Company is registered in England and is limited by shares.

The Group's principal activity is the manufacture, marketing and distribution of vehicle telematics equipment and services. The Company's principal activity is to act as a holding company for its subsidiaries.

2 Authorisation of Financial Statements and Statement of Compliance with IFRS
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

3 Basis of Preparation
The accounting policies set out in note 4 have been applied consistently to all periods presented in these consolidated financial statements made up to 31 March 2017.

These financial statements are presented on a going concern basis. The Group has cash balances of £1,989,992 and undrawn revolving credit facilities of £3,300,000 at 31 March 2017 and the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operation for the foreseeable future.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies as disclosed within note 4 and 5.

4 Accounting Policies
Basis of Accounting
The financial statements have been prepared on the going concern basis under the historical cost convention in accordance with the applicable accounting standards.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The trading results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the Statement of Comprehensive Income. All acquisition expenses have been reported within the consolidated Statement of Comprehensive Income immediately.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

4 Accounting Policies continued

Revenue Recognition

Revenue represents the total of amounts receivable for goods and services provided excluding value added tax.

Revenue on the sale of telematics devices and other hardware is recognised on the delivery of the goods to the customer, or where bill and hold arrangements exist on acceptance of the goods by the customer.

Revenue for telematics services, being the provision of data to customers, is recognised with reference to the fair value of contracts over the period to which it relates. The appropriate portion of service revenues covering a future period is shown as deferred income within current and non-current liabilities.

Revenue for software development and integration projects is recognised with reference to the fair value of the contracts when the project is substantially complete and the outcome is reasonably certain. Revenue for engineering services is recognised as the services are provided.

Revenue from the sale of software is recognised when the software is made available for use by the customers. Revenue from the development of software and the integration of software with customers existing sytems is recognised with reference to the fair value of the contracts when the project is substantially complete and the outcome is reasonably certain. Where timing of billing does not coincide with recognition of revenue the residual amount is recognised as accrued or deferred income as appropriate.

Revenue from operating leases is recognised on a straight-line basis over the term of the lease.

Grant Income

Government grants for revenue expenditure are recognised in the Statement of Comprehensive Income on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. For grants relating to assets the grant is deducted from the carrying amount of the asset.

Operating Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The cost of operating leases (net of any incentives received from the lessor) is charged to the Statement of Comprehensive Income on a straight-line basis over the periods of the leases.

Exceptional Items

Exceptional items are those items that, in the Directors' view, are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current tax is based on taxable profits for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

R&D tax credits are shown as part of the current tax charge for the year in the Statement of Comprehensive Income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based upon tax rates that have been enacted or substantively enacted.

Share-Based Payments

The Group has applied the requirements of IFRS 2 Share-based payment, the corresponding entry to the expense in the Statement of Comprehensive Income is recognised in equity within the Statement of Changes in Equity.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations. No expense is recognised for awards that do not ultimately vest.

4 Accounting Policies continued

Goodwill

Goodwill arising on consolidation is recorded as an intangible asset and is the surplus of the cost of acquisition over the Group's interest in the fair value of identifiable net assets (including intangible assets) acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the Statement of Comprehensive Income.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible Assets Other Than Goodwill

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. Such intangible assets are carried at cost less amortisation. Amortisation is charged to 'Administrative expenses' in the Statement of Comprehensive Income on a straight-line basis over the intangible assets' useful economic life. The amortisation period is typically 1-10 years depending on the life of the related asset.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure is capitalised as an intangible asset only if the following conditions are met:
- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefit;
- the development cost of the asset can be measured reliably;
- it meets the Group's criteria for technical and commercial feasibility; and
- sufficient resources are available to meet the development costs to either sell or use as an asset.

Intangible Assets Acquired as Part of a Business Combination

For acquisitions, the Group recognises intangible assets separately from goodwill provided they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Intangible assets are initially recognised at fair value, which is regarded as their cost. Intangible assets are subsequently held at cost less accumulated amortisation and impairment losses. Where intangible assets have finite lives, their cost is amortised on a straight-line basis over those lives. The nature of intangible assets recognised and their estimated useful lives are as follows:

Software	10 - 20%	Straight line
Websites	33 - 50%	Straight line
Intellectual property	20%	Straight line
Customer relationships	33%	Straight line

Property, Plant and Equipment

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation or impairment losses. With the exception of freehold buildings held at 31 March 2006 (the date of transition to IFRS), cost represents purchase price together with any incidental costs to acquisition. As permitted by IFRS 1, the cost of freehold buildings at 31 March 2006 represents deemed cost, being the market value of the property for existing use at that date.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write each asset down to its estimated residual value over its expected useful life. The Group has reviewed the estimated economic life of the two categories of Furniture, fixtures and fittings and Computer Hardware and concluded that they should be extended to 10 - 20 years and five years respectively. In summary the depreciation rates used for each category is as follows:

Freehold property	2%	Straight line
Furniture, fixtures and equipment	5% - 10%	Straight line
Computer equipment	20%	Straight line
Motor vehicles	25%	Straight line

The Group estimates the impact of this change to economic life to be a £90,000 increase in profit before tax in the current year and an increase in closing net assets of £90,000 at 31 March 2017.

Property, Plant and Equipment Impairment

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date and adjusted if appropriate. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Inventories

Inventories are valued at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes all direct expenditure and production overheads based on a normal level of activity. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the costs of realisation and where appropriate for the costs of conversion from its existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

4 Accounting Policies continued

Financial Instruments
Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with the original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cashflow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the Statement of Comprehensive Income.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the purposes of the Statement of Cashflows, cash and cash equivalents includes bank overdrafts where applicable.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Financial liabilities and equity instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Bank borrowings
Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost with any transaction costs amortised to the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Finance Leases – Lessee
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets have been transferred to the Group, are capitalised in the Statement of Financial Position and depreciated over the shorter of the lease term or their useful lives. The asset is recorded at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The capital elements of future obligations under finance leases are included in liabilities in the Statement of Financial Position and analysed between current and non-current amounts. The interest elements of future obligations under finance leases are charged to the Statement of Comprehensive Income over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding in accordance with the effective interest rate method.

Finance Leases – Lessor
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Warranty Claims
Provision is made for product warranty claims when the Group has a present obligation as a result of past events, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. No provision is made for discounting on the grounds that the impact of discounting is deemed insignificant.

Equity
Equity comprises the following:

Share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued on reverse acquisition of subsidiaries, net of expenses of the share issue prior to the date of transition to IFRS.

Translation reserve represents cumulative foreign exchange gains and losses on retranslation of overseas operations.

Treasury reserve represents the cost of shares held in Treasury.

Retained earnings represents retained profits and the share-based payment reserve.

4 Accounting Policies continued

Treasury Shares

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Foreign Currencies

Sterling is the presentational currency of the Group. The functional currency of the companies within the Group is sterling except for Trakm8 s.r.o (Czech crowns) and Trakm8 HK Limited (US dollars). This is based on the Group's workforce being based in the UK and that sterling is the currency in which management reporting and decision making is based.

Foreign currency monetary assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the Statement of Comprehensive Income as they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's reserves. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Board have assessed that there continues to be just one segment following the continued integration of the Trakm8, DCS, Route Monkey and Roadsense businesses. This segment has two separate revenue streams distinguished by whether the revenues arise from solely hardware sales (Products) or hardware with ongoing service fees (Solutions).

Changes in Accounting Standards and Disclosures

During the year no new accounting standards became effective which had a significant impact on the Group's consolidated financial statements.

Recent accounting developments

A number of new standards and amendments and revisions to existing standards have been published and are mandatory for the Group's future accounting periods. They have not been adopted early in these consolidated financial statements and other than those listed below none are expected to have a material impact on the Group.

The impact of the following standards are being assessed by the Group.

IFRS 15, 'Revenue from contracts with customers'. This standard establishes principles for reporting the nature, amount and timing of revenue arising from an entity's contracts with customers. The Group has conducted an initial review to assess the full impact of IFRS 15 and the current view is that it will have a limited effect in the way revenues are reported. The key area which is being assessed is revenue recognition of long term contracts where the sale includes a full telematics solution with optimisation. The standard becomes effective for accounting periods beginning on or after 1 January 2018.

IFRS 16, 'Leases'. The main change is expected to relate to the recognition on the Group's balance sheet of assets and liabilities relating to leases which are currently being accounted for as operating leases. The Group is yet to assess the full impact of IFRS 16 which becomes effective for accounting periods beginning on or after 1 January 2019.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cashflow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in other comprehensive income without recycling. There is a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group does not apply hedge accounting and has limited financial assets therefore this standard is not expected to be a significant impact on the Group.

5 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical Judgements in Applying The Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in note 4, management has made the following judgements that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Revenue Recognition

Revenue is recognised with reference to the fair value of contracts.

Management applies judgement on contracts which involve more than one deliverable. Each deliverable is assigned to one or more separate element of accounting and the contract consideration is allocated to each element based on its relative fair value. Determining the fair value of each element can require complex estimates due to the nature of goods and services provided. A fair value is determined for each element based on equivalent sales prices where it is sold on a standalone basis after considering volume discounts when applicable.

The split between initial recognition for products supplied and subsequent recognition for service revenue over the contract period and allocating the fair value between these elements is another key judgement made by management in ensuring appropriate revenue recognition.

Management also assesses the state of completion of engineering services, software development and integration projects by reference to work done, elements delivered and services provided to the customer.

Goodwill Carrying Value

A full impairment review has been performed on a "value in use" basis, which requires estimation of future net operating cashflows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. Further details, including a sensitivity analysis are given in note 14 and the accounting policy is set out in note 4.

Valuation of Intangibles Acquired on Business Combinations

On the acquisition of a business, it is necessary to attribute fair values to any intangible assets acquired, provided they meet the criteria to be recognised. The fair values of these assets are arrived at by estimating the cost of acquiring equivalent assets from a third-party. The Group takes advice from third-parties in determining fair values and the estimated useful lives of intangible assets arising on significant acquisitions. Estimates of remaining useful lives of assets are also reviewed at least annually and revised if appropriate.

Capitalised Development Costs

The recoverability of capitalised development costs is dependent on assessments of the future commercial viability of the relevant products and processes. Management assess this viability based on market knowledge and demand from customers for improvements to existing products and software capabilities.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of Internally-Generated Intangible Asset

During the year, management reconsidered the recoverability of its internally generated intangible asset. The costs relate to the development of the Group's portfolio of hardware and software products and management continue to believe that the anticipated revenues will enable the carrying amount to be recovered in full. Assumptions have been made on the number of years over which the costs will be recovered based on management's best expectations and these could turn out to be longer or shorter although any subsequent adjustment is not expected to be material.

Recoverability of Trade Receivables

Management are particularly conscious of the financial weakness of some companies and closely monitors its outstanding debtor book in order to minimise the risk associated with future bad debts. Weekly cash receipts are analysed and future supplies are stopped if accounts remain overdue. An increasing number of customers taking the Group's services pay by direct debit and this is reducing the Group's exposure to the non-recoverability of trade receivables in the future.

Recoverability of Deferred Tax Asset

During the year, management have reconsidered the recoverability of the deferred tax asset. The projections demonstrate that the deferred tax asset will be utilised in the foreseeable future. Assumptions have been made on the number of years over which the tax losses will be recovered based on management's best expectations and these could turn out to be longer or shorter although any subsequent adjustment is not expected to be material.

Fair Value Adjustments

On the date of acquisition, management have fair valued the assets and liabilities of Roadsense to ensure they are consolidated at the correct amount. Management have used judgement in calculating the fair values using their knowledge of the Company and its surroundings. The assumptions made are anticipated to give a true and fair view on the date of acquisition.

6 Segmental Analysis

The chief operating decision maker ("CODM") is identified as the Board. It continues to define all the Group's trading under the single Integrated Telematics Technology segment and therefore review the results of the group as a whole. Consequently all of the Group's revenue, expenses, results, assets and liabilities are in respect of one Integrated Telematics Technology segment.

The Board as the CODM review the revenue streams of Integrated Fleet Management and Insurance Solutions (Solutions) and Hardware as Discrete Devices (Products) as part of their internal reporting. Products is the sale of hardware through the Group's distributors. Solutions represents the sale of the Group's full vehicle telematics service to customers, engineering services, professional services and mapping solutions.

A breakdown of revenues within these streams are as follows:

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Solutions	21,255,795	17,208,779
Products	5,502,737	8,440,409
	26,758,532	25,649,188

A geographical analysis of revenue by destination is as follows:

	Year ended 31 March 2017			Year ended 31 March 2016		
	Solutions £	Products £	Total £	Solutions £	Products £	Total £
United Kingdom	20,921,406	5,405,002	26,326,408	16,769,774	8,048,848	24,818,622
USA	–	–	–	–	168,652	168,652
Canada	360	17,863	18,223	390	46,592	46,982
Norway	70,555	–	70,555	117,527	–	117,527
Rest of Europe	260,310	13,770	274,080	224,078	7,784	231,862
UAE	–	66,102	66,102	–	136,819	136,819
Rest of World	3,164	–	3,164	97,010	31,714	128,724
	21,255,795	5,502,737	26,758,532	17,208,779	8,440,409	25,649,188

7 Other Income

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Grant income	325,058	81,443

8 Operating Profit

The following items have been included in arriving at operating profit:

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Depreciation (see note 15)		
– owned fixed assets	282,229	227,194
– assets on hire purchase	21,729	5,075
Amortisation of intangible assets (see note 14)	1,156,947	655,528
Operating lease rentals		
– Land and buildings	128,747	92,173
– Other	229,510	219,625
Research and development expenditure	1,314,360	1,002,096
Loss on foreign exchange transactions	40,048	46,212
Staff costs (note 12)	7,301,417	6,036,138
Profit on disposal of property plant & equipment	103	–

	£	£
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	71,000	57,000
Fees payable to the Company's auditors for other services:		
The audit of the Company's subsidiaries	–	40,000
Tax compliance services	9,800	12,500
Tax advisory services	9,930	12,450

8 Operating Profit continued

Adjusted Operating profit is monitored by the Board and measured as follows:

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Operating Profit	857,601	3,110,406
Exceptional administrative costs (note 9)	214,492	612,559
Share-based payments	249,425	198,079
Adjusted Operating profit	1,321,518	3,921,044

9 Exceptional Administrative Costs

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Acquisition costs	63,190	578,943
Integration costs	89,514	33,616
Contract manufacturing residual inventory provisions	61,788	–
	214,492	612,559

The acquisition costs related to the purchase of 100% of the share capital of Roadsense Technology Limited in August 2016. The 2016 acquisition costs related to the purchase of the trade and assets of DCS in June 2015 and 100% of the share capital of Route Monkey Holdings Limited. The integration costs related to the reorganisation of management and integration of business systems and processes following the acquisitions. The contact manufacturing residual inventory costs are associated with the cessation of our manufacturing contracts with third-parties as part of our streamlining of the business. These costs have been included as part of Administration costs.

10 Finance Costs

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Interest on bank loans	148,348	102,345
Interest on Hire Purchase agreements	16,237	5,863
	164,585	108,208

11 Income Tax

		Year ended 31 March 2017 £	Year ended 31 March 2016 £
Current tax	prior year adjustment	(798,098)	–
	current year charge/(credit)	(996,215)	(24,001)
	sub total	(1,794,313)	(24,001)
Recognition of deferred tax movement	prior year adjustment	601,557	17,232
	current year credit	415,374	(333,909)
	sub total	1,016,931	(316,677)
Income tax credit	**Total**	(777,382)	(340,678)

11 Income Tax continued

Factors Affecting the Tax Charge

The tax assessed for the year is lower (2016: lower) than the applicable rate of corporation tax in the UK.

The difference is explained below:

		£	£
Profit before tax		693,061	3,003,072
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)		138,612	600,614
Effects of:			
Expenses not deductible/income not taxable		124,366	126,016
R&D relief enhanced deduction		(476,150)	(685,681)
Adjustments in respect of prior periods	Deferred tax	601,557	17,232
	Current tax	(798,098)	–
Utilisation of tax losses not recognised as a deferred tax asset		(122,434)	(275,301)
R&D tax credit		–	(123,558)
Share-based payments		(245,235)	–
Total tax credit		(777,382)	(340,678)

R&D Relief Enhanced Deduction

This is deduction available on research and development work done by the Group to develop and enhance its data analytics functionality and telematics hardware.

Utilisation of Tax Losses Not Recognised as a Deferred Tax Asset

This is the utilisation of prior years tax losses that were not previously recognised as the realisation of the related tax benefit through future taxable profits was not considered probable.

Prior Year Adjustment

The prior year adjustment mainly relates to the R&D tax credits that were finalised during the year.

Finance (No 2) Act 2015 was substantively enacted on 26 October 2015 and reduced the rate of corporation tax in the UK to 19% from 1 April 2017. Finance Act 2016 was substantively enacted on 6 September 2016 and reduced the main rate of corporation tax in the UK to 17% with effect from 1 April 2020.

12 Employees

	Year ended 31 March 2017 No.	Year ended 31 March 2016 No.
The average monthly number of persons (including Directors) employed by the Group was:		
Engineering	82	59
Sales & marketing	78	65
Production	75	71
Administration	30	29
	265	224

Staff costs for the employees and Directors (included under Administrative expenses):

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Wages and Salaries	6,019,516	5,010,798
Social security costs	929,833	730,614
Share-based payments	249,425	198,079
Other pension costs	102,643	96,647
	7,301,417	6,036,138

12 Employees continued

The compensation for key management personnel was as follows (included under Administrative expenses):

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Salaries and other short-term employee benefits	1,161,650	1,153,555
Post-employment benefits	25,370	13,256
Share-based payments	111,155	89,352
	1,298,175	1,256,163

The key management personnel are the Directors, the Trakm8 Limited Sales Director and four senior managers who became key management personnel during the year.

The Directors made no gains on the exercise of share options during the year.

Details of Directors' fees and salaries, bonuses and pensions (including that of the highest paid Director) have been audited and are given in the Directors' Report on page 39.

13 Earnings Per Ordinary Share

The earnings per Ordinary share have been calculated using the profit for the year and the weighted average number of Ordinary shares in issue during the year as follows:

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Profit for the year after taxation	1,470,443	3,343,750
Exceptional administrative costs	214,492	612,559
Share-based payments	249,425	198,079
Tax effect of adjustments	(42,898)	(122,512)
Adjusted profit for the year after taxation	1,891,462	4,031,876

	No.	No.
Number of Ordinary shares of 1p each	35,723,254	32,035,064
Basic weighted average number of Ordinary shares of 1p each	32,594,891	30,000,972
Diluted weighted average number of Ordinary shares of 1p each	33,708,702	32,571,617
Earnings per share	4.51p	11.15p
Diluted earnings per share	4.36p	10.27p
Adjust for effects of:		
Exceptional costs	0.53p	1.63p
Share-based payments	0.77p	0.66p
Adjusted earnings per share	5.81p	13.44p
Adjusted diluted earnings per share	5.61p	12.56p

14 Intangible Assets

	Goodwill £	Intellectual property £	Customer relationships £	Development costs £	Software £	Total £
Cost						
As at 1 April 2015	1,984,289	1,620,184	–	2,178,526	100,194	5,883,193
Additions	–	–	–	1,852,638	79,134	1,931,772
Acquisition of DCS and RML	7,767,902	300,000	–	74,891	925,000	9,067,793
Disposals	–	–	–	(53,701)	–	(53,701)
As at 31 March 2016	9,752,191	1,920,184	–	4,052,354	1,104,328	16,829,057
Additions	–	–	–	3,241,379	262,149	3,503,528
Acquisition of RSL	664,955	–	100,000	–	–	764,955
Reclassified	–	–	–	(59,317)	59,317	–
As at 31 March 2017	**10,417,146**	**1,920,184**	**100,000**	**7,234,416**	**1,425,794**	**21,097,540**
Amortisation						
As at 1 April 2015	–	1,303,793	–	879,899	47,298	2,230,990
Charge for year	–	175,296	–	395,195	85,037	655,528
Amortisation on disposals	–	–	–	(53,701)	–	(53,701)
As at 31 March 2016	–	1,479,089	–	1,221,393	132,335	2,832,817
Charge for year	–	192,065	22,222	756,839	185,821	1,156,947
Amortisation on disposals	–	–	–	–	–	–
As at 31 March 2017	**–**	**1,671,154**	**22,222**	**1,978,232**	**318,156**	**3,989,764**
Net book value						
As at 31 March 2017	**10,417,146**	**249,030**	**77,778**	**5,256,184**	**1,107,638**	**17,107,776**
As at 31 March 2016	9,752,191	441,095	–	2,830,961	971,993	13,996,240
As at 1 April 2015	1,984,289	316,391	–	1,298,627	52,896	3,652,203

Intangible assets recognised on acquisitions	£	£	£	£	£	£
	664,955	–	100,000	–	–	764,955

Goodwill arose in relation to the Group's acquisition of 100% of the share capital of Roadsense Technology Limited ("Roadsense" or "RSL") in August 2016.

Since the acquisition Roadsense has been incorporated into the Trakm8 business. The two businesses have therefore been assessed as one cash generating unit for an impairment test on Goodwill.

The impairment review has been performed using a value in use calculation.

The impairment review has been based on the Group's budgets for 2017/18 which have been reviewed and approved by the Board. Forecasts for the subsequent three years have been produced based on 7% growth rates in each year. A net present value has been calculated using a pre tax discount rate of 10% which is deemed to be a prudent rate taking account of the Group's cost of funds and an extra element for risk. A terminal value has been calculated and included in the discounted cashflow forecasts used within the model to fully support the goodwill value.

In addition a sensitivity analysis has been undertaken by making the following changes:

1. Reduction in annual growth rates to 3% per annum; and
2. Increase in the discount rate to 13%.

The conclusion of this review is that no reasonable set of assumptions would produce an impairment.

Amortisation expenses of £1,156,947 (2016: £655,528) have been charged to Administrative expenses in the Consolidated Statement of Comprehensive Income.

15 Property, Plant and Equipment

	Freehold property £	Furniture, fixtures and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
As at 1 April 2015	507,684	799,104	420,970	9,793	1,737,551
Additions	–	452,011	124,898	–	576,909
Acquisition of DCS and RML	–	19,817	9,178	–	28,995
Exchange differences	–	587	387	–	974
Disposals	–	(78,744)	(5,836)	–	(84,580)
As at 31 March 2016	507,684	1,192,775	549,597	9,793	2,259,849
Additions	–	306,734	179,819	–	486,553
Acquisition of RSL	–	99,875	–	–	99,875
Disposals	–	–	–	(3,150)	(3,150)
As at 31 March 2017	**507,684**	**1,599,384**	**729,416**	**6,643**	**2,843,127**
Depreciation					
As at 1 April 2015	39,787	191,864	253,687	5,544	490,882
Charge for year	4,293	143,475	80,639	3,862	232,269
Exchange differences	–	48	307	–	355
Disposals	–	(30,434)	(5,836)	–	(36,270)
As at 31 March 2016	44,080	304,953	328,797	9,406	687,236
Charge for year	4,459	182,532	116,777	190	303,958
Exchange differences	–	1	–	–	1
Disposals	–	–	–	(2,953)	(2,953)
As at 31 March 2017	**48,539**	**487,486**	**445,574**	**6,643**	**988,242**
Net book value					
As at 31 March 2017	**459,145**	**1,111,898**	**283,842**	**–**	**1,854,885**
As at 31 March 2016	463,604	887,822	220,800	387	1,572,613
As at 1 April 2015	467,897	607,240	167,283	4,249	1,246,669

Included within freehold property is £284,585 (2016: £284,585) relating to land which is not depreciated.

The Group's obligations under finance leases (see note 20) are secured by the lessors' title to the leased assets, which have a carrying amount of £314,043 (2016: £96,417) included within Property, Plant and Equipment. This consists of Furniture, fixtures and equipment £247,166 (2016: £96,417) and Computer equipment £66,877 (2016: £nil).

Total depreciation expenses of £303,958 (2016: £232,269) have been charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

16 Inventories

	As at 31 March 2017 £	As at 31 March 2016 £
Raw materials	**1,152,316**	670,470
Work in progress	**125,800**	185,506
Finished goods and goods for resale	**2,395,887**	1,402,906
	3,674,003	2,258,882

The cost of inventories recognised as an expense and included in cost of sales amounted to £7,303,052 (2016: £8,737,905). During the year old inventory lines totalling £31,590 (2016: £71,123) were written down and charged to cost of sales in the Consolidated Statement of Comprehensive Income.

17 Trade and Other Receivables

	As at 31 March 2017 £	As at 31 March 2016 £
Trade receivables	3,773,981	5,560,921
Other receivables	1,232,916	961,839
Amounts receivable under finance leases	170,801	86,400
Prepayments and accrued income	897,877	630,794
	6,075,575	7,239,954

The analysis of trade receivables by currency is as follows:

	As at 31 March 2017 £	As at 31 March 2016 £
Pound Sterling	3,515,188	5,487,170
Dollar	79,517	69,086
Euro	179,276	–
Other	–	4,665
	3,773,981	5,560,921

An allowance for impairment is made where there is an identified event which based on previous experience, is evidence of a reduction in the recoverability of the outstanding amount. The allowance that has been made for estimated irrecoverable trade receivables is £29,029 (2016: £468,782).

As at 31 March 2017 trade receivables of £1,419,978 (2016: £1,630,266) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	As at 31 March 2017 £	As at 31 March 2016 £
Up to three months past due	1,097,311	1,214,308
Three to six months past due	322,667	415,958
	1,419,978	1,630,266

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The analysis of amounts receivable under finance leases is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2017 £	2016 £	2017 £	2016 £
Within one year	170,801	86,400	146,623	79,512
After one and within two years	498,634	294,296	502,919	285,881
After two and within five years	–	–	–	–
After five years	–	–	–	–
	669,435	380,696	649,542	365,393

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest contract is approximately 2.45%, (2016: 2.45%) per annum.

18 Deferred Tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 March 2017 £	As at 31 March 2016 £
Deferred tax asset		
Deferred tax asset to be recovered within 12 months	157,894	351,874
Deferred tax asset to be recovered after more than 12 months	139,474	449,491
	297,368	801,365

The deferred tax asset consists of the following:

	As at 31 March 2017 £	As at 31 March 2016 £
Trading losses	1,240,220	1,141,503
Short term timing differences	(85,411)	–
Accelerated tax depreciation	(857,441)	(340,138)
	297,368	801,365

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The movement in the deferred income tax asset during the year is as follows:

	Trading losses £	Accelerated tax depreciation £	Short term timing differences £	TOTAL £
At 31 March 2016	1,141,503	(340,138)	–	801,365
Prior year reclassification	512,934	–	–	512,934
Credited/(debited) to the Statement of Comprehensive Income	(414,217)	(517,303)	(85,411)	(1,016,931)
Debited to goodwill arising on acquisition	–	–	–	–
At 31 March 2017	1,240,220	(857,441)	(85,411)	297,368

19 Trade and Other Payables

	Non-current liabilities		Current liabilities	
	As at 31 March 2017 £	As at 31 March 2016 £	As at 31 March 2017 £	As at 31 March 2016 £
Trade payables	–	–	3,996,143	4,229,411
Social security and other taxes	–	–	929,411	1,529,573
Other payables	–	151,223	110,548	86,174
Accruals and deferred income	480,211	244,090	1,434,737	1,695,964
	480,211	395,313	6,470,839	7,541,122

The Directors consider that the carrying amount of trade payables approximates to their fair value.

20 Borrowings

	As at 31 March 2017					As at 31 March 2016				
	Bank loan					Bank loan				
	Gross £	Arrangement fee £	Net £	Obligations under finance leases £	Total £	Gross £	Arrangement fee £	Net £	Obligations under finance leases £	Total £
Current	980,591	(13,000)	967,591	83,828	1,051,419	955,506	(13,000)	942,506	25,676	968,182
Non-Current	4,609,457	(35,750)	4,573,707	231,889	4,805,596	3,888,609	(48,750)	3,839,859	87,727	3,927,586
	5,590,048	(48,750)	5,541,298	315,717	5,857,015	4,844,115	(61,750)	4,782,365	113,403	4,895,768

All borrowings are held in sterling and the Directors consider their carrying amount approximates to their fair values.

20 Borrowings continued

Bank loans comprise the following:

A £5.0m term loan with HSBC. The loan is secured by a fixed and floating charge on all the assets of the Group. It is repayable by monthly instalments until 2021 and bears interest at a floating rate of 1.95% over base rate. As at 31 March 2017 the Group owed £3.9m, (2016: £4.8m).

A £5.0m revolving credit facility with HSBC which is repayable in full at the end of the three year term. The loan bears an interest rate of 1.5% over LIBOR on the drawn amount and a fee of 0.75% on the undrawn facility. As at 31 March 2017 the Group had drawn down £1.7m of this credit facility (2016: £nil).

21 Provisions

	£
As at 1 April 2015	140,113
Arising during the year	55,097
Utilised	(43,341)
As at 1 April 2016	151,869
Arising during the year	43,741
Utilised	(65,612)
Released	(24,411)
At 31 March 2017	**105,587**

The provision relates to the potential warranty claims that may come to fruition in the near future. This provision is expected to be utilised as follows:

	As at 31 March 2017 £	As at 31 March 2016 £
Current	61,749	92,208
Non-Current	43,838	59,661
	105,587	151,869

22 Share Capital

	As at 31 March 2017		As at 31 March 2016	
	No's '000's	£	No's '000's	£
Authorised				
Ordinary shares of 1p each	200,000	2,000,000	200,000	2,000,000
Allotted, issued and fully paid				
Ordinary shares of 1p each	35,723	357,232	32,035	320,350

Movement in share capital:

	As at 31 March 2017 £	As at 31 March 2016 £
As at 1 April	320,350	289,738
New shares issued	36,882	30,612
As at 31 March	**357,232**	320,350

The Company currently holds 29,000 Ordinary shares in treasury representing 0.08% (2016: 0.09%) of the Company's issued share capital. The number of 1p Ordinary shares that the Company has in issue less the total number of Treasury shares is 35,694,254.

22 Share Capital continued

During the year the following shares were issued:

Date	Description	Shares number	Consideration £	Premium £
7 April 2016	Exercise of options over Ordinary Shares by an employee	100,000	13,000	12,000
28 April 2016	Exercise of options over Ordinary Shares by an employee	100,000	19,500	18,500
3 May 2016	Exercise of options over Ordinary Shares by an employee	50,000	9,750	9,250
26 July 2016	Exercise of options over Ordinary Shares by an employee	200,000	36,500	34,500
30 September 2016	Share issue to senior management shareholders of Roadsense	7,420	15,471	15,397
10 March 2017	Share issue in connection with capital raising	3,230,770	2,100,000	2,067,692
		3,688,190	2,194,221	2,157,339

The shares issued to senior management shareholders of Roadsense were issued at a premium which was subject to merger relief and has been taken to the merger reserve.

23 Share-Based Payments

Trakm8 Holdings PLC has issued options (under the Trakm8 Approved Group Option Scheme) to subscribe for Ordinary shares of 1p in the Company. The purpose of the Option Scheme is to retain and motivate eligible employees.

The exercise price of all share options is the closing market price on the day of grant. A vesting period of three years is applicable according to the terms of each scheme which specify the options will vest providing employees remain in service for three years from the date of grant.

The fair value of the equity settled share options granted is estimated as at the date of grant using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted. No performance conditions were included in the fair value calculations. During the year one new set of options was awarded, tranche U. The inputs to our Black Scholes pricing model were:

	Option Scheme
Grant date	28 April 2016
Weighted average FV (pence)	108.00
Weighted average exercise price (pence)	277.50
Expected volatility (%)	53.2%
Expected life of option	5.0
Dividend yield (%)	2.0%
Risk free (%)	0.8%

The risk free rate of return is the yield on government gilt market price and the volatility has been based on historic share prices.

Options granted during the year were:

Grant date	No. of shares	Option Exercise Price	Date of expiry
28 April 2016	175,000	2.78p	27/04/2026

A reconciliation of option movements over the year to 31 March 2017 is shown below;

	As at 31 March 2017		As at 31 March 2016	
	Share options No.	**Weighted average Exercise Price (p)**	Share options No.	Weighted average Exercise Price (p)
Outstanding at beginning of the year	**3,263,022**	**111.7**	3,150,000	34.3
Granted during the period	**175,000**	**277.5**	1,191,622	226.4
Forfeited during the period	**(116,796)**	**272.8**	(3,600)	183.0
Exercised during the period	**(450,000)**	**14.6**	(1,075,000)	13.0
Outstanding at the end of the year	**2,871,226**	**130.4**	3,263,022	111.7

The range of exercise prices of the outstanding options is 17p to 333p and the weighted average remaining contractual life is 7.7 years.
The Group charged £249,425 to the Statement of Comprehensive Income in respect of Share-Based Payments for the financial year ended 31 March 2017 (2016: £198,079).

Share options exercisable at 31 March 2017 were 1,000,000 (2016: 100,000).

24 Cash Generated From Operations

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Profit before tax	693,061	3,003,072
Depreciation	303,958	232,269
Profit on disposal of fixed assets	(103)	–
Net bank and other interest	164,540	107,334
Amortisation of intangible assets	1,156,947	655,528
Share-based payments	249,425	198,079
Operating cashflows before movement in working capital	2,567,828	4,196,282
Movement in inventories	(1,376,921)	(39,011)
Movement in trade and other receivables	498,593	(1,211,259)
Movement in trade and other payables	(1,104,571)	1,489,544
Movement in provisions	(46,282)	11,754
Cash generated from operations	538,647	4,447,310
Income taxes received	128,957	–
Net cash inflow from operating activities	667,604	4,447,310

25 Financial Commitments

At the Statement of Financial Position date, the Group had outstanding commitments for future minimum operating lease payments under non-cancellable operating leases, which fall due as follows:

Operating Leases	As at 31 March 2017 £	As at 31 March 2016 £
Land and buildings		
Within one year	128,682	140,389
In the second to fifth years inclusive	454,060	481,727
Over five years	343,727	451,212
	926,469	1,073,328
Other		
Within one year	202,424	203,309
In the second to fifth years inclusive	135,145	213,691
Over five years	–	108
	337,569	417,108

Land and buildings under operating leases represents four leases payable by the Group which have expiry dates from 2018 to 2026.

26 Related Party Transactions

A total of 150,000 (2016: 575,000) share options were granted during the year to five (2016: eight) key management employees.

The non-executive director Bill Duffy is a director of eConnect Cars Limited (eConnect), a customer of the Group. Sales to eConnect in the year totalled £7,563, (2016: £7,140). All sales were based on prices and terms that would be available to third-parties. At the end of the year Trakm8 owed eConnect £68 (2016: eConnect owed Trakm8 £96).

27 Financial Instruments

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Where appropriate, the Group seeks to mitigate potential adverse effects on its financial performance.

Liquidity Risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of borrowings and financial assets with a range of maturities. Borrowing facilities are monitored against the Group's forecast requirements and it is the Group's policy to mitigate the risk by maintaining cash reserves.

Interest Rate Risk

The Group's borrowings are linked to LIBOR and the base rate, the following table details the Group's sensitivity to an increase of 2% and 5% in these two rates

	2%	
	Year ended 31 March 2017 Profit £	Year ended 31 March 2016 Profit £
LIBOR	(34,000)	–
Base rate	(77,773)	(96,882)

	5%	
	Profit £	Profit £
LIBOR	(85,000)	–
Base rate	(194,432)	(242,206)

Currency Risk

The Group operates internationally although the majority of its sales are in sterling. Purchases of components are also made in US Dollars and Euros. The Group endeavours to minimise its foreign currency exposure by trading in sterling wherever possible.

The following table details the Group's sensitivity to a 10% and a 20% decrease and increase in the value of sterling against the US Dollar and the Euro and the resulting effect on profit. The sensitivity analysis of the Group's exposure to foreign currency risk at the year-end has been determined based upon the assumption that the increase in US Dollar and Euro exchange rates is effective throughout the financial year and all other variables remain constant.

	10% decrease		10% increase	
	Year ended 31 March 2017 Profit & equity £	Year ended 31 March 2016 Profit & equity £	Year ended 31 March 2017 Profit & equity £	Year ended 31 March 2016 Profit & equity £
US Dollar	(299,557)	(206,826)	245,092	169,222
Euro	(117,168)	(160,324)	95,865	131,174

	20% decrease		20% increase	
	Profit & equity £	Profit & equity £	Profit & equity £	Profit & equity £
US Dollar	(674,002)	(465,359)	449,335	310,240
Euro	(263,629)	(360,729)	175,753	240,486

The Group has the following exposure to foreign currency denominated monetary assets and monetary liabilities in the Balance Sheet, translated into the sterling at the relevant year-end exchange rates:

Financial assets/liabilities	Year ended 31 March 2017 Monetary Assets £	Year ended 31 March 2017 Monetary Liabilities £	Year ended 31 March 2016 Monetary Assets £	Year ended 31 March 2016 Monetary Liabilities £
US Dollar	107,247	99,342	69,086	241,376
Euro	186,860	441,005	91	223,146
	294,107	540,347	69,177	464,522
Sterling	7,517,277	10,240,188	10,348,694	9,316,102
Total	7,811,384	10,780,535	10,417,871	9,780,624

27 Financial Instruments continued

Credit Risk

The Group's principal financial assets are bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables and the Group attaches considerable importance to the collection and management of trade receivables. The Group minimises its credit risk through the application of appropriate credit limits to customers based on an assessment of net worth and trading history with the Group. Standard credit terms are net 30 days from the date of invoice. Overdue trade receivables are managed through a phased escalation culminating in legal action.

The credit quality of cash balances that are neither past due nor impaired can be ascertained with reference to the banks external credit ratings. All remaining financial assets are unrated.

Credit rating (S&P and Moodys)	As at 31 March 2017 £	As at 31 March 2016 £
AA-	1,986,312	2,520,073
BBB+	2,098	1,351,037
Baa1	1,582	–
	1,989,992	3,871,110

Financial Instruments by Category

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, liability and equity instrument are disclosed in note 4 to the financial statements. The directors do not consider that any of the cash balances are impaired.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group's external borrowings are subject to covenants which are assessed periodically throughout the year. The covenants relate to cashflow and leverage requirements. The company complied with all imposed covenant requirements during the period.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include "current and non-current borrowings" as shown in the Consolidated Statement of Financial Position. Total capital is calculated as "capital and reserves" as shown in the Consolidated Statement of Financial Position plus total borrowings.

The Group's strategy has been to maintain gearing. This has been successfully achieved through the profits generated and the capital issue during the year.

	As at 31 March 2017 £	As at 31 March 2016 £
Total borrowings (note 20)	5,857,015	4,957,518
Total capital and reserves	20,229,750	17,074,389
Total capital	26,086,765	22,031,907
Gearing ratio	22%	23%

27 Financial Instruments continued

Financial Instruments by Category continued

Capital risk management continued

At the year-end the Group had total net borrowings of £3,867,023 (2016: borrowings £1,086,408).

	Loans and receivables	
Assets as per Statement of Financial Position	As at 31 March 2017 £	As at 31 March 2016 £
Trade and other receivables excluding prepayments	5,821,392	6,546,761
Cash and cash equivalents	1,989,992	3,871,110
	7,811,384	10,417,871

	Financial liabilities at amortised cost	
	As at 31 March 2017 £	As at 31 March 2016 £
Borrowings	5,857,015	4,957,518
Trade and other payables excluding statutory liabilities and deferred revenue	4,923,520	4,823,106
	10,780,535	9,780,624

Payable as follows	£	£
On demand or within one year	5,974,939	5,804,288
After one and within two years	1,056,605	1,004,857
After two and within five years	3,748,991	2,935,104
After five years	–	36,375
	10,780,535	9,780,624

Cash and cash equivalents

Cash and cash equivalents comprise solely of cash in hand held by the Group.

28 Business Combinations

Roadsense Technology Limited

On 1 August 2016 the Company acquired the entire share capital of Roadsense Technology Limited for a total consideration of £778,932.

Roadsense provides telematics solutions to smaller businesses. The company was acquired to extend the customer base of the Group. The assets and liabilities as at 1 August 2016 arising from the acquisition were as follows:

	Fair value £
Intangible assets	100,000
Property and equipment	99,875
Inventory	38,200
Trade and other receivables	62,486
Trade and other payables	(186,584)
Net assets acquired	113,977
Goodwill	664,955
Total consideration	**778,932**

Satisfied by:	
Cash	763,461
Fair value of shares in the Company	15,471
	778,932

The acquisition was settled in cash of £763,461 and by issuing 7,420 shares in Trakm8 Holdings PLC. The fair value of the equity shares issued was based on the market value of Trakm8 Holdings PLC's traded shares with a fair value of £15,471 on the acquisition date. Merger relief has been applied, leading to the addition of £15,397 to the merger reserve rather than share premium.

28 Business Combinations continued

The revenue included in the consolidated statement of comprehensive income since 1 August 2016 contributed by RSL was £580,010. Roadsense also contributed an operating loss of £235,239 over the same period. The Directors have concluded that it is impractical to provide disclosure of the revenues and profit that Roadsense would have contributed to the Group had it been consolidated from 1 April 2016. This is due to audited accounts not being available for the period 1 April 2016 to 31 July 2016, and significant adjustments have been required to Roadsense's accounting policies in respect of revenue recognition to align with the requirements of IFRS and Trakm8 Holdings PLC's accounting policies. Therefore it is impractical to recalculate revenues for the period 1 April 2016 to 31 July 2016.

Acquisition related costs amounting to £63,190 have been recognised as an exceptional administrative expense in the consolidated statement of comprehensive income. The goodwill arising on the acquisition represents the value of the marketing expertise and customer relationships acquired which Trakm8 Holdings PLC plans to integrate into their existing telematics offering.

Route Monkey Holdings Limited

On 30 December 2015 the Company acquired the entire share capital of Route Monkey Holdings Limited and its wholly owned subsidiary Route Monkey Limited. Under the purchase agreement, contingent consideration of up to £2,000,000 was payable subject to the business achieving certain performance targets during the year to 31 December 2016. None of this contingent consideration is payable. No provision in relation to this consideration was recognised in the prior year financial statements, so no adjustment has been made in these financial statements for this item.

29 Dividends

The Company is not proposing a final dividend for the year (2016: 2.0p per share).

During the year the Company paid the dividend declared in the prior year of £649,270 (2016: £nil).

30 Operating Leases

The group rents out equipment under operating leases. Equipment rental income earned during the year was £188,942, (2016: £nil). At the year-end the group had contracted with lessees of the group for the following future minimum lease payments under non-canellable operating leases.

	As at 31 March 2017 £	As at 31 March 2016 £
Within one year	182,320	–
In the 2nd and 5th years inclusive	215,016	–
	397,336	–

Independent Auditors' Report
on the Parent Company Financial Statements

Report on the parent company financial statements

Our opinion

In our opinion, Trakm8 Holdings PLC's parent company financial statements (the "financial statements"):
- give a true and fair view of the state of the parent company's affairs as at 31 March 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:
- the Parent Company Statement of Financial Position as at 31 March 2017;
- the Parent Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.
- We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the group financial statements of Trakm8 Holdings PLC for the year ended 31 March 2017.

Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
3 July 2017

Parent Company Statement of Financial Position
as at 31 March 2017

	Note	As at 31 March 2017 £	As at 31 March 2016 £
Assets			
Non-current assets			
Investments	4	**12,027,110**	10,935,554
Current assets			
Trade and other receivables	5	**6,732,622**	3,574,016
Cash and cash equivalents		**72**	1,264,409
		6,732,694	4,838,425
Liabilities			
Current liabilities			
Trade and other payables	6	**(154,343)**	(246,827)
Borrowings	7	**(967,591)**	(955,506)
		(1,121,934)	(1,202,333)
Current assets less current liabilities		**5,610,760**	3,636,092
Total assets less current liabilities		**17,637,870**	14,571,646
Non-current liabilities			
Borrowings	7	**(4,573,707)**	(3,888,609)
Net assets		**13,064,163**	10,683,037
Capital and reserves			
Called up share capital	8	**357,232**	320,350
Share premium account		**11,674,337**	9,641,062
Merger reserve		**627,741**	612,344
Treasury reserve		**(4,495)**	(4,495)
Retained earnings		**409,348**	113,776
Total shareholders' funds		**13,064,163**	10,683,037

The result for the year was a profit of £695,417 (2016: loss of £118,970).

These financial statements on pages 70 to 75 were approved by the Board of Directors and authorised for issue on 3 July 2017 and are signed on their behalf by:

John Watkins
DIRECTOR

James Hedges
DIRECTOR

Parent Company Statement of Changes in Equity
for the Year Ended 31 March 2017

	Called up share capital £	Share premium account £	Merger reserve £	Treasury reserve £	Retained earnings £	Total shareholders' funds £
Balance as at 1 April 2015	289,738	3,757,400	–	(11,625)	34,667	4,070,180
Shares issued	30,612	6,110,982	612,344	–	–	6,753,938
Share placing fees	–	(300,000)	–	–	–	(300,000)
IFRS 2 charge for the year	–	–	–	–	198,079	198,079
Sale of own shares	–	72,680	–	7,130	–	79,810
Loss for the year	–	–	–	–	(118,970)	(118,970)
Balance as at 1 April 2016	**320,350**	**9,641,062**	**612,344**	**(4,495)**	**113,776**	**10,683,037**
Shares issued	36,882	2,141,942	15,397	–	–	2,194,221
Equity dividend	–	–	–	–	(649,270)	(649,270)
Share placing fees	–	(108,667)	–	–	–	(108,667)
IFRS 2 charge for the year	–	–	–	–	249,425	249,425
Profit for the year	–	–	–	–	695,417	695,417
Balance as at 31 March 2017	**357,232**	**11,674,337**	**627,741**	**(4,495)**	**409,348**	**13,064,163**

Notes to the Parent Company Financial Statements

1 Accounting Policies

Basis of Preparation

The accounting policies set out in note 1 have been applied consistently to all periods presented in these consolidated financial statements made up to 31 March 2017.

The financial statements of the parent company have been prepared in accordance with United Kingdom Accounting Standards – Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The Company has taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate income statement and related notes. The Company has also taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate statement of other comprehensive income.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share—based payment' (details of the number and weighted—average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of 'International Accounting Standard 1, Presentation of financial statements' (IAS 1) comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cashflows)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cashflow statements)
  - 38B-D (additional comparative information)
  - 111 (cashflow statement information)
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cashflows'
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures (key management compensation)
- The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

Investments

Fixed asset investments are stated at cost less impairment against the cost of investments. The carrying values of investments in subsidiaries are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Cost includes directly attributable acquisition expenses.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the purposes of the Statement of Cashflows, cash and cash equivalents includes bank overdrafts.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Bank Borrowings

Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost with any transaction costs amortised to the income statement over the period of the borrowings using the effective interest method.

Deferred Taxation

Provision is made for deferred taxation in respect of all material timing differences that have originated but not reversed by the balance sheet date. Timing differences represent differences between gains and losses recognised for tax purposes in periods different from those in which they are recognised in the financial statements. No deferred tax is recognised on permanent differences between the Company's taxable gains and losses and its results as stated in the financial statements. Deferred tax assets and liabilities are included without discounting.

1 Accounting Policies continued

Equity

Equity comprises the following:

Share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued on reverse acquisition of subsidiaries, net of expenses of the share issue prior to the date of transition to IFRS.

Treasury reserve represents the cost of shares held in Treasury.

Retained earnings represents retained profits and the share-based payment reserve.

Treasury Shares

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Share-Based Payments

The Company has applied the requirements of IFRS 2 Share-based payment.

The grant by the Company of options over its equity instruments to the employees of a subsidiary undertaking in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value of the equity instrument, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity. At each balance sheet date, the Company revises its estimates of the number of options or shares that are expected to vest. The impact of any revision, if any, is recognised as a capital contribution with a corresponding adjustment to reserves.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations. No expense is recognised for awards that do not ultimately vest.

2 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical Judgements in applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Investments Carrying Value

A full impairment review has been performed on a "value in use" basis, which requires estimation of future net operating cashflows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate.

3 Profit and Loss Account

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Company is not presented as part of these financial statements.

The profit after tax for the year in the Company is £695,417 (2016; loss of £118,970). Audit fees for the Company for the year were £3,000, (2016; £3,000)

4 Investments

Movements in the year comprise the acquisition of Roadsense, the investment in Trakm8 HK Limited and the capital contribution in respect of share-based payments.

Cost	Subsidiaries £
As at 1 April 2016	10,935,554
Acquisition of Roadsense Technology Limited	842,121
Investment in Trakm8 HK Limited	10
Capital contribution in respect of share-based payments	249,425
At 31 March 2017	**12,027,110**

4 Investments continued

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Name of subsidiary	Country of incorporation	Nature of business	Registered Office	Class of holding	Proportion held and voting rights
Trakm8 Limited	England and Wales	Marketing and distribution of vehicle telematics	Lydden House Wincombe Business Park Shaftesbury Dorset SP7 9QJ	Ordinary	100%
Trakm8 s.r.o.	Czech Republic	Mapping services	A7 Office Centre Praha 7 U Pruhonu 1588/11a 170 00 Czech Republic	Ordinary	100%
BOX Telematics Limited	England and Wales	Manufacture and distribution of telematics	Lydden House Wincombe Business Park Shaftesbury Dorset SP7 9QJ	Ordinary	100%
Route Monkey Holdings Limited	Scotland	Route optimisation	2a Houston Interchange Business Park, Houstoun, Livingston, West Lothian, EH54 5DW	Ordinary	100%
Route Monkey Limited*	Scotland	Route optimisation	2a Houston Interchange Business Park, Houstoun, Livingston, West Lothian, EH54 5DW	Ordinary	100%
Interactive Projects Limited	England and Wales	Dormant	Lydden House, Wincombe Business Centre, Shaftesbury, Dorset, SP7 9QJ	Ordinary	100%
Data Driven Telematics Limited	England and Wales	Dormant	Lydden House, Wincombe Business Centre, Shaftesbury, Dorset, SP7 9QJ	Ordinary	100%
DCS Systems Limited	England and Wales	Dormant	Lydden House, Wincombe Business Centre, Shaftesbury, Dorset, SP7 9QJ	Ordinary	100%
Roadsense Technology Limited	England and Wales	Marketing and distribution of vehicle telematics	Lydden House, Wincombe Business Centre, Shaftesbury, Dorset, SP7 9QJ	Ordinary	100%
Trakm8 HK Limited	Hong Kong	Manufacture and distribution of telematics	Prosperity Centre, 25 Chong Yip Street, Kwun Tong, Hong Kong	Ordinary	100%

* Owned directly by Route Monkey Holdings Limited

The following dormant companies within the Group will take the exemption from preparing and filing financial statements for the year ended 31 March 2017 (by virtue of s394A and 448A of Companies Act 2006 respectively). As the ultimate parent company, Trakm8 Holdings PLC has guaranteed the debts and liabilities held within these companies as required under section 394C of the Companies Act 2006

Company	Company registration number
Interactive Projects Limited	4327499
Data Driven Telematics Limited	5785552
DCS Systems Limited	9641691

The following companies within the Group will adopt the Department for Business, Innovation and skills audit exemption for the year ended 31 March 2017. As the ultimate parent company, Trakm8 Holdings PLC has guaranteed the debts and liabilities held within these companies as required under section 479A of the Companies Act 2006

Company	Company registration number
Trakm8 Limited	4415597
BOX Telematics Limited	3947199
Route Monkey Limited	SC353016
Roadsense Technology Limited	8300339

5 Trade and Other Receivables

	As at 31 March 2017 £	As at 31 March 2016 £
Amounts due from subsidiary undertakings	6,709,708	3,434,904
Social security and other taxes	15,972	–
Prepayments and other receivables	6,942	139,112
	6,732,622	3,574,016

Amounts due from subsidiary undertakings is unsecured, interest free and repayable on demand.

6 Trade and Other Payables

	As at 31 March 2017 £	As at 31 March 2016 £
Trade creditors	22,744	183,172
Amounts due to subsidiary undertakings	10	24,058
Accruals and other creditors	131,589	39,597
	154,343	246,827

Amounts due to subsidiary undertakings is unsecured, interest free and repayable on demand.

7 Borrowings

	As at 31 March 2017 Bank loan			As at 31 March 2016 Bank loan		
	Gross £	Arrangement fee £	Net £	Gross £	Arrangement fee £	Net £
Current	980,591	(13,000)	967,591	955,506	(13,000)	942,506
Non-current	4,609,457	(35,750)	4,573,707	3,888,609	(48,750)	3,839,859
	5,590,048	(48,750)	5,541,298	4,844,115	(61,750)	4,782,365
Bank loan			5,541,298			4,782,365

The Bank loan is repayable as follows:

	£	£
Within one year	967,591	942,506
After one and within two years	967,692	966,181
After two and within five years	3,606,015	2,873,678
	5,541,298	4,782,365

Bank loans comprise the following:
A £5.0m term loan with HSBC. The loan is secured by a fixed and floating charge on all the assets of the Group. It is repayable by monthly instalments until 2021 and bears interest at a floating rate of 1.95% over base rate. As at 31 March 2017 the Group owed £3.9m, (2016: £4.8m).

A £5.0m revolving credit facility with HSBC which is repayable in full at the end of the three year term. The loan bears an interest rate of 1.5% over LIBOR on the drawn amount and a fee of 0.75% on the undrawn facility. As at 31 March 2017 the Group had drawn down £1.7m of this credit facility (2016: £nil).

8 Called up Share Capital and Reserves

Details of share capital and share options are shown in notes 22 and 23 to the consolidated financial statements above.

Details of the Company's other reserves are shown in note 4 to the consolidated financial statements.

9 Guarantee

The borrowings of the company is guaranteed by the assets of the subsidiary companies: Trakm8 Limited, BOX Telematics Limited, Route Monkey Holdings Limited and Route Monkey Limited.

10 Related Parties

The company has taken advantage of the exemptions conferred by IAS 24 from the requirement to disclose transactions between wholly owned subsidiary undertakings.

A total of 150,000, (2016: 575,000) share options were granted during the year to eight (2016: eight) key management employees.

11 Employees and Directors

The Directors of the Company were paid by Trakm8 Limited or BOX Telematics Limited for their services to the Group. It is not practical to perform any reallocation of these emoluments between individual group companies and therefore no charge has been made to the Company. The Company had no employees (2016: nil) during the year (other than the Directors).

Details of Group Directors' fees and salaries, bonuses and pensions (including that of the highest paid Director) have been audited and are given in the Directors' Report on page 39.

12 Dividends

The Company is not proposing a final dividend for the year (2016: 2.0p per share). During the year the company paid the dividend declared in the prior year of £649,270 (2016: £nil).

Officers and Advisors
for Trakm8 Holdings PLC

Directors
Matt Cowley
Tim Cowley
Bill Duffy
Keith Evans
James Hedges
Sean Morris
John Watkins
Mark Watkins

Company Secretary
James Hedges

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Lydden House,
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