

## **DIGICORE HOLDINGS LIMITED**

**Press release : 18 September 2007**

**DigiCore Annual Results for the year ended 30 June 2007**

**Operating profit up 44%**  
**Revenue up 36%**  
**Earnings per share up 37%**

It is with great pleasure that the Board announces sterling growth for six consecutive years.

Achieving a 37% growth in earnings per share whilst still building new markets was remarkable. The 36% increase in revenue is proof of our world class products and services, now delivered to 32 countries. We were simultaneously able to secure tenders from several blue chip companies, amongst others BHP Billiton and the South African Police Services, to be delivered during the coming year.

### Financial results

Revenue rose by 36% to R440,6 million (2006: R323,2 million) while operating profit increased by 44% to R135 million as margins remain stable.

Earnings per share increased 37% from 32,3 cents to 44,4 cents for the period. Headline earnings per share also increased to 44,1 cents from 31,9 cents, a 38% upwards move.

Our cash balance reduced slightly to R59 million mainly due to an increase in tax and dividend payments as well as an increased requirement for working capital to fulfill the large orders received during June and only expedited in July 2007.

Trade receivables increased to R146 million mainly due to an all time record sales performance in June 2007 whilst Inventories increased R23 million in anticipation of several large orders.

We were able to finalise the negotiations for the acquisition of the remaining 49% stake in DigiCore Europe BV during May 2007 at a PE of 8,5. Accordingly, effective 1 January 2007 the full 100% of DigiCore Europe has been consolidated in the results for 2007.

### Fleet Management Operations

We have maintained and grown our market share in most of the countries we operate in.

In South Africa we have again proved to be the service provider of choice, building relationships and supplying superior technology like never before. Amongst others we have successfully installed over 5 000 units for eThikweni (Durban) Municipality resulting in more efficient control, service delivery and cost savings.

The fleet services part of our business has managed to increase income from our management information bureau, cellular, product servicing and software licensing divisions by 36%, which now mainly consists of annuity based income.

Our “*Customer for Life*” strategy has also been successfully expanded to Europe and other countries.

We are further delighted with our international expansion strategy. Our team has assisted the UK operation (50,1% subsidiary) to win several tender contracts. DigiCore UK has contributed to our earnings this year, for the first time, and is structured to deliver on-going profits in future.

DigiCore Europe managed to increase their NPAT by 27%. Newly appointed distributors are starting to deliver and further enhance our service capability in the area.

### Stolen Vehicle Recovery (SVR) Operations

C-track South Africa had a very successful year and produced a profit whilst continuing to spend approximately R10 million on brand building and above the line advertising.

Our marketing campaign, bundling Navigation and in-car DVD systems with the C-track Secure product offering, is producing very encouraging results.

Relationships were built with motor dealers, insurance companies and brokers during the period.

Trakker Pakistan reached a new milestone with 50 000 installations earlier this year and growth of 31% in unit sales. This is currently our most successful SVR operation.

### Black Economic Empowerment (BEE)

The relationship with our new empowerment partners is working well and this has contributed to the success of our local fleet management business.

Transformation remains on our agenda and we have made progress regarding the 5 pillars, other than equity ownership in the business.

The first two black women were appointed to the DigiCore Fleet Management board at our July 2007 board meeting.

### The future

Several of the large tenders we have been awarded will be rolled out over the next three years and this provides us with a higher level of guaranteed sales income than we have ever had before. The full implementation of these tenders does, in some cases, depend on the successful implementation of an initial few thousand units and the achievement of the organisation's goals and savings.

The rapid software development requirements of these tenders will continue to provide leading world class solutions, further enhancing our opportunities to continue winning larger tenders worldwide, in time to come.

Indications from several research companies point to rapid growth for our industry in the next five years and we believe we are well placed to participate in the opportunities.

The prospects for the local SVR market look promising as customers realise the benefits of our superior products and services.

Owning 100% of our subsidiary in Europe will allow us to contribute to a planned strategic expansion programme in the area that should allow us to remain in the forefront of the Automated Vehicle Location Technology market.

With our ethical and service orientated approach we are looking forward to another blessed year ahead.

### **NATURE OF BUSINESS**

DigiCore specialises in the research, design, development, manufacture, sales and support of technologically advanced GPS/GSM fleet management and vehicle tracking solutions locally and internationally.

Please contact the CEO with any further questions

Nick Vlok

Tel: 012 665 7300