



[www.cartrack.co.za](http://www.cartrack.co.za)

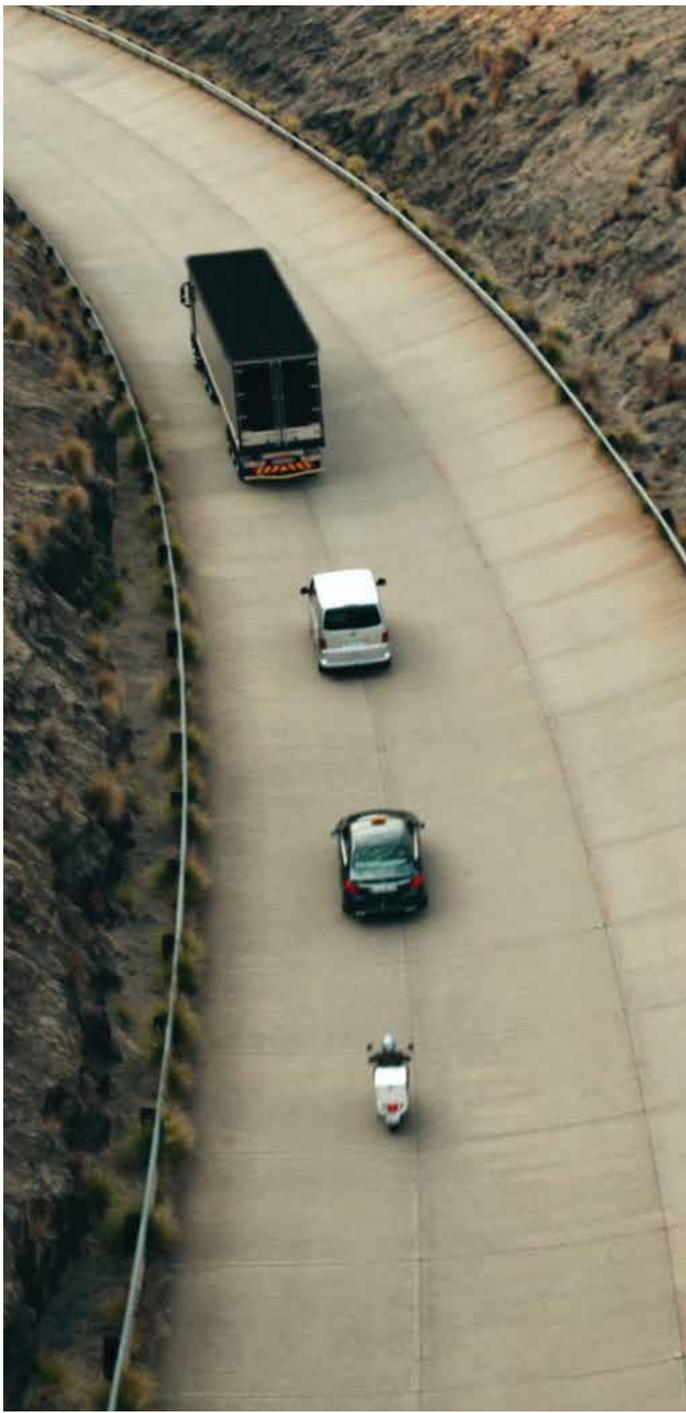
# AUDITED ANNUAL FINANCIAL RESULTS 2016



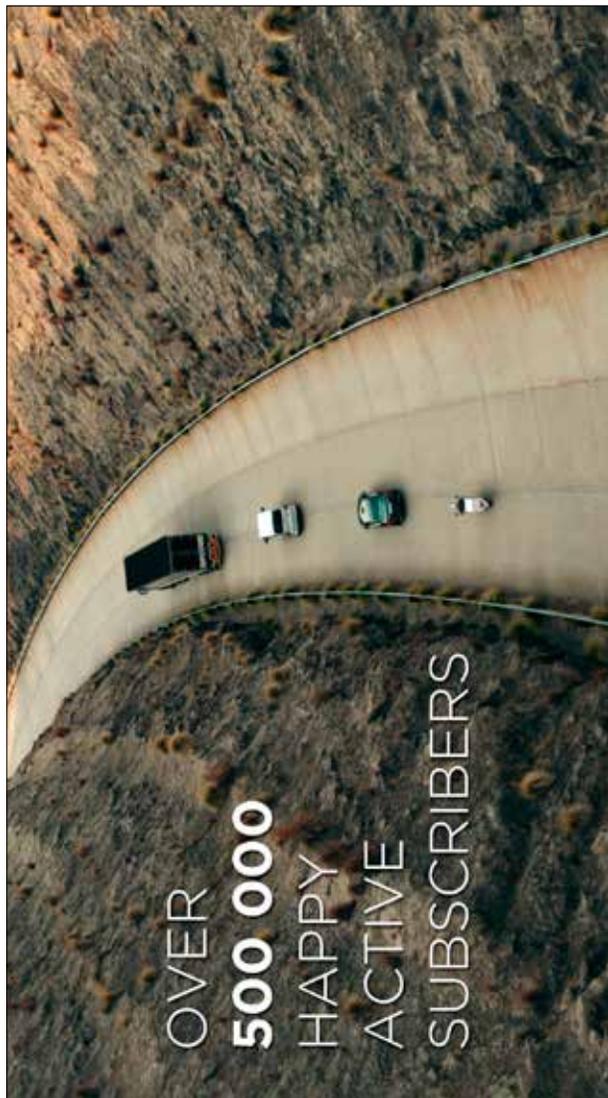
**CARTRACK**  
PUTTING YOU IN CONTROL

FLEET MANAGEMENT STOLEN VEHICLE RECOVERY INSURANCE TELEMATICS

AUDITED ANNUAL  
FINANCIAL RESULTS 2016



NOTES

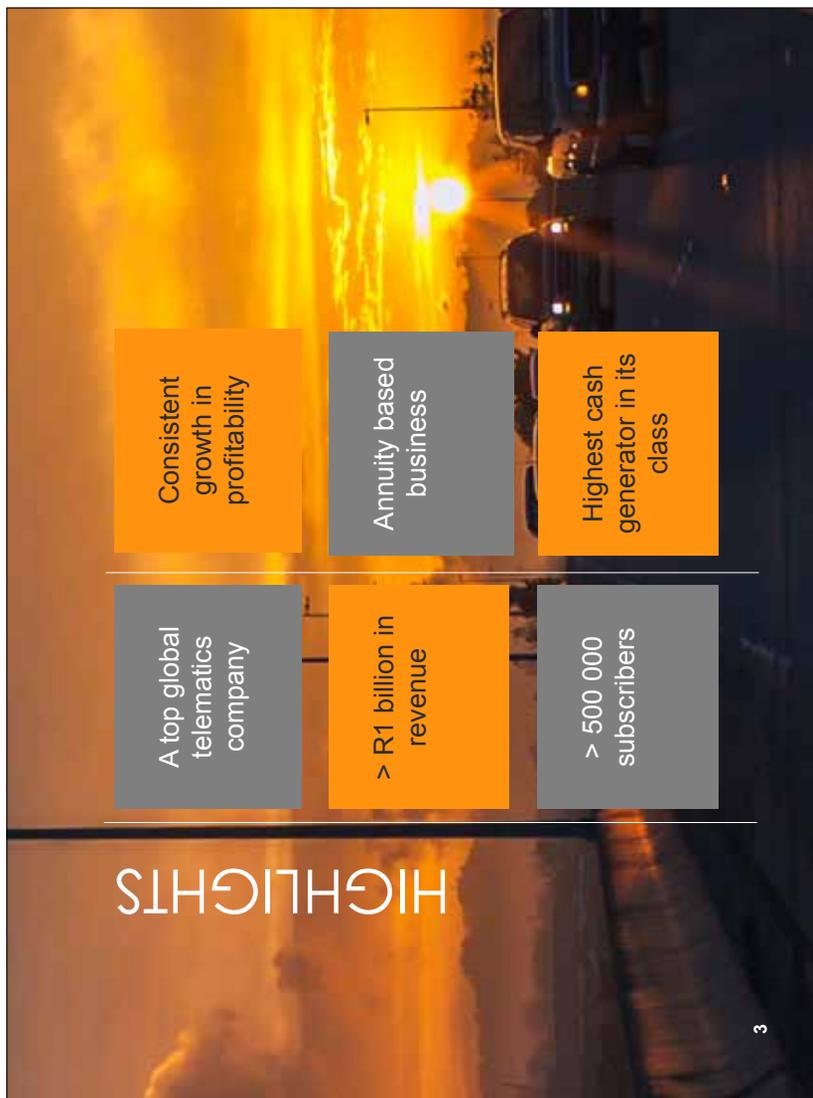


**FY16 RESULTS PRESENTATION**

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- Overview
- Financial review
- Strategic review
- Outlook
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NOTES



HIGHLIGHTS

A top global telematics company

> R1 billion in revenue

> 500 000 subscribers

Consistent growth in profitability

Annuity based business

Highest cash generator in its class

**EVEN MORE BENEFICIAL IN CHALLENGING TIMES**

**CARTRACK'S VALUE PROPOSITION TO CUSTOMERS**

		
Increase fleet productivity	Increase workforce efficiency	Reduce operational costs
		
Increase customer service	Increase safety and security	Increase revenue

**CARTRACK**  
PARTNERING WITH YOU TO SUCCEED

## OUR CUSTOMERS' CHALLENGES



High Fuel Costs



Wasteful Vehicle Idling



Timecard Falsification



Excessive Overtime



Excessive Maintenance Costs



Excessive Mileage



Poor Driver Behaviour



Unproductive Drivers



Unauthorised Vehicle Use

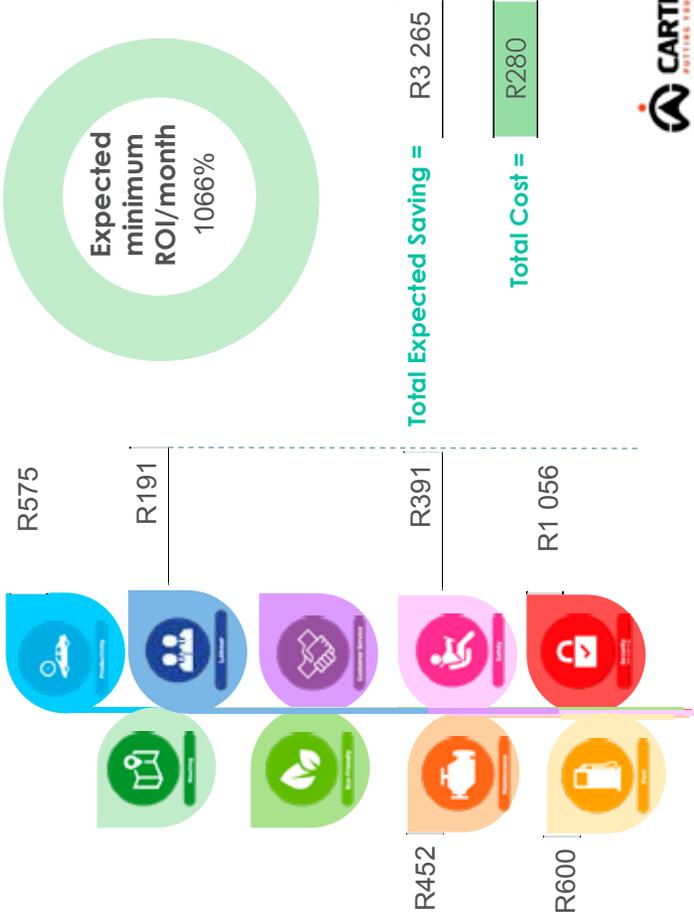


Vehicle Theft

# CARTRACK CORE SOLUTIONS PER PRODUCT



# CARTRACK – SOUTH AFRICA ROI CUSTOMER CALCULATOR FLEET MANAGEMENT



## KEY SECURITY SERVICES AND FEATURES

The infographic displays ten key security services and features, each represented by a circular icon and a corresponding label in a rounded rectangular box:

- Advanced Fitment Techniques**: Icon of a car with a person working on it.
- Ground & Air Recovery Response**: Icon of a helicopter.
- Instant Positioning via Control Room**: Icon of a target symbol.
- First 24-Hour Unit Testing Service**: Icon with the text "24 HOUR".
- Lifetime Warranty**: Icon of a checkmark inside a shield.
- De-Installation & Re-Installation Service**: Icon of a circular arrow.
- Strip Warning**: Icon of a car chassis with suspension components.
- Ignition Sensor**: Icon of a car key.
- Remote Immobilisation**: Icon of a car with a signal wave and a lock symbol.
- Wireless Panic Button**: Icon of a hand holding a button.
- Early Theft Alert**: Icon of a clock face with a checkmark.

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## KEY CARTRACK FLEET MANAGEMENT REPORTS



Trip Reports



Fuel Efficiency Report



Fuel Card Management



Geo-fence Reports



Operating Hours



Toll road Management



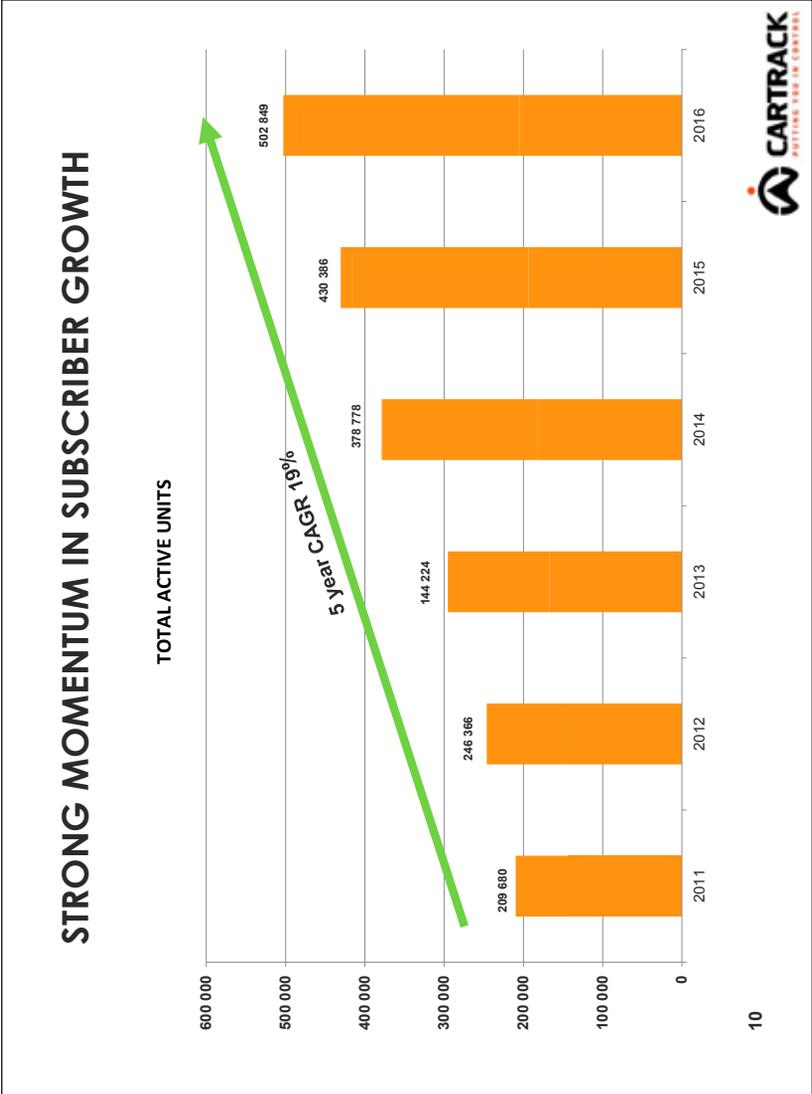
Driver Scorecard



Speeding Report



Idling Report



## PLATFORM FOR GROWTH

### EUROPE

- Slow economic recovery
- Telemetry communication costs significantly reduced
- Increased efficiencies have led to reduced overhead expenses

### EUROPE

Revenue +12%  
Subscribers +23%  
Operating profit +53%

### ASIA & ME

Revenue +134%  
Subscribers +151%  
Operating loss +70%

### AFRICA – OTHER

- Commodity cycle and forex issues provide short term challenges
- Substantial growth opportunities remain in the longer term
- Significant churn in subscribers contracted to services in lower end of the price spectrum
- We believe the market remains unpenetrated

### AFRICA

Revenue +22%  
Subscribers +10%  
Operating profit +29%

### SOUTH AFRICA

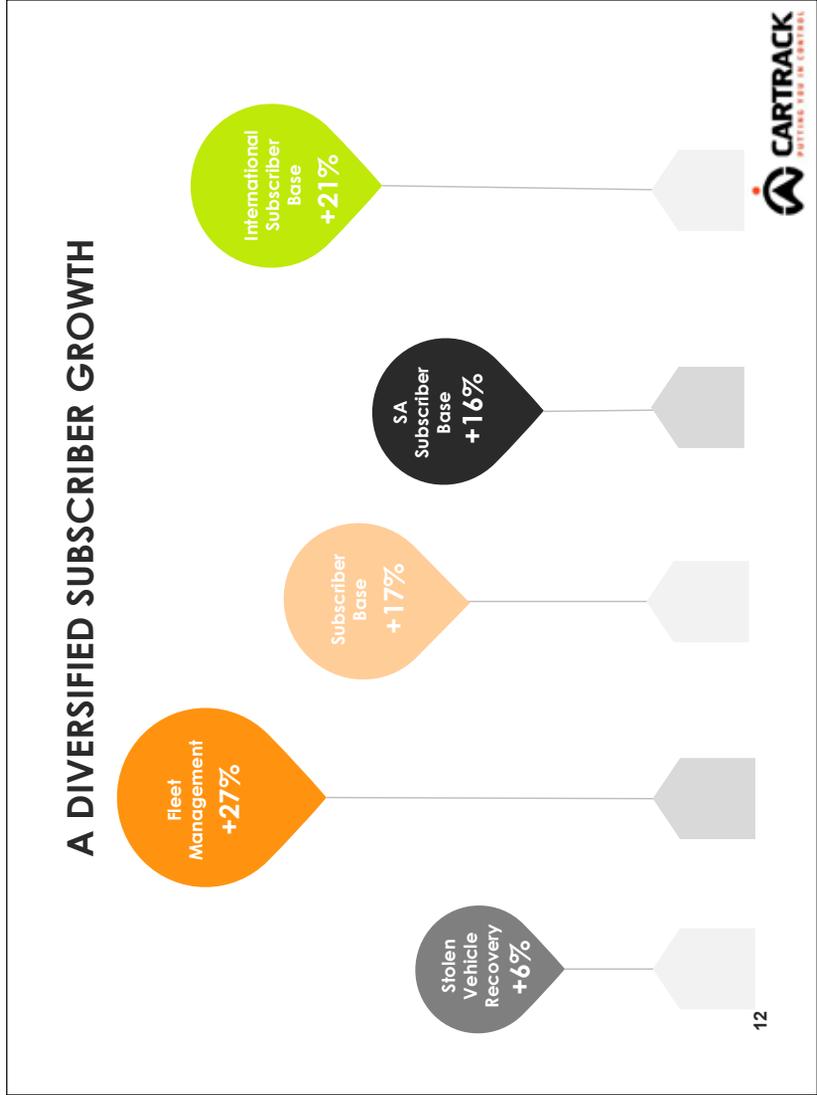
- Significant investment in distribution yielding dividends
- We believe that growth in this market remains strong

### SOUTH AFRICA

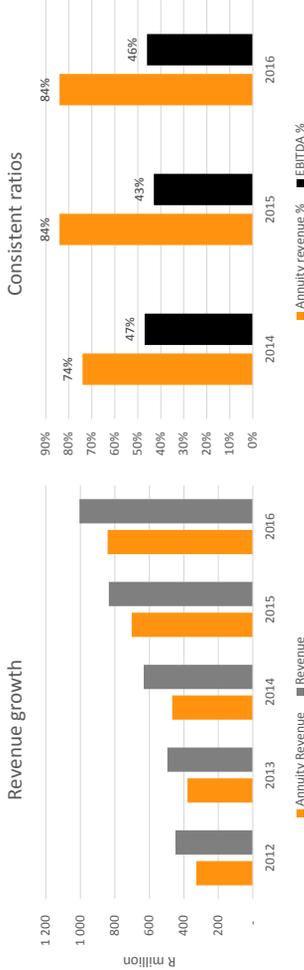
Revenue +19%  
Subscribers +16%  
Operating profit +1.6%

### ASIA AND MIDDLE EAST

- We continue to invest in the brand and distribution
- Starting to see some traction



## A HIGHLY SUSTAINABLE AND PREDICTABLE MODEL

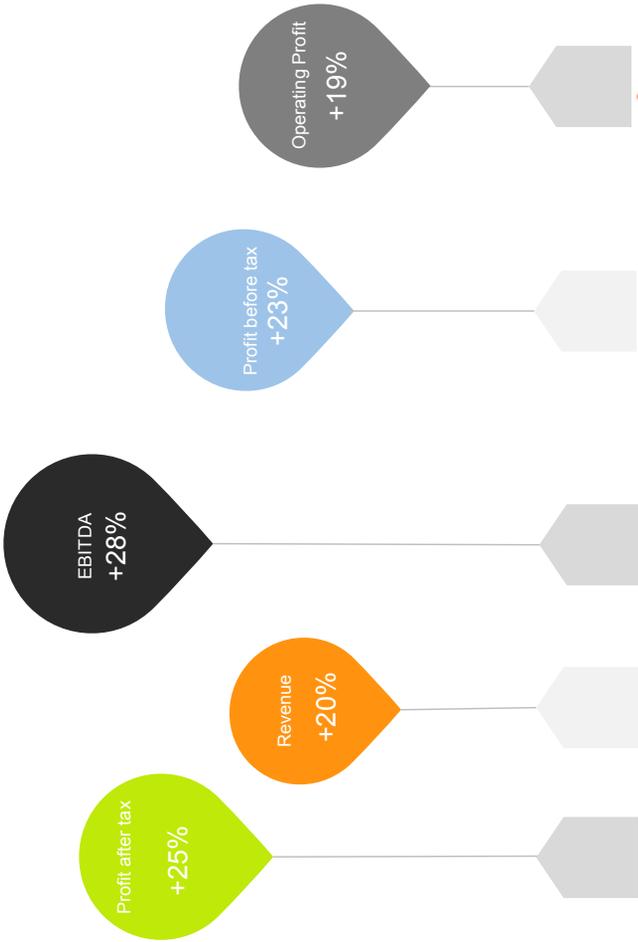


- Diversified base – present in 21 countries, fleet management as well as SVR product offerings
- Secure annuity-based model – 84% of revenue
- Longevity and predictability - average customer lifecycle approximately 62 months
- Scale – few companies globally have a subscriber base > 500 000 contracts
- Highest margins in its class

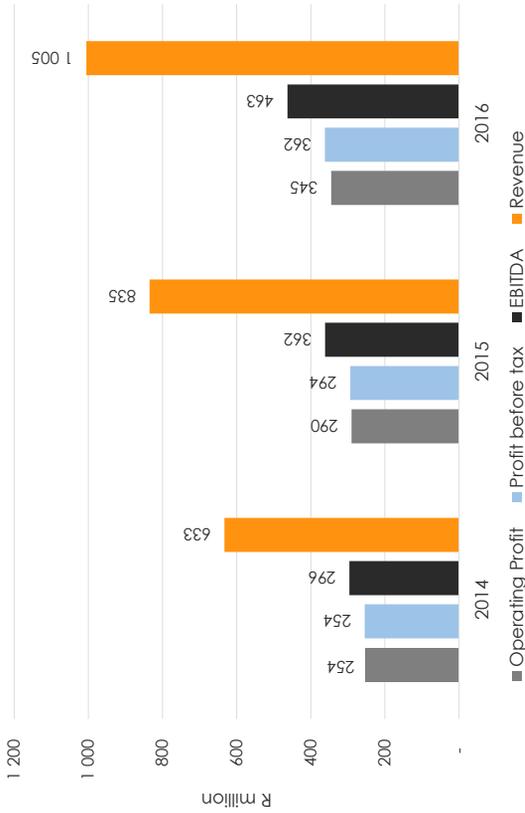
NOTES



## STRONG YEAR-ON-YEAR GROWTH



## STRONG PROFITABILITY



## FOREIGN EXCHANGE IMPACTS ON FINANCIAL RESULTS

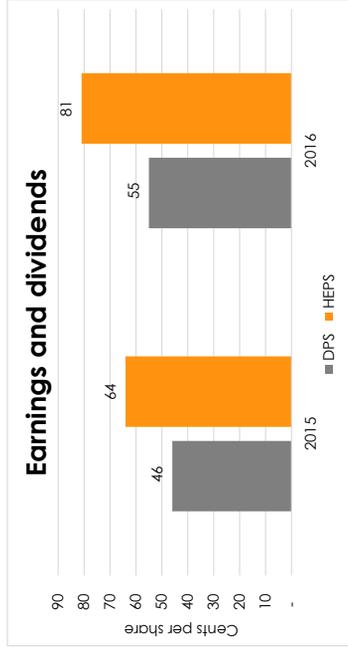
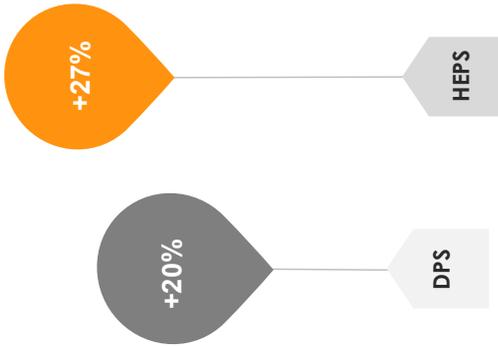
Despite the sharp decline in the South African Rand, the net effect of currency fluctuations on Cartrack's global business over the past year has impacted positively on the consolidated profit before tax by an estimated R13 million. The main contributing factors are :

### R millions

➤ non operating foreign exchange gain	+15,5
➤ operating foreign exchange gain	+11,5
➤ hardware costs in cost of sales	- 11,0
➤ the fluctuation in the Rand against other Group trading currencies had a net negative impact on consolidation	- 3,0
	<u>R13,0</u>

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## EARNINGS AND DIVIDENDS



- Final dividend of 35 cents per share
- Total dividend for FY16 of 55 cents per share
- Dividend cover of 1.47 times
- Dividend cover target - 1.25 to 1.55 times

## STRONG BALANCE SHEET POSITIONED FOR GROWTH

No gearing

Clean debtors book – debtors days

33 days

Adequate stock levels of 6 to 9 months trading

Current ratio

1,4

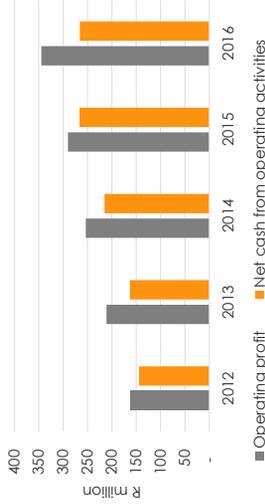
Quick ratio

0,9

## A HIGH CASH GENERATOR

- Annuity business with strong revenue visibility into FY17
- We have, since inception, financed our own growth in both existing and new markets
- Strong track record of returning excess cash to the shareholders
- Cartrack senior management involved in all expansions to minimise risk

Cash conversion



NOTES



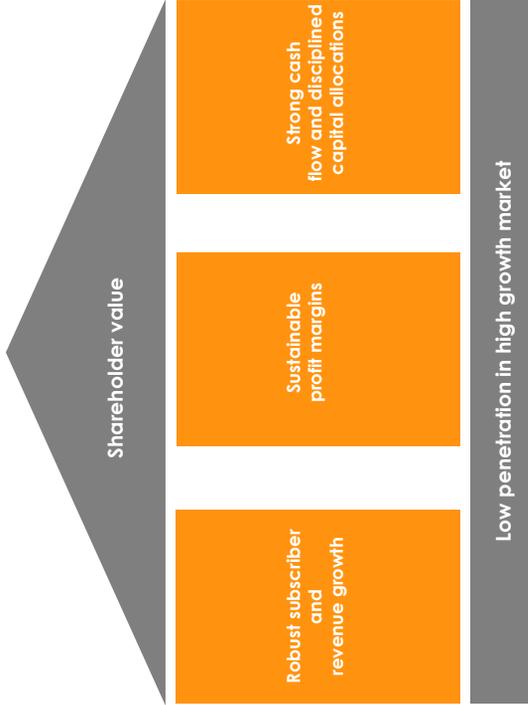


## MARKET DRIVERS INDICATE ABUNDANT GROWTH POTENTIAL

### Consistent with prior years:

- **Increasing demand for big data** using Software-as-a-Service (SaaS) to **optimise both fleets and workforce**
- Berg Insight states the global market size is **94 million vehicles** with only a **14% penetration** as at end of 2015
- Global commercial telematics market is expected to reach \$41 billion by 2020 - **compounded growth rate of 16% p.a.** for the next five years
- Increase in **demand for safety and security** by governments, business and individuals due to the increase in crime rates, the need to improve road safety and the need to decrease pollution
- Strong **increase in vehicle populations**
- Large and **underpenetrated** markets

## OUR STRATEGY – DRIVING SHAREHOLDER VALUE



## A WELL DEFINED AND ALIGNED OPERATIONAL STRATEGY



### Global brand

- Strengthen brand awareness and market share in existing markets
- Build brand and trust in new markets



### Distribution

- Tested expansion model with prudent organic growth
- Conservative allocation of funds into new geographies
- Increased sales capabilities in existing and new markets
- Improved installation management and job scheduling



### Quality service

- Staying ahead of technological trends to enhance customer experience
- Continuous improvements of our internal systems and software to allow our staff to make quicker and more informed decisions

## GROWTH STRATEGY 2016 STRATEGIC INITIATIVES

- Start to **cross sell** additional features and value added services to our existing customer base
- Continue to **organically grow** in the countries where already established
- Deliver more software and services to our customers as to be the intimate technology partner – we will focus on **increasing adoption and usage of the Cartrack applications**
- **Continue to enhance** our already differentiated modus operandi

## USA OFFICE OPENING IMMINENT

- The USA market has a **15% to 30% penetration rate** of fleets (few conflicting reports)
- With the **mandatory requirement** for commercial drivers to keep a Record of Duty Status (RODS) using Electronic Driver Logs by December 2017, there are still over **3.1 million vehicles** that require vehicle telematics (Driscoll & Associates 2016)
- The unit monthly selling price of existing providers in the USA reflects a significant opportunity for Cartrack to enter the market and **compete aggressively**
- Cartrack's software and hardware has **highly competitive technological features**, cost pricing and reliability.
- **Cartrack's strong sales and modus operandi track record**, in highly competitive and diverse markets, is well suited for the USA market.
- Cartrack has a proven hands on track record in **customer service** which is a fundamental pillar to a successful USA operation

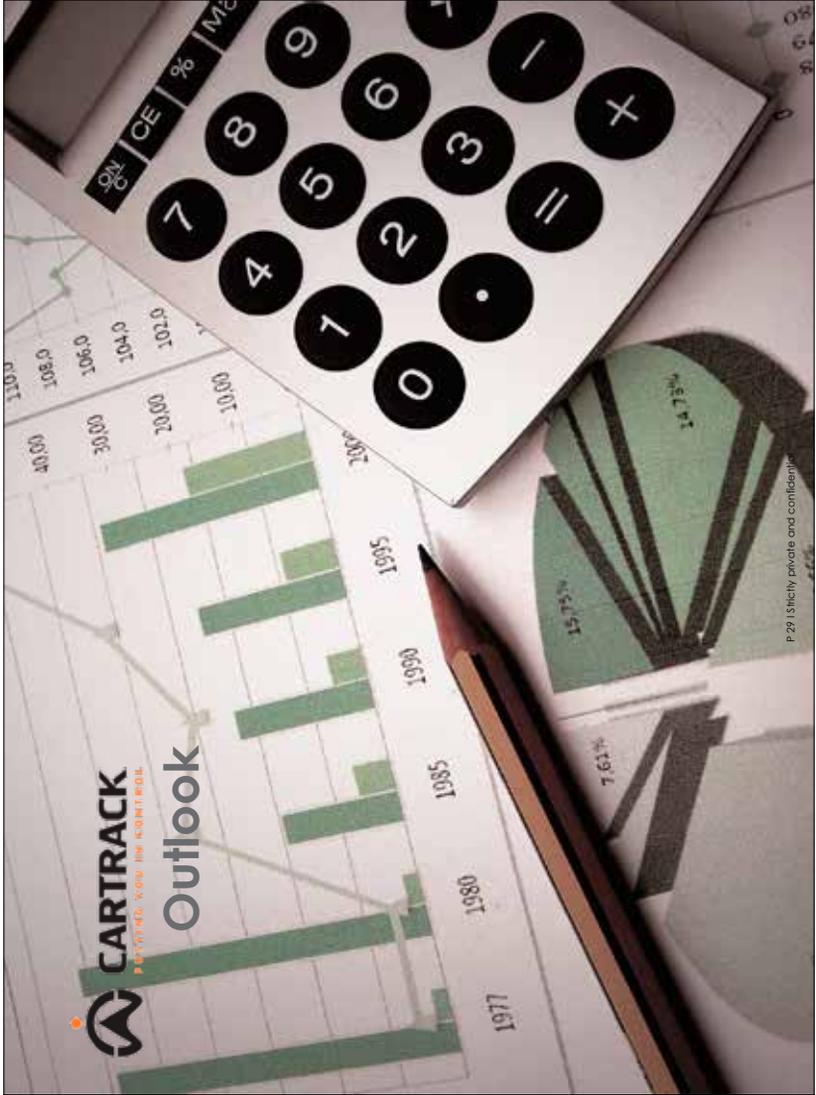
## SYSTEMS ARE BUILT ON THE MOST ADVANCED TECHNOLOGIES AVAILABLE



### Considerable focus and effort was placed on technology development and upgrades in 2016

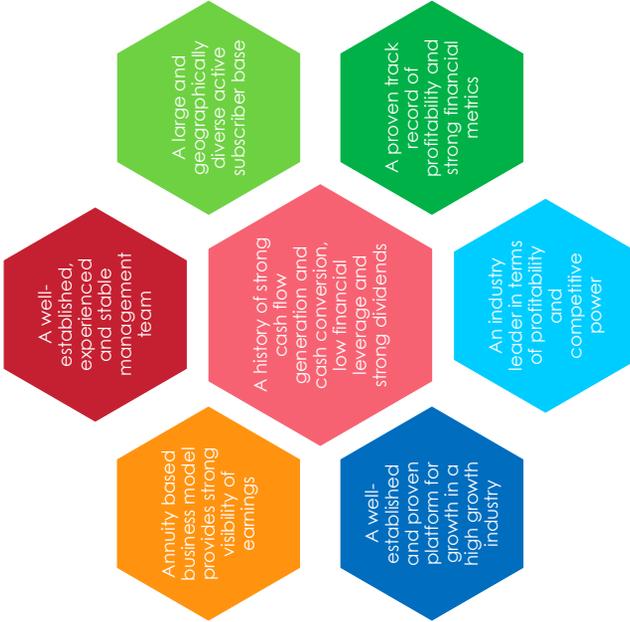
- Next generation telematics units at an advanced stage of completion
- Will provide enhanced performance and additional features
- Substantially aligned the Cartrack technology to country specific mandatory requirements
- Will cater for connectivity to networks globally
- Additional products were added to Cartrack's range
- A unit developed to allow continuous and cost effective global roaming ability for tracking assets that travel internationally
- New mobile applications are being developed for continuous connectivity and convenience
- Project initiated for data analytics and commercial uses of the vast volumes of telematics data stored
- Supply of non-personalised data for traffic flow and navigation services

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P. 29 is strictly private and confidential

## OUR INVESTMENT CASE



## A ROBUST OUTLOOK FOR 2017

### **Strong profit and cash flow expected, consistent with our track record**

- Substantial growth opportunities in the telematics industry remains
- Continued global economic and foreign exchange uncertainties expected
- Opportunities in our current footprint remain and are being actively pursued
- Continued sustainable growth in South Africa is expected despite the economic pressures
- Good growth expected in Asia and ME, coming off a low base
- Releasing complementary application software leading to stronger demand for our services

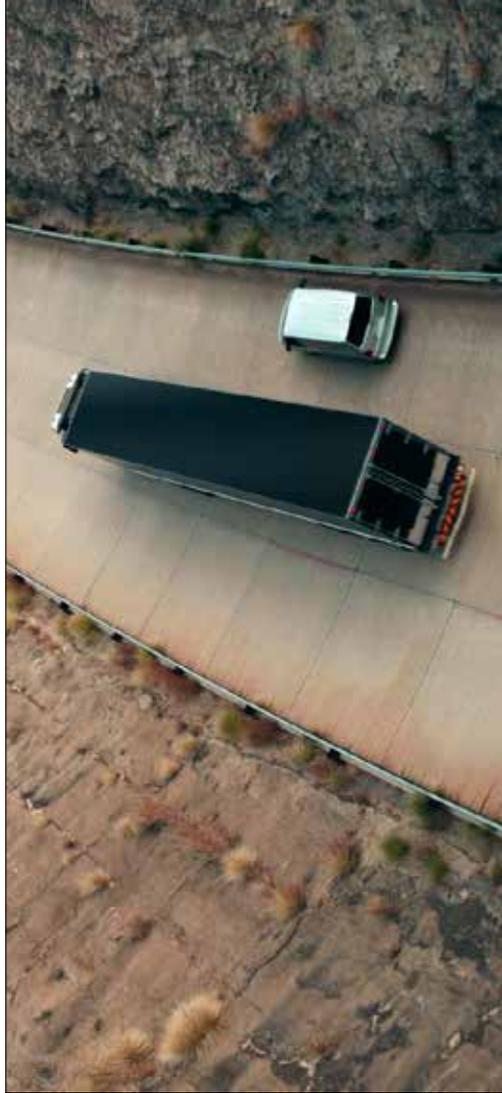
THE NEXT GENERATION OF COMPLEMENTARY TECHNOLOGY

WORKFORCE  
OPTIMISATION

SALES  
FORCE  
OPTIMISATION



NOTES



**International Offices**

- Botswana
- Hong Kong
- Indonesia
- Kenya
- Malaysia
- Malawi
- Mozambique
- Namibia
- New Zealand
- Nigeria
- Philippines
- Poland
- Portugal
- Rwanda
- Singapore
- South Africa
- Spain
- Swaziland
- Thailand
- Tanzania
- UAE
- Zimbabwe




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Annexures

## CARTRACK AT A GLANCE

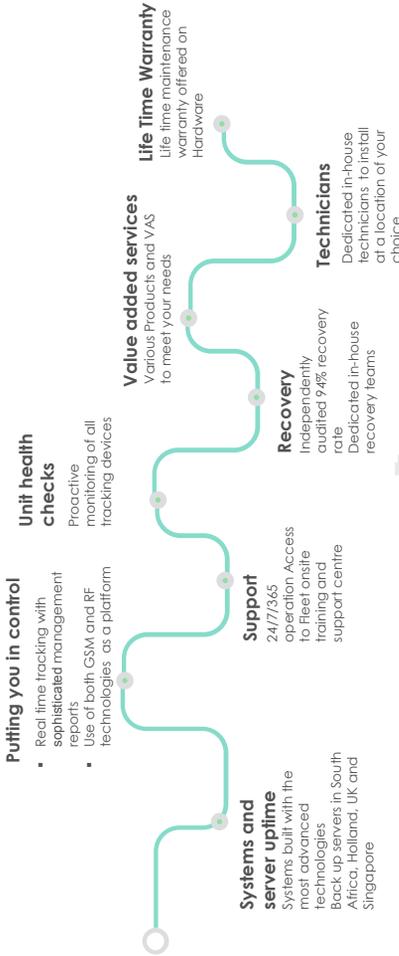
- A **leading global provider** of Fleet Management, Stolen Vehicle Recovery and Insurance Telematics
- A diversified subscriber base with **503 000** active subscribers as at FY16 and offices in **21** countries
- Amongst the **top** telematics companies globally
- A leader in a very large and underpenetrated global market
- A trusted leader in the stolen vehicle and recovery industry with an audited **recovery rate of 94%**
- Recovered in excess of **18 000** stolen vehicles since inception
- **Strong visibility of earnings** due to the annuity based business model
- A **benchmark and consistent leader** in the global telematics industry



## CARTRACK AT A GLANCE (continued)

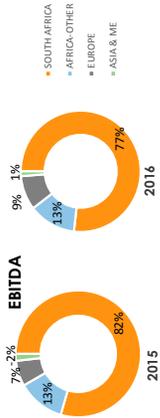
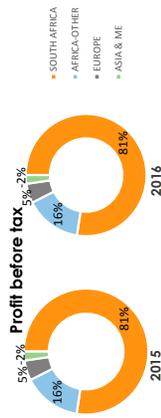
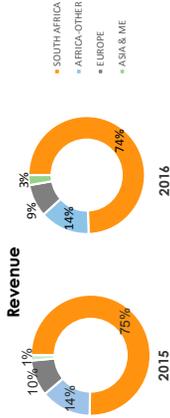
- **Free regular platform upgrades** for all customers
- **Free data storage** for up to 5 years
- **Free on-site and on-line training** provided with a **24/7 help desk**
- **Free routine unit health checks**
- **Mobile fitment teams** – installation at location of your choice
- Audited **recovery rate of 94%**; own **recovery infrastructure**; **24/7** control room
- First company in the world to provide a **R150k recovery warranty** in the unlikely event of a stolen vehicle not being recovered

# OUR PROMISE TO CUSTOMERS



# SEGMENTAL GROWTH FOR 2015 AND 2016

	2015	2016	% change
<b>Revenue</b>			
South Africa	628 547	748 600	19
Africa – other	114 002	139 198	22
Europe	80 422	90 037	12
Asia and Middle East	11 824	27 647	134
<b>Total</b>	<b>834 795</b>	<b>1 005 481</b>	<b>20</b>
<b>Profit before tax</b>			
South Africa	238 358	274 711	15
Africa – other	46 499	60 110	29
Europe	15 835	23 477	45
Asia and Middle East	(7 078)	6 968	n/a
<b>Total</b>	<b>293 614</b>	<b>362 266</b>	<b>25</b>
<b>EBITDA</b>			
South Africa	298 058	355 777	20
Africa – other	45 710	59 168	30
Europe	24 420	42 212	71
Asia and Middle East	(6 586)	5 977	n/a
<b>Total</b>	<b>361 602</b>	<b>463 134</b>	<b>29</b>



## STRONG FINANCIAL GROWTH

	2012	2013	2014	2015	2016
Revenue	448	496	633	835	1005
R million					
Gross profit	348	404	503	649	819
R million					
Operating profit	162	211	254	290	345
R million					
EBITDA	16	211	296	362	463
R million					
Headline earnings	103	137	167	191	242
Headling earnings					
per share	-	-	58	64	81
Cents					
Earnings per share					
excl non operational					
forex losses/gains	-	-	58	64	75
Cents					
Net cash from					
operating activities	144	163	215	267	261
R million					

### Margins and ratios

Gross profit margin	78%	82%	79%	78%	81%
%					
Overheads as a % of sales	43%	40%	41%	44%	48%
%					
Operating profit margin	36%	43%	40%	35%	34%
%					
EBITDA margin	-	-	47%	43%	46%
%					
Annuity revenue as % of total revenue	73%	76%	74%	84%	84%
%					

## OUR VALUE TO CUSTOMERS

### Fact 1

Cartrack has developed technology locally for the transport industry in **Indonesia**. Buses are fitted with a telematics unit that relays real time information to consumers. This technology provides operators with full control over bus routes, as it alerts them to any deviations on the route and most importantly optimises the service for the end user – the customer. This information includes the estimated time of arrival of the next vehicle to bus terminals throughout the country as well as stations of information located in malls throughout the country.

### Fact 2

Cartrack made its international debut of INTEGRATE - an end-to-end managed Electronic Monitoring Services (EMS) solution at the INTERPOL WORLD 2015 exhibition in **Singapore** in May 2015. INTEGRATE allows law enforcement agencies to effectively monitor persons-of-interest, such as offenders on extended supervision, parole, home detention or community detention. They can also be prison inmates going through halfway care and who are in the process of reintegrating into society. INTEGRATE is already in use in Singapore - one of the safest cities in the world according to The Economist's Intelligence Unit Report 2015.

### Fact 3

Cartrack has recently been appointed the preferred telematics and stolen vehicle recovery (SVR) provider for MAN Truck & Bus in **South Africa**. Cartrack has a long association with MAN, initially selected as an exclusive supplier of SVR products and services to MAN by virtue of Cartrack's service record and consistently high recovery rate. This relationship has now been extended to incorporate a full fleet telematics product and service for use by MAN clients. The agreement includes the fitment of a Cartrack Fleet Management product to all MAN TG trucks assembled daily at the Truck & Bus Chassis Plant in Pinetown, KwaZulu-Natal.





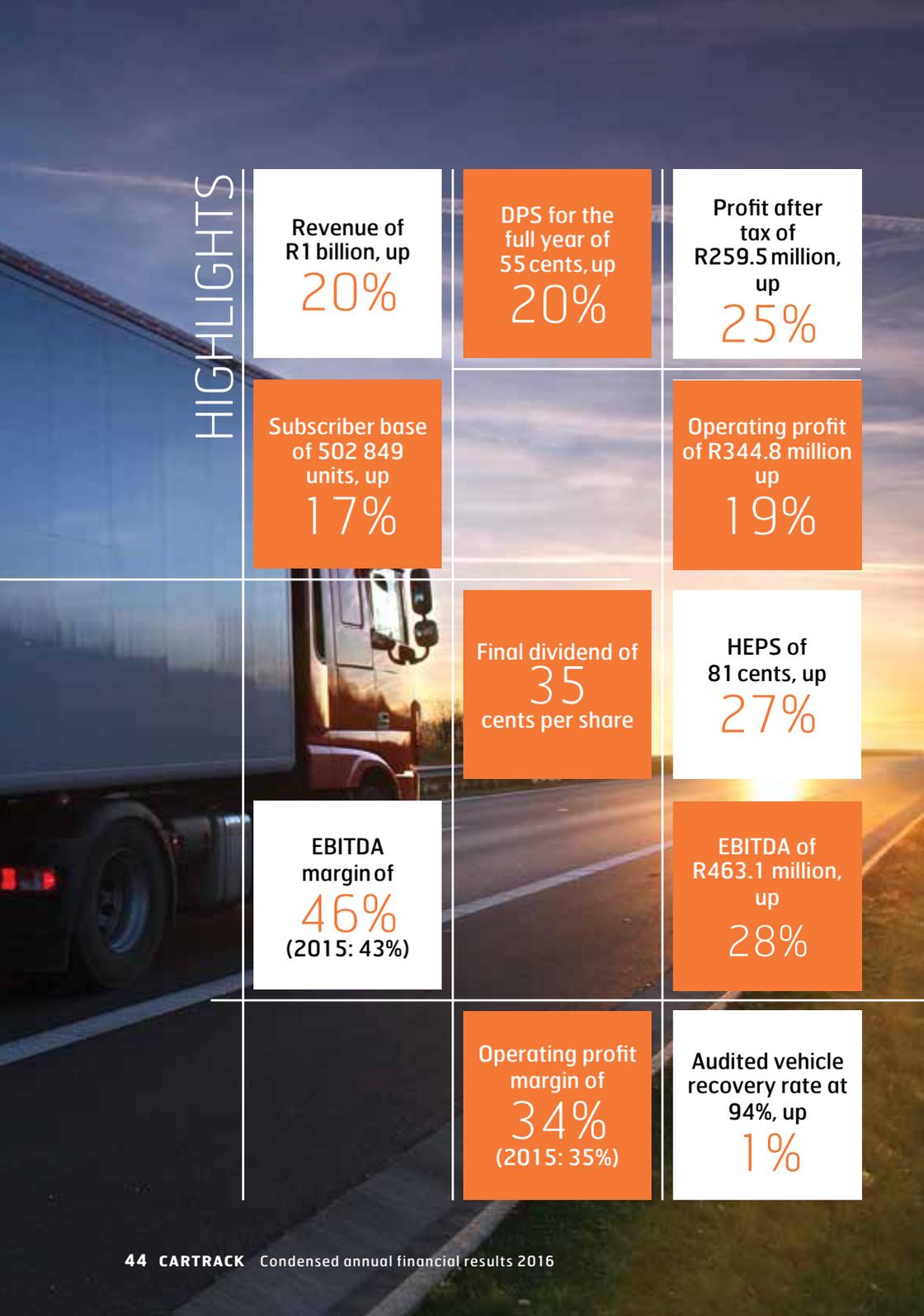
CONDENSED ANNUAL  
FINANCIAL RESULTS 2016





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- IBC** Corporate information



HIGHLIGHTS

Revenue of  
R1 billion, up  
**20%**

DPS for the  
full year of  
55 cents, up  
**20%**

Profit after  
tax of  
R259.5 million,  
up  
**25%**

Subscriber base  
of 502 849  
units, up  
**17%**

Operating profit  
of R344.8 million  
up  
**19%**

Final dividend of  
**35**  
cents per share

HEPS of  
81 cents, up  
**27%**

EBITDA  
margin of  
**46%**  
(2015: 43%)

EBITDA of  
R463.1 million,  
up  
**28%**

Operating profit  
margin of  
**34%**  
(2015: 35%)

Audited vehicle  
recovery rate at  
94%, up  
**1%**

# COMMENTARY

## Group profile

Cartrack is a leading global provider of Fleet Management, Stolen Vehicle Recovery and Insurance Telematics services. The Group's activities are focused on the design, development and installation of Telematics technology; data collection and analysis and the delivery of fleet and mobile asset management solutions delivered as Software-as-a-Service ("SaaS") and the tracking and recovery of vehicles.

Cartrack has a presence in 21 countries in Africa, Europe, Asia and the Middle East. With an active subscriber base of over 502 000 customers, the Group ranks among the top Telematics companies globally.

## Group performance

Cartrack increased headline earnings by 27% to R241.9 million (2015: R191 million) and headline earnings per share by 27% to 81 cents (2015: 64 cents). A final cash dividend of 35 cents per share (2015: 30 cents) was declared, bringing the total dividend for the year to 55 cents per share, which represents a 20% increase on the prior year.

The Group grew revenue by 20% to R1 billion with all regions contributing to this growth. The targeted revenue growth for 2016 has been substantially realised, despite the trading conditions experienced proving to be more adverse than originally forecast.

The global active subscriber base grew by 17% or some 72 000 units to 502 849 units. Contract subscription revenue grew by 20% and continues to represent 84% of total revenue. The Fleet Management subscriber base grew by 60 580 units, now representing 56% (2015: 51%) of the Cartrack active contract base.

Profit before tax increased by 23% to R362.3 million. Good profitability was experienced in all regions, apart from the new country start-ups in Asia and the Middle East. As part of its international expansion drive, Cartrack opened new operations in six countries in Asia and the Middle East at the end of 2015, using the established Singapore business as the central hub for the region. As expected, the costs associated with such an expansion impacted negatively on the combined profitability of the international businesses. No new international businesses were acquired or started during 2016 as the Group focused on establishing the new operations in Asia. Revenue from international operations grew 25% to R256.9 million, which represents 26% (2015: 25%) of global revenue. New expansion opportunities continue to be a focus point and are investigated on merit.

## Impact of foreign exchange rate changes on financial performance

Despite the sharp decline in the South African Rand, the net effect of currency fluctuations on Cartrack's global business over the past year has impacted positively on the consolidated profit before tax by an estimated R13 million. The main contributing factors are:

	R million
• non-operating foreign exchange gain	+15.5
• operating foreign exchange gain	+11.5
• impact on costs of components procured for hardware included in cost of sales	-11.0
• the fluctuation in the Rand against other Group trading currencies had a net negative impact on consolidation	-3.0
	<hr/> 13.0 <hr/>

## Segmental contribution

### South Africa

This segment accounts for 74% of total revenue. Despite the economic slowdown evidenced by declining new vehicle sales and lower consumer confidence, this region achieved record annual unit sales and increased the subscriber base by 16% to 391 000 units.

Revenue grew by 19%, with all distribution channels recording strong growth. Relationships with a number of key sales channels were strengthened, with Cartrack becoming the preferred supplier for fitments to stock vehicles for a significant motor dealership group, and being selected to provide a customised Telematics solution for the South African arm of MAN Truck and Bus, the major European manufacturer.

Operating expenses increased at a faster rate than revenue due primarily to:

- a build in sales and distribution channels; and
- a higher incidence of debtor defaults by cash-strapped consumers (being mostly individuals rather than corporate clients). Strict credit controls and measures to mitigate write-offs are integral to Cartrack's business model.

Operating profit increased by a satisfactory 16%, although contribution to Group operating profit reduced to 80% (2015: 82%).

### Africa – Other

Africa is being affected by the declining global demand and subdued commodity prices and was also impacted by the unexpected high and rapid depreciation of local currencies and inflation. These economic conditions resulted in higher debtor defaults, specifically in respect of subscribers who contracted for services at the lower end of the price spectrum. While trading conditions were challenging, the subscriber base in Africa nevertheless grew by 10% after considerable churn and revenue increased by a satisfactory 22%. Operating profit increased 29% to R56.5 million.

Global resource prices have already shown some recovery since year-end and continued support of normal operations in these countries remains a management priority.

### Europe

Cartrack recorded a healthy growth of 23% in the subscriber base, despite the slow recovery in Europe after the 2010 financial crisis. Price pressures impacted substantially on revenue growth, however management believes that prices have stabilised. Revenue grew by 12% and the European segment share of global revenue decreased marginally to 9% (2015: 10%). However, stringent cost management and the strengthening of the Euro against the Rand contributed to an increase of 53% in operating profit, which resulted in the contribution to global operating profit rising to 7% (2015: 5%).

### Asia & Middle East

2016 was the first full year of operation for six of the Asian entities, with only Singapore being fully operative for three years. The primary challenges were to establish Cartrack's credentials in the new territories, to obtain all the appropriate technical approvals for our product range and to recruit and train quality staff. This has been substantially achieved and the operations are now able to place a concerted emphasis on the distribution and service aspects of the business.

This segment grew its subscriber base in line with expectations and lifted revenue 134% to R27.6 million. The well-established Singapore operation increased its profitability this year on the back of solid subscriber growth. As expected, the other newly established entities recorded losses, as the overhead expenditure on the infrastructure build of each operation was increased to support the planned sales growth, culminating in operating losses of R12 million in 2016.

The operating losses of these recently established entities are being closely managed during this establishment stage and have been controlled within management's expectations. Sales have commenced in all operations and a steady monthly increase is anticipated. Breakeven is only expected to be achieved within approximately three years of commencement of trading.

## **Funding and capital management**

Working capital and cash generation are key financial objectives and have received even greater focus during 2016 given the slowdown in the global economy and the exchange rate volatility.

Our current ratio at 1.4 (2015: 1.3) and quick ratio at .9 (2015: 1), both indicate consistently healthy cash generation and cash management. Inventory value has increased by R26 million, mainly attributable to the acquisition of Cartrack Manufacturing (Pty) Limited in March 2015. An increase in defaulting debtors has been experienced during 2016, and debtors' write-offs and provisions for bad debts have been increased appropriately. The net debtor's book at the end of 2016 reflects an average debtors days outstanding of one month, a deterioration of approximately ten days.

Low fixed asset infrastructure requirements to sustain growth, together with the tight working capital controls, result in Cartrack being highly cash generative. Cash generated from operating activities during 2016, at R392 million, represents a 14% increase over 2015, despite the stock and trade receivable increases of R79 million referred to above and higher tax payments made.

## **Acquisitions**

As indicated in the interim results announcement, Cartrack purchased 100% of the shares in Cartrack Manufacturing (Pty) Limited (formerly Onecell Manufacturing (Pty) Limited) from Onecell Holdings (Pty) Limited on 1 March 2015 for R100, being the nominal share capital value. This acquisition places Cartrack in full control of the supply chain for its products, from procurement of components to manufacture, testing and repair.

Cartrack also acquired 100% of the shares in Cartrack Management Services (Pty) Limited (formerly Bonito Recruitment Services (Pty) Limited) from Onecell Holdings (Pty) Limited on 1 March 2015 for R100, being the nominal share capital value. This company provides the services of executive management and the non-executive directors to the Group.

## **Investing for tomorrow**

Considerable focus and effort was placed on technology innovation during the year. Next generation Telematics units are at an advanced stage of testing and will provide for enhanced performance and additional features. Additional products were added to our range, in particular a unit which allows continuous and cost-effective tracking of assets that travel internationally. New mobile applications are being developed to foster a more intimate relationship with clients. The analysis of the vast volumes of Telematics data received and the commercial uses for such data analytics remain key to business sustainability well into the future.

Cartrack has also done substantial work in Europe, Asia and the Middle East over the past year to integrate its technology and comply with the latest legislation in each region. The Group received approvals in several markets and are far advanced in achieving approval in others. Compliance will provide the platform to further increase Cartrack's addressable market and therefore sales in those regions.

## Outlook

The Telematics industry is experiencing tremendous opportunity through significant and growing applications, not only in vehicles but also the tracking of other assets and mobile technology. While our key focus remains on vehicles, we are keeping abreast of these opportunities by keeping our developments and platforms flexible enough to accommodate other applications as and when we choose to further broaden our product offering.

Despite the global economic and foreign exchange uncertainties, we expect to continue to see solid growth in keeping with our track record. Opportunities in all segments remain and are being actively pursued. We foresee excellent potential for growth in the USA and will consider suitable acquisitions on merit.

## Auditors' report

The accompanying condensed financial statements have been extracted from the audited annual financial statements but have not themselves been audited. Grant Thornton Chartered Accountants (SA), Johannesburg Partnership, the group's independent auditors, have audited the consolidated financial statements for the year ended 28 February 2015 and have issued an unqualified audit opinion. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the accompanying financial information, from the issuer's registered office. The directors take full responsibility for the preparation of the condensed report and that the financial information has been correctly extracted from the underlying annual financial statements.

## Basis of accounting

The consolidated financial statements are prepared in compliance with JSE Listings Requirements, International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board (IASB), the financial reporting pronouncements as issued by the FRSC (Financial Reporting Standards Council) that are relevant to its operations and have been effective for the annual reporting period ending 29 February 2016, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the South African Companies Act, No 71 of 2008, as amended. The annual financial statements were approved for issue by the board of directors on 30 May 2016 and are subject to approval by the annual general meeting of shareholders, on 21 July 2016.

During the year Cartrack identified that the accounting treatment of subscriptions billed in advance has been incorrectly applied in that the deferral of revenue from advance billings has not been properly applied in all circumstances. In the past, revenue has consistently been recognised on annual contracts in full in the year of invoice. On the other hand, certain monthly subscription billing was being incorrectly deferred to the subsequent month although it was in fact due in respect of the invoicing month.

With effect from the 2016 year this incorrect accounting treatment has been rectified such that the proportion of revenue invoiced in any accounting period is now deferred to the period to which it relates and recorded in the balance sheet as a current liability.

In giving effect to this change in accounting treatment, the financial statements in respect of the two previous financial years have been restated.

Accounting policies and their application are consistent with those used by the company in the previous financial year.

## Dividend declaration

Ordinary shareholders are advised that the board of directors has declared a final gross cash dividend of 35 cents per ordinary share (29.75 cents net of dividend withholding tax) for year to 29 February 2016 (the cash dividend). No secondary tax on companies (STC) credits were utilised as part of the ordinary cash dividend declaration. The cash dividend will be paid out of profits of the company.

## Timetable

Share code	CTK
ISIN	ZAE000198305
Company registration number	2005/036316/06
Company tax reference number	9108121162
Dividend number	4
Gross cash dividend per share	35 cents
Issued share capital as at declaration date	300 000 000
Declaration date	Tuesday, 31 May 2016
Last date to trade cum dividend	Friday, 1 July 2016
Shares commence trading ex dividend	Monday, 4 July 2016
Record date	Friday, 8 July 2016
Dividend payment date	Monday, 11 July 2016

Share certificates may not be dematerialised or rematerialised between Monday, 4 July 2016 and Friday, 8 July 2016, both dates inclusive.

## Tax implications

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

In terms of the Income Tax Act, the cash dividend will, unless exempt, be subject to dividend withholding tax (DWT). South African resident shareholders that are liable for DWT, will be subject to DWT at a rate of 15% of the cash dividend and this amount will be withheld from the cash dividend. Non-resident shareholders may be subject to DWT at a rate of less than 15% depending on their country of residence and the applicability of any double tax treaty between South Africa and their country of residence.

On behalf of the board

**David Brown**  
Chairman

Johannesburg  
31 May 2016

**Zak Calisto**  
Global chief executive officer

**Sponsor**  
Investec Bank Limited

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 29 February 2016

Figures in Rand thousand	Note(s)	2016	Restated 2015	Restated 2014
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		207 534	150 530	104 489
Goodwill	3	156 011	144 269	99 433
Deferred tax		34 517	20 410	13 036
		<b>398 062</b>	<b>315 209</b>	<b>216 958</b>
<b>Current assets</b>				
Inventories		88 318	62 532	32 740
Loans to related parties		1 624	5 263	35 040
Trade and other receivables		128 655	81 705	55 904
Current tax receivable		5 500	449	352
Cash and cash equivalents		45 181	110 047	41 657
		<b>269 278</b>	<b>259 996</b>	<b>165 693</b>
<b>Total assets</b>		<b>667 340</b>	<b>575 205</b>	<b>382 651</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	4	42 488	42 488	42 488
Reserves		26 314	32 251	21 051
Retained income		375 306	285 632	145 956
Equity attributable to equity holders of parent		444 108	360 371	209 495
Non-controlling interest		16 387	13 391	25 666
		<b>460 495</b>	<b>373 762</b>	<b>235 161</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Finance lease obligation		7 789	5 618	4 169
Deferred tax		1 040	236	1
		<b>8 829</b>	<b>5 854</b>	<b>4 170</b>
<b>Current liabilities</b>				
Trade and other payables		159 085	149 282	110 234
Loans from related parties		1 478	1 235	738
Finance lease obligation		6 604	6 218	3 527
Current tax payable		26 652	38 740	28 821
Share based payment liability		4 010	–	–
Bank overdraft		187	114	–
		<b>198 016</b>	<b>195 589</b>	<b>143 320</b>
<b>Total liabilities</b>		<b>206 845</b>	<b>201 443</b>	<b>147 490</b>
<b>Total equity and liabilities</b>		<b>667 340</b>	<b>575 205</b>	<b>382 651</b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 29 February 2016

Figures in Rand thousand	Note(s)	2016	Restated 2015	Restated 2014
Revenue		1 005 481	834 795	632 757
Cost of sales		(186 749)	(185 536)	(130 004)
<b>Gross profit</b>		<b>818 732</b>	649 259	502 753
Other income		12 091	6 852	11 946
Operating expenses		(486 017)	(366 106)	(260 837)
<b>Operating profit</b>		<b>344 806</b>	290 005	253 862
Investment revenue		6 256	4 533	1 742
Net foreign exchange gain		15 667	–	–
Finance costs		(4 463)	(924)	(1 211)
<b>Profit before taxation</b>		<b>362 266</b>	293 614	254 393
Taxation		(102 779)	(85 646)	(72 708)
<b>Profit for the year</b>		<b>259 487</b>	207 968	181 685
<b>OTHER COMPREHENSIVE INCOME:</b>				
<b>Items that may be reclassified to profit or loss:</b>				
Exchange differences on translating foreign operations		3 399	(7 372)	18 276
<b>Other comprehensive income for the year net of taxation</b>		<b>3 399</b>	(7 372)	18 276
<b>Total comprehensive income for the year</b>		<b>262 886</b>	200 596	199 961
<b>Profit attributable to:</b>				
Owners of the parent		239 674	191 811	170 764
Non-controlling interest		19 813	16 157	10 921
		<b>259 487</b>	207 968	181 685
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		245 842	181 884	180 252
Non-controlling interest		17 044	18 712	19 709
		<b>262 886</b>	200 596	199 961
<b>EARNINGS PER SHARE</b>				
Basic earnings per share (cents)	6	80	64	59

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2016

Figures in Rand thousand	Share capital	Share premium	Total share capital	Foreign currency translation reserve
Opening balance as previously reported	*	42 488	42 488	21 005
<b>Adjustments</b>				
Prior period error (refer note 2)	–	–	–	46
<b>Balance at 1 March 2014 as restated</b>	<b>–</b>	<b>42 488</b>	<b>42 488</b>	<b>21 051</b>
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	(4 817)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(4 817)</b>
Foreign currency translation movements within equity	–	–	–	16 017
Acquisition of subsidiary with NCI portion	–	–	–	–
Share issue	42 488	(42 488)	–	–
Buyback and cancellation of shares	(510 000)	–	(510 000)	–
Issue of new shares	510 000	–	510 000	–
Dividends	–	–	–	–
Increase in interest of subsidiary	–	–	–	–
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>42 488</b>	<b>(42 488)</b>	<b>–</b>	<b>16 017</b>
<b>Balance at 1 March 2015 as restated</b>	<b>42 488</b>	<b>–</b>	<b>42 488</b>	<b>32 251</b>
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	6 168
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6 168</b>
Purchase of shares for Share Incentive Scheme (Treasury shares)	–	–	–	–
Dividends	–	–	–	–
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance at 29 February 2016</b>	<b>42 488</b>	<b>–</b>	<b>42 488</b>	<b>38 419</b>
Note(s)	4	4	4	

\* R142 is not displaying due to rounding.

Treasury shares	Total reserves	Retained income	Total attributable to equity holders of the Group/ Company	Non-controlling interest	Total equity
–	21 005	157 307	220 800	33 713	254 513
–	46	(11 351)	(11 305)	(8 047)	(19 352)
–	<b>21 051</b>	<b>145 956</b>	<b>209 495</b>	<b>25 666</b>	<b>235 161</b>
–	–	191 811	191 811	16 157	207 968
–	(4 817)	–	(4 817)	(2 555)	(7 372)
–	<b>(4 817)</b>	<b>191 811</b>	<b>186 994</b>	<b>13 602</b>	<b>200 596</b>
–	16 017	–	16 017	(16 017)	–
–	–	–	–	1 838	1 838
–	–	–	–	–	–
–	–	–	(510 000)	–	(510 000)
–	–	–	510 000	–	510 000
–	–	(48 000)	(48 000)	(10 832)	(58 832)
–	–	(4 135)	(4 135)	(866)	(5 001)
–	<b>16 017</b>	<b>(52 135)</b>	<b>(36 118)</b>	<b>(25 877)</b>	<b>(61 995)</b>
–	<b>32 251</b>	<b>285 632</b>	<b>360 371</b>	<b>13 391</b>	<b>373 762</b>
–	–	239 674	239 674	19 813	259 487
–	6 168	–	6 168	(2 769)	3 399
–	<b>6 168</b>	<b>239 674</b>	<b>245 842</b>	<b>17 044</b>	<b>262 886</b>
(12 105)	(12 105)	–	(12 105)	–	(12 105)
–	–	(150 000)	(150 000)	(14 048)	(164 048)
<b>(12 105)</b>	<b>(12 105)</b>	<b>(150 000)</b>	<b>(162 105)</b>	<b>(14 048)</b>	<b>(176 153)</b>
<b>(12 105)</b>	<b>26 314</b>	<b>375 306</b>	<b>444 108</b>	<b>16 387</b>	<b>460 495</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 29 February 2016

Figures in Rand thousand	Note(s)	2016	Restated 2015	Restated 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash generated from operations		391 752	343 834	276 326
Interest income		6 256	4 533	1 742
Finance costs		(3 502)	(360)	(739)
Tax paid		(133 120)	(81 491)	(62 410)
<b>Net cash from operating activities</b>		<b>261 386</b>	<b>266 516</b>	<b>214 919</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment		(158 216)	(119 700)	(80 470)
Sale of property, plant and equipment		3 923	4 651	3 170
Acquisition of subsidiaries, net of cash acquired		(15)	(53 428)	2 367
<b>Net cash from investing activities</b>		<b>(154 308)</b>	<b>(168 477)</b>	<b>(74 933)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds on share issue*	4	–	*	–
Increase in loans from related parties		243	497	–
Decrease in loans to related parties		3 639	29 777	95 875
Finance lease (payments)/ receipts		(1 596)	3 576	212
Purchase of shares for Share Incentive Scheme (Treasury shares)		(12 105)	–	–
Dividends paid		(164 048)	(58 832)	(205 665)
Acquisitions resulting in increase in control of subsidiaries		–	(5 001)	–
Buyback of company's own shares		–	(510 000)	–
Proceeds of share issue		–	510 000	–
<b>Net cash from financing activities</b>		<b>(173 867)</b>	<b>(29 983)</b>	<b>(109 578)</b>
<b>TOTAL CASH MOVEMENT FOR THE PERIOD</b>				
Cash at the beginning of the period		109 933	41 657	12 826
Effect of exchange rate movement on cash balances		1 850	220	(1 577)
<b>Total cash at end of the period</b>		<b>44 994</b>	<b>109 933</b>	<b>41 657</b>

\* R300 not displaying due to rounding.

# ACCOUNTING POLICIES

## 1. PRESENTATION OF GROUP AND COMPANY FINANCIAL STATEMENTS

### Reporting entity

Cartrack Holdings Limited is a Company domiciled in the Republic of South Africa. These consolidated financial statements for the year ended 29 February 2016 comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies"). The Group is primarily involved in the design, development and installation of Telematics technology, data collection and analysis and the delivery of fleet and mobile asset management solutions delivered as Software-as-a-Service ('SAAS') and the tracking and recovery of vehicles.

### Statement of compliance

The consolidated financial statements are prepared in compliance with JSE Listings Requirements, International Financial Reporting Standards (IFRS) and interpretations of those standards, as issued by the International Accounting Standards Board (IASB), the financial reporting pronouncements as issued by the FRSC (Financial Reporting Standards Council) that are relevant to its operations and have been effective for the annual reporting period ending 29 February 2016, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the South African Companies Act, No 71 of 2008, as amended. The annual financial statements were approved for issue by the Board of Directors on 30 May 2016 and are subject to approval by the Annual General Meeting of shareholders, on 21 July 2016.

### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement of certain financial assets and liabilities at fair value.

### Functional and presentation currency

These consolidated financial statements are presented in South African Rand (ZAR), which is the Company's functional currency. All financial information presented has been rounded off to the nearest thousand Rand.

### Going concern

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

During the year there has been a correction of an accounting error which is detailed in note 2.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## 2. CORRECTION OF ACCOUNTING ERROR

Group practice is to invoice subscriptions in advance and to defer recognising such subscriptions in revenue to the subsequent accounting period(s) to which they relate. During 2016 it has been identified that the deferral of advance billings has not been applied correctly in all circumstances.

In the ordinary course of business in South Africa and certain other African countries, a proportion of subscriber contracts are entered into on an annual basis and are invoiced, and paid, annually in advance. In the past, revenue has consistently been recognised on these annual contracts in full in the year of invoice. On the other hand, certain subscription billing was being incorrectly deferred to the subsequent month although it was in fact due in respect of the invoicing month.

With effect from the 2016 year this incorrect accounting treatment has been rectified such that the proportion of revenue invoiced in any accounting period is now deferred to the period to which it relates and recorded in the balance sheet as a current liability.

In giving effect to this correction in accounting treatment, the financial statements in respect of the two previous financial years have been restated.

Figures in Rand thousand	2015	2014
<b>Consolidated Statement of Financial Position</b>		
<b>Asset</b>		
<b>Deferred tax asset net of liability</b>		
Previously stated	8 674	5 047
Adjustment	11 500	7 988
	<b>20 174</b>	<b>13 035</b>
<b>Trade and other receivables</b>		
Previously stated	68 177	45 081
Adjustment	13 528	10 823
	<b>81 705</b>	<b>55 904</b>
<b>Liabilities</b>		
<b>Trade and other payables</b>		
Previously stated	(101 135)	(73 750)
Adjustment	(48 147)	(36 484)
	<b>(149 282)</b>	<b>(110 234)</b>
<b>Income tax asset net of liability</b>		
Previously stated	(35 872)	(26 790)
Adjustment	(2 419)	(1 679)
	<b>(38 291)</b>	<b>(28 469)</b>
<b>Equity</b>		
<b>Retained Earnings Closing</b>		
Previously stated	(300 413)	(157 307)
Adjustment	14 781	11 351
	<b>(285 632)</b>	<b>(145 956)</b>
<b>Foreign currency translation reserve</b>		
Previously stated	(32 317)	(21 005)
Adjustment	66	(46)
	<b>(32 251)</b>	<b>(21 051)</b>

Figures in Rand thousand	2015	2014
<b>Non-controlling interest</b>		
Previously stated	(24 082)	(33 713)
Adjustment	10 691	8 047
	(13 391)	(25 666)
<b>2014 Opening Retained Earnings</b>		
Previously stated	–	(204 587)
Adjustment	–	10 524
	–	(194 063)
<b>2014 Non-controlling interest</b>		
Previously stated	–	(32 080)
Adjustment	–	(6 110)
	–	(38 190)
<b>2014 Opening Foreign currency translation reserve</b>		
Previously stated	–	(11 452)
Adjustment	–	(77)
	–	(11 529)
<b>Consolidated Statement of Comprehensive Income</b>		
<b>Revenue</b>		
Previously stated	843 701	637 020
Adjustment	(8 906)	(4 263)
	834 795	632 757
<b>Taxation</b>		
Previously stated	(88 442)	(74 130)
Adjustment	2 796	1 422
	(85 646)	(72 708)
<b>Profit attributable to:</b>		
<b>Owners of the parent</b>	191 811	170 765
Previously stated	195 244	171 591
Adjustment	(3 433)	(826)
<b>Non-controlling interest</b>	16 157	10 920
Previously stated	18 834	12 935
Adjustment	(2 677)	(2 015)
	207 968	181 685
<b>Basic earnings per share (cents)</b>		
Previously stated	65	59
Adjustment	(1)	–
	64	59
<b>Headline earnings per share (cents)</b>		
Previously stated	65	58
Adjustment	(1)	–
	64	58

### 3. GOODWILL

Goodwill is allocated to cash generating units (CGUs) within the reportable segments.

	South Africa	Africa – Other	Europe	Asia £ Middle East	Total
<b>Balance 1 March 2013</b>	1 499	80 756	–	–	82 255
Additions	–	1 763	–	899	2 662
Translation adjustments	–	14 400	–	116	14 516
<b>28 February 2014</b>	1 499	96 919	–	1 015	99 433
Additions	–	382	45 041	471	45 894
Translation adjustments	–	1 955	(3 390)	377	(1 058)
<b>28 February 2015</b>	1 499	99 256	41 651	1 863	144 269
Additions	157	–	–	–	157
Translation adjustments	–	(3 074)	14 031	628	11 585
<b>29 February 2016</b>	<b>1 656</b>	<b>96 182</b>	<b>55 682</b>	<b>2 491</b>	<b>156 011</b>

#### Impairment testing

The group performs goodwill impairment testing on an annual basis.

The recoverable amount of the cash generating units is determined using a discounted cash flow technique, which requires the use of assumptions. The cash flow projections are based on financial budgets and forecasts covering a five-year period. The cash flow projections include specific estimates for five years and a terminal growth rate thereafter.

The key assumptions used for the projection of cash flows are:

Assumption	Approach used in determining values
Compound annual growth rate (CAG%) of subscriber base	This is the average annual compound growth rate in the subscriber base that is derived from the forecast acquisition of new subscribers less cancellations (“churn”) from year 1 (the budget period) through to year 5. Thereafter a terminal value has been calculated assuming a 3% per annum growth rate in net cash flow after year 5. The growth rate applied for the acquisition of new subscribers is considered to be the main driver of revenue, profitability and hence free cash flow. CGUs are at different maturity levels in their business cycles and hence will reflect considerably different growth rates; the various geographical markets the CGUs operate within also have differences in their economics which have been taken into consideration. The growth rate determined by management is based on historical data from both external and internal sources and is consistent with reported global Telematics growth forecasts for the medium to long term and with the assumptions that a market participant would make.

Assumption	Approach used in determining values
Discount rates	The rate reflects the specific risks relating to the country and industry in which the entity operates.
Other cashflow assumptions	Revenue forecasts are based on 2016 selling price structures without any inflationary impact. Operating costs assume appropriate increases for both inflationary and infrastructural increases. Capital expenditure and working capital requirements to support the forecast growth have been taken into account. Exchange rates ruling at 29 February 2016 have been applied throughout the five-year forecast period.

The following CAG and discount rates have been applied to the CGUs within each operating segment:

	29 February 2016			
	South Africa %	Africa – Other %	Europe %	Asia %
Compound annual growth rate in subscribers	12	19	25	38
Discount rates	20	34	19	10

	28 February 2015			
	South Africa %	Africa – Other %	Europe %	Asia %
Compound annual growth rate in subscribers	10	8	10	10
Discount rates	20	20	20	20

Management has reassessed the risks applicable to each operating segment and the projections for growth of each CGU within the segments. This has resulted in a greater variability in both projected growth rates and discount (risk) rates being applied in the 2016 goodwill impairment testing process compared to 2015 and is considered more comprehensive and appropriate.

Based on the above assumptions and calculations it was determined that there was sufficient headroom above goodwill, therefore no impairment was necessary.

### Sensitivity analysis

To test the sensitivity of the two key assumptions, being the future compound subscriber growth rate and the discount rate (i.e risk profile), the following changes have been made to these factors:

- Compound annual subscriber growth rate: the projected growth rates per segment have been adjusted downwards in South Africa by 2%, Africa by 4%, Europe by 2% and Asia by 2%.
- Discount rate: the projected discount rates per segment have been increased by 5%.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. GOODWILL (continued)

The adjusted growth and discount rates on which the sensitivity has been based are shown in the table below:

	Key assumptions – sensitivity analysis 29 February 2016			
	South Africa %	Africa – Other %	Europe %	Asia %
Compound annual growth rate in subscribers	10	15	23	36
Discount rates	25	39	24	15

Based on these independently downward adjusted growth rate assumptions and increased risk assumptions, there remains sufficient headroom above goodwill so as not to require any impairment.

### 4. SHARE CAPITAL

Authorised	2016	2015	2014
1 000 000 000 Ordinary shares of no par value	1 000 000	1 000 000	–
1 000 Ordinary shares of R1 each at par value	–	–	1
	1 000 000	1 000 000	1
<b>700 000 000 Unissued shares are under the control of the directors in terms of a resolution passed at the AGM on 25 August 2015.</b>			
<b>Reconciliation of number of shares issued:</b>			
Reported as at beginning of year	300 000	*	*
Issue of no par value	–	300 000	–
Issue of par value shares – ordinary shares	–	–	*
	300 000	300 000	*
* Amounts not displaying due to rounding			
<b>Issued</b>			
300 000 000 ordinary shares of no par value	42 488	42 488	42 488

## 5. DIRECTORS' AND KEY MANAGEMENT EMOLUMENTS

### 29 February 2016

	Emoluments	Bonuses	Other benefits	Provident fund	Directors' fees	Total
<b>Directors</b>						
IJ Calisto (Executive)	2 852	160	–	–	–	3 012
JR Edmeston (Executive)	1 872	1 370	102	–	–	3 344
DJ Brown (Non-executive)	–	–	–	–	957	957
AT Ikalafeng (Non-executive)	–	–	–	–	540	540
K White (Non-executive)	–	–	–	–	531	531
<b>Key management</b>						
<b>Paid by subsidiary companies</b>						
	<b>3 956</b>	<b>689</b>	<b>120</b>	<b>120</b>	<b>–</b>	<b>4 885</b>
	<b>8 680</b>	<b>2 219</b>	<b>222</b>	<b>120</b>	<b>2 028</b>	<b>13 269</b>

### 28 February 2015

	Emoluments	Bonuses	Other benefits	Provident fund	Directors' fees	Total
<b>Directors</b>						
IJ Calisto (Executive)	1 712	160	–	–	–	1 872
JR Edmeston (Executive)	1 758	1 387	96	–	–	3 241
J Marais (Executive)	1 452	131	120	–	–	1 703
C Sanderson (Executive)	1 017	211	–	53	–	1 281
DJ Brown (Non-executive)	–	–	–	–	319	319
AT Ikalafeng (Non-executive)	–	–	–	–	189	189
K White (Non-executive)	–	–	–	–	168	168
	<b>5 939</b>	<b>1 889</b>	<b>216</b>	<b>53</b>	<b>676</b>	<b>8 773</b>

5. DIRECTORS' AND KEY MANAGEMENT EMOLUMENTS (continued)

28 February 2014

	Emoluments	Bonuses	Other benefits	Provident fund	Directors' fees	Total
<b>Directors</b>						
JR Edmeston (Executive)	1 654	1 115	96	–	–	2 865
J Marais (Executive)	1 363	114	120	–	–	1 597
C Sanderson (Executive)	720	47	–	–	–	767
	<b>3 737</b>	<b>1 276</b>	<b>216</b>	<b>–</b>	<b>–</b>	<b>5 229</b>

Directors and Key Management emoluments are paid for through subsidiary companies of the group.

6. BASIC EARNINGS PER SHARE

	2016	2015	2014
Basic earnings per share (cents)	<b>80</b>	64	59

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of shares in issue.

Figures in Rand thousand	2016	2015	2014
Weighted average number of ordinary shares ('000) at the beginning of the year	<b>300 000</b>	300 000	–
Issued ordinary shares at 1 March 2013	–	–	211 268
Effect of shares issued in April 2013	–	–	78 279
Effect of treasury shares	<b>(51)</b>	–	–
	<b>299 949</b>	300 000	289 547
Basic earnings	<b>239 674</b>	191 811	170 764

In 2014 and 2015 the 300 000 000 shares in issue, weighted accordingly, were treated as a share split for earnings per share purposes. This provides the user with more comparable and relevant information.

## 7. HEADLINE EARNINGS PER SHARE

	2016	2015	2014
Headline earnings per share (cents)	81	64	58

The calculation of headline earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue as determined above in note 6.

Figures in Rand thousand	2016	2015	2014
<b>Reconciliation between basic earnings and headline earnings</b>			
Basic earnings	239 674	191 811	170 764
Adjusted for:			
Reversal of bargain purchase	3 279	–	–
Bargain purchase	–	–	(3 353)
Gain on disposal of assets net of tax	(1 019)	(738)	(833)
	241 934	191 073	166 578

## 8. DILUTED EARNINGS PER SHARE

There are no dilutive instruments and therefore diluted earnings per share is the same as basic earnings per share.

**9. NORMALISED EARNINGS PER SHARE**

	2016	2015	2014
Normalised earnings per share (cents)	75	64	58

The calculation of normalised earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of shares in issue as determined above in note 6.

Figures in Rand thousand	2016	2015	2014
<b>Reconciliation between headline earnings and normalised earnings</b>			
Headline earnings	241 934	191 073	166 578
Net foreign exchange gain on intercompany financing arrangements	(15 667)	–	–
	226 267	191 073	166 578

**10. SEGMENT REPORTING**

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

Segment Report – 29 February 2016	South Africa	Africa – Other	Europe	Asia & Middle East	Total
Revenue	748 600	139 198	90 036	27 647	1 005 481
Intersegment elimination of revenue*	195 551	271	841	1 899	198 562
Revenue before segment elimination	944 151	139 469	90 877	29 546	1 204 043
<b>Profit before taxation includes the following items:</b>	274 711	60 110	23 477	3 968	362 266
Investment revenue	2 987	3 268	–	1	6 256
Finance costs	4 360	10	78	15	4 463
Net foreign exchange gain	2 830	3 891	498	19 780	26 999
Depreciation	79 692	2 317	18 657	1 994	102 660
Total tangible assets	188 102	79 049	83 273	160 905	511 329
Total liabilities	(84 377)	(54 544)	(53 355)	(14 569)	(206 845)
Goodwill					156 011
Equity					460 495

Segment Report – 28 February 2015	South Africa	Africa – Other	Europe	Asia & Middle East	Total
Revenue	628 547	114 002	80 422	11 824	834 795
Intersegment elimination of revenue	34 974	–	–	–	34 974
Revenue before segment elimination	663 521	114 002	80 422	11 824	869 769
<b>Profit before taxation includes the following items:</b>	238 358	46 499	15 835	(7 078)	293 614
Investment revenue	1 617	2 916	–	–	4 533
Finance costs	693	210	8	13	924
Net foreign exchange gain**	35	307	8	83	433
Depreciation	58 816	1 917	10 389	475	71 597
Total tangible assets	291 359	88 837	36 605	14 135	430 936
Total liabilities	(134 009)	(49 060)	(13 097)	(5 277)	(201 443)
Goodwill					144 269
Equity					373 762

\* The amount of R195 551 in the South African segment includes Cartrack Manufacturing (Pty) Ltd which was acquired on 1 March 2015.

\*\* Includes operating and non-operating exchange gains.



# CORPORATE INFORMATION

## Registered office

Cartrack Holdings Limited  
11 Keyes Avenue  
Rosebank  
2196  
(PO Box 4709, Rivonia, 2128)

## Directors

### **Independent Non-executive Directors**

David Brown (Independent Chairman)  
Thebe Ikalafeng  
Kim White

### **Executive Directors**

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

## Company Secretary

Anname de Villiers  
Cartrack Corner  
11 Keyes Road  
Rosebank  
Johannesburg  
2196  
(PO Box 4709, Rivonia, 2128)

## Sponsor

Investec Bank Limited  
2nd Floor  
100 Grayston Drive  
Sandown  
Sandton  
2196  
(PO Box 785700, Sandton, 2146)

## Transfer Secretary

Computershare Investor Services Proprietary Limited  
70 Marshall Street  
Johannesburg  
2001  
(PO Box 61051, Marshalltown, 2107)