

INTEGRATED ANNUAL REPORT 2016

FOR THE YEAR ENDED 29 FEBRUARY



CARTRACK
PUTTING YOU IN CONTROL

FLEET MANAGEMENT STOLEN VEHICLE RECOVERY INSURANCE TELEMATICS


CONTENTS


Scope and boundary of this report 02

04 COMPANY OVERVIEW

Corporate profile	06
Company history	08
Vision and values	10
Business highlights	12
Global footprint and areas of operation	14
Group structure	16
Business model	18
Investment case	20
Shareholder information	21
Stakeholder engagement	22
Our performance against the six capitals	24

Usability features

 This icon signifies that related information is available elsewhere in the report.

 This icon signifies that related information is available online at: www.Cartrack.com.



28 STRATEGIC FOCUS

Operating context	30
Strategy, objectives and performance	32

36 THE YEAR IN REVIEW

Chairman’s and CEO’s review	38
Business overview	44
Financial review	48
Condensed audited consolidated AFS	52

66 LEADERSHIP AND GOVERNANCE

Board of directors	68
Corporate governance	70
Remuneration report	76
Risk report	80
Definitions	81

82 SHAREHOLDER MEETING

Notice of AGM	84
Form of proxy and notes	89
Corporate information	IBC



FULL ANNUAL FINANCIAL STATEMENTS AVAILABLE AT: WWW.CARTRACK.COM

With more than 502 000 subscribers worldwide and a presence in 21 countries, Cartrack is well positioned to actively pursue opportunities for further growth

Approval of the Integrated Annual Report

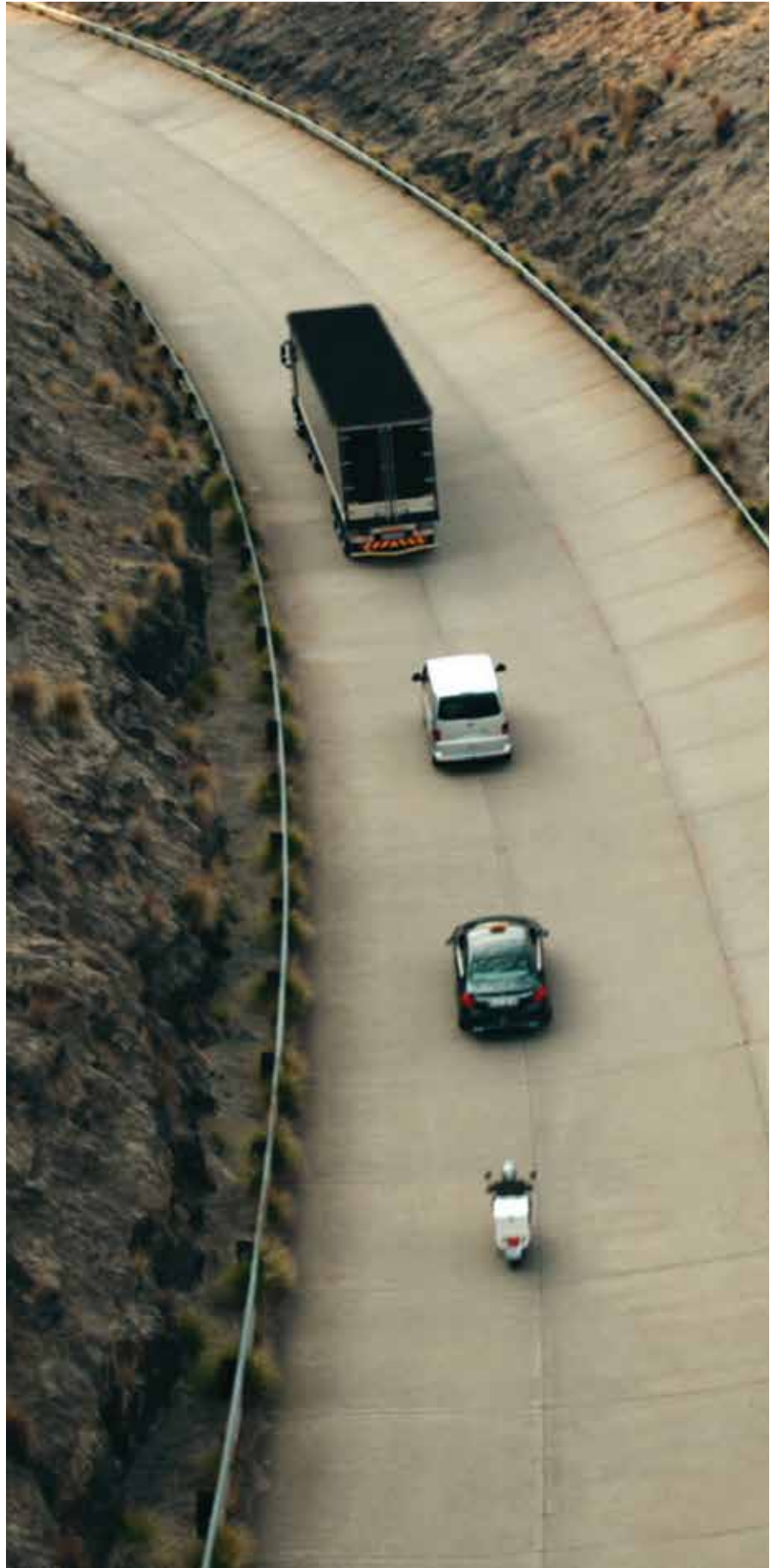
The Board of Directors acknowledges its responsibility to ensure the integrity of this report. The Directors confirm that they have collectively assessed the content of the Integrated Annual Report and believe it addresses the material issues and is a fair representation of the integrated performance of the Group. The Board of Directors has therefore approved the 2016 Integrated Annual Report for publication.

On behalf of the Board

David Brown
Chairman

Zak Calisto
Chief Executive Officer

SCOPE AND BOUNDARY **02** OF THIS REPORT



Our Integrated Annual Report is published with the aim to communicate with all Cartrack's stakeholders on the material activities of the Group. The previous report, being the 2015 Integrated Annual Report, is available on our website at www.cartrack.co.za.

The 2016 Integrated Annual Report covers relevant aspects of all the operations of Cartrack. There has been no change in the scope of this report, relative to our first report, although the current report has been expanded to include a wider range of information about the Group.

This report consists of the integrated annual report (which incorporates sustainability-focused information) and the condensed audited consolidated annual financial statements for the year ended 29 February 2016. All subsidiaries are included in the consolidated financial information.

There have been no significant changes in the size, structure or ownership during the current reporting period other than through ongoing changes to the number of subscribers and countries we are represented in, which are discussed in more detail on page 40 to 41 of this report.

The selection of material issues to be covered in this report was informed by inputs from our stakeholders, including our capital providers, and was further refined through a review of:

- the matters covered by the Board and the Audit and Risk Committee;
- matters of strategic importance; and
- engagement with the executive management and the Board of Directors.

The information in this report has been selected to provide for the interests of stakeholders who require a broad overview of the present and future direction and prospects of Cartrack – shareholders, funders, regulators, prospective employees, suppliers and community members, amongst others. Stakeholders with more in-depth needs are invited to contact Cartrack directly or visit our website for further information.

For more information, please contact Annamè de Villiers on +27 11 250 3156.

Accounting reclassifications

We have made a reclassification of certain expense from operating expenses to cost of sales in the year, so as to better represent the respective expense categories.

Refer to note 35 in the Consolidated AFS on our website.

Correction of accounting error

During 2016 it has been identified that revenue from subscription contracts have been incorrectly accounted for in certain circumstances.

With effect from the 2016 financial year this incorrect accounting treatment has been rectified. Refer to note 2 on page 57 of this report.

Frameworks and assurance

This, our second Integrated Annual Report, represents a further step on our journey to implement the guiding principles of the King Report on Corporate Governance in South Africa ("King III") and the framework endorsed by the Integrated Reporting Committee of South Africa in our reporting. Cartrack fully complies with the Listings Requirements, the Companies Act, 2008 and the International Financial Reporting Standards and is committed to embrace best practice in reporting to ensure transparency and improve stakeholder engagement.

The Cartrack Board of Directors and its subcommittees have reviewed the report and have satisfied themselves of the materiality, accuracy and balance of disclosures in this report.

Forward-looking statements

There may be statements in this report that constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Cartrack and its subsidiaries to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events. These statements have not been reviewed or reported on by the Group's auditors.

COMPANY OVERVIEW



Cartrack is a leading global provider of Fleet Management, Stolen Vehicle Recovery and Insurance Telematics services with a strong focus on technology development to enhance customer experience.



06 CORPORATE 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.

We operate in what is recognised as a high growth industry worldwide. Our active subscriber base of over 502 000 contracts, ranks Cartrack among the top Telematics companies globally. We have recovered in excess of 18 000 vehicles to the value of over R3,5 billion since inception and have achieved an independently audited recovery rate at 93% or higher for the past six years (2016: 94%). Cartrack employs more than 1 500 staff members in offices established in 21 different countries. In excess of 84% of our revenue is derived from annuity based subscriptions, providing strong visibility of earnings and a low risk business model.





>502 000

contracts, ranks Cartrack among the **top Telematics companies** globally.

Cartrack's systems are built on the most advanced technologies available and are coupled with a devotion to client service delivery. Cartrack technology is widely accepted by motor manufacturers and insurers alike, as our hardware and installations are of the highest standard.

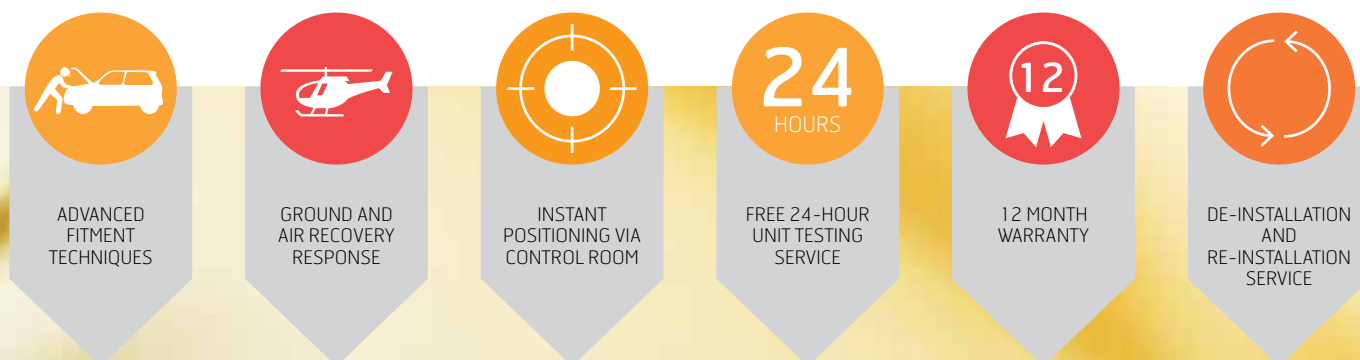


>1 500

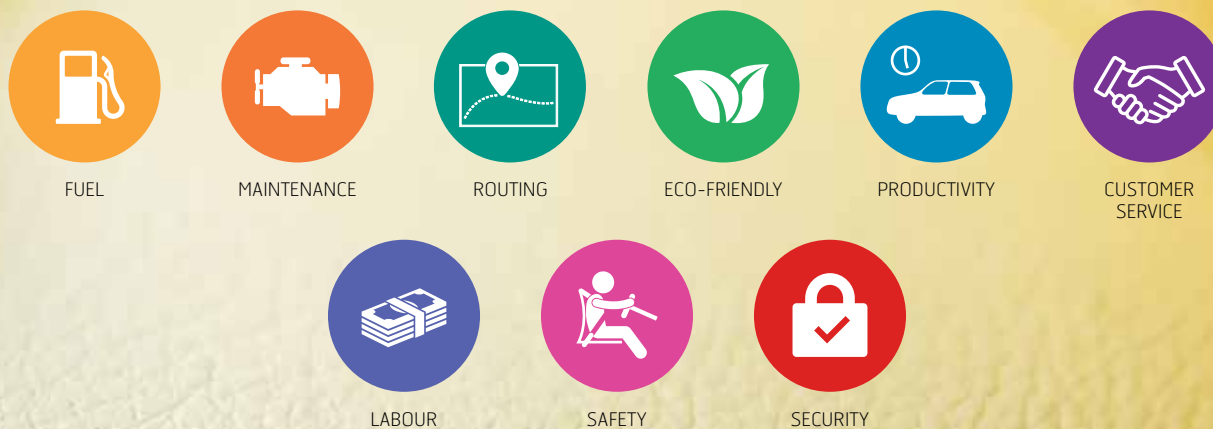
staff members in offices established in **21 different countries**.

Solutions to put our clients in control

Stolen vehicle recovery



Fleet management, work force optimisation, Telematics data, value added products

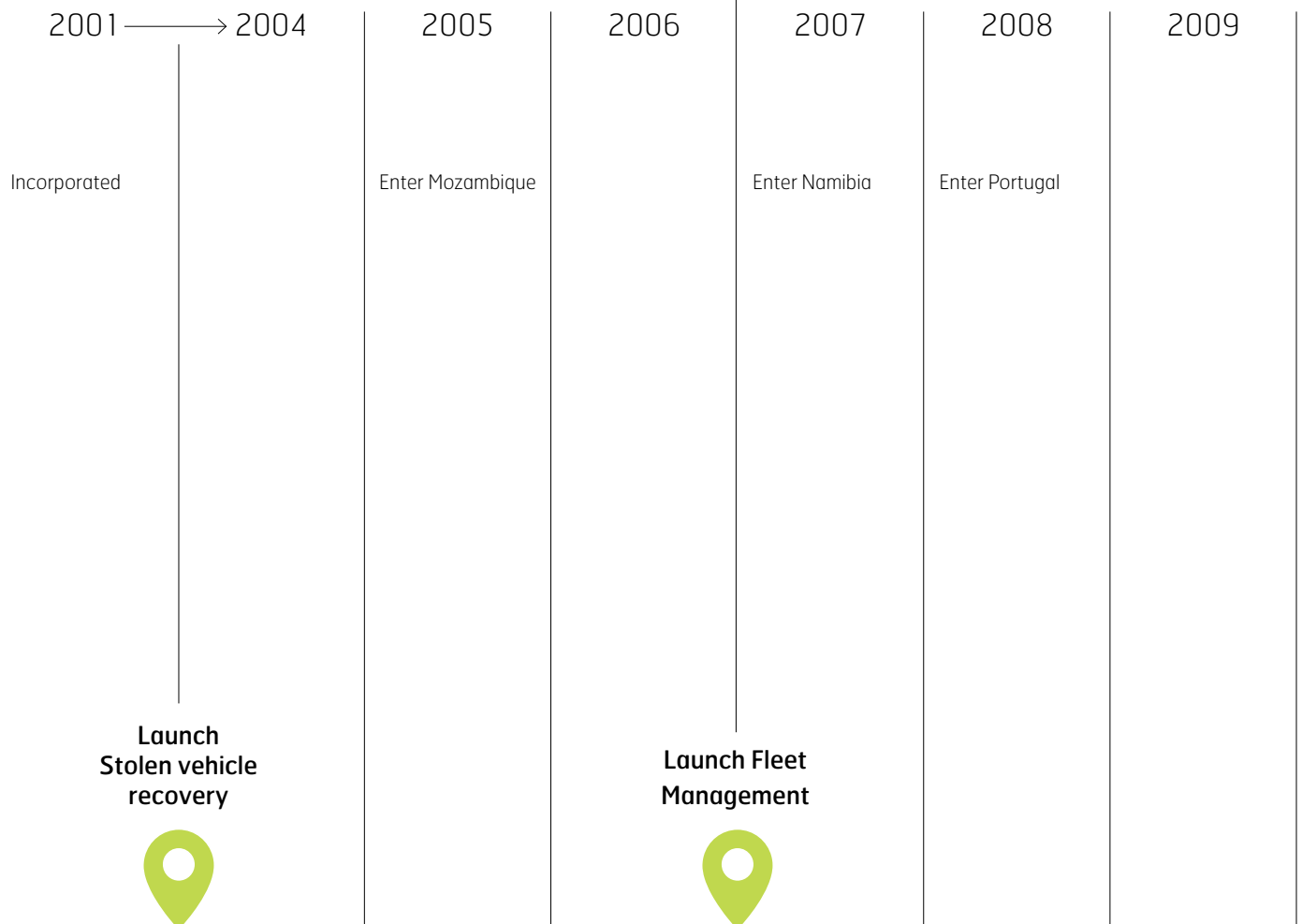


08 COMPANY HISTORY

Cartrack was founded in South Africa in 2001 and **launched to the market in 2004**.



Initially, Cartrack focused on **Stolen Vehicle Recovery services**, but expanded the scope of its offering to include **full Telematics services, in particular Fleet Management, in 2007**.



Fleet Management has, since 2011, produced consistently **strong growth in subscriptions in excess of 26% annually.**

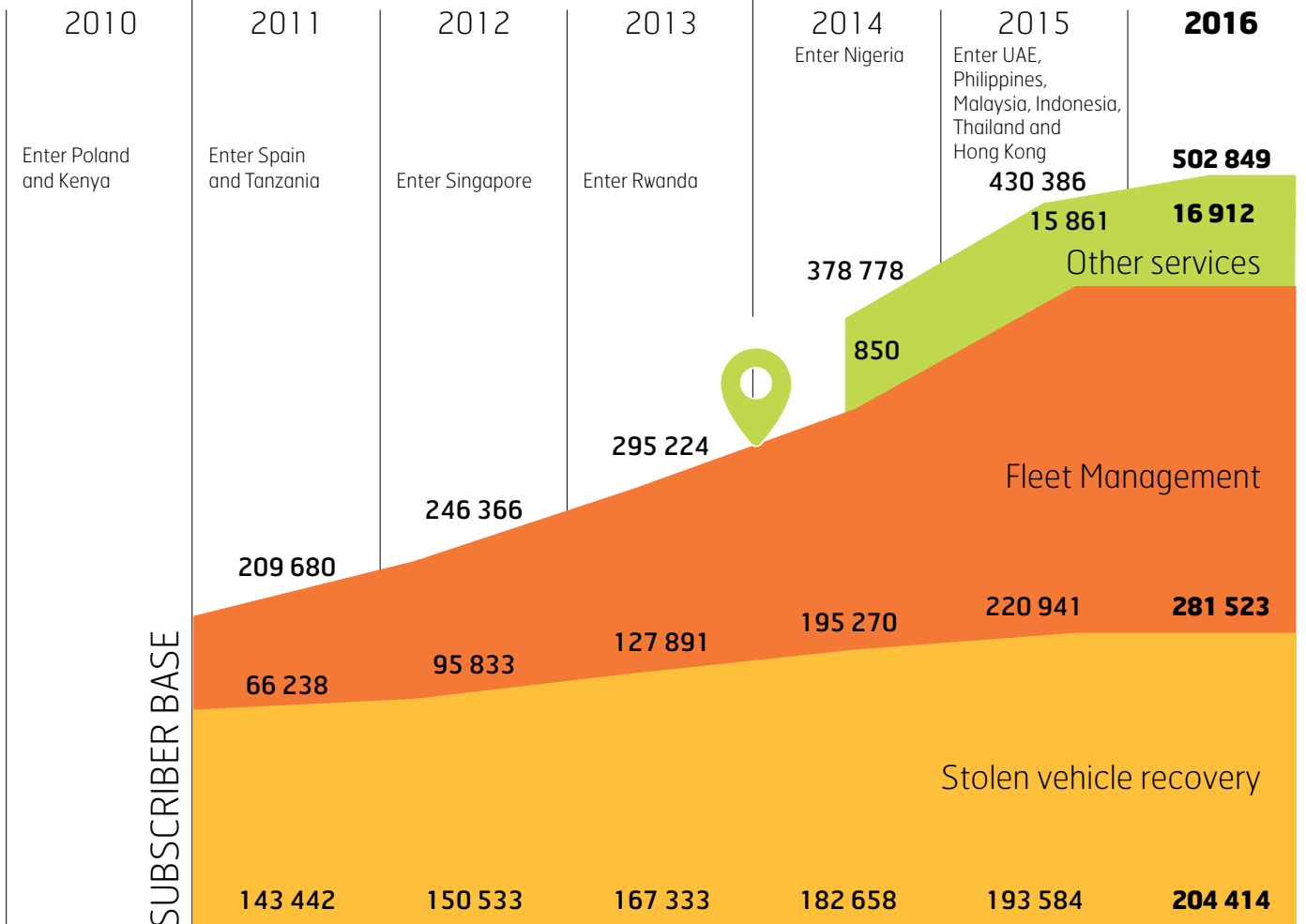


502 849

total number of subscribers in 2016.



The Company listed on the **South African Stock Exchange, the JSE Limited, in December 2014.**





VISION AND **10** MISSION

Cartrack's vision is to achieve global industry leadership in the Telematics industry including Fleet Management, Stolen Vehicle Recovery and Insurance Telematics services.

Cartrack's mission is to provide our clients and partners with real-time actionable business intelligence based on advanced technology and reliable data.



Accountability

– taking responsibility for our actions and how they impact on our stakeholders



Integrity

– to be trustworthy and reliable and do what is right in all circumstances



Service orientation

– delivering on our promises and going beyond the expected



Relationships

– working co-operatively and communicating transparently



Entrepreneurial leadership

– being prepared to seize opportunities and to drive change and innovation, with an “open door” policy

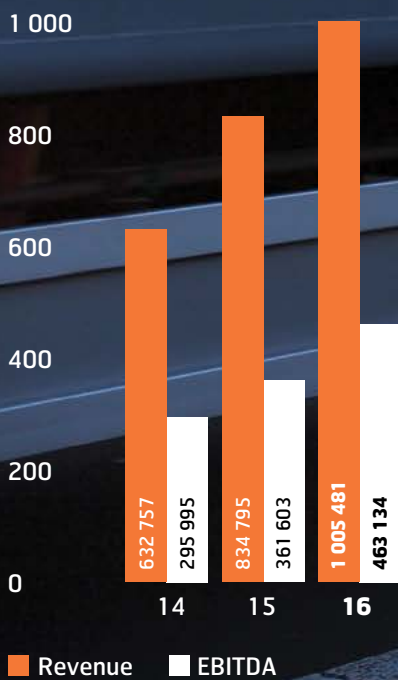
OUR CORE VALUES

HIGHLIGHTS FOR 12 THE 2016 YEAR

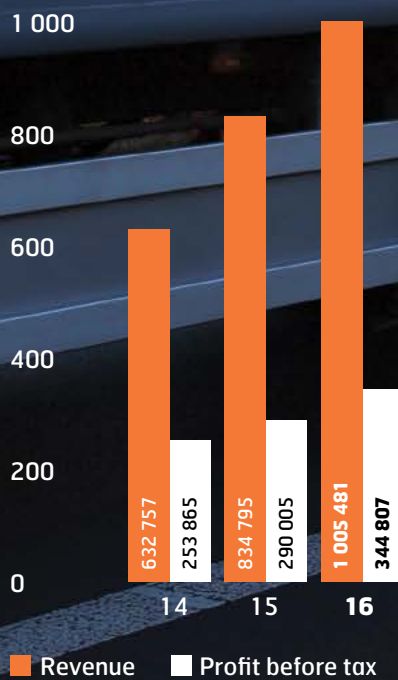
Revenue of
R 1 billion,
up
20%

Subscriber base of
502 849
up
17%

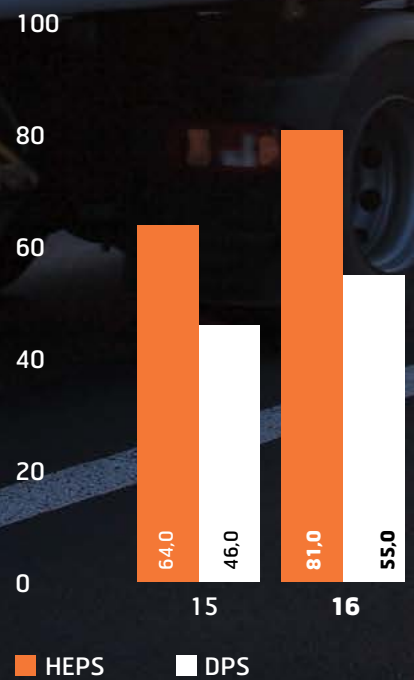
EBITDA
(R Millions)



PROFIT BEFORE TAX
(R Millions)



EARNINGS AND DIVIDENDS
(Cents)



HEPS of
81 cents
per share, up
27%

Cartrack Singapore
awarded a level three
bizSAFE enterprise
application, providing
assurance to our
corporate and
government clients

Appointed as
preferred Telematics
provider by
MAN Truck and
Bus SA

ETA bus sign
technology launched
in Indonesia

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

Global Fleet
Management
Solution provides
cross-border
monitoring relief for
customers



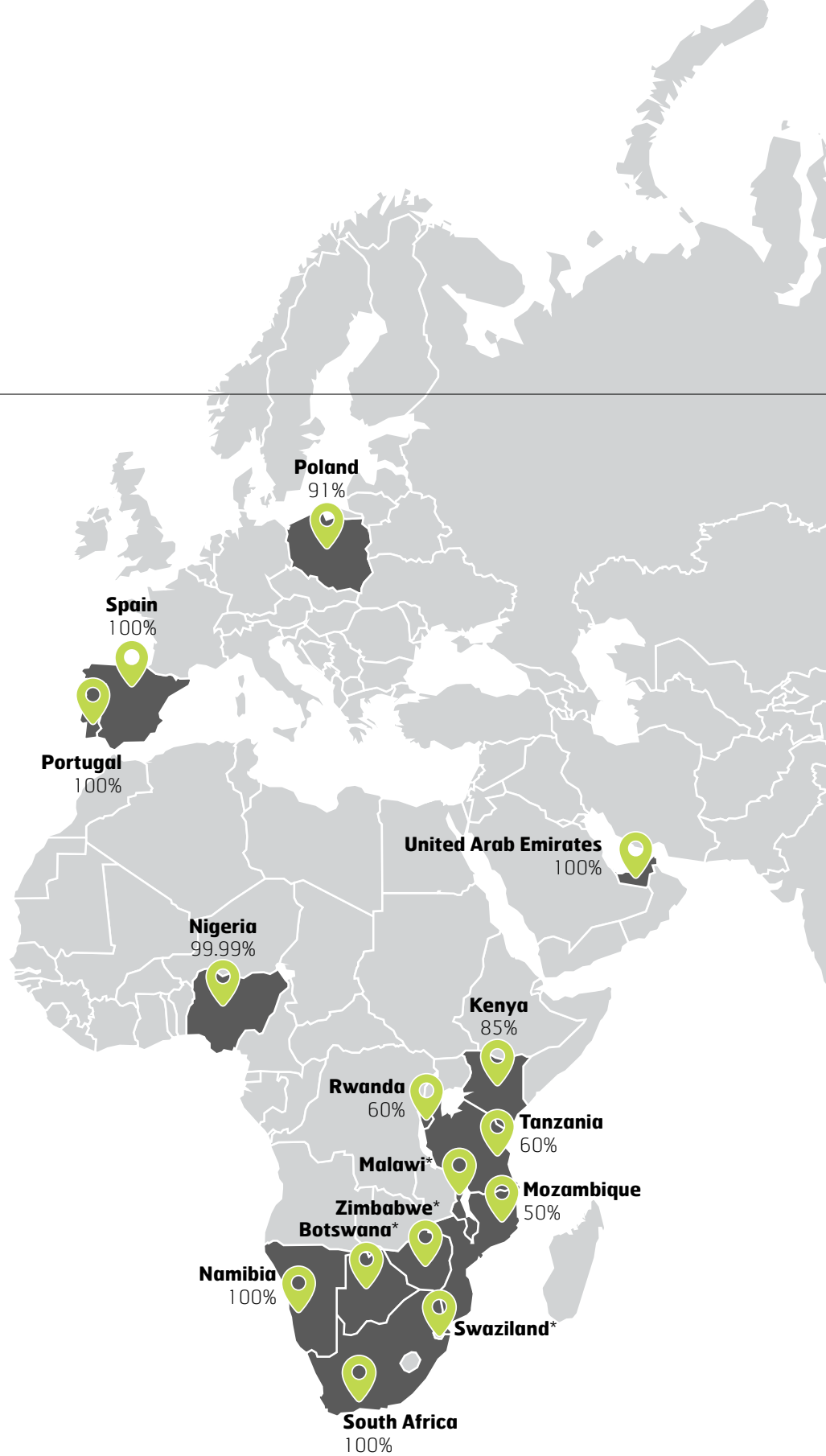
New motorbike
tracking solution well
received



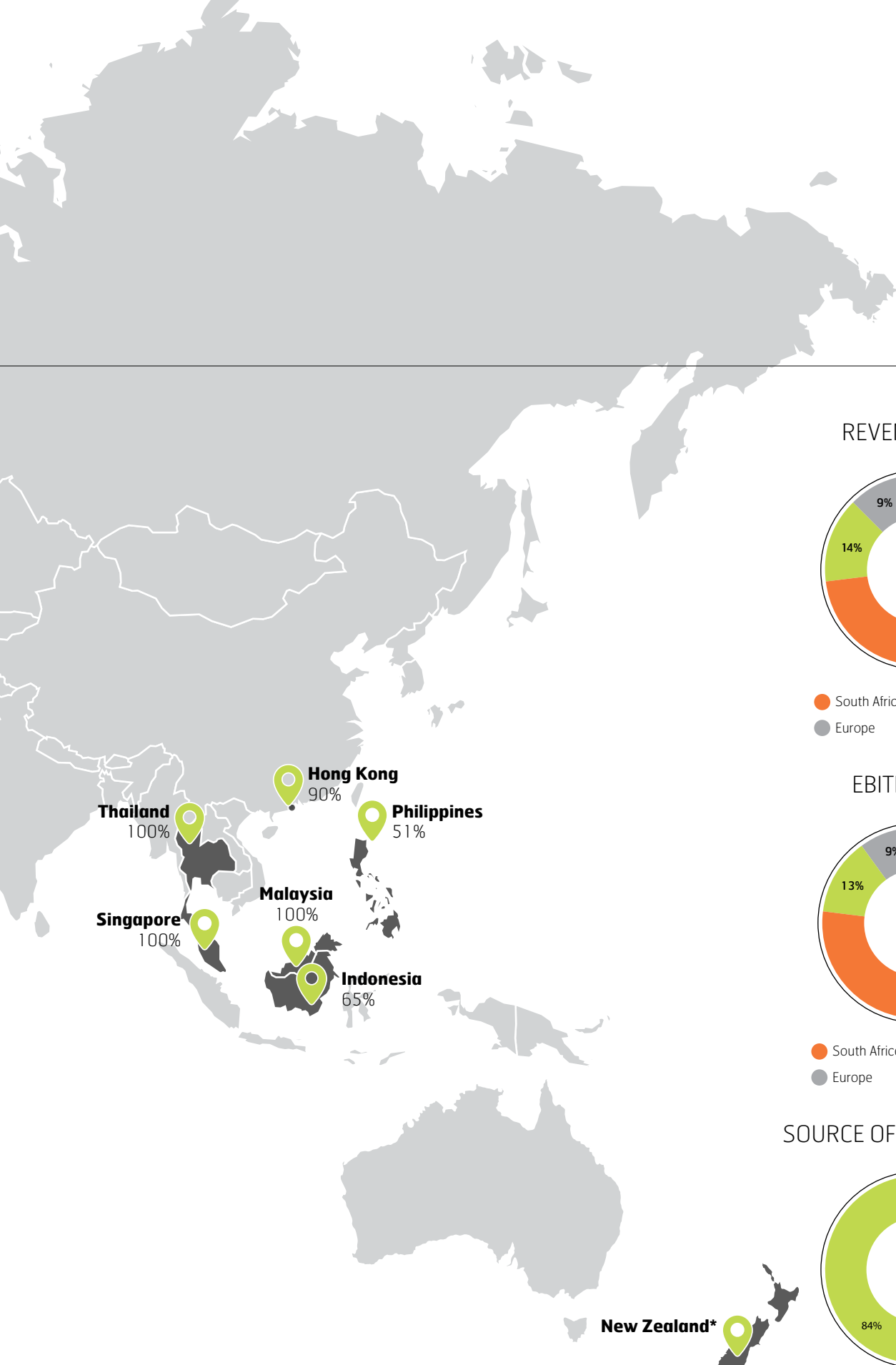
Vehicle recovery rate of
94%
up
1%

Cartrack Integrate
debuts at Interpol
Worldwide 2015
exhibition in
Singapore

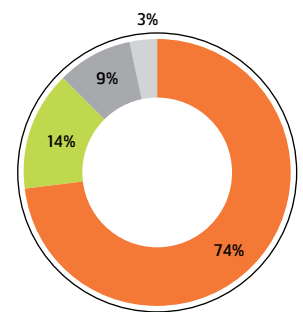
14 GLOBAL FOOTPRINT AND AREAS OF OPERATION



* Indicates countries in which Cartrack currently has a presence through License Agreements.

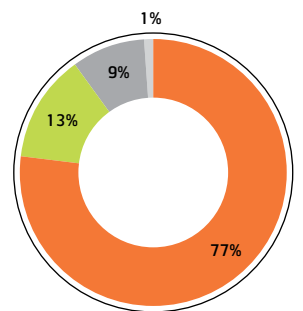


REVENUE 2016



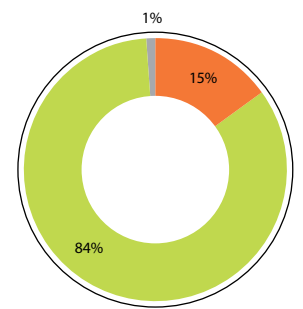
- South Africa
- Africa – Other
- Europe
- Asia and Middle East

EBITDA 2016



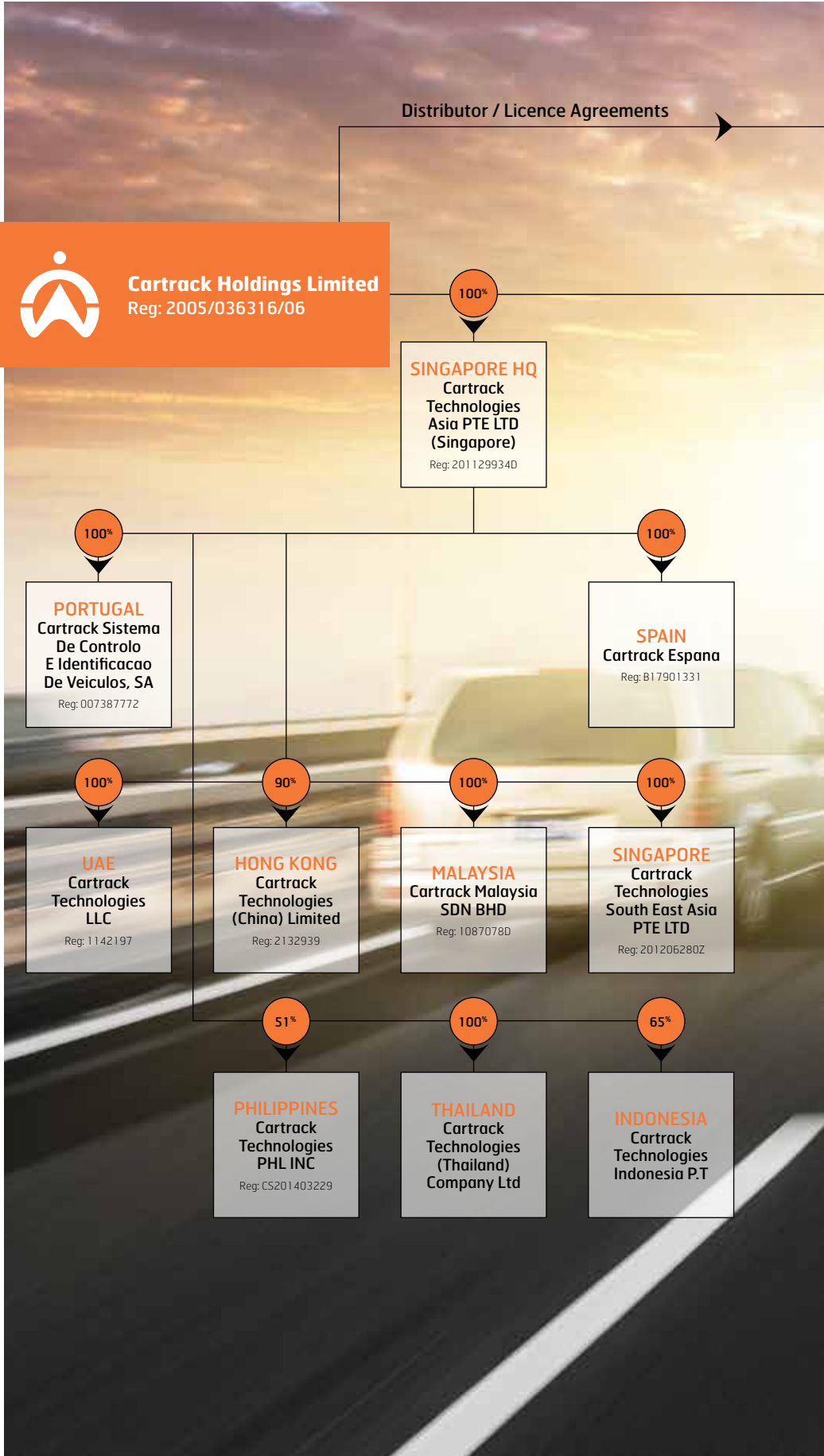
- South Africa
- Africa – Other
- Europe
- Asia and Middle East

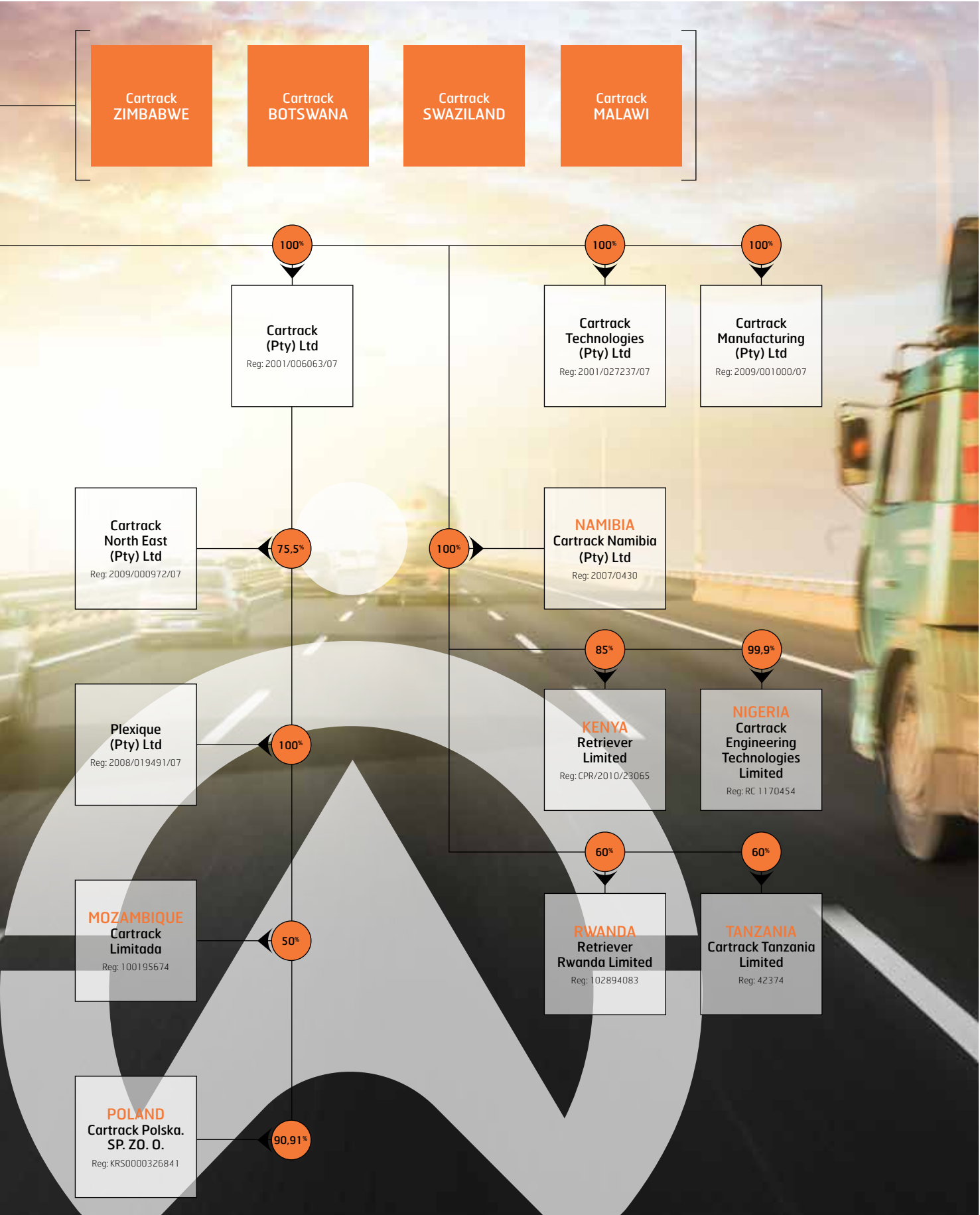
SOURCE OF REVENUE 2016



- Hardware
- Subscription
- Sundry

16 GROUP STRUCTURE





BUSINESS 18 MODEL

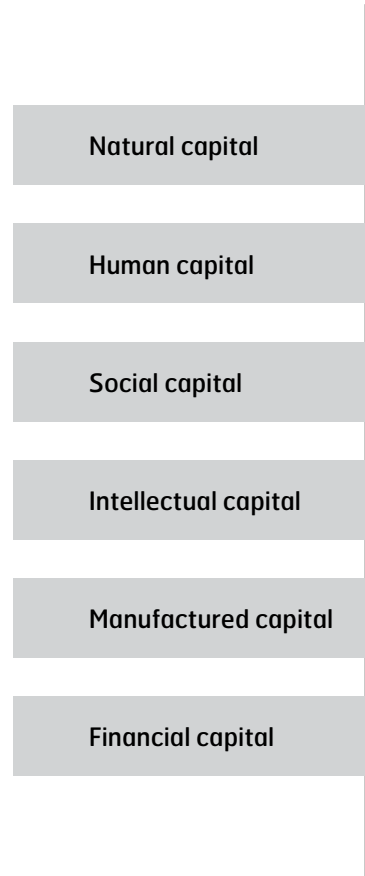
Cartrack provides and installs Telematics technology and real time systems to collect and analyse Telematics data from mobile assets and convert it into intelligent and actionable information for our clients.

We also recover stolen vehicles that are equipped with our differentiating technology that is specifically designed to combat vehicle crime. Cartrack's **target market** comprises clients that seek to optimise their fleets and workforce and provide for their safety and security in selected geographic areas.

Cartrack has positioned itself **to cater for the mainstream high-volume Telematics markets** so as to achieve economies of scale across its business. Quality **homogeneous products** and services are offered from **a common platform**. This enables newly established operations to achieve profitability within a relatively short space of time and at a **low investment cost** and exposure.

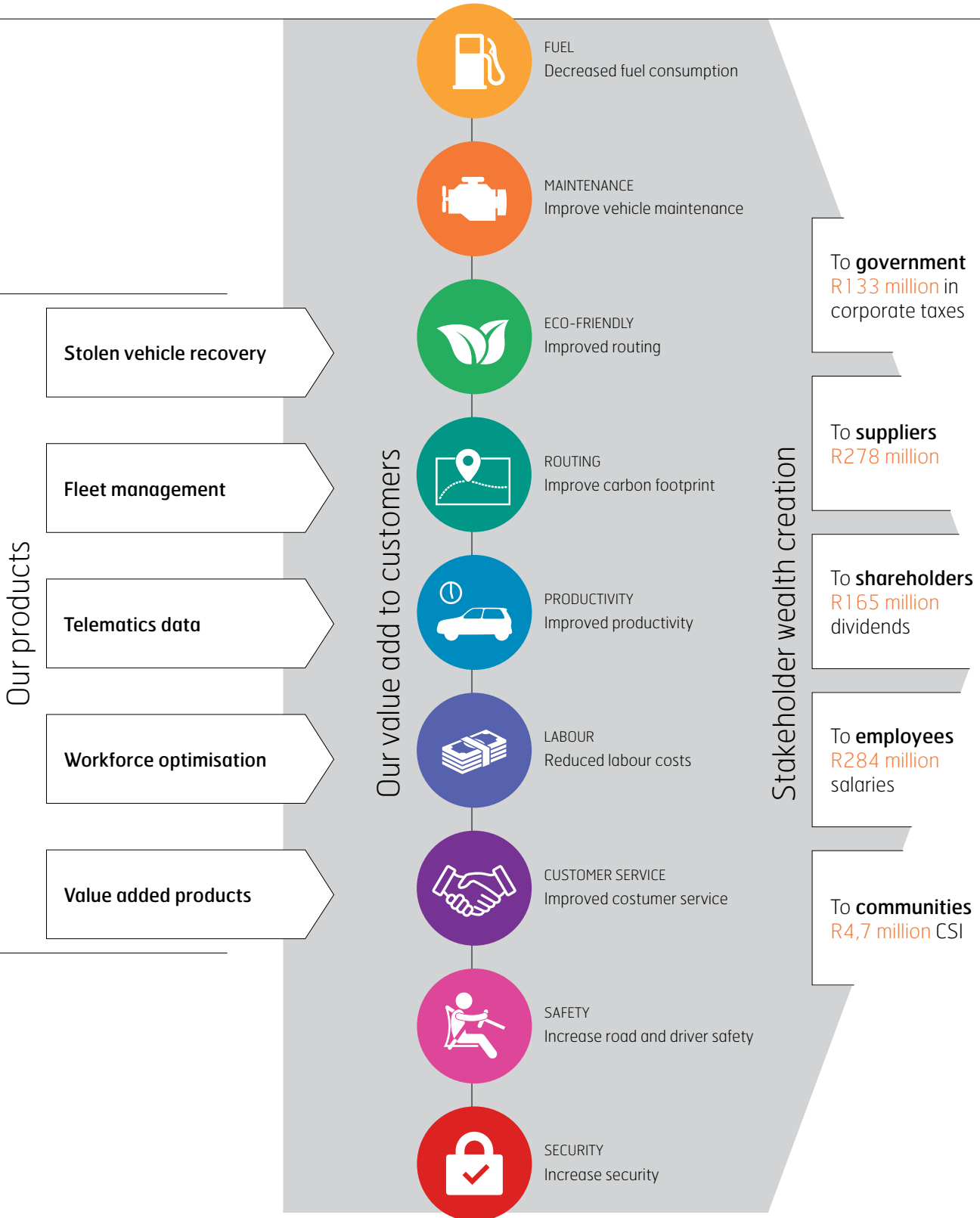
Cartrack typically designs and develops **proprietary hardware and software** for mainstream products and services, and deploys the technology itself in all the global markets it serves. The **control of the supply chain** from design to service provision enables Cartrack to be a low-cost provider and to manage the service delivery levels most effectively. Where appropriate, **partnerships with technology providers** are established to create further value in the markets we serve.

Our inputs



Our business model is designed to take maximum advantage of the digital business era by:

- an **annuity based** financial model where subscribers pay an ongoing fee;
- a **strong technology platform** that is readily deployed for new international expansions and scalable for growth;
- innovation through Cartrack's **in-house research and development** department;
- **low fixed infrastructure cost**; and
- a **wide range of reliable services** with appropriate features to service the needs of a **geographically diverse base of small to large clients**.



INVESTMENT CASE 20

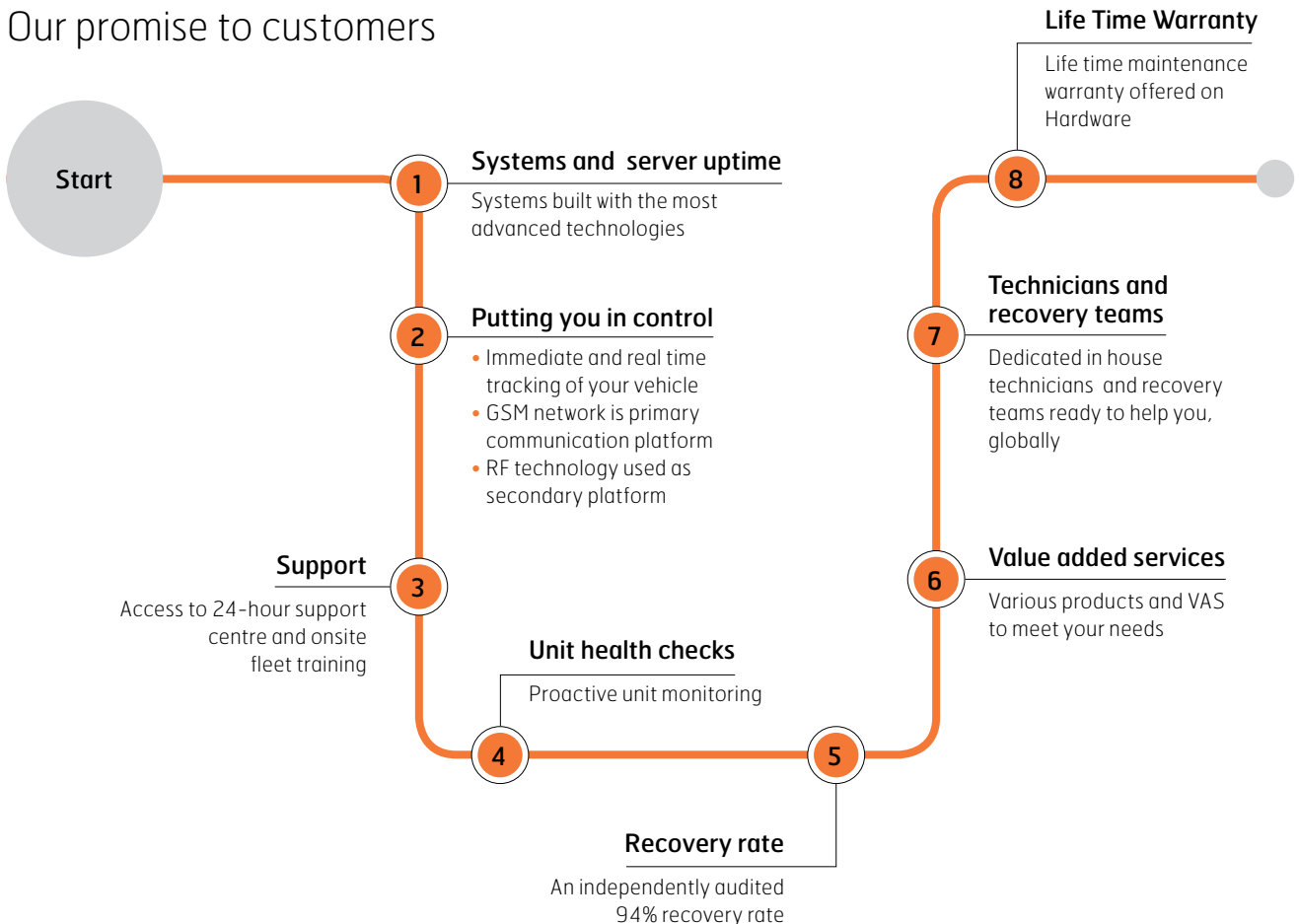


Competitive strengths

Cartrack is uniquely positioned through its:

- Scalable approach – a strong technology platform and innovation through Cartrack’s in-house research and development and cloud-based systems
- 94% audited recovery success rate and up to R150 000 no recovery warranty
- Focus on, and investment in technology
- International footprint and expansion provides increasing economies of scale

Our promise to customers



21 SHAREHOLDER INFORMATION

Shareholder structure

Range of units

Share range	No of shareholders	% of shareholders	No of shares	% of issued capital
1 – 1 000	121	36.67	26 915	0.01
1 001 – 10 000	93	28.18	332 012	0.11
10 001 – 50 000	56	16.97	1 390 791	0.46
50 001 – 100 000	12	3.64	843 097	0.28
100 001 – 500 000	20	6.06	4 093 060	1.36
500 001 – 1 000 000	11	3.33	7 875 531	2.63
1 000 001 – shares and over	17	5.15	285 438 594	95.15
	330	100.00	300 000 000	100.00

Breakdown by domicile

Domicile	No of shareholders	% of shareholders	No of shares	% of issued capital
Non-resident shareholders	15	4.55	23 517 896	7.84
Resident shareholders	315	95.45	276 482 104	92.16
	330	100.00	300 000 000	100.00

Major shareholders >5%:

Shareholder	No of shares	% of share capital
Onecell Holdings (Pty) Ltd	240 000 000	80

Public/non-public shareholders

	No of shareholders	No of shares	% of share capital
Public	329	60 000 000	20
Non-public	1	240 000 000	80

29 February

Financial year-end

Listing information

JSE share code CTK
Sector Industrials – Industrial
 Goods & Services
Subsector Business Support Services

Stock exchange performance

12 Months	2016	2015*
Share price (cents)		
• lowest	750	
• highest	1 250	
• at year-end	975	
Volume traded (m)	21	
Number of shares in issue '000 (year-end)	300 000	
Number of shares traded %	7	
PE ratio at year-end	22,37	
Market capitalisation (Rbn)	2 925 000	

* Cartrack listed on 19 December 2014.



Shareholders' diary



	Dates
Annual results	Tue, 31 May 2016
Annual general meeting	Thur, 21 July 2016
Final dividend payment	Mon, 11 July 2016
Interim results	Wed, 16 November 2016

22 STAKEHOLDER ENGAGEMENT

Creating and managing stakeholder value is one of our key strategic objectives and essential to the sustainability of the Group.

Engagement with stakeholders assists us in the formulation of our strategies and the continuous adaptation of our value creation model to remain relevant and have a positive impact on the environment in which we operate.

Stakeholder	Requirements	Issues	Engagement	Management approach
 <p>Investment community</p>	<ul style="list-style-type: none"> • Sustainable returns and dividend flow • Adequate and consistent disclosure of operating and financial performance • Clarity on our strategy • Sound governance practices 	<ul style="list-style-type: none"> • Responsible organic and global expansion • Governance and ethics • Competition and downward pressure on prices • OEM involvement in Telematics 	<ul style="list-style-type: none"> • Formal announcements of half year and year-end performance • Periodic informal meetings and Annual General Meetings • Investor events and roadshows • Financial results and announcements are published in accordance with the JSE requirements and are recorded on our website 	<ul style="list-style-type: none"> • Support access to management and the Board • Provide clear and transparent reporting • Focus on maintaining sustainable returns in accordance with the Strategic Themes described below under Strategic Focus
 <p>Our people</p>	<ul style="list-style-type: none"> • Competitive pay • Fair labour practices • Skills development and training 	<ul style="list-style-type: none"> • Skills shortage • Training, sharing and standardisation of practices across multiple countries 	<ul style="list-style-type: none"> • Bi-annual performance appraisals • Training and development sessions • Newsletters and internal staff functions • Induction training • Intranet, formal and informal meetings, emails 	<ul style="list-style-type: none"> • Focus on recruitment process and job profiling • Training and development through both e-learning and classroom methods • Investment in external tertiary qualifications • Ongoing alignment of skills to operational structures

Stakeholder	Requirements	Issues	Engagement	Management approach
 <p>Our clients</p>	<ul style="list-style-type: none"> • Contribution to social investment • Equal opportunity employment practices • Provision of relevant and high quality services • Value for money 	<ul style="list-style-type: none"> • Consistent service quality to a high volume of clients • Continuous adaptation and innovation to meet dynamic market needs in different global regions 	<ul style="list-style-type: none"> • Face-to-face meetings, telephone and email • Digital such as social media and website • Public media releases, advertising, newsletters and events 	<ul style="list-style-type: none"> • Continuous improvement in service delivery and investment in resources • Investment in innovation and development • Focus on maintaining low input costs throughout the supply chain • System efficiency improvement and simplification of processes
 <p>Media</p>	<ul style="list-style-type: none"> • Clear and transparent reporting • Keeping stakeholders informed of performance, developments and strategies 	<ul style="list-style-type: none"> • Insufficient awareness and understanding of Cartrack and our services globally 	<ul style="list-style-type: none"> • Shareholder reporting and announcements • Meetings and events • Distribution of media releases on topical development 	<ul style="list-style-type: none"> • Ensure access to Cartrack management • Arrangement of interviews, site visits and special events • Distribution of press releases for publication
 <p>Our partners and suppliers</p>	<ul style="list-style-type: none"> • Professional procurement practices • Participation in Cartrack's business opportunities and developments • Supply Cartrack with the necessary inputs to conduct its business 	<ul style="list-style-type: none"> • Ability to procure quality products/services at right prices and terms • Lead times for component procurement • Communication network quality 	<ul style="list-style-type: none"> • One-to-one communication via email and telephone and regular meetings • Site visits and workshops 	<ul style="list-style-type: none"> • Transparent and ethical procurement practices • Partnership approach • Selection of suppliers with values and objectives aligned with those of Cartrack
 <p>Local communities</p>	<ul style="list-style-type: none"> • Responsible corporate citizenship • Investment in communities in which business is conducted • Social upliftment 	<ul style="list-style-type: none"> • Growing needs of communities • Skills shortages • Unemployment 	<ul style="list-style-type: none"> • Direct engagement in community projects 	<ul style="list-style-type: none"> • CSI spend • Provide education initiatives • Offer employment opportunities
 <p>Governments and regulators</p>	<ul style="list-style-type: none"> • Compliance with laws and regulations • Good corporate citizenship • Responsible engagement in fighting vehicle theft • Provision of Cartrack services to government fleets 	<ul style="list-style-type: none"> • Access and engagement difficult • Tender process inconsistent and not transparent 	<ul style="list-style-type: none"> • Statutory reports • Communicate through industry forums and directly with appropriate government bodies in connection with vehicle related crimes 	<ul style="list-style-type: none"> • Focus on governance and compliance • Tender submission process and compliance • Maximising stolen vehicle recovery rate and police relationships

OUR PERFORMANCE 24 AGAINST THE SIX CAPITALS

In accordance with the principles of the International Integrated Reporting Framework, the concept of capitals allows Cartrack to identify all the resources and relationships it deploys to enable comprehensive reporting.

Natural capital

Efficient use of radio spectrum, which is a limited resource, is essential to provide fast and clean data communication for Telematics services. Renewable energy, air and land constitute other natural capital inputs on which we rely for the operation of our offices and our mobile workforce of installation technicians.

Our technology is primarily reliant on frequency spectrums. Consumption of bandwidth is routinely monitored to ensure volume of transmitted data is managed and optimised effectively; hardware and firmware are all approved by regulatory authorities to ensure compliance. This is a limited resource and needs to be utilised in a responsible and efficient manner and in terms of the laws and regulations of each country.

Cartrack has a significant team of mobile installers and as such is a large consumer of petrol and diesel. We have employed our fleet management systems in our own fleet to improve productivity and efficiency of fleet and are very pleased with the outcome – with lower kilometres travelled per installation and a reduction in fuel usage, maintenance and accident rates.

Electronic components (metals and plastics) are derived from natural resources and are not fully recyclable and need disposal into the waste system. All our products, including the battery and enclosures, comply with the EU RoHS Directive (Restriction of Hazardous Substances). This is a directive that limits the use of certain harmful substances in electronic products, for example, lead, bromides used in fire retardants, hexavalent chromium etc. Cartrack also complies with the WEEE Directive, as all units from around the world are returned to South Africa for repair or scrapping.

The very nature of Cartrack’s business enables fleet operators, both big and small, to be more efficient in the use of natural resources, in particular through fuel savings, improved driver performance and lower kilometres travelled.

Human capital

Our human capital comprises the people we employ as well as the others we work with. Their health, knowledge and skills combined with their attitude and motivation are essential to meeting our strategic objectives and the relationships with our stakeholders.

	2016
Number of employees	1 533
Spend on staff training	R1 061 227
Number of course participants	776
Spend on tertiary education of staff	R81 469
Remuneration paid	R284 136 347
Gender diversity (women: total employees)	40,2%
Gender diversity (Women: total employees excluding technicians and vehicle recovery agents*)	50,7%

* The roles of technicians and vehicle recovery agents are predominantly male oriented and are not roles typically sought by women.

Learning and development

Staff receive both formal and on-the-job training and gain from their exposure to Company intellectual capital. Training related statistics are provided in the table above.

Labour practices

In each country in which we operate we comply with all applicable labour legislation. In South Africa where the majority of our staff are employed, we comply with the Labour Relations Act 1995, the Basic Conditions of Employment Act 1997, Occupational Health and Safety Act 1993, the Unemployment Insurance Act 1995 and the Broad-Based Black Economic Empowerment Act 2003; we are a member of the Services SETA (Sector Training Authority) and implement appropriate skills development plans and training facilitation.

Employment equity and equal opportunities

Cartrack is committed to employment practices and the development of employees without regard to gender or race. In South Africa where compliance with the Employment Equity Act is required, management has submitted its plans and employment targets to the Department of Labour. Short-term employment targets have been achieved and the longer-term targets are expected to be achieved. In South Africa 75,3% of our staff is black. The challenge has been and continues

to be, the skills shortage, particularly in management and technical roles.

Apprenticeship programme

Cartrack's apprenticeship programme affords people with low level skills and/or unemployed people or school leavers the opportunity to enrol in a technical training course of approximately one year duration to become qualified to install tracking units in vehicles. There were two intakes in 2015, in June and November. Of the 47 apprentices who started training in June, 40 qualified and were promoted to full technician status. The November intake will qualify in October 2016.

Employee wellness

The health and wellness of our people is very important to Cartrack. A healthy lifestyle is an essential ingredient for a vital workforce and job satisfaction. Wellness initiatives are undertaken to improve the knowledge of employees of high risk diseases, to assist with avoidance of illnesses and to assist them to adopt a healthier lifestyle.

An Eye Care Day was arranged in November 2015, offering eye tests at the Cartrack Head Office, which was a great success. The initiative is currently being rolled out to the branches with the assistance of local service providers. From the 1st of June 2016, mobile employees, like technicians, will be able to present their Cartrack access cards at a

service provider in Rosebank, for a free eye test on a Saturday.

The usual annual flu vaccinations were offered to employees in April at no cost.

Initiatives for the remainder of 2016 include physiological testing, such as employee BMI and health screening, and presentations pertaining to the importance of exercise and nutrition.

Gloria Matimatjati, a female Cartrack technician

Gloria Matimatjati, a female Cartrack dealership technician, was recently featured on the SABC Education show, Ispani. Ispani features careers in various industries and gives viewers the opportunity to see what the day-to-day tasks of featured careers entail. Aside from featuring work related tasks, the show also gave insight into what led Gloria to where she is at Cartrack. This showcased the innovative training programmes available to candidates, as well as how Cartrack helps shape the career of those who may ordinarily not have the opportunity to further their studies and find employment in this industry.

Gloria grew up in Seleteng in Limpopo and was raised by her grandmother, as her parents worked in Johannesburg to support their three children. Gloria's grandmother encouraged her to study hard for exams and be involved in school activities, to ensure the best opportunity to study further. She

passed her matric in 2010 and moved to Johannesburg in 2011 to study Electrical Engineering. Due to financial restraints, Gloria applied for and was awarded a bursary to fund her studies.

After completing her course she had a difficult time finding a job in her chosen field and worked at Shoprite for three months, then started working as a cleaner in order to save money for a computer course she wished to complete.

After being informed by her cousin that Cartrack was offering technical apprenticeship opportunities, Gloria hand delivered her curriculum vitae and was selected for the programme. Gloria is adamant that she learnt more about electrical engineering during the Cartrack training programme than she did at college, as she acquired valuable practical experience.

Gloria is an example of the rewards of hard work and dedication, being one of the first female apprentice technicians appointed by Cartrack.



In South Africa alone, Cartrack responded to 4 237 theft/hijacking cases in 2016 and achieved an audited vehicle recovery rate of 94% in 2016.

Social and relationship capital

The communities in which we operate form the core of our social and relationship capital. Cartrack is committed to participate where practicable in these communities so as to create improved living conditions through employment opportunities, educational initiatives and special programmes. Stakeholder relationships are initiated and developed through regular engagement.

Stolen vehicle recovery operations

In South Africa alone, Cartrack responded to 4 237 theft/hijacking cases in 2016 (2015: 3 747) and achieved an audited vehicle recovery rate of 94% in 2016 (2015: 93%). During 2016 Cartrack returned vehicles of an estimated value of R508 440 000 to their rightful owners, an increase of 13% over 2015. The success of this application of our technology and services provides significant economic benefit and contributes to the improved safety of our clients and a reduction in crime.

CSI spend

Enterprise development programme

A black owned fitment centre business established and funded by Cartrack is now in the second year of operation. Management and operational assistance and training is given to the business so as to transfer skills which will lead to business independence and sustainability in the medium-term. The business employs 29 staff and has successfully performed 6 713 installations.

A number of sponsorship and charitable activities were undertaken in South Africa during the year. These range from assisting organisations such as the Wheel Well (car seats for children), Kwagga (emergency response team) and Missing Children South Africa, to the empowerment of women through an enterprise development program and Cartrack’s Education fund.

Cartrack’s education fund has been established to assist with funding of schooling and tertiary education for eligible candidates, including children of our own employees. Additionally, a study assistance programme is offered to eligible staff wanting to increase their skill and competency levels through tertiary educational institutions.

	2016
Number of students sponsored for schooling/tertiary education	76
Funds committed for schooling/tertiary education for 2016	R949 385
Staff study/assistance spend	R81 469
Various donations to social welfare organisations	R513 860



Intellectual capital

Core to our intellectual capital are:

- Our brand;
- Our in-house designed and developed hardware technology for mainstream products;
- Our backbone of scalable proprietary operating platforms, systems and user interfaces; and
- Trade secrets developed around the application of our services through the 12 years of operation and the extensive years of senior management experience in the Telematics and stolen vehicle recovery industry.

Harnessing the intellectual and human capital that exist in our business, our products and services provide the economic and social benefits described in this report to a wide range of industries and clients. Research and development stimulates and creates new and/or improved technology.

Operational experience and exposure to the marketplace result in an increased knowledge base and the continuous enhancement of systems and products developed for new markets.

Manufactured capital

Cartrack's manufactured capital inputs comprise the electronic components of our Telematics devices and the motor vehicles that make up our mobile fitment and vehicle recovery fleets.

We manage and control the supply chain from design to manufacture and ultimately through to installation of our units and to recovery of stolen vehicles.

Components are sourced from legitimate and responsible producers and manufacture is performed under ISO 9000 standards. As discussed in the Natural capital section above, waste, including batteries, is responsibly disposed of. Our motor vehicle fleet is managed, using our own Telematics devices, to obtain the benefits of control over fuel usage, kilometres travelled, and labour and vehicle productivity.


Financial capital

The funds available to us for use in our business are our financial capital inputs. Being cash-generative, Cartrack has no debt of any significance.

Share price on the JSE at 29 February 2016	975 cps
Net cash generated from operating activities	R261,4 million
Interim dividends paid to shareholders of the Group	R60 million
Final dividend declared in respect of the financial year ended February 2016	R105 million (35 cents per share)



R165 million
Dividends declared to shareholders of the Group.



R2.9 billion
Market value on the JSE at year end.

STRATEGIC FOCUS

Focus and effort is placed on technology innovation to provide for enhanced performance and additional features.





30 OPERATING CONTEXT

The global commercial Telematics market is expected to reach approximately US\$41 billion by 2020, indicating a compounded growth rate of 16% per annum for the next five years.

The global Telematics market continues to evolve at an increasing pace, delivering profit enhancing solutions to businesses through cost savings as well as service delivery improvements.

Market size and growth prospects

The global Telematics market continues to evolve at an increasing pace, with providers of increasingly sophisticated, performance enhancing data and data analytics, delivering profit enhancing solutions to businesses through cost savings as well as service delivery improvements. Growing regulatory compliance requirements, especially in fleet management, pressure to lower carbon emissions, the need for improved road safety and a plethora of new applications for Telematics data, are some of the trends that underpin the substantial growth expectations for the industry over the next couple of years. In the local market, as well as selected global markets, the crime rate is also stimulating demand for Stolen Vehicle Recovery services.

According to Research and Markets, the world's largest market research company, the global commercial Telematics market is expected to reach approximately US\$41 billion by 2020, indicating a compounded growth rate of 16% per annum for the next five years. Berg Insight, a global research company offering intelligence to the telecom industry, believes the market for fleet management in the Americas is in a growth period which will continue in the years to come, and in Europe, the number of fleet management systems in active use is forecasted to grow at a compound annual growth rate of 15,1% from 4,4 million units at the end of 2014 to 8,9 million by 2019.

The Insurance Telematics market is also currently in a phase of strong growth which is expected to accelerate in the coming years. Berg Insight estimates the European market to grow at a compound annual growth rate of 42,4% to reach 28,1 million by 2019. In North America, the total number of Insurance Telematics policies in force is forecasted to reach 32,5 million policies by 2019, representing a compound annual growth rate of 50,6%.

The current growth levels for fleet management in South Africa and other African countries are somewhat lower than for other markets due to the comparatively high Telematics penetration, generally weak local economies and weakening foreign exchange rates. Berg Insight, however, expects that the penetration rate for fleet management in South Africa will continue to increase for a number of years, with a fair share of system sales from replacements of existing Telematics deployments. The number of FM systems in active use is forecasted to grow at a compound annual growth rate (CAGR) of 10,8% to 1,5 million by 2020.

However, the vehicle crime rate in certain African countries, most particularly in South Africa and Mozambique, remains a strong Telematics growth driver. Vehicle theft and hijacking affects the man-in-the-street and the commercial fleets equally, with cargo theft from trucks also being a major challenge. Consequently, sales of vehicle Telematics units within African markets incorporate the theft recovery service as an essential feature. The rate of vehicle theft remains high with no visible prospects of it reducing in the foreseeable future.

Business drivers

As discussed above, there are any number of business imperatives which inherently create a demand for Telematics products, and which also indicate that substantial growth in demand can be expected for a number of years. The most important drivers of demand are described below:

Commercial demand to improve profitability through the application of technology in respect of:

- Managing workforces better to increase productivity and efficiency
- Sweating productive mobile assets to improve ROI
- Enhancing customer service and gaining a competitive advantage
- Reduction in operating costs such as fuel, maintenance, labour, insurance premiums

Crime

Stolen vehicle recovery service:

- Protects assets and results in lower insurance costs
- Gives peace of mind to vehicle owners/drivers through reduced risk of loss and provides increased level of personal security in event of hijacking
- Assists police forces in performing their duties and increases effectiveness of policing and arrest of criminals

Insurance telematics

- Assess driver risk and tailor premiums to individual risk profile
- Reconstruct accident scenes and evaluate claims

Regulatory requirements

- Improving safety on the roads through enactment and enforcement of regulations governing:
 - Driver hours worked to reduce fatigue
 - Roadworthiness of vehicles
 - Road taxes from distances covered
 - Carbon emissions control
- Monitoring of parole prisoners

Original equipment manufacturers (OEM)

- Manufacturers seek to enhance customer service and manage vehicle warranties through:
 - Remote vehicle diagnostics and problem notifications
 - Monitoring of service due dates
 - Accident and breakdown assistance

Consumer demand – Consumers becoming more accustomed to continuous mobile connectivity and hence a demand for in-vehicle connectivity and services.

Our challenge is to satisfy this demand by providing attractively priced service and product offerings which fulfil these needs in a manner that allows us to compete effectively, build our brand and deliver appropriate stakeholder value.

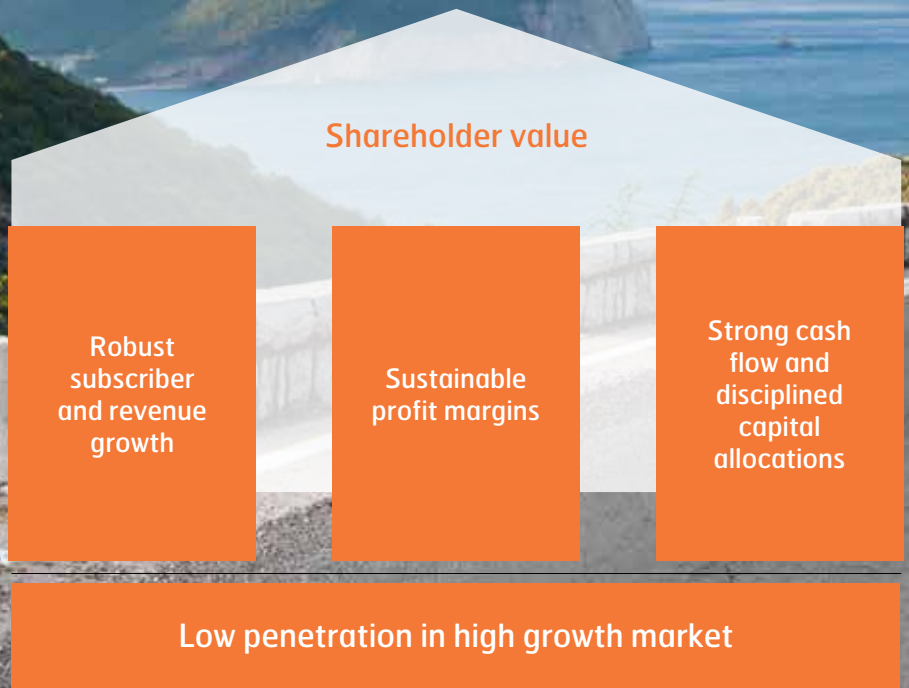
In South Africa the number of FM systems in active use is forecasted to grow at a compound annual growth rate (CAGR) of 10,8% to 1,5 million by 2020.

The rate of vehicle theft remains high with no visible prospects of it reducing in the foreseeable future.

32 STRATEGY, OBJECTIVES AND PERFORMANCE

Cartrack is in the business of global asset tracking, monitoring and recovery services, together with the provision of workforce optimisation and fleet management information (data analytics) from a platform of innovative and leading technologies.

Financial aspects of our strategy

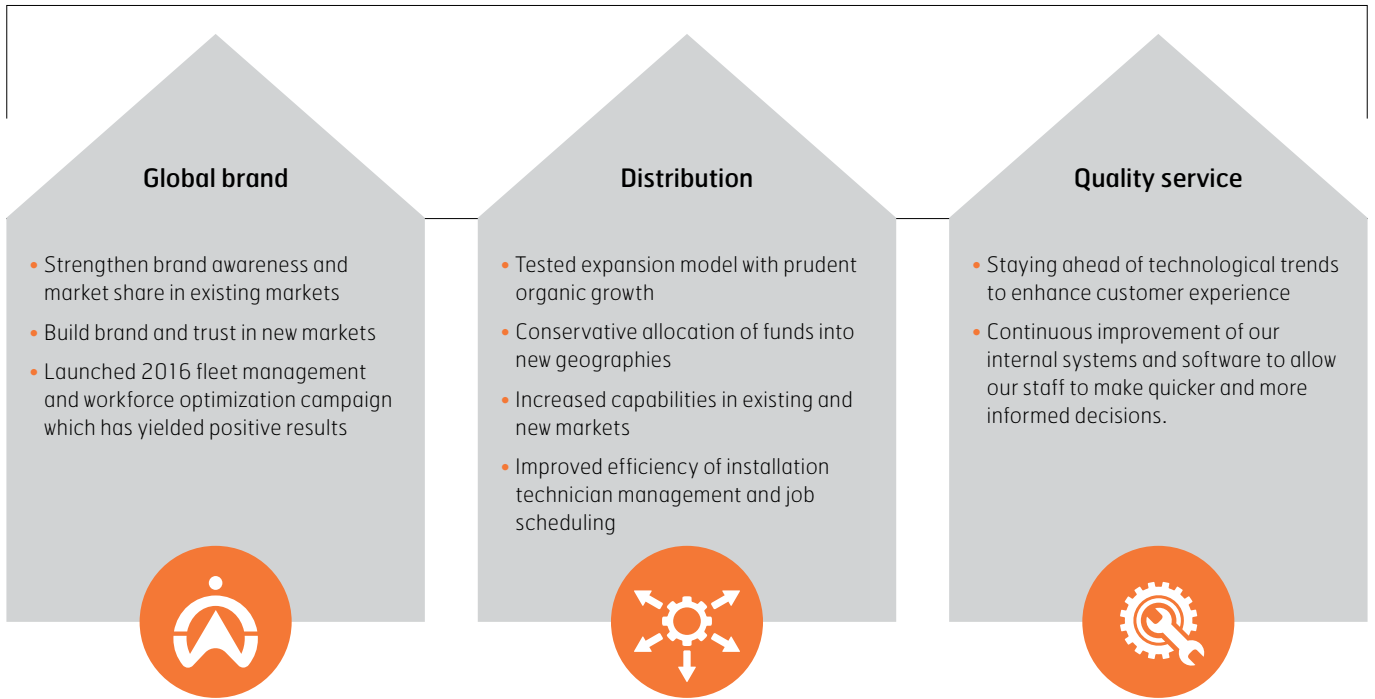


Cartrack follows a dual strategy of focusing on the key financial aspects of the business model, as well as driving initiatives to build our brand, our markets and our customer base.



Operational aspects of our strategy

Well defined strategy



	<p>The opportunities in our selected target markets and products are substantial as discussed above. The most important challenges facing Cartrack in delivering on these opportunities are:</p> <ul style="list-style-type: none"> Being able to maintain our high service levels while increasing the size of business at a rapid rate (staff selection and skills retention and systems development); Continuous innovation from our base platform of hardware and systems technology (market research and development); Competition, the impact on margins and market saturation in selected markets; and The lack of global brand awareness for the Cartrack brand. 	<p>We believe that the practical initiatives to produce the advantage that is required to overcome the challenges, regardless of the competitive and economic scenarios that may unfold, are based on:</p> <ul style="list-style-type: none"> Building a global brand, by continuing to grow the footprint and following our local and international marketing strategy that builds brand recognition, reputation and differentiation. <p>We again invested substantially to sustain and extend brand awareness through advertising and marketing during the past year. To monitor the effectiveness of the expenditure, a brand tracking survey is conducted in the South African market on an annual basis. In the latest survey conducted in May 2015, the results indicate that Cartrack has been increasing brand awareness, brand knowledge and brand usage across a number of dimensions over the past year for both the fleet management and SVR product ranges, validating the resources in terms of time and money that are allocated to this objective.</p>
--	--	--

Global Fleet Management Solution

Cartrack introduced a Global Fleet Management solution in 2016.

The product provides Fleet owners with a seamless cross border fleet management monitoring system, without the hassle of paying for additional roaming costs.

Fleet customers now have the option to fit a Cartrack Fleet Management Lite product with a global SIMcard to view un-interrupted fleet management data across the length and breadth of Africa in real time.

The map below shows the tracking on one of the fitted vehicles across South Africa, Zimbabwe and Zambia.



Increasing the extent of our market distribution is in itself assisting our brand awareness, especially in a global sense. In this regard, the listing of Cartrack in 2014 has undoubtedly given us the presence and perceived credibility we aimed for, evidenced by our successful engagement this year with a variety of top companies and regulators that would not have entertained us if we were not a listed entity.

- **Maintaining a strong focus on market research and product innovation off a platform of innovative and leading technologies.**

Cartrack's technology platforms undergo continuous evolution to adapt to new compliance requirements, customer demands and developing trends. We also stay ahead of technological trends to be well positioned for future growth opportunities across different industries and geographies. Cartrack commits significant resources to R&D to drive innovation for enterprises to optimise their management of mobile assets and mobile workforces. To this end, Cartrack will be launching the next generation of hardware early in the new financial year, further establishing its product leadership.

- **Expanding our sales infrastructure.**

Management and sales skills as well as distribution channels are being enhanced to support targeted and aggressive selling.

- **Continuously fostering operational excellence in terms of rapid and effective service at all levels with efficient systems and productive staff.**

We are very proud of our 94% audited recovery rate on stolen vehicles, which is further underpinned by our guarantee of up to R150 000, should we not be able to recover a vehicle. System uptime in excess of 99% was achieved in the 2016 financial year, further bolstering customer service levels. Revenue generated per employee was R656 for 2016.

- **Attracting the right people –**

maintaining a committed and skilled staff complement through effective selection, training, incentivising and teambuilding. Cartrack believes that its accomplishments are to a large extent attributable to its success in attracting, motivating and retaining the right people in each of its operations. Our target market is extensive and growing, and the challenge is to get the right people to take advantage of the significant opportunities that are available to the Company. We are particularly pleased with the good progress we have made this year in successfully staffing the new infrastructure we have developed in Asia. Furthermore, retention of staff in key positions remains high, though in more junior roles it is acknowledged that work needs to be done to reduce the level of staff attrition.

THE YEAR IN REVIEW

Cartrack grew revenue by 20% to R1 billion despite challenging trading conditions.





CHAIRMAN'S AND CEO'S REVIEW

38

Cartrack's vision is to achieve global industry leadership in the Telematics industry.

Zak Calisto
CEO



Dave Brown
Chairman



Cartrack's vision is to achieve global industry leadership in the Telematics industry. We have been working tirelessly to achieve this vision, not only through our increasingly extensive geographical expansion, but also through further innovation of our proprietary technologies. Our technologies range from advanced fleet management, to tracking prisoners in Singapore and providing increased efficiencies in workforce management. Yet other technology variants have taken the Company's services into insurance risk management, data analytics and added value products, providing personal safety and peace of mind.

Innovation lies at the heart of our business and it is vital to the success thereof – to this end we ensure that we are constantly developing new technologies that take into account the learnings from all the countries we operate in. This keeps us globally relevant in both hardware and services.

Financial results

We are pleased to report results in keeping with our track record of delivering year-on-year growth in our subscriber base and profitability.

Cartrack increased headline earnings by 27% to R241,9 million and headline earnings per share by 27% to 81 cents. This represents compound growth of 19% since 2014, our year of listing. We have declared a total dividend of 55 cents per share for the year, which represents a 20% increase on the prior year. Given the difficult economic climate, performance from both a revenue and profit perspective was lower than envisaged in our targets for the year. Nevertheless, management is satisfied that performance of all entities showed positive improvements against their objectives and satisfactory financial growth compared against the prior year.

Operating environment and competitive landscape

The improved financial performance has been achieved despite the challenging economic environment locally and internationally. We have experienced pleasing sales growth, with limited price pressure from competitive activity. Cost push inflation, particularly from the weakened Rand:US dollar exchange rate, has however impacted on margins and is expected to be

felt to a greater extent in the next financial year.

We attribute the successful sales growth in the period to our ability to adapt to the changes in our operating environments globally, to the value we add for customers, to stringent internal controls and to the fact that we operate in rapidly growing and largely underpenetrated markets. Even in South Africa, which is a more mature market, price pressure is only being experienced in certain sectors of the market – with the insurance channel being the best example. In these markets, we have avoided acquiring business from excessively discounted channels, but rather competed directly for new business, which has proven successful in growing our subscriber base while protecting our margins.

There is growth in the market over and above the growth in the number of vehicles sold, potentially indicating deeper market penetration and/or market share gains for Cartrack. The market, however, continues to expand, thereby allowing adequate growth without the need for either severe price competition or the pursuit of market share.

We are fortunate that our business is not overtly sensitive to economic conditions and our industry is able to weather economic headwinds better than most. This stems from the fact that, contrary to other industries, challenging economic climates actually

Innovation lies at the heart of our business and is vital to the success thereof.



REMOTE
IMMOBILISATION



TOLL ROAD
MANAGEMENT



TRIP
REPORTS

Interesting 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.



Interesting 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.



create additional demand for our products and services, as pressures on the bottom line cause companies to seek ways to improve cost efficiencies.

Our successes

A key highlight for the year has been within the distribution offering, following the investments made over the last year(s). We are starting to see the benefits of the investment we made in our distribution chains, through higher sales. Despite less than robust economic conditions in most of the markets we operate in, we have been able to maintain margins on continued sales and it has, to a large extent, made up for the losses in the exchange rate domestically.

We recently surpassed the landmark milestone of 500 000 active subscribers in the territories in which we operate, and it is estimated that we now rank among the top Telematics companies globally.

We have also recorded in excess of 18 000 vehicles recovered to the total value of over R3,5 billion since commencement of business in 2004 and consistently maintain our independently audited recovery rate at 93% or above. Cartrack was the first to market with a unique R150 000 recovery warranty. To honour this warranty, we have paid out in excess of R9 million since the inception of the recovery warranty in 2012 – a small amount relative to the value of recovered vehicles, but testimony to Cartrack's claim to its superior service and to "putting our money where our mouth is".

A further highlight this year is the progress we have made on our international platforms. Government regulation has been increasing in many of the countries in which we operate, either to gain access to data or to strengthen the privacy protection of their citizens.

While this is a global trend, regulations are unique to every country and compliance has to be adhered to in each territory. Cartrack has done substantial work in Europe, Asia and Dubai over the past year, to integrate our technology and comply with the latest legislation in each region. We received approvals in several markets and are far advanced in achieving approval in others. Compliance will provide the platform to further increase our addressable market and therefore our sales in those regions.

The ventures that we have established in Asia in the past year are showing good progress, with a key highlight being the Singapore operations, which have become profitable after only three years in operation.

Cartrack's agreement with MAN Truck and Bus South Africa, the regional original equipment manufacturer (OEM), was announced earlier this year and is a significant event for the Group. This stems not only from the new business that will flow from the opportunity, but also from the evidence that it provides that we are able to assist manufacturers to differentiate themselves through supportive products. There is a growing trend for OEMs to form relationships with Telematics suppliers to provide clients with a choice of several Telematics platforms, as clients may own vehicles across a range of OEMs. Our relationship with MAN, as one of the major suppliers of trucks into the South African market, provides Cartrack with an opportunity to participate in this emerging market.

Our challenges

The most significant challenge for the year has been the unexpected decline in the South African currency. While the Rand's declining trend in the first half of the year was factored into our forecasts for the remainder of the year, we did not foresee the political event that precipitated the plunge in the Rand. This impacted on our results to a far greater extent than could have been anticipated. The currency effect is most noticeable in the cost of acquisition of a new client, with equipment costs increasing markedly. The impact on our results is estimated to be R11 million. Cartrack has recently been successful in achieving some price increases to help alleviate the negative effect of the Rand depreciation, but this will not offset the overall impact.

Our second challenge has been the collapse in commodity prices, which has brought financial mayhem to countries across Africa. Access to foreign exchange has become restricted in many jurisdictions and has forced trade at exchange rates that are onerous, with a commensurate impact on financial performance. More concerning is the flight of foreign investment from these countries, which is continuing to impact the growth in the affected economies. We are fortunate that Cartrack's hardware (and therefore our exposure to the foreign exchange woes) only represents 15% to 20% of revenue and we do not rely on foreign exchange to continue to service existing subscribers. This allows us to continue to grow, albeit at a slower pace than previously anticipated.

We remain committed to Africa and will continue to do business in our targeted regions. The low base of our African

operations reinforces our belief that we can continue to grow during these tough times and that we are very well positioned for future growth when these economies start to improve.

Cartrack cares

In a country as diverse as South Africa there are numerous areas of society that require assistance in order to continue to build a society that thrives. Corporate South Africa has a duty to play its role by ensuring that it looks after not only its employees, but its citizens too. To this end, Cartrack is involved in a variety of projects that assist in making South Africa an even better place to live. These range from assisting organisations such as Wheel Well, Kwagga and Missing Children South Africa, to empowerment of previously disadvantaged individuals through an enterprise development program and access of deserving individuals to improved education via Cartrack's Education Fund.

Sustainable business

Business sustainability is a key thread running throughout our operations. The implementation of strong governance and the alignment of practices with stakeholder and regulatory requirements, combined with responsible deployment of the capital inputs, further support sustainability of the Cartrack Group.

Governance was a key focus this year, with the further roll-out of policies and structures to enhance the levels of governance and formalising existing policies and processes. The internal audit team and programme has been established and is now operative. Information Technology, which forms a substantial part of our technology and operational platforms, remains a key governance focus area and additional structures are under analysis and consideration to further strengthen this critical function.

As part of our efforts to protect the environment, Cartrack formed a relationship with a recycling plant in November 2015 in order to recycle waste products in our work areas, while we also encourage our employees to bring recycling items from home. Besides normal office waste, the company focuses on the recycling or appropriate disposal of its batteries and scrap Cartrack units. This ensures compliance with the WEEE Directive, as all units from around the world are returned to South Africa for repair or scrapping.

Appreciation

We thank all stakeholders, including our management team, employees, customers and investors for their support during the year. The hard work and dedication of our employees have been pivotal in ensuring that Cartrack remains strong and focused in what continues to be an exciting market. In particular, we express gratitude to all members of the Board for their valuable input and guidance, and to our shareholders for their continued support and faith in Cartrack.

Outlook

Wireless communications and mobile connectivity continue to revolutionise the way we think and do things, from mobile phone apps and wearable devices to connected cars and homes. Billions of consumers and businesses across the globe are being connected and enabled through the power of wireless telecommunications, and Telematics is playing a dominant role in this evolution.

This is a dynamic industry to be part of and, with the current high growth projected to continue globally at almost exponential rates, the future remains bright. We have a substantial active subscriber base, a significant addressable market, a strong technology platform and a brand that is growing in stature and reputation. Our imperative is to utilise these sought-after attributes to continue to grow the Group and add shareholder value in the measured and cost efficient manner that has become our trademark.

The Telematics industry is experiencing tremendous growth 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.

Interesting fact 3

Cartrack has recently been appointed the preferred Telematics and Stolen Vehicle Recovery (SVR) provider for MAN Truck and 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 and Bus Chassis Plant in Pinetown, KwaZulu-Natal.



A handwritten signature in black ink, appearing to read 'David Brown'.

David Brown
Chairman

A handwritten signature in black ink, appearing to read 'Zak Calisto'.

Zak Calisto
Chief Executive Officer

What our customers say



Biofarm

The company Biofarm is a Polish pharmaceutical company, engaged in manufacturing cardiological, neurological and internal medicine. After deciding to implement a monitoring system for 210 vehicles in our Company, the Polish market has been analysed in detail for potential market solutions. We have chosen the company Cartrack Polska and its product MY PREMIUM FLEET due to the wide functionality (in particular the reporting system) which fully satisfies us and is helpful in many processes of fleet management. Cartrack My Fleet also proved to be a tool with which we have increased the efficiency of the sales department employees. The installation process monitoring units in cars made by installers Cartrack, and assistance in system implementation and training, were conducted professionally and on time. We can recommend Cartrack My Fleet as professional and consistent with our high expectations.



Jerónimo

Jerónimo Poland S.A cooperates since May 2011 with Cartrack Poland Sp. z o.o. Through the installation of GPS equipment (Tracking Box) in our cars, Jerónimo Poland S.A. is able to monitor and track their car fleet. Based on the active cooperation between both companies, Cartrack is perceived as a reliable partner, providing services in a professional way, anytime honestly fulfilling their duties.



Selgros Cash & Carry

Selgros Cash & Carry is a nationwide network of wholesale traders. We offer full supplies for people and companies that operate in businesses. We operate in 15 Polish branches, employing more than 4 000 employees, including a large and effective team of sales representatives taking care of our customers. Within this letter we would like to provide references for the company Cartrack Poland Sp. z o.o. with its office registered in Warsaw at Wiertnicza 104 – who provide us with a professional approach and solid technical support associated in assembling and monitoring GPS 99 business cars. Having access to a functional program allows us to perform a precise performance analysis of our employees. This additionally allows us to optimise and thus to improve the effectiveness and efficiency of service to our clients, and while with Cartrack Poland Sp. z o.o. we cooperate since 30 September 2011 we need to underline that Cartrack Poland Sp. z o.o. has become a trustworthy partner being highly professional, honest, treating customers properly and with maximum commitment – hence we look forward to our ongoing cooperation and wish best successes.



CASE STUDY

VEHICLE FINANCE AND LEASING



COMMERCIAL – GENERAL



LOGISTICS



INSURANCE



CAR RENTAL



KONICA MINOLTA REGISTERS STRONG FUEL EFFICIENCY WITH CARTRACK



Konica Minolta is not only reminiscent of the famous photographic cameras of the two Japanese firms which merged in 2003. It is also a Group present in many offices and in many industrial and health units scattered throughout the world, which use Konica Minolta technology to improve their work processes. Present in 49 countries, it employs over 40 000 people around the world. In Portugal since 1989, the company works with 150 collaborators, centering its services in the printing, office equipment and document management sector.

Konica Minolta extends its technical assistance services to all regions of continental Portugal. The company has more than 100 vehicles, and managing routes and teams became essential in order to ensure a quick response to the client. Additionally, for a fleet of this scale, the efficiency of costs was also an important factor, namely savings in fuel. It was necessary to guarantee a reduction of consumption through the optimisation of routes and also through more efficient driving. Finally, concerns remained over the issue of security and the need to guarantee the recovery of vehicles in the event of theft.

“We were the first company of the Group that embraced Cartrack in relation to fleet management,” says Nuno Soares, CFO of Konica Minolta Portugal, proudly adding, “We don’t mind being pioneers ...”. Geolocation, definition and control of routes, monitoring of driving and consumption of fuel are some of the parameters that Konica Minolta controls through Cartrack’s fleet managing system. “At the end of the first year, due to a more rational use induced by the equipment installed, the consumption of fuel fell by over 10%,” Nuno Soares states. Revealing that he is “very satisfied” with the Cartrack system, he also highlights more difficult variables to measure, such as greater routing efficiency and improved business performance. In addition, he adds, “there was also a decrease in the average speed of vehicles”.



BUSINESS 44 OVERVIEW

Management focus remained strongly on sales growth in all countries of operation, with considerable emphasis also being placed on building the infrastructure base of the Asian and Middle Eastern operations established during the latter part of the 2015 financial year.

Cartrack's business is broadly divided into the services of Fleet Management, including workforce management, Insurance Telematics and Stolen Vehicle Tracking and Recovery (SVR) services. The Fleet Management subscriber base has grown by 60 580 units, representing 56% (2015 – 51%) of the total Cartrack active contract base. This is very much in accordance with the global market growth predictions and this trend is expected to continue as Telematics continues to provide both commercial and individual consumers with additional mobile connectivity solutions that add value to people's lives through cost savings, safety, convenience and other job and/or life enhancing features.

Stolen Vehicle Recovery is a service which is of considerable value to private and commercial vehicle owners and insurers in both South Africa and Mozambique where vehicle theft remains a serious problem. Theft in certain Asian countries is also an issue, though not at the same level as in Southern Africa. In most other areas of operation the theft rate is low and is not a real demand driver for Telematics services. SVR continues to be a growth sector in Southern Africa, both as a stand-alone service as well as service combined with Fleet Management/Insurance Telematics solutions. The SVR-only base (excluding that portion of the base which combines SVR with Telematics services) has grown by 10 830 vehicles to represent 41% (2015 – 45%) of the total Cartrack contract base.

As part of the international expansion drive, Cartrack opened new operations in six countries in Asia and the ME towards 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 either acquired or started as greenfields operations during 2016, as the Group focused on establishing the new operations in Asia, though new expansion opportunities continue to be a focus point and are investigated on merit.

Revenue from international operations grew 25% to a total of R256,9 million which represents 26% (2015 – 25%) of global revenue. Approximately R5,5 million (2%) of this international revenue growth is attributable to net exchange rate gains by the foreign currencies traded in. Compared to international operations, South Africa recorded a lower, but solid growth of 19% (2015 – 18%) in revenue. Management's targeted revenue growth for 2016 has been substantially realised despite the trading conditions experienced, particularly in Africa, proving to be more adverse than originally forecast. Despite these economic headwinds, management is of the opinion that the business is well positioned to weather these challenges and will continue to grow for the foreseeable future at rates consistent with that achieved in the year under review.

Net profit before tax of international businesses grew by 58% to R87,5m, being bolstered by the foreign exchange gain of R20,6m, on a loan from Cartrack Holdings Limited (CTH) to Cartrack Technologies Asia PTE Ltd (Singapore), being settled during the year. The share capital of Singapore was subsequently increased and paid up by CTH. At an operating profit level, despite the extent of the decline in economic conditions in the Africa – Other segment being considerably more severe than anticipated and the costs of the infrastructure build in Asia, international operations grew 31%, increasing their share of total Group operating profit to 20% (2015 – 18%).

Considerable focus and effort was placed on technology innovation this year. Next generation Telematics units are in 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.

Operating Segments

The Group remains organised into geographical business units and has the same four reportable operating segments as for the prior year. Each operating segment provides essentially the same or similar products and services to a homogeneous target market. Segment performance is both planned for and evaluated by management based on revenue and profitability up to a before tax level.

There having been no acquisitions of operating businesses – the segmental analysis reflects the organic growth in earnings and profit of each segment.

South Africa

Despite the economic slowdown, evidenced by declining new vehicle sales, and lower consumer confidence, this region achieved record annual unit sales and grew its subscriber base by 16%. Revenue grew by 19%, with all distribution channels recording strong growth. Good progress was achieved with sales over the digital platform. 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.

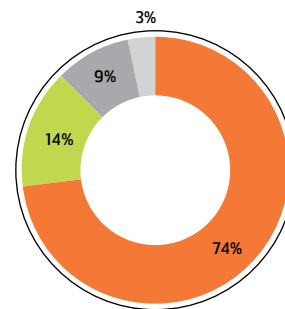
Operating expenses increased at a faster rate than revenue due primarily to a build in sales and distribution channels and a higher incidence of debtor defaults by cash-strapped consumers (being mostly individuals rather than corporate clients). Strict credit controls and measures to mitigate write-offs are in place.

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

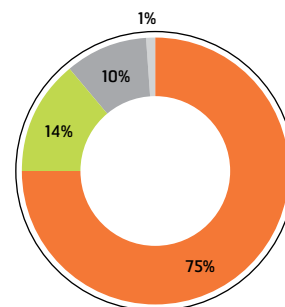
A new television campaign focusing on Fleet Management was launched in 2016, supplementing the SVR campaign released last year. These campaigns have been well received by the market and have positioned Cartrack as a Telematics service provider with the most comprehensive range of products and services.

A number of new products were launched during the year, such as motor bike tracking and recovery and a full Telematics unit for cost-effective real-time tracking of vehicles operating across borders throughout the African continent.

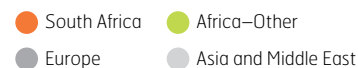
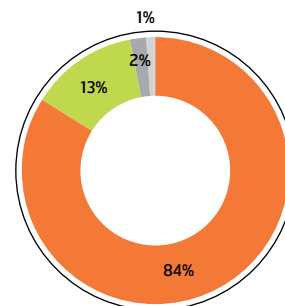
REVENUE 2016



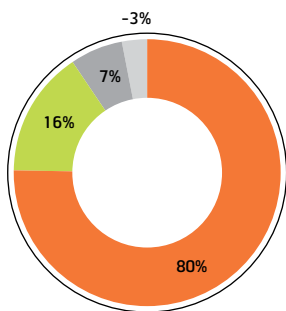
2015



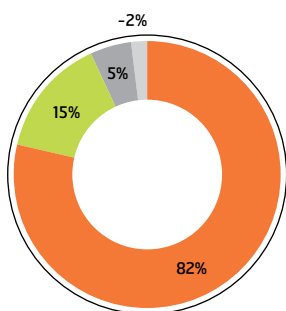
2014



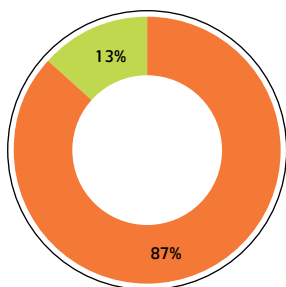
OPERATING PROFIT 2016



2015

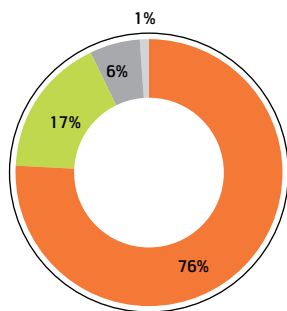


2014

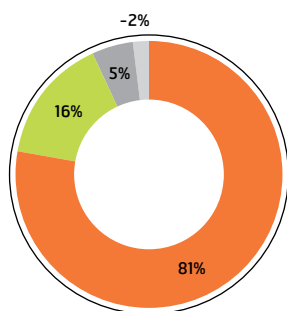


● South Africa ● Africa-Other
● Europe ● Asia and Middle East

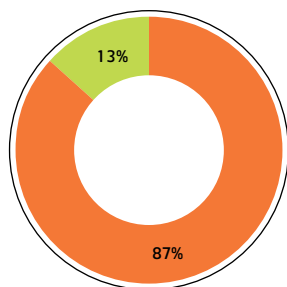
PROFIT BEFORE TAX 2016



2015



2014



● South Africa ● Africa-Other
● Europe ● Asia and Middle East

Africa – Other

This segment was the hardest hit by deteriorating economic conditions, and the unexpected high and rapid depreciation of local currencies. Declining global demand and prices of mineral resources severely impacted the economies, resulting in higher debtor defaults, particularly in H2, foreign exchange shortages and Reserve Bank restrictions on international payments. The slowdown in the economies is clearly noticeable, but the main concern is the difficulty in remitting funds from these countries for inventory payments and dividends and the adverse exchange rates consequent upon the forex shortages. Global resource prices have already shown some recovery since year-end and continued support of normal operations in these countries remains a management priority.

New unit sales declined in most African countries of operation. Despite the difficult conditions, the Africa subscriber base grew by 10% (2015 – 23%) and revenue by 22% (2015 – 40%).

Given the economic challenges within most African countries, higher debtor defaults are to be expected. Regular reviews are held to assess the ability of debtors to pay and during 2016 management has taken a prudent approach to either write off or provide additionally for doubtful debts to the extent of R9,8 million in total during 2016. This was the main contributor to the increased operating expenses.

Operating profit nevertheless increased 29% to R56,5 million and contributed to 16% (2015 – 15%) of global operating profit. Management is confident of a further similar improvement in the year ahead.

Europe

Europe has been slow to recover from the 2010 financial crisis. Despite the economic challenges, a healthy growth of 23% was recorded in the subscriber base. The additional focus placed on growing Spain is now yielding improved results, with the subscriber base growing by over 2 000 contracts, an increase of 81%, and this entity almost reaching breakeven for the year. Poland and Portugal continue to record a healthy growth in subscribers, although competition remains strong. Regulatory matters around transport in Europe and the protection of personal information are strong influencers of Telematics developments, and Cartrack has, during 2016, introduced various modifications and developments to assist transporters to comply with these more stringent laws.

Revenue grew 12% and the European segment share of global revenue decreased by less than 1% to 9%. Cost increases were contained; the strengthening of the Euro against the Rand also assisted in reducing the cost of sales, which is reflected in the gross margin increasing by 3%. The combined effect was an increase of 53% in operating profit, which resulted in the contribution to global operating profit rising to 7% (2015 – 5%).

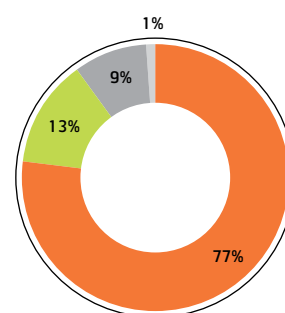
Asia & the Middle East

2016 was the first full year of operation for six of the Asian entities with only Singapore already being fully operative for three years and profitable in the 2016 financial year. 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 sales, distribution and service aspects of the business.

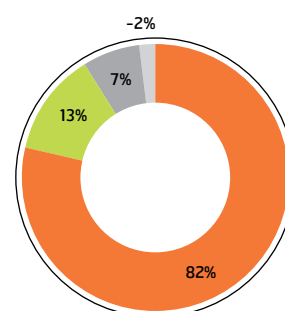
This segment grew its subscriber base by 5 700 contracts to 9 490 subscribers and lifted revenue 134% to R27,6 million. The well-established Singapore operation increased its profitability this year on the back of solid subscriber growth; the other newly established entities recorded losses, though less than planned. Total segmental operating losses grew from R7,1 million in 2015 to R12 million in 2016 as the overhead expenditure on the infrastructure build of each operation was increased to support the planned sales growth.

Net foreign exchange gains of R18.5 million were recorded during the year. These comprise both net operating gains on trading accounts and net non-operating gain on intercompany loan accounts of R15,7 million. The settlement of the loan advanced by Cartrack Holdings Limited (CTH) to Cartrack Technologies Asian PTE Ltd (Singapore) for the funding of the establishment costs and working capital requirements of the Asia region was the main contributor to this non-operating gain. Subsequent to settlement of this loan, the share capital of Singapore was increased and paid up by CTH.

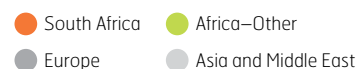
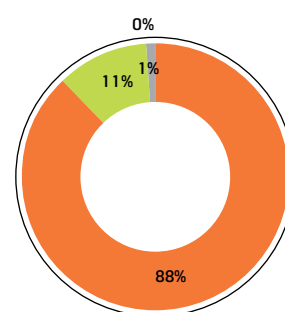
EBITDA 2016



2015



2014



Acquisitions

Two companies were acquired on 1 March 2015.

Onecell Manufacturing (Pty) Limited was purchased from Onecell Holdings (Pty) Limited for R100, being the nominal value of its share capital, and changed its name to Cartrack Manufacturing (Pty) Limited. This acquisition, as previously disclosed, places Cartrack in full control of the procurement and manufacture of its own designed products.

Bonito Recruitment (Pty) Limited was purchased from Onecell Holdings (Pty) Limited on 1 March 2015 for R100, being the nominal share capital value. This Company changed its name to Cartrack Management Services (Pty) Limited and provides management services to the Group.

FINANCIAL **48** REVIEW

Record new unit sales have been achieved during the year, pushing revenue above R1 billion and recording a 20,4% growth on 2015. A 17% growth in active subscriber contracts was realised, taking the subscriber base above 500 000 subscribers for the first time.

World economies performed generally poorly throughout the financial year ended February 2016 and no substantial change in this regard is anticipated in the short to medium term. South Africa, Cartrack's largest operating segment, was equally affected and in addition was subjected to a sharp currency depreciation against the major world currencies, as were other African countries in the Africa – Other segment. Against this backdrop, Cartrack has nevertheless substantially achieved its growth and business objectives for the year ended February 2016.

Financial Statistics		2016	2015	% Change
Total revenue	R million	1 006	835	20
Subscription revenue	R million	842	702	20
Subscription revenue (% of total revenue)	%	84	84	(0,3)
Operating profit	R million	345	290	19
Operating profit margin	%	34,3%	34,7	(1)
Net profit after tax	R million	259	208	25
Profit attributable to equity holders of parent	R million	240	192	25
EBITDA	R million	463	362	28
EBITDA margin	%	46	43	7
Headline earnings per share (HEPS)	cents	81	64	27
Final dividend declared	cents	35	30	17
	R million	(105)	(90)	
Total dividend declared/paid	cents	55	46	20
Cash generated from operating activities	R million	392	344	14

Cartrack continued to focus on increasing its revenue by further strengthening its position in markets where it is already well established and on building its infrastructure in all the 2015 start-up Asian operations.

Income statement

Revenue and profit (before and after tax) recorded in the second half of 2016 comprised approximately 53% of the total compared to 47% recorded in the first half year. Traditionally it is expected that the second half year will show a higher proportion of the year's revenue and profit. However, this has been accentuated in the 2016 year due to improved revenue growth from South Africa during the second half year after additional spend on sales and distribution overheads as reported in the interim report.

Revenue generated from non-South African operations marginally increased its share of total global revenue to 25.5% (2015: 25.1%), assisted by the high growth rate from Asia, albeit from a low base. South Africa's share of the Group operating profit reduced from 81.9% (2015) to 80% (2016). The increase in spend on sales and distribution infrastructure build in the Asian 2015 start-up operations resulted in anticipated higher losses in these countries; these increased Asian losses countered to a degree the stronger operating profit gains from Africa – Other and Europe.

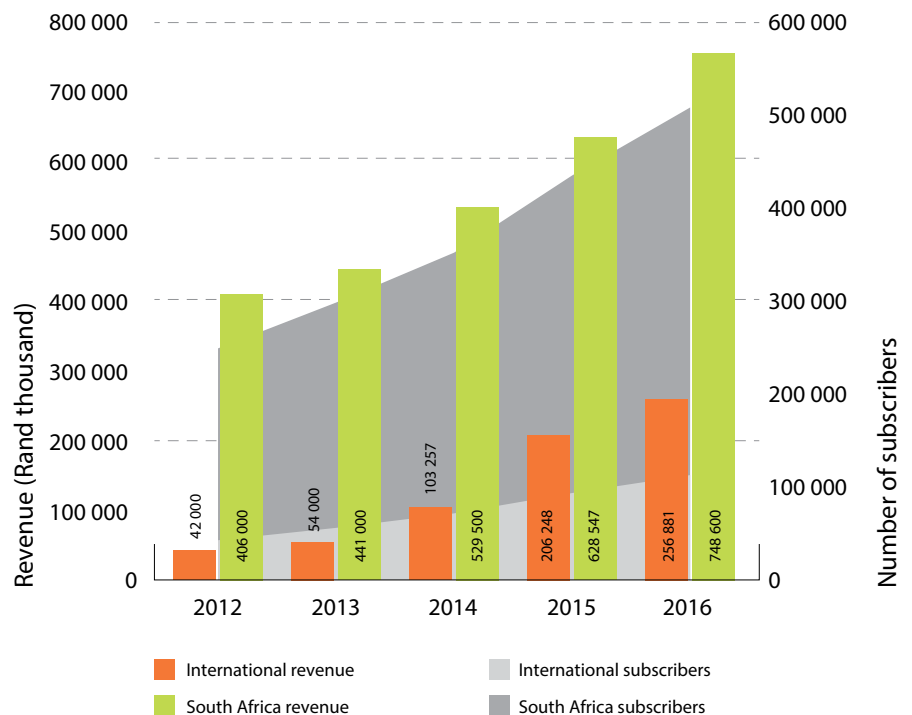
Record new unit sales have been achieved during the year, pushing revenue above R1 billion and recording a 20.4% growth on 2015, this without any new business operations having either been acquired or started as green field operations during the year. A 17% growth in active subscriber contracts was realised, taking the subscriber base above 500 000 subscribers for the first time.

Gross profit margin increased to 81% (2015 – 78%) despite the negative impact on cost of sales of the depreciating Rand. The benefit of stockholdings and prepayments for component stocks at the lower exchange rates ruling before the Rand depreciation to the US dollar from around July 2016, is a key contributing factor here.

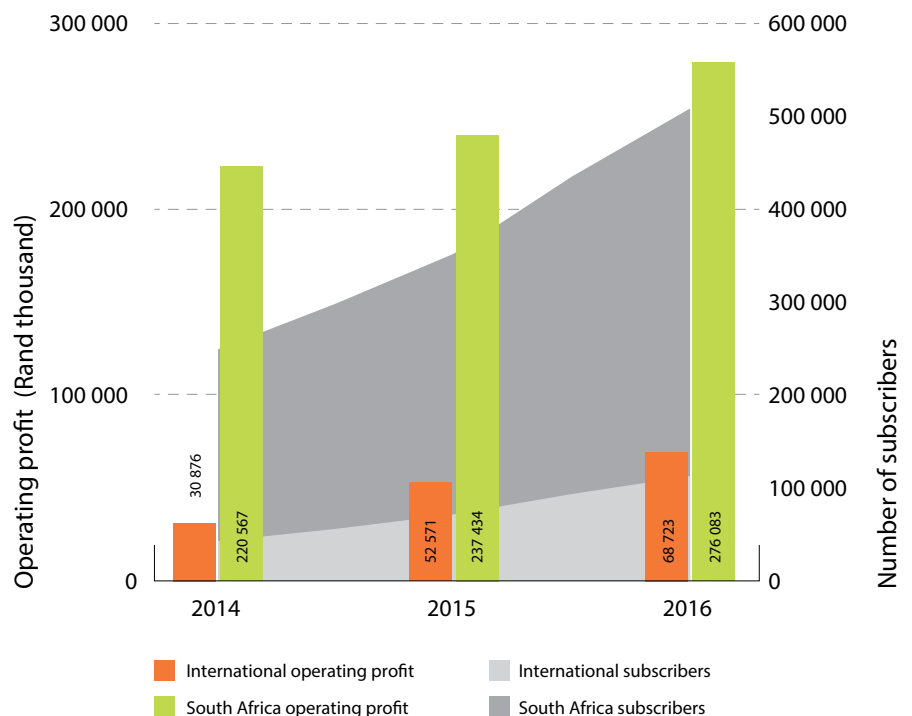
Operating profit reflects an increase of 19% year-on-year, with the margin decreasing by 0.4% to 34.3% (2015 – 34.7%). Operating expenditure rose 33% year-on-year (2015 – 40%) on the back of:

- increases in expenditure in Asia for the development of the new operations;
- sales and distribution infrastructure spend in South Africa for which the benefits have started to be realised in the second half of the year to February 2016; and

REVENUE/ SUBSCRIBERS



OPERATING PROFIT/ SUBSCRIBERS



- increases in write-offs and provisions for defaulting debtors which is seen as a reflection of the slower economic growth, particularly in the African countries in which Cartrack operates.

A final dividend of 35 cents per share has been declared which, together with the interim dividend paid of 20 cents per share, brings the total dividend in respect of 2016 to R165 million (2015 – R138 million), an increase of 20%.

Impact of foreign exchange rate changes on financial performance

Despite the sharp decline in 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 the other Group trading currencies had a net negative impact on consolidation	-3.0
	13.0

Impact of global financial market volatility on operations

Two countries in which Cartrack trades and whose economies have been subjected to significant adverse economic conditions arising from the global economic slowdown and the consequent fall in demand and prices for commodities and oil, are Mozambique and Nigeria. This has severely limited the availability of foreign currency reserves for international payments and, particularly in the case of Mozambique, has caused a substantial weakening of the Metical against the Rand. The impact to date on Cartrack has been a restricted flow of funds out of these countries for the payment to Cartrack South Africa for stock delivered and for dividend payments as well as the imported inflationary cost impact in those countries and the lower value of Rand denominated dividends. To date this has been manageable, albeit payment delays have been experienced. As the situation is seen fundamentally as being a symptom of the global economic slowdown and hence a recovery in financial reserves is anticipated in the medium-term, business operations are being managed accordingly and no business interruption is expected. Having said that, given the extent of macroeconomic events in Mozambique, it is possible that a longer delay in recovery in this region could be experienced.

Mozambique and Nigeria's combined contribution in 2016 to EPS was 6 cents per share.

Accounting reclassifications

We have made a reclassification of certain expense from operating expenses to cost of sales in the year, so as to better represent the respective expense categories. The nature and effect of the reclassifications are fully described in the notes to the financial statements and are consistent with the treatment applied in the interim financial statements.

Refer to note 35 in the Consolidated AFS on our website.

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 giving effect to this correction in accounting treatment, the financial statements in respect of the two previous financial years have been restated. The impact only reduced earnings per share by 1 cent in 2015 (2014 – zero cents).

The nature and effect of the correction is fully described in note 2 on page 57 of this report.

Foreign exchange profit

The establishment and development of the operations in the Asia and Europe segments have since inception been financed substantially by loans from Cartrack Holdings to Cartrack Technologies Asia PTE LTD (Singapore). As the ongoing development of the infrastructure and the need for working capital to sustain the growth plans for the region will require further cash inputs over the medium-term, management deemed it preferable to increase the share capital of Singapore. This was done in 2016 and, on settlement of the loan and consequent on the deterioration of the Rand exchange rate against the Singapore dollar, a non-operating foreign exchange gain of R20.9 million was realised in the Asian segment and is included in the Group net non-operating foreign exchange gain of R15.7 million. In addition to this substantial gain, other operating exchange gains were realised in the normal course of trading.

Managing our balance sheet

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 0.9 (2015 – 1.0), both indicate consistently healthy cash generation and working capital management. Inventory value has increased by R26 million, mainly attributable to the acquisition of Cartrack Manufacturing (Pty) Limited in March 2015, the global producer of the Cartrack Telematics units, whose main asset is inventory comprising component stocks, work-in-progress and finished goods.

Trade debtors receive continuous management focus, especially in recent times due to the increasingly difficult economic conditions generally being experienced by consumers. This is particularly the case in South Africa and Africa – Other segments where individual consumers, as opposed to commercial clients, form a larger component of the subscriber base. An increase in defaulting debtors has been experienced during 2016, and debtors' write-offs and provisions for bad debts have been increased appropriately. The debtor's book at the end of 2016 reflects that the gross average debtors days outstanding has deteriorated to 40 days (a deterioration of approximately 10 days) while, net of provisions raised, the net average debtors days outstanding are one month.

Low fixed asset infrastructure requirements to sustain growth, together with the tight working capital controls, results 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 receivables increases of R79 million referred to above. Higher tax payments partially offset the increase in operational cash flow as R14,4 million paid in 2016 related to additional tax payable in respect of last year due to the accounting policy change in 2015 (in respect of capitalised rentals).

Other than finance leases for our fleet of vehicles, Cartrack remains ungeared. Purchases of Property, Plant and Equipment additions in the year amounted to R158 million, an increase of R39 million, R40 million being attributable to the growth in subscriber rental contracts capitalised – there is an increasing trend towards rental

as opposed to cash contracts and Cartrack funds this from internal cash flows.

Enhancement of efficiency and effectiveness of financial systems.

A key objective is the continuous improvement of both financial and operating systems so as to deliver superior service to our stakeholders.

During the course of 2016 a study was undertaken to evaluate our existing financial control systems, identify and specify our requirements for improvement and to sustain planned future growth, and to research available ERP packages that could meet our business objectives. Following this study, approval of the Board was received to implement a suite of financial modules that will enhance the efficiency and effectiveness of our systems and provide the means to strengthen our internal controls. This will then position us to extend the implementation to other operational processes within the broader scope of ERP at a later stage. The pre-implementation process has

recently commenced and implementation is planned for the second half of 2017.

The past year has seen a further strengthening of our global financial reporting systems, standardisation of reporting across entities and, together with the establishment of an internal audit team, a further improvement in the breadth and depth of governance. We are well positioned to face the prospect of further strong growth and the challenges that this inevitably entails.



John Edmeston
Chief Financial Officer

Dividend 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.

CONDENSED AUDITED FINANCIAL STATEMENTS

For the year ended 29 February 2016

Consolidated Statement of Financial Position

as at 29 February 2016

Figures in Rand thousand	Note(s)	2016	Restated 2015	Restated 2014
ASSETS				
Non-current assets				
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
		398 062	315 209	216 958
Current assets				
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
		269 278	259 996	165 693
Total assets		667 340	575 205	382 651
EQUITY AND LIABILITIES				
Equity				
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
		460 495	373 762	235 161
Liabilities				
Non-current liabilities				
Finance lease obligation		7 789	5 618	4 169
Deferred tax		1 040	236	1
		8 829	5 854	4 170
Current liabilities				
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	–
		198 016	195 589	143 320
Total liabilities		206 845	201 443	147 490
Total equity and liabilities		667 340	575 205	382 651

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 29 February 2016

Figures in Rand thousand	Note(s)	2015	Restated 2015	Restated 2014
Revenue		1 005 481	834 795	632 757
Cost of sales		(186 749)	(185 536)	(130 004)
Gross profit		818 732	649 259	502 753
Other income		12 091	6 852	11 946
Operating expenses		(486 017)	(366 106)	(260 837)
Operating profit		344 806	290 005	253 862
Investment revenue		6 256	4 533	1 742
Net non-operating foreign exchange gain		15 667	–	–
Finance costs		(4 463)	(924)	(1 211)
Profit before taxation		362 266	293 614	254 393
Taxation		(102 779)	(85 646)	(72 708)
Profit for the year		259 487	207 968	181 685
OTHER COMPREHENSIVE INCOME:				
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations		3 399	(7 372)	18 276
Other comprehensive income for the year net of taxation		3 399	(7 372)	18 276
Total comprehensive income for the year		262 886	200 596	199 961
Profit attributable to:				
Owners of the parent		239 674	191 811	170 764
Non-controlling interest		19 813	16 157	10 921
		259 487	207 968	181 685
Total comprehensive income attributable to:				
Owners of the parent		245 842	181 884	180 252
Non-controlling interest		17 044	18 712	19 709
		262 886	200 596	199 961
EARNINGS PER SHARE				
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	Treasury shares	Total reserves	Retained income	Total attributable to equity holders of the Group/ Company	Non-controlling interest	Total equity
Opening balance as previously reported	*	42 488	42 488	21 005	-	21 005	157 307	220 800	33 713	254 513
Adjustments										
Prior period error (refer note 2)	-	-	-	46	-	46	(11 351)	(11 305)	(8 047)	(19 352)
Balance at 1 March 2014 as restated	-	42 488	42 488	21 051	-	21 051	145 956	209 495	25 666	235 161
Profit for the year	-	-	-	-	-	-	191 811	191 811	16 157	207 968
Other comprehensive income	-	-	-	(4 817)	-	(4 817)	-	(4 817)	(2 555)	(7 372)
Total comprehensive income for the year	-	-	-	(4 817)	-	(4 817)	191 811	186 994	13 602	200 596
Foreign currency translation movements within equity	-	-	-	16 017	-	16 017	-	16 017	(16 017)	-
Acquisition of subsidiary with NCI portion	-	-	-	-	-	-	-	-	1 838	1 838
Share issue	42 488	(42 488)	-	-	-	-	-	-	-	-
Buyback and cancellation of shares	(510 000)	-	(510 000)	-	-	-	-	(510 000)	-	(510 000)
Issue of new shares	510 000	-	510 000	-	-	-	-	510 000	-	510 000
Dividends	-	-	-	-	-	-	(48 000)	(48 000)	(10 832)	(58 832)
Increase in interest of subsidiary	-	-	-	-	-	-	(4 135)	(4 135)	(866)	(5 001)
Total contributions by and distributions to owners of Company recognised directly in equity	42 488	(42 488)	-	16 017	-	16 017	(52 135)	(36 118)	(25 877)	(61 995)
Balance at 1 March 2015 as restated	42 488	-	42 488	32 251	-	32 251	285 632	360 371	13 391	373 762
Profit for the year	-	-	-	-	-	-	239 674	239 674	19 813	259 487
Other comprehensive income	-	-	-	6 168	-	6 168	-	6 168	(2 769)	3 399
Total comprehensive income for the year	-	-	-	6 168	-	6 168	239 674	245 842	17 044	262 886
Purchase of shares for Share Incentive Scheme (Treasury shares)	-	-	-	-	(12 105)	(12 105)	-	(12 105)	-	(12 105)
Dividends	-	-	-	-	-	-	(150 000)	(150 000)	(14 048)	(164 048)
Total contributions by and distributions to owners of Company recognised directly in equity	-	-	-	-	(12 105)	(12 105)	(150 000)	(162 105)	(14 048)	(176 153)
Balance at 29 February 2016	42 488	-	42 488	38 419	(12 105)	26 314	375 306	444 108	16 387	460 495
Note(s)	4	4	4							

* R142 is not displaying due to rounding.

Consolidated Statement of Cash Flows

for the year ended 29 February 2016

Figures in Rand thousand	Note(s)	2015	Restated 2015	Restated 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
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)
Net cash from operating activities		261 386	266 516	214 919
CASH FLOWS FROM INVESTING ACTIVITIES				
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
Net cash from investing activities		(154 308)	(168 477)	(74 933)
CASH FLOWS FROM FINANCING ACTIVITIES				
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	–
Net cash from financing activities		(173 867)	(29 983)	(109 578)
TOTAL CASH MOVEMENT FOR THE PERIOD				
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)
Total cash at end of the period		44 994	109 933	41 657

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

2. CORRECTION OF ACCOUNTING ERROR (continued)

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

3. GOODWILL

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

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

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.
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.

3. GOODWILL (continued)

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

	29 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%.

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

Figures in Rand thousand	2016	2015	2014
Authorised			
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
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.			
Reconciliation of number of shares issued:			
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.			
Issued			
300 000 000 ordinary shares of no par value	42 488	42 488	42 488

5. DIRECTORS' AND KEY MANAGEMENT EMOLUMENTS**29 February 2016**

Figures in Rand thousand	Emoluments	Bonuses	Other benefits	Provident fund	Directors' fees	Total
Directors						
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
Key management						
Paid by subsidiary companies	3 956	689	120	120	–	4 885
	8 680	2 219	222	120	2 028	13 269

28 February 2015

Figures in Rand thousand	Emoluments	Bonuses	Other benefits	Provident fund	Directors' fees	Total
Directors						
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
	5 939	1 889	216	53	676	8 773

28 February 2014

Figures in Rand thousand	Emoluments	Bonuses	Other benefits	Provident fund	Directors' fees	Total
Directors						
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
	3 737	1 276	216	–	–	5 229

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)	80	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	300 000	300 000	–
Issued ordinary shares at 1 March 2013	–	–	211 268
Effect of shares issued in April 2013	–	–	78 279
Effect of treasury shares	(51)	–	–
	299 949	300 000	289 547
Basic earnings	239 674	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
Reconciliation between basic earnings and headline earnings			
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
Reconciliation between headline earnings and normalised earnings			
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.

Figures in Rand thousand 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
Profit before taxation includes the following items:	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

10. SEGMENT REPORTING (continued)

Segment Report – 28 February 2015 Figures in Rand thousand	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
Profit before taxation includes the following items:	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.

LEADERSHIP AND GOVERNANCE

Effective corporate governance and good business ethics underscore the development of sustainable business.



Short curricula vitae of the Directors and Company Secretary are set out below.

BOARD OF 68 DIRECTORS

The Directors believe that effective corporate governance and good business ethics underscore the development of a sustainable business.



Executive Directors

1 Isaias Jose Calisto (Zak) ⁴⁹

Global Chief Executive Officer

Appointed: 1 July 2008

Years of service: Almost 8

Zak is the founder of Cartrack and Global Chief Executive Officer. Zak has an impressive entrepreneurial history with over 22 years' of experience in the Telematics industry. Having founded and operated a number of businesses, Zak has a wide range of technical and operational knowledge relating to business models and information technology.



2 John R Edmeston ⁶²

Global Chief Financial Officer and Deputy Global Chief Executive Officer

Appointed: 2 July 2014

Years of service: Almost 2

John is the Global Chief Financial Officer and Deputy Global Chief Executive Officer of Cartrack and is a qualified Chartered Accountant. John was the managing director at Altech Netstar for nine years, prior to joining Cartrack in 2008. John is a member of the South African Institute of Chartered Accountants (SAICA).

Independent Non-executive Directors

4 David J Brown ⁶¹

Independent Chairman

Appointed: 13 October 2014

Years of service : Almost 2

David holds a BComm degree from the University of South Africa and an MBA from the University of Cape Town. In addition, he attended the Management Development Programme at the School of Business Leadership, and the Advanced Management Programme at Harvard Business School in the USA. He spent 30 years with the Standard Bank Group, where he held various senior positions, including Managing Director of Stanbic Bank Botswana, Managing Director of Stanbic Bank Zambia, Managing Director of Stannic Asset Finance and Managing Director of Standard Bank Commercial Banking Division. He was appointed CEO of Mercantile Bank and Mercantile Holdings Limited (a JSE listed company) in 2004 and stepped down as CEO in 2013.



5 Thebe Ikalafeng ⁴⁹

Independent Non-executive Director

Appointed: 13 October 2014

Years of service : Almost 2

Thebe holds BSc (Business Administration) and MBA degrees from Marquette University in the USA and has completed executive development courses in Finance at Wits and Harvard Business School. A chartered marketer (CM(SA)), he has held various marketing positions in the USA and Africa. He is the Founder and Managing Director of Brand Leadership Group and a member of the Vega School of Brand Communications advisory council.



Notes: All directors are South African citizens

6 Kim White ⁴⁰

Independent Non-executive Director

Appointed: 13 October 2014

Years of service : Almost 2

Kim is a qualified Chartered Accountant and Registered Auditor. Kim has over 15 years of experience within the accounting and auditing sector servicing a wide variety of industries. She holds a Postgraduate Certificate in Advanced Taxation and a Postgraduate Certificate in International Taxation as well as being a Certified Financial Planner and a Master Tax Practitioner (SA). Kim is a registered member of The South African Institute of Chartered Accountants (SAICA), a member of The South African Institute of Tax Professionals (SAIT) and is registered with The Regulatory Board of Auditors (IRBA).



Company Secretary

3 Annamè de Villiers ⁵⁹

Company Secretary

Annamè holds a B.Proc. and a LLB degree as well as a Postgraduate Diploma in Corporate Law. She is an Admitted Attorney in South Africa and specialises in regulatory compliance and corporate governance with specific emphasis on the application of the Companies Act, JSE Rules and Listings Requirements and related global best practices. She has held various positions in the financial services industry including acting as Company Secretary for two JSE listed entities.

CORPORATE GOVERNANCE 70

The Board continuously reviews and assesses the assimilation and entrenchment of governance best practices in the Group.

Commitment and approach

The Directors believe that effective corporate governance and good business ethics underscore the development of a sustainable business. The Board endorses the King Code in both letter and spirit to ensure consistent practices throughout the Group, providing effective leadership, integrity and judgement in directing the business of the Company to create and maintain value.

The Directors have pro-actively taken steps to ensure that the Company is fully compliant with the King Code recommendations considered mandatory by the JSE and the Board is of the opinion that Cartrack is compliant with such recommendations in all material respects. A full analysis of the Company's compliance with the King Code is available on the Company's website (www.cartrack.com).

The Board continuously reviews and assesses the assimilation and entrenchment of governance best practices in the Group. A full analysis of the steps taken by the Company to comply with the King Code is available on the Company's website (www.cartrack.com/About Us/Corporate Governance).

The Board

Board structure and composition

The Group has a unitary Board structure comprising a majority of independent Non-executive Directors. There are five Directors in total, three of whom are Non-executive and two full-time salaried Executive Directors. The size of the Board is considered appropriate given the nature and size of the business. The roles of the independent Non-executive Chairman and the Chief Executive Officer are separate and clearly defined. This division of responsibilities ensures a balance of authority and power. The range of skills, experience and backgrounds currently represented on the Board ensure robust decision-making processes and diversity of viewpoints, enhancing the effective governance of the Group with no individual director having unrestricted decision-making authority. A number of Board Committees assist the Board in fulfilling its mandate, and the roles and responsibilities of the respective committees are set out in their formal terms of reference. The terms of reference of the Board and the respective committees are reviewed annually to ensure that they remain relevant.

Board appointments

Directors are appointed by the Board in a formal and transparent manner. The Nomination Committee is required to annually review the size of the Board and its committees and the required mix of skills and experience needed to provide strategic direction and leadership. In consultation with the Chief Executive Officer, it considers suitable candidates and nominates persons for appointment as Directors to the Board. One-third of the Directors are required to retire by rotation at the Annual General Meeting of shareholders ("AGM"). Retiring Directors may offer themselves for re-election. Directors appointed during the financial reporting period are required to have their appointments ratified at the following AGM. Directors generally have no fixed term of appointment. The employment contracts of the Chief Executive Officer and Chief Financial Officer are subject to a notice period of three months. Executive Directors retire at the age of 65 unless fixed-term contracts are negotiated with the Board beyond this age. There is no prescribed retirement age for Non-executive Directors.

Director independence

All Non-executive Directors, including the Chairman, are independent in terms of the definition in the King Code and the guidelines outlined in the Listings Requirements. The Directors have a clear understanding of their fiduciary duties as Directors of Cartrack. The Board will at all times exercise due care and diligence in the performance of its duties in accordance with the highest possible standards.

Board and director evaluations

An annual evaluation is conducted to assess the effectiveness of the Board as a unit, the Board committees and the individual contributions of the Directors. The Chairman discusses results of the individual Director evaluations with the relevant Directors and suitable developmental plans are agreed with them if required. The results of the evaluation of the Chief Executive Officer is distributed to all Board members for consideration.

Company Secretary assessment

The Company Secretary acts as steward of the Group's corporate governance framework, ensuring that Board procedures and relevant legislation and regulations are observed. She is the secretary for all committees of the Board and has unrestricted access to the CEO and the Non-executive Directors. The Company Secretary is responsible for, among others:

- induction and continued training of Directors;
- preparing meeting agendas and recording minutes;
- providing guidance to Directors on governance, compliance and fiduciary responsibilities; and
- liaising with regulatory bodies.

Based on the outcome of a formal assessment conducted by the Chairman, Chief Executive Officer, Chief Financial Officer and Audit Committee Chairman, the Board is satisfied with the competence, qualifications and experience of the Company Secretary and believes that the Company Secretary provides the Board with the requisite support for its efficient functioning and discharge of its duties. In line with the principles of the King Code, the Company Secretary is not a Director within the Group. There is an arm's length relationship between the Board and the Company Secretary and she is suitably independent of the Board to be effective.

Board induction and development

Directors are introduced to the Company through a formal induction program and ongoing training and development are planned annually to enable Directors to make the maximum contribution to the Company and to remain informed about changes in risks, legislation, accounting standards and policies and the environment that the Company operates in.

Board access

All Directors have reasonable and unfettered access to the Group's records, facilities, management and any other resources that may be required to ensure optimal ability to discharge their duties.

IT governance

An IT governance framework and policy will be adopted during the course of the ensuing year – this responsibility has been delegated to the Audit and Risk Committee. An assessment of the current framework and action plan will be considered in the second quarter.

Insider trading

As a listed Company, Cartrack is required to adhere to the Listings Requirements of the JSE ("LR"). Directors of Cartrack are bound by the provisions of the LR, both in their capacities as Directors and in their personal capacities. In accordance with sections 3,63–3,74 of the LR, Directors, their associates and their investment managers are subject to restrictions in dealing in the Company's securities. Reference to "Directors" include alternate Directors, prescribed officers (as defined in the Companies Act, 2008)

and the Company Secretary. To this end, the Company has implemented a Personal Account Dealing policy which contains the procedures to be followed before trading in the Company's shares.

Going concern

In accordance with the requirements of the Companies Act, the Board continuously reviews the solvency and liquidity of the Company and has delegated this function to the Audit & Risk Committee, who includes it as a standard item on the agenda.

Conflict of interest

To ensure the integrity of Directors' duties towards the Company, conflicts of interest are managed through annual written declarations which are confirmed and updated, if required, prior to the commencement of each Board meeting. Conflicts, if any, are dealt with in accordance with the requirements of the Company's Act.

Responsibility

The Board is responsible for directing, governing and controlling the Company's business by, *inter alia*, developing and approving the Company's strategic direction, financial budget, risk and governance framework and supporting policies and procedures. The Board delegates to management the detailed planning and implementation of the Group's strategic objectives and policies in accordance with appropriate risk parameters. The Board monitors compliance with policies and achievement against objectives by holding management accountable for its activities through performance reporting and regular business updates. The Board operates in accordance with approved terms of reference that are reviewed on an annual basis. The Company's Executive Directors are involved in the day-to-day management of the Company and business activities of the Group in accordance with the framework of authority delegated to them by the Board.

The Board meets four times during the financial year, excluding any *ad hoc* meetings held to consider special business.

Board objectives and functions

- Acting as the custodian of corporate governance and ethics, providing effective leadership, integrity and judgement in directing the business of the Company to create and maintain value;
- Partaking in the development of and approving both long-term and short-term strategies that are aligned with performance, risk and sustainability;
- Taking responsibility for the governance of risk by procuring the documentation of a risk management policy and plan, including levels of risk tolerance and internal controls and overseeing the implementation and regular monitoring thereof at management level;
- Approving the annual financial budget and capital expenditure for the Group and ensuring the integrity of financial reporting and internal financial controls, as well as identifying and managing financial risks;
- Ensuring that the Group complies with all applicable legislation and relevant regulatory requirements;
- Establishing a framework for the delegation of authority within the Company and reviewing it on an annual basis;
- Performing annual evaluations of the Board, its committees, the individual Directors (Non-executive and Executive), the Board Chairman and the Chairmen of the committees in accordance with the approved TOR and documented performance criteria;
- Approving the Company's remuneration policies, with special regard to remuneration of Executive Directors, to ensure fair and responsible remuneration practices aligned to the Company's strategy. Advising on the remuneration of Non-executive Directors;
- Ensuring the integrity of the Company's Annual Integrated Report; and
- Always acting in the best interests of the Company, exercising objective judgment based on intellectual honesty and all relevant facts available at the time.

The range of skills, experience and backgrounds currently represented on the Board ensure robust decision-making processes and diversity of viewpoints, enhancing the effective governance of the Group with no individual director having unrestricted decision-making authority.

Meetings and attendance

Board	DJ Brown	TI Ikalafeng	K White	IJ Calisto	JR Edmeston
03/09/2015	P	P	P	P	P
08/10/2015	P	P	P	P	P
13/11/2015	P	P	P	P	P
26/11/2015	P	P	P	P	P
21/01/2016	P	P	P	P	P
01/03/2016	P	P	P	P	P
Audit and Risk Committee*					
16/03/2015	P	P	P	A	P
15/05/2015	P	P	P	P	P
22/05/2015	P	P	P	P	P
08/10/2015	P	P	P	P	P
29/10/2015	P	P	P	P	P
21/01/2016	P	P	P	P	P
01/03/2016	P	P	P	P	P
Remuneration and Nomination Committee**					
16/03/2015	P	P	P	P	P
08/10/2015	P	P	P	P	P
21/01/2016	P	P	P	P	P
01/03/2016	P	P	P	P	P
Social and Ethics Committee***					
18/08/2015					P
21/01/2016					P

P = Present
A = Apology

Notes:

* **Audit and Risk Committee** – the meeting held on 16/03/2015 dealt with Risk matters exclusively. Mr IJ Calisto is an invitee to the Audit Committee and Mr JR Edmeston is an invitee to the Audit Committee and member of the Risk Committee.

** **Remuneration and Nomination Committee** – both Messrs Calisto and Edmeston are invitees to this committee.

*** **Social and Ethics Committee** – Mr Brown chairs the meeting and Mr Edmeston is a member.

BOARD COMMITTEES

The Board has delegated certain of its functions to Board committees, but remains ultimately responsible and accountable for these functions.

Audit and Risk Committee report

The Audit and Risk Committee operates in accordance with its Terms of Reference, which are reviewed annually, and is responsible for performing the functions required of it in terms of section 94(7) of the Companies Act.

Composition

Chairman: Kim White
(Independent Non-executive Director)

Members

Dave Brown
(Independent Non-executive Director)
Thebe Ikalafeng
(Independent Non-executive Director)

The Audit and Risk Committee meets at least four times during a financial year. The Chief Executive Officer and Chief Financial Officer are invited to attend meetings, but do not have a vote. The committee meets at least once a year with the external auditors without the presence of management, excluding any ad hoc meetings held to consider special business. The committee's oversight role requires it to regularly address the relationships between management and the Internal and External Auditors and understand and monitor the reporting

relationships and tiers of accountability between them.

Objectives and functions

- Nominating and appointing the Group's auditors and ensuring that such auditors are independent of the Group.
- Determining the fees to be paid to the auditor and the auditor's terms of engagement.
- Ensuring that the appointment of the auditor complies with the provisions of the Companies Act and any other relevant legislation.
- Determining the nature and extent of any non-audit services that the external auditor may provide to the Group, subject to the provisions of chapter 3 of the Companies Act.
- Preparing a report for inclusion in the annual financial statements on the functions and activities of the committee.
- Receive and deal appropriately with any concerns or complaints, whether from within or outside the Group, or on its own initiative relating to accounting practices, internal audits of the Company or the content of the Company's financial statements and related matters.
- Annually assessing the qualification and experience of the financial director as well as the adequacy of the resources and experience of the finance department of the Company and report its findings to the shareholders.
- Reviewing the effectiveness of internal control systems in the Group with reference to the findings of external auditors.
- Reviewing the annual financial statements and interim reports of the Group as well as other public communications of a financial nature.
- Considering accounting issues, ensuring that all key areas of risks have been properly identified and that the Group mitigates such risks.
- With regard to the governance of risk, ensuring that the Group has an effective risk framework, policy and a plan for risk management in order to assist the Group in achieving its strategic goals and that the disclosure and reporting of risk is complete, timely and relevant.
- Overseeing the mitigation or optimisation plans within the Group with respect to all its significant risks.
- Reviewing the effectiveness of the system for monitoring the Group's compliance with laws and regulations.
- Ensuring that the Group code of conduct is in writing and that arrangements are made for all employees to be aware of it.

- Ensuring that the Group complies with relevant legislation and sound corporate governance principles.
- Reviewing any significant cases of fraud, misconduct or conflicts of interests.

The Company's external auditors have unrestricted access to the Audit and Risk Committee and may, with the approval of the Chairperson of the Audit and Risk Committee (whose approval may not be unreasonably withheld), attend its meetings.

The Audit and Risk Committee annually reviews the appropriateness of the qualifications and experience of Cartrack's Global Chief Financial Officer, John Edmeston, and reports on whether or not it is satisfied therewith. In addition, the Audit and Risk Committee reviews and reports on the expertise, resources and experience of the Company's finance function.

This committee has considered and satisfied itself as to the appropriateness of the qualifications and experience of the Global Chief Financial Officer, as well as the expertise, resources and experience of the Company's finance function.

Internal audit

During the financial year, the Board established an independent internal audit function and appointed a head of internal audit. Internal audit operates under the Audit and Risk Committee mandate and is governed by an approved internal audit charter. The charter establishes independence and defines the purpose, authority and responsibilities of the function.

The role of the internal audit function is to support the Audit and Risk Committee, the Board and Company by evaluating the adequacy and effectiveness of the companies' controls, financial reporting records, information systems and operations.

The internal audit function's internal governance and procedures are being developed and implemented in order to conform to the Institute of Internal Audit's Standards for the Professional Practice of Internal Auditing and Code of Ethics, including accepted corporate governance principles (King III).

Information technology governance

The Board is responsible for ensuring that prudent and reasonable steps have been taken with respect to IT governance, including aligning the IT strategy to the Group's strategic objectives. The Group Audit and Risk Committee has been delegated the authority to ensure the implementation

of the IT governance framework. The Chief Information Officer provides regular updates to the Group Audit and Risk Committee and to the Board on the status of material IT projects as well as other governance-related matters.

Live testing was conducted four times from the disaster recovery site during the year. Control Room Operators were transported to the site and they were able to receive and make telephone calls and process tasks. The external IT Auditor checked that backups for fleet systems are present at different physical locations. Verifications that backups were being done and usable was also completed, with an overall opinion that the backup processes were effective in replicating data across systems. The main fleet applications were analysed, and security related issues highlighted for action.

Annual financial statements

Following the review of the consolidated annual financial statements of the Cartrack Group for the year ended 29 February 2016, the Audit and Risk Committee is of the view that, in all material respects, it complies with the relevant provisions of the Companies Act and IFRS and fairly presents the financial position at that date and the results of its operations and cash flows for the year. The committee has also satisfied itself as to the integrity of the remainder of the Annual Integrated Report.

Having achieved its objectives for the financial year, the committee recommended the consolidated annual financial statements and annual integrated report for the year ended 29 February 2016 for approval to the Board.



Kim White
Chairman

Remuneration and Nomination Committee report

The Remuneration and Nomination Committee operates in accordance with its Terms of Reference, approved by the Board and reviewed annually.

Composition

Chairman (Remuneration matters):

Thebe Ikalafeng
(Independent Non-executive Director)

Members

Dave Brown
(Independent Non-executive Director)
Kim White
(Independent Non-executive Director)

Chairman (Nomination matters):

Dave Brown
(Independent Non-executive Director)

Members

Thebe Ikalafeng
(Independent Non-executive Director)
Kim White
(Independent Non-executive Director)

The Chief Executive Officer and other executives may attend meetings of the Remuneration and Nomination Committee by invitation, but do not participate in discussions regarding their own remuneration and benefits and do not have a vote.

The Remuneration and Nomination Committee meets at least twice during a financial year.

Objectives and functions

Remuneration

- Considering and making recommendations to the Board on, *inter alia*, the remuneration policy of the Company, the payment of performance bonuses, Director and Executive Director remuneration, short-, medium- and long-term incentive schemes and employee-retention schemes.
- Ensuring that remuneration policies do not encourage behaviour which is contrary to the Group's risk management strategy.
- Ensuring that all benefits, including retirement benefits, benefits in kind and other financial arrangements are justified, correctly valued and suitably disclosed.
- Provides full disclosure of each individual Executive and Non-executive Director's

remuneration (including base pay, bonuses, share-based payments, granting of options or rights, restraint payments and all other benefits, including present values of future awards) and similar information in respect of the three most highly-paid employees of the Group who are not Directors of the Company.

Nomination

- Reviewing the Board structure, size and composition as well as an appropriate split between Executive and Non-executive Directors and Independent Directors to ensure a balance of power.
- Assisting in identification and nomination of new Directors for approval by the Board.
- Considering and approving the classification of Directors as independent.
- Overseeing the induction and training of Directors.
- Annually performing an evaluation of the performance and effectiveness of the Board, its committees and the individual Directors.

This committee is satisfied that it has achieved its objectives for the financial year ended on 29 February 2016.

Please refer to the Remuneration report for more detail on Cartrack's remuneration philosophy and practices.



Thebe Ikalafeng

Chairman (Remuneration)



Dave Brown

Chairman (Nomination)

Social and Ethics Committee report

The Social and Ethics Committee operates in accordance with its Terms of Reference, approved by the Board and reviewed annually. It meets at least twice during the financial year.

Composition

Chairman:

Dave Brown
(Independent Non-executive Director)

Members

John Edmeston
(Executive Director)
Irma Hugo
(HR Manager)

The Social and Ethics Committee assumes the following statutory responsibilities as set out in Regulation 43 of the Companies Regulations, 2011:

Objectives and functions

- Social and economic development, including sponsorships and donations, implementation of the Employment Equity Act.
- Good corporate citizenship, including the promotion of equality, prevention of unfair discrimination, reduction of corruption, social responsibility policies and strategies.
- Business impact on the environment, health and public safety.
- Consumer relationships, including advertising, public relations and compliance with consumer protection laws.
- Labour and employment.
- Management of ethics.

An internal Social and Ethics Committee had been established prior to listing and comprises representatives from relevant departments such as Operations, Training, Client Complaints, Marketing, Legal and Human Resources. Good progress was made with regard to corporate social investment, employment equity, fair labour practices and consumer relationships. Specific initiatives implemented during the year were:

Missing Children SA Campaign (MCSA)

The Company launched a campaign with MCSA, contributing R15 000 a month to the project. Advertisements are placed in magazines and a link to MCSA's website is made available on Cartrack's website.

Green Team Project

The project aims to discharge the Company's responsibilities with regard to the environment through the following initiatives:

- installation of energy saving light bulbs in office buildings;
- provision of electronic payslips to employees to curb paper wastage;
- recycling of batteries, old PC boards, printer toners and used oil;
- installation of water-saving taps in the bathrooms; and
- implementation of fuel saving initiatives for Company vehicles.

The installation of Solar geysers for the kitchens and recycling of paper is being investigated.

The internal Occupational Health and Safety Committee is broadly represented and meets on a regular basis.

The Cartrack Bursary Scheme and Tertiary Education Scheme aims to assist employees, their children and underprivileged individuals from the community to obtain a good education. Applicants are assessed on merit. The number of students receiving benefits for 2016 are:

- Primary schools 52
- Secondary school 14
- Tertiary institutions 10

Consumer complaints are managed and addressed proactively through tracking social media networks such as Facebook and Hello Peter. Complaint statistics were well within acceptable levels for the industry.

A Code of Ethics and a Whistleblowing Policy have been implemented throughout the Group and training has been provided. The implementation of an annual declaration by employees of their awareness of and compliance with these policies will be implemented.

An annual Social and Ethics Plan will be submitted to this committee at the next meeting in July for review and approval. Implementation thereof will be assigned to the internal committee and progress will be monitored by the Board committee.

This committee is satisfied that it has achieved its objectives for the financial year ended 29 February 2016.



Dave Brown
Chairman

Governance priorities

Governance priorities for the 2017 financial period will include:

- The enhancement of an independent Internal Audit function;
- Ongoing development of the IT governance framework, through the adoption of enhanced processes and policies aimed at performance improvement and further embedding good IT governance practices in the day-to-day business operations;
- Further improving the Group's understanding of and compliance with the regulatory requirements in the foreign territories in which it conducts operations;
- Further enhancing the reporting by management to, and the scope of monitoring undertaken by, the Social and Ethics Committee.

Generally, management will continue to follow a philosophy of continuous improvement as regards governance practices and structures to ensure the reasonable expectations of stakeholders are met.

Certificate by Group Company Secretary in accordance with section 88(2)(e) of the Companies Act, 2008.

I, Annamé de Villiers, in my capacity as Group Company Secretary confirm to the best of my knowledge and belief that, for the year ended 29 February 2016, Cartrack has filed the returns and notices required in terms of the provisions of the Act and that all such returns and notices appear to be true, correct and up to date.



A de Villiers
Group Company Secretary

REMUNERATION **76** REPORT

Cartrack aims to attract, motivate, reward and retain high-calibre people with above-average industry ability and leadership potential to effectively run the Company, but to also enable the Company to rise above competitors.

To this end Cartrack aims to ensure that an appropriate balance is achieved between:

- The interest of shareholders;
- Operational and strategic requirements; and
- Providing attractive and suitable remuneration packages to executives, management and employees.

The remuneration principles are designed to ensure that:

- Employees are fairly rewarded for their individual contributions and performance; and
- Remuneration is generally aligned with industry and market benchmarks. While external benchmarking of salaries is not undertaken, fair market prices for jobs is reasonably determinable from the salaries of job applicants and recruitment agencies as well as from discussions/exit interviews where staff may consider leaving Cartrack's employ for reason of salary. Cartrack aims to provide remuneration at what may be considered to be the median market price.

As such, the objectives of the remuneration policy shall be to ensure that the remuneration system:

- Manages remuneration expenditure in an appropriate manner and offers the desired yield in terms of the behaviour and performance of employees, in line with the values and performance indicators of Cartrack;
- Rewards individuals for the achievement of the Company's objectives and motivates high levels of performance;
- Rewards exceptional performance by individuals through the performance incentive system;

- Allows the Company to compete effectively in the labour market and to attract, recruit and retain high calibre employees; and
- Achieves consistency and fairness in relation to the need to equitably remunerate employees with similar responsibilities and levels of performance.

Remuneration consists of the following:

- A monthly basic salary;
- A car allowance or Company car (depending on the position), if traveling for business purposes is a key requirement;
- A cellular phone allowance, if regular business communications during or after business hours is a requirement;
- Overtime in accordance with the determinations of the Basic Conditions of Employment Act;
- Remuneration for the sales force is based on performance and commission, measured against sales targets, which makes this a variable cost for the business;
- Following the successful completion of the three-month probation period, employees commence contributions to a Provident Fund. This Fund forms part of a Momentum Group Umbrella Fund and employees are expected to contribute 5% of the basic salary. A Company contribution of 5% is also payable; and
- The Company contributes towards an Old Mutual Group Life and Capital Disability scheme currently providing for a payment of twice the annual salary of the employee in case of death or permanent disability.

- Salaries are generally reviewed annually, on 1 March, to coincide with the commencement of the new financial year and are determined by factors such as:
 - Individual performance;
 - Company performance;
 - CPI and inflation; and
 - Internally assessed market conditions.

Annual increases are recommended to the Remuneration Committee by executive management for review and recommendation to the Board for final approval.

It is a general principle that all incentive bonuses are discretionary and no individual has a right to be paid an incentive or performance bonus.

At present, Cartrack has six approved incentive schemes:

- A non-guaranteed annual 13th cheque, payable in December of each year, based on both individual and Company performance and awarded at the discretion of management for all permanent staff;
- Incentives are payable for collections and performance on a monthly basis in the Credit Control and Voice Logging/ Customer Services departments. Calculations are based on set criteria;
- Quarterly and annual incentives are payable to Sales Managers. These are based on the performance of their employees and the reaching of national sales targets;
- Branch managers also qualify for incentives which are calculated annually and based on the performance of the branch and the reaching of various targets during a financial year; and
- Individual contractual bonuses are payable to the Deputy Chief Financial Officer and the Deputy Global Chief Executive Officer in accordance with annual performance parameters approved by the Board upon recommendation by the Remuneration Committee.

In line with Cartrack's aim to retain and attract key staff, Cartrack has implemented a long-term incentive scheme through the establishment of a trust in accordance with the JSE Listings Requirements. Shareholder approval was granted at the AGM in August 2015. This incentive scheme affords qualifying key members of management the opportunity to participate in the equity and future growth of the business, aligning the interests of the employees with those of the Cartrack shareholders and retaining key skills to achieve the targets set by Cartrack.

Recruitment at Cartrack is done in accordance with the Recruitment Policy, which is summarised as follows:

- Cartrack aims to ensure that the recruitment and promotion practices are fair and equitable to meet all the requirements of the Company, while adhering to Labour legislation such as the Employment Equity Act in South Africa;
- Preference is given to Historically Disadvantaged candidates to meet the targets contained in our Employment Equity Plan which aims to reflect the national demographics;
- All positions are advertised internally first and preference is given to the placement or promotion of internal candidates;
- Should external advertisement be required, the position is placed on numerous recruitment portals;
- Should recruitment via the internal resources be unsuccessful, Cartrack has agreements with various external Recruitment Agencies at negotiated preferential rates;
- Initial interviews are done by the recruitment officers and the selected candidates are then presented to senior management for the final interview. Thereafter, criminal record checks, ITC checks and reference checks are conducted and qualifications are verified;
- Unsuccessful candidates are declined by the recruitment department;
- Should the candidate be successful, an Offer of Employment is prepared and authorised by the CEO; and
- Following the placement, induction and training of the new staff member is done to ensure performance in accordance with the standards set by management to align to Company objectives.

Cartrack's remuneration policies do not encourage behaviour which is contrary to the Group's risk management strategy.

Directors' Remuneration

The total remuneration and benefits paid and payable to each Director of the Company for the year ended 29 February 2016 is set out below:

Directors and prescribed officers' remuneration for the year ended 29 February 2016.

Director	Salaries (R'000)	Bonus (R'000)	Travel allowance (R'000)	Total (R'000)
Executive Directors (and prescribed officers):				
Zak Calisto*	1 920	160		2 080
John Edmeston	1 872	1 370	102	3 344
Craig Sanderson**	1 079	446	12	1 537
Juan Marais***	1 546	139	120	1 805
Total remuneration:				
Executive Directors	6 417	2 115	234	8 766
Non-executive Directors:				
David Brown	957	–	–	957
Thebe Ikalafeng	540	–	–	540
Kim White	531	–	–	531
Total remuneration:				
Non-executive Directors	2 028	–	–	2 028
Total	8 445	2 115	234	10 794

Notes:

* Zak Calisto received a portion of his remuneration for the year from Cartrack Technologies South East Asia PTE LTD: 96 000 Singapore Dollars.

** Craig Sanderson is a director of Cartrack (Pty) Ltd and is employed as Deputy Chief Financial Officer for the Group.

*** Juan Marais is a Director of Cartrack (Pty) Ltd and Head of Group Sales and Marketing.

In line with Cartrack's aim to retain and attract key staff, Cartrack has implemented a long-term incentive scheme through the establishment of a trust aligning the interests of the employees with those of the Cartrack shareholders and retaining key skills to achieve the targets set by Cartrack.

Other than as described above, none of the Directors of the Company receive any remuneration or benefits from the Company's subsidiaries and fellow subsidiaries, associates or joint ventures of the Group. No awards or options have been granted to the Directors to acquire shares during the last financial year of the Company.

The benefits and amounts disclosed above include the total remuneration and benefits received or receivable from Cartrack as well

as any Cartrack associates, joint ventures and entities that provide management or advisory services to Cartrack.

No fees have been paid or accrued to third parties in lieu of Directors' fees in the years ended 29 February 2016 and 28 February 2015 and 2014.

Director/ Prescribed Officer	Units allocated	Allocation date	Maturity date	Vesting criteria
John Edmeston	325 000	31 May 2016	1 March 2018	Basic EPS > 112c Units on system >725 000 Recovery Rate >90%
Annamè de Villiers	40 000	31 May 2016	1 March 2018	Basic EPS > 112c Units on system >725 000 Recovery Rate >90%
Craig Sanderson	50 000	30 December 2015	1 March 2018	Basic EPS > 112c Units on system >725 000 Recovery Rate >90%

Note: The Allocation Committee has accepted a proposal by Executive Management that no units will be allocated to any employee who holds 5% or more of the Company's shares.

Key members of management have been offered, and accepted, the opportunity to share in the profits and future growth of Cartrack through participation in the Executive Incentive Scheme. The first allocation of Units has been done and are subject to the following vesting criteria, which include achievement targets for the following categories:

- Basic EPS for the Group
- Number of tracking units on the system
- Stolen Vehicle Recovery Rate

The relevant incentive period will mature on 1 March 2018. Within four months of each FYE, beneficiaries will receive an annual notification of the net value of the Units allocated as well as an indication of performance against the vesting criteria.

The Units are underpinned by Cartrack's shares purchased as treasury shares in the market by the Executive Incentive Trust. The shares never vest in the beneficiaries.

It is the Company's intention to award more Units from time to time, based on individual and Group performance. At this stage the Board plans to consider further awards around the time that the current awards vest in 2018. Such additional awards could vest over an incentive period of two/three years and will similarly be subjected to specific vesting criteria.

Proposed annual remuneration for Non-executive Directors for the year ending 28 February 2017.

Director	Fees (R'000)	Audit and Risk Committee (R'000)	Remuneration and Nomination Committee (R'000)	Social and Ethics Committee (R'000)	Total (R'000)
David Brown	677	165	67	105	1 014
Thebe Ikalafeng	302	165	105	–	572
Kim White	302	194	67	–	563
Total	1 281	524	239	105	2 149

Proposed total remuneration and benefits payable to each Executive Director for the year ending 28 February 2017

Executive Directors:	Salaries (R'000)	Bonus (R'000)	Travel allowance (R'000)	Total (R'000)
Zak Calisto	2 035	–	–	2 035
	*2 033			
John Edmeston	1 990	1 457	102	3 549
Total	4 025	1 457	102	5 584

* To be paid from Cartrack Technologies South East Asia PTE LTD.

Directors' and Associates' interests

As at 29 February 2016 the Directors, including their associates, held, directly or indirectly, the following number of Cartrack Ordinary shares:

Director	Total indirect shareholding	Total percentage interest
Zak Calisto	203 980 424	68,0
Juan Marais (Associate)	36 019 576	12,0
Total	240 000 000	80,0

There has been no change in the directors' interest between 29 Feb 2016 and 30 May 2016, the date on which the Annual Financial Statements were approved by the Board.

RISK 80 MANAGEMENT

Internal control systems

The Directors are responsible for the Group's system of internal controls and for maintaining and reviewing its effectiveness from both a financial and an operational perspective to discharge its governance responsibilities and provide reliable financial and operational information. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable but not absolute assurance against material misstatement or loss.

In reviewing the effectiveness of the system of internal controls, the Board has taken account of line management's accountability for controls and risk management.

The controls are designed to encompass financial, operational, compliance and sustainability issues, providing reasonable assurance that transactions are concluded in accordance with delegated authority and are properly processed and recorded, that assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that policies and procedures are consistently applied.

These systems include a documented organisational structure and division of responsibility, clarity of accountability, established policies and procedures which are communicated throughout the Group, and the careful selection, training and development of people. The Company has established an independent Internal Audit function that undertakes a programme of financial and operational audits and reviews agreed by the Audit Committee and covering all Group activities. The annual Internal Audit Plan is developed applying a risk-based approach and is reviewed and approved by the Audit Committee. It will be revised regularly to ensure that it remains relevant to the key business priorities and changing risk environment.

The Company monitors the operation of the internal control systems in order to determine if there are deficiencies and corrective actions are taken to address control deficiencies as they are identified. The Board of Directors, operating through the Audit and Risk Committee, is responsible for the review of the effectiveness of the system of internal controls and risk management.

There are inherent limitations to the effectiveness of any system of internal controls, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable assurance.

The Board has approved a formal Risk Management Policy and Risk Management Plan to ensure an effective system of risk identification, analysis, evaluation and treatment throughout the Group. Major risk categories have been identified as Financial Risk, Operational Risk, Business Risk and Legal and Regulatory risk. A Top Ten Risk Report is compiled by Management through the internal Risk Committee from identified risks after determining the probability and impact to inform individual risk ratings. Appropriate risk response planning is ascribed to each risk and mitigating actions are monitored. This report is submitted to the Audit and Risk Committee for consideration and discussion and is regularly updated.

81 DEFINITIONS

“Board” or “Directors”	The Board of Directors of the Company
“Business Day”	Any day other than a Saturday, Sunday or official public holiday in South Africa
“Cartrack” or “Cartrack Holdings” or “Company” or “Group”	Cartrack Holdings Limited, a public Company incorporated in South Africa under registration number 2005/036316/06, its subsidiaries and its associated companies
“Cash conversion ratio”	Cash generated from operations divided by EBITDA
“Companies Act”	The South African Companies Act, No 71 of 2008, as amended and substituted from time to time
“Company Secretary”	The Company Secretary of the Group
“CSDP”	A Central Securities Depository Participant, as defined in the Financial Markets Act, appointed by a shareholder for purposes of, and in regard to, dematerialisation of shares evidenced by physical documents of title into the STRATE system
“Data Management”	The collection, storage and analysis of Telematics-related data
“Dematerialised Shares”	Shares that have been dematerialised, the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares, as contemplated in the Financial Markets Act
“EBITDA”	Earnings before interest, tax, depreciation and amortisation
“Exchange Control Regulations”	The Exchange Control Regulations of South Africa, as amended, promulgated in terms of Section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended
“Fleet Management” or “FM”	Range of functions relating to monitoring the location, movements, status and behaviour of a vehicle or fleet of vehicles
“Franchise Agreements”	Contracts in place for the countries of Zimbabwe, Botswana, Swaziland and Malawi in terms of which Cartrack has granted an entity (selected by Cartrack) in such country a license/franchise to, <i>inter alia</i> , conduct the business of Stolen Vehicle Recovery and Fleet Management under the Cartrack brand in such country
“Insurance Telematics”	The usage of Telematics to monitor driving behaviour and habits to assess and profile driver risk for insurance purposes
“JSE”	JSE Limited, a public Company incorporated in South Africa under registration number 2005/022939/06, licensed as an exchange under the Financial Markets Act
“King Code”	The South African Code of Corporate Practices and Conduct as set out in the third King Report on Corporate Governance
“Listings Requirements”	The Listings Requirements of the JSE
“ME”	Middle East
“OEM”	Original equipment manufacturer
“Operating profit”	Profit from operations, before interest and tax
“PBT”	Net profit before tax
“R&D”	Research and development
“Rand”, “R” and “cents”	The lawful currency of South Africa
“RF”	Radio frequency, which is used to describe the use of wireless communication over this medium
“SENS”	The Stock Exchange News Service of the JSE
“Shareholder”	The holder of shares
“Shares” or “Ordinary Shares”	Ordinary shares of no par value in the Issuer’s share capital
“South Africa” or “SA”	The Republic of South Africa
“Stolen Vehicle Recovery” or “SVR”	The determination of a vehicle’s location upon the occurrence of theft or another pre-determined metric and the associated software and recovery services which complement the requirements surrounding the recovery thereof
“Telematics”	The branch of information technology which deals with the long-distance transmission of computerised information which includes Fleet Management, Stolen Vehicle Recovery and Insurance Telematics markets
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited incorporated in South Africa under registration number 2004/003647/07
“Vehicles”	Vehicles include in the main cars, buses, motorbikes, trailers and freight vehicles; but also other assets that are tracked under subscription contracts, albeit in the minority

SHAREHOLDER MEETING





84 NOTICE OF AGM



Cartrack Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 2005/036316/06)

Share code: CTK ISIN: ZAE000198305

("Cartrack" or "the Company" or "the Issuer")

Notice is hereby given to shareholders recorded in the Company's securities register on 15 July 2016 that the second Annual General Meeting of shareholders of Cartrack Holdings Limited will be held at Investec, Ground Floor, 100 Grayston Drive, Sandown, on Thursday, 21 July 2016 at 09:00 for purposes of dealing with the ordinary business of an Annual General Meeting in accordance with the Companies Act, No 71 of 2008 ("the Act") and considering, and if deemed fit, passing with or without modification, the resolutions set out below.

Meeting participants (including shareholders and proxies) are, in accordance with the provisions of Section 63(1) of the Act, required to provide reasonably satisfactory identification before being entitled to attend or participate in the shareholders' meeting. Acceptable forms of identification include valid identity documents issued by the Department of Home Affairs, driver's licences and passports.

AS ORDINARY BUSINESS

To present the consolidated audited annual financial statements for the year ended 29 February 2016 (a summary of which is set out on pages 52 to 65 of the Integrated Report), together with the Directors' and external auditors' reports and the report of the Audit Committee, as distributed.

RESOLUTIONS

1. Ordinary resolution number 1: Re-election of Directors

To elect, by way of a series of votes, the following Directors who are required to retire at this second Annual General Meeting in accordance with the provisions of the Act and the Company's Memorandum of Incorporation ("MOI"), and who, being eligible, offer themselves for re-election:

"RESOLVED THAT Mrs K White be and is hereby re-elected as a Director of the Company."

A brief biography in respect of the retiring director appears on page 69 of the Integrated Report.

2. **Ordinary resolution number 2:**

Reappointment of external auditor

Upon the recommendation of the Audit Committee, to reappoint Grant Thornton Chartered Accountants (SA) as the independent auditors of the Company for the ensuing year and to hold office until the next Annual General Meeting, with Mr J Barradas as the designated partner, and to authorise the Audit Committee to determine the auditors' terms of engagement and remuneration.

"RESOLVED THAT Grant Thornton Chartered Accountants (SA) be and are hereby reappointed as the auditors of the Company for the ensuing year, with Mr J Barradas as the designated partner, and that the Audit Committee be and is hereby authorised to determine the auditors' terms of engagement and remuneration."

3. **Ordinary resolution number 3:**

Appointment of Group Audit Committee members

To elect, by way of a series of votes, and subject, where necessary, to their re-election as Directors of the Company in terms of ordinary resolution 1 above, the following independent Non-executive Directors as members of the Audit Committee to hold office until the next Annual General Meeting:

Ordinary resolution number 3.1

"RESOLVED THAT Mrs K White be and is hereby elected as a member and the Chairman of the Audit Committee."

Ordinary resolution number 3.2

"RESOLVED THAT Mr DJ Brown be and is hereby elected as a member of the Audit Committee."

Ordinary resolution number 3.3

"RESOLVED THAT Mr TA Ikalafeng be and is hereby elected as a member of the Audit Committee."

AS SPECIAL BUSINESS, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

4. **Ordinary resolution number 4:**

Signature of documents

"RESOLVED THAT any one Director and/or the Group Company Secretary be and is hereby authorised to do all such things and sign all such documents and take all such action as they consider necessary to implement all the resolutions set out in this notice convening this Annual General Meeting at which this ordinary resolution will be considered."

5. **Ordinary resolution number 5: General authority to issue shares for cash**

"RESOLVED TO grant the Directors" general authority, which shall be limited in aggregate to 6 000 000 (six million) shares, being 2% (two percent) of the Company's shares in issue at 29 February 2016, over the un-issued ordinary shares of the Company until the following Annual General Meeting. This general authority shall include the power to allot or to sell, as the case may be, such shares for cash subject to the provisions of the Act and the Listings Requirements. In particular, this ordinary resolution which, if passed, would constitute a waiver by members of their pre-emptive rights, is in terms of the Listings Requirements subject to not less than 75% of the votes of all shareholders entitled to vote and in attendance or represented at the meeting, being cast in favour of the resolution, and is further subject to paragraphs 5.52, 5.75 and 11.22 of the Listings Requirements which, in summary provide as follows:

- that the securities be of a class already in issue;
- the securities may only be issued or sold, as the case may be, to public shareholders as defined in the Listings Requirements of the JSE, and not to related parties;
- that the maximum discount at which such securities may be issued or sold, as the case may be, is 10% of the weighted average traded price of such securities on the JSE over the 30 business days preceding the date that the price of the issue is agreed between the Company and the party subscribing for the securities;
- that such authorisation be valid only until the next Annual General Meeting or for 15 months from the date of the passing this resolution, whichever is the earlier date;

- that a SENS announcement giving full details, including the impact on net asset value, net tangible asset value, earnings and headline earnings per security (and if applicable, diluted earnings and diluted headline earnings per security), be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the issue; and
- that this authority include any options/convertible securities that are convertible into an existing class of equity securities.

The reason for and effect of ordinary resolution number 6 is to authorise and approve the allotment and issue by the Directors of up to 2% of the authorised but unissued ordinary no par value shares in the share capital of the Company upon such terms and conditions and to such persons as the Directors may, subject to the above, in their discretion determine.

6. **Ordinary Resolution number 6: Placing the authorised share capital under the control of the Directors**

"RESOLVED THAT the authorised but unissued share capital of the Company be placed under the control of the Directors and to grant, until the conclusion of the next Annual General Meeting of the Company, an unconditional authority to the Directors to allot and issue at their discretion (but subject to the provisions of the Companies Act, the Listings Requirements and the MOI of the Company), the unissued shares of the Company, on such terms and conditions and to such persons, whether they be shareholders or not, as the Directors at their discretion deem fit."

The MOI of the Company, as required by the Listings Requirements, provides that the shareholders of the Company may authorise the Directors to issue unissued shares as the Directors in its discretion thinks fit, provided that any such transaction shall be subject to the Listings Requirements and the approval of the JSE.

7. Special resolution number 1: Approval of Non-executive Directors' remuneration

"RESOLVED THAT the remuneration payable to Non-executive Directors be approved as follows:

**1 March 2016 to 28 February 2017
Annual fee payable with effect from 1 March 2016**

Chairman of the Board	R677 000
Services as a Director (excluding the Board Chairman)	R302 000
Chairman of Audit and Risk Committee	R194 000
• Other Audit and Risk Committee members	R165 000
Chairman of Remuneration and Nomination Committee	R105 000
• Other Remuneration Committee members	R67 000
Chairman of Social and Ethics Committee	R105 000

1 March 2017 to 28 February 2018

That the annual fee payable with effect from 1 March 2017 reflects an increase on the fees for the prior year of not more than the percentage increase approved for Executive management by the Remuneration and Nominations Committee of the Board.

The reason for and effect of special resolution number 1

In terms of sections 65(11)(h), 66(8) and 66(9) of the Act, a Company may only remunerate its Directors for their services as Directors in accordance with a special resolution approved by shareholders within the previous two years and if not prohibited by its MOI.

The reason for and effect of the proposed resolution is to ensure that the level of fees paid to Non-executive Directors remains market-related and accords with the greater accountability and risk attached to the position.



Refer to page 78 for full particulars on the remuneration paid to Non-executive Directors during the year under review and to the remuneration report on pages 76 to 79 of the Integrated Report for further detail on the Company's remuneration practices.

8. Special resolution number 2: Financial assistance

"RESOLVED THAT: to the extent required by sections 44 and/or 45 of the Act, the Board of the Company may, subject to compliance with the requirements of the Company's MOI, the Act and the Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance in such amounts as the Board of the Company may from time to time resolve, by way of loan, guarantee, the provision of security or otherwise, to:

- (i) any of its present or future subsidiaries and/or any other Company or entity that is or becomes related or inter-related to the Company, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any securities of the Company or a related or inter-related Company; and/or
- (ii) any person who is a participant in any of the Company's share or other employee incentive scheme, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any securities of the Company or a related or inter-related Company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Act, at any time during the period commencing on the date of the passing of this resolution and ending on the next Annual General Meeting."

The reason for the effect of special resolution number 2

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to Directors", on a proper interpretation, the body of the section also applies to financial assistance provided by a Company to any related or interrelated Company or corporation, a member of a related or inter-related corporation and to a person related to any such Company, corporation or member.

Further, section 44 of the Act may also apply to the financial assistance so provided by a Company to any related or interrelated Company or corporation, a member of a related or inter-related corporation, or a person related to any such Company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any securities of the Company or a related or inter-related Company.

Both sections 44 and 45 of the Act provide, *inter alia*, that the particular financial assistance must be provided only pursuant to a special resolution of shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the Board is satisfied that:

- (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in the Act); and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

As part of the normal conduct of the business of the Group, the Company, where necessary, may provide guarantees and other support undertakings to third parties which enter into financial agreements with its local and foreign subsidiaries and joint ventures or partnerships in which the Company or members of the Group have an interest. This is particularly so where funding is required by the foreign subsidiaries of the Company, whether by way of borrowings or otherwise, for the purposes of the conduct of their operations. In the circumstances and in order to, *inter alia*, ensure that the Company and its subsidiaries and other related and inter-related companies and entities continue to have access to financing for purposes of refinancing existing facilities and funding their corporate and working capital requirements, it is necessary to obtain shareholder approval as set out in this special resolution number 2. The Company would like the ability to continue to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Act.

Furthermore, it may be necessary for the Company to provide financial assistance to any of its present or future subsidiaries, and/or to any related or inter-related Company or corporation, and/or to a member of a related or inter-related Company, to subscribe for securities of the Company or another Company related or inter-related to it. Under the Act, the Company will require a special resolution referred to above to be adopted.

Accordingly, the approval of shareholders is sought to ensure that the Company, its subsidiaries and other related and inter-related companies are able to effectively organise its internal financial administration.

Voting and proxies

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, speak and vote in his stead.

A proxy need not be a shareholder of the Company.

The form of proxy is only to be completed by those shareholders who are holding shares in certificated form, or who are recorded on the sub-register in dematerialised form in "own name".

All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms are requested to be forwarded to reach the Company's transfer secretaries by not later than 09:00 on Wednesday, 20 July 2016.

The completion of a proxy form will not preclude a shareholder from attending the Annual General Meeting.

Electronic participation


The Company intends to offer shareholders or their proxy's reasonable access to attend the Annual General Meeting through electronic conference call facilities, in accordance with the provisions of the Act. In the event that a shareholder or his/her proxy wishes to participate electronically in the Annual General Meeting, he/she is required to deliver written notice to the Company at 11 Keyes Avenue, Rosebank, Johannesburg, alternatively **Anname.devilliers@cartrack.com**, marked for the attention of Ms Annamè de Villiers, the Company Secretary, by no later than 09:00 on 14 July 2016 that he/she wishes to participate via electronic communication at the Annual General Meeting (the electronic notice). In order for the electronic notice to be valid it must contain: (a) if the shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, which resolution must set out who from the relevant entity is authorised to represent the relevant entity at the Annual General Meeting via electronic communication; and (c) a valid email address and/or facsimile number (the contact address/number).

Voting on shares will not be possible via electronic communication and accordingly shareholders participating electronically and wishing to vote their shares at the Annual General Meeting will need to be represented at the Annual General Meeting, either in person, by proxy or by letter of representation. The Company shall use its reasonable endeavours on or before 09:00 on 20 July 2016 to notify a shareholder, who has delivered a valid electronic notice, at its contact address/number, of the relevant

details through which the shareholder can participate via electronic communication. The Company reserves the right not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so, or an insufficient number of shareholders or proxies request to so participate.

The cost of participating through the electronic conference call facilities will be for the account of the shareholder or his/her proxy.

By order of the Board



A de Villiers

Group Company Secretary

Rosebank
10 June 2016

PROXY
FORM
89



For use at the second Annual General Meeting of members to be held on Thursday, 21 July 2016 at Investec, Ground Floor, 100 Grayston Drive, Sandown, at 09:00. To be completed by registered certificated shareholders and dematerialised shareholders with own name registration only. Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the Annual General Meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/we (full names in BLOCK LETTERS) _____

of address _____

Telephone (work) (_____) _____ Telephone (home) (_____) _____

being the holder(s) of _____ ordinary shares in the Company appoint (see note 1):

_____ or failing him/her,

_____ or failing him/her,

the Chairman of the Annual General Meeting.

as my/our proxy to act on my/our behalf at the Annual General Meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of such resolutions, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointment of Mrs K White as Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary resolution number 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reappointment of external auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary resolution number 3.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointment of Mrs K White as member and Chairman of the Audit and Risk Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary resolution number 3.2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointment of Mr DJ Brown as member of the Audit and Risk Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary resolution number 3.3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointment of Mr TA Ikalafeng as member of the Audit and Risk Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary resolution number 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Signature of documents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary resolution number 5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General authority to issue shares for cash	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary resolution number 6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Placing the authorised share capital under the control of the Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special resolution number 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Approval of Non-executive Directors' remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special resolution number 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak, and on a poll, vote in place of that shareholder at the Annual General Meeting.

Signed at _____ on _____ 2014

Signature(s) _____

Capacity _____

Please read the notes and summary on the reverse side hereof.

90 NOTES

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the Chairman of the Annual General Meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the Company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he deems fit in respect of all the member's votes exercisable at the Annual General Meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
4. The Chairman of the Annual General Meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the Annual General Meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholders and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a Company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or waived by the Chairman of the Annual General Meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the Company.
9. Where there are joint holders of shares:
 - any one holder may sign this form of proxy; and
 - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the Company's register of members, will be accepted.
10. To be valid, the completed forms of proxy must either: (a) be lodged so as to reach the transfer secretaries by no later than the relevant time or (b) be lodged with the Chairman of the Annual General Meeting prior to the Annual General Meeting so as to reach the Chairman by no later than immediately prior to the commencement of voting on the ordinary and special resolutions to be tabled at the Annual General Meeting.
11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the Company prior to the Annual General Meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any or (ii) the date on which the written notice was delivered as aforesaid.

If the instrument appointing a proxy or proxies has been delivered to the Company, any notice that is required by the Companies Act or the articles to be delivered by the Company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the Company to: (i) the shareholder or (ii) the proxy or proxies of the shareholder has directed the Company to do so, in writing and pay it any reasonable fee charged by the Company for doing so.

IBC CORPORATE INFORMATION

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

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

Sponsor

Investec
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)

Legal advisor

Edward Nathan Sonnenbergs Incorporated
150 West Street
Sandton 2196
(PO Box 783347, Sandton, 2146)

Communications advisor

Aprio Strategic Communications
32a Jellicoe Avenue
Oxford Corner
Rosebank 2196
(PO Box 2436, Northcliff, 2115)

Registered office of Cartrack

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

Auditors

Grant Thornton Chartered Accountants (SA)
(Practice number 903485)
137 Daisy Street
Sandown 2196
(Private Bag X28, Benmore, 2010)

Company's bankers

First National Bank

a division of FirstRand Bank Limited
(Registration number 1929/001225/06)
1 First Place Corner Simmonds and
Pritchard Streets
Johannesburg 2001
(PO Box 1153, Johannesburg 2000)

The Standard Bank of South Africa Limited

(Registration number 1962/000738/06)
9th Floor
Standard Bank Centre
5 Simmonds Street
Johannesburg
Gauteng
2001
South Africa

Nedbank Limited

(Registration number 1951/000009/06)
135 Rivonia Road
Sandown
Sandton, 2196
(PO Box 1144, Johannesburg, 2000)

Mercantile Bank Limited

(Registration number 1965/006706/06)
142 West Street
Sandown
Johannesburg 2196
(PO Box 782699, Sandton, 2146)

