

PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial effects of the B-BBEE Transaction on the results of Barloworld as at and for the year ended 30 September 2018, which should be read together with the Independent Reporting Accountants and Auditors' report hereon in Annexure 6 to this Circular, are set out below.

The *pro forma* statement of comprehensive income and financial position are presented for illustrative purposes only and because of their *pro forma* nature, may not fairly present Barloworld's financial position, changes in equity, results of operations or cash flow, nor the effect of the B-BBEE Transaction going forward.

The *pro forma* financial information is the responsibility of the Directors and has been prepared using accounting principles that are consistent with IFRS and the accounting policies adopted by Barloworld in its published consolidated financial statements for the year ended 30 September 2018. The *pro forma* financial effects are presented in accordance with the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

PRO FORMA A: Assumes the Black Public Scheme is fully subscribed. In this *pro forma* the Propco shareholding reflects the following:

30%	Black Public Scheme
32%	Employee Trust
38%	Management Trust

PRO FORMA B: Assumes the Minimum Subscription Amount in the Black Public Scheme is achieved. In this *pro forma* the Propco shareholding reflects the following:

21%	Black Public Scheme
32%	Employee Trust
47%	Management Trust

PRO FORMA C: Assumes the Minimum Subscription Amount in the Black Public Scheme is not achieved. In this *pro forma* the Propco shareholding reflects the following:

32%	Employee Trust
68%	Management Trust

Basis of preparation

The *pro forma* income statement has been prepared on the basis that the B-BBEE Transaction was implemented on 1 October 2017. Where relevant, the Property value based on the As-is Market Value at 31 August 2018 (as detailed in Annexure 1 to this Circular) and exclude any future development expenditure.

The *pro forma* statement of financial position has been prepared on the basis that the B-BBEE Transaction was implemented 30 September 2018.

With the change in ownership of the Properties from Barloworld to Propco, new lease agreements are entered into on different terms to the existing lease arrangements, and the funding structures over the Properties also change. As such, the information presented in the unadjusted financial information of the Properties and the *pro forma* financial information will differ.

In accordance with the principles in IFRS 10: Consolidated Financial Statements (IFRS 10), the Foundation, The Management Trust, The Employee Trust, and Propco are controlled by Barloworld. As such, these entities are consolidated into the Barloworld Group for the purposes of the *pro forma* financial information.

In terms of IFRS 10, Barloworld would control the Foundation; the Employee Trust and the Management Trust; and/or Propco if the criteria listed below are met:

- (a) Barloworld has power over the entity
- (b) Barloworld has exposure, or rights, to variable returns from its involvement with the entity
- (c) Barloworld has the ability to use its power over the entity to affect the amount of the returns

To determine whether Barloworld controls the Foundation, the Management Trust, the Employee Trust and Propco, the Transaction facts have been analysed against the criteria of IFRS 10 as follows:

IFRS 10 Criteria	The Foundation	The Management Trust and the Employee Trust	Propco
<p><i>(a) Barloworld has power over the entity</i></p> <p>Barloworld will be considered to have power over these entities when it has existing rights that give it the current ability to direct the relevant activities.</p>	<p>The Foundation will be established to have a direct shareholding in Barloworld (mandated by Barloworld) and its sole objective is to meet Barloworld's transformation objectives and obtain BEE credentials for Barloworld. Barloworld approves all amendments to the Foundation Trust Deed.</p>	<p>Barloworld will establish the Employee Trust and the Management Trust for the benefit of its employees and managers. The Employee Trust and the Management Trust will be established to assist Barloworld in obtaining BEE credentials and are also used as a mechanism to attract and retain staff resources. Further, the Employee Trust and the Management Trust cannot amend their trust deeds without Barloworld's permission.</p>	<p>Barloworld has power over the relevant activities of Propco because it:</p> <ul style="list-style-type: none"> • determines to whom the Khula Sizwe Properties should be leased to; • determines what Propco should do with the cash obtained from the lease of the Properties; and sale of Properties; • determines who should own shares in Propco; • determines when and how the Barloworld shares held by Propco should be distributed to its shareholders; • controls the majority shareholders of Propco (see assessment on the Employee Trust and the Management Trust below); and • approves the amendments to the MOI of Propco
<p><i>(b) Barloworld has exposure, or rights, to variable returns from its involvement with these entities</i></p> <p>Barloworld would be considered to be exposed, or has rights, to variable returns from its involvement with these entities when Barloworld's returns from its involvement have the potential to vary as a result of these entity's performance. The returns could be only positive, only negative or both positive and negative.</p>	<p>The community projects of the Foundation allow Barloworld to maintain its BEE status. BEE credentials provide Barloworld with a licence to trade effectively within the South African market. Barloworld therefore has exposure and rights to variable returns through its involvement with the Foundation.</p>	<p>The returns of the Employee Trust and the Management Trust are distributions from the Propco and Barloworld shares (when the Barloworld shares are distributed to them). These distributions are for the benefit of the Employee Trust and the Management Trust's beneficiaries. Barloworld is exposed to these returns as the timing of these distributions enables them to receive services from the employees and also obtain BEE credentials.</p>	<p>The returns of Propco would arise from the lease payments from the leased properties, the disposal of properties, the BEE credentials obtained from its black shareholding and dividend distributions and proceeds from the sale of Barloworld shares held by Propco (when acquired). Barloworld is exposed to the returns of Propco because it obtains BEE credentials from the shareholding in Propco that it predetermined; and the sale of the Properties to Propco. In addition the excess cash obtained from the lease payments is to be used to purchase Barloworld shares that will increase black ownership in Barloworld and increase its BEE credentials.</p>

IFRS 10 Criteria	The Foundation	The Management Trust and the Employee Trust	Propco
<p data-bbox="137 197 427 293"><i>(c) Barloworld has the ability to use its power over these entities to affect the amount of the returns</i></p> <p data-bbox="137 315 432 528">Barloworld would be considered to control these entities if it not only has the power over them, and exposure or rights to variable returns from its involvement with them, but also has the ability to use its power over these entities to affect the amount of the returns.</p>	<p data-bbox="475 197 1453 315">Barloworld has power over the relevant activities of the Foundation and Propco that affects the BEE credentials that it will obtain. Barloworld has power over the relevant activities of the Employee Trust and the Management Trust that affects the services it receives from its employees over the vesting period and the BEE credentials that it will obtain. Therefore, there is a linkage between its power over the Foundation, Propco, Employee Trust and Management Trust and the returns generated.</p>		

Based on the assessment above Barloworld controls the Foundation; the Employee Trust and the Management Trust; and Propco.

Unless otherwise indicated the *pro forma* income statement adjustments are of a continuous nature.

PRO FORMA A
CONSOLIDATED INCOME STATEMENT
for the 12 months ended 30 September 2018

R'million	Foundation			Propco			Group					
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6	Note 7	
	Barloworld Reported	Acquire shares and distribute dividends	Acquisition of shares in Propco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Acquisition of shares by Black Public	Sale and lease, finance costs and tax	Free issue of shares to the Foundation	Sale and lease, administration finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments	<i>Pro forma</i>
	63 420	24b		248c							(271)	63 421
	6 978			248c	(819)c	(819)	(819)	(373)h,i,j	(109)	(26)	907	6 806
	(2 433)			(25)d							25	(2 433)
	(141)											(141)
	4 404			223	(819)	(819)	(819)	(373)	(109)	(26)	932	4 232
	(133)											(133)
	147											147
	(1 182)			(217)b				189g				(1 210)
	3 236			6	(819)	(819)	(819)	(184)	(109)	(26)	932	3 036
	(248)							582f			(582)	(248)
	2 988			6	(819)	(819)	(819)	398	(109)	(26)	350	2 788
	(950)			(9)e				(156)k				(1 115)
	2 038			(3)	(819)	(819)	(819)	242	(109)	(26)	350	1 673
	235											235
	2 273			(3)	(819)	(819)	(819)	242	(109)	(26)	350	1 908
	1 647											1 647
	3 920			(3)	(819)	(819)	(819)	242	(109)	(26)	350	3 555
	3 846			(2)	(819)	(819)	(819)	242	(109)	(26)	350	3 482
	74			(1)								73
	3 920			(3)	(819)	(819)	(819)	242	(109)	(26)	350	3 555

	Foundation		Management Trust and Employee Trust		Propco		Group			Pro forma		
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 3	Note 4	Note 2	Note 4		Note 5	Note 6
R million	Barloworld Reported	Acquire shares and distribute dividends	Acquisition of shares in Propco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Acquisition of shares by Black Public	Sale and lease, finance costs and tax	Sale and lease, administration costs, finance costs and tax	Free issue of shares to the Foundation	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments	
Earnings per share from group	1 823.8											1 651.2
– basic	1 812.9											1 641.3
– diluted												
Earnings per share from continuing operations	1 042.8											870.2
– basic	1 036.5											865.0
– diluted												
Earnings per share from discontinued operations	781.0											781.0
– basic	776.4											776.4
– diluted												
HEPS per share from group	1 192.1											1 114.9
– basic	1 185.0											1 108.2
– diluted												
HEPS per share from continuing operations	1 150.9											1 073.6
– basic	1 144.0											1 067.2
– diluted												
HEPS per share from discontinued operations	41.3											41.3
– basic	41.0											41.0
– diluted												
Weighted average number of shares	210 875											210 875
Fully converted weighted average number of shares	212 147											212 147
Headline earnings												
Headline earnings per share												
Basic												
Profit for the year attributable to Barloworld Limited shareholders	3 846					(2)		(819)		(109)	(26)	350
Adjusted for the following:												
Gross remeasurements excluded from headline earnings	(1 361)											(1 361)
Profit on disposal of subsidiaries and investments (IFRS 10)	(98)											(98)
Profit on disposal of plant, property, equipment and intangible excluding rental assets (IAS 16 and IAS 38)	(10)											(10)
Impairment of goodwill (IFRS 3)	70											70
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	155											155
Impairment of investments in associates and joint ventures (IAS 36)	24											24
Realisation of translation reserve on disposal of foreign subsidiaries	(1 502)											(1 502)
Taxation effects of remeasurements	(18)											201
												183

	Foundation		Propoco			Group					
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 2	Note 4	Note 4	Note 5	Note 6	Note 7
		Acquire shares and distribute dividends	Acquisition of shares in Propoco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Acquisition of shares by Black Public	Sale and lease, finance costs and tax	Free issue of shares to the Foundation	Sale and lease, administration finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments
R million	Barloworld Reported										<i>Pro forma</i>
Taxation (benefit)/charge on impairment and disposal of property, plant and equipment (IAS 16) and intangibles (IAS 38)	(20)										181
Taxation charge on impairment of goodwill (IFRS 3)	2										2
Associate and non-controlling interest in remeasurements	47										47
Net remeasurements excluded from headline earnings	(1 332)										(1 131)
Headline earnings	2 514		(2)			242	(819)	242	(109)	(26)	551
Profit from continuing operations	2 273		(3)			242	(819)	242	(109)	(26)	350
Non-controlling shareholders interest in net profit from continuing operations	(74)		1								(73)
Profit from continuing operations attributable to Barloworld Limited shareholders	2 199		(2)			242	(819)	242	(109)	(26)	350
Adjusted for the following items in continuing operations:											
Gross remeasurements excluded from headline earnings from continuing operations	248										248
Profit on disposal of plant, property, equipment and intangible excluding rental assets (IAS 16 and IAS 38)	(1)										(1)
Impairment of goodwill (IFRS 3)	70										70
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	155										155
Impairment of investments in associates and joint ventures (IAS 36)	24										24
Taxation effects of remeasurements	(20)										181
Taxation (benefit)/charge on impairment and disposal of property, plant and equipment (IAS 16) and intangibles (IAS 38)	(22)										179
Taxation charge on impairment of goodwill (IFRS 3)	2										2
Associate and non-controlling interest in remeasurements											

	Foundation		Propco		Group					
	Note 1	Note 2	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6	Note 7
R'million										
Net remeasurements excluded from headline earnings from continuing operations	228									201
Headline earnings from continuing operations	2 427				(2)	(819)	242	(109)	(26)	551
Profit from discontinued operations attributable to Baroworld Limited shareholders	1 647									
Adjusted for the following items in discontinued operations:										
Gross remeasurements excluded from headline earnings from discontinued operations	(1 609)									(1 609)
Profit on disposal of subsidiaries (IFRS 10)	(98)									(98)
Realisation of translation reserve on disposal of foreign subsidiaries (IAS 21)	(1 502)									(1 502)
Profit on disposal of property and other assets (IAS 16)	(9)									(9)
Taxation effects of remeasurements	2									2
Taxation charge of discontinued operations (IFRS 5)	2									2
Associate and non-controlling interest in remeasurements	47									47
Net remeasurements excluded from headline earnings from discontinued operations	(1 560)									(1 560)
Headline earnings from discontinued operations	87									87

PRO FORMA A
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2018

R'million	Group							Pro forma				
	Foundation	Management Trust and Employee Trust			Propoco							
Note 1	Note 2	Note 3	Note 3	Note 3	Note 4	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	
	Acquire shares and distribute dividends	Acquisition of shares in Propoco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Acquisition of shares by Black Public	Sale and lease, finance costs and tax	Free issue of shares to the Foundation	Barloworld funding to trusts for acquisition of shares in Propoco	Sale and lease, finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments	
Barloworld Reported	810	381			2 722		373	(2 140)			(2 146)	19 231
ASSETS												
Non-current assets	19 231	381			2 722		373	(2 140)			(2 146)	19 231
Property, plant and equipment	12 657				2 722a			(2 140)f			(582)	12 657
Goodwill	1 873											1 873
Intangible assets	1 528											1 528
Investment in associates and joint ventures	1 343						197c				(197)	1 343
Investments in group companies		381a									(1 191)	
Finance lease receivables	211											211
Long-term financial assets	909						176b				(176)	909
Deferred taxation assets	710											710
Current assets	30 028		381	163	(544)					(26)		30 002
Vehicle rental fleet	3 058											3 058
Inventories	9 592											9 592
Trade and other receivables	8 883											8 883
Taxation	105											105
Cash and cash equivalents	7 893		381a(i,ii,iii)	163a(iv)	(544)b					(26)		7 867
Assets classified as held for sale	497											497
Total assets	49 259	810	381	163	2 178		373	(2 140)		(26)	(2 146)	49 233

R'million	Foundation			Propoco			Group					
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 3	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
	Barloworld Reported	Acquire shares and distribute dividends	Acquisition of shares in Propoco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Acquisition of shares by Black Public	Sale and lease, finance costs and tax	Free issue of shares to the Foundation	Barloworld funding to trusts for acquisition of shares in Propoco	Sale and lease, finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments
												<i>Pro forma</i>
EQUITY AND LIABILITIES												
	441	810a	205b	381a(i,j,iii)	163a		810a					(544)
Share capital and premium	4 194	810a	205b				(810)a					(1 826)
Other reserves	17 598								582f		(26)	229
Retained income												
Interest of shareholders of Barloworld Limited	22 233	810	205	381	163		582		582		(26)	(2 141)
Minority interest	517											171
	22 750	810	205	381	163		582		582		(26)	(1 970)
Interest of all shareholders	8 917	810	176	381	163	2 178	(148)		(148)g		(26)	(176)
Non-current liabilities	5 995					2 178b						
Interest-bearing	632											8 025
Deferred taxation liabilities	47											632
Provisions	2 243		176b								(176)	47
Other non-current liabilities												2 243
Current liabilities	17 592							373	(2 574)			15 391
Trade and other payables	11 122											11 122
Provisions	1 100											1 100
Taxation	70											70
Amounts due to bankers and short-term loans	5 174							373 a	(2 574)g			2 973
Liabilities directly associated with assets classified as held for sale	126											126
Total equity and liabilities	49 259	810	381	381	163	2 178		373	(2 140)		(26)	(2 146)
Net asset value per share (cents)	10 452.9											10 127.6
Tangible net asset value per share (cents)	8 854.1											8 576.7
Total number of ordinary shares in issue (000)	212 693	6 578										219 271

PRO FORMA B
CONSOLIDATED INCOME STATEMENT
for the 12 months ended 30 September 2018

	Group							Pro forma				
	Foundation		Management Trust and Employee Trust		Propoco							
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6	Note 7	
R'million	Barloworld Reported											
Continuing operations	63 420	24b				248c					(271)	63 421
Revenue	6 978					248c	(819)c		(113)	(26)	907	6 802
Operating profit before items listed below (EBITDA)	(2 433)					(25)d					25	(2 433)
Depreciation	(141)											(141)
Amortisation of intangible assets												
Operating profit	4 404					223	(819)		(113)	(26)	932	4 228
Fair value adjustments on financial instruments	(133)											(133)
Income from investments	147											147
Finance costs	(1 182)					(217)b						(1 214)
Profit before non-operating and capital items	3 236					6	(819)		(113)	(26)	932	3 028
Non-operating and capital items	(248)											(248)
Profit before taxation	2 988					6	(819)		(113)	(26)	350	2 780
Taxation	(950)					(9)e						(1 114)
Profit after taxation	2 038					(3)	(819)		(113)	(26)	350	1 666
Income from associates and joint ventures	235											235
Net profit for the period from continuing operations	2 273					(3)	(819)		(113)	(26)	350	1 901
Discontinued operation												
Profit from discontinued operation	1 647											1 647
Profit for the year	3 920					(3)	(819)		(113)	(26)	350	3 548
Attributable to:												
Owners of Barloworld Limited	3 846					(2)	(819)		(113)	(26)	350	3 475
Non-controlling interest in subsidiaries	74					(1)						73
	3 920					(3)	(819)		(113)	(26)	350	3 548

	Foundation		Employee Trust		Management Trust and Trust		Group							
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6	Note 7
	Barloworld Reported	Acquire shares and distribute dividends	Acquisition of shares in Propco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Acquisition of shares by Black Public	Sale and lease, finance costs and tax	Free issue of shares to the Foundation	Sale and lease, administration costs, finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments			<i>Pro forma</i>
R million														
Earnings per share from group	1 823.8													1 647.9
– basic	1 812.9													1 638.0
– diluted														
Earnings per share from continuing operations	1 042.8													866.9
– basic	1 036.5													861.7
– diluted														
Earnings per share from discontinued operations	781.0													781.0
– basic	776.4													776.4
– diluted														
HEPS per share from group	1 192.1													1 111.6
– basic	1 185.0													1 104.9
– diluted														
HEPS per share from continuing operations	1 150.9													1 070.3
– basic	1 144.0													1 063.9
– diluted														
HEPS per share from discontinued operations	41.3													41.3
– basic	41.0													41.0
– diluted														
Weighted average number of shares	210 875													210 875
Fully converted weighted average number of shares	212 147													212 147
Headline earnings														
Headline earnings per share														
Basic	3 846													3 475
Profit for the year attributable to Barloworld Limited shareholders														350
Adjusted for the following:														
Gross remeasurements excluded from headline earnings	(1 361)													(1 361)
Profit on disposal of subsidiaries and investments (IFRS 10)	(98)													(98)
Profit on disposal of plant, property, equipment and intangible excluding rental assets (IAS 16 and IAS 38)	(10)													(10)
Impairment of goodwill (IFRS 3)	70													70
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	155													155
Impairment of investments in associates and joint ventures (IAS 36)	24													24
Realisation of translation reserve on disposal of foreign subsidiaries (IAS 21)	(1 502)													(1 502)

R million	Group							Pro forma			
	Foundation		Employee Trust and Management Trust		Propoco						
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6	Note 7
		Acquire shares and distribute dividends	Acquisition of shares in Propoco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Acquisition of shares by Black Public	Sale and lease, finance costs and tax	Free issue of shares to the Foundation	Sale and lease, administration finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments
Barloworld Reported											
	(20)										201
	2										2
Taxation effects of remeasurements	(18)										201
Taxation (benefit)/charge on impairment and disposal of property, plant and equipment (IAS 16) and intangibles (IAS 38)											
Taxation charge on impairment of goodwill (IFRS 3)											
Associate and non-controlling interest in remeasurements	47										47
Net remeasurements excluded from headline earnings	(1 332)										(1 131)
Headline earnings	2 514					(2)	(819)	239	(113)	(26)	551
Profit from continuing operations	2 273					(3)	(819)	239	(113)	(26)	350
Non-controlling shareholders' interest in net profit from continuing operations	(74)					1					(73)
Profit from continuing operations attributable to Barloworld Limited shareholders	2 199					(2)	(819)	239	(113)	(26)	350
Adjusted for the following items in continuing operations:											
Gross remeasurements excluded from headline earnings from continuing operations	248										248
Profit on disposal of plant, property, equipment and intangible excluding rental assets (IAS 16 and IAS 38)	(1)										(1)
Impairment of goodwill (IFRS 3)	70										70
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	155										155
Impairment of investments in associates and joint ventures (IAS 36)	24										24

	Management Trust and Employee Trust							Group				
	Foundation		Propco			Group						
R million	Note 1	Note 2	Note 3	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6	Note 7	
	Barloworld Reported	Acquire shares and distribute dividends	Acquisition of shares in Propco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Acquisition of shares by Black Public	Sale and lease, finance costs and tax	Free issue of shares to the Foundation	Sale and lease, administration finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments	<i>Pro forma</i>
Taxation effects of remeasurements	(20)										201	181
Taxation (benefit)/charge on impairment and disposal of property, plant and equipment (IAS 16) and intangibles (IAS 38)	(22)										201	179
Taxation charge on impairment of goodwill (IFRS 3)	2											2
Associate and non-controlling interest in remeasurements												
Net remeasurements excluded from headline earnings from continuing operations	(1 332)										201	(1 131)
Headline earnings from continuing operations	2 427					(2)	(819)	239	(113)	(26)	551	2 257
Profit from discontinued operations attributable to Barloworld Limited shareholders	1 647											1 647
Adjusted for the following items in discontinued operations:												
Gross remeasurements excluded from headline earnings from discontinued operations	(1 609)											(1 609)
Profit on disposal of subsidiaries (IFRS 10)	(98)											(98)
Realisation of translation reserve on disposal of foreign subsidiaries (IAS 21)	(1 502)											(1 502)
Profit on disposal of property and other assets (IAS 16)	(9)											(9)
Taxation effects of remeasurements	2											2
Taxation charge of discontinued operations (IFRS 5)	2											2
Associate and non-controlling interest in remeasurements	47											47
Net remeasurements excluded from headline earnings from discontinued operations	(1 560)											(1 560)
Headline earnings from discontinued operations	87											87

**PRO FORMA B
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
as at 30 September 2018

	Foundation		Management Trust and Employee Trust		Propco		Group				<i>Pro forma</i>	
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 4	Note 2	Note 3	Note 4	Note 5		Note 6
R'million												
ASSETS												
Non-current assets	19 231	810	430			2 722	422	(2 140)			(2 244)	19 231
Property, plant and equipment	12 657					2 722a		(2 140)f			(582)	12 657
Goodwill	1 873											1 873
Intangible assets	1 528											1 528
Investment in associates and joint ventures	1 343						203f				(203)	1 343
Investments in group companies		810a	430d								(1 240)	
Finance lease receivables	211											211
Long-term financial assets	909						219e				(219)	909
Deferred taxation assets	710											710
Current assets	30 028			430	114	(544)	114				(26)	30 002
Vehicle rental fleet	3 058											3 058
Inventories	9 592											9 592
Trade and other receivables	8 883											8 883
Taxation	105											105
Cash and cash equivalents	7 893			430d(vi,vii)	114d(viii)	(544)b					(26)	7 867
Assets classified as held for sale	497											497
Total assets	49 259	810	430	430	114	2 178	422	(2 140)			(2 244)	49 233

	Foundation		Management Trust and Employee Trust		Propco		Group					
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 4	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
R'million												
EQUITY AND LIABILITIES												
Capital and reserves												
Share capital and premium	441			430d	114d(viii)						(544)	441
Other reserves	4 194	810a	211e				810a				(1 831)	4 194
Retained income	17 598						(810)a		582 f		(26)	17 572
Interest of shareholders of Barloworld Limited	22 233	810	211	430	114			582			(26)	22 207
Minority interest	517											639
Interest of all shareholders	22 750	810	211	430	114			582			(26)	22 846
Non-current liabilities	8 917		219			2 178		(148)			(219)	10 947
Interest-bearing	5 995					2 178b		(148)g				8 025
Deferred taxation liabilities	632											632
Provisions	47											47
Other non-current liabilities	2 243		219e								(219)	2 243
Current liabilities	17 592							422	(2 574)			15 440
Trade and other payables	11 122											11 122
Provisions	1 100											1 100
Taxation	70											70
Amounts due to bankers and short-term loans	5 174							422d	(2 574)g			3 022
Liabilities directly associated with assets classified as held for sale	126											126
Total equity and liabilities	49 259	810	430	430	114	2 178		422	(2 140)		(26)	49 233
Net asset value per share (cents)	10 452,9											
Tangible net asset value per share (cents)	8 854,1											
Total number of ordinary shares in issue (000)	212 693	6 578										219 271

PRO FORMA C
CONSOLIDATED INCOME STATEMENT
for the 12 months ended 30 September 2018

	Foundation			Propco			Group			
	Note 1	Note 2	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6	Note 7
		Acquire shares and distribute dividends	Acquisition of shares in Propco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Sale and lease, administration finance costs and tax	Free issue of shares to the Foundation	Sale and lease, administration finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments
Barloworld Reported										
R million										<i>Pro forma</i>
Continuing operations										
Revenue	63 420	24b	248c		248c					(271)
Operating profit before items listed below (EBITDA)	6 978		248c		248c	(819)c		(125)	(26)	907
Depreciation	(2 433)		(25)d		(25)d					25
Amortisation of intangible assets	(141)									(141)
Operating profit	4 404		223		223	(819)		(125)	(26)	932
Fair value adjustments on financial instruments	(133)									(133)
Income from investments	147									147
Finance costs	(1 182)		(217)b		(217)b		175g			(1 224)
Profit before non-operating and capital items	3 236		6		6	(819)	(198)	(125)	(26)	932
Non-operating and capital items	(248)						582f			(582)
Profit before taxation	2 988		6		6	(819)	384	(125)	(26)	350
Taxation	(950)		(9)e		(9)e		(153)m			(1 112)
Profit after taxation	2 038		(3)		(3)	(819)	231	(125)	(26)	350
Income from associates and joint ventures	235									235
Net profit for the period from continuing operations	2 273		(3)		(3)	(819)	231	(125)	(26)	350
Discontinued operation										
Profit from discontinued operation	1 647									1 647
Profit for the year	3 920		(3)		(3)	(819)	231	(125)	(26)	350
Attributable to:										
Owners of Barloworld Limited	3 846		(3)		(3)	(819)	231	(125)	(26)	350
Non-controlling interest in subsidiaries	74									74
	3 920		(3)		(3)	(819)	231	(125)	(26)	350

	Foundation		Employee Trust		Management Trust and Employee Trust		Group				Pro forma	
	Note 1	Note 2	Note 3	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6		Note 7
	Barloworld Reported	Acquire shares and distribute dividends	Acquisition of shares in Propco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Sale and lease, finance costs and tax	Free issue of shares to the Foundation		Sale and lease, administration costs, finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments	
R'million												
Earnings per share from group	1 823.8											1 637.9
– basic	1 812.9											1 628.1
– diluted												
Earnings per share from continuing operations	1 042.8											856.9
– basic	1 036.5											851.8
– diluted												
Earnings per share from discontinued operations	781.0											781.0
– basic	776.4											776.4
– diluted												
HEPS per share from group	1 192.1											1 101.6
– basic	1 185.0											1 095.0
– diluted												
HEPS per share from continuing operations	1 150.9											1 060.3
– basic	1 144.0											1 054.0
– diluted												
HEPS per share from discontinued operations	41.3											41.3
– basic	41.0											41.0
– diluted												
Weighted average number of shares	210 875											210 875
Fully converted weighted average number of shares	212 147											212 147
Headline earnings												
Headline earnings per share												
Basic	3 846						(3)	(819)	(125)	(26)	350	3 454
Profit for the year attributable to Barloworld Limited shareholders												
Adjusted for the following:												
Gross remeasurements excluded from headline earnings	(1 361)											(1 361)
Profit on disposal of subsidiaries and investments (IFRS 10)	(98)											(98)
Profit on disposal of plant, property, equipment and intangible excluding rental assets (IAS 16 and IAS 38)	(10)											(10)
Impairment of goodwill (IFRS 3)	70											
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	155											155
Impairment of investments in associates and joint ventures (IAS 36)	24											24
Realisation of translation reserve on disposal of foreign subsidiaries (IAS 21)	(1 502)											(1 502)

	Foundation			Propco			Group				
	Note 1	Note 2	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6	Note 7	
		Acquire shares and distribute dividends	Acquisition of shares in Propco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Sale and lease, finance costs and tax	Free issue of shares to the Foundation	Sale and lease, administration costs, finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments	<i>Pro forma</i>
R'million											
Taxation effects of remeasurements	(18)									201	183
Taxation (benefit)/charge on impairment and disposal of property, plant and equipment (IAS 16) and intangibles (IAS 38)	(20)									201	181
Taxation charge on impairment of goodwill (IFRS 3)	2										2
Associate and non-controlling interest in remeasurements	47										47
Net remeasurements excluded from headline earnings	(1 332)									201	(1 131)
Headline earnings	2 514				(3)	(819)	231	(125)	(26)	551	2 323
Profit from continuing operations	2 273				(3)	(819)	231	(125)	(26)	350	1 881
Non-controlling shareholders interest in net profit from continuing operations	(74)										(74)
Profit from continuing operations attributable to Barloworld Limited shareholders	2 199				(3)	(819)	231	(125)	(26)	350	1 807
Adjusted for the following items in continuing operations:											
Gross remeasurements excluded from headline earnings from continuing operations	248										248
Profit on disposal of plant, property equipment and intangible excluding rental assets (IAS 16 and IAS 38)	(1)										(1)
Impairment of goodwill (IFRS 3)	70										70
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	155										155
Impairment of investments in associates and joint ventures (IAS 36)	24										24

	Foundation			Propoco			Group			
	Note 1	Note 2	Note 3	Note 3	Note 4	Note 2	Note 4	Note 5	Note 6	Note 7
		Acquire shares and distribute dividends	Acquisition of shares in Propoco and related funding	Acquisition of shares by the Employee Trust and the Management Trust	Sale and lease, finance costs and tax	Free issue of shares to the Foundation	Sale and lease, administration costs, finance costs and tax	IFRS 2: Share-based payment expense	Transaction costs	Group consolidation adjustments
R'million										<i>Pro forma</i>
Taxation effects of remeasurements										
Taxation benefit on impairment and disposal of property, plant and equipment (IAS 16) and intangibles (IAS 38)	(20)									201
Taxation charge on impairment of goodwill (IFRS 3)	(22)									201
	2									2
Associate and non-controlling interest in remeasurements										
Net remeasurements excluded from headline earnings from continuing operations	(1 332)									201
Headline earnings from continuing operations	2 427				(3)	(819)	231	(125)	(26)	551
Profit from discontinued operations attributable to Barloworld Limited shareholders	1 647									1 647
Adjusted for the following items in discontinued operations:										
Gross remeasurements excluded from headline earnings from discontinued operations	(1 609)									(1 609)
Profit on disposal of subsidiaries (IFRS 10)	(98)									(98)
Realisation of translation reserve on disposal of foreign subsidiaries (IAS 21)	(1 502)									(1 502)
Profit on disposal of property and other assets (IAS 16)	(9)									(9)
Taxation effects of remeasurements	2									2
Taxation charge of discontinued operations (IFRS 5)	2									2
Associate and non-controlling interest in remeasurements	47									47
Net remeasurements excluded from headline earnings from discontinued operations	(1 560)									(1 560)
Headline earnings from discontinued operations	87									87

	Foundation			Propco			Group				
	Note 1	Note 2	Note 3	Note 3	Note 4	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
R: million											
Capital and reserves											
Share capital and premium	441			544g						(544)	441
Treasury shares											
Other reserves	4 194	810a	224h			810a				(1 844)	4 194
Retained income	17 598					(810)a		582f		(26)	17 572
Interest of shareholders of Barloworld Limited	22 233	810	224	544		582		582		(26)	22 207
Minority interest	517										525
Interest of all shareholders	22 750	810	224	544		582		582		(26)	22 732
Non-current liabilities	8 917		320		2 178			(148)			10 947
Interest-bearing	5 995				2 178b			(148)h			8 025
Deferred taxation liabilities	632										632
Provisions	47										47
Other non-current liabilities	2 243		320h							(320)	2 243
Current liabilities	17 592						536	(2 574)			15 554
Trade and other payables	11 122										11 122
Provisions	1 100										1 100
Taxation	70										70
Amounts due to bankers and short-term loans	5 174						536g	(2 574)g			3 136
Liabilities directly associated with assets classified as held for sale	126										126
Total equity and liabilities	49 259	810	544	544	2 178	536	(2 140)	(26)	(2 472)	49 233	
Net asset value per share (cents)	10 452.9										10 127.7
Tangible net asset value per share (cents)	8 854.1										8 576.8
Total number of ordinary shares in issue (000)	212 693	6 578									219 271

Notes to *pro forma* condensed consolidated income statement and statement of financial information for the year ended 30 September 2018.

Unless otherwise indicated the *pro forma* adjustments are of a continuous nature.

PRO FORMA A – 30% Black Public Scheme

1. The Barloworld “Reported” column is based on the audited consolidated balance sheet and income statement of the Group for the year ended 30 September 2018.

2. The Foundation

The Foundation will be issued with 6 578 121 par value Barloworld Shares of R0.05 each, equivalent to a 3% ownership interest in Barloworld. Barloworld will make the contribution to the Foundation to enable it to acquire the Shares at par value, totalling R328k, plus startup capital of R100. Note that this is not recognised in the *pro forma* financial statements as the *pro forma* statements are rounded to the nearest R'million. This is a once off contribution.

(a) The 30 September 2018 fair value of this investment in Barloworld has been based on 6 578 121 shares at the Barloworld share price as at 30 September 2018 of R123.17 (R810 million). The revaluation of this equity investment will be recognised in other comprehensive income and other reserves. This revaluation will eliminate on consolidation.

(b) The Foundation's primary source of revenue will be the dividends received from the Shares it holds in Barloworld. No investment income has been recognised as it is assumed that dividend revenue will be distributed to the beneficiaries as received.

The dividends received of R24 million have been calculated based on Barloworld declaring total dividends per share of 462 cents net of dividends tax (dividends tax has been accounted for in the Group). On consolidation, the dividends will eliminate (with the exception of the withholding tax paid) and the distributions from the Foundation to the beneficiaries of R24 million will be recognised as operating expenses in the Group.

(c) The issue of shares to the Foundation results in an IFRS 2 charge of R819 million in Barloworld Limited (the company), being the difference between the par value and the fair value of the Shares on grant date. This charge will eliminate on consolidation.

3. Acquisition of shares in Propco and related funding

The Employee Trust and the Management Trust will obtain funding from Barloworld which, together with 5% own funding relating to Senior Managers, will be used to invest in 70% of the Propco Shares. The remaining 30% interest in Propco will be held by the Black Public Scheme.

(a) The total once-off equity contribution from the Employee Trust and the Management Trust for their respective 32% and 38% equity interest in Propco is R373 million, representing 20% of Propco's funding for the Properties purchase. This is represented as follows:

	R'million	Notes
Employee Trust – Employee Trust Contribution	174	i
Management Trust – Management Trust Loan	199	ii
Total Barloworld funding to the Employee Trust and the Management Trust	373	
Black Public Scheme	163	iv
Management Trust – own equity	8	iii
Equity contribution of the Employee Trust, Management Trust and the Black Public Scheme in Propco	544	20% equity contribution to fund the Propco purchase of the Properties for R2.7 billion

(i) The Employee Trust is required to make a once off equity contribution amounting to R174 million for its 32% ownership of Propco. Barloworld will make the Employee Trust Contribution to the Employee Trust equal to this equity value in order to enable the Employee Trust to subscribe for Propco Shares.

(ii) The Management Trust is required to make a once off equity contribution amounting to R207 million for its 38% ownership of Propco. Barloworld will provide funding to the Management Trust of R199 million as follows:

- Senior Managers (Global Grades 15 and above): Barloworld will fund R147 million the equivalent of 95% of the Senior Managers' contribution via an interest-free loan.
- Junior Managers (Global Grades 11 – 14): Barloworld will fund 100% of the equity requirement of R52 million (no own contribution required) by way of an interest-free loan.

(iii) Senior Managers will be required to make an own equity contribution equal to R8 million. The investment from the Employee Trust and the Management Trust, including the Management Trust Loan and the Senior Managers' own equity contribution totals an investment in Propco of R381 million.

(iv) The Black Public Scheme is required to make a once off equity contribution amounting to R163 million for its 30% ownership of Propco. No funding will be provided to the Black Public Scheme by Barloworld.

- (b) The above Management Trust Loan and Employee Equity Contribution are required to be recognised at fair value, with the difference between the fair value and the cost of the principle loan value/cash contributions recognised in equity in the Employee Trust and the Management Trust. The fair value adjustment in equity has been determined as follows:

	R'million	R'million
Employee Trust – Employee Trust Contribution		174**
Management Trust – Management Trust Loan at fair value recognised as a non-current liability	176	
Management Trust – Management Trust Loan at cost	199	
Difference between fair value and cash loans/contributions recognised in equity		23**
Cash contribution of Senior Managers		8
Total fair value of loans and contributions recognised in equity		205

On consolidation the contributions from Barloworld at fair value are eliminated and the Senior Managers own equity contribution of R8 million together with the Black Public Scheme of R163 million are recognised as a non-controlling interest in the consolidated Group.

- (c) **The difference between the cost and the fair value of the Management Trust Loan (R23 million), together with the Employee Trust Contribution (R174 million) is recognised as an investment in subsidiary of R197 million in Barloworld.

4. Sale and Lease, administration costs, finance costs and tax

The following steps form the basis for the accounting for the Sale and Lease within the Group:

Propco

- (a) Propco will acquire the Properties from Barloworld Subsidiaries at fair value, as determined by the Independent Property Valuer, less 1.2% discount, for R2 722 million (being the purchase price).
- (b) Propco's purchase of the Properties will be funded 20% equity and 80% external debt. The equity contributed by Barloworld through the Employee Trust and the Management Trust, together with the Senior Managers own equity contribution, and the Black Public Scheme totalling R544 million is detailed in Note 3. External debt of R2.2 billion has been recognised in the statement of financial position and the finance charge in the income statement of R217 million has been recognised based on an assumed interest rate of 9.96% over 10 years. It is assumed the external debt will be repaid as interest only in the first year, then increasing to include a portion of capital repayments over the next nine years with a balloon repayment in the final year of the External Loan. Barloworld will guarantee the lease payments of the Lessees for the full term of the initial lease period in terms of the Barloworld Lease Guarantee. The terms of the funding assumed for the purposes of the *pro forma* financial statements are based on a draft term sheet which is still subject to finalisation at the Last Practicable Date.
- (c) Propco will lease the Properties to Barloworld subsidiaries for R248 million (rental revenue) per year for the first year as determined by the Independent Property Valuer, after which the rental revenue will escalate by 8% per annum over the initial lease period. The rental income from Barloworld Subsidiaries will eliminate on consolidation. 50% of the rental income from BHBW SA (Pty) Ltd (in which Barloworld is a 50% joint venture partner) will not eliminate on consolidation.
- (d) Depreciation of R25 million will be recognised in line with the Group accounting policies and no increased depreciation charge is assumed on consolidation of Propco.
- (e) Propco will incur taxes of R9 million on the taxable income generated.

No dividend distributions from Propco have been assumed in year 1 of the B-BBEE Transaction.

Barloworld

- (f) Barloworld will sell the Properties to Propco for Disposal Consideration of R2 722 million which will generate a profit on disposal totalling R582 million. The profit on Sale of the Properties has been calculated as the proceeds on sale of the Properties of R2 722 million less the carrying value of the Properties at 30 September 2018 of R2 140 million. The Properties have been de-recognised from Barloworld's statement of financial position based on the carrying value of the Properties at 30 September 2018. This step eliminates on consolidation.
- (g) The proceeds from the Sale by Barloworld of R2 722 million net of the amounts used to settle long-term debt on the Properties sold of R148 million and the amounts used to fund the Employee Trust and the Management Trust will be used to reduce the existing net debt. A reduction of finance costs has been recognised at an assumed rate of 8.6%.
- (h) An annual straight-line rental expense of R359 million will be recognised over the initial lease term, being 10 years. This is based on the 8% per annum escalation clause in the Property Lease Agreements between Propco and Barloworld. This step eliminates on consolidation.
- (i) The Independent Property Valuer has estimated that Propco would incur administration costs equivalent to 3% of the annual rental income, being R7 million in year one of the B-BBEE Transaction. These will be paid to Propco from Barloworld in addition to the lease charges and are assumed to be paid to external parties.
- (j) Breakage costs to early settle borrowings over certain Properties will be incurred at an estimated cost of R7 million.

(k) The following are included in the R156 million taxation expense under Note 4:

	R'million
Taxes on the Sale of the Properties (once off)	201 i
Deduction of Employee Trust Contribution (over two years)	(24) ii
Withholding tax on dividends paid to the Foundation	6
Other taxation adjustments resulting from the B-BBEE Transaction	(27)
	156

(i) Details of taxes on the Sale of the Properties:

Reconciliation of the taxes payable on the Sale of the Properties:

	R'million
Taxable recoupments	66
Gross CGT liability	135
Total taxes on the sale of the Properties	201

(ii) Deduction of Employee Trust Contribution

The Employee Trust Contribution is tax deductible over the vesting period, being two years.

Consolidation

The rental revenue earned by Propco and the rental expense and lease liability recognised in Barloworld will be eliminated on consolidation.

The Sale of the Properties (exclusive of the taxes payable) and the lease prepayment will be eliminated on consolidation.

5. IFRS 2: Share-based payment expense

An equity-settled share-based payment expense (IFRS 2 charge) arises as a result of the Employee Trust Contribution and the Management Trust Loan. This will be settled by Propco through the issuance of shares to the Employee Trust and the Management Trust, however the IFRS 2 charge is recognised by the employer companies in the Barloworld Group.

It is assumed that all participants will satisfy the service conditions associated with the Management Trust and the Employee Trust.

The total IFRS 2 charge for the Employee Trust and the Management Trust is R174 million and R108 million, respectively. These charges will be amortised over 2 years for Employees and 5 years for Management in accordance with the vesting period as detailed in paragraph 7 of the Circular. The impact on Propco is an adjustment in equity only. These transactions continue over the vesting period.

	R'million
Annual IFRS 2 charge – Employees	87
Annual IFRS 2 charge – Management	22
Annual IFRS 2 charge – Total	109

6. Transaction costs

Transaction costs, as detailed in the Circular, are estimated at R37 million and are once off.

	R'million
Transaction costs incurred to date and included in Barloworld Reported	11
Transaction costs to be incurred through to implementation of the B-BBEE Transaction	26
Total transaction costs	37

7. Group consolidation adjustments

Represents adjustments to consolidate the Foundation, the Management Trust and the Employee Trust and Propco into the Barloworld Group in accordance with IFRS 10: Consolidated Financial Statements.

8. Further information

In the unlikely event that the Foundation breaches any of its material obligations under the Transaction Agreements, Barloworld will have a right to repurchase the Foundation Shares.

The Specific Repurchase of 6 578 121 Foundation Shares would happen at the par value of R0.05 resulting in a cash flow of R328 906 between Barloworld and the Foundation which would eliminate on consolidation. Repurchased Shares, reflected as Treasury Shares, would be cancelled.

PRO FORMA B

The notes of *PRO FORMA A* remain applicable to *PRO FORMA B* other than those detailed below.

3. Acquisition of shares in Propco and related funding

The Employee Trust and the Management Trust will obtain funding from Barloworld which, together with 5% own funding relating to Senior Managers, will be used to invest in 79% of the Propco Shares. The remaining 21% interest in Propco will be held by the Black Public Scheme.

- (d) The total once-off equity contribution from the Employee Trust and the Management Trust for their respective 32% and 47% equity interest in Propco is R248 million, representing 20% of Propco's funding for the Properties purchase. This is represented as follows:

	R'million	Notes
Employee Trust – Employee Trust Contribution	174	v
Management Trust – Management Trust Loan	248	vi
Total Barloworld funding to the Employee Trust and the Management Trust	422	
Black Public Scheme	114	viii
Management Trust – own equity	8	vii
Equity contribution of the Employee Trust, Management Trust and the Black Public Scheme in Propco	544	20% equity contribution to fund the Propco purchase of the Properties for R2.7 billion

- (v) The Employee Trust is required to make a once off equity contribution amounting to R174 million for its 32% ownership of Propco. Barloworld will make the Employee Trust Contribution to the Employee Trust equal to this equity value in order to enable the Employee Trust to subscribe for Propco Shares.
- (vi) The Management Trust is required to make a once off equity contribution amounting to R256 million for its 47% ownership of Propco. Barloworld will provide funding to the Management Trust of R248 million as follows:
- Senior Managers (Global Grades 15 and above): Barloworld will fund R147 million the equivalent of 95% of the Senior Managers' contribution via an interest-free loan.
 - Junior Managers (Global Grades 11 – 14): Barloworld will fund 100% of the equity requirement of R101 million (no own contribution required) by way of an interest-free loan.
- (vii) Senior Managers will be required to make an own equity contribution equal to R8 million. The investment from the Employee Trust and the Management Trust, including the Management Trust Loan and the Senior Managers' own equity contribution totals an investment in Propco of R430 million.
- (viii) The Black Public Scheme is required to make a once off equity contribution amounting to R114 million for its 21% ownership of Propco. No funding will be provided to the Black Public Scheme by Barloworld.
- (e) The above Management Trust Loan and Employee Equity Contribution are required to be recognised at fair value, with the difference between the fair value and the cost of the principle loan value/cash contributions recognised in equity in the Employee Trust and the Management Trust. The fair value adjustment in equity has been determined as follows:

	R'million	R'million
Employee Trust – Employee Trust Contribution		174**
Management Trust – Management Trust Loan at fair value recognised as a non-current liability	219	
Management Trust – Management Trust Loan at cost	248	
Difference between fair value and cash loans/contributions recognised in equity		29**
Cash contribution of Senior Managers		8
Total fair value of loans and contributions recognised in equity		211

On consolidation the contributions from Barloworld at fair value are eliminated and the Senior Managers own equity contribution of R8 million together with the Black Public Scheme of R114 million are recognised as a non-controlling interest in the consolidated group.

- (f) The difference between the cost and the fair value of the Management Trust Loan (R29 million), together with the Employee Trust Contribution (R174 million) is recognised as an investment in subsidiary of R203 million in Barloworld.

4. Sale and Lease, administration costs, finance costs and tax/investment income and tax

(l) The following are included in the R155 million taxation expense under Note 4:

	R'million
Taxes on the Sale of the Properties (once off)	201 i
Deduction of Employee Trust Contribution (over two years)	(24) ii
Withholding tax on dividends paid to the Foundation	6
Other taxation adjustments resulting from the B-BBEE Transaction	(28)
	155

(i) Details of taxes on the Sale of the Properties:
Reconciliation of the taxes payable on the Sale of the Properties:

	R'million
Taxable recoupments	66
Gross CGT liability	135
Total taxes on the sale of the Properties	201

(ii) Deduction of Employee Trust Contribution
The Employee Trust Contribution is tax deductible over the vesting period, being two years.

5. IFRS 2: Share-based payment expense

An equity-settled share-based payment expense (IFRS 2 charge) arises as a result of the Employee Trust Contribution and the Management Trust Loan. This will be settled by Propco through the issuance of shares to the Employee Trust and the Management Trust, however the IFRS 2 charge is recognised by the employer companies in the Barloworld Group.

It is assumed that all participants will satisfy the service conditions associated with the Management Trust and the Employee Trust.

The total IFRS 2 charges for the Employee Trust and the Management Trust are R174 million and R129 million, respectively. These charges will be amortised over 2 years for Employees and 5 years for the Management in accordance with the vesting period as detailed in paragraph 7 of the Circular. The impact on Propco is an adjustment in equity only. These transactions continue over the vesting period.

	R'million
Annual IFRS 2 charge – Employees	87
Annual IFRS 2 charge – Management	26
Annual IFRS 2 charge – Total	113

PRO FORMA C

The notes of *PRO FORMA A* remain applicable to *PRO FORMA C* other than those detailed below.

3. Acquisition of shares in Propco and related funding

The Employee Trust and the Management Trust will obtain funding from Barloworld which, together with 5% own funding relating to Senior Managers, will be used to invest in 100% of the Propco Shares.

(g) The total once-off equity contribution from the Employee Trust and the Management Trust for their 100% equity interest in Propco is R536 million, representing 20% of Propco's funding for the Properties purchase. This is represented as follows:

	R'million	Notes
Employee Trust – Employee Trust Contribution	174	ix
Management Trust – Management Trust Loan	362	x
Total Barloworld funding to the Employee Trust and the Management Trust	536	
Management Trust – own equity	8	xi
Equity contribution of the Employee Trust, Management Trust and the Black Public Scheme in Propco	544	20% equity contribution to fund the Propco purchase of the Properties for R2.7 billion

(ix) The Employee Trust is required to make a once off equity contribution amounting to R174 million for its 32% ownership of Propco. Barloworld will make the Employee Trust Contribution to the Employee Trust equal to this equity value in order to enable the Employee Trust to subscribe for Propco Shares.

- (x) The Management Trust is required to make a once off equity contribution amounting to R370 million for its 68% ownership of Propco. Barloworld will provide funding to the Management Trust of R362 million as follows:
- Senior Managers (Global Grades 15 and above): Barloworld will fund R147 million the equivalent of 95% of the Senior Managers contribution via an interest-free loan.
 - Junior Managers (Global Grades 11 – 14): Barloworld will fund 100% of the equity requirement of R215 million (no own contribution required) by way of an interest-free loan.
- (xi) Senior Managers and Executives will be required to make an own equity contribution equal to R8 million. The investment from the Employee Trust and the Management Trust, including the Management Trust Loan and Senior Managers' own equity contribution totals an investment in Propco of R544 million.
- (h) The above Management Trust Loan and Employee Trust Contribution are required to be recognised at fair value, with the difference between the fair value and the cost of the principle loan value/cash contributions recognised in equity in the Employee Trust and the Management Trust. The fair value adjustment in equity has been determined as follows:

	R'million	R'million
Employee Trust – Employee Trust Contribution		174**
Management Trust – Management Trust Loan at fair value recognised as a non-current liability	320	
Management Trust – Management Trust Loan at cost	362	
Difference between fair value and cash loans/contributions recognised in equity		42**
Cash contribution of Senior Managers		8
Total fair value of loans and contributions recognised in equity		224

On consolidation the contributions from Barloworld are eliminated and the Senior Managers own equity contribution of R8 million is recognised as a non-controlling interest in the consolidated group.

- (i) **The difference between the cost and the fair value of the Management Trust Loan (R42 million), together with the Employee Trust Contribution (R174 million) is recognised as an investment in subsidiary of R216 million in Barloworld.

4. Sale and Lease, administration costs, finance costs and tax/investment income and tax

- (m) The following are included in the R153 million taxation expense under Note 4:

	R'million
Taxes on the Sale of the Properties (once off)	201 i
Deduction of Employee Trust Contribution (over two years)	(24) ii
Withholding tax on dividends paid to the Foundation	6
Other taxation adjustments resulting from the B-BBEE Transaction	(30)
	153

- (i) Details of taxes on the Sale of the Properties:

Reconciliation of the taxes payable on the Sale of the Properties:

	R'million
Taxable recoupments	66
Gross CGT liability	135
Total taxes on the sale of the Properties	201

- (ii) Deduction of Employee Trust Contribution

The Employee Trust Contribution is tax deductible over the vesting period, being two years.

5. IFRS 2: Share-based payment expense

An equity-settled share-based payment expense (IFRS 2 charge) arises as a result of the Employee Trust Contribution and the Management Trust Loan. This will be settled by Propco through the issuance of shares to the Employee Trust and the Management Trust, however the IFRS 2 charge is recognised by the employer companies in the Barloworld Group.

It is assumed that all participants will satisfy the service conditions associated with the Management Trust and the Employee Trust.

The total IFRS 2 charge for the Employee Trust and Management Trust are R174 million and R190 million respectively. These charges will be amortised over 2 years for Employees and 5 years for Management in accordance with the vesting period as detailed in paragraph 7 of the Circular. The impact on Propco is an adjustment in equity only. These transactions continue over the vesting period.

	R'million
Annual IFRS 2 charge – Employees	87
Annual IFRS 2 charge – Management	38
Annual IFRS 2 charge – Total	125