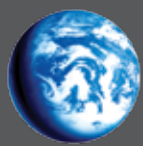




# A WORLD INSPIRED

CONSOLIDATED ANNUAL  
FINANCIAL STATEMENTS 2015



**Barloworld**  
*Leading brands*

## About Barloworld

Barloworld is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. The core divisions of the group comprise Equipment and Handling (earthmoving, power systems, materials handling and agriculture), Automotive and Logistics (car rental, motor retail, fleet management services, used vehicles and disposal solutions, logistics management and supply chain optimisation). We offer flexible, value adding, integrated business solutions to our customers backed by leading global brands. The brands we represent on behalf of our principals include Caterpillar, Hyster, Avis Budget, Audi, BMW, Ford, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz, Toyota, Volkswagen, Massey Ferguson and others.

Barloworld has a proven track record of long-term relationships with global principals and customers. We have an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. One of our core competencies is an ability to leverage systems and best practices across our chosen business segments. As an organisation we are committed to sustainable development and playing a leading role in empowerment and transformation. The company was founded in 1902 and currently has operations in 22 countries around the world with 76% of just over 19 700 employees in South Africa.

### General information

#### Country of incorporation and domicile

Republic of South Africa

#### Nature of business and principal activities

Investment holdings company

#### Directors

DB Ntsebeza (chairman)  
CB Thomson  
PJ Blackbeard  
PJ Bulterman  
NP Dongwana  
FNO Edozien  
AGK Hamilton  
A Landia  
M Laubscher\*  
SS Mkhabela  
B Ngonyama  
SS Ntsaluba  
SB Pfeiffer  
DM Sewela  
OI Shongwe  
DG Wilson

#### Company secretary

LP Manaka

*\*Retired with effect from 4 February 2015.*

#### Prescribed officers

PK Rankin  
V Salzmann

#### Registered office

180 Katherine Street  
Sandton  
2146

#### Postal address

PO Box 782248  
Sandton  
2146

#### Auditors

Deloitte & Touche

#### Company registration number

1918/000095/06

#### Preparer of annual financial statements

SY Moodley CA(SA)

# Consolidated Annual Financial Statements

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## Finance director's review



Revenue for the year increased by 1% to R62.7 billion, mainly due to increased revenues in Automotive and Logistics (R2.1 billion), offset by reduced revenue in Equipment southern Africa, Equipment Russia, and Iberia. The weakening rand increased revenue for the year by R995 million.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 5% to R6 479 million with depreciation and amortisation increasing by 6%.

The group incurred charges in the current year of R251 million related to the close out of the 2008 B-BBEE transaction, these costs comprise largely of IFRS 2 charges. Operating profit from continuing operations before the B-BBEE charge rose by 4% to R3 995 million with the group operating margin increasing to 6.4% on a comparative basis. Despite the slowdown in the mining sector, Equipment southern Africa delivered a resilient performance with operating profit of R1 894 million for the year. The growth in aftermarket activity continued to contribute positively to their results. Russia had a strong second half to produce a solid result achieving a profit of R397 million for the year. Equipment Iberia, which posted a loss of R168 million in the prior period, showed a significant turnaround to report a profit of R71 million in the current year.

The Automotive and Logistics division produced another good performance in a tough trading environment, with operating profits of R1 688 million, showing a 2.7% increase on last year.

The total negative fair value adjustments on financial instruments increased to R198 million (2014: R156 million). The current year's losses mainly comprise the cost of forward points in exchange contracts in Equipment southern Africa and gains and losses on unhedged transactions in Handling South Africa. In addition there were translation losses on local currency receivables and bank balances in Equipment operations in Africa (mainly Angola, Zambia and Mozambique), Equipment Russia and Agriculture Mozambique, resulting from local currencies having weakened against the US dollar.

## Finance director's review continued

Operating profit (before B-BBEE charge) up by 4%

**R3 995 million**

HEPS (before B-BBEE charge) from continuing operations up 8% to

**926 cents**

Finance costs increased by R135 million to R1 252 million. The increase is a result of higher average debt levels, arising from increased average working capital levels for the year, increased fleet leasing and rental fleets and capex relating to the logistics business, further impacted by higher interest rates in South Africa.

The exceptional charge of R6 million comprises the impairment of goodwill in the Logistics Sea Air Transport business of R33 million and the loss on disposal of the Agriculture Russia business of R88 million. This was offset by profit of R76 million from the disposal of offshore businesses in Logistics, as well as a net profit of R35 million on sale of properties and other assets.

The taxation charge for the year was R808 million. The effective taxation rate (excluding prior year taxation and taxation on exceptional items) of 37.1% (2014: 34.1%) which included deferred taxation charges of R247 million (2014: R11 million) arising in terms of IAS 12:41 for currency depreciation mainly in Russia, Angola, Mozambique and Zambia.

Income from associates and joint ventures increased by 32% to R287 million (2014: R217 million) driven by strong performances from the Equipment joint ventures.

The non-controlling interest in the current year's earnings includes dividends of R48 million paid to participants of the B-BBEE transaction with the balance relating to the minorities in our NMI/DSM and Logistics Transport subsidiaries.

Headline earnings per share (HEPS) from continuing operations excluding the B-BBEE charges increased by 8% to 926 cents (2014: 857 cents). Basic earnings per share (EPS) of 809 cents is 20% below the prior year which included the profit from discontinued operations of R428 million in respect of the Australian Motor Retail operations which were disposed of last year.

### Cash flow

Cash generated from operations decreased to R1.1 billion compared to R3 billion generated in 2014. Reduced activity levels in Equipment southern Africa resulted in further working capital absorption in the second half. For the year Equipment southern Africa showed an absorption in working capital of R2 279 million and Handling R447 million, mainly as a result of higher inventories and reduced payables.

### Summarised cash flow statement

|   | 2015<br>Rm | 2014<br>Rm |
|---|------------|------------|
| Operating cash flows before movements in working capital          | 7 094      | 6 302      |
| Increase in working capital                                       | (3 429)    | (470)      |
| Net investment in leasing and rental fleets:                      | (2 601)    | (2 879)    |
| Cash generated from operations                                    | 1 064      | 2 953      |
| Other net operating cash flows                                    | (1 947)    | (1 997)    |
| Dividends paid (including non-controlling interest)               | (814)      | (742)      |
| Cash (utilised in)/retained from operating activities             | (1 697)    | 214        |
| Net cash used in investing activities                             | (1 826)    | (69)       |
| Net acquisitions  | (1 887)    | (1 385)    |
| Proceeds on disposal of subsidiaries, investments and intangibles | 61         | 1 316      |
| Net cash (outflow)/inflow before financing activities             | (3 523)    | 145        |

Cash applied to the net investment of property, plant and equipment together with subsidiaries and intangibles of R1 826 million mainly comprises the purchase of heavy vehicles and cranes in the Logistics transport business, and facilities in the Equipment southern Africa, Iberia and Automotive trading business. In addition, approximately R328 million was invested in Angolan US\$ linked bonds as protection against further currency devaluation. The group had a net cash outflow of R3 523 million for 2015 compared to the R145 million inflow in 2014.

### Financial position and debt

Total assets employed in the group increased by R4.2 billion to R48.2 billion at September. This increase was driven by the weaker rand (R2.5 billion) and increases in working capital, leasing and rental assets, and property, plant and equipment.

Total interest-bearing debt at September 2015 increased to R13.4 billion (2014: R11.3 billion) while cash and cash equivalents reduced to R2.4 billion (2014: R4.2 billion).

## Finance director's review continued

While the group achieved some reduction in net debt in the second half of the year, this was hampered by higher working capital levels and further impacted by the investment of US\$26 million in Angolan US\$ linked impacted by government bonds. Net interest-bearing debt at 30 September 2015 of R11.1 billion was R3.9 billion up on the prior year of R7.2 billion.

The group's equity increased by R2.6 billion in the current year of which R1.3 billion related to currency movements.

The group debt-to-equity ratio at 30 September 2015 was 66.9% (September 2014: 64.7%), while group net debt to equity was 55.1% (September 2014: 40.9%).

### Debt

|                 | Borrowings<br>September | Redemption |            |            |                       |
|-----------------|-------------------------|------------|------------|------------|-----------------------|
|                 | 2015<br>Rm              | 2016<br>Rm | 2017<br>Rm | 2018<br>Rm | 2019<br>onwards<br>Rm |
| Southern Africa | 12 057                  | 3 679      | 1 377      | 704        | 6 297                 |
| Offshore        | 1 368                   | 672        | 222        | 9          | 465                   |
| <b>Total</b>    | <b>13 425</b>           | 4 351      | 1 599      | 713        | 6 762                 |

In March this year the company issued a bond for R710 million, under the South African Domestic Medium Term Note programme (BAW21) which matures in March 2022. In September we concluded a local R2 billion finance package which includes a five-year fixed-rate R500 million loan, a five-year floating rate R500 million loan and a six-year R1 billion revolving credit facility. The funds raised were utilised to repay the R1.2 billion B-BBEE loan which matured in September and the R750 million bond (BAW2) which matured in October 2015. In addition, our UK subsidiary concluded a five-year £110 million syndicated loan facility in July, to refinance the existing £100 million bilateral facility.

In South Africa, short-term debt includes commercial paper totalling R0.9 billion (September 2014: R1.0 billion). While this market has remained liquid, spreads have been negatively impacted by interest rate uncertainty. We expect to maintain our participation in this market. At 30 September 2015 the group had committed unutilised borrowing facilities of R5 494 million and further uncommitted facilities of R2 170 million.

Fitch Ratings affirmed the company's long-term credit rating at A+(zaf) (Stable Outlook) following the annual credit review in February 2015.

Gearing in the three segments are as follows:

| Debt to equity (%)                | Trading   | Leasing    | Car Rental | Group gross debt | Group net debt |
|-----------------------------------|-----------|------------|------------|------------------|----------------|
| Target range                      | 30 – 50   | 600 – 800  | 200 – 300  |                  |                |
| <b>Ratio at 30 September 2015</b> | <b>43</b> | <b>688</b> | <b>211</b> | <b>67</b>        | <b>55</b>      |
| Ratio at 30 September 2014        | 40        | 662        | 205        | 65               | 41             |

### Going forward

The group return on net operating assets from continuing operations (excluding the B-BBEE charge) decreased from 18.8% in 2014 to 16.8% in the current year due to increased net operating assets, mainly in Equipment southern Africa and the Handling divisions. The group disposed of certain loss-making operations during the second half of the year which together with a continued improvement in Equipment Iberia should assist operating results in the coming year. The strategic redeployment of capital into higher returning businesses and a reduction in working capital should further contribute to improved returns in 2016.



**Donald Wilson**  
Finance director

## Directors' responsibility and approval

The directors of Barloworld Limited have the pleasure of presenting the consolidated annual financial statements for the year ended 30 September 2015.

In terms of the South African Companies Act 71 of 2008 the directors are required to prepare the consolidated annual financial statements that fairly present the state of affairs and business of the group at the end of the financial year, and of the profit or loss for that year. To achieve the highest standards of financial reporting, these annual financial statements have been drawn up to comply with International Financial Reporting Standards.

The annual financial statements comprise:

- Preparer of annual financial statements
- Independent auditors' report
- Certificate by secretary
- Audit committee report
- Directors' report
- the consolidated statement of financial position
- the consolidated income statement
- the consolidated statement of comprehensive income
- the consolidated statement of cash flows
- the consolidated statement of changes in equity
- notes
- accounting policies

The reviews by the chairman, the chief executive, the finance director and the detailed operational reports discuss the results of operations for the year and those matters which are material for an appreciation of the state of affairs and business of the company and of the Barloworld group.

On the recommendation by the audit committee, the directors considered and are satisfied that the internal controls, systems and procedures in operation provide reasonable assurance that all assets are safeguarded, that transactions are properly executed and recorded, and that the possibility of material loss or misstatement is minimised. The directors have reviewed the

appropriateness of the accounting policies, and concluded that estimates and judgements are prudent. They are of the opinion that the annual financial statements fairly present in all material respects the state of affairs and business of the group at 30 September 2015 and of the profit for the year to that date. The external auditors, who have unrestricted access to all records and information, as well as to the audit committee, concur with this statement.

In addition, the directors have also reviewed the cash flow forecast for the year to 30 September 2016 and believe that the Barloworld group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going-concern basis and the external auditors concur.

The annual financial statements were approved by the board of directors and were signed on their behalf by:



**DB Ntsebeza**  
Chairman



**CB Thomson**  
Chief executive



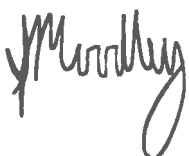
**DG Wilson**  
Finance director

Sandton  
13 November 2015

## Preparer of annual financial statements

for the year ended 30 September 2015

These annual financial statements have been prepared under the supervision of SY Moodley BCom, CA(SA), ACMA.



**SY Moodley**  
Group general manager: finance

13 November 2015

## Independent auditors' report

We have audited the consolidated financial statements of Barloworld Limited set out on pages 11 to 103, which comprise the statement of financial position as at 30 September 2015, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the consolidated financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Barloworld Limited as at 30 September 2015, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

### Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 30 September 2015, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



**Deloitte & Touche**  
Registered Auditor

Per: Graeme Berry  
Partner

13 November 2015

**National Executive:** \*LL Bam Chief Executive, \*AE Swiegers Chief Operating Officer, \*GM Pinnock Audit, \*N Sing Risk Advisory, \*NB Kader Tax, TP Pillay Consulting, S Gwala BPaaS, \*K Black Clients and Industries, \*JK Mazzocco Talent and Transformation, \*MJ Jarvis Finance, \*M Jordan Strategy, \*MJ Comber Reputation and Risk, \*TJ Brown Chairman of the Board

A full list of partners and directors is available on request.

*\*Partner and Registered Auditor.*

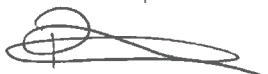
**B-BBEE rating:** Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

## Certificate by secretary

for the year ended 30 September 2015

In my capacity as the company secretary, I hereby certify that, to the best of my knowledge and belief, Barloworld Limited has lodged with the Registrar of Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act 71 of 2008 (as amended). Further, I certify that such returns and notices are true, correct and up to date.



**LP Manaka**  
Company secretary

Sandton  
13 November 2015



# Audit committee report

for the year ended 30 September 2015

The audit committee (the committee) conducted its work in accordance with the written terms of reference approved by the board (information on this is recorded in the corporate governance report) and is pleased to present its report in terms of the Companies Act for the financial year ended 30 September 2015.

The committee is satisfied that it has performed both the statutory requirements for an audit committee as set out in the Companies Act as well as the functions set out in the terms of reference, and that it has therefore complied with its legal, regulatory or other responsibilities.

## Membership

In the 2015 financial year the committee consisted of the following independent non-executive directors appointed by the shareholders at the annual general meeting held on 4 February 2015: Messrs AGK Hamilton (Chairman), SS Ntsaluba and Ms B Nkonyama.

Their profiles, including their qualifications, are fully set out in the AGM document.

The committee met six times during the 2015 financial year. Details of the meetings and attendance are set out in the corporate governance report on page 118 of the integrated report.

## External audit

### The committee

- Nominated and recommended to shareholders Deloitte & Touche as independent external auditors and the appointment of Mr B Nyembe as the independent designated auditor for the financial year ending 30 September 2016 in compliance with the Companies Act;
- Nominated Deloitte & Touche as independent external auditors and the designated audit partner for Barloworld's subsidiary companies;
- Considered and confirmed the proposed external audit fees for each division and the group in consultation with group management and approved the external audit engagement letter;
- Reviewed and approved the policy for non-audit services that can be provided by external auditors and the pre-approval authorisation process for these services that the external auditors may provide; and
- Considered to its satisfaction the independence, objectivity and effectiveness of the external auditors and ensured that the scope of their additional (non-audit) services provided were not such that they could be seen to have impaired their independence.

## Internal control and internal audit

### The committee

- Reviewed the appropriateness of the internal audit charter and recommended the approval of the charter by the board.
- Approved the one-year operational internal audit work plan as well as the capacity and resources within the internal audit function to execute its work plan and monitored adherence of internal audit to its annual plan.
- Monitored and supervised the functioning and performance of internal audit, compliance with its charter and reviewed and approved the annual risk-based audit plans, resources and budgets.
- Reviewed the appropriateness of the company's combined assurance model to ensure that the significant risks identified in the high-level risk assessments are adequately addressed.
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes as well as their concerns arising out of their audits and requested appropriate responses from management.
- Reviewed the results of the financial control management self-assessments as contained in the Barloworld internal control matrix which is completed in respect of all business units and operations in the Barloworld group.
- Reviewed and evaluated the nature and extent of the documented review of internal financial controls performed by internal audit and evaluated whether any weaknesses identified in such financial controls were considered sufficiently material to be reported to the board and the stakeholders.
- Reviewed the report prepared by internal audit regarding the risk management process in the company and the level of embeddedness of such processes within each operating division.
- Reviewed the group information security policy and the results of the internal self-assessments of the levels of control in place across the group.
- Reviewed the results of divisional and business unit disaster recovery self-assessments, the testing of such plans and the internal audit review of such disaster recovery plans.
- Reviewed the performance and confirmed the suitability and expertise of the new group head of internal audit Ms A Masemola; and considered the appropriateness of the expertise and adequacy of the resources of the group's internal audit function.

Based on the results of the formal documented review of the group's system of internal controls and risk management conducted by internal audit function during 2015 year and having given due consideration to the results of assurance activities of various assurance providers including considering information and explanations given by management and discussions with the external auditor on the results of the audit, nothing has come to the attention of the committee that caused it to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

## Audit committee report continued

### Expertise and experience of finance director and the finance function

#### The committee

- Reviewed the performance and confirmed the suitability and expertise of the group finance director, Mr DG Wilson; and
- Considered the appropriateness of the expertise, diversity and adequacy of resources of the group's financial function and the experience of the senior members of management responsible for the financial function.

### Financial statements

#### The committee

- Considered accounting treatments, significant or unusual transactions and accounting judgements;
- Considered the appropriateness of accounting policies and any changes made;
- Met separately with management, external audit and internal audit and the chairman attended the risk and sustainability committee meetings;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Reviewed the process in place for the reporting of concerns and complaints relating to accounting practices, internal audit, content of auditing of the company's financial statements, internal controls of the company and any related matters. The committee can confirm that there were no such complaints during the year under review;
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
  - The interim results for the six months ended 31 March 2015;
  - The audited annual results for the year ended 30 September 2015;
  - The circular dated 15 May 2015 to Barloworld ordinary and preference shareholders relating to the proposed amendments to the 2008 B-BBEE transaction, including the proposed issue of 450 000 shares in the company at R0.05 per share; and
- Reviewed the working capital packs prepared by management to support the board's going-concern statement at reporting dates as well as the solvency and liquidity tests required in terms of the Companies Act 71 of 2008.

### Integrated report

The committee considered the integrated annual report, incorporating the summarised annual financial statements, for the year ended 30 September 2015. The audit committee has also considered the non-financial information as disclosed in the integrated annual report and has assessed its consistency with operational and other information known to audit committee members. The committee has also considered the external assurance provider's report and is satisfied that the information is reliable and consistent with the financial results. The summarised annual financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards.

At their meeting held on 10 November 2015 the committee recommended the integrated report for approval to the board.



**AGK Hamilton**

*Audit committee chairman*

For and on behalf of the Barloworld Limited audit committee

13 November 2015

# Directors' report

for the year ended 30 September 2015

## Nature of business

Barloworld Limited (Barloworld or company) is a registered holding company for a group that is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. Barloworld comprises businesses that fit the strategic profile above, meet strict performance criteria and demonstrate good growth potential.

Barloworld maintains a primary listing on the main board of the JSE Limited. The company also has secondary listings on the London and Namibia stock exchanges.

The core divisions of the group comprise:

- Equipment and Handling (earthmoving, power systems, materials handling and agriculture)
- Automotive and Logistics (car rental, motor retail, fleet services, used vehicles and disposal solutions, logistics management and supply chain optimisation)

## Financial results

The summary of the consolidated annual financial statements for the year ended 30 September 2015 are set out on pages 100 to 111 of the integrated report.

## Audit committee report

The report of the audit committee in terms of section 94(7) of the Companies Act, No 71 of 2008, as amended (the Companies Act), for the year ended 30 September 2015 is available on the company's website, [www.barloworld.com](http://www.barloworld.com).

## Year under review

The year under review is covered in the chairman, chief executive and finance director's reports in the integrated report 2015.

## Share capital

The authorised share capital of the company as at 30 September 2015 is as follows:

- 400 000 000 ordinary par value shares of R0.05 each
- 500 000 6% cumulative preference shares of R2 each.

The issued share capital of the company as at 30 September 2015 is as follows:

- 226 727 596 ordinary par value shares of R0.05 each
- 375 000 6% cumulative preference shares of R2 each.

The reduction in the issued number of shares was due to the repurchase of shares from the Barloworld black managers trust and the Barloworld education trust in terms of the close out of the 2008 B-BBEE transaction. Further details of the authorised and issued share capital, appear in note 13 of the annual financial statements.

## Dividends

Details of the dividends and distributions declared and paid are shown in the annual financial statements which are also available online at [www.barloworld.com](http://www.barloworld.com). The directors concluded that the company would be both solvent and liquid subsequent to such dividend declarations.

## Acquisitions and disposals

### Acquisitions

#### Barloworld Logistics

Barloworld Logistics acquired the remaining shares in Re-Ethical Engineering Proprietary Limited (Re), an environmental solution company, to progress its strategic intent to establish an environmental solutions division within Barloworld Logistics. Re will be rebranded to SmartMatta, incorporating the Logistics Smart partnership principal.

### Avis Fleet

Avis Southern Africa Limited acquired all the shares in Tanzuk Limited, a fleet management services company incorporated in Tanzania as part of the strategic plan to expand Avis Fleet Services into selected African countries.

### Disposals

#### International Logistics businesses

Barloworld Logistics disposed all of its shares in the Spanish Barloworld Logistica SL business and the German SAT Sea Air Transport GmbH business. The exit of these businesses will assist in the deployment of capital to Logistics businesses with higher returns.

#### Agriculture Russia

Barloworld Handling disposed all of its assets in the Agro Machinery LLC business in Siberia to enable the division to focus on growing the agriculture business in southern Africa.

### Significant transactions

In September 2008, Barloworld implemented a Broad-Based Black Economic Empowerment (B-BBEE) transaction (2008 B-BBEE transaction) in terms of which participants subscribed for ordinary shares in Barloworld, representing in aggregate 9.56% of Barloworld's increased issued ordinary shares after the implementation of the 2008 B-BBEE transaction.

The 2008 B-BBEE transaction comprised four components, namely an employee component (including black non-executive directors), which acquired an aggregate 2.71% of Barloworld's ordinary shares, an educational trust component, which acquired an aggregate 0.47% of Barloworld's ordinary shares, a community service group component (the CSGs), which acquired an aggregate 0.95% of Barloworld's ordinary shares and a strategic black partner component (the SBPs), which acquired an aggregate 5.44% of Barloworld's ordinary shares.

At the time of implementation of the 2008 B-BBEE transaction, the Barloworld board of directors (the board) believed that the transaction would embrace the spirit of empowerment, while achieving the goals of Barloworld's overarching B-BBEE strategy.

The 2008 B-BBEE transaction was implemented just prior to the impact of the global financial crisis on South Africa which resulted in a decline in the Barloworld share price, and lower than expected dividends accruing to the B-BBEE participants during the term of the 2008 B-BBEE transaction. Due to these factors, the B-BBEE participants would not have been able to finance the subscription of all of the Barloworld ordinary shares which they were obliged to subscribe and any value created for the B-BBEE participants by the 2008 B-BBEE transaction would have been lost.

In light of this, and to conclude the 2008 B-BBEE transaction in a fair and equitable manner for the SBPs, the CSGs, Barloworld and shareholders, the board proposed amendments to the 2008 B-BBEE transaction including the termination of the obligation to subscribe for shares in excess of the cash available in the respective funding special purpose vehicles and the termination of restrictions imposed upon the shares issued. In addition, to further the objective of increasing black ownership in Barloworld, the company proposed the issue of an additional 450 000 ordinary shares to the SBPs and the CSGs participants at par value of R0.05 per share. Details of this are contained in the circular to shareholders dated 15 May 2015. The amendments were approved by the shareholders at the general meeting held on 19 June 2015.

## Directors' report continued

for the year ended 30 September 2015

The 2008 B-BBEE transaction also included a black managers trust (BMT) set up to reward and retain black managers in the group. This element of the transaction terminated without any value accruing to any of the participants. The board was of the opinion that the black managers play a vital part in the success of the company and therefore approved a 'cash payment benefit' based on the original rules of the BMT. This resulted in 183 current and past black managers receiving a R46.4 million cash award in recognition of their contributions over the past seven years.

### Directors

Biographical notes of the current directors are provided in the full corporate governance report of the integrated report and the annual general meeting (AGM) booklet available on the company's website [www.barloworld.com](http://www.barloworld.com). Details of directors' remuneration, forfeitable shares, share appreciation rights and options appear in the consolidated annual financial statement.

### Changes in directorate

Mr M Laubscher retired from the board of Barloworld with effect from 4 February 2015, after 28 years' service with the company due to health-related reasons.

According to the company's memorandum of incorporation (MOI), the below directors retire by rotation at the forthcoming AGM:

NP Dongwana  
AGK Hamilton  
B Ngonyama  
OI Shongwe  
DG Wilson

All retiring directors are eligible and have offered themselves for re-election, with the exception of Mr AGK Hamilton.

Mr Hamilton, having reached retirement age, will retire from the board and as chairman of the audit committee and member of other sub-committees of the board at the forthcoming AGM.

Mr A Landia has indicated that he will be stepping down from the board with effect from 31 December 2015 as a result of increased external business commitments.

### Company secretary and registered office

The company secretary is Lerato Manaka and her business address and that of the registered office are:

| Business address  | Postal address                                   |
|---|--|
| 180 Katherine Street<br>Sandton<br>2146<br>South Africa | PO Box 782248<br>Sandton<br>2146<br>South Africa |

### Auditors

Deloitte & Touche continued in office as auditors for the company and its subsidiaries.

At the forthcoming AGM, pursuant to the requirements of the Companies Act, shareholders will be requested to reappoint Deloitte & Touche as the registered independent external auditors of Barloworld Limited as of 30 September 2015 and to confirm Mr B Nyembe, as newly appointed designated lead independent external auditor. The current designated lead independent external auditor, Mr G Berry, has reached his five-year cycle and in accordance with the Companies Act and IFAC Code will be rotating following the completion of the 2015 financial year audit.

### Insurance

Insurance cover has been placed on behalf of the group in the London and South African insurance markets up to R2 billion per operating division in excess of R20 million. The group captive provides insurance cover for losses that may occur below the R20 million level, retaining R30 million in the annual aggregate.

### Subsidiary companies

Details of principal subsidiary companies appear on the consolidated annual financial statements.

### Special resolutions

The following significant special resolutions were passed by subsidiaries of Barloworld Limited since the date of the previous directors' report:

#### Financial assistance in terms of section 45 of the Companies Act

Barloworld is a listed holding company with a large number of subsidiary companies which together comprise the Barloworld group of companies. The subsidiaries are from time to time required to provide financial assistance to companies within the group including related and inter-related companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Act.

#### Conversion of South African public companies to private companies

All South African subsidiary public companies under the group namely: Barloworld Farms, Barloworld Trust Company, Barlows Cement Investments, Federated Blaikie, WF Johnstone & Company, Barloworld Motor and Avis Southern Africa were converted from public companies to private companies, in accordance with the Companies Act, as recommended by the audit committee.

#### International Financial Reporting Standards (IFRS)

The company's financial statements were prepared in accordance with IFRS.

#### Corporate governance

The summary report on the corporate governance and the application of the principles of King III for the year ended 30 September 2015 is set out on pages 112 to 132 of the integrated report. The detailed corporate governance report is available on the company's website [www.barloworld.com](http://www.barloworld.com).

#### Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going-concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

#### Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of 3% of the issued share capital of the company at 30 September 2015 is detailed on page 132 of the integrated report.

#### Events after the reporting period

No material events have occurred between the date of these financial statements and the date of approval, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.

# Accounting policies

## Definitions

Refer to pages 118 to 124 for a list of financial terms used in the annual financial statements of Barloworld Limited (the company) and consolidated financial statements.

## Basis of preparation

### 1. Accounting framework

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) interpretations applicable to companies reporting under IFRS, the Companies Act, the JSE Listings Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee using the historical cost convention except for certain financial instruments that are stated at fair value.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted per note 33 to the financial statements.

### 2. Underlying concepts

The financial statements are prepared on the going-concern basis.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 3. Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or has expired.

### 4. Foreign currencies

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the financial position date.

Gains and losses arising on exchange differences are recognised in profit or loss.

The financial statements of entities within the group whose functional currencies are different to the group's presentation currency, which is South African rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling on the financial position date
- Income items, expense items and cash flows at the average exchange rates for the period
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised as other comprehensive income. On disposal of such a business unit, this reserve is recognised in profit or loss.

## Consolidated financial statements

### 5. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the company and all entities controlled by the company as if they are a single economic entity. Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control over the subsidiary. Control is achieved where the company:

- Has power over the investee
- Is exposed or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns.

The results of a subsidiary acquired or disposed of during the period are included in the consolidated income statement from the date of obtaining control or up to the date of losing control.

Inter-company transactions and the resulting unrealised profits and balances between group entities are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are shown separately from the group equity therein. It consists of the amount of those interests at acquisition plus the non-controlling parties' subsequent share of changes in equity of the subsidiary. On acquisition date, the non-controlling interest is measured at the proportion of the fair values of the identifiable assets and liabilities acquired. Non-controlling parties are considered to be equity participants and all transactions with non-controlling parties are recorded directly within equity.

## Accounting policies continued

### 6. Interests in associates and joint ventures

The consolidated financial statements incorporate the assets, liabilities, income and expenses of associates and joint ventures using the equity method of accounting, applying the group's accounting policies, from the acquisition date to the disposal date (except when the investment is classified as held for sale, in which case it is accounted for as a non-current asset held for sale (policy note 12)). The most recent audited annual financial statements of associates and joint ventures are used, which are all within three months of the year end of the group. Adjustments are made to the associate's or joint venture's financial results for material transactions and events in the intervening period. Losses of associates and joint ventures in excess of the group's interest are not recognised unless there is a binding obligation to contribute to the losses.

Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associate and accounted for in accordance with the accounting policy for goodwill as set out in policy note 10 with the exception of impairment testing which is done in accordance with policy note 25 and not done separately from the investment.

Where a group entity transacts with an associate or a jointly controlled entity of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate or jointly controlled entity.

### Financial statement items Statement of financial position

#### 7. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the estimated cost of dismantling and removing the assets.

Owner-occupied properties and investment properties in the course of construction are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees and, for qualifying assets, borrowings costs capitalised in accordance with the group's accounting policy. Depreciation commences, on the same basis as other property assets, when the assets are ready for their intended use.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives to estimated residual values, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their individual estimated useful lives.

The methods of depreciation, useful lives and residual values are reviewed annually.

The following methods and rates were used during the year to depreciate property, plant and equipment to estimated residual values:

|                         |               |                |
|-------------------------|---------------|----------------|
| Aircraft                | Straight line | 5 years        |
| Buildings               | Straight line | 20 to 50 years |
| Plant                   | Straight line | 5 to 35 years  |
| Vehicles                | Straight line | 5 to 10 years  |
| Equipment               | Straight line | 5 to 10 years  |
| Furniture               | Straight line | 3 to 15 years  |
| Equipment rental assets | Usage         | 2 to 5 years   |

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease, where shorter.

The gain or loss arising on the disposal or scrapping of property, plant, and equipment is recognised in profit or loss.

Vehicle rental fleets are accounted for as part of property, plant and equipment but due to the short-term nature of the assets, the net book value is reflected under current assets on the statement of financial position.

#### 8. Investment property

An investment property is either land or a building or part of a building held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both.

The cost model is applied in accounting for investment property, ie the investment property is recorded at cost less any accumulated depreciation and impairment losses.

#### 9. Intangible assets

Intangible assets are initially recognised at cost if acquired separately or at fair value if acquired as part of a business combination. Intangible assets having a finite useful life is amortised over their useful lives.

The following methods and rates were used during the year to amortise the intangible assets:

|                        |               |                |
|------------------------|---------------|----------------|
| Capitalised software   | Straight line | 2 to 7 years   |
| Patents                | Straight line | 10 years       |
| Trademarks             | Straight line | 10 to 20 years |
| Customer relationships | Straight line | 5 to 6 years   |

Supplier relationships are measured initially at fair value as part of a business combination. Supplier relationships are separately identifiable intangible assets from distribution agreements with suppliers specifying sales objectives, territory presence and service levels to be provided. Supplier relationships have indefinite useful lives.

## Accounting policies continued

Customer relationships are measured initially at fair value as part of a business combination.

Research costs are recognised in profit or loss when incurred.

Development costs are capitalised only when and if it results in an asset that can be identified, it is probable that the asset will generate future economic benefits and the development cost can be reliably measured. Otherwise it is recognised in profit or loss.

### 10. Goodwill

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or joint venture recognised at the date of acquisition.

Goodwill is recognised as an asset, is stated at cost less impairment losses and is not amortised.

If, on a business combination, the fair value of the group's interest in the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, this excess is recognised in profit or loss immediately. On disposal of a subsidiary, associate, jointly controlled entity or business unit to which goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss on disposal.

### 11. Deferred taxation assets and liabilities

Deferred taxation is recognised using the financial position liability method for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the financial position date.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects immediately neither taxable income nor accounting profit.

Deferred taxation arising on investments in subsidiaries, associates and joint ventures is recognised except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

### 12. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets (or disposal groups) are available for immediate sale in its present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Immediately prior to being classified as held for sale the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale it is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Rental assets that become available-for-sale after being removed from rental fleets are transferred to inventories (policy note 13) at their carrying amount. Sale proceeds from such rental assets are recognised as revenue in accordance with policy note 19.

### 13. Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, net of discount and rebates received. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion, distribution and selling.

## Accounting policies continued

The specific identification basis is used to arrive at the cost of items that are not interchangeable. Otherwise the first-in first-out method or weighted average method for certain classes of inventory is used to arrive at the cost of items that are interchangeable.

### 14. Financial assets and financial liabilities (financial instruments)

Financial instruments are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial instruments classified as at fair value through profit or loss are expensed.

Investments classified as held-to-maturity financial assets are measured at amortised cost using the effective interest rate method less any impairment losses recognised to reflect irrecoverable amounts.

Financial instruments are classified as financial instruments at fair value through profit or loss where the financial instrument is either held-for-trading (including derivative instruments) or is designated as at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost less provision for doubtful debts, which is determined as set out under impairment of assets set out in policy note 25. Items with extended terms are initially recorded at the present value of future cash flows and interest received is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised in other comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is included in profit or loss for the period. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Cash and cash equivalents are measured at amortised cost.

Derivatives are measured at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges. The fair value of derivatives is classified as non-current if the remaining maturity of the instruments are more than, and it is not expected to be realised within, 12 months.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not classified as at fair value through profit or loss.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss (including interest-bearing loans and bank overdrafts) are measured at amortised cost using the effective interest rate method. Items with extended terms are initially recorded at the present value of future cash flows. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs (policy note 22).

### 15. Post-employment benefit obligations

Payments to defined contribution plans are recognised as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

The cost of providing defined benefits is determined using the projected unit credit method. Valuations are conducted every three years and interim adjustments to those valuations are made annually.

Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the group is demonstrably committed to the curtailment or settlement.

Past-service costs are recognised in profit and loss immediately to the extent that the benefits are already vested. Otherwise they are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for the unrecognised past-service costs and reduced by the fair value of plan assets. Any asset is limited to the unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

### 16. Shareholders for equity dividends

Dividends to equity holders are only recognised as a liability when declared and are included as a movement in reserves.

### 17. Provisions

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.



## Accounting policies continued

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

### *Onerous contracts*

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the lower of cost of fulfilment and penalties arising from failure to fulfil.

### *Restructuring*

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### *Warranties*

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the estimated expenditure required to settle the group's obligation.

## 18. Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

## Income statement

### 19. Revenue

Included in revenue are net invoiced sales to customers for goods and services, rentals from leasing fixed and movable property, commission, hire purchase and finance lease income.

Revenue is measured at the fair value of the consideration of the amount received or receivable. Cash and settlement discounts, rebates, VAT and other indirect taxes are excluded from revenue. Where extended terms are granted, interest received is accounted for over the term until payment is received.

Revenue from the rendering of services is measured using the stage of completion method based on the services performed to date as a percentage of the total services to be performed.

Revenue from the rendering of services is recognised when the amount of the revenue, the related costs and the stage of completion can be measured reliably.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Rental income is accounted for in accordance with policy note 26.

Where the group acts as agent and is remunerated on a commission basis, only the commission is included in revenue. Where the group acts as principal, the total value of business handled is included in revenue.

## 20. Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

## 21. Income from investments

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

## 22. Borrowing costs

Borrowing costs (net of investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets) directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

## Accounting policies continued

### 23. Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged to other comprehensive income, in which case it is also recognised in comprehensive income.

### Transactions and events

#### 24. Hedge accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognised in profit or loss.

If a cash flow hedge meets the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognised in other comprehensive income are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses recognised in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If a hedge of a net investment in a foreign entity meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised in profit or loss. On disposal of a foreign entity, the gain or loss recognised in other comprehensive income is transferred to profit or loss.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, when for cash flow hedges, the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in other comprehensive income until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

### 25. Impairment of assets

At each reporting date the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less cost to sell or value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use, included in the calculation of the recoverable amount, is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. The impairment loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on held-to-maturity financial assets, available-for-sale assets as well as trade and other receivables are determined based on specific and objective evidence that assets are impaired and is measured as the difference between the carrying amount of assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use, goodwill and the cash generating units to which these assets have been allocated are tested for impairment even if there is no indication of impairment. For the purpose of impairment testing goodwill is allocated to each of the cash generating units expected to benefit from the synergies of the combination at inception of the combination. Impairment losses recognised on goodwill are not subsequently reversed. The attributable amount of goodwill is included in the profit or loss on disposal when the associated business is sold.

### 26. Leasing Classification

Leases are classified as finance leases or operating leases at the inception of the lease.

## Accounting policies continued

### *In the capacity of a lessor*

Amounts due from a lessee under a finance lease are recognised as receivables at the amount of the net investment in the lease, which includes initial direct costs. Where assets are leased by a manufacturer or dealer, the initial direct costs are expensed. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight-line basis over the term of the lease.

### *In the capacity of a lessee*

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the obligations.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the lease.

## 27. Share-based payments

### *Equity-settled share options*

Executive directors and senior executives have been granted equity-settled share options in terms of the Barloworld Share Option Scheme. After the date on which the options are exercisable and before the expiry date, the options can be exercised to purchase shares for cash in which event the shares issued are accounted for in share capital and share premium at the amount of the exercise price.

### *Forfeitable Share Plan*

Executive directors and senior executives have been granted equity-settled shares in terms of the Barloworld Forfeitable Share Plan (FSP). Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model.

### *Cash-settled share appreciation rights*

Cash-settled share appreciation rights granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is measured annually until settled and any changes in value are recognised in profit or loss.

Fair value is measured using a binomial pricing model.

### *Equity-settled share appreciation rights*

Equity-settled share appreciation rights have been granted to employees in terms of the Barloworld Share Appreciation Rights Scheme (SAR scheme). Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model.

### *Broad-Based Black Economic Empowerment (B-BBEE)*

In a B-BBEE transaction, the share-based payment is measured as the difference between the fair value of the equity instruments granted and the fair value of the cash and other assets received (ie the B-BBEE equity credentials) and are recognised as follows:

- in profit or loss at the grant date unless there are service conditions in which case it is recognised over the relevant period of the service conditions
- as part of goodwill where the B-BBEE equity credentials are obtained as part of the net assets acquired in a business combination.

## 28. Treasury shares

Treasury shares are equity instruments of the company, held by the company or other members of the consolidated group.

All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity.

## 29. Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Certain transactions are entered into by the group as insurer and which falls within this definition.

### *Maintenance contracts*

Revenue on maintenance contracts is recognised on the percentage-of-completion method based on the anticipated cost of repairs over the life cycle of the equipment.

## Accounting policies continued

### 30. Financial guarantee contracts

The group regards financial guarantee contracts as insurance contracts and uses accounting applicable to insurance contracts. Details regarding financial guarantees issued are disclosed under contingent liabilities.

### 31. Judgements made by management

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

#### *Recognition and derecognition of assets*

The company has concluded certain buy-back and rental agreements with vehicle suppliers in South Africa in the Avis Rent a Car and logistics transport businesses. Management assessed that the significant risks and rewards remained with the suppliers. Accordingly the vehicles were not recognised as assets together with the accompanying debt obligations and the transactions were recorded as operating leases. The company has concluded equipment sale and leaseback facilities in South Africa. Assets are derecognised in instances where risk and reward of ownership is assessed as having passed to the purchaser.

#### *Interests in subsidiaries*

The trusts established to hold the shares awarded in the black economic empowerment transaction to the black non-executive directors, the black managers and the education entity are considered to be controlled by the company. Accordingly the assets and liabilities and the results of these trusts have been consolidated from the date of the transaction.

The special-purpose entities established to hold the shares and loans related to the strategic partners and community service groups are not considered to be controlled by the group. They are thus not consolidated.

#### *Asset lives and residual values*

Property, plant and equipment with the exception of equipment rental assets are depreciated over their useful lives taking into account residual values, where appropriate. Equipment rental assets are depreciated based on their usage taking into account residual values, where appropriate.

The actual lives and usage of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives and usage, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### *Deferred taxation assets*

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Five-year business plans are prepared annually and approved by the boards of the company and its major operating subsidiaries. These plans include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

The plans contain profit forecasts and cash flows and these are utilised in the assessment of the recoverability of deferred tax assets.

Management also exercises judgement in assessing the likelihood that business plans will be achieved and that the deferred tax assets are recoverable.

In certain circumstances further corroborative evidence is used, such as tax planning opportunities within the control of management, to support the recovery of the tax asset.

#### *Post-employment benefit obligations*

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

Judgement is exercised by management, assisted by advisers, in adjusting mortality rates to take account of actual mortality rates within the schemes.

#### *Warranty claims*

Warranties are provided on certain equipment, spare parts and services supplied to customers. Management exercises judgement in establishing provisions required on the basis of claims notified and past experience.

#### *Revenue recognition*

The percentage-of-completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment, or motor vehicles, applied to the total expected revenue arising from maintenance and repair contracts.

In addition, management exercises judgement in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

In cases where there is a buy-back, management considers whether the buy-back is set at a level which makes the buy-back substantive. If so, management uses the guidance from IAS 18: Revenue with regard to the transfer of risks and rewards for the purposes

## Accounting policies continued

of revenue recognition. If the buy-back is not considered to be substantive, then it is ignored for the purposes of revenue recognition. If revenue is recognised on a transaction which includes a buy-back, then provision is made on the basis set out in repurchase commitments below as and when such provision is required.

### *Impairment of assets*

Goodwill is considered for impairment at least annually. Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that an impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The company utilises a discounted cash flow valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by other valuation techniques.

### *Provision for obsolete inventory*

Equipment inventory consists of machines, parts and work-in-progress.

Machine inventory is reviewed by country and by machine model taking into account the ageing, market demand and condition of the machine to determine the net realisable value.

Parts inventory is categorised as follow:

- Strategic parts with longer lead times or parts required to support new machine models
- Non-strategic parts that are generally faster moving parts
- Perishable parts with a limited shelf life, and
- Remanufactured components.

Obsolete, slow-moving and damaged inventories are identified for each parts category. Returnable slow-moving parts are reduced to the net realisable value recoverable from the supplier.

Remanufactured components are held to exchange components requiring repair to reduce the machine downtime. Remanufactured components normally have a shorter lifespan compared to new components and are valued at the percentage life expectancy of a new component applied to the cost of a new component.

### *Work-in-progress*

Aged jobs in work-in-progress are impaired where recoverability is considered low.

### *Operating segments*

Management has determined the operating segments based on the management reports and report on the operating segments as follows:

- The Equipment segment provides customers with innovative solutions that includes Caterpillar earthmoving equipment, engines and other complementary brands.
- The Automotive segment provides customers with integrated motor vehicle usage solutions through the operation of car rental, motor retail and fleet service business units.
- The Handling segment provides customers with innovative solutions for material handling needs that includes lift trucks, warehouse handling equipment and distribution of agricultural equipment.
- The Logistics segment provides customers with traditional logistics services and supply chain management solutions.
- The Corporate segment comprises all the other group activities including the operations of the corporate office in Johannesburg and treasury in the United Kingdom.

Management evaluates the segment performance based on the operating results plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations.

### *Repurchase commitments*

Buy-back (repurchase) arrangements with customers are concluded periodically. The likelihood of the repurchase commitments being exercised and quantification of the possible loss, if any, on resale of the equipment is assessed at the inception of the contract and at each reporting period. Significant assumptions are made in estimating residual values. These are assessed based on past experience and take into account expected future market conditions and projected disposal values.

### **32. Sources of estimation uncertainty**

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that has been identified as giving rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

# Consolidated statement of financial position

at 30 September

|   | Notes | 2015<br>Rm    | 2014<br>Rm | 2013<br>Rm |
|---|-------|---------------|------------|------------|
| <b>ASSETS</b>   |       |               |            |            |
| <b>Non-current assets</b>   |       |               |            |            |
| Property, plant and equipment   | 2     | 19 906        | 17 287     | 16 023     |
| Goodwill  | 3     | 14 380        | 12 614     | 11 356     |
| Intangible assets   | 4     | 1 740         | 1 661      | 1 820      |
| Investment in associates and joint ventures                             | 5     | 1 500         | 1 380      | 1 399      |
| Finance lease receivables   | 6     | 923           | 720        | 571        |
| Long-term financial assets  | 7     | 142           | 123        | 115        |
| Deferred taxation assets  | 8     | 438           | 94         | 108        |
|   |       | 783           | 695        | 654        |
| <b>Current assets</b>   |       |               |            |            |
| Vehicle rental fleet  | 2     | 28 052        | 26 719     | 24 213     |
| Inventories   | 9     | 2 488         | 2 307      | 2 081      |
| Trade and other receivables   | 10    | 13 767        | 11 814     | 11 688     |
| Taxation  |       | 9 331         | 8 357      | 7 687      |
| Cash and cash equivalents   | 11    | 94            | 79         | 62         |
| Assets classified as held for sale                                      | 12    | 2 372         | 4 162      | 2 695      |
|   |       | 197           |            | 371        |
| <b>Total assets</b>   |       | <b>48 155</b> | 44 006     | 40 607     |
| <b>EQUITY AND LIABILITIES</b>   |       |               |            |            |
| <b>Capital and reserves</b>   |       |               |            |            |
| Share capital and premium   | 13    | 282           | 316        | 316        |
| Other reserves  |       | 5 793         | 4 517      | 4 094      |
| Retained income   |       | 13 351        | 12 049     | 11 035     |
| <b>Interest of shareholders of Barloworld Limited</b>                   |       |               |            |            |
| Non-controlling interest  |       | 19 426        | 16 882     | 15 445     |
|   |       | 616           | 604        | 462        |
| <b>Interest of all shareholders</b>                                     |       |               |            |            |
|   |       | 20 042        | 17 486     | 15 907     |
| <b>Non-current liabilities</b>  |       |               |            |            |
| Interest-bearing  | 14    | 12 078        | 9 700      | 9 611      |
| Deferred taxation liabilities   | 8     | 9 074         | 6 921      | 7 285      |
| Provisions  | 15    | 571           | 377        | 421        |
| Other non-current liabilities   | 16    | 139           | 182        | 267        |
|   |       | 2 294         | 2 220      | 1 638      |
| <b>Current liabilities</b>  |       |               |            |            |
| Trade and other payables  | 17    | 15 992        | 16 820     | 14 983     |
| Provisions  | 15    | 10 531        | 11 263     | 10 780     |
| Taxation  |       | 1 058         | 1 046      | 995        |
| Amounts due to bankers and short-term loans                             | 18    | 52            | 116        | 240        |
| Liabilities directly associated with assets classified as held for sale | 12    | 4 351         | 4 395      | 2 968      |
|   |       | 43            |            | 106        |
| <b>Total equity and liabilities</b>                                     |       | <b>48 155</b> | 44 006     | 40 607     |

# Consolidated income statement

for the year ended 30 September

|   | Notes | 2015<br>Rm     | 2014<br>Rm | 2013<br>Rm |
|---|-------|----------------|------------|------------|
| <b>Continuing operations</b>                                  |       |                |            |            |
| <b>Revenue</b>  | 19    | <b>62 720</b>  | 62 101     | 59 498     |
| <b>Operating profit before items listed below (EBITDA)</b>    |       | <b>6 479</b>   | 6 170      | 5 389      |
| Depreciation  |       | <b>(2 355)</b> | (2 198)    | (1 940)    |
| Amortisation of intangible assets                             |       | <b>(129)</b>   | (142)      | (136)      |
| <b>Operating profit</b>                                       | 20    | <b>3 995</b>   | 3 830      | 3 313      |
| B-BBEE charge   | 32, 5 | <b>(251)</b>   |            |            |
| <b>Operating profit including B-BBEE</b>                      |       | <b>3 744</b>   | 3 830      | 3 313      |
| Fair value adjustments on financial instruments               | 21    | <b>(198)</b>   | (156)      | (47)       |
| Finance costs   | 22    | <b>(1 252)</b> | (1 117)    | (1 000)    |
| Income from investments                                       | 23    | <b>67</b>      | 39         | 28         |
| <b>Profit before exceptional items</b>                        |       | <b>2 361</b>   | 2 596      | 2 294      |
| Exceptional items   | 24    | <b>(6)</b>     | (66)       | (79)       |
| <b>Profit before taxation</b>                                 |       | <b>2 355</b>   | 2 530      | 2 215      |
| Taxation  | 25    | <b>(808)</b>   | (837)      | (729)      |
| <b>Profit after taxation</b>                                  |       | <b>1 547</b>   | 1 693      | 1 486      |
| Income from associates and joint ventures                     | 5     | <b>287</b>     | 217        | 185        |
| <b>Profit for the year from continuing operations</b>         |       | <b>1 834</b>   | 1 910      | 1 671      |
| <b>Discontinued operation</b>                                 |       |                |            |            |
| Profit from discontinued operation                            | 12    |                | 428        | 46         |
| <b>Profit for the year</b>                                    |       | <b>1 834</b>   | 2 338      | 1 717      |
| <b>Attributable to:</b>                                       |       |                |            |            |
| Owners of Barloworld Limited                                  |       | <b>1 713</b>   | 2 143      | 1 609      |
| Non-controlling interests in subsidiaries                     |       | <b>121</b>     | 195        | 108        |
|   |       | <b>1 834</b>   | 2 338      | 1 717      |
| <b>Earnings per share (cents)</b>                             |       |                |            |            |
| – basic   | 26    | <b>808.7</b>   | 1 012.3    | 763.0      |
| – diluted   | 26    | <b>806.1</b>   | 1 007.5    | 759.2      |
| <b>Earnings per share from continuing operations (cents)</b>  |       |                |            |            |
| – basic   | 26    | <b>808.7</b>   | 810.3      | 739.9      |
| – diluted   | 26    | <b>806.1</b>   | 806.4      | 736.2      |
| <b>Earnings per share from discontinued operation (cents)</b> |       |                |            |            |
| – basic   | 26    |                | 202.0      | 23.1       |
| – diluted   | 26    |                | 201.1      | 23.0       |

# Consolidated statement of comprehensive income

for the year ended 30 September

|   | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|---|--------------|------------|------------|
| <b>Profit for the year</b>  | <b>1 834</b> | 2 338      | 1 717      |
| <b>Items that may be reclassified subsequently to profit or loss:</b>               | <b>1 336</b> | 370        | 1 691      |
| Exchange gains on translation of foreign operations                                 | <b>1 454</b> | 862        | 1 680      |
| Translation reserves realised on disposal of foreign joint venture and subsidiaries | <b>(130)</b> | (510)      | (14)       |
| Gain on cash flow hedges  | <b>16</b>    | 25         | 33         |
| Deferred taxation on cash flow hedges   | <b>(4)</b>   | (7)        | (8)        |
| <b>Items that will not be reclassified to profit or loss:</b>                       | <b>(46)</b>  | (497)      | (290)      |
| Actuarial losses on post-retirement benefit obligations                             | <b>(57)</b>  | (617)      | (320)      |
| Taxation effect of net actuarial losses   | <b>11</b>    | 120        | 30         |
| <b>Other comprehensive income/(loss) for the year, net of taxation</b>              | <b>1 290</b> | (127)      | 1 401      |
| <b>Total comprehensive income for the year</b>                                      | <b>3 124</b> | 2 211      | 3 118      |
| <b>Total comprehensive income attributable to:</b>                                  |              |            |            |
| Barloworld Limited shareholders   | <b>3 003</b> | 2 016      | 3 010      |
| Non-controlling interest  | <b>121</b>   | 195        | 108        |
|   | <b>3 124</b> | 2 211      | 3 118      |



# Consolidated statement of cash flows

for the year ended 30 September

|   | Notes | 2015<br>Rm | 2014<br>Rm | 2013<br>Rm |
|---|-------|------------|------------|------------|
| <b>Cash flows from operating activities</b>   |       |            |            |            |
| Cash receipts from customers  |       | 62 327     | 64 533     | 64 829     |
| Cash paid to employees and suppliers  |       | (58 662)   | (58 701)   | (58 366)   |
| <b>Cash generated from operations before investment in leasing and rental fleet</b>                           |       |            |            |            |
|   | A     | 3 665      | 5 832      | 6 463      |
| Net investment in fleet leasing and equipment rental fleet  | B     | (1 847)    | (2 143)    | (1 636)    |
| Net investment in vehicle rental fleet  | B     | (754)      | (736)      | (572)      |
| <b>Cash generated from operations</b>   |       |            |            |            |
| Finance costs   |       | (1 252)    | (1 125)    | (1 022)    |
| Realised fair value adjustments on financial instruments  |       | (210)      | (162)      | (54)       |
| Dividends received from investments, associates and joint ventures  |       | 218        | 197        | 221        |
| Interest received   |       | 67         | 39         | 28         |
| Taxation paid   | C     | (770)      | (947)      | (821)      |
| <b>Cash (outflow)/inflow from operations</b>  |       |            |            |            |
| Dividends paid (including non-controlling interest)   |       | (814)      | (742)      | (598)      |
| <b>Cash retained (applied to)/from operating activities</b>   |       |            |            |            |
| <b>Cash flows from investing activities</b>   |       |            |            |            |
| Acquisition of subsidiaries, investments and intangibles  | D     | (641)      | (323)      | (775)      |
| Proceeds on disposal of subsidiaries, investments and intangibles   | E     | 61         | 1 316      | 105        |
| Net investment in leasing receivables   |       | (128)      | (15)       | 22         |
| Acquisition of other property, plant and equipment  |       | (1 363)    | (1 323)    | (818)      |
| Replacement capital expenditure   |       | (690)      | (476)      | (339)      |
| Expansion capital expenditure   |       | (673)      | (847)      | (479)      |
| Proceeds on disposal of property, plant and equipment   |       | 245        | 276        | 117        |
| <b>Net cash used in investing activities</b>  |       |            |            |            |
| <b>Net cash (outflow)/inflow before financing activities</b>  |       |            |            |            |
| <b>Cash flows from financing activities</b>   |       |            |            |            |
| Proceeds on share issue   |       |            |            | 4          |
| Shares repurchased for equity-settled share-based payments  |       | (22)       | (34)       | (32)       |
| Non-controlling equity loans  |       | (6)        |            | 6          |
| Purchase of non-controlling interest  |       |            | (4)        | (125)      |
| Proceeds from long-term borrowings  |       | 3 921      | 3 651      | 1 614      |
| Repayment of long-term borrowings   |       | (1 971)    | (3 987)    | (1 748)    |
| (Decrease)/increase in short-term interest-bearing liabilities  |       | (331)      | 1 535      | (339)      |
| <b>Net cash from/(used in) financing activities</b>   |       |            |            |            |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |       |            |            |            |
| Cash and cash equivalents at beginning of year  |       | 4 162      | 2 695      | 2 476      |
| Effect of foreign exchange rate movement on cash balance  |       | 156        | 131        | 208        |
| Effect of cash balances classified as held for sale   |       | (14)       | 29         | (29)       |
| <b>Cash and cash equivalents at end of year</b>   |       |            |            |            |
| Cash balances not available for use due to insurance reserving restrictions and foreign exchange restrictions |       | 337        | 58         | 189        |

# Consolidated statement of cash flows continued

for the year ended 30 September

|   | 2015<br>Rm     | 2014<br>Rm | 2013<br>Rm |
|---|----------------|------------|------------|
| <b>Cash flows from operating activities (before dividends paid)</b> |                |            |            |
| <b>Continuing operations</b>  |                |            |            |
| – Equipment and Handling  | (963)          | 535        | 2 265      |
| – Automotive and Logistics  | 218            | 534        | 284        |
| – Corporate   | (138)          | (312)      | (85)       |
| <b>Total continuing operations</b>                                  | <b>(883)</b>   | 757        | 2 464      |
| <b>Discontinued operation</b>                                       |                |            |            |
| – Motor retail – Australia  |                | 198        | 143        |
| <b>Total discontinued operation</b>                                 |                | 198        | 143        |
| <b>Total group</b>  | <b>(883)</b>   | 955        | 2 607      |
| <b>Cash flows from investing activities</b>                         |                |            |            |
| <b>Continuing operations</b>  |                |            |            |
| – Equipment and Handling  | (645)          | (536)      | (854)      |
| – Automotive and Logistics  | (1 155)        | (761)      | (449)      |
| – Corporate   | (26)           | 49         | (38)       |
| <b>Total continuing operations</b>                                  | <b>(1 826)</b> | (1 248)    | (1 341)    |
| <b>Discontinued operation</b>                                       |                |            |            |
| – Motor retail – Australia  |                | 1 179      | (8)        |
| <b>Total discontinued operation</b>                                 |                | 1 179      | (8)        |
| <b>Total group</b>  | <b>(1 826)</b> | (69)       | (1 349)    |
| <b>Cash flows from financing activities</b>                         |                |            |            |
| <b>Continuing operations</b>  |                |            |            |
| – Equipment and Handling  | 2 825          | 521        | (782)      |
| – Automotive and Logistics  | 1 144          | 1 158      | 893        |
| – Corporate   | (2 378)        | 371        | (636)      |
| <b>Total continuing operations</b>                                  | <b>1 591</b>   | 2 050      | (525)      |
| <b>Discontinued operation</b>                                       |                |            |            |
| – Motor retail – Australia  |                | (889)      | (95)       |
| <b>Total discontinued operation</b>                                 |                | (889)      | (95)       |
| <b>Total group</b>  | <b>1 591</b>   | 1 161      | (620)      |

# Notes to the consolidated statement of cash flows

for the year ended 30 September

|  | 2015<br>Rm     | 2014<br>Rm     | 2013<br>Rm     |
|--|----------------|----------------|----------------|
| <b>A. Cash generated from operations is calculated as follows:</b>                                 |                |                |                |
| Profit before taxation – continuing operations   | 2 355          | 2 530          | 2 215          |
| Profit before taxation – discontinued operation  |                | 78             | 84             |
| <b>Adjustments for:</b>  |                |                |                |
| Depreciation   | 2 355          | 2 208          | 1 960          |
| Amortisation of intangible assets  | 129            | 142            | 136            |
| Loss on disposal of plant and equipment and intangibles  | 42             | 26             | 6              |
| Profit on disposal of properties and aircraft  | (35)           | (77)           | (12)           |
| Loss/(profit) on disposal of subsidiaries and investments  | 4              | (161)          |                |
| Dividends received   | (28)           | (41)           | (50)           |
| Interest received  | (67)           | (39)           | (28)           |
| Finance costs  | 1 252          | 1 125          | 1 022          |
| Fair value adjustments on financial instruments  | 192            | 159            | 54             |
| Net impairment of assets and investments   | 37             | 302            | 94             |
| IFRS 2 charge  | 331            | 104            | 184            |
| Non-cash movement in provisions and valuation allowances   | 461            | (64)           | 224            |
| Other non-cash flow items  | 66             | 10             | 35             |
| Operating cash flows before movements in working capital   | 7 094          | 6 302          | 5 924          |
| Continuing operations  | 7 094          | 6 242          | 5 760          |
| Discontinued operation   |                | 60             | 164            |
| (Increase)/decrease in working capital   | (3 429)        | (470)          | 539            |
| (Increase)/decrease in inventories   | (1 558)        | (251)          | 17             |
| Increase in receivables  | (393)          | (350)          | (176)          |
| (Decrease)/increase in payables  | (1 478)        | 131            | 698            |
| <b>Cash generated from operations before investment in leasing and rental fleets</b>               | <b>3 665</b>   | <b>5 832</b>   | <b>6 463</b>   |
| <b>B. Net investment in leasing and rental fleets:</b>   |                |                |                |
| Fleet leasing and equipment rental fleet   | (1 847)        | (2 143)        | (1 636)        |
| Additions  | (4 029)        | (3 957)        | (3 362)        |
| Proceeds on disposal   | 2 182          | 1 814          | 1 726          |
| Vehicles rental fleet  | (754)          | (736)          | (572)          |
| Additions  | (3 276)        | (2 795)        | (2 335)        |
| Proceeds on disposal   | 2 522          | 2 059          | 1 763          |
| <b>Net investment in leasing and rental fleets</b>   | <b>(2 601)</b> | <b>(2 879)</b> | <b>(2 208)</b> |
| <b>C. Taxation paid is reconciled to the amounts disclosed in the income statement as follows:</b> |                |                |                |
| Amounts unpaid less overpaid at beginning of year  | (38)           | (178)          | (210)          |
| Per the income statement (excluding deferred taxation) – continuing operations                     | (680)          | (788)          | (737)          |
| Taxation expense (excluding deferred taxation) – discontinued operation                            |                | (13)           | (38)           |
| Adjustments in respect of subsidiaries acquired and sold including translation adjustments         | (10)           | (6)            | (14)           |
| Amounts unpaid less overpaid at end of year  | (42)           | 38             | 178            |
| <b>Cash amounts paid</b>   | <b>(770)</b>   | <b>(947)</b>   | <b>(821)</b>   |

## Notes to the consolidated statement of cash flows continued

for the year ended 30 September

|  | 2015<br>Rm   | 2014<br>Rm   | 2013<br>Rm   |
|--|--------------|--------------|--------------|
| <b>D. Acquisition of subsidiaries, investments and intangibles:</b>                      |              |              |              |
| Inventories acquired   | (21)         | (63)         | (218)        |
| Receivables acquired   | (41)         | (5)          | (113)        |
| Payables, taxation and deferred taxation acquired  | 61           | 36           | 138          |
| Borrowings net of cash   | 62           | 30           | 353          |
| Property, plant and equipment, non-current assets, goodwill and non-controlling interest | (97)         | (100)        | (488)        |
| Total net assets acquired  | (36)         | (101)        | (328)        |
| Goodwill arising on acquisitions   | (92)         | (38)         | (37)         |
| Intangibles arising on acquisition in terms of IFRS 3 <i>Business Combinations</i>       | (34)         | (42)         | (132)        |
| Total purchase consideration   | (162)        | (181)        | (497)        |
| Deemed disposal of associate at fair value on obtaining control                          | 20           |              |              |
| Net cash cost of subsidiaries acquired   | (142)        | (181)        | (497)        |
| Bank balances and cash in subsidiaries acquired  | 6            |              |              |
| Investment and intangible assets acquired  | (505)        | (142)        | (278)        |
| <b>Cash amounts paid to acquire subsidiaries, investments and intangibles</b>            | <b>(641)</b> | <b>(323)</b> | <b>(775)</b> |

The goodwill of R92 million arising from the acquisitions consists largely of the synergies and economies of scale expected from integrating these operations into the existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

During the current financial year the following acquisitions were included in the total above:

### Re Ethical Engineering (Pty) Limited

On 14 December 2012, Barloworld Logistics (Pty) Limited acquired 25.1% shareholding in Cyndara 96 (Pty) Limited. Effective 1 April 2015, Barloworld Logistics (Pty) Limited acquired the remaining 74.9% shareholding of the renamed, Re Ethical Engineering (Pty) Limited ("Re"), resulting in 100% ownership of the entity. The company has subsequently been rebranded SmartMatta. The primary reason for gaining control of Re Ethical Engineering (Pty) Limited, was to provide an integrated solution and line of services to our customer base.

### General Motors Ferndale

Barloworld South Africa (Pty) Limited acquired the net assets of General Motors Ferndale effective 1 December 2014. The primary reason for the acquisition was to expand the Motor Retail footprint.

### Tronix

Zeda Car Leasing (Pty) Limited acquired the net assets of Tronix effective 1 February 2015. The primary reason for the acquisition was to enhance our fleet management systems through telematics.

### Tanzuk Limited

Avis Southern Africa (Pty) Limited acquired a 100% shareholding in Tanzuk Limited, a fleet leasing business in Tanzania, effective 4 November 2014 for US\$3.3 million. The primary reason for the acquisition was the expansion of the leasing operations into East Africa.

The group included revenue of R261 million and net profit after tax of R1 million, in relation to the above acquisitions. It estimated that if these acquisitions had been part of the group since the beginning of the financial year, they would have added R401 million to revenue and a net loss after tax of R4 million.

### Toyota/Volkswagen Postmasburg

Subsequent to year end, Automotive Northern Cape acquired the net assets of the Toyota and Volkswagen dealerships in Postmasburg for R28 million, effective 31 October 2015.

## Notes to the consolidated statement of cash flows continued

for the year ended 30 September

|  | 2015<br>Rm | 2014<br>Rm   | 2013<br>Rm |
|--|------------|--------------|------------|
| <b>E. Proceeds on disposal of subsidiaries, investments and intangibles:</b>     |            |              |            |
| Inventories disposed   | 147        | 826          | 90         |
| Receivables disposed   | 71         | 160          | 182        |
| Payables, taxation and deferred taxation balances disposed and settled           | (55)       | (384)        | (159)      |
| Borrowings net of cash   | (1)        | (180)        | (56)       |
| Property, plant and equipment, non-current assets, goodwill and intangibles      | 16         | 878          | 48         |
| Net assets disposed  | 179        | 1 301        | 105        |
| Less: Non-cash translation reserves realised on disposal of foreign subsidiaries | (127)      | (413)        | (14)       |
| Profit on disposal   | 10         | 456          | 14         |
| Net cash proceeds on disposal of subsidiaries                                    | 62         | 1 343        | 105        |
| Bank balances and cash in subsidiaries disposed                                  | (2)        | (44)         |            |
| Proceeds on disposal of investments and intangibles                              | 1          | 17           |            |
| <b>Cash proceeds on disposal of subsidiaries, investments and intangibles</b>    | <b>61</b>  | <b>1 316</b> | <b>105</b> |

The net cash proceeds on disposal of subsidiaries of R62 million relates to the disposal of Barloworld Logistics Spain operations in June 2015, Barloworld Logistics' SAT Sea Air Transport GmbH operations in July 2015 as well as by Barloworld Handling's Russian agriculture business in September 2015.

# Consolidated statement of changes in equity

for the year ended 30 September

| Notes   | Share capital and premium<br>Rm | Foreign currency translation reserves<br>Rm | Revaluation reserve and cash flow hedging reserves<br>Rm | Legal and other reserves<br>Rm |
|---|---------------------------------|---|--|--------------------------------|
| <b>Balance at 1 October 2013</b>                                | 309                             | 1 989                                       | (18)   | 219                            |
| <b>Changes in equity recognised during 2013</b>                 |                                 |   |  |                                |
| Movement on foreign currency translation reserve                |                                 | 1 680                                       |  |                                |
| Restatement of foreign currency translation reserve             |                                 | (36)  |  |                                |
| Translation reserves realised on disposal of foreign subsidiary |                                 | (14)  |  |                                |
| Decrease in fair value of hedging instruments                   |                                 |   | 33   |                                |
| Deferred taxation charge to other comprehensive income          |                                 |   | (8)  |                                |
| Net actuarial losses on post-retirement benefit obligations     |                                 |   |  |                                |
| <b>Other comprehensive income/(loss)</b>                        |                                 | 1 631                                       | 25   |                                |
| Profit for the year   |                                 |   |  |                                |
| <b>Total comprehensive income for the year</b>                  |                                 | 1 631                                       | 25   |                                |
| Other reserve movements   |                                 |   |  | (28)                           |
| Dividends   | 27                              |   |  |                                |
| Treasury shares issued  | 13                              | 3   |  |                                |
| Shares issued in current year                                   | 13                              | 4   |  |                                |
| <b>Balance at 30 September 2013</b>                             | 316                             | 3 620                                       | 7  | 191                            |
| <b>Changes in equity recognised during 2014</b>                 |                                 |   |  |                                |
| Movement on foreign currency translation reserve                |                                 | 862   |  |                                |
| Translation reserves realised on disposal of foreign subsidiary |                                 | (510)                                       |  |                                |
| Decrease in fair value of hedging instruments                   |                                 |   | 25   |                                |
| Deferred taxation charge to other comprehensive income          |                                 |   | (7)  |                                |
| Net actuarial losses on post-retirement benefit obligations     |                                 |   |  |                                |
| <b>Other comprehensive income/(loss)</b>                        |                                 | 352   | 18   |                                |
| Profit for the year   |                                 |   |  |                                |
| <b>Total comprehensive income for the year</b>                  |                                 | 352   | 18   |                                |
| Other reserve movements   |                                 |   |  | 15                             |
| Dividends   | 27                              |   |  |                                |
| <b>Balance at 30 September 2014</b>                             | 316                             | 3 972                                       | 25   | 206                            |
| <b>Changes in equity recognised during 2015</b>                 |                                 |   |  |                                |
| Movement on foreign currency translation reserve                |                                 | <b>1 454</b>                                |  |                                |
| Translation reserves realised on disposal of foreign subsidiary |                                 | <b>(130)</b>                                |  |                                |
| Increase in fair value of hedging instruments                   |                                 |   | <b>16</b>  |                                |
| Deferred taxation charge to other comprehensive income          |                                 |   | <b>(4)</b>   |                                |
| Net actuarial losses on post-retirement benefit obligations     |                                 |   |  |                                |
| <b>Other comprehensive income/(loss)</b>                        |                                 | <b>1 324</b>                                | <b>12</b>  |                                |
| Profit for the year   |                                 |   |  |                                |
| <b>Total comprehensive income for the year</b>                  |                                 | <b>1 324</b>                                | <b>12</b>  |                                |
| Other reserve movements   |                                 |   |  | <b>(107)</b>                   |
| B-BBEE IFRS 2   |                                 |   |  |                                |
| Dividends   | 27                              |   |  |                                |
| Share buy-back  |                                 | <b>(34)</b>                                 |  |                                |
| <b>Balance at 30 September 2015</b>                             | <b>282</b>                      | <b>5 296</b>                                | <b>37</b>  | <b>99</b>                      |

# Consolidated statement of changes in equity continued

for the year ended 30 September

| Equity compensation reserves Rm | Total other reserves Rm | Retained income Rm | Net actuarial losses on post-retirement benefits Rm | Total retained income Rm | Attributable to Barloworld Limited shareholders Rm | Non-controlling interest Rm | Interest of all shareholders Rm |
|---------------------------------|-------------------------|--------------------|---|--------------------------|--|-----------------------------|---------------------------------|
| 243                             | 2 433                   | 11 594             | (1 413)   | 10 181                   | 12 923   | 298                         | 13 221                          |
|                                 | 1 680                   |                    |   |                          | 1 680  |                             | 1 680                           |
|                                 | (36)                    | 36                 |   | 36                       |  |                             |                                 |
|                                 | (14)                    |                    |   |                          | (14)   |                             | (14)                            |
|                                 | 33                      |                    |   |                          | 33   |                             | 33                              |
|                                 | (8)                     |                    |   |                          | (8)  |                             | (8)                             |
|                                 |                         |                    | (290)   | (290)                    | (290)  |                             | (290)                           |
|                                 | 1 655                   | 36                 | (290)   | (254)                    | 1 401  |                             | 1 401                           |
|                                 |                         | 1 609              |   | 1 609                    | 1 609  | 108                         | 1 717                           |
| 34                              | 1 655                   | 1 645              | (290)   | 1 355                    | 3 010  | 108                         | 3 119                           |
|                                 | 6                       | 21                 |   | 21                       | 27   | 142                         | 169                             |
|                                 |                         | (522)              |   | (522)                    | (522)  | (86)                        | (608)                           |
|                                 |                         |                    |   |                          | 3  |                             | 3                               |
|                                 |                         |                    |   |                          | 4  |                             | 4                               |
| 277                             | 4 094                   | 12 738             | (1 703)   | 11 035                   | 15 445   | 462                         | 15 907                          |
|                                 | 862                     |                    |   |                          | 862  |                             | 862                             |
|                                 | (510)                   |                    |   |                          | (510)  |                             | (510)                           |
|                                 | 25                      |                    |   |                          | 25   |                             | 25                              |
|                                 | (7)                     |                    |   |                          | (7)  |                             | (7)                             |
|                                 |                         |                    | (497)   | (497)                    | (497)  |                             | (497)                           |
|                                 | 370                     |                    | (497)   | (497)                    | (127)  |                             | (127)                           |
|                                 |                         | 2 143              |   | 2 143                    | 2 143  | 195                         | 2 338                           |
| 37                              | 370                     | 2 143              | (497)   | 1 646                    | 2 016  | 195                         | 2 211                           |
|                                 | 52                      | 7                  |   | 7                        | 59   | 39                          | 98                              |
|                                 |                         | (639)              |   | (639)                    | (639)  | (92)                        | (731)                           |
| 314                             | 4 517                   | 14 249             | (2 200)   | 12 049                   | 16 882   | 604                         | 17 486                          |
|                                 | <b>1 454</b>            |                    |   |                          | <b>1 454</b>                                       |                             | <b>1 454</b>                    |
|                                 | <b>(130)</b>            |                    |   |                          | <b>(130)</b>                                       |                             | <b>(130)</b>                    |
|                                 | <b>16</b>               |                    |   |                          | <b>16</b>  |                             | <b>16</b>                       |
|                                 | <b>(4)</b>              |                    |   |                          | <b>(4)</b>   |                             | <b>(4)</b>                      |
|                                 |                         |                    | <b>(46)</b>   | <b>(46)</b>              | <b>(46)</b>  |                             | <b>(46)</b>                     |
|                                 | <b>1 336</b>            |                    | <b>(46)</b>   | <b>(46)</b>              | <b>1 290</b>                                       |                             | <b>1 290</b>                    |
|                                 |                         | <b>1 713</b>       |   | <b>1 713</b>             | <b>1 713</b>                                       | <b>121</b>                  | <b>1 834</b>                    |
| 47                              | <b>1 336</b>            | <b>1 713</b>       | <b>(46)</b>   | <b>1 667</b>             | <b>3 003</b>                                       | <b>121</b>                  | <b>3 124</b>                    |
|                                 | <b>(60)</b>             | <b>136</b>         |   | <b>136</b>               | <b>76</b>  |                             | <b>76</b>                       |
|                                 |                         | <b>198</b>         |   | <b>198</b>               | <b>198</b>   |                             | <b>198</b>                      |
|                                 |                         | <b>(699)</b>       |   | <b>(699)</b>             | <b>(699)</b>                                       | <b>(109)</b>                | <b>(808)</b>                    |
|                                 |                         |                    |   |                          | <b>(34)</b>  |                             | <b>(34)</b>                     |
| <b>361</b>                      | <b>5 793</b>            | <b>15 597</b>      | <b>(2 246)</b>                                      | <b>13 351</b>            | <b>19 426</b>                                      | <b>616</b>                  | <b>20 042</b>                   |

# Notes to the consolidated annual financial statements

for the year ended 30 September

|  | Continuing operations |              |              |              |            |            |                        |              |              |             |            |            |
|--|-----------------------|--------------|--------------|--------------|------------|------------|------------------------|--------------|--------------|-------------|------------|------------|
|  | Consolidated          |              |              | Eliminations |            |            | Equipment and Handling |              |              |             |            |            |
|  | 2015<br>Rm            | 2014<br>Rm   | 2013<br>Rm   | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm | Equipment              |              |              | Handling    |            |            |
|  |                       |              |              |              |            |            | 2015<br>Rm             | 2014<br>Rm   | 2013<br>Rm   | 2015<br>Rm  | 2014<br>Rm | 2013<br>Rm |
| <b>1. Operating and geographical segments**</b>  |                       |              |              |              |            |            |                        |              |              |             |            |            |
| <b>Revenue</b>                                   |                       |              |              |              |            |            |                        |              |              |             |            |            |
| Southern Africa                                  | 54 911                | 53 094       | 48 632       |              |            |            | 20 307                 | 20 903       | 19 126       | 1 919       | 1 708      | 1 613      |
| Europe®  | 4 429                 | 5 012        | 6 210        |              |            |            | 3 792                  | 4 134        | 4 377        | 108         | 220        | 910        |
| Russia   | 3 379                 | 3 994        | 4 645        |              |            |            | 3 379                  | 3 994        | 4 645        |             |            |            |
| North America                                    |                       | 1            | 11           |              |            |            |                        |              |              |             | 1          | 11         |
| Australia  |                       |              |              |              |            |            |                        |              |              |             |            |            |
|  | 62 720                | 62 101       | 59 498       |              |            |            | 27 479                 | 29 031       | 28 148       | 2 027       | 1 929      | 2 534      |
| Inter-segment revenue***                         |                       |              |              | (2 180)      | (1 775)    | (1 533)    | 1 373                  | 1 567        | 1 169        | 96          | 88         | 56         |
|  | 62 720                | 62 101       | 59 498       | (2 180)      | (1 775)    | (1 533)    | 28 852                 | 30 598       | 29 317       | 2 123       | 2 017      | 2 590      |
| <b>Segment result</b>                            |                       |              |              |              |            |            |                        |              |              |             |            |            |
| Operating profit/(loss)                          |                       |              |              |              |            |            |                        |              |              |             |            |            |
| Southern Africa                                  | 3 695                 | 3 749        | 3 045        |              |            |            | 1 894                  | 1 968        | 1 678        | 69          | 109        | 86         |
| Europe®  | (99)                  | (347)        | (141)        |              |            |            | 71                     | (168)        | (16)         | (65)        | (53)       | (34)       |
| Russia   | 397                   | 429          | 407          |              |            |            | 397                    | 429          | 407          |             |            |            |
| North America                                    | 2                     | (1)          | 2            |              |            |            |                        |              |              | 2           | (1)        | 2          |
| Australia  |                       |              |              |              |            |            |                        |              |              |             |            |            |
| Operating profit/(loss)                          | 3 995                 | 3 830        | 3 313        |              |            |            | 2 362                  | 2 229        | 2 069        | 6           | 55         | 54         |
| B-BBEE charge                                    | (251)                 |              |              |              |            |            |                        |              |              |             |            |            |
| Fair value adjustments on financial instruments  | (198)                 | (156)        | (47)         |              |            |            | (145)                  | (113)        | (31)         | (65)        | (48)       | (23)       |
| <b>Total segment result</b>                      | <b>3 546</b>          | <b>3 674</b> | <b>3 266</b> |              |            |            | <b>2 217</b>           | <b>2 116</b> | <b>2 038</b> | <b>(59)</b> | <b>7</b>   | <b>31</b>  |
| <b>By geographical region</b>                    |                       |              |              |              |            |            |                        |              |              |             |            |            |
| Southern Africa                                  | 3 277                 | 3 609        | 3 003        |              |            |            | 1 787                  | 1 871        | 1 653        | 4           | 64         | 65         |
| Europe®  | (97)                  | (351)        | (139)        |              |            |            | 66                     | (172)        | (15)         | (65)        | (56)       | (36)       |
| Russia   | 364                   | 417          | 400          |              |            |            | 364                    | 417          | 400          |             |            |            |
| North America                                    | 2                     | (1)          | 2            |              |            |            |                        |              |              | 2           | (1)        | 2          |
| Australia  |                       |              |              |              |            |            |                        |              |              |             |            |            |
| <b>Total segment result</b>                      | <b>3 546</b>          | <b>3 674</b> | <b>3 266</b> |              |            |            | <b>2 217</b>           | <b>2 116</b> | <b>2 038</b> | <b>(59)</b> | <b>7</b>   | <b>31</b>  |
| Income from associates and joint ventures        | 287                   | 217          | 185          |              |            |            | 294                    | 227          | 185          |             | 1          | 3          |
| <b>Segment result including associate income</b> | <b>3 833</b>          | <b>3 891</b> | <b>3 541</b> |              |            |            | <b>2 511</b>           | <b>2 343</b> | <b>2 223</b> | <b>(59)</b> | <b>8</b>   | <b>34</b>  |
| Finance costs                                    | (1 252)               | (1 117)      | (1 000)      |              |            |            |                        |              |              |             |            |            |
| Income from investments                          | 67                    | 39           | 28           |              |            |            |                        |              |              |             |            |            |
| Exceptional items                                | (6)                   | (66)         | (79)         |              |            |            |                        |              |              |             |            |            |
|  | 2 642                 | 2 747        | 2 400        |              |            |            |                        |              |              |             |            |            |
| Taxation   | (808)                 | (837)        | (729)        |              |            |            |                        |              |              |             |            |            |
| <b>Net profit</b>                                | <b>1 834</b>          | <b>1 910</b> | <b>1 671</b> |              |            |            |                        |              |              |             |            |            |
| <b>Non-cash expenses per segment</b>             |                       |              |              |              |            |            |                        |              |              |             |            |            |
| Depreciation                                     | 2 355                 | 2 198        | 1 940        |              |            |            | 681                    | 631          | 506          | 36          | 35         | 32         |
| Amortisation of intangibles                      | 129                   | 142          | 136          |              |            |            | 72                     | 84           | 73           | 2           | 2          | 1          |
| Impairment losses                                | 37                    | 304          | 54           |              |            |            |                        | 17           |              |             |            | 44         |

\*\*The geographical segments are determined by the location of assets.

\*\*\*Inter segment revenue is priced on an arm's-length basis.

®Including Middle East and Asia and Iberia

Revenue generated in South Africa for the year was R45 447 million (2014: R43 616 million; 2013: R40 306 million)

Non-current assets based in South Africa was R13 246 million (2014: R11 596 million; 2013: R10 103 million)



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

| Continuing operations    |         |         |                            |         |         |         |         |         |           |         |         |           |         |         | Discontinued operations           |         |             |
|--------------------------|---------|---------|----------------------------|---------|---------|---------|---------|---------|-----------|---------|---------|-----------|---------|---------|-----------------------------------|---------|-------------|
| Automotive and Logistics |         |         |                            |         |         |         |         |         |           |         |         |           |         |         | Automotive Car Trading: Australia |         |             |
| Motor retail             |         |         | Car Rental Southern Africa |         |         | Leasing |         |         | Logistics |         |         | Corporate |         |         |                                   |         |             |
| 2015 Rm                  | 2014 Rm | 2013 Rm | 2015 Rm                    | 2014 Rm | 2013 Rm | 2015 Rm | 2014 Rm | 2013 Rm | 2015 Rm   | 2014 Rm | 2013 Rm | 2015 Rm   | 2014 Rm | 2013 Rm | 2015 Rm                           | 2014 Rm | 2013 Rm     |
| 20 140                   | 19 173  | 17 465  | 5 202                      | 4 510   | 4 069   | 3 362   | 3 087   | 2 895   | 3 980     | 3 709   | 3 454   | 1         | 4       | 10      |                                   |         |             |
|                          |         |         |                            |         |         |         |         |         | 529       | 658     | 923     |           |         |         |                                   |         | 2 783 5 503 |
| 20 140                   | 19 173  | 17 465  | 5 202                      | 4 510   | 4 069   | 3 362   | 3 087   | 2 895   | 4 509     | 4 367   | 4 377   | 1         | 4       | 10      |                                   |         | 2 783 5 503 |
| 204                      | 34      | 25      | 8                          |         | 6       | 125     | 87      | 76      | 255       | 281     | 242     | 119       | 190     | 201     |                                   |         |             |
| 20 344                   | 19 207  | 17 490  | 5 210                      | 4 510   | 4 075   | 3 487   | 3 174   | 2 971   | 4 764     | 4 648   | 4 619   | 120       | 194     | 211     |                                   |         |             |
| 487                      | 542     | 421     | 470                        | 421     | 317     | 572     | 559     | 484     | 186       | 174     | 137     | 17        | (24)    | (78)    |                                   |         |             |
|                          |         |         |                            |         |         |         |         |         | (27)      | (52)    | (37)    | (78)      | (74)    | (54)    |                                   |         | 86 145      |
| 487                      | 542     | 421     | 470                        | 421     | 317     | 572     | 559     | 484     | 159       | 122     | 100     | (61)      | (98)    | (132)   |                                   |         | 86 145      |
|                          | 2       | 5       |                            |         | 1       | 1       |         |         | (5)       | (1)     | (2)     | 16        | 4       | 3       |                                   |         |             |
| 487                      | 544     | 426     | 470                        | 421     | 318     | 573     | 559     | 484     | 154       | 121     | 98      | (296)     | (94)    | (129)   |                                   |         | 86 145      |
| 487                      | 544     | 426     | 470                        | 421     | 318     | 573     | 559     | 484     | 181       | 174     | 136     | (225)     | (24)    | (79)    |                                   |         |             |
|                          |         |         |                            |         |         |         |         |         | (27)      | (53)    | (38)    | (71)      | (70)    | (50)    |                                   |         | 86 145      |
| 487                      | 544     | 426     | 470                        | 421     | 318     | 573     | 559     | 484     | 154       | 121     | 98      | (296)     | (94)    | (129)   |                                   |         | 86 145      |
| (5)                      | (13)    | (5)     | 1                          | 1       |         | (3)     |         |         | (3)       | 1       | 2       |           |         |         |                                   |         |             |
| 482                      | 531     | 421     | 471                        | 422     | 318     | 573     | 559     | 484     | 151       | 122     | 100     | (296)     | (94)    | (129)   |                                   |         | 86 145      |
|                          |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |                                   |         | (8) (22)    |
|                          |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |                                   |         | 1           |
|                          |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |                                   |         | 40          |
|                          |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |                                   |         | 78 84       |
|                          |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |                                   |         | (24) (38)   |
|                          |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |                                   |         | 54 46       |
| 50                       | 44      | 46      | 560                        | 526     | 457     | 830     | 772     | 747     | 185       | 176     | 135     | 12        | 14      | 17      |                                   |         | 10 20       |
| 6                        | 5       | 7       | 2                          | 1       | 3       | 7       | 2       | 5       | 38        | 46      | 44      | 2         | 2       | 3       |                                   |         |             |
|                          |         |         |                            |         | 10      | 33      |         |         |           | 287     |         | 4         |         |         |                                   |         | 40          |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | Continuing operations |               |               |              |            |            |                        |               |               |              |              |              |
|---|-----------------------|---------------|---------------|--------------|------------|------------|------------------------|---------------|---------------|--------------|--------------|--------------|
|   | Consolidated          |               |               | Eliminations |            |            | Equipment and Handling |               |               |              |              |              |
|   |                       |               |               |              |            |            | Equipment              |               |               | Handling     |              |              |
|   | 2015<br>Rm            | 2014<br>Rm    | 2013<br>Rm    | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm | 2015<br>Rm             | 2014<br>Rm    | 2013<br>Rm    | 2015<br>Rm   | 2014<br>Rm   | 2013<br>Rm   |
| <b>1. Operating and geographical segments** continued</b>               |                       |               |               |              |            |            |                        |               |               |              |              |              |
| <b>Assets</b>   |                       |               |               |              |            |            |                        |               |               |              |              |              |
| Property, plant and equipment   | 14 380                | 12 614        | 11 356        |              |            |            | 5 750                  | 4 958         | 3 778         | 172          | 170          | 172          |
| Intangible assets   | 1 500                 | 1 380         | 1 399         |              |            |            | 1 232                  | 1 132         | 1 132         | 4            | 5            | 5            |
| Investment in associates and joint ventures                             | 923                   | 720           | 571           |              |            |            | 903                    | 678           | 533           |              |              |              |
| Long-term finance lease receivables                                     | 142                   | 123           | 115           |              |            |            | 22                     | 24            |               |              |              |              |
| Long-term financial assets  | 438                   | 94            | 108           |              |            |            | 366                    | 35            | 42            |              |              |              |
| Vehicle rental fleet  | 2 488                 | 2 307         | 2 081         |              |            |            |                        |               |               |              |              |              |
| Inventories   | 13 767                | 11 814        | 11 688        |              |            |            | 9 566                  | 7 786         | 7 661         | 1 142        | 1 139        | 851          |
| Trade and other receivables   | 9 331                 | 8 357         | 7 687         |              |            |            | 6 752                  | 5 827         | 5 689         | 357          | 316          | 269          |
| Assets classified as held for sale                                      | 154                   |               | 371           |              |            |            |                        |               |               | 57           |              | 125          |
| <b>Segment assets</b>   | <b>43 123</b>         | <b>37 409</b> | <b>35 376</b> |              |            |            | <b>24 591</b>          | <b>20 440</b> | <b>18 835</b> | <b>1 732</b> | <b>1 630</b> | <b>1 422</b> |
| <b>By geographical region</b>   |                       |               |               |              |            |            |                        |               |               |              |              |              |
| Southern Africa   | 35 134                | 30 061        | 26 340        |              |            |            | 16 867                 | 13 621        | 12 321        | 1 631        | 1 379        | 1 039        |
| Europe®   | 3 836                 | 3 658         | 3 696         |              |            |            | 3 573                  | 3 130         | 2 990         | 99           | 250          | 383          |
| Russia  | 4 152                 | 3 689         | 3 524         |              |            |            | 4 152                  | 3 689         | 3 524         |              |              |              |
| North America   | 1                     | 1             |               |              |            |            |                        |               |               | 1            | 1            |              |
| Australia   |                       |               | 1 816         |              |            |            |                        |               |               |              |              |              |
| <b>Total segment assets</b>   | <b>43 124</b>         | <b>37 409</b> | <b>35 376</b> |              |            |            | <b>24 591</b>          | <b>20 440</b> | <b>18 835</b> | <b>1 731</b> | <b>1 630</b> | <b>1 422</b> |
| Goodwill  | 1 769                 | 1 661         | 1 820         |              |            |            | 251                    | 206           | 184           | 11           | 9            |              |
| Taxation  | 94                    | 79            | 62            |              |            |            |                        |               |               |              |              |              |
| Deferred taxation assets  | 783                   | 695           | 654           |              |            |            |                        |               |               |              |              |              |
| Cash and cash equivalents   | 2 386                 | 4 162         | 2 695         |              |            |            |                        |               |               |              |              |              |
| <b>Consolidated total assets</b>  | <b>48 155</b>         | <b>44 006</b> | <b>40 607</b> |              |            |            |                        |               |               |              |              |              |
| <b>Liabilities</b>  |                       |               |               |              |            |            |                        |               |               |              |              |              |
| Long-term non-interest-bearing including provisions                     | 2 433                 | 2 402         | 1 905         |              |            |            | 92                     | 129           | 172           |              |              | 6            |
| Trade and other payables including provisions                           | 11 589                | 12 309        | 11 775        |              |            |            | 5 820                  | 6 247         | 6 786         | 598          | 849          | 542          |
| Liabilities directly associated with assets classified as held for sale | 43                    |               | 106           |              |            |            |                        |               |               | 8            |              | 82           |
| <b>Segment liabilities</b>  | <b>14 065</b>         | <b>14 711</b> | <b>13 786</b> |              |            |            | <b>5 912</b>           | <b>6 376</b>  | <b>6 958</b>  | <b>606</b>   | <b>849</b>   | <b>630</b>   |
| <b>By geographical region</b>   |                       |               |               |              |            |            |                        |               |               |              |              |              |
| Southern Africa   | 10 225                | 11 059        | 10 300        |              |            |            | 4 107                  | 4 851         | 5 419         | 560          | 801          | 451          |
| Europe®   | 2 680                 | 2 904         | 2 358         |              |            |            | 659                    | 787           | 697           | 41           | 38           | 165          |
| Russia  | 1 146                 | 738           | 842           |              |            |            | 1 146                  | 738           | 842           |              |              |              |
| North America   | 5                     | 10            | 14            |              |            |            |                        |               |               | 5            | 10           | 14           |
| Australia   | 9                     |               | 272           |              |            |            |                        |               |               |              |              |              |
| <b>Total segment liabilities</b>  | <b>14 065</b>         | <b>14 711</b> | <b>13 786</b> |              |            |            | <b>5 912</b>           | <b>6 376</b>  | <b>6 958</b>  | <b>606</b>   | <b>849</b>   | <b>630</b>   |
| Interest-bearing liabilities (excluding held for sale amounts)          | 13 425                | 11 316        | 10 253        |              |            |            |                        |               |               |              |              |              |
| Deferred taxation liabilities   | 571                   | 377           | 421           |              |            |            |                        |               |               |              |              |              |
| Taxation  | 52                    | 116           | 240           |              |            |            |                        |               |               |              |              |              |
| <b>Consolidated total liabilities</b>                                   | <b>28 113</b>         | <b>26 520</b> | <b>24 700</b> |              |            |            |                        |               |               |              |              |              |
| <b>Capital additions</b>  |                       |               |               |              |            |            |                        |               |               |              |              |              |
| Southern Africa   | 8 222                 | 7 495         | 6 089         |              |            |            | 1 900                  | 2 113         | 1 229         | 61           | 42           | 20           |
| Europe®   | 343                   | 319           | 296           |              |            |            | 329                    | 311           | 274           | 3            | 1            | 16           |
| Russia  | 102                   | 261           | 235           |              |            |            | 102                    | 261           | 235           |              |              |              |
|   | 8 667                 | 8 075         | 6 628         |              |            |            | 2 331                  | 2 685         | 1 738         | 64           | 43           | 36           |

\*\*The geographical segments are determined by the location of assets.

®Including Middle East and Asia and Iberia

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

| Continuing operations    |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |         | Discontinued operations           |         |  |
|--------------------------|---------|---------|----------------------------|---------|---------|---------|---------|---------|-----------|---------|---------|-----------|---------|---------|---------|-----------------------------------|---------|--|
| Automotive and Logistics |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |         | Automotive Car Trading: Australia |         |  |
| Motor retail             |         |         | Car Rental Southern Africa |         |         | Leasing |         |         | Logistics |         |         | Corporate |         |         |         |                                   |         |  |
| 2015 Rm                  | 2014 Rm | 2013 Rm | 2015 Rm                    | 2014 Rm | 2013 Rm | 2015 Rm | 2014 Rm | 2013 Rm | 2015 Rm   | 2014 Rm | 2013 Rm | 2015 Rm   | 2014 Rm | 2013 Rm | 2015 Rm | 2014 Rm                           | 2013 Rm |  |
| 1 493                    | 1 288   | 1 985   | 331                        | 316     | 346     | 4 111   | 3 731   | 3 498   | 1 818     | 1 408   | 902     | 704       | 743     | 675     |         |                                   |         |  |
| 52                       | 48      | 15      | 18                         | 5       | 5       | 13      | 8       | 5       | 172       | 170     | 223     | 10        | 12      | 14      |         |                                   |         |  |
| 17                       | 14      | 3       | 1                          | 1       | 1       |         |         |         |           | 21      | 20      | 2         | 6       | 14      |         |                                   |         |  |
| 44                       | 39      | 44      |                            |         |         | 120     | 99      | 115     | 16        | 8       | 6       | 12        | 12      | 16      |         |                                   |         |  |
| 2 699                    | 2 600   | 2 912   | 2 488                      | 2 307   | 2 081   | 59      | 51      | 58      | 31        | 20      | 18      | (38)      |         |         |         |                                   |         |  |
| 650                      | 628     | 650     | 308                        | 218     | 188     | 654     | 527     | 540     | 1 163     | 1 072   | 961     | (737)     | (435)   | (800)   |         |                                   |         |  |
|                          |         | 203     | 492                        | 422     | 378     |         |         |         | 97        |         | 43      |           |         |         |         |                                   |         |  |
| 4 955                    | 4 617   | 5 812   | 3 638                      | 3 269   | 2 999   | 4 957   | 4 416   | 4 216   | 3 297     | 2 699   | 2 173   | (47)      | 338     | (81)    |         |                                   |         |  |
| 4 955                    | 4 617   | 3 996   | 3 638                      | 3 269   | 2 999   | 4 957   | 4 416   | 4 216   | 3 052     | 2 407   | 1 844   | 34        | 352     | (75)    |         |                                   |         |  |
|                          |         | 1 816   |                            |         |         |         |         |         | 245       | 292     | 329     | (81)      | (14)    | (6)     |         |                                   |         |  |
| 4 955                    | 4 617   | 5 812   | 3 638                      | 3 269   | 2 999   | 4 957   | 4 416   | 4 216   | 3 297     | 2 699   | 2 173   | (47)      | 338     | (81)    |         |                                   |         |  |
| 198                      | 191     | 194     | 791                        | 791     | 791     | 307     | 292     | 292     | 210       | 171     | 359     |           |         |         |         |                                   |         |  |
| 68                       | 56      | 79      |                            | 1       | 2       | 323     | 305     | 284     |           | 2       | 20      | 1 950     | 1 909   | 1 342   |         |                                   |         |  |
| 2 318                    | 2 303   | 2 242   | 1 644                      | 1 460   | 1 134   | 849     | 793     | 741     | 859       | 936     | 999     | (499)     | (279)   | (669)   |         |                                   |         |  |
|                          |         | 6       |                            |         |         | 35      |         |         |           | 18      |         |           |         |         |         |                                   |         |  |
| 2 386                    | 2 359   | 2 327   | 1 644                      | 1 461   | 1 136   | 1 172   | 1 098   | 1 025   | 894       | 938     | 1 037   | 1 451     | 1 630   | 673     |         |                                   |         |  |
| 2 377                    | 2 359   | 2 055   | 1 644                      | 1 461   | 1 136   | 1 172   | 1 098   | 1 025   | 811       | 789     | 852     | (446)     | (300)   | (638)   |         |                                   |         |  |
|                          |         |         |                            |         |         |         |         |         | 83        | 149     | 185     | 1 897     | 1 930   | 1 311   |         |                                   |         |  |
| 9                        |         | 272     |                            |         |         |         |         |         |           |         |         |           |         |         |         |                                   |         |  |
| 2 386                    | 2 359   | 2 327   | 1 644                      | 1 461   | 1 136   | 1 172   | 1 098   | 1 025   | 894       | 938     | 1 037   | 1 451     | 1 630   | 673     |         |                                   |         |  |
|                          |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |         |                                   |         |  |
|                          |         |         |                            |         |         |         |         |         |           |         |         |           |         |         |         |                                   |         |  |
| 236                      | 128     | 120     | 3 340                      | 2 830   | 2 436   | 2 010   | 1 726   | 2 053   | 654       | 588     | 188     | 21        | 68      | 43      |         |                                   |         |  |
|                          |         |         |                            |         |         |         |         |         | 11        | 7       | 6       |           |         |         |         |                                   |         |  |
| 236                      | 128     | 128     | 3 340                      | 2 830   | 2 436   | 2 010   | 1 726   | 2 053   | 665       | 595     | 194     | 21        | 68      | 43      |         |                                   |         |  |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 1. Operating and geographical segments\*\* continued

### 1.1 Segmentation for purpose of gearing and interest cover targets

These schedules are provided to assist users to gain a better understanding of how the group segments its statement of financial position and income statement in order to set appropriate gearing and interest cover targets. For this purpose three broad segments have been defined namely:

- Trading (dealership and logistics businesses)
- Leasing (long-term leasing solutions including fleet services)
- Car Rental (short-term car hire)

In view of the nature of the Leasing and Car Rental businesses, these operations are more highly geared and in this respect are different from the rest of the group. Equipment rental businesses with a net book value of rental assets of R3 009 million (2014: R2 577 million; 2013: R1 719 million) are included as part of the Trading operations.

|   | Total group   |               |               | Trading       |               |               | Leasing      |              |              | Car Rental   |              |              |
|---|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2015<br>Rm    | 2014<br>Rm    | 2013<br>Rm    | 2015<br>Rm    | 2014<br>Rm    | 2013<br>Rm    | 2015<br>Rm   | 2014<br>Rm   | 2013<br>Rm   | 2015<br>Rm   | 2014<br>Rm   | 2013<br>Rm   |
| <b>Consolidated statement of financial position</b>   |               |               |               |               |               |               |              |              |              |              |              |              |
| <b>Assets</b>   |               |               |               |               |               |               |              |              |              |              |              |              |
| Property, plant and equipment   |               |               |               |               |               |               |              |              |              |              |              |              |
| Cost  | 23 334        | 20 826        | 18 991        | 14 433        | 12 628        | 11 354        | 5 683        | 5 195        | 4 868        | 3 218        | 3 003        | 2 769        |
| Accumulated depreciation  | 6 460         | 5 885         | 5 449         | 4 490         | 4 040         | 3 737         | 1 572        | 1 464        | 1 370        | 399          | 381          | 342          |
| Net book value  | 16 873        | 14 921        | 13 542        | 9 943         | 8 568         | 7 617         | 4 111        | 3 731        | 3 498        | 2 819        | 2 622        | 2 427        |
| Less: Items reflected under current assets as vehicle rental fleet and assets classified as held for sale | 2 494         | 2 307         | 2 186         | 6             |               | 105           |              |              |              | 2 488        | 2 307        | 2 081        |
| <b>Property, plant and equipment – net book value</b>   | <b>14 380</b> | <b>12 614</b> | <b>11 356</b> | <b>9 937</b>  | <b>8 567</b>  | <b>7 512</b>  | <b>4 111</b> | <b>3 731</b> | <b>3 498</b> | <b>331</b>   | <b>316</b>   | <b>346</b>   |
| Goodwill  | 1 740         | 1 661         | 1 820         | 641           | 578           | 737           | 307          | 292          | 292          | 791          | 791          | 791          |
| Intangible assets   | 1 500         | 1 380         | 1 399         | 1 470         | 1 367         | 1 389         | 13           | 8            | 5            | 18           | 5            | 5            |
| Finance lease receivables   | 142           | 123           | 115           | 22            | 24            |               | 120          | 99           | 115          |              |              |              |
| Long-term financial assets, investment in associates and joint ventures                                   | 1 361         | 814           | 679           | 1 360         | 813           | 678           |              |              |              | 1            | 1            | 1            |
| Deferred taxation assets  | 783           | 695           | 654           | 772           | 689           | 651           | 8            | 2            | 2            | 2            | 4            | 1            |
| <b>Non-current assets</b>   | <b>19 906</b> | <b>17 287</b> | <b>16 023</b> | <b>14 204</b> | <b>12 038</b> | <b>10 967</b> | <b>4 559</b> | <b>4 133</b> | <b>3 912</b> | <b>1 144</b> | <b>1 116</b> | <b>1 144</b> |
| <b>Current assets</b>   | <b>28 052</b> | <b>26 719</b> | <b>24 213</b> | <b>23 921</b> | <b>22 843</b> | <b>20 880</b> | <b>809</b>   | <b>887</b>   | <b>652</b>   | <b>3 322</b> | <b>2 989</b> | <b>2 681</b> |
| Finance lease receivables   | 258           | 146           | 137           | 107           | 17            |               | 151          | 129          | 137          |              |              |              |
| Cash and cash equivalents   | 2 372         | 4 162         | 2 695         | 2 280         | 3 985         | 2 620         | 66           | 147          | 47           | 25           | 31           | 28           |
| Other current assets  | 25 422        | 22 411        | 21 381        | 21 533        | 18 841        | 18 260        | 592          | 612          | 468          | 3 296        | 2 958        | 2 653        |
| Assets classified as held for sale  | 197           |               | 371           | 197           |               | 371           |              |              |              |              |              |              |
| <b>Total assets</b>   | <b>48 155</b> | <b>44 006</b> | <b>40 607</b> | <b>38 322</b> | <b>35 010</b> | <b>32 218</b> | <b>5 368</b> | <b>4 891</b> | <b>4 564</b> | <b>4 465</b> | <b>4 105</b> | <b>3 825</b> |
| <b>Equity and liabilities</b>   |               |               |               |               |               |               |              |              |              |              |              |              |
| Interest of all shareholders  | 20 042        | 17 486        | 15 907        | 18 620        | 16 154        | 14 674        | 512          | 474          | 437          | 910          | 858          | 796          |
| <b>Non-current liabilities</b>  | <b>12 078</b> | <b>9 700</b>  | <b>9 611</b>  | <b>6 286</b>  | <b>4 428</b>  | <b>4 447</b>  | <b>3 922</b> | <b>3 556</b> | <b>3 332</b> | <b>1 870</b> | <b>1 716</b> | <b>1 832</b> |
| Deferred taxation liabilities   | 571           | 377           | 421           | 414           | 191           | 138           | 157          | 178          | 171          |              | 8            | 112          |
| Interest-bearing  | 9 074         | 6 921         | 7 285         | 3 762         | 2 140         | 2 691         | 3 442        | 3 073        | 2 876        | 1 870        | 1 707        | 1 718        |
| Non-interest-bearing  | 2 433         | 2 402         | 1 905         | 2 110         | 2 097         | 1 618         | 323          | 305          | 285          |              | 1            | 2            |
| <b>Current liabilities</b>  | <b>15 992</b> | <b>16 820</b> | <b>14 983</b> | <b>13 372</b> | <b>14 428</b> | <b>12 991</b> | <b>934</b>   | <b>861</b>   | <b>795</b>   | <b>1 686</b> | <b>1 531</b> | <b>1 197</b> |
| Amounts due to bankers and short-term loans   | 4 351         | 4 395         | 2 968         | 4 219         | 4 276         | 2 867         | 84           | 63           | 33           | 48           | 56           | 68           |
| Other current liabilities   | 11 641        | 12 425        | 12 015        | 9 153         | 10 152        | 10 124        | 850          | 798          | 762          | 1 638        | 1 475        | 1 129        |
| Liabilities directly associated with assets classified as held for sale                                   |               |               |               |               |               |               |              |              |              |              |              |              |
| – Non-interest-bearing  | 43            |               | 106           | 43            |               | 106           |              |              |              |              |              |              |
| <b>Total equity and liabilities</b>   | <b>48 155</b> | <b>44 006</b> | <b>40 607</b> | <b>38 322</b> | <b>35 010</b> | <b>32 218</b> | <b>5 368</b> | <b>4 891</b> | <b>4 564</b> | <b>4 465</b> | <b>4 105</b> | <b>3 825</b> |

\*\*The geographical segments are determined by the location of the assets.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 1. Operating and geographical segments\*\* continued

### 1.1 Segmentation for purpose of gearing and interest cover targets continued

|   | Total group |         |         | Trading |         |         | Leasing |           |         | Car Rental |           |         |
|---|-------------|---------|---------|---------|---------|---------|---------|-----------|---------|------------|-----------|---------|
|   | 2015 Rm     | 2014 Rm | 2013 Rm | 2015 Rm | 2014 Rm | 2013 Rm | 2015 Rm | 2014 Rm   | 2013 Rm | 2015 Rm    | 2014 Rm   | 2013 Rm |
| <b>Consolidated income statement</b>                |             |         |         |         |         |         |         |           |         |            |           |         |
| <b>Continuing operations</b>                        |             |         |         |         |         |         |         |           |         |            |           |         |
| Revenue   | 62 720      | 62 101  | 59 498  | 54 156  | 54 503  | 52 534  | 3 362   | 3 087     | 2 895   | 5 202      | 4 510     | 4 069   |
| Operating profit before items listed below (EBITDA) | 6 479       | 6 170   | 5 389   | 4 036   | 3 889   | 3 375   | 1 409   | 1 333     | 1 237   | 1 033      | 948       | 777     |
| Depreciation  | (2 355)     | (2 198) | (1 940) | (964)   | (900)   | (735)   | (830)   | (772)     | (748)   | (560)      | (526)     | (457)   |
| Amortisation of intangible assets                   | (129)       | (142)   | (136)   | (120)   | (139)   | (128)   | (7)     | (2)       | (5)     | (2)        | (1)       | (3)     |
| Operating profit                                    | 3 995       | 3 830   | 3 313   | 2 952   | 2 851   | 2 512   | 572     | 559       | 484     | 471        | 421       | 317     |
| B-BBEE charge                                       | (251)       |         |         | (251)   |         |         |         |           |         |            |           |         |
| Fair value adjustments on financial instruments     | (198)       | (156)   | (47)    | (199)   | (156)   | (48)    | 1       |           |         |            |           | 1       |
| Finance costs                                       | (1 252)     | (1 117) | (1 000) | (737)   | (682)   | (622)   | (306)   | (259)     | (220)   | (210)      | (177)     | (158)   |
| Income from investments                             | 67          | 39      | 28      | 54      | 37      | 31      | 12      | 7         | 2       | 1          | (5)       | (5)     |
| Profit before exceptional items                     | 2 361       | 2 596   | 2 294   | 1 819   | 2 051   | 1 873   | 279     | 307       | 266     | 262        | 239       | 155     |
| Exceptional items                                   | (6)         | (66)    | (79)    | (6)     | (65)    | (72)    |         |           | 1       |            | (1)       | (8)     |
| Profit before taxation                              | 2 355       | 2 530   | 2 215   | 1 814   | 1 985   | 1 801   | 279     | 307       | 267     | 262        | 238       | 147     |
| Taxation  | (808)       | (837)   | (729)   | (714)   | (734)   | (591)   | (54)    | (98)      | (80)    | (40)       | (5)       | (58)    |
| Profit after taxation                               | 1 547       | 1 693   | 1 486   | 1 099   | 1 251   | 1 210   | 225     | 209       | 187     | 223        | 233       | 89      |
| Income from associates and joint ventures           | 287         | 217     | 185     | 287     | 216     | 185     |         |           |         |            | 1         |         |
| Net profit from continuing operations               | 1 834       | 1 910   | 1 671   | 1 386   | 1 468   | 1 395   | 225     | 209       | 187     | 223        | 233       | 89      |
| <b>Discontinued operation</b>                       |             |         |         |         |         |         |         |           |         |            |           |         |
| Profit from discontinued operation                  |             | 428     | 46      |         | 428     | 46      |         |           |         |            |           |         |
| Net profit  | 1 834       | 2 338   | 1 717   | 1 386   | 1 896   | 1 441   | 225     | 209       | 187     | 223        | 233       | 89      |
| <b>Attributable to:</b>                             |             |         |         |         |         |         |         |           |         |            |           |         |
| Owners of Barloworld Limited                        | 1 713       | 2 143   | 1 609   | 1 281   | 1 711   | 1 333   | 210     | 200       | 178     | 221        | 232       | 98      |
| Non-controlling interests in subsidiaries           | 121         | 195     | 108     | 105     | 186     | 108     | 14      | 8         | 9       | 1          | 1         | (9)     |
|   | 1 834       | 2 338   | 1 717   | 1 386   | 1 896   | 1 441   | 225     | 209       | 187     | 223        | 233       | 89      |
| <b>Key financial ratios by segment</b>              |             |         |         |         |         |         |         |           |         |            |           |         |
| Total borrowings to total shareholders' funds (%)*  |             |         |         |         |         |         |         |           |         |            |           |         |
| Actual  | 67          | 65      | 64      | 43      | 40      | 38      | 688     | 662       | 666     | 211        | 205       | 224     |
| Target#   |             | #       |         |         | 30 – 50 |         |         | 600 – 800 |         |            | 200 – 300 |         |
| Interest cover (times)*                             |             |         |         |         |         |         |         |           |         |            |           |         |
| Actual  | 2.9         | 3.3     | 3.3     | 3.5     | 4.0     | 4.5     | 1.9     | 2.2       | 2.2     | 2.3        | 2.4       | 2.0     |
| Target  |             |         |         | > 4     |         |         | > 1     |           |         | > 1.25     |           |         |
| Net debt (%)  | 55          | 41      | 48      | 31      | 15      | 20      | 675     | 631       | 655     | 208        | 202       | 221     |

\*The group gearing target is dependent on the relative mix of assets between the three segments.

#Refer to [www.barloworld.com](http://www.barloworld.com) for definitions.

\*\*The geographical segments are determined by the location of the assets.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|           |   | 2015          |   |                            |
|-----------|---|---------------|---|----------------------------|
|           |   | Cost<br>Rm    | Accumulated<br>depreciation<br>and<br>impairments<br>Rm | Net<br>book<br>value<br>Rm |
| <b>2.</b> | <b>Property, plant and equipment</b>                      |               |   |                            |
|           | Freehold land and buildings                               | 4 102         | 572   | 3 530                      |
|           | Leasehold land and buildings                              | 1 820         | 543   | 1 277                      |
|           | Plant, equipment and furniture                            | 2 930         | 2 003   | 927                        |
|           | Vehicles and aircraft                                     | 2 439         | 886   | 1 553                      |
|           | Leasing and rental assets – vehicles                      | 8 251         | 1 674   | 6 577                      |
|           | Rental assets – equipment                                 | 3 791         | 782   | 3 009                      |
|           |   | <b>23 333</b> | <b>6 460</b>  | <b>16 873</b>              |
|           | Less: Vehicle rental fleet reflected under current assets |               |   | 2 488                      |
|           | Other assets classified as held for sale                  |               |   | 5                          |
|           |   |               |   | <b>14 380</b>              |

## Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2014       |   |                            | 2013       |   |                            |
|--|------------|---|----------------------------|------------|---|----------------------------|
|  | Cost<br>Rm | Accumulated<br>depreciation<br>and<br>impairments<br>Rm | Net<br>book<br>value<br>Rm | Cost<br>Rm | Accumulated<br>depreciation<br>and<br>impairments<br>Rm | Net<br>book<br>value<br>Rm |
|  | 3 444      | 482   | 2 961                      | 3 800      | 468   | 3 332                      |
|  | 1 612      | 452   | 1 160                      | 1 654      | 488   | 1 166                      |
|  | 2 597      | 1 814   | 782                        | 2 493      | 1 737   | 756                        |
|  | 2 223      | 827   | 1 396                      | 1 653      | 696   | 957                        |
|  | 7 626      | 1 582   | 6 044                      | 7 100      | 1 488   | 5 612                      |
|  | 3 305      | 728   | 2 577                      | 2 291      | 572   | 1 719                      |
|  | 20 806     | 5 885   | 14 921                     | 18 992     | 5 450   | 13 542                     |
|  |            |   | 2 307                      |            |   | 2 081                      |
|  |            |   |                            |            |   | 105                        |
|  |            |   | 12 614                     |            |   | 11 356                     |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

| Movement of property, plant and equipment                        | Freehold and leasehold land and buildings Rm | Investment property Rm |
|--|--|------------------------|
| <b>2. Property, plant and equipment continued 2015</b>           |  |                        |
| Net balance at 1 October 2014                                    | 4 121  |                        |
| Subsidiaries acquired  | 18   |                        |
| Subsidiaries disposed  |  |                        |
| Other additions  | 451  |                        |
| Impairment of assets   | (2)  |                        |
| Translation differences (net)                                    | 336  |                        |
|  | <b>4 924</b>                                 |                        |
| Other disposals and reallocations                                |  |                        |
| Depreciation   | (118)  |                        |
| Net balance at 30 September 2015                                 | <b>4 806</b>                                 |                        |
| Less: Vehicle rental fleet assets reflected under current assets |  |                        |
| Assets classified as held for sale                               |  |                        |
| Balance reflected as property, plant and equipment               | <b>4 806</b>                                 |                        |
| Net book value of capitalised leases included in above balance   | <b>367</b>                                   |                        |
| <b>2014</b>  |  |                        |
| Net balance at 1 October 2013                                    | 4 498  |                        |
| Subsidiaries acquired  |  |                        |
| Subsidiaries disposed  | (789)  |                        |
| Other additions  | 424  |                        |
| Impairment of assets <sup>^</sup>                                |  |                        |
| Translation differences (net)                                    | 176  |                        |
|  | 4 309  |                        |
| Other disposals and reallocations                                | (79)   |                        |
| Depreciation   | (109)  |                        |
| Net balance at 30 September 2014                                 | 4 121  |                        |
| Less: Vehicle rental fleet assets reflected under current assets |  |                        |
| Balance reflected as property, plant and equipment               | 4 121  |                        |
| Net book value of capitalised leases included in above balance   | 389  |                        |
| <b>2013</b>  |  |                        |
| Net balance at 1 October 2012                                    | 3 913  | 15                     |
| Subsidiaries acquired  | 128  |                        |
| Subsidiaries disposed  | (1)  |                        |
| Other additions  | 233  |                        |
| Impairment of assets <sup>^^</sup>                               |  |                        |
| Translation differences (net)                                    | 326  | 2                      |
|  | 4 599  | 17                     |
| Other disposals  | 7  | (15)                   |
| Depreciation   | (108)  | (2)                    |
| Net balance at 30 September 2013                                 | 4 498  |                        |
| Less: Vehicle rental fleet assets reflected under current assets |  |                        |
| Assets classified as held for sale                               | 100  |                        |
| Balance reflected as property, plant and equipment               | 4 398  |                        |
| Net book value of capitalised leases included in above balance   | 417  |                        |

\*\*Refer to page 40.

<sup>^</sup>The impairment in Logistics in 2014 relates to the impairment of tangible assets, were directly related to Ellerines, as the company was placed into business rescue, the recoverable amount was calculated based on value in use, using the income approach valuation technique.

<sup>^^</sup>The impairment in 2013 relates to the following:

- the impairment in Car Rental of the Coaches business of R4.4 million which was discontinued, the recoverable amount was calculated based on fair value minus cost to sell, the fair value was determined to be a level 3 based on estimated retail prices in the current market conditions.
- the re-estimation in Equipment of the fair value of drills of R3.4 million that was bought as part of the acquisition of the EMPR business, the recoverable amount was calculated based on the fair value minus cost to sell, the fair value was determined to be a level 1.

The capitalised leases were reclassified for the 2013 financial years and are no longer shown as a separate category. The net book value at the end of each financial year for property, plant and equipment held under finance leases have been shown separately above.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

| Plant,<br>equipment<br>and<br>furniture<br>Rm | Vehicles<br>and<br>aircraft<br>Rm | Rental<br>and<br>leasing<br>assets –<br>vehicles**<br>Rm | Rental<br>assets –<br>equipment**<br>Rm | Total<br>Rm |
|---|-----------------------------------|--|---|-------------|
| 782   | 1 396                             | 6 044  | 2 577                                   | 14 920      |
| 25  |                                   | 55   |   | 98          |
| (9)   | (1)                               |  |   | (10)        |
| 364   | 546                               | 5 283  | 2 022                                   | 8 667       |
| 48  | 25                                | 10   | 113                                     | (2)         |
| 1 211   | 1 966                             | 11 391   | 4 712                                   | 531         |
| (46)  | (177)                             | (3 467)  | (1 288)                                 | 24 204      |
| (238)   | (236)                             | (1 348)  | (414)                                   | (4 978)     |
| 927   | 1 553                             | 6 577  | 3 009                                   | (2 355)     |
| 4   | 1                                 | 2 488  |   | 16 873      |
| 923   | 1 552                             | 4 089  | 3 009                                   | 2 488       |
| 165   | 639                               |  |   | 5           |
|   |                                   |  |   | 14 380      |
|   |                                   |  |   | 1 171       |
| 756   | 957                               | 5 612  | 1 719                                   | 13 542      |
| 4   | 130                               |  |   | 134         |
| (27)  |                                   |  |   | (815)       |
| 314   | 584                               | 4 509  | 2 243                                   | 8 075       |
| (11)  |                                   |  |   | (11)        |
| 32  | 17                                | 18   | 59                                      | 303         |
| 1 069   | 1 688                             | 10 139   | 4 021                                   | 21 228      |
| (46)  | (78)                              | (2 840)  | (1 056)                                 | (4 099)     |
| (241)   | (215)                             | (1 254)  | (388)                                   | (2 208)     |
| 782   | 1 396                             | 6 044  | 2 577                                   | 14 921      |
|   |                                   | 2 307  |   | 2 307       |
| 782   | 1 396                             | 3 737  | 2 577                                   | 12 614      |
| 62  | 503                               |  |   | 953         |
| 612   | 482                               | 4 861  | 1 498                                   | 11 381      |
| 20  | 416                               |  |   | 564         |
| (3)   | (2)                               |  | (42)                                    | (48)        |
| 334   | 251                               | 4 437  | 1 373                                   | 6 628       |
| 72  | 27                                | (4)  | (6)                                     | (10)        |
| 1 035   | 1 174                             | 9 336  | 2 946                                   | 592         |
| (54)  | (51)                              | (2 565)  | (927)                                   | 19 106      |
| (225)   | (166)                             | (1 159)  | (300)                                   | (3 605)     |
| 756   | 957                               | 5 612  | 1 719                                   | (1 960)     |
| 5   |                                   | 2 081  |   | 13 541      |
| 751   | 957                               | 3 531  | 1 719                                   | 2 081       |
| 13  | 287                               |  |   | 105         |
|   |                                   |  |   | 11 356      |
|   |                                   |  |   | 717         |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|--|--------------|------------|------------|
| <b>2. Property, plant and equipment</b> continued  |              |            |            |
| <b>**Rental asset disclosures:</b>   |              |            |            |
| Future minimum undiscounted lease receivables under non-cancellable operating leases (excluding Avis Fleet): |              |            |            |
| Within one year  | 173          | 70         | 88         |
| Two to five years  | 188          | 212        | 194        |
| More than five years   | 70           | 112        | 117        |
|  | <b>431</b>   | 394        | 399        |
| Future minimum undiscounted lease receivables under non-cancellable operating leases for Avis Fleet:         |              |            |            |
| Within one year  | 932          | 846        | 885        |
| Two to five years  | 894          | 839        | 996        |
| More than five years   | 1            | 1          | 14         |
|  | <b>1 827</b> | 1 686      | 1 895      |

Equipment rental assets include handling equipment in South Africa and capital equipment in southern Africa, Iberia and Russia.

Vehicle rental assets include long-term fleet in southern Africa leased to customers for periods in excess of 12 months with an average lease term of 42 months (2014: 42 months and 2013: 41 months) and an average residual value of 48% (2014: 48% and 2013: 43%).

Refer note 1 for a segmental analysis of impairment losses and reversals.

|                                      | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|--------------------------------------|--------------|------------|------------|
| <b>3. Goodwill</b>                   |              |            |            |
| <b>Cost</b>                          |              |            |            |
| At 1 October                         | 2 485        | 2 556      | 2 469      |
| IFRS 3 remeasurement*                |              |            | 27         |
| Subsidiaries acquired                | 92           | 38         | 30         |
| Subsidiaries disposed                | (66)         | (220)      | (120)      |
| Classified as held for sale          | (29)         |            | (64)       |
| Translation differences              | 57           | 111        | 214        |
| At 30 September                      | <b>2 540</b> | 2 485      | 2 556      |
| <b>Accumulated impairment losses</b> |              |            |            |
| At 1 October                         | 824          | 736        | 710        |
| Subsidiaries disposed                | (66)         | (190)      | (120)      |
| Impairment                           | 33           | 208        | 71         |
| Classified as held for sale          |              |            | (42)       |
| Translation differences              | 9            | 70         | 117        |
| At 30 September                      | <b>800</b>   | 824        | 736        |
| <b>Carrying amount</b>               |              |            |            |
| At 30 September                      | <b>1 740</b> | 1 661      | 1 820      |

\*The IFRS 3 remeasurement related to the Bucyrus southern Africa acquisition. The accounting for the transaction was finalised in the 2013 financial year. The goodwill was revised, after the revaluation of inventory, onerous contracts and the deferred taxation balances in relation to the transaction was done.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 3. Goodwill continued

Goodwill is allocated for impairment testing purposes to the following cash-generating units:

| Significant cash-generating units (CGUs) | Geographical location | Reportable segment to which the CGU belong | Carrying amount of goodwill |         |         |
|--|-----------------------|--|-----------------------------|---------|---------|
|  |                       |  | 2015 Rm                     | 2014 Rm | 2013 Rm |
| Avis Rent a Car southern Africa          | South Africa          | Car Rental southern Africa                 | 791                         | 791     | 790     |
| Avis Fleet southern Africa               | South Africa          | Leasing                                    | 282                         | 282     | 282     |
| Equipment Russia                         | Russia                | Equipment                                  | 199                         | 163     | 141     |
| Other <sup>^</sup>                       | Various               | Various                                    | 468                         | 425     | 607     |
|  |                       |  | <b>1 740</b>                | 1 661   | 1 820   |

Goodwill is allocated to the appropriate CGUs according to the type of business and where it operates. External and internal factors surrounding the business operations play a role in determining an indication of impairment. In addition, the carrying amount of goodwill is subject to an annual impairment test.

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill, is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use. In most instances it is difficult to use the fair value less costs to sell, as a reliable estimate is not easily obtainable in determining the recoverable amount. Therefore the value-in-use method is used to assess the goodwill for impairment.

The key assumptions used in the value in use calculation for the CGUs shown above are as follows:

A discounted cash flow valuation model is applied using a five-year strategic plan as approved by management. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the group. The process ensures that all significant risks and sensitivities are appropriately considered and factored into strategic plans.

The discount rate applied to the forecast period, has been outlined for each cash generating unit in the table below. Discount rates applied to cash flow projections are based on a country or region-specific discount rate, dependent upon the location of cash-generating segment operations.

The pre-tax nominal discount rates applied are as follows:

| Significant CGUs                | Geographical location | Currency | 2015 %      | 2014 %      | 2013 %      |
|---------------------------------|-----------------------|----------|-------------|-------------|-------------|
| Avis Rent a Car southern Africa | South Africa          | ZAR      | 12.9        | 12.6        | 11.8        |
| Avis Fleet southern Africa      | South Africa          | ZAR      | 21.0        | 20.7        | 18.9        |
| Equipment Russia                | Russia                | USD      | 12.4        | 12.9        | 12.2        |
| Other <sup>^</sup>              | Various               | Various  | 9.3 to 21.2 | 8.7 to 19.8 | 6.9 to 19.2 |

Long-term growth rates applied to extrapolate cash flows are as follows:

| Significant CGUs                | Geographical location | Currency | 2015 %     | 2014 %     | 2013 %     |
|---------------------------------|-----------------------|----------|------------|------------|------------|
| Avis Rent a Car southern Africa | South Africa          | ZAR      | 5.0        | 5.0        | 5.0        |
| Avis Fleet southern Africa      | South Africa          | ZAR      | 5.0        | 5.0        | 5.0        |
| Equipment Russia                | Russia                | USD      | 2.0        | 2.0        | 3.8        |
| Other <sup>^</sup>              | Various               | Various  | 2.0 to 5.0 | 1.5 to 5.0 | 1.0 to 5.0 |

<sup>^</sup>The aggregate of the remaining immaterial goodwill balances consists of 20 cash-generating units in 2015, (2014: 20 and 2013: 19).

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 3. Goodwill continued

Other key assumptions applied:

### Inflation rate and GDP growth rate forecasts

Forecast consumer price indices and real GDP growth during the forecast period for the countries from which revenue is derived, expenses are incurred, and inventory is purchased are consistent with external sources and shown below:

|                                     | 2016  | 2017 | 2018 | 2019 | 2020 |
|-------------------------------------|-------|------|------|------|------|
| <b>Real GDP growth (%)</b>          |       |      |      |      |      |
| – South Africa                      | 2.4   | 3.0  | 3.3  | 3.3  | 3.3  |
| – United States of America          | 3.1   | 2.5  | 2.5  | 2.5  | 2.5  |
| – United Kingdom                    | 2.3   | 2.3  | 2.3  | 2.3  | 2.3  |
| – United Arab Emirates              | 3.8   | 4.0  | 4.4  | 4.4  | 4.4  |
| – Russia                            | (0.5) | 1.9  | 1.9  | 1.9  | 1.9  |
| – Angola                            | 5.2   | 5.8  | 5.7  | 5.7  | 5.7  |
| – Botswana                          | 4.8   | 4.8  | 4.8  | 4.8  | 4.8  |
| – Mozambique                        | 8.0   | 7.9  | 8.1  | 8.1  | 8.1  |
| – Namibia                           | 4.7   | 4.7  | 4.6  | 4.6  | 4.6  |
| – Tanzania                          | 7.0   | 6.9  | 6.9  | 6.9  | 6.9  |
| – Zambia                            | 6.5   | 6.8  | 6.7  | 6.7  | 6.7  |
| <b>Inflation (% annual average)</b> |       |      |      |      |      |
| – South Africa                      | 5.5   | 5.3  | 5.1  | 5.1  | 5.1  |
| – United States of America          | 1.8   | 1.9  | 1.9  | 1.9  | 1.9  |
| – United Kingdom                    | 1.8   | 2.0  | 2.0  | 2.0  | 2.0  |
| – United Arab Emirates              | 3.1   | 3.3  | 3.1  | 3.1  | 3.1  |
| – Russia                            | 8.0   | 4.3  | 4.3  | 4.3  | 4.3  |
| – Angola                            | 7.7   | 7.6  | 7.3  | 7.3  | 7.3  |
| – Botswana                          | 4.9   | 5.0  | 5.3  | 5.3  | 5.3  |
| – Mozambique                        | 5.4   | 5.6  | 5.3  | 5.3  | 5.3  |
| – Namibia                           | 5.4   | 5.5  | 5.5  | 5.5  | 5.5  |
| – Tanzania                          | 7.1   | 7.0  | 7.0  | 7.0  | 7.0  |
| – Zambia                            | 6.8   | 6.4  | 6.3  | 6.3  | 6.3  |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 3. Goodwill continued

### Exchange rate forecasts

Exchange rates applied over the forecast period are consistent with external sources and shown below:

|                       | 2016  | 2017  | 2018  | 2019  | 2020  |
|-----------------------|-------|-------|-------|-------|-------|
| <b>Exchange rates</b> |       |       |       |       |       |
| USD/ZAR – (Average)   | 11.59 | 11.61 | 11.89 | 12.26 | 12.64 |
| GBP/ZAR – (Average)   | 17.70 | 18.28 | 18.83 | 19.40 | 19.99 |
| EUR/ZAR – (Average)   | 13.09 | 13.18 | 13.56 | 14.06 | 14.57 |

The impairments relate to the following cash-generating units:

|                     | Geographical location            | Reportable segment to which the CGU belongs | 2015 Rm   | 2014 Rm    | 2013 Rm   |
|---------------------|----------------------------------|---|-----------|------------|-----------|
| Sea Air Middle East | United Arab Emirates and Germany | Logistics                                   | 33        | 208        |           |
| Other Motor Retail  | Various                          | Motor Retail                                |           |            | 40        |
| Handling Holland    | Holland                          | Handling                                    |           |            | 28        |
| Avis Coach Charter  | South Africa                     | Car Rental southern Africa                  |           |            | 3         |
| <b>Total</b>        |                                  |   | <b>33</b> | <b>208</b> | <b>71</b> |

The 2015 impairment loss pertaining to Logistics Sea Air Middle East and Germany was based on fair value less cost to sell, which was based on the contractually agreed price less costs to exit. The Sea Air component of the cash-generating unit was sold for €1, and as such, the entire amount of goodwill was impaired within the business. The level of fair value hierarchy applied by Barloworld was level 3, in line with the group descriptions outlined in note 31.1.2.

The 2014 impairment loss pertaining to Logistics Sea Air Middle East and Germany was based on the value in use. These impairments were processed mainly due to lower key customer volumes.

The 2013 impairment losses pertaining to Motor Australia and Handling Holland related to held for sale businesses that were in the process of being disposed of and which were subsequently disposed of post-year end. The impairment of these amounts was based on the fair values less costs to sell of those businesses in terms of the negotiations which were at an advanced stage at the year end. The level of fair value hierarchy applied by Barloworld was level 3, in line with the group descriptions outlined in note 31.1.2.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015                       |  |                                    |   | Total intangible assets<br>Rm |
|--|----------------------------|--|------------------------------------|---|-------------------------------|
|  | Capitalised software<br>Rm | Patents, trademarks, development costs<br>Rm | Supplier relationships costs<br>Rm | Customer relationships, order backlog<br>Rm |                               |
| <b>4. Intangible assets</b>                    |                            |  |                                    |   |                               |
| <b>Cost</b>                                    |                            |  |                                    |   |                               |
| At 1 October                                   | 1 044                      | 134  | 1 060                              | 118   | 2 356                         |
| Subsidiaries acquired                          | 7                          | 2  | 6                                  | 19  | 35                            |
| Other additions                                | 141                        | 23   |                                    |   | 164                           |
| Subsidiaries disposed                          | (15)                       |  |                                    |   | (15)                          |
| Other disposals                                | (32)                       | (30)   |                                    | (14)  | (77)                          |
| Other reclassification                         | (1)                        | (2)  |                                    |   | (3)                           |
| Translation differences                        | 39                         | 1  | 168                                | 3   | 211                           |
| At 30 September                                | 1 183                      | 128  | 1 234                              | 126   | 2 672                         |
| <b>Accumulated amortisation and impairment</b> |                            |  |                                    |   |                               |
| At 1 October                                   | 690                        | 119  | 112                                | 56  | 977                           |
| Charge for the year (note 20)                  | 85                         | 6  | 22                                 | 16  | 129                           |
| Subsidiaries disposed                          | (11)                       |  |                                    |   | (11)                          |
| Other disposals                                | (31)                       | (30)   |                                    | (14)  | (76)                          |
| Other reclassification                         |                            | 2  | 1                                  | (1)   | 2                             |
| Impairment <sup>^^</sup>                       |                            |  |                                    |   |                               |
| Translation differences                        | 22                         | 1  | 27                                 | 3   | 54                            |
| At 30 September                                | 756                        | 98   | 162                                | 60  | 1 075                         |
| <b>Carrying amount</b>                         |                            |  |                                    |   |                               |
| At 30 September                                | 427                        | 31   | 1 073                              | 66  | 1 597                         |
| Less amounts classified as held for sale       | (97)                       |  |                                    |   | (97)                          |
| <b>Total group</b>                             | <b>330</b>                 | <b>31</b>                                    | <b>1 073</b>                       | <b>66</b>                                   | <b>1 500</b>                  |

<sup>^^</sup>The impairment in 2014 relates to the impairment of the intangible supply chain management solution built for Ellerines. As the company was placed into business rescue, the recoverable amount based on value in use was deemed to be nil with no future recoverability.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

| 2014                       |  |                                    |   |                               | 2013                       |  |                                    |   |                               |
|----------------------------|--|------------------------------------|---|-------------------------------|----------------------------|--|------------------------------------|---|-------------------------------|
| Capitalised software<br>Rm | Patents, trademarks, development costs<br>Rm | Supplier relationships costs<br>Rm | Customer relationships, order backlog<br>Rm | Total intangible assets<br>Rm | Capitalised software<br>Rm | Patents, trademarks, development costs<br>Rm | Supplier relationships costs<br>Rm | Customer relationships, order backlog<br>Rm | Total intangible assets<br>Rm |
| 951                        | 150  | 946                                | 107   | 2 154                         | 695                        | 140  | 723                                | 64  | 1 622                         |
|                            |  | 32                                 | 9   | 41                            | 8                          |  | 107                                | 40  | 155                           |
| 83                         | 3  |                                    |   | 86                            | 200                        | 4  |                                    |   | 204                           |
| (5)                        | (6)  |                                    |   | (11)                          | (4)                        |  |                                    |   | (4)                           |
| (5)                        | (14)   |                                    |   | (19)                          | (1)                        |  |                                    |   | (1)                           |
|                            |  |                                    |   |                               | 4                          | 1  |                                    |   | 5                             |
| 20                         | 1  | 82                                 | 2   | 105                           | 49                         | 5  | 116                                | 3   | 173                           |
| 1 044                      | 134  | 1 060                              | 118   | 2 356                         | 951                        | 150  | 946                                | 107   | 2 154                         |
| 519                        | 127  | 74                                 | 35  | 755                           | 419                        | 104  | 40                                 | 10  | 573                           |
| 86                         | 9  | 27                                 | 20  | 142                           | 70                         | 17   | 24                                 | 25  | 136                           |
| (5)                        | (5)  |                                    |   | (10)                          | (4)                        |  |                                    |   | (4)                           |
| (5)                        | (14)   |                                    |   | (19)                          | (1)                        |  |                                    |   | (1)                           |
|                            |  |                                    |   |                               |                            | 1  |                                    |   | 1                             |
| 82                         | 1  |                                    |   | 83                            |                            | 1  |                                    |   | 1                             |
| 13                         | 1  | 11                                 | 1   | 26                            | 35                         | 4  | 10                                 |   | 49                            |
| 690                        | 119  | 112                                | 56  | 977                           | 519                        | 127  | 74                                 | 35  | 755                           |
| 355                        | 15   | 948                                | 62  | 1 380                         | 432                        | 23   | 872                                | 72  | 1 399                         |
| 355                        | 15   | 948                                | 62  | 1 380                         | 432                        | 23   | 872                                | 72  | 1 399                         |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 4. Intangible assets continued

### Significant intangible assets

The group acquired intangible assets at an initial cost of R6.3 million, (2014: R32 million; 2013: R107.1 million) with indefinite useful lives.

A detailed breakdown of the carrying value of intangible assets with an indefinite life has been shown below.

| Significant cash-generating units (CGUs)       | Category/class of intangible assets | 2015 Rm      | 2014 Rm | 2013 Rm |
|--|-------------------------------------|--------------|---------|---------|
| Equipment Russia                               | Supplier relationship costs         | 173          | 141     | 126     |
| Equipment South Africa                         | Supplier relationship costs         | 277          | 277     | 277     |
| Equipment southern Africa                      | Supplier relationship costs         | 583          | 477     | 424     |
| Other  | Supplier relationship costs         | 39           | 32      |         |
| <b>Total indefinite life intangible assets</b> |                                     | <b>1 073</b> | 927     | 827     |
| Intangible assets with finite useful lives     | Supplier relationship costs         |              | 21      | 45      |
| <b>Total carrying value</b>                    |                                     | <b>1 073</b> | 948     | 872     |

The above indefinite life intangible assets are tested annually for impairment, using the valuation techniques outlined in note 3.

The pre-tax nominal discount rate applied as well as the long-term growth rates applied to extrapolate cash flows have been shown below.

The pre-tax nominal discount rates applied are as follows:

| Significant CGUs          | Geographical location | Currency | 2015 %       | 2014 % | 2013 % |
|---------------------------|-----------------------|----------|--------------|--------|--------|
| Equipment Russia          | Russia                | USD      | 12.4         | 12.9   | 12.2   |
| Equipment South Africa    | South Africa          | ZAR      | 16.2         | 16.1   | 14.9   |
| Equipment southern Africa | Rest of Africa        | USD      | 12.3         | 9.9    | 8.8    |
| Other                     | South Africa          | ZAR      | 15.2 to 15.4 | 14.3   | n/a    |

Long-term growth rates applied to extrapolate cash flows are as follows:

| Significant CGUs          | Geographical location | Currency | 2015 % | 2014 % | 2013 % |
|---------------------------|-----------------------|----------|--------|--------|--------|
| Equipment Russia          | Russia                | USD      | 2.0    | 2.0    | 3.8    |
| Equipment South Africa    | South Africa          | ZAR      | 4.5    | 4.5    | 4.5    |
| Equipment southern Africa | Rest of Africa        | USD      | 2.0    | 2.0    | 1.0    |
| Other                     | South Africa          | ZAR      | 5.0    | 5.0    | n/a    |

Refer to note 3 for information regarding the other key assumptions used as well as detail on the valuation method applied in relation to the valuation of the cash-generating units.

The Equipment southern Africa, South Africa and Russia indefinite life intangible assets classified as supplier relationship costs are in relation to dealer agreements. The indefinite useful life is supported by Barloworld's long-standing relationship with Caterpillar Incorporated, (CAT) as the exclusive CAT mining equipment dealer in southern Africa and parts of Russia.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | Income     |         |         | Investment |         |         |
|--|------------|---------|---------|------------|---------|---------|
|  | 2015 Rm    | 2014 Rm | 2013 Rm | 2015 Rm    | 2014 Rm | 2013 Rm |
| <b>5. Investment in associates and joint ventures</b>                  |            |         |         |            |         |         |
| Associates   | 27         | 6       | 7       | 333        | 296     | 269     |
| Joint ventures   | 260        | 211     | 178     | 590        | 424     | 302     |
| <b>Total per income statement/<br/>statement of financial position</b> | <b>287</b> | 217     | 185     | <b>923</b> | 720     | 571     |

### Details of material joint ventures

Details of material joint ventures at the end of the reporting period are as follows:

| Name of joint venture     | Principal activity | Place of incorporation | Proportion of ownership interest and voting rights held by the group |        |        |
|---------------------------|--------------------|------------------------|--|--------|--------|
|                           |                    |                        | 2015 %   | 2014 % | 2013 % |
| Bartrac Equipment Limited | Caterpillar dealer | Mauritius              | 50   | 50     | 50     |

The joint venture operates in Mauritius and the DRC.

Summarised financial information in respect of the group's material joint venture is set out below, the summarised financial information represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

|   | 2015 Rm | 2014 Rm | 2013 Rm |
|---|---------|---------|---------|
| <b>Bartrac Equipment Limited</b>  |         |         |         |
| Cash and cash equivalents   | 43      | 52      | 333     |
| Total current assets  | 1 547   | 766     | 778     |
| Non-current assets  | 538     | 317     | 206     |
| Current financial liabilities (excluding trade and other payables and provisions)     | 47      | 16      | 29      |
| Total current liabilities   | 788     | 323     | 198     |
| Non-current financial liabilities (excluding trade and other payables and provisions) | 41      | 34      | 27      |
| Total non-current liabilities   |         | 6       | 14      |
| Revenue   | 3 583   | 2 819   | 2 355   |
| Dividends received by the joint venture or associate                                  | 380     | 310     | 342     |
| Depreciation and amortisation*  | (82)    | (71)    | (58)    |
| Interest income   | 1       | 2       |         |
| Income tax expense  | (70)    | (31)    | (82)    |
| Net profit after tax  | 520     | 431     | 369     |
| Total comprehensive income  | 520     | 431     | 369     |

\*These numbers have been restated for the prior year.

Barloworld Equipment (Pty) Limited, provided an open guarantee to Standard Bank Mauritius for Bartrac of R113 million in 2014 and R81.8 million in 2013. The guarantee was cancelled at the end of the 2015 financial year, as the outstanding loan was repaid by Bartrac Equipment Limited to Standard Bank.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm | 2014<br>Rm | 2013<br>Rm |
|---|------------|------------|------------|
| <b>5. Investment in associates and joint ventures</b> <small>continued</small>  |            |            |            |
| <b>Reconciliation of the carrying amount of the interest in Bartrac recognised in the consolidated financial statements</b> |            |            |            |
| Original cost   | 38         | 38         | 38         |
| Equity accounted earnings to date   | 962        | 702        | 488        |
| Dividends   | (646)      | (456)      | (301)      |
| Foreign currency translation  | 207        | 115        | 72         |
| Expat tax provision   |            |            | (9)        |
| <b>Carrying amount of the group's interest in Bartrac</b>   | <b>561</b> | 399        | 287        |
| <b>Aggregate information of joint ventures that are not individually material:</b>  |            |            |            |
| Group's share of losses from continuing operations  | (5)        | (4)        | (7)        |
| Group's share of other comprehensive income   | (5)        | (4)        | (7)        |

| Reconciliation of income statement/statement of financial position            | Income/(loss) from joint venture |            |            | Carrying value of the investment |            |            |
|---|----------------------------------|------------|------------|----------------------------------|------------|------------|
|   | 2015<br>Rm                       | 2014<br>Rm | 2013<br>Rm | 2015<br>Rm                       | 2014<br>Rm | 2013<br>Rm |
| Bartrac Equipment Limited   | 265                              | 225        | 185        | 561                              | 399        | 287        |
| Aggregate (loss)/carrying value of non-material joint ventures <sup>***</sup> | (5)                              | (14)       | (7)        | 29                               | 25         | 45         |
| <b>Total as per income statement and the statement of financial position</b>  | <b>260</b>                       | 211        | 178        | <b>590</b>                       | 424        | 332        |
| Amounts classified as held for sale <sup>**</sup>                             |                                  |            |            |                                  |            | (30)       |
| <b>Total carrying value of joint ventures</b>                                 | <b>260</b>                       | 211        | 178        | <b>590</b>                       | 424        | 302        |

<sup>\*\*</sup>In 2013, the Joint Venture Barloworld Heftruck Verhuur BV was moved to investments held for sale.

<sup>^</sup>Included in the carrying value of joint ventures that are not individually material, is Electro Motive Diesel Africa (Pty) Limited, in which Barloworld has a 51% shareholding, however, Barloworld does not control the board.

All of the associates and joint ventures are incorporated and operational in South Africa, except:

| Name of the associate            | Principal activity              | Place of incorporation |
|----------------------------------|---------------------------------|------------------------|
| Barzem Enterprises (Pty) Limited | Caterpillar dealer              | Zimbabwe               |
| Energyst BV                      | Caterpillar engines rental      | Netherlands            |
| Bartrac Equipment Limited        | Caterpillar dealer              | Mauritius              |
| Africa United Equipment          | Liaison office                  | Hong Kong              |
| Marine Integrated Solutions      | Marine engineering services     | Spain                  |
| Zimply Holdings                  | Agriculture and mining services | Zimbabwe               |

All the associates and joint ventures year ends are 30 September except:

| Name of the associate            | Principal activity              | Year end    |
|----------------------------------|---------------------------------|-------------|
| Barzem Enterprises (Pty) Limited | Caterpillar dealer              | 31 August   |
| Energyst BV                      | Caterpillar engines rental      | 31 December |
| Africa United Equipment          | Liaison office                  | 31 December |
| Zimply Holdings                  | Agriculture and mining services | 31 March    |

The different year ends of the associates and joint ventures listed above do not have material impact on the results.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm | 2014<br>Rm | 2013<br>Rm |
|---|------------|------------|------------|
| <b>6. Finance lease receivables</b>   |            |            |            |
| Amounts receivable under finance leases:  |            |            |            |
| Gross investment  | 455        | 310        | 288        |
| Less: Unearned finance income   | (55)       | (41)       | (36)       |
| <b>Present value of minimum lease payments receivable</b>   | <b>400</b> | 269        | 252        |
| <b>Receivable as follows:</b>   |            |            |            |
| <b>Present value</b>  |            |            |            |
| Within one year (note 10)   | 258        | 146        | 137        |
| In the second to fifth year inclusive   | 142        | 123        | 115        |
|   | <b>400</b> | 269        | 252        |
| <b>Minimum lease payments</b>   |            |            |            |
| Within one year   | 280        | 171        | 157        |
| In the second to fifth year inclusive   | 175        | 139        | 131        |
|   | <b>455</b> | 310        | 288        |
| Less: Unearned finance income   | (55)       | (41)       | (36)       |
|   | <b>400</b> | 269        | 252        |
| Fair value of finance lease receivables   | 400        | 269        | 252        |
| Unguaranteed residual values of assets leased under finance leases  | 27         | 34         | 25         |
| Long-term vehicle fleet is leased to customers for periods ranging from 24 to 60 months. The average lease term is 46 months and the majority of these leases are at interest rates linked to the South African prime rate. The weighted average interest rate on lease receivables for the year 30 September 2015 was 10% per annum (2014: 10%; 2013: 9%). |            |            |            |
| <b>7. Long-term financial assets</b>  |            |            |            |
| Unlisted investments at fair value  | 60         | 56         | 60         |
| Unlisted debt instruments*  | 326        |            |            |
| Other receivables   | 25         | 22         | 20         |
| Other non-current loans and deposits  | 27         | 16         | 28         |
| <b>Total per statement of financial position</b>  | <b>438</b> | 94         | 108        |
| <b>Per category:</b>  |            |            |            |
| Financial assets at fair value through profit or loss   |            |            |            |
| – Designated as such at initial recognition   | 45         | 45         | 46         |
| – Held-for-trading  |            |            | 2          |
| Held to maturity*   | 326        |            |            |
| Available-for-sale financial assets   | 5          | 5          | 5          |
| Loans and receivables   | 31         | 28         | 22         |
| Derivative assets designated as effective hedging instruments   |            |            | 4          |
| Other assets  | 31         | 16         | 29         |
|   | <b>438</b> | 94         | 108        |

\*The group invested in Angolan government bonds.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|--|--------------|------------|------------|
| <b>8. Deferred taxation</b>  |              |            |            |
| <b>Movement of deferred taxation</b>                                 |              |            |            |
| Balance at beginning of year   |              |            |            |
| – Deferred taxation assets   | 695          | 654        | 537        |
| – Deferred taxation liabilities                                      | (377)        | (421)      | (384)      |
| <b>Net asset at beginning of year</b>                                | <b>318</b>   | 232        | 153        |
| Recognised in income statement this year                             | (128)        | (48)       | 8          |
| – Continuing operations  | (98)         | (49)       | 9          |
| – Rate change adjustment   | (30)         | 1          | (1)        |
| Recognised in income statement this year – discontinued operations   |              | (5)        | (1)        |
| Arising on acquisition and disposal of subsidiaries                  | (21)         | (26)       | (58)       |
| Translation differences  | 40           | 52         | 104        |
| Accounted for directly in other comprehensive income                 | 1            | 113        | 22         |
| Other movements  | 1            |            | 4          |
| <b>Net asset</b>   | <b>212</b>   | 318        | 233        |
| – Deferred taxation assets   | 783          | 695        | 654        |
| – Deferred taxation liabilities                                      | (571)        | (377)      | (421)      |
| <b>Analysis of deferred taxation by type of temporary difference</b> |              |            |            |
| <b>Deferred taxation assets</b>                                      |              |            |            |
| Capital allowances   | (70)         | (109)      | (87)       |
| Provisions and payables  | 132          | 154        | 180        |
| Prepayments and other receivables                                    | 80           | 50         | 83         |
| Effect of tax losses   | 246          | 161        | 155        |
| Retirement benefit obligations                                       | 416          | 438        | 321        |
| Other temporary differences  | (20)         | 1          | 3          |
|  | <b>783</b>   | 695        | 654        |
| <b>Deferred taxation liabilities</b>                                 |              |            |            |
| Capital allowances   | (998)        | (742)      | (762)      |
| Provisions and payables  | 501          | 414        | 408        |
| Prepayments and other receivables                                    | (134)        | (61)       | (70)       |
| Effect of tax losses   | 55           | 22         | 23         |
| Retirement benefit obligations                                       |              |            | (16)       |
| Other temporary differences  | 5            | (10)       | (4)        |
|  | <b>(571)</b> | (377)      | (421)      |

The Spanish tax grouping has incurred taxation losses which have given rise to a deferred taxation asset of R157 million (2014: R151 million; 2013: R182 million). The grouping does not have sufficient temporary differences which would give rise to a deferred tax liabilities but the tax grouping has recognised a deferred taxation asset based on actions already taken within the businesses which have reduced the cost bases to allow the tax grouping to operate profitably. The continuing businesses of the Spanish tax jurisdiction were profitable in 2015. In addition the grouping has identified tax planning opportunities which can materially utilise the taxation asset.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm    | 2014<br>Rm | 2013<br>Rm |
|---|---------------|------------|------------|
| <b>9. Inventories</b>   |               |            |            |
| Work in progress  | 598           | 542        | 491        |
| Finished goods  | 6 891         | 5 921      | 5 696      |
| Merchandise   | 6 218         | 5 305      | 5 560      |
| Other inventories   | 92            | 46         | 44         |
|   | <b>13 799</b> | 11 814     | 11 791     |
| Amounts classified as held for sale   | <b>(32)</b>   |            | (103)      |
| <b>Total per statement of financial position</b>                                  | <b>13 767</b> | 11 814     | 11 688     |
| The value of inventories has been determined on the following bases:              |               |            |            |
| First-in first-out and specific identification                                    | 12 304        | 10 323     | 10 322     |
| Weighted average  | 1 463         | 1 491      | 1 366      |
|   | <b>13 767</b> | 11 814     | 11 688     |
| Inventory pledged as security for liabilities                                     |               |            | 261        |
| The secured liabilities are included under trade and other payables (note 17)     |               |            |            |
| Amount of write-down of inventory to net realisable value and losses of inventory | 166           | 174        | 132        |
| Amount of reversals of inventory previously written down                          | 17            | 6          | 2          |
| <b>10. Trade and other receivables</b>  |               |            |            |
| Trade receivables   | 7 853         | 7 027      | 6 248      |
| Less: Allowance for doubtful receivables  | <b>(638)</b>  | (459)      | (405)      |
| Finance lease receivables (note 6)  | 258           | 146        | 137        |
| Fair value of derivatives   | 139           | 94         | 50         |
| Unlisted debt instruments*  | 41            |            |            |
| Other receivables and prepayments   | 1 698         | 1 549      | 1 737      |
|   | <b>9 351</b>  | 8 357      | 7 767      |
| Amounts classified as held for sale   | <b>(20)</b>   |            | (80)       |
| <b>Total per statement of financial position</b>                                  | <b>9 331</b>  | 8 357      | 7 687      |
| <b>Per category:</b>  |               |            |            |
| Financial assets at fair value through profit or loss                             |               |            |            |
| – Held-for-trading items  | 59            | 35         | 3          |
| Held to maturity*   | 41            |            |            |
| Loans and receivables   | 8 253         | 7 391      | 6 435      |
| Derivative assets designated as effective hedging instruments                     | 77            | 59         | 47         |
| Finance lease receivables   | 258           | 146        | 137        |
| Other non-financial assets  | 663           | 726        | 1 145      |
|   | <b>9 351</b>  | 8 357      | 7 767      |
| Amounts classified as held for sale   | <b>(20)</b>   |            | (80)       |
|   | <b>9 331</b>  | 8 357      | 7 687      |
| <b>Allowance for doubtful receivables</b>   |               |            |            |
| At 1 October  | 459           | 405        | 374        |
| Additional allowance charged to profit or loss                                    | 267           | 125        | 68         |
| Allowance reversed to profit or loss  | <b>(53)</b>   | (24)       | (30)       |
| Allowance utilised  | <b>(60)</b>   | (57)       | (49)       |
| Acquisition of subsidiaries   | 2             |            |            |
| Disposal of subsidiaries  |               | (4)        | (6)        |
| Translation   | 23            | 14         | 48         |
| <b>At 30 September</b>  | <b>638</b>    | 459        | 405        |

\*The group invested in Angolan government bonds.

Receivables are reviewed for impairment on an individual basis and factors considered include the nature and credit quality of counterparties as well as disputes regarding price, delivery, quality and authorisation of work done.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|---|--------------|------------|------------|
| <b>10. Trade and other receivables</b> <small>continued</small>   |              |            |            |
| <b>Age analysis of carrying value of items past due but not impaired per class</b>  |              |            |            |
| <b>Industry</b>   |              |            |            |
| Less than 30 days   | 451          | 493        | 424        |
| Between 31 – 60 days  | 476          | 322        | 217        |
| Between 60 – 90 days  | 146          | 117        | 107        |
| Greater than 90 days  | 400          | 267        | 288        |
|   | <b>1 473</b> | 1 199      | 1 036      |
| <b>Government</b>   |              |            |            |
| Less than 30 days   | 51           | 23         | 17         |
| Between 31 – 60 days  | 31           | 24         | 8          |
| Between 60 – 90 days  | 54           | 27         | 21         |
| Greater than 90 days  | 11           | 5          | 51         |
|   | <b>147</b>   | 79         | 97         |
| <b>Consumers</b>  |              |            |            |
| Less than 30 days   | 70           | 72         | 141        |
| Between 31 – 60 days  | 43           | 20         | 40         |
| Between 60 – 90 days  | 21           | 11         | 19         |
| Greater than 90 days  | 127          | 69         | 42         |
|   | <b>261</b>   | 172        | 242        |
| <b>Carrying value of financial assets ceded as collateral for liabilities or contingent liabilities</b>   | <b>59</b>    | 269        | 91         |
| The accounts receivable in the subsidiaries of Barloworld Transport (Pty) Limited, have been ceded to Standard Bank as security for working capital facilities granted. |              |            |            |
| <b>11. Cash and cash equivalents</b>  |              |            |            |
| Cash on deposit   | 1 837        | 3 703      | 2 463      |
| Other cash and cash equivalent balances   | 535          | 459        | 232        |
|   | <b>2 372</b> | 4 162      | 2 695      |
| <b>Per category:</b>  |              |            |            |
| Loans and receivables   | <b>2 372</b> | 4 162      | 2 695      |
|   | <b>2 372</b> | 4 162      | 2 695      |
| <b>Per currency:</b>  |              |            |            |
| South African rand  | 1 060        | 2 930      | 1 130      |
| Foreign currencies  | 1 312        | 1 232      | 1 565      |
|   | <b>2 372</b> | 4 162      | 2 695      |
| Cash balances not available for use due to insurance reserving and foreign exchange restrictions  | <b>337</b>   | 58         | 189        |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm | 2014<br>Rm | 2013<br>Rm |
|---|------------|------------|------------|
| <b>12. Discontinued operation and assets classified as held for sale</b>                    |            |            |            |
| The Australian motor retail business was disposed of on 31 March 2014.                      |            |            |            |
| <b>Results from discontinued operation are as follows:</b>                                  |            |            |            |
| Revenue   |            | 2 783      | 5 508      |
| Operating profit before items listed below (EBITDA)   |            | 96         | 166        |
| Depreciation  |            | (10)       | (20)       |
| Operating profit  |            | 86         | 145        |
| Finance costs   |            | (8)        | (22)       |
| Income from investments   |            |            | 1          |
| Profit before exceptional items   |            | 78         | 124        |
| Exceptional items   |            |            | (40)       |
| Profit before taxation  |            | 78         | 84         |
| Taxation  |            | (24)       | (38)       |
| Net profit of discontinued operation before profit on disposal                              |            | 54         | 46         |
| Profit on disposal of discontinued operation (including realisation of translation reserve) |            | 369        |            |
| Taxation effect of disposal   |            | 5          |            |
| Profit from discontinued operation per income statement*                                    |            | 428        | 46         |
| <b>The cash flows from the discontinued operation are as follows:</b>                       |            |            |            |
| Cash flows from operating activities  |            | 198        | 143        |
| Cash flows from investing activities  |            | 1 179      | (8)        |
| Cash flows from financing activities  |            | (889)      | (95)       |

\*All profits are due to the Barloworld Limited shareholders.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 12. Discontinued operation and assets classified as held for sale continued

The major classes of assets and liabilities classified as held for sale are as follows:

|  | Total held for sale Rm | Handling <sup>1</sup> Rm | Logistics <sup>2</sup> Rm |
|--|------------------------|--------------------------|---------------------------|
| <b>2015</b>  |                        |                          |                           |
| Property, plant and equipment  | 5                      | 4                        | 1                         |
| Goodwill   | 29                     | 11                       | 18                        |
| Intangible assets  | 97                     | 1                        | 96                        |
| Inventories  | 32                     | 32                       |                           |
| Trade and other receivables*   | 20                     | 20                       |                           |
| Cash balances  | 14                     | 14                       |                           |
| Assets classified as held for sale                                   | 197                    | 82                       | 115                       |
| Trade and other payables – short and long-term**                     | (42)                   | (8)                      | (34)                      |
| Provisions   | (1)                    | (1)                      |                           |
| Total liabilities associated with assets classified as held for sale | (43)                   | (9)                      | (34)                      |
| Net assets classified as held for sale                               | 154                    | 73                       | 81                        |

<sup>1</sup>The assets held for sale relate to the net assets of the Agriculture Zambia operation which will be sold to a new joint venture in which Barloworld will hold 50%. This joint venture will be equity accounted.

<sup>2</sup>Held for sale includes the South African, UK and US Supply Chain Software businesses within Barloworld Logistics which are designated for sale as at 30 September 2015. The deal is aligned to Barloworld Logistics strategic objectives and is subject to certain closing conditions including regulatory approvals.

\*Include financial assets of R20 million.

\*\*Include financial liabilities measured at amortised cost of R6 million.

### 2014

There were no assets or liabilities held for sale.

|  | Total held for sale <sup>1</sup> Rm |
|--|-------------------------------------|
| <b>2013</b>  |                                     |
| Property, plant and equipment  | 105                                 |
| Goodwill   | 22                                  |
| Investment classified as held for sale                               | 30                                  |
| Inventories  | 103                                 |
| Trade and other receivables*   | 80                                  |
| Deferred taxation assets   | 2                                   |
| Cash balances  | 29                                  |
| Assets classified as held for sale                                   | 371                                 |
| Trade and other payables – short and long term**                     | (95)                                |
| Other current and non-current liabilities                            | (11)                                |
| Total liabilities associated with assets classified as held for sale | (106)                               |
| Net assets classified as held for sale                               | 265                                 |

<sup>1</sup>The September 2013 assets held for sale related to the net assets of the Ferntree Gully motor dealership in Australia, the Handling Holland dealership and the Flynt Logistics operations and were sold in 2014.

\*Include financial assets of R75 million.

\*\*Include financial liabilities measured at amortised cost of R66 million.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015<br>Rm         | 2014<br>Rm  | 2013<br>Rm  |
|--|--------------------|-------------|-------------|
| <b>13. Share capital and premium</b>   |                    |             |             |
| <b>Authorised share capital</b>  |                    |             |             |
| 500 000 6% non-redeemable cumulative preference shares of R2 each                                      | 1                  | 1           | 1           |
| 400 000 000 (2014: 400 000 000; 2013: 400 000 000) ordinary shares of 5 cents each                     | 20                 | 20          | 20          |
|  | <b>21</b>          | 21          | 21          |
| <b>Issued share capital</b>  |                    |             |             |
| 375 000 6% non-redeemable cumulative preference shares of R2 each (2014: 375 000); (2013: 375 000)     | 1                  | 1           | 1           |
| 226 727 596 ordinary shares of 5 cents each, (2014: 231 291 819; 2013: 231 291 819)                    | 12                 | 12          | 12          |
|  | <b>13</b>          | 13          | 13          |
| <b>Share premium:</b>  | <b>269</b>         | 303         | 303         |
| Balance at beginning of year   | <b>303</b>         | 303         | 296         |
| Premium on share issues  |                    |             | 7           |
| Premium on share buy-back  | <b>(34)</b>        |             |             |
| <b>Total issued share capital and premium</b>  | <b>282</b>         | 316         | 316         |
| <b>Issued shares:</b>  |                    |             |             |
| Total number of shares in issue at beginning of year excluding B-BBEE shares                           | <b>212 584 553</b> | 212 584 553 | 212 304 715 |
| <b>Issued during the year:</b>   |                    |             |             |
| Share options exercised  |                    |             | 279 838     |
| Share buy-back during the year   | <b>(450 000)</b>   |             |             |
| <b>Total number of ordinary shares in issue at end of year, excluding B-BBEE shares</b>                | <b>212 134 553</b> | 212 584 553 | 212 584 553 |
| Other shares issued in respect of B-BBEE transaction   | <b>14 593 043</b>  | 18 707 266  | 18 707 266  |
| <b>Total number of ordinary shares in issue at end of year, including B-BBEE shares</b>                | <b>226 727 596</b> | 231 291 819 | 231 291 819 |
| Treasury shares  | <b>(783 585)</b>   | (4 994 238) | (5 456 647) |
| <b>Net number of ordinary shares in issue at end of year</b>   | <b>225 944 011</b> | 226 297 581 | 225 835 172 |
| <b>Unissued shares:</b>  |                    |             |             |
| Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme (note 1 below) | <b>23 129 182</b>  | 23 129 182  | 23 129 182  |
| Ordinary shares  | <b>150 143 222</b> | 145 578 999 | 145 578 999 |
|  | <b>173 272 404</b> | 168 708 181 | 168 708 181 |
| 6% Non-redeemable cumulative preference shares   | <b>125 000</b>     | 125 000     | 125 000     |

**Notes:**

- The members at the general meeting on 20 January 2005 reserved shares for the purposes of the Barloworld Share Option Scheme.
- The directors have a general authority to allot and issue up to 5% of the authorised but unissued ordinary shares of 5 cents each of the share capital of the company as approved at the 2014 annual general meeting.
- The directors have a general authority to buy back up to 5% of the ordinary shares issued by the company.
- Refer note 32 for detail about the Barloworld share incentive schemes and share-based payments disclosure.
- The members in the general meeting on 19 June 2015 gave specific authority to issue 450 000 additional shares at par value for cash to the strategic black partners and community service group participants as part of the amendments to the 2008 B-BBEE transaction. These shares have been issued on 5 November 2015. To facilitate this the group bought back 450 000 shares for R34 million.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|--|--------------|------------|------------|
| <b>14. Interest-bearing liabilities</b>                                  |              |            |            |
| Total long-term borrowings (note 31.2)*                                  | 10 945       | 9 064      | 7 664      |
| Less: Current portion redeemable and repayable within one year (note 18) | (1 871)      | (2 143)    | (379)      |
| <b>Interest-bearing liabilities</b>                                      | <b>9 074</b> | 6 921      | 7 285      |
| <b>Per category:</b>   |              |            |            |
| Financial liabilities measured at amortised cost                         | 7 911        | 5 954      | 6 591      |
| Non-current portion of finance lease liabilities                         | 1 163        | 967        | 694        |
|  | <b>9 074</b> | 6 921      | 7 285      |

The group has unutilised borrowing facilities of R7 664 million at year end.

|   | Total<br>owing<br>2015<br>Rm | Repayable during the year ending 30 September |            |            |            |                           | Total<br>owing<br>2014<br>Rm | Total<br>owing<br>2013<br>Rm |
|---|------------------------------|---|------------|------------|------------|---------------------------|------------------------------|------------------------------|
|   |                              | 2016<br>Rm                                    | 2017<br>Rm | 2018<br>Rm | 2019<br>Rm | 2020 and<br>onwards<br>Rm |                              |                              |
| <b>Summary of group borrowings by currency and by year of redemption or repayment</b> |                              |   |            |            |            |                           |                              |                              |
| Total SA rand   | 10 216                       | 1 838   | 1 377      | 704        | 1 484      | 4 813                     | 8 815                        | 7 447                        |
| US dollar   | 5                            | 5   |            |            |            |                           | 14                           | 23                           |
| UK sterling   | 456                          |   |            |            | 456        |                           | 39                           | 44                           |
| Euro  | 34                           | 8   | 8          | 9          | 9          |                           | 196                          | 150                          |
| Other   | 234                          | 20  | 214        |            |            |                           | 249                          | 217                          |
| Total foreign currencies  | 729                          | 33  | 222        | 9          | 465        |                           | 9 064                        | 7 664                        |
| Total SA rand and foreign currency liabilities  | 10 945                       | 1 871   | 1 599      | 713        | 1 949      | 4 813                     |                              |                              |

|   | Liabilities secured |            |            | Net book value of assets encumbered |            |            |
|---|---------------------|------------|------------|-------------------------------------|------------|------------|
|   | 2015<br>Rm          | 2014<br>Rm | 2013<br>Rm | 2015<br>Rm                          | 2014<br>Rm | 2013<br>Rm |
| Included above are secured liabilities as follows:            |                     |            |            |                                     |            |            |
| <b>Secured liabilities</b>                                    |                     |            |            |                                     |            |            |
| <b>Secured loans</b>  |                     |            |            |                                     |            |            |
| South African rand  | 176                 | 157        | 75         | 113                                 | 135        | 121        |
| Foreign currencies  | 8                   |            |            | 16                                  |            |            |
| <b>Liabilities under capitalised finance leases (note 28)</b> |                     |            |            |                                     |            |            |
| South African rand  | 1 417               | 1 213      | 828        | 2 009                               | 1 568      | 872        |
| Foreign currencies  | 34                  | 39         | 44         |                                     |            |            |
| Total secured liabilities                                     | 1 635               | 1 409      | 947        | 2 138                               | 1 703      | 993        |
| <b>Assets encumbered are made up as follows:</b>              |                     |            |            |                                     |            |            |
| Property, plant and equipment                                 |                     |            |            | 2 122                               | 1 703      | 993        |
|   |                     |            |            | 2 122                               | 1 703      | 993        |

\*Included in this number are the following Barloworld bonds

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 14. Interest-bearing liabilities continued

| Certificate      | Issued    | Maturity  | Tenor     | Comparable treasury stock | Spread bps | Yield % | Type              | 2015 Rm      | 2014 Rm | 2013 Rm |
|------------------|-----------|-----------|-----------|---------------------------|------------|---------|-------------------|--------------|---------|---------|
| BAW2             | 2 Oct 08  | 2 Oct 15  | 7 years   | R157                      | 275        | 11.67   | Fixed rate (NACS) | 750          | 750     | 750     |
| BAW3             | 15 Sep 10 | 2 Oct 17  | 7 years   | 3-month Jibar             | 260        | 8.43    | Floating rate     | 334          | 334     | 334     |
| BAW6             | 15 Sep 10 | 2 Oct 14  | 4 years   | 3-month Jibar             | 185        | 7.68    | Floating rate     |              | 200     | 200     |
| BAW7             | 15 Sep 10 | 2 Oct 14  | 4 years   | R201                      | 173        | 8.73    | Fixed rate (NACS) |              | 75      | 75      |
| BAW8             | 15 Sep 10 | 2 Oct 17  | 7 years   | R203                      | 238        | 9.94    | Fixed rate (NACS) | 91           | 91      | 91      |
| BAW9             | 4 Feb 11  | 3 Feb 14  | 3 years   | 3-month Jibar             | 155        | 6.69    | Floating rate     |              |         | 160     |
| BAW10            | 14 Jun 11 | 1 Oct 16  | 4 years   | 3-month Jibar             | 155        | 7.38    | Floating rate     | 614          | 614     | 614     |
| BAW11            | 14 Jun 11 | 1 Oct 18  | 7 years   | R204                      | 156        | 9.80    | Fixed rate (NACS) | 460          | 460     | 460     |
| BAW12            | 17 Apr 12 | 17 Apr 15 | 3 years   | 3-month Jibar             | 127        | 7.10    | Floating rate     |              | 310     | 310     |
| BAW13            | 17 Apr 12 | 17 Apr 17 | 5 years   | 3-month Jibar             | 155        | 7.38    | Floating rate     | 450          | 450     | 450     |
| BAW15            | 1 Feb 13  | 1 Feb 16  | 3 years   | 3-month Jibar             | 125        | 7.21    | Floating rate     | 200          | 200     | 200     |
| BAW16            | 1 Jul 13  | 15 Jan 15 | 1.5 years | 3-month Jibar             | 120        | 7.05    | Floating rate     |              |         | 1 000   |
| BAW17            | 5 Dec 13  | 5 Dec 18  | 5 years   | 3-month Jibar             | 148        | 7.61    | Floating rate     | 714          | 714     |         |
| BAW18            | 5 Dec 13  | 5 Dec 20  | 8 years   | 3-month Jibar             | 170        | 7.83    | Floating rate     | 355          | 355     |         |
| BAW19            | 5 Dec 13  | 5 Dec 20  | 8 years   | R208                      | 170        | 9.56    | Fixed rate (NACS) | 472          | 472     |         |
| BAW20U           | 15 Jul 14 | 15 Jan 16 | 1.5 years | 3-month Jibar             | 90         | 6.98    | Floating rate     | 500          | 500     |         |
| BAW21            | 24 Mar 15 | 24 Mar 22 | 7 years   | R208                      | 200        | 9.30    | Fixed rate (NACS) | 710          |         |         |
| Fees capitalised |           |           |           |                           |            |         |                   | (8)          | (9)     | (7)     |
|                  |           |           |           |                           |            |         |                   | <b>5 642</b> | 5 516   | 4 637   |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|                       | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|-----------------------|--------------|------------|------------|
| <b>15. Provisions</b> |              |            |            |
| Non-current           | 139          | 182        | 267        |
| Current               | 1 058        | 1 046      | 995        |
|                       | <b>1 197</b> | 1 228      | 1 262      |

| Movement of provisions                           | Total<br>2015<br>Rm | Warranty<br>claims<br>Rm | Credit<br>life and<br>warranty<br>products<br>Rm | Mainte-<br>nance<br>contracts<br>Rm | Post-<br>retirement<br>benefits<br>Rm | Cash-<br>settled<br>incentive<br>schemes<br>Rm | Restruct-<br>uring<br>Rm | Other<br>Rm |
|--|---------------------|--------------------------|--|-------------------------------------|---------------------------------------|--|--------------------------|-------------|
| Balance at beginning of year                     | 1 228               | 307                      | 27   | 447                                 | 28                                    | 78   | 71                       | 270         |
| Amounts added                                    | 770                 | 298                      | 39   | 227                                 | 3                                     | 52   | 9                        | 141         |
| Amounts used                                     | (686)               | (228)                    | (12)   | (137)                               | (6)                                   | (48)   | (44)                     | (212)       |
| Amounts reversed unused                          | (193)               | (99)                     |  | (47)                                | (19)                                  | (1)  |                          | (27)        |
| Unwinding of discount on present valued amounts  | 9                   |                          |  | 9                                   |                                       |  |                          |             |
| Translation adjustments                          | 71                  | 26                       | 20   | 13                                  | 2                                     | 1  | 2                        | 7           |
| <b>Total per statement of financial position</b> | <b>1 197</b>        | 304                      | 74   | 512                                 | 8                                     | 82   | 38                       | 179         |
| <b>To be incurred</b>                            |                     |                          |  |                                     |                                       |  |                          |             |
| Within one year                                  | 1 058               | 296                      | 62   | 414                                 | 5                                     | 73   | 30                       | 178         |
| Between two to five years                        | 139                 | 8                        | 12   | 98                                  | 3                                     | 9  | 8                        | 1           |
|  | <b>1 197</b>        | 304                      | 74   | 512                                 | 8                                     | 82   | 38                       | 179         |

### Warranty claims

The provisions relate principally to warranty claims on capital equipment, spare parts and service. The estimate is based on claims notified and past experience.

### Credit life and warranty products

The provision relates to credit life and warranty products sold by the automotive segment. The estimate is based on past experience.

### Maintenance contracts

This relates to deferred revenue on maintenance and repair contracts on equipment, forklift trucks and motor vehicles. Assumptions include the estimation of maintenance and repair costs over the life cycle of the assets concerned.

### Post-retirement benefits

The provisions comprise mainly post-retirement benefits for existing and former employees. Actuarial valuations were used to determine the value of the provisions where necessary. The actuarial valuations are based on assumptions which include employee turnover, mortality rates, discount rates, the expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

### Cash-settled incentive scheme

The provision relates to the cash-settled forfeitable share plan and the share appreciation right scheme. Refer to note 32 for more detail on these schemes.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|--|--------------|------------|------------|
| <b>16. Other non-current liabilities</b>                   |              |            |            |
| Fair value of derivatives                                  |              |            | 17         |
| Retirement benefit obligation                              | 1 943        | 1 901      | 1 309      |
| Other payables   | 352          | 319        | 317        |
| <b>Total group</b>   | <b>2 295</b> | 2 220      | 1 643      |
| Amounts classified as held for sale                        |              |            | (5)        |
| <b>Total per statement of financial position</b>           | <b>2 295</b> | 2 220      | 1 638      |
| <b>Per category:</b>                                       |              |            |            |
| Financial liabilities at fair value through profit or loss |              |            |            |
| – Held-for-trading   |              |            | 17         |
| Financial liabilities measured at amortised cost           | 352          | 319        | 303        |
| Other non-financial liabilities                            | 1 943        | 1 901      | 1 323      |
| <b>Total group</b>   | <b>2 295</b> | 2 220      | 1 643      |
| Amounts classified as held for sale                        |              |            | (5)        |
|  | <b>2 295</b> | 2 220      | 1 638      |

## Retirement benefit information

It is the policy of the group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end the group's permanent employees are usually required to be members of either a pension or provident fund, depending on their preference and local legal requirements.

Altogether 51% of employees belong to one defined benefit and nine defined contribution retirement funds in which group employment is a prerequisite for membership. Of these, the defined benefit and five defined contribution funds are located outside of South Africa and accordingly are not subject to the provisions of the Pension Funds Act of 1956. All together 20.3% of employees belong to defined contribution funds associated with industry or employee organisations.

## Defined contribution plans

The total cost charged to profit or loss of R800 million (2014: R677 million; 2013: R675 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes (note 20).

## Defined benefit plans

The group sponsors a funded defined benefit scheme for qualifying employees in the United Kingdom.

The defined benefit scheme is administered by a board of trustees that is legally separated from the entity and the assets are held separately in trust for the benefit of the scheme members. The board of the pension scheme is composed of two employer representatives, two employee representatives and one independent trustee. The trustee board is required by trust and pension law and by its articles of association to act in the interests of the scheme and of all relevant stakeholders in the scheme, ie current employees, former employees, retirees, and dependants. The trustee board is responsible for the investment policy with regard to the assets of the scheme.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 16. Other non-current liabilities continued

The scheme exposes the company to a number of risks, the most significant of which are:

### Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

### Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities and absolute return funds) which, though expected to outperform corporate bonds in the long term, create volatility risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long-term objectives.

### Inflation risk

A significant proportion of the scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

### Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of an independent actuary who values the scheme using the projected unit valuation approach under which the current service cost as a percentage of active members' salaries is expected to increase, but in monetary terms a decrease is anticipated as the number of members fall.

Contributions made by the United Kingdom subsidiary companies to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' expected working lives with the group.

Amounts recognised in the income statement in respect of defined benefit schemes are as follows:

|   | 2015<br>Rm | 2014<br>Rm | 2013<br>Rm |
|---|------------|------------|------------|
| Current service cost  | 3          | 2          | 2          |
| Plan administration expenses  | 17         | 24         | 17         |
| Net loss recognised in profit or loss (note 20)                         | 20         | 26         | 19         |
| Net interest expenses   | 66         | 63         | 39         |
| <b>Components of defined benefit costs recognised in profit or loss</b> | <b>86</b>  | 88         | 58         |
| Actual return on plan assets  | 166        | 646        | 356        |

The defined benefit scheme's IAS 19 accounting valuation at 30 September 2015 reflected a deficit of R1 943 million (£93 million) which represents a decrease in the sterling deficit compared to 2014 of R1 901 million (£104 million). The discount rate remained constant at 3.9% from 2014 to 2015, however, asset return underperformance was offset by a company recovery plan contribution of R318 million (£18 million).

The trustees carry out a strategic investment review following completion of each triennial valuation to ensure that the assets are managed in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the scheme.

The trustees and the company are actively considering mechanisms to reduce risk in the scheme. During 2013 a bulk annuity was acquired in respect of a category of pensioners, which was structured as a buy-in. This was funded through the sale of government gilts and a special contribution by the company of £3.0 million.

The defined benefit scheme's assets consist primarily of equity (United Kingdom and international markets), insurance policy and corporate bonds. The markets weakened towards the end of the financial year resulting in disappointing returns from the equity markets, strong returns were achieved in the bond markets.

A recovery plan was negotiated in 2014 with the trustees resulting in a contribution of £12 million in 2014 and £18 million in 2015 and annual contributions of £5 million per annum (commencing April 2015) for 10 years.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 16. Other non-current liabilities continued

The amount included in the balance sheet arising from the group's obligations in respect of the defined benefit scheme is set out below:

|  | 2015<br>Rm    | 2014<br>Rm | 2013<br>Rm |
|--|---------------|------------|------------|
| Present value of funded obligation   | 11 393        | 10 110     | 8 162      |
| Fair value of plan assets  | 9 450         | 8 209      | 6 853      |
| <b>Net liability per statement of financial position</b>                     | <b>1 943</b>  | 1 901      | 1 309      |
| <b>Movement in present value of funded obligation:</b>                       |               |            |            |
| At beginning of year   | 10 110        | 8 162      | 6 405      |
| Current service cost   | 3             | 2          | 2          |
| Interest cost  | 387           | 387        | 298        |
| Actuarial losses arising from changes in demographic assumptions             |               | 55         |            |
| Actuarial losses arising from changes in financial assumptions               | (27)          | 783        | 306        |
| Actuarial losses arising from experience                                     | (85)          | 114        | 105        |
| Benefits paid  | (502)         | (421)      | (377)      |
| Employee contributions   | 1             | 1          | 1          |
| Exchange differences   | 1 506         | 1 026      | 1 422      |
| <b>At end of year</b>  | <b>11 393</b> | 10 110     | 8 162      |
| <b>Movement in fair value of plan assets:</b>                                |               |            |            |
| At beginning of year   | 8 209         | 6 853      | 5 532      |
| Interest income  | 321           | 325        | 258        |
| Actuarial (losses)/gains recognised in the statement of comprehensive income | (169)         | 335        | 91         |
| Plan administration expenses   | (17)          | (23)       | (17)       |
| Contributions  | 378           | 279        | 121        |
| Benefits paid  | (502)         | (421)      | (377)      |
| Employee contributions   | 1             | 1          | 1          |
| Exchange differences   | 1 229         | 862        | 1 244      |
| <b>At end of year</b>  | <b>9 450</b>  | 8 209      | 6 853      |
| Cumulative actuarial losses  | 2 944         | 2 887      | 2 270      |
| <b>Plan assets consist of the following:</b>                                 |               |            |            |
| – Equity instruments (%)   | 54            | 52         | 53         |
| – Bonds (%)  | 46            | 45         | 46         |
| – Cash (%)   |               | 4          | 1          |

Defined benefit funds are valued by independent actuaries as follows:

|                              | Valuation<br>interval | Latest<br>statutory<br>valuation |
|------------------------------|-----------------------|----------------------------------|
| Barloworld UK Pension Scheme | Triennial             | 1 April 2014                     |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

**16. Other non-current liabilities** continued**Key assumptions used:**

|                                       | 2015<br>% | 2014<br>% | 2013<br>% |
|---------------------------------------|-----------|-----------|-----------|
| Discount rate                         | 3.9       | 3.9       | 4.5       |
| Expected rate of salary increases     | 3.0       | 3.1       | 3.2       |
| Future pension increases              | 3.0       | 3.0       | 3.1       |
| Mortality (table using year of birth) | S2PA      | S2PA      | S1NA      |

| Sensitivity to key assumptions  | Operating expenses<br>£000 | Net interest<br>£000 | Total income statement expense<br>£000 | Scheme assets<br>£000 | Defined benefit obligation<br>£000 | Deficit<br>£000 |
|---|----------------------------|----------------------|--|-----------------------|------------------------------------|-----------------|
| Current values  | 1 095                      | 3 598                | 4 693                                  | 451 187               | (543 946)                          | (92 759)        |
| Following a 0.2% per annum increase in the discount rate                                      | 1 095                      | 3 100                | 4 195                                  | 451 187               | (527 400)                          | (76 213)        |
| Following a 0.2% per annum increase in the inflation assumption                               | 1 095                      | 4 200                | 5 295                                  | 451 187               | (558 800)                          | (107 613)       |
| Following a 0.25% increase in the long-term rate of improvement for post-retirement mortality | 1 095                      | 3 900                | 4 995                                  | 451 187               | (551 900)                          | (100 713)       |

The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is around 17 years reflecting the approximate split of the defined benefit obligation between current employees (duration 22 years), deferred members (duration of 23 years) and current pensioners (duration of 12 years).

In assessing the group's post-retirement liabilities, the group, following actuarial advice, has used standard mortality tables adjusted to reflect the mortality experience of the defined benefit scheme.

In addition to the Barloworld Pension Scheme, qualifying employees were historically granted certain post-retirement medical benefits. The obligation for the employer to pay medical aid contributions after retirement is not part of the conditions of employment for new employees. A number of pensioners and employees in the group remain entitled to this benefit, the cost of which has been fully provided (note 15).

|  | 2015<br>Rm    | 2014<br>Rm | 2013<br>Rm |
|--|---------------|------------|------------|
| <b>17. Trade and other payables</b>  |               |            |            |
| Trade and other payables   | 10 553        | 11 248     | 10 860     |
| Fair value of derivatives  | 20            | 15         | 15         |
| <b>Total group</b>   | <b>10 573</b> | 11 263     | 10 875     |
| Amounts classified as held for sale  | (42)          |            | (95)       |
| <b>Total per statement of financial position</b>   | <b>10 531</b> | 11 263     | 10 780     |
| <b>Per category:</b>   |               |            |            |
| Financial liabilities at fair value through profit or loss – Designated as such at initial recognition |               |            | 8          |
| Financial liabilities measured at amortised cost   | 8 726         | 9 131      | 8 574      |
| Derivatives designated as effective hedging instruments  | 20            | 15         | 5          |
| Other non-financial liabilities  | 1 827         | 2 117      | 2 288      |
|  | <b>10 573</b> | 11 263     | 10 875     |
| Amounts classified as held for sale  | (42)          |            | (95)       |
| <b>Total per statement of financial position</b>   | <b>10 531</b> | 11 263     | 10 780     |
| Refer note 9 for details of inventory pledged as security for payables.                                |               |            |            |



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015<br>Rm    | 2014<br>Rm | 2013<br>Rm |
|--|---------------|------------|------------|
| <b>18. Amounts due to bankers and short-term loans</b>                         |               |            |            |
| Bank overdrafts and acceptances  | 658           | 650        | 102        |
| Short-term loans   | 1 822         | 1 602      | 2 487      |
| Current portion of long-term borrowings (note 14)                              | 1 871         | 2 143      | 379        |
| <b>Total per statement of financial position</b>                               | <b>4 351</b>  | 4 395      | 2 968      |
| <b>Per category:</b>   |               |            |            |
| Financial liabilities measured at amortised cost                               | 4 351         | 4 395      | 2 967      |
| Derivatives as effectively hedged items  |               |            | 1          |
|  | <b>4 351</b>  | 4 395      | 2 968      |
| <b>Per currency:</b>   |               |            |            |
| South African rand   | 3 679         | 4 074      | 2 033      |
| Foreign currencies   | 672           | 321        | 935        |
|  | <b>4 351</b>  | 4 395      | 2 968      |
| Refer to note 31 for the loans' terms.   |               |            |            |
| <b>19. Revenue</b>   |               |            |            |
| Sale of goods  | 45 410        | 45 821     | 44 505     |
| Rendering of services  | 10 555        | 10 128     | 9 812      |
| Rentals received   | 5 880         | 5 378      | 4 352      |
| Other  | 875           | 774        | 829        |
| <b>Total continuing operations</b>   | <b>62 720</b> | 62 101     | 59 498     |
| <b>Discontinued operation</b>  |               |            |            |
| – Motor retail – Australia   |               | 2 783      | 5 508      |
| <b>Total discontinued operation</b>  |               | 2 783      | 5 508      |
| <b>Total group</b>   | <b>62 720</b> | 64 884     | 65 006     |
| Value of business handled on behalf of customers but not recognised in revenue | 2 761         | 1 975      | 2 828      |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|---|--------------|------------|------------|
| <b>20. Operating profit</b>   |              |            |            |
| <b>Operating profit is arrived at as follows:</b>   |              |            |            |
| Revenue   | 62 720       | 62 101     | 59 498     |
| Less: Net expenses  | 58 725       | 58 270     | 56 185     |
| Cost of sales   | 49 054       | 48 775     | 47 324     |
| Other operating costs   | 9 671        | 9 495      | 8 862      |
| <b>Total continuing operations</b>  | <b>3 995</b> | 3 830      | 3 313      |
| <b>Discontinued operation</b>   |              |            |            |
| – Motor retail – Australia  |              | 86         | 145        |
| <b>Total discontinued operation</b>   |              | 86         | 145        |
| <b>Total group</b>  | <b>3 995</b> | 3 917      | 3 458      |
| <b>Expenses include the following:</b>  |              |            |            |
| Depreciation  | 2 355        | 2 208      | 1 960      |
| Continuing operations   | 2 355        | 2 198      | 1 940      |
| Discontinued operation  |              | 10         | 20         |
| Amortisation of intangibles   | 129          | 142        | 136        |
| Amortisation of intangible assets in terms of IFRS 3 Business Combinations (included above) | 38           | 47         | 50         |
| Amounts removed from equity in respect of effective cash flow hedges                        |              |            |            |
| Operating lease charges   | 1 156        | 937        | 897        |
| Land and buildings  | 486          | 455        | 537        |
| Plant, vehicles and equipment   | 671          | 482        | 360        |
| Auditors' remuneration:   | 66           | 64         | 60         |
| Audit fees  | 61           | 57         | 54         |
| Fees for other services   | 5            | 7          | 6          |
| Staff costs (excluding directors' emoluments)   | 8 909        | 9 103      | 8 605      |
| Continuing operations   | 8 909        | 8 877      | 8 140      |
| Discontinued operation  |              | 226        | 465        |
| Loss on disposal of other plant and equipment   | 42           | 26         | 12         |
| Amounts recognised in respect of retirement benefit plans (note 16):                        |              |            |            |
| Defined contribution funds  | 800          | 677        | 675        |
| Continuing operations   | 800          | 660        | 642        |
| Discontinued operation  |              | 17         | 33         |
| Defined benefit funds   | 20           | 26         | 19         |
| <b>21. Fair value adjustments on financial instruments</b>                                  |              |            |            |
| Realised  | (149)        | (126)      | 11         |
| Unrealised  | (43)         | (33)       | (65)       |
| <b>Fair value adjustments on financial instruments</b>                                      | <b>(192)</b> | (159)      | (54)       |
| <b>Per category:</b>  |              |            |            |
| Financial assets/liabilities at fair value through profit or loss                           |              |            |            |
| – Designated as such at initial recognition   | 6            | (3)        | (10)       |
| – Held-for-trading items  | (62)         | (80)       | 5          |
| Loans and receivables   | (151)        | (31)       | (11)       |
| Financial liabilities measured at amortised cost  | 15           | (45)       | (38)       |
| <b>Total group</b>  | <b>(192)</b> | (159)      | (54)       |
| Included in operating profit as valuation of insurance companies                            | 6            | (3)        | (7)        |
| Disclosed in income statement as fair value adjustments on financial instruments            | (198)        | (156)      | (47)       |
| <b>Total group</b>  | <b>(192)</b> | (159)      | (54)       |
| Fair value adjustments on financial instruments include:                                    |              |            |            |
| Ineffectiveness recognised in profit or loss arising from cash flow hedges                  | 31           | 10         | 14         |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm     | 2014<br>Rm | 2013<br>Rm |
|---|----------------|------------|------------|
| <b>22. Finance costs</b>  |                |            |            |
| Interest on financial liabilities not at fair value through profit or loss: |                |            |            |
| Corporate bond and other long-term borrowings                               | (502)          | (628)      | (593)      |
| Bank and other short-term borrowings  | (565)          | (344)      | (314)      |
| Defined benefit plan  | (66)           | (62)       | (39)       |
| Capitalised finance leases  | (120)          | (83)       | (55)       |
|   | <b>(1 253)</b> | (1 117)    | (1 001)    |
| Interest capitalised  | 1              |            | 1          |
| <b>Total continuing operations</b>  | <b>(1 252)</b> | (1 117)    | (1 000)    |
| Discontinued operation – external interest paid                             |                | (8)        | (22)       |
| <b>Total group</b>  | <b>(1 252)</b> | (1 125)    | (1 022)    |
| <b>23. Income from investments</b>  |                |            |            |
| Dividends – listed and unlisted investments                                 | 28             | 41         | 50         |
| Interest on financial assets not at fair value through profit or loss       | 67             | 39         | 27         |
| <b>Total continuing operations</b>  | <b>95</b>      | 80         | 77         |
| Discontinued operation  |                |            | 1          |
| <b>Total group</b>  | <b>95</b>      | 80         | 78         |
| Included in operating profit as dividends received from insurance companies | 28             | 41         | 49         |
| Disclosed in income statement as income from investments                    | 67             | 39         | 28         |
| <b>Total continuing operations</b>  | <b>95</b>      | 80         | 77         |
| Discontinued operation  |                |            | 1          |
| <b>Total group</b>  | <b>95</b>      | 80         | 78         |
| <b>24. Exceptional items</b>  |                |            |            |
| (Loss)/profit on acquisitions and disposal of investments and subsidiaries  | (4)            | 161        | (43)       |
| Impairment of goodwill**  | (33)           | (208)      | (31)       |
| Reversal/(impairment) of investments  | 2              | (2)        |            |
| Profit on disposal of property and other assets                             | 35             | 77         | 18         |
| Impairment of property, plant and equipment, intangibles and other assets** | (6)            | (94)       | (23)       |
| <b>Gross exceptional loss from continuing operations</b>                    | <b>(6)</b>     | (66)       | (79)       |
| Rate change of amounts excluded from headline earnings                      | (13)           |            |            |
| Taxation (charge)/benefit on exceptional items                              | (1)            | (5)        | 1          |
| <b>Net exceptional loss from continuing operations</b>                      | <b>(20)</b>    | (71)       | (78)       |
| Net exceptional loss from discontinued operation                            |                |            | (40)       |
| <b>Net exceptional loss before non-controlling interest</b>                 | <b>(20)</b>    | (71)       | (118)      |
| Non-controlling interest on exceptional items                               |                | (27)       | 2          |
| <b>Net exceptional loss</b>   | <b>(20)</b>    | (98)       | (116)      |

\*\*Refer notes 2 and 3 for an explanation of the assumptions and circumstances underlying the impairments.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015<br>Rm    | 2014<br>Rm | 2013<br>Rm |
|--|---------------|------------|------------|
| <b>25. Taxation</b>  |               |            |            |
| South African normal taxation  |               |            |            |
| Current year   | (364)         | (488)      | (404)      |
| Prior year   | (14)          | (34)       | 17         |
|  | <b>(378)</b>  | (522)      | (387)      |
| Foreign and withholding taxation   |               |            |            |
| Current year   | (294)         | (280)      | (350)      |
| Prior year   | (8)           | 13         |            |
|  | <b>(302)</b>  | (267)      | (350)      |
| Deferred taxation  |               |            |            |
| Current year   | (202)         | (119)      | 25         |
| Prior year   | 104           | 70         | (16)       |
| Attributable to a change in the rate of income tax   | (30)          | 1          | (1)        |
|  | <b>(128)</b>  | (48)       | 8          |
| <b>Taxation attributable to the company and its subsidiaries</b>   | <b>(808)</b>  | (837)      | (729)      |
| <b>Discontinued operation</b>  |               |            |            |
| Motor retail Australia – Normal taxation   |               | (20)       | (37)       |
| Motor retail Australia – Deferred taxation   |               | (4)        | (1)        |
| <b>Total group</b>   | <b>(808)</b>  | (861)      | (766)      |
|  |               |            |            |
|  | 2015<br>%     | 2014<br>%  | 2013<br>%  |
| South Africa normal taxation rate  | 28.0          | 28.0       | 28.0       |
| <b>Reduction in rate of taxation</b>   | <b>(17.8)</b> | (8.0)      | (2.1)      |
| Exempt income  | (5.8)         | (3.1)      | (1.4)      |
| Tax losses of prior periods  | (0.2)         |            | (0.3)      |
| Foreign exchange   | (8.3)         | (3.0)      | (0.5)      |
| Prior year taxation  | (3.5)         | (1.9)      |            |
| <b>Increase in rate of taxation</b>  | <b>24.1</b>   | 13.1       | 7.0        |
| Disallowable charges   | 4.7           | 2.5        | 3.2        |
| Exceptional tax  | 0.3           | 0.7        | 0.9        |
| Foreign tax differential   | 5.8           | 3.6        | 0.7        |
| IAS 12.41 adjustment   | 10.5          | 3.5        | 0.7        |
| Rate change adjustment   | 0.9           |            |            |
| Current year tax losses not utilised   | 1.9           | 2.7        | 1.5        |
| S9D imputation and other   |               | 0.1        |            |
| <b>Taxation as a percentage of profit before taxation</b>  | <b>34.3</b>   | 33.1       | 32.9       |
| <b>Taxation (excluding prior year taxation and exceptional taxation) as a percentage of profit before taxation (excluding exceptional items)</b> | <b>37.1</b>   | 34.1       | 31.8       |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm     | 2014<br>Rm | 2013<br>Rm |
|---|----------------|------------|------------|
| <b>25. Taxation</b> <small>continued</small>  |                |            |            |
| <b>Group tax losses at the end of the year:</b>   |                |            |            |
| South African – taxation losses   | (412)          | (161)      | (122)      |
| Foreign – taxation losses   | (2 302)        | (2 482)    | (1 575)    |
|   | <b>(2 714)</b> | (2 643)    | (1 697)    |
| Utilised to reduce deferred taxation liabilities or create deferred taxation assets         | <b>1 088</b>   | 812        | 542        |
| Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation | <b>(1 626)</b> | (1 832)    | (1 155)    |
| <b>The losses for which no deferred taxation asset has been raised are as follows:</b>      |                |            |            |
| Barloworld Handling US Group  | <b>(580)</b>   | (515)      | (438)      |
| Barloworld Spanish Group  | <b>(858)</b>   | (1 240)    | (620)      |
| Agriculture Russia  | <b>(184)</b>   | (67)       | (37)       |
| Optimus Holdings  |                | (6)        | (12)       |
| Barloworld Logistics Africa   | <b>(4)</b>     | (4)        |            |
| Coach Charter   |                |            | (42)       |
| Other   |                |            | (6)        |
|   | <b>(1 626)</b> | (1 832)    | (1 155)    |

The losses included in the Barloworld Handling US Group expires in 2026.

The taxation losses in relation to Agriculture Russia expire in the 2023 financial year.

In relation to all the other losses listed above, there is no expiry date, or limit of carry forward, provided that the businesses continues trading.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm  | 2014<br>Rm  | 2013<br>Rm  |
|---|-------------|-------------|-------------|
| <b>26. Earnings and headline earnings per share</b>   |             |             |             |
| <b>26.1 Fully converted weighted average number of shares</b>   |             |             |             |
| Weighted average number of ordinary shares (net of share buy-back)  | 211 843 282 | 211 668 757 | 211 010 873 |
| Increase in number of shares as a result of unexercised share options and unvested forfeitable shares   | 693 911     | 1 010 901   | 942 207     |
| Fully converted weighted average number of shares   | 212 537 193 | 212 679 658 | 211 953 080 |
| Account is taken of the number of ordinary shares in issue for the period in which they are entitled to participate in the net profit of the group. |             |             |             |
| Net profit for the year attributable to shareholders of parent company  | 1 713       | 2 143       | 1 609       |
| Net profit for the year from continuing operations  | 1 713       | 1 715       | 1 563       |
| Net profit for the year from discontinued operations  |             | 428         | 46          |

|   | 2015        | 2014        | 2013        | 2015<br>Cents | 2014<br>Cents | 2013<br>Cents |
|---|-------------|-------------|-------------|---------------|---------------|---------------|
| <b>26.2 Earnings per share</b>  |             |             |             |               |               |               |
| <b>Basic</b>  |             |             |             |               |               |               |
| The weighted average number of ordinary shares                          | 211 843 282 | 211 668 757 | 211 010 873 |               |               |               |
| Earnings per share  |             |             |             | 808.7         | 1 012.3       | 763.0         |
| Earnings per share from continuing operations                           |             |             |             | 808.7         | 810.3         | 739.9         |
| Earnings per share from continuing operations – excluding B-BBEE charge |             |             |             | 920.4         | 810.3         | 739.9         |
| Earnings per share from discontinued operations                         |             |             |             |               | 202.0         | 23.1          |
| <b>Diluted</b>  |             |             |             |               |               |               |
| Fully converted weighted average number of shares (note 26.1)           | 212 537 193 | 212 679 658 | 211 953 080 |               |               |               |
| Earnings per share  |             |             |             | 806.1         | 1 007.5       | 759.2         |
| Earnings per share from continuing operations                           |             |             |             | 806.1         | 806.4         | 736.2         |
| Earnings per share from continuing operations – excluding B-BBEE charge |             |             |             | 917.4         | 806.4         | 736.2         |
| Earnings per share from discontinuing operations                        |             |             |             |               | 201.1         | 23.0          |
| <b>Percentage dilution</b>  | 0.3         | 0.5         | 0.5         |               |               |               |
| <b>Percentage dilution – excluding B-BBEE charge</b>                    | 0.3         | 0.5         | 0.5         |               |               |               |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|   | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|---|--------------|------------|------------|
| <b>26. Earnings and headline earnings per share</b> <small>continued</small>                  |              |            |            |
| <b>26.3 Headline earnings per share</b>   |              |            |            |
| Profit for the year attributable to Barloworld Limited shareholders                           | 1 713        | 2 143      | 1 609      |
| Adjusted for the following:   |              |            |            |
| <b>Gross remeasurements excluded from headline earnings</b>                                   | <b>(4)</b>   | (303)      | 125        |
| Loss/(profit) on disposal of subsidiaries and investments (IFRS 10)                           | <b>4</b>     | (530)      | 43         |
| Profit on disposal of property and other assets (IAS 16)                                      | <b>(35)</b>  | (77)       | (18)       |
| Impairment of goodwill (IFRS 3)   | <b>33</b>    | 208        | 71         |
| Reversal of impairment of investments in associates and joint ventures (IAS 36)               | <b>(2)</b>   | 2          |            |
| Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets          | <b>6</b>     | 94         | 23         |
| (Profit)/loss on sale of plant and equipment excluding rental assets (IAS 16)                 | <b>(10)</b>  |            | 6          |
| <b>Taxation effects of remeasurements</b>   | <b>14</b>    |            | (1)        |
| Rate change of amounts excluded from headline earnings  | <b>13</b>    |            |            |
| Taxation benefit on impairment of plant and equipment (IAS 16) and intangible assets (IAS 38) | <b>1</b>     | 5          |            |
| Taxation benefit on discontinued operation (IFRS 5)   |              | (5)        | (1)        |
| Non-controlling interests in remeasurements   |              | 27         | (2)        |
| Net remeasurements excluded from headline earnings  | <b>11</b>    | (275)      | 122        |
| <b>Headline earnings</b>  | <b>1 724</b> | 1 867      | 1 731      |
| B-BBEE charge net of taxation   | <b>237</b>   |            |            |
| <b>Headline earnings – excluding B-BBEE charge</b>  | <b>1 960</b> | 1 867      | 1 731      |
| Profit from continuing operations   | <b>1 835</b> | 1 910      | 1 671      |
| Non-controlling shareholders interest in net profit from continuing operations                | <b>(121)</b> | (195)      | (108)      |
| Profit from continuing operations attributable to Barloworld Limited shareholders             | <b>1 713</b> | 1 715      | 1 563      |
| Adjusted for the following items in continuing operations:                                    |              |            |            |
| <b>Gross remeasurements excluded from headline earnings from continuing operations</b>        | <b>(4)</b>   | 66         | 85         |
| Loss/(profit) on disposal of subsidiaries and investments (IFRS 10)                           | <b>4</b>     | (161)      | 43         |
| Profit on disposal of property and other assets (IAS 16)                                      | <b>(35)</b>  | (77)       | (18)       |
| Impairment of goodwill (IFRS 3)   | <b>33</b>    | 208        | 31         |
| Reversal of impairment of investments in associates and joint ventures (IAS 36)               | <b>(2)</b>   | 2          |            |
| Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets          | <b>6</b>     | 94         | 23         |
| (Profit)/loss on sale of plant and equipment excluding rental assets (IAS 16)                 | <b>(10)</b>  |            | 6          |
| <b>Taxation effects of remeasurements</b>   | <b>14</b>    | 5          | (1)        |
| Rate change of amounts excluded from headline earnings  | <b>13</b>    |            |            |
| Taxation benefit on impairment of plant and equipment (IAS 16) and intangible assets (IAS 38) | <b>1</b>     | 5          | (1)        |
| Non-controlling interests in remeasurements   |              | 27         | (2)        |
| Net remeasurements excluded from headline earnings from continuing operations                 | <b>11</b>    | 22         | 82         |
| <b>Headline earnings from continuing operations</b>   | <b>1 724</b> | 1 813      | 1 645      |
| B-BBEE charge net of taxation   | <b>237</b>   |            |            |
| <b>Headline earnings from continuing operations – excluding B-BBEE charge</b>                 | <b>1 960</b> | 1 813      | 1 645      |
| Profit from discontinued operation attributable to Barloworld Limited shareholders            |              | 428        | 46         |
| Adjusted for the following items in discontinued operation:                                   |              |            |            |
| <b>Gross remeasurements excluded from headline earnings from discontinued operation</b>       |              | (369)      | 40         |
| Impairment of goodwill (IFRS 3)   |              |            | 40         |
| Profit on disposal of subsidiaries and investments (IFRS 10)                                  |              | (369)      |            |
| <b>Taxation effects of remeasurements</b>   |              | (5)        |            |
| Taxation benefit of discontinued operation (IFRS 5)   |              | (5)        |            |
| Net remeasurements excluded from headline earnings from discontinued operation                |              | (374)      | 40         |
| <b>Headline earnings from discontinued operation</b>  |              | 54         | 86         |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015        | 2014        | 2013        | 2015 Cents | 2014 Cents | 2013 Cents |
|--|-------------|-------------|-------------|------------|------------|------------|
| <b>26. Earnings and headline earnings per share</b><br><i>continued</i>          |             |             |             |            |            |            |
| <b>Headline earnings per share Basic</b>   |             |             |             |            |            |            |
| The weighted average number of ordinary shares                                   | 211 843 282 | 211 668 757 | 211 010 873 |            |            |            |
| Headline earnings per share  |             |             |             | 813.8      | 882.5      | 820.8      |
| Headline earnings per share from continuing operations                           |             |             |             | 813.8      | 856.5      | 779.6      |
| Headline earnings per share from continuing operations – excluding B-BBEE charge |             |             |             | 925.5      | 856.5      | 779.6      |
| Headline loss per share from discontinued operation                              |             |             |             |            | 26.0       | 41.2       |
| <b>Diluted</b>   |             |             |             |            |            |            |
| Fully converted weighted average number of shares (note 26.1)                    | 212 537 193 | 212 679 658 | 211 953 080 |            |            |            |
| Headline earnings per share  |             |             |             | 811.1      | 877.7      | 817.1      |
| Headline earnings per share from continuing operations                           |             |             |             | 811.1      | 852.1      | 776.1      |
| Headline earnings per share from continuing operations – excluding B-BBEE charge |             |             |             | 922.3      | 852.1      | 776.1      |
| Headline loss per share from discontinued operation                              |             |             |             |            | 25.6       | 41.0       |
| <b>Percentage dilution</b>   | 0.3         | 0.5         | 0.5         |            |            |            |
| <b>Percentage dilution – excluding B-BBEE charge</b>                             | 0.4         | 0.5         | 0.4         |            |            |            |

|   | 2015 Rm | 2014 Rm | 2013 Rm |
|---|---------|---------|---------|
| <b>27. Dividends</b>  |         |         |         |
| <b>Ordinary shares</b>  |         |         |         |
| Final dividend No 172 paid on 26 January 2015: 214 cents per share (2014: No 170 – 195 cents per share; 2013: No 168 – 150 cents per share) | 456     | 413     | 320     |
| Interim dividend No 173 paid on 15 June 2015: 115 cents per share (2014: No 171 – 106 cents per share; 2013: No 169 – 96 cents per share)   | 243     | 226     | 202     |
| <b>Paid to Barloworld Limited shareholders</b>  | 699     | 639     | 522     |
| Paid to non-controlling shareholders  | 109     | 92      | 86      |
|   | 808     | 731     | 608     |

On 16 November 2015 the directors declared dividend No 174 of 230 cents (gross) per share subject to the applicable dividends tax levied in terms of the Income Tax Act (Act No 58 of 1962) (as amended) (the Income Tax Act).

In accordance with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves.
- Local dividends tax rate is 15% (fifteen per centum).
- Barloworld has 214 733 205 ordinary shares in issue:
  - The gross local dividend amount is 230 cents per ordinary share.
  - The net dividend amount is 195.5 cents per share.

In compliance with the requirements of Strate and the JSE Limited, the following dates are applicable:

|                                       |        |                  |
|---------------------------------------|--------|------------------|
| Date declared                         | Monday | 16 November 2015 |
| Last day to trade <i>cum</i> dividend | Friday | 8 January 2016   |
| Shares trade <i>ex</i> dividend       | Monday | 11 January 2016  |
| Record date                           | Friday | 15 January 2016  |
| Payment date                          | Monday | 18 January 2016  |

Share certificates may not be dematerialised or rematerialised between Monday, 11 January 2016 and Friday, 15 January 2016, both days inclusive.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 27. Dividends continued

### Analysis of dividends declared in respect of current year's earnings:

#### Ordinary dividends per share

|                  | 2015<br>Cents | 2014<br>Cents | 2013<br>Cents |
|------------------|---------------|---------------|---------------|
| Interim dividend | 115           | 106           | 96            |
| Final dividend   | 230           | 214           | 195           |
|                  | <b>345</b>    | 320           | 291           |

#### 6% cumulative non-redeemable preference shares

Preference dividends totalling R22 500 were declared on each of the following dates:

- 13 April 2015 (paid on 18 May 2015)
- 12 December 2015 (paid on 12 January 2015)
- 13 October 2014 (paid on 17 November 2014)
- 14 April 2014 (paid on 19 May 2014)
- 25 October 2013 (paid on 4 November 2013)
- 8 April 2013 (paid on 6 May 2013)
- 9 October 2012 (paid on 5 November 2012)

## 28. Commitments

### Capital expenditure commitments to be incurred:

|  | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|--|--------------|------------|------------|
| Contracted – Property, plant and equipment | 406          | 674        | 718        |
| Contracted – Vehicle rental fleet          | 1 354        | 1 251      | 1 021      |
| Approved but not yet contracted            | 352          | 993        | 523        |
|  | <b>2 112</b> | 2 918      | 2 262      |

Commitments will be spent substantially in the next financial year. Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.

#### Lease commitments:

|                                    | Long<br>term<br>>5 years<br>Rm | Medium<br>term<br>2 – 5 years<br>Rm | Short<br>term<br><1 year<br>Rm | 2015<br>Total<br>Rm | 2014<br>Total<br>Rm | 2013<br>Total<br>Rm |
|------------------------------------|--------------------------------|-------------------------------------|--------------------------------|---------------------|---------------------|---------------------|
| <b>Operating lease commitments</b> |                                |                                     |                                |                     |                     |                     |
| Land and buildings                 | 549                            | 875                                 | 391                            | 1 815               | 1 544               | 1 357               |
| Motor vehicles                     | 11                             | 168                                 | 84                             | 262                 | 136                 | 151                 |
| Capital equipment and other        | 3                              | 577                                 | 530                            | 1 110               | 1 474               | 716                 |
|                                    | 562                            | 1 620                               | 1 005                          | <b>3 187</b>        | 3 154               | 2 224               |

#### Land and building commitments include the following items:

- Commitments for the operating and administrative facilities used by the majority of business segments. The average lease term is five years. Many lease contracts contain renewal options at fair market rates.
- Properties used for office accommodation and used car outlets in the major southern African cities. Rentals escalate at rates which are in line with the historical inflation rates applicable to the southern African environment. Lease periods do not exceed five years.
- Properties at airport locations. The leases are in general for periods of five years and the rental payments are based on a set percentage of revenues generated at those locations subject to certain minimums.

Motor vehicle commitments are mainly for vehicles in use in the offshore operations. The average lease term is four years.

Capital equipment and other commitments mainly consists of lease agreements for lifting equipment, office containers, photocopiers and printers.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

**28. Commitments** continued

|  | Long<br>term<br>>5 years<br>Rm | Medium<br>term<br>2 – 5 years<br>Rm | Short<br>term<br><1 year<br>Rm | 2015<br>Total<br>Rm | 2014<br>Total<br>Rm | 2013<br>Total<br>Rm |
|--|--------------------------------|-------------------------------------|--------------------------------|---------------------|---------------------|---------------------|
| <b>Finance lease commitments</b>               |                                |                                     |                                |                     |                     |                     |
| <b>Present value of minimum lease payments</b> |                                |                                     |                                |                     |                     |                     |
| Land and buildings                             | 87                             | 128                                 | 69                             | <b>283</b>          | 372                 | 437                 |
| Motor vehicles                                 |                                | 826                                 | 229                            | <b>1 055</b>        | 880                 | 420                 |
| Rental fleets                                  |                                |                                     |                                |                     |                     | 15                  |
| Other  |                                | 94                                  | 20                             | <b>114</b>          |                     |                     |
|  | 87                             | 1 047                               | 318                            | <b>1 451</b>        | 1 252               | 872                 |
| <b>Minimum lease payments</b>                  |                                |                                     |                                |                     |                     |                     |
| Land and buildings                             | 110                            | 190                                 | 95                             | <b>395</b>          | 524                 | 634                 |
| Motor vehicles                                 |                                | 950                                 | 306                            | <b>1 255</b>        | 1 035               | 419                 |
| Rental fleets                                  |                                |                                     |                                |                     |                     | 15                  |
| Other  |                                | 108                                 | 26                             | <b>134</b>          |                     |                     |
| Total including future finance charges         | 110                            | 1 248                               | 426                            | <b>1 784</b>        | 1 559               | 1 068               |
| Future finance charges                         |                                |                                     |                                | <b>(332)</b>        | (307)               | (196)               |
| Present value of lease commitments (note 14)   |                                |                                     |                                | <b>1 451</b>        | 1 252               | 872                 |

Land and building commitments are for certain fixed rate leases in the automotive division for trading premises with an average term of 12 years including a purchase option at the end of the term.

|   | 2015<br>Rm   | 2014<br>Rm | 2013<br>Rm |
|---|--------------|------------|------------|
| <b>29. Contingent liabilities</b>   |              |            |            |
| Bills, lease and hire-purchase agreements discounted with recourse, performance guarantees given to customers and other guarantees and claims | <b>1 343</b> | 1 720      | 1 668      |
| Buy-back and repurchase commitments not reflected on the statement of financial position  | <b>62</b>    | 262        | 288        |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 30. Insurance contracts

Certain transactions are entered into by the group as insurer which falls within the definition of insurance contracts per IFRS 4 Insurance Contracts.

- The following are included as part of equipment's maintenance contracts, provision of parts and components, on-site labour, support staff and assets (eg vehicles, computers, tooling) to the customer combined with expertise, in order to maintain the customers fleet.
- All full maintenance lease contracts are included in automotive's insurance contracts and all upfront maintenance contracts Avis Fleet Services administers on behalf of OEM are excluded.

|  | 2015<br>Rm | 2014<br>Rm | 2013<br>Rm |
|--|------------|------------|------------|
| Income   | 2 112      | 2 029      | 2 260      |
| Expenses   | 1 537      | 1 285      | 1 547      |
| Cash inflow  | 345        | 344        | 358        |
| <b>Liabilities:</b>                                    |            |            |            |
| At the beginning of the year                           | 854        | 737        | 589        |
| Amounts added  | 581        | 625        | 1 272      |
| Amounts used   | (342)      | (355)      | (1 041)    |
| Amounts reversed unused                                | (140)      | (136)      | (128)      |
| Fair value adjustment on discount effect               | (9)        | (24)       | (11)       |
| Acquisition of subsidiaries                            |            |            | 33         |
| Disposal of subsidiaries                               |            | (13)       | (9)        |
| Translation difference                                 | 16         | 20         | 32         |
| <b>At the end of the year</b>                          | <b>959</b> | 854        | 737        |
| <b>Maturity profile:</b>                               |            |            |            |
| Within one year  | 627        | 574        | 453        |
| Two to five years                                      | 290        | 262        | 273        |
| More than five years                                   | 42         | 18         | 11         |
|  | <b>959</b> | 854        | 737        |
| <b>Assets:</b>   |            |            |            |
| At the beginning of the year                           | 324        | 224        | 284        |
| Amounts added  | 1 484      | 1 578      | 1 562      |
| Amounts used   | (1 535)    | (1 480)    | (1 640)    |
| Acquisition of subsidiaries                            |            |            | 7          |
| Translation difference                                 | 9          | 2          | 10         |
| <b>At the end of the year</b>                          | <b>282</b> | 324        | 224        |
| <b>Age analysis of items overdue but not impaired:</b> |            |            |            |
| Overdue 30 to 60 days                                  |            | 3          | 2          |
| Overdue 60 to 90 days                                  | 1          | 1          | 8          |
| Overdue 90+ days                                       | (2)        | (1)        |            |
|  | <b>(1)</b> | 3          | 10         |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 30. Insurance contracts continued

### Significant assumptions and risks arising from insurance contracts

#### Maintenance contracts

Maintenance contracts are offered to customers in the equipment and automotive segments. The contracts are managed internally through ongoing contract performance reviews, review of costs and regular fleet inspections. Risks arising from maintenance contracts includes component lives, component failure and cost of labour. The contracts consist of a variety of forms but generally include cover for regular maintenance as well as for repairs due to breakdowns and component failure which is not covered by manufacturer's warranties or other external maintenance plans. The amounts above include the estimated portion of contracts that meet the definition of an insurance contract. Revenue is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment/vehicles. If the costs incurred exceed the revenue over the expected life of the policy, the future losses are accounted for immediately in profit and loss based on the present value of the contract loss.

In automotive the assets and liabilities are measured based on actuarial valuations done and in equipment they are based on cash flow projections.

Financial risk mainly relates to credit risk but credit quality of customers is generally considered to be good and similar to the rest of the group's operations. Risks are spread over a large diversity of customers, fleets of equipment and vehicles and geographically in southern Africa and Europe.

## 31. Financial instruments

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank borrowings, money and capital market borrowings, leases, hire-purchase agreements discounted with recourse and derivatives. Details of the amounts discounted with recourse are included in note 30. Derivative instruments are used by the group for hedging purposes. Such instruments include forward exchange, currency option contracts and interest rate swap agreements. The group does not speculate in the trading of derivative instruments.

|   | Notes          | 2015<br>Rm    | 2014<br>Rm | 2013<br>Rm |
|---|----------------|---------------|------------|------------|
| <b>31.1 Summary of financial instruments</b>                                  |                |               |            |            |
| <b>31.1.1 Summary of the carrying and fair value of financial instruments</b> |                |               |            |            |
| <b>Carrying value of financial instruments by category:</b>                   |                |               |            |            |
| <b>Financial assets:</b>  |                |               |            |            |
| Financial assets at fair value through profit or loss                         |                |               |            |            |
| – Designated as such at initial recognition                                   | 7, 10          | 45            | 45         | 46         |
| – Held-for-trading items  | 7, 10          | 59            | 35         | 5          |
| Held to maturity investments  | 7, 10          | 367           |            |            |
| Available-for-sale financial assets   | 7              | 5             | 5          | 5          |
| Loans and receivables   | 7, 10, 11      | 10 656        | 11 581     | 9 154      |
| Derivative assets designated as effective hedging instruments                 | 7, 10          | 77            | 59         | 51         |
| Finance lease receivables   | 6, 10          | 400           | 269        | 252        |
| <b>Total carrying value of financial assets</b>                               |                | <b>11 609</b> | 11 993     | 9 512      |
| <b>Financial liabilities:</b>   |                |               |            |            |
| Financial liabilities at fair value through profit or loss                    |                |               |            |            |
| – Designated as such at initial recognition                                   | 16, 17         |               |            | 24         |
| Financial liabilities measured at amortised cost                              | 14, 16, 17, 18 | 21 340        | 19 799     | 18 435     |
| Derivative liabilities designated as effective hedging instruments            | 16, 17, 18     | 20            | 15         | 6          |
| <b>Total carrying value of financial liabilities</b>                          |                | <b>21 360</b> | 19 814     | 18 465     |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

|  | 2015<br>Rm    | 2014<br>Rm | 2013<br>Rm |
|--|---------------|------------|------------|
| <b>31. Financial instruments</b> <small>continued</small>  |               |            |            |
| <b>31.1 Summary of financial instruments</b> <small>continued</small>                                  |               |            |            |
| <b>31.1.1 Summary of the carrying and fair value of financial instruments</b> <small>continued</small> |               |            |            |
| <b>Carrying value of financial instruments by class:</b>   |               |            |            |
| <b>Financial assets:</b>   |               |            |            |
| Trade receivables  |               |            |            |
| – Industry   | <b>6 136</b>  | 5 569      | 4 803      |
| – Government   | <b>419</b>    | 394        | 381        |
| – Consumers  | <b>644</b>    | 614        | 586        |
| Other loans and receivables and cash balances  | <b>3 823</b>  | 5 004      | 3 382      |
| Finance lease receivables  | <b>400</b>    | 269        | 252        |
| Derivatives (including items designated as effective hedging instruments)                              |               |            |            |
| – Forward exchange contracts   | <b>136</b>    | 94         | 50         |
| – Other derivatives  |               |            | 4          |
| Other financial assets at fair value   | <b>50</b>     | 50         | 53         |
| <b>Total carrying value of financial assets</b>  | <b>11 609</b> | 11 993     | 9 512      |
| <b>Financial liabilities:</b>  |               |            |            |
| Trade payables   |               |            |            |
| – Principals   | <b>2 903</b>  | 3 041      | 2 503      |
| – Other suppliers  | <b>5 823</b>  | 6 089      | 6 065      |
| Other non-interest-bearing payables  | <b>352</b>    | 319        | 309        |
| Derivatives (including items designated as effective hedging instruments)                              |               |            |            |
| – Forward exchange contracts   | <b>20</b>     | 15         | 6          |
| – Other derivatives  |               |            | 16         |
| Other financial liabilities at fair value  |               |            | 8          |
| Interest-bearing debt measured at amortised cost   | <b>12 262</b> | 10 349     | 9 558      |
| <b>Total carrying value of financial liabilities</b>   | <b>21 360</b> | 19 814     | 18 465     |
| <b>Fair value of financial instruments by class:</b>   |               |            |            |
| <b>Financial assets:</b>   |               |            |            |
| Trade receivables  |               |            |            |
| – Industry   | <b>6 136</b>  | 5 569      | 4 803      |
| – Government   | <b>419</b>    | 394        | 381        |
| – Consumers  | <b>644</b>    | 614        | 586        |
| Other loans and receivables and cash balances  | <b>3 823</b>  | 5 004      | 3 382      |
| Finance lease receivables  | <b>400</b>    | 269        | 252        |
| Derivatives (including items designated as effective hedging instruments)                              |               |            |            |
| – Forward exchange contracts   | <b>136</b>    | 94         | 50         |
| – Other derivatives  |               |            | 4          |
| Other financial assets at fair value   | <b>50</b>     | 50         | 53         |
| <b>Total fair value of financial assets</b>  | <b>11 609</b> | 11 993     | 9 512      |
| <b>Financial liabilities:</b>  |               |            |            |
| Trade payables   |               |            |            |
| – Principals   | <b>2 903</b>  | 3 041      | 2 503      |
| – Other suppliers  | <b>5 824</b>  | 5 402      | 6 066      |
| Other non-interest-bearing payables  | <b>352</b>    | 319        | 309        |
| Derivatives (including items designated as effective hedging instruments)                              |               |            |            |
| – Forward exchange contracts   | <b>20</b>     | 15         | 6          |
| – Other derivatives  |               |            | 15         |
| Other financial liabilities at fair value  |               |            | 8          |
| Interest-bearing debt measured at amortised cost   | <b>12 356</b> | 10 819     | 9 925      |
| <b>Total fair value of financial liabilities</b>   | <b>21 455</b> | 19 598     | 18 832     |

All financial instruments are carried at fair value or amounts that approximate fair value, except for the interest-bearing borrowings, which are carried at amortised cost. The carrying amounts for investments, cash, cash equivalents as well as the current portion of receivables, payables and interest-bearing borrowings approximate fair value due to the short-term nature of these instruments. The fair values have been determined using available market information and discounted cash flows.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 31. Financial instruments continued

### 31.1 Summary of financial instruments continued

#### 31.1.2 Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets. The markets from which these quoted prices are obtained are the bonds market, the stock exchange as well other similar markets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). The valuation techniques used in deriving level 2 fair values are discounted cash flows. The discounted cash flows are delivered using rates that appropriately reflects the different risks of the various counterparties in relation to the financial instrument. Significant unobservable inputs are long-term revenue and profit projections as well as management's experience and knowledge of the market conditions. Inputs used and assumptions made in relation to the discounted cash flow model is based on macro-economic indicators consistent with external sources of information.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The valuation techniques used in deriving level 3 fair values are discounted cash flows as well as the net asset value approach of the investment that is being valued. This information is based on unobservable market data, and adjusted for based on management's experience and knowledge of the investment.

|   | 2015          |               |               |             |
|---|---------------|---------------|---------------|-------------|
|   | Level 1<br>Rm | Level 2<br>Rm | Level 3<br>Rm | Total<br>Rm |
| <b>Financial assets at fair value through profit or loss</b>      |               |               |               |             |
| Financial assets designated at fair value through profit or loss  | 59            |               | 45            | 104         |
| <b>Available-for-sale financial assets</b>                        |               |               |               |             |
| Shares  |               |               | 5             | 5           |
| Derivative assets designated as effective hedging instruments     | 77            |               |               | 77          |
| <b>Total</b>  | <b>136</b>    |               | <b>50</b>     | <b>186</b>  |
| <b>Financial liabilities at fair value through profit or loss</b> |               |               |               |             |
| Derivatives   |               | 20            |               | 20          |
| <b>Total</b>  |               | <b>20</b>     |               | <b>20</b>   |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

**31. Financial instruments** continued**31.1 Summary of financial instruments** continued**31.1.2 Fair value measurements recognised in the statement of financial position** continued

|   | 2014          |               |               |             |
|---|---------------|---------------|---------------|-------------|
|   | Level 1<br>Rm | Level 2<br>Rm | Level 3<br>Rm | Total<br>Rm |
| <b>Financial assets at fair value through profit or loss</b>          |               |               |               |             |
| Financial assets designated at fair value through profit or loss      | 35            |               | 45            | 80          |
| <b>Available-for-sale financial assets</b>                            |               |               |               |             |
| Shares  |               |               | 5             | 5           |
| Derivative assets designated as effective hedging instruments         | 59            |               |               | 59          |
| <b>Total</b>  | <b>94</b>     |               | <b>50</b>     | <b>144</b>  |
| <b>Financial liabilities at fair value through profit or loss</b>     |               |               |               |             |
| Other derivative financial liabilities                                | 1             |               |               | 1           |
| Financial liabilities designated at fair value through profit or loss | 1             |               |               | 1           |
| Derivatives   | 13            |               |               | 13          |
| <b>Total</b>  | <b>15</b>     |               |               | <b>15</b>   |
|   | 2013          |               |               |             |
|   | Level 1<br>Rm | Level 2<br>Rm | Level 3<br>Rm | Total<br>Rm |
| <b>Financial assets at fair value through profit or loss</b>          |               |               |               |             |
| Financial assets designated at fair value through profit or loss      | 3             | 2             | 46            | 51          |
| <b>Available-for-sale financial assets</b>                            |               |               |               |             |
| Shares  |               |               | 5             | 5           |
| Derivative financial assets   | 51            |               |               | 51          |
| <b>Total</b>  | <b>54</b>     | <b>2</b>      | <b>51</b>     | <b>107</b>  |
| <b>Financial liabilities at fair value through profit or loss</b>     |               |               |               |             |
| Other derivative financial liabilities                                | 5             | 16            |               | 21          |
| Financial liabilities designated at fair value through profit or loss |               | 8             | 1             | 9           |
| <b>Total</b>  | <b>5</b>      | <b>24</b>     | <b>1</b>      | <b>30</b>   |

There was a transfer of derivatives from level 1 to level 2 in the current year as the FECs are not quoted and the value needs to be calculated.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 31. Financial instruments continued

### 31.1 Summary of financial instruments continued

#### 31.1.2 Fair value measurements recognised in the statement of financial position continued

##### Reconciliation of level 3 fair value measurements

|  | Available-for-sale<br>unlisted shares<br>Rm | Fair value of<br>investment in<br>cell captives<br>Rm |
|--|---|---|
| <b>Balance 30 September 2013</b>                   | 5   | 46  |
| Total gains/(losses) recognised in profit and loss |   | (1)   |
| <b>Balance 30 September 2014</b>                   | 5   | 45  |
| Total gains/(losses) recognised in profit and loss |   |   |
| <b>Balance 30 September 2015</b>                   | 5   | 45  |

Total gains/(losses) recognised in profit and loss relates to unrealised gains relating to financial assets that are measured at fair value at the end of the period.

### 31.2 Financial risk management

#### a. Capital risk management

The group manages its capital to ensure that all entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The overall strategy remains unchanged from the previous year.

The capital structure of the group consists of debt (refer notes 14 and 18), cash and cash equivalents (note 11) and equity attributable to equity holders of Barloworld Limited, comprising issued capital (note 13), reserves and retained earnings (statement of changes in equity).

A finance committee consisting of senior executives of the group meets on a regular basis to review the capital structure based on the cost of capital and the risks associated with each class of capital, analyse currency and interest rate exposure and to re-evaluate treasury management strategies in the context of most recent economic conditions and forecasts. The group has targeted gearing ratios for each major business segment as disclosed in note 1.1. The group's various treasury operations provide the group with access to local money markets and provide group subsidiaries with the benefit of bulk financing and depositing.

#### b. Market risk

##### (i) Currency risk

##### Trade commitments

The group's currency exposure management policy for the southern African operations is to hedge substantially all material foreign currency trade commitments for which customers have or will not be accepting the currency risk. In respect of offshore operations, where there is a traditionally stable relationship between the functional and transacting currencies, the need to take foreign exchange cover is at the discretion of the divisional board. Each division manages its own trade exposure within the overall framework of the group policy. In this regard the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the statement of financial position, but were entered into to cover foreign commitments not yet due or proceeds not yet received. The risk of having to close out these contracts is considered to be low. The group also invested in government bonds to hedge against the devaluation of local currencies in African countries.

##### Net currency exposure and sensitivity analysis

The following table represents the extent to which the group has monetary assets and liabilities in currencies other than the group companies' functional currency. The information is shown inclusive of the impact of forward contracts and options in place to hedge the foreign currency exposures. Based on the net exposure below it is estimated that a simultaneous 10% change in all foreign currency exchange rates against divisional functional currency will impact the fair value of the net monetary assets/liabilities of the group to the extent of R509 million (2014: R480 million; 2013: R527 million), of which R94 million (2014: R160 million; 2013: R225 million) will impact other comprehensive income and R415 million (2014: R320 million; 2013: R302 million) will impact profit or loss.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

**31. Financial instruments** continued  
**31.2 Financial risk management** continued  
*b. Market risk* continued  
*(i) Currency risk* continued

| Net foreign currency monetary assets/(liabilities) | Currency of assets/(liabilities) |            |                     |              |                     |              |
|--|----------------------------------|------------|---------------------|--------------|---------------------|--------------|
|  | SA rand Rm                       | Euro Rm    | British sterling Rm | US dollar Rm | Other currencies Rm | Total Rm     |
| <b>Functional currency of group operation:</b>     |                                  |            |                     |              |                     |              |
| SA rand  | n/a                              | 210        | 44                  | 1 998        |                     | 2 252        |
| British sterling                                   |                                  |            | n/a                 | 3 028        |                     | 3 028        |
| Other African currencies                           | (47)                             |            |                     | (145)        |                     | (192)        |
| <b>As at 30 September 2015</b>                     | <b>(47)</b>                      | <b>210</b> | <b>44</b>           | <b>4 881</b> |                     | <b>5 088</b> |
| SA rand  | n/a                              | 308        | 19                  | 2 323        | 3                   | 2 654        |
| Euro   |                                  |            |                     |              | (3)                 | (3)          |
| British sterling                                   |                                  | 7          | n/a                 | 2 207        |                     | 2 214        |
| Other African currencies                           | (44)                             |            |                     | (25)         |                     | (68)         |
| <b>As at 30 September 2014</b>                     | <b>(44)</b>                      | <b>315</b> | <b>19</b>           | <b>4 506</b> |                     | <b>4 797</b> |
| SA rand  | n/a                              | 275        | 36                  | 3 067        | 4                   | 3 382        |
| Euro   |                                  | n/a        |                     | (11)         | (12)                | (23)         |
| British sterling                                   | (4)                              | 24         | n/a                 | 1 895        |                     | 1 915        |
| US dollar  |                                  | 20         |                     | n/a          |                     | 20           |
| Other African currencies                           |                                  |            |                     | (20)         |                     | (20)         |
| <b>As at 30 September 2013</b>                     | <b>(4)</b>                       | <b>319</b> | <b>36</b>           | <b>4 931</b> | <b>(8)</b>          | <b>5 273</b> |

|   | Fair value |         |         |
|---|------------|---------|---------|
|   | 2015 Rm    | 2014 Rm | 2013 Rm |
| <b>Hedge accounting applied in respect of foreign currency risk</b> |            |         |         |
| <b>Cash flow hedges</b>   |            |         |         |
| – Fair value of asset – foreign currency forward exchange contracts | 116        | 80      | 44      |

The foreign currency contracts have been acquired to hedge the underlying currency risk arising from a firm commitment to acquire equipment machines as well as the forecast purchases of spare parts. All cash flows are expected to occur and affect profit or loss within the next 12 months.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 31. Financial instruments continued

### 31.2 Financial risk management continued

#### b. Market risk continued

##### (ii) Interest rate risk

The group manages the exposure to interest rate risk by maintaining a balance between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach.

The interest rate profile of total borrowings is as follows:

|   | Currency | Year of redemption/<br>repayment | Interest rate (%)   | 2015<br>Rm    | 2014<br>Rm | 2013<br>Rm |
|---|----------|----------------------------------|---|---------------|------------|------------|
| <b>Liabilities in foreign currencies</b>  |          |                                  |   |               |            |            |
| Bank overdrafts and short-term loans  |          |                                  |   |               |            |            |
|   | USD      |                                  | Libor* + 2%,<br>3-month Libor*<br>+ 4.5%  | 99            | 75         | 252        |
|   | AOA      |                                  |   |               |            | 37         |
|   | ZMK      |                                  | Bank of Zambia<br>policy rate<br>(12%) + 3%                                     | 39            |            | 9          |
|   | MZM      |                                  | Prime (MT)**<br>- 1% pa,<br>Prime (MT)**<br>- 1.5% pa                           | 104           | 27         | 29         |
|   | RUR      |                                  | Internal rate<br>+ 3.5%,<br>1 month Mosprime<br>+ 2.85%                         | 181           | 123        | 162        |
|   | AUD      |                                  |   |               |            | 418        |
|   | EUR      |                                  | Euribor***<br>12 month + 5.68%,<br>Libor* + 1.5%,<br>Euribor***<br>3 month + 3% | 219           | 46         | 16         |
|   | NAM      |                                  |   |               |            | 1          |
|   | BWP      |                                  | Prime - 1.5%  | 30            | 50         | 12         |
| <b>Total short-term foreign currency liabilities (note 18)</b>                    |          |                                  |   | <b>672</b>    | 321        | 935        |
| Unsecured loans   |          |                                  |   |               |            |            |
|   | Other    | 2017                             | Prime - 1.5%  | 234           | 196        | 150        |
|   | USD      | 2016                             | 3-month<br>Libor* + 4.5%  | 5             | 14         | 23         |
|   | GBP      |                                  | Libor* + 1% to<br>Libor* + 1.3%   | 456           |            |            |
| Liabilities under capitalised finance leases                                      |          |                                  |   |               |            |            |
|   | EUR      | 2019                             | Euribor***<br>12 month + 5.68%  | 34            | 39         | 44         |
| <b>Total long-term foreign currency liabilities (note 14)</b>                     |          |                                  |   | <b>729</b>    | 249        | 217        |
| <b>Liabilities in South African rand</b>  |          |                                  |   |               |            |            |
| Bank borrowings and bank overdrafts   |          |                                  |   |               |            |            |
| <b>Total South African rand liabilities (note 18)</b>                             |          |                                  |   | <b>3 679</b>  | 4 074      | 2 033      |
| <b>Total South African rand liabilities (note 18)</b>                             |          |                                  |   |               |            |            |
|   |          | 2010 - 2023                      | 7.3 - 9   | 176           | 157        | 75         |
|   |          | 2010 - 2019                      | 5.25 - 11.67  | 8 623         | 7 444      | 6 544      |
|   |          | 2010 - 2022                      | 6.7 - 12.3  | 1 417         | 1 214      | 828        |
| <b>Total South African rand liabilities (note 14)</b>                             |          |                                  |   | <b>10 216</b> | 8 815      | 7 447      |
| <b>Total South African rand and foreign currency liabilities (note 14 and 18)</b> |          |                                  |   | <b>10 945</b> | 9 064      | 7 664      |
| <b>Interest rates</b>   |          |                                  |   |               |            |            |
| Loans at fixed rates of interest  |          |                                  |   |               |            |            |
|   |          |                                  |   | 3 492         | 3 614      | 3 693      |
| Loans linked to South African money market rates                                  |          |                                  |   |               |            |            |
|   |          |                                  |   | 6 912         | 5 413      | 3 948      |
| Loans linked to offshore money markets  |          |                                  |   |               |            |            |
|   |          |                                  |   | 541           | 37         | 23         |
|   |          |                                  |   | <b>10 945</b> | 9 064      | 7 664      |

\*Libor - London interbank offered rate

\*\*Mozambique short-term bank instrument

\*\*\*Euribor - European interbank offered rate

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

**31. Financial instruments** continued**31.2 Financial risk management** continued*b. Market risk* continued*(ii) Interest rate risk* continued

|  | 2015<br>Rm | 2014<br>Rm | 2013<br>Rm |
|--|------------|------------|------------|
| <b>Interest rate sensitivity analysis</b>  |            |            |            |
| Impact of a 1% increase in South African interest rates  |            |            |            |
| – charge to profit or loss   | 75         | 61         | 51         |
| Impact of a 1% increase in offshore interest rates   |            |            |            |
| – charge to profit or loss   | 7          | 6          | 10         |
| <i>(iii) Other price risk</i>  |            |            |            |
| <b>The group is exposed to price risk arising out of the following:</b>  |            |            |            |
| <b>Barloworld share price</b>  |            |            |            |
| The group has a liability to option holders in terms of the Share Appreciation Rights Scheme (refer note 32.3) |            |            |            |
| <b>Barloworld share price sensitivity analysis</b>   |            |            |            |
| Impact of a 10% increase in the Barloworld share price as at 30 September                                      |            |            |            |
| – charge to profit or loss in respect of the liability   | 3          | 12         | 42         |

There has been no change during the current year in the group approach to managing other price risk.

*c. Credit risk*

Potential areas of credit risk consist of trade receivables and short-term cash investments. Trade receivables consist mainly of a large and widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for bad debts and at the year end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee insurance or a bad debt provision. It is group policy to deposit short-term cash investments with major banks and financial institutions with strong credit ratings.

The credit quality of assets that are neither past due nor impaired is considered to be good. Historical default rates vary per division from 0.4% to 5.0%.

|   | 2015<br>Rm | 2014<br>Rm | 2013<br>Rm |
|---|------------|------------|------------|
| <b>Maximum exposure to credit risk (excluding collateral held), exceeding the carrying amount</b> |            |            |            |
| Trade receivables   |            |            |            |
| Other items, including financial guarantees   | 1 343      | 1 720      | 1 668      |
|   | 1 343      | 1 720      | 1 668      |
| <b>Carrying value of financial assets, the terms of which have been renegotiated</b>              |            |            |            |
| Trade receivables   |            |            |            |
| – Industry  | 3          | 1          | 8          |
| – Government  |            | 36         | 38         |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 31. Financial instruments continued

### 31.2 Financial risk management continued

#### d. Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows, maintaining a balance between long-term and short-term debt and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised bank facilities amounted to R7.7 billion (2014: R8.4 billion; 2013: R7.9 billion). There has been no change to this approach during the current year.

#### Maturity profile of financial liabilities

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

|   | Repayable during the year ending 30 September |         |                 |                     |
|---|---|---------|-----------------|---------------------|
|   | Total owing Rm                                | 2016 Rm | 2016 to 2020 Rm | 2020 and onwards Rm |
| Interest-bearing liabilities                              | 15 546  | 4 545   | 8 960           | 2 039               |
| Trade payables and other non-interest-bearing liabilities | 9 863   | 9 863   |                 |                     |

|  | 2015 Rm | 2014 Rm | 2013 Rm |
|--|---------|---------|---------|
| <b>32. Share incentive schemes and share-based payments</b>  |         |         |         |
| <b>32.1 Financial effect of share-based payment transactions</b>                                   |         |         |         |
| <b>Income statement effect</b>   |         |         |         |
| B-BBEE expense arising from share-based payment transactions                                       | 251     | 1       | (5)     |
| Compensation expense arising from equity and cash-settled forfeitable share plan                   | 23      | 26      | 30      |
| Compensation expense arising from equity and cash-settled share appreciation rights incentive plan | 59      | 75      | 159     |
| Share-based payment expense included in operating profit   | 333     | 102     | 184     |
| Taxation benefit on forfeitable share plan, share appreciation rights and B-BBEE transactions      | (36)    | (28)    | (53)    |
| Net share-based payment expense after taxation   | 297     | 74      | 131     |
| <b>Financial position effect</b>   |         |         |         |
| Liability raised for cash-settled shares (to be incurred within one to five years)                 | (59)    | (60)    | (188)   |
| Deferred taxation asset raised on share-based payment transactions                                 | 64      | 49      | 71      |
| Net (reduction)/increase in shareholders' interest as a result of share-based payment transactions | 5       | (11)    | (117)   |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 32. Share incentive schemes and share-based payments continued

### 32.2 Forfeitable share plan

On 28 January 2010 the group introduced the Barloworld Forfeitable Share Plan (FSP).

The scheme allows executive directors and certain senior employees to earn a long-term incentive to assist with the retention and reward of selected employees.

Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date.

The vesting of the shares is subject to continued employment for a period of three years or the employee will forfeit the shares.

Shares issued to the executive directors are subject to performance conditions which will be measured over the three-year vesting period.

The performance conditions over the vesting period include a market condition based on total shareholder return and non-market conditions based on return on net assets or return on net operating assets and headline earnings per share.

On resignation, the employee will forfeit any unvested shares. On death or retirement only a portion of the shares will vest, calculated based on the number of days worked over the total vesting period, subject to any performance condition being met.

The scheme is settled in shares and therefore the scheme is equity-settled. In jurisdictions where the delivery of shares is impractical, cash will be paid to employees in lieu of shares. These shares are cash-settled share-based payments.

#### *Fair value estimates*

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to the dividends from grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date. The estimated fair value of the equity-settled shares subject to market conditions were calculated at grant date using a monte carlo simulation model with the following inputs:

| Date of grant   | 30 March 2015 | 18 March 2014 | 19 March 2013 |
|---|---------------|---------------|---------------|
| <b>Non-market conditions</b>  |               |               |               |
| Number of shares granted  | 224 726       | 204 398       | 314 516       |
| Share price at grant date (R)   | 90.50         | 107.32        | 90.50         |
| Estimated fair value per share at grant date (R)  | 90.50         | 107.32        | 90.50         |
| <b>Market conditions</b>  |               |               |               |
| Number of shares granted  | 22 304        | 18 972        | 21 084        |
| Share price at grant date (R)   | 90.50         | 107.32        | 90.50         |
| Expected volatility (%)   | 27.4          | 27.2          | 26.4          |
| Expected dividend yield (%)   | 3.0           | 2.8           | 3.5           |
| Risk-free rate (%)  | 7.1           | 7.4           | 5.5           |
| Estimated fair value per share at grant date (R)  | 46.14         | 78.79         | 49.58         |
| In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at financial position date. The estimated fair value of the cash-settled shares was calculated by using the closing share price at the reporting date and discounting future expected dividends. |               |               |               |
| Number of cash-settled shares granted   | 67 210        | 53 200        | 23 040        |
| Share price at grant date (R)   | 90.50         | 107.32        | 90.50         |
| Risk-free rate (%)  | 6.8           | 7.2           | 6.9           |
| Estimated fair value per cash-settled share at grant date (R)   | 90.29         | 105.27        | 89.02         |
| Estimated fair value per cash-settled share at year end (R)   | 74.45         | 79.23         | 82.59         |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 32. Share incentive schemes and share-based payments continued

### 32.3 Share appreciation rights scheme

During 2007 the group introduced the Barloworld Cash Settled Share Appreciation Rights Scheme.

The scheme allows executive directors and certain senior employees to earn a long-term incentive amount calculated based on the increase in the Barloworld Limited share price between the grant date and the vesting and exercise of such rights. During 2011 the scheme rules were amended to change all future awards to be equity-settled.

No shares are issued for share appreciation rights granted before 2011 and all amounts payable will be settled in cash. All share appreciation rights granted from 2011 will be settled in shares. The objective of the scheme is to recognise the contributions of senior staff to the group's financial position and performance and to retain key employees.

The vesting of the rights are subject to specific performance conditions, based on group headline earnings per share. Rights are granted for a period of six years and vest one-third after three years from grant date, a further one-third after four years and the final third after five years.

The grant price of these appreciation rights equals the volume weighted average market price of the underlying shares on the three trading days immediately preceding grant date.

On resignation, share appreciation rights which have not yet vested and those vested but not exercised, are forfeited. On death or retirement the Barloworld remuneration committee may permit a portion of unvested rights to be exercised within one year (or such extended period as the committee may decide) of the date of cessation of employment.

It is group policy that employees should not deal in Barloworld Limited shares (and this is extended to the forfeitable share plan, share appreciation rights and share options schemes) for the periods from 1 April for half-year end and 1 October for year end until 24 hours after publication of the results and at any other time during which they have access to price sensitive information.

#### *Cash-settled share appreciation rights: Fair value estimates*

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at financial position date.

The estimated fair value of the share appreciation rights was calculated using a binomial pricing model, with inputs as set out below:

| Date of grant  | 23 November 2009 |
|--|------------------|
| Number of share appreciation rights granted                            | 3 144 650        |
| Exercise price (R)   | 51.04            |
| Share price at grant date (R)  | 49.90            |
| Share price at financial position date (R)                             | 75.40            |
| Expected volatility (%)  | 25.0             |
| Expected dividend yield (%)  | 0                |
| Risk-free rate (%)   | 6.2              |
| Exercise multiple (share price at exercise date/option exercise price) | 2.0              |
| Estimated fair value per share appreciation right at grant date (R)    | 14.67            |
| Estimated fair value per share appreciation right at year end (R)      | 24.82            |

#### *Equity-settled share appreciation rights: Fair value estimates*

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date.

The estimated fair value of the share appreciation rights was calculated using a binomial pricing model, with inputs as set out below:

| Date of grant  | 30 March 2015 | 18 March 2014 | 19 March 2013 | 30 March 2012 | 28 February 2011 |
|--|---------------|---------------|---------------|---------------|------------------|
| Number of share appreciation rights granted                            | 3 026 700     | 2 264 560     | 2 562 990     | 1 954 860     | 2 069 990        |
| Exercise price (R)   | 90.77         | 106.82        | 90.73         | 96.48         | 70.83            |
| Share price at grant date (R)  | 90.50         | 107.32        | 90.50         | 99.98         | 72.25            |
| Expected volatility (%)  | 28.7          | 35.1          | 36.2          | 37.9          | 36.6             |
| Expected dividend yield (%)  | 3.5           | 2.7           | 3.3           | 2.8           | 3.9              |
| Risk-free rate (%)   | 7.4           | 8.1           | 6.3           | 6.4           | 8.0              |
| Exercise multiple (share price at exercise date/option exercise price) | 1.9           | 1.9           | 1.9           | 1.9           | 1.9              |
| Estimated fair value per share appreciation right at grant date (R)    | 26.59         | 39.71         | 30.04         | 36.85         | 25.15            |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 32. Share incentive schemes and share-based payments continued

### 32.4 Total forfeitable shares and appreciation rights unexercised

The following forfeitable shares and share appreciation rights granted are unexercised:

| Date of grant  | Date from which exercisable | Expiry date | Contractual life remaining (years) | Original exercise price (R) | Number of options/rights |                                   |                     |
|--|-----------------------------|-------------|------------------------------------|-----------------------------|--------------------------|-----------------------------------|---------------------|
|  |                             |             |                                    |                             | Barloworld directors     | Barloworld employees <sup>#</sup> | Total unexercised** |
| 23 Nov 2009  | 30 Nov 2012                 | 22 Nov 2015 | 0.1                                | 51.04                       | 23 308                   | 290 245                           | 313 553             |
| Total cash-settled share appreciation rights granted and unexercised   |                             |             |                                    |                             | 23 308                   | 290 245                           | 313 553             |
| 28 Feb 2011  | 27 Feb 2014                 | 27 Feb 2017 | 1.4                                | 70.83                       | 229 425                  | 1 052 232                         | 1 281 657           |
| 30 Mar 2012  | 29 Mar 2015                 | 29 Mar 2018 | 2.5                                | 96.48                       | 222 590                  | 1 499 386                         | 1 721 976           |
| 19 Mar 2013  | 18 Mar 2016                 | 18 Mar 2019 | 3.5                                | 90.73                       | 274 980                  | 2 034 840                         | 2 309 820           |
| 18 Mar 2014  | 17 Mar 2017                 | 17 Mar 2020 | 4.5                                | 106.82                      | 207 250                  | 1 869 600                         | 2 076 850           |
| 30 Mar 2015  | 29 Mar 2018                 | 29 Mar 2021 | 5.5                                | 90.77                       | 298 310                  | 2 671 080                         | 2 969 390           |
| Total equity-settled share appreciation rights granted and unexercised |                             |             |                                    |                             | 1 232 555                | 9 127 138                         | 10 359 693          |
| 19 Mar 2013  | 18 Mar 2016                 | 18 Mar 2016 | 0.5                                |                             | 143 464                  | 149 782                           | 293 246             |
| 18 Mar 2014  | 17 Mar 2017                 | 17 Mar 2017 | 1.5                                |                             | 97 150                   | 99 156                            | 196 306             |
| 30 Mar 2015  | 30 Mar 2018                 | 30 Mar 2018 | 2.5                                |                             | 124 070                  | 122 960                           | 247 030             |
| Total equity-settled forfeitable shares granted and unexercised        |                             |             |                                    |                             | 364 684                  | 371 898                           | 736 582             |
| 19 Mar 2013  | 18 Mar 2016                 | 18 Mar 2016 | 0.5                                |                             | 21 070                   | 1 970                             | 23 040              |
| 18 Mar 2014  | 17 Mar 2017                 | 17 Mar 2017 | 1.5                                |                             | 49 680                   | 3 520                             | 53 200              |
| 30 Mar 2015  | 30 Mar 2018                 | 30 Mar 2018 | 2.5                                |                             | 63 200                   | 4 010                             | 67 210              |
| Total cash-settled forfeitable shares granted and unexercised          |                             |             |                                    |                             | 133 950                  | 9 500                             | 143 450             |
| Total unexercised  |                             |             |                                    |                             | 1 754 497                | 9 798 781                         | 11 553 278          |

The weighted average share price at the date of exercising share appreciation rights during the period was R94.81 (2014: R101.52)

\*\*Scheme rules dictate that the number of unexercised options may not exceed 10% of the total number of issued shares of the company at any time.

<sup>#</sup>The unexercised share options granted to retired directors and employees are included in this column.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

**32. Share incentive schemes and share-based payments** continued**32.4 Total forfeitable shares and appreciation rights unexercised** continued

| Share options and appreciation rights movement for the year                 | Number of forfeitable shares | Number of appreciation rights | Number of share options | Weighted average exercise price (R)* |
|---|------------------------------|-------------------------------|-------------------------|--------------------------------------|
| <b>2015</b>   |                              |                               |                         |                                      |
| Unexercised at the beginning of the year                                    | 908 151                      | 9 505 041                     |                         | 86.74                                |
| Rights granted in terms of equity-settled share appreciation rights scheme  |                              | 3 026 700                     |                         | 90.77                                |
| Forfeitable shares granted  | 314 240                      |                               |                         |                                      |
| Forfeitable shares forfeited  | (113 797)                    |                               |                         |                                      |
| Forfeitable shares vested   | (228 562)                    |                               |                         |                                      |
| Appreciation rights forfeited   |                              | (588 960)                     |                         | 94.83                                |
| Appreciation rights exercised   |                              | (1 269 535)                   |                         | 54.71                                |
| Forfeitable shares, options and appreciation rights unexercised at year end | 880 032                      | 10 673 246                    |                         | 91.24                                |
| Appreciation rights exercisable at year end                                 |                              | 1 619 587                     |                         | 76.08                                |
| Held by:  |                              |                               |                         |                                      |
| Directors, employees and ex-employees of Barloworld                         | 880 032                      | 10 673 246                    |                         | 91.24                                |
| <b>2014</b>   |                              |                               |                         |                                      |
| Unexercised at the beginning of the year                                    | 1 327 598                    | 11 189 704                    |                         | 65.52                                |
| Rights granted in terms of equity-settled share appreciation rights scheme  |                              | 2 264 560                     |                         | 106.82                               |
| Forfeitable shares granted  | 276 570                      |                               |                         |                                      |
| Forfeitable shares forfeited  | (10 838)                     |                               |                         |                                      |
| Forfeitable shares vested   | (685 179)                    |                               |                         |                                      |
| Appreciation rights forfeited   |                              | (176 848)                     |                         | 80.10                                |
| Appreciation rights exercised   |                              | (3 772 375)                   |                         | 59.22                                |
| Forfeitable shares, options and appreciation rights unexercised at year end | 908 151                      | 9 505 041                     |                         | 86.74                                |
| Appreciation rights exercisable at year end                                 |                              | 1 619 587                     |                         | 59.49                                |
| Held by:  |                              |                               |                         |                                      |
| Directors, employees and ex-employees of Barloworld                         | 908 151                      | 9 505 041                     |                         | 86.74                                |
| <b>2013</b>   |                              |                               |                         |                                      |
| Unexercised at the beginning of the year                                    | 1 811 888                    | 9 451 603                     | 283 172                 | 55.50                                |
| Rights granted in terms of equity-settled share appreciation rights scheme  |                              | 2 562 990                     |                         | 90.73                                |
| Forfeitable shares granted  | 361 560                      |                               |                         |                                      |
| Forfeitable shares forfeited  | (21 210)                     |                               |                         |                                      |
| Forfeitable shares vested   | (824 640)                    |                               |                         |                                      |
| Appreciation rights forfeited   |                              | (175 459)                     |                         | 68.52                                |
| Appreciation rights exercised   |                              | (649 430)                     |                         | 57.13                                |
| Options forfeited   |                              |                               | (3 334)                 | 47.50                                |
| Options exercised   |                              |                               | (279 838)               | 47.50                                |
| Forfeitable shares, options and appreciation rights unexercised at year end | 1 327 598                    | 11 189 704                    |                         | 65.52                                |
| Appreciation rights exercisable at year end                                 |                              | 599 230                       |                         | 51.04                                |
| Held by:  |                              |                               |                         |                                      |
| Directors, employees and ex-employees of Barloworld                         | 1 327 598                    | 11 189 704                    |                         | 65.52                                |

\*Weighted average exercise price for appreciation rights and share options



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 32. Share incentive schemes and share-based payments continued

### 32.5 Other share-based payment transactions

During 2008 the group implemented a broad-based black economic empowerment (B-BBEE) transaction.

The impact of this transaction, calculated in terms of IFRS 2 Share-based Payment, was a credit to profit or loss in the current year of R1 million (2014: R1 million charge; 2013: R5 million credit).

#### *Strategic black partners and community service groups*

At a general meeting of Barloworld shareholders on 19 June 2015, the shareholders voted in favour of proposed amendments to the 2008 B-BBEE transaction as contained in the circular to Barloworld ordinary and preference shareholders issued on 15 May 2015. The transaction costs related to these amendments were R6.5 million.

The amendments to the strategic black partner and community service group participants in the transaction resulted in a once-off IFRS 2 Share-based Payment charge of R155.8 million, arising from the termination of the obligation to subscribe for further shares in the original 2008 B-BBEE agreements.

The charge was calculated using a Monte Carlo simulation model using the following model inputs and assumptions:

| Valuation date                     | 19 June 2015 |
|------------------------------------|--------------|
| Initial subscription shares        | 14 485 013   |
| Subscription price (R)             | 179.69       |
| Share price at alteration date (R) | 94.63        |
| Expected volatility (%)            | 25.0         |
| Expected dividend yield (%)        |              |
| Risk-free rate (%)                 | Swap curve   |
| Scheme value before alteration (R) | 15 148       |
| Scheme value after alteration (R)  | 155 857 525  |

A once-off IFRS 2 Share-based Payment charge of R42.6 million related to the issue of 450 000 additional shares, calculated as the difference between the Barloworld share price on 19 June 2015 of R94.63 and the par value of R0.05 per share, multiplied by 450 000 additional shares.

#### *Black managers trust*

The black managers trust did not receive any value from the 2008 B-BBEE transaction and the board approved a once-off cash payment of R46.4 million to the participants of the black managers trust that had vested rights on conclusion of the trust on 15 September 2015.

The cash-settled share-based payment was calculated using the following inputs and assumptions:

| Valuation date                                  | 12 August 2015 |
|---|----------------|
| Vested shares                                   | 1 987 500      |
| 30 day volume weighted average price (R)        | 91.64          |
| Exercise price (R)                              | 83.31          |
| Dividends during the vesting period (R)         | 14.46          |
| Estimated fair value per cash-settled share (R) | 22.79          |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 33. Changes in accounting policy and disclosures

### 33.1 New standards and interpretations adopted

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The basis is consistent with the prior year except for the adoption of the following new amended standards and new interpretations:

#### *Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets (May 2013)*

The IASB has issued amendments to IAS 36 – Impairment of Assets, to clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment was adopted in the current year and has no material impact on amounts recognised in the consolidated financial statements, additional disclosure in terms of the amendment has been made, please refer to notes 2, 3 and 4.

#### *IAS 32 Offsetting Financial Assets and Financial Liabilities (December 2011)*

The amendments to IAS 32 Financial Instruments: Presentation, issued in December 2011, added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This included clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. The amendments were adopted in the current year.

#### *Annual improvements to IFRS 2010 – 2012 (December 2013) – IFRS 8 Operating Segments Disclosure*

The amendment to IFRS 8 added disclosure of the judgements made by management in applying the aggregations criteria of segments. This amendment was adopted in the current year and had a minor impact on the narrative that are disclosed, refer to the accounting policies, there was no impact on the measurement of amounts or groupings of segments.

#### *The following new and amended standards had no impact on presentation, recognition or measurement:*

- IFRIC 21 Levies (May 2013)
- Amendments to IAS 39 – Novation of derivatives and continuation of hedge accounting (June 2013)
- Amendments to IFRS 10, IFRS 12, and IAS 27 regarding investment entities (October 2012)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (November 2013)
- Annual improvements to IFRS 2011 – 2013 cycle (December 2013)
- Annual improvements to IFRS 2010 – 2012 cycle (December 2013)

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 33. Changes in accounting policy and disclosures continued

### 33.2 New standards and interpretations not yet adopted

The following standards and interpretations are not yet effective and will be adopted in future years:

#### *IFRS 9 Financial Instruments (November 2009, October 2010, December 2011, November 2013 and July 2014)*

In November 2009 the IASB issued IFRS 9 Financial Instruments as the first phase in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 phase 1 introduces new requirements for classifying and measuring financial assets. Those chapters require all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Assets are subsequently measured at amortised cost or fair value. In October 2010 the IASB added to IFRS 9 the requirements related to the classification and measurement of financial liabilities. In December 2011 the IASB issued IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures as amendments to IFRS 9 (2009), IFRS 9 (2010) and IFRS 7. In November 2013 the IASB issued the amendments to hedge accounting, accounting and disclosure of the fair value of an entities own debt and removed the effective date of IFRS 9. In July 2014, IFRS 9 was issued as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This amendment completes the IASB's financial instruments project. The complete IFRS 9 is effective for the year ending September 2019, the detail requirements of the new standard are being assessed.

#### *IFRS 15 Revenue from Contracts with Customers (May 2014)*

IFRS 15 specifies how and when an entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, SIC-31 Revenue – Barter Transactions Involving Advertising Services.

This IFRS is effective for the year ending 30 September 2019. When first applying IFRS 15, entities should apply the standard in full for the current period, including retrospective application to all contracts that were not yet complete at the beginning of that period. In respect of prior periods, the transition guidance allows entities an option to either, apply IFRS 15 in full to prior periods or retain prior period figures as reported under the previous standards, recognising the cumulative effect of IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period). The standard will impact both recognition, measurement and disclosure, the detailed assessment of the amendments continues.

The following new and amended standards are expected to have no or minimal impact on presentation, recognition and measurement:

- IFRS 14 Deferral of Regulatory Accounts (January 2014)
  - Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants (June 2014)
  - Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (May 2014)
  - Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (May 2014)
  - Amendments to IAS27 Equity Methods in Separate Financial Statements (August 2014)
  - IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (September 2014)
  - IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (December 2014)
  - Annual Improvements to IFRS 2012 – 2014 Cycle (September 2014)
  - Disclosure Initiative – Amendments to IAS 1 (December 2014)
-

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 34. Directors' remuneration and interests

### Directors' remuneration

The group remuneration philosophy and basis for determining performance bonuses is set out in the remuneration report on pages 124 to 130 in the integrated report. Other benefits determined below include share purchase trust loans, expatriate benefits, retention payments, redundancy and termination payments and any other non-pensionable allowances or fringe benefits.

The directors' and prescribed officers' remuneration for the year ended 30 September 2015 was as follows:

|   | Salary<br>R000 | Retire-<br>ment and<br>medical<br>contri-<br>butions<br>R000 | Car<br>benefit<br>R000 | Other<br>benefits<br>R000 | Guaranteed<br>package<br>R000 | Bonus<br>R000 | Total<br>2015<br>R000 |
|---|----------------|--|------------------------|---------------------------|-------------------------------|---------------|-----------------------|
| <b>2015</b>                               |                |  |                        |                           |                               |               |                       |
| <b>Executive directors</b>                |                |  |                        |                           |                               |               |                       |
| <b>Residents</b>                          |                |  |                        |                           |                               |               |                       |
| PJ Bulterman                              | 5 100          | 822  | 251                    | 47                        | 6 220                         | 3 294         | 9 514                 |
| M Laubscher (retired<br>4 February 2015)* | 2 425          | 584  | 108                    | 1 540                     | 4 657                         | 1 954         | 6 611                 |
| CB Thomson                                | 7 988          | 1 496  | 266                    | 50                        | 9 800                         | 5 081         | 14 881                |
| DG Wilson                                 | 4 111          | 965  | 246                    | 27                        | 5 349                         | 2 364         | 7 713                 |
| DM Sewela**                               | 3 860          | 628  | 268                    | 1 711                     | 6 467                         | 2 251         | 8 718                 |
| <b>Non-resident</b>                       |                |  |                        |                           |                               |               |                       |
| PJ Blackbeard                             | 6 452          | 856  | 217                    | 5                         | 7 530                         | 3 268         | 10 798                |
| <b>Total executive directors</b>          | <b>29 936</b>  | <b>5 351</b>   | <b>1 356</b>           | <b>3 380</b>              | <b>40 023</b>                 | <b>18 212</b> | <b>58 235</b>         |
| <b>Prescribed officers</b>                |                |  |                        |                           |                               |               |                       |
| <b>Resident</b>                           |                |  |                        |                           |                               |               |                       |
| PK Rankin                                 | 3 396          | 639  | 134                    | 65                        | 4 234                         | 3 366         | 7 600                 |
| <b>Non-resident</b>                       |                |  |                        |                           |                               |               |                       |
| V Salzmänn                                | 3 980          |  | 165                    |                           | 4 145                         | 3 361         | 7 506                 |
| <b>Total prescribed officers</b>          | <b>7 376</b>   | <b>639</b>   | <b>299</b>             | <b>65</b>                 | <b>8 379</b>                  | <b>6 727</b>  | <b>15 106</b>         |
| <b>Grand total</b>                        | <b>37 312</b>  | <b>5 990</b>   | <b>1 655</b>           | <b>3 445</b>              | <b>48 402</b>                 | <b>24 939</b> | <b>73 341</b>         |

|   | Fees<br>R000  | Total<br>2015<br>R000 |
|---|---------------|-----------------------|
| <b>Non-executive directors</b>                                |               |                       |
| <b>Residents</b>  |               |                       |
| NP Dongwana   | 446           | 446                   |
| SS Mkhabela   | 482           | 482                   |
| B Ngonyama  | 484           | 484                   |
| SS Ntsaluba   | 605           | 605                   |
| DB Ntsebeza   | 1 905         | 1 905                 |
| IO Shongwe  | 446           | 446                   |
| <b>Non-residents</b>  |               |                       |
| FNO Edozien   | 1 103         | 1 103                 |
| AGK Hamilton  | 1 936         | 1 936                 |
| A Landia  | 1 206         | 1 206                 |
| SB Pfeiffer   | 1 586         | 1 586                 |
| <b>Total non-executive directors</b>                          | <b>10 199</b> | <b>10 199</b>         |
| <b>Total directors' and prescribed officers' remuneration</b> |               | <b>83 540</b>         |

\* Included in other benefits is a retirement payment in terms of an existing scheme.

\*\* Included in other benefits is a once-off retention payment granted in terms of a 2012 programme.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

**34. Directors' remuneration and interests** continued**Directors' remuneration** continued

|  | Salary<br>R000 | Retire-<br>ment and<br>medical<br>contri-<br>butions<br>R000 | Car<br>benefit<br>R000 | Other<br>benefits<br>R000 | Guaranteed<br>package<br>R000 | Bonus<br>R000 | Total<br>2013<br>R000 |
|--|----------------|--|------------------------|---------------------------|-------------------------------|---------------|-----------------------|
| <b>2013</b>                            |                |  |                        |                           |                               |               |                       |
| <b>Executive directors</b>             |                |  |                        |                           |                               |               |                       |
| <b>Residents</b>                       |                |  |                        |                           |                               |               |                       |
| PJ Bulterman                           | 4 329          | 704  | 231                    | 56                        | 5 320                         | 4 664         | 9 984                 |
| M Laubscher                            | 5 077          | 1 105  | 249                    | 68                        | 6 499                         | 6 067         | 12 566                |
| OI Shongwe                             | 2 923          | 528  | 228                    | 23                        | 3 702                         | 3 292         | 6 994                 |
| CB Thomson                             | 6 973          | 1 242  | 266                    | 46                        | 8 527                         | 9 589         | 18 116                |
| DG Wilson                              | 3 511          | 794  | 246                    | 24                        | 4 575                         | 3 961         | 8 536                 |
| <b>Non-resident</b>                    |                |  |                        |                           |                               |               |                       |
| PJ Blackbeard                          | 4 558          | 594  | 154                    | 230                       | 5 536                         | 4 071         | 9 607                 |
| <b>Total executive directors</b>       | 27 371         | 4 967  | 1 374                  | 447                       | 34 159                        | 31 644        | 65 803                |
| <b>Prescribed officers</b>             |                |  |                        |                           |                               |               |                       |
| <b>Residents</b>                       |                |  |                        |                           |                               |               |                       |
| DM Sewela                              | 3 120          | 521  | 240                    | 68                        | 3 949                         | 3 705         | 7 654                 |
| IG Stevens (retired<br>31 August 2013) | 1 936          | 330  | 262                    | 1 232                     | 3 760                         | 2 290         | 6 050                 |
| <b>Non-resident</b>                    |                |  |                        |                           |                               |               |                       |
| V Salzmänn                             | 2 939          | 157  | 141                    | 615                       | 3 852                         | 2 921         | 6 773                 |
| <b>Total prescribed officers</b>       | 7 995          | 1 008  | 643                    | 1 915                     | 11 561                        | 8 916         | 20 477                |
| <b>Grand total</b>                     | 35 366         | 5 975  | 2 017                  | 2 362                     | 45 720                        | 40 560        | 86 280                |

|  | Fees<br>R000 | Fees for<br>services to<br>subsidiaries<br>R000 | Total<br>2013<br>R000 |
|--|--------------|---|-----------------------|
|--|--------------|---|-----------------------|

**Non-executive directors****Residents**

|             |       |  |       |
|-------------|-------|--|-------|
| NP Dongwana | 286   |  | 286   |
| SS Mkhabela | 414   |  | 414   |
| B Ngonyama  | 380   |  | 380   |
| SS Ntsaluba | 519   |  | 519   |
| DB Ntsebeza | 1 798 |  | 1 798 |
| TH Nyasulu  | 320   |  | 320   |

**Non-residents**

|  |       |     |       |
|--|-------|-----|-------|
| AGK Hamilton   | 1 452 |     | 1 452 |
| SB Pfeiffer  | 1 189 |     | 1 189 |
| G Rodriguez de Castro Garcia de los Rios (retired 23 January 2013) | 326   | 888 | 1 214 |

|                                      |       |     |       |
|--------------------------------------|-------|-----|-------|
| <b>Total non-executive directors</b> | 6 684 | 888 | 7 572 |
|--------------------------------------|-------|-----|-------|

|   |  |  |        |
|---|--|--|--------|
| <b>Total directors' and prescribed officers' remuneration</b> |  |  | 93 852 |
|---|--|--|--------|

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 34. Directors' remuneration and interests continued

### Interest of directors and prescribed officers of the company in share capital

The aggregate beneficial holdings as at 30 September 2015 of the directors and prescribed officers of the company and their immediate families (none of which has a holding in excess of 1%) in the issued ordinary shares of the company are detailed below. There have been no material changes in these shareholdings since that date.

|                                      | Number of shares at 30 September |                |                  |                          |                |                  |                          |                |                  |
|--------------------------------------|----------------------------------|----------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|------------------|
|                                      | 2015<br>Forfeit-<br>able         | 2015<br>Direct | 2015<br>Indirect | 2014<br>Forfeit-<br>able | 2014<br>Direct | 2014<br>Indirect | 2013<br>Forfeit-<br>able | 2013<br>Direct | 2013<br>Indirect |
| <b>Executive directors</b>           |                                  |                |                  |                          |                |                  |                          |                |                  |
| PJ Blackbeard                        | 84 090                           | 132 060        |                  | 75 740                   | 114 167        |                  | 126 733                  | 38 334         |                  |
| PJ Bulterman                         | 84 090                           | 87 420         |                  | 75 740                   | 76 877         |                  | 126 733                  | 29 617         |                  |
| M Laubscher                          |                                  |                |                  | 93 270                   | 41 667         | 105 124          | 163 873                  | 41 667         | 45 441           |
| DM Sewela                            | 77 510                           |                |                  | 59 410                   |                |                  | 38 850                   |                |                  |
| CB Thomson                           | 162 540                          | 353 011        | 103              | 150 170                  | 331 044        | 103              | 311 033                  | 196 671        | 103              |
| DG Wilson                            | 84 090                           | 129 193        |                  | 75 740                   | 118 650        |                  | 126 733                  | 42 817         |                  |
| <b>Total executive directors</b>     | <b>492 320</b>                   | <b>701 684</b> | <b>103</b>       | <b>530 070</b>           | <b>682 405</b> | <b>105 227</b>   | <b>893 955</b>           | <b>349 106</b> | <b>45 544</b>    |
| <b>Non-executive directors</b>       |                                  |                |                  |                          |                |                  |                          |                |                  |
| AGK Hamilton                         |                                  | 1 850          |                  |                          | 1 850          |                  |                          | 1 850          |                  |
| S Mkhabela                           |                                  | 37 430         |                  |                          | 37 430         |                  |                          | 37 430         |                  |
| HT Nyasulu                           |                                  |                |                  |                          | 650            |                  |                          | 650            |                  |
| DB Ntsebeza                          |                                  | 41 960         |                  |                          | 41 960         |                  |                          | 41 960         |                  |
| SB Pfeiffer                          |                                  | 10 000         |                  |                          | 10 000         |                  |                          | 10 000         |                  |
| OI Shongwe                           | 6 314                            | 80 486         | 570              | 39 070                   | 68 350         | 570              | 102 103                  | 26 817         | 570              |
| <b>Total non-executive directors</b> | <b>6 314</b>                     | <b>171 726</b> | <b>570</b>       | <b>39 070</b>            | <b>160 240</b> | <b>570</b>       | <b>102 103</b>           | <b>118 707</b> | <b>570</b>       |
| <b>Prescribed officers</b>           |                                  |                |                  |                          |                |                  |                          |                |                  |
| PK Rankin                            | 42 420                           |                |                  |                          |                |                  |                          |                |                  |
| V Salzmann                           |                                  | 8 634          |                  | 10 000                   | 4 380          |                  | 14 280                   | 100            |                  |
| <b>Total prescribed officers</b>     | <b>42 420</b>                    | <b>8 634</b>   |                  | <b>10 000</b>            | <b>4 380</b>   |                  | <b>14 280</b>            | <b>100</b>     |                  |
| <b>Grand total</b>                   | <b>541 054</b>                   | <b>882 044</b> | <b>673</b>       | <b>579 140</b>           | <b>847 025</b> | <b>105 797</b>   | <b>1 010 338</b>         | <b>467 913</b> | <b>46 114</b>    |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 34. Directors' remuneration and interests continued

### Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares

The interests of the executive directors and prescribed officers in shares of the company provided in the form of options, share appreciation rights and forfeitable shares are shown in the table below:

| Award date                        | Number allocated in prior years | Number allocated in current year | Number exercised (options and SAR)/ vested (FSP) in current year | Closing number | Exercise price | Price on exercise date (options and SAR)/ vesting price (FSP) | Exercise or exercisable (options and SAR)/ vesting date (FSP) |
|-----------------------------------|---------------------------------|----------------------------------|--|----------------|----------------|---|---|
| <b>Executive directors</b>        |                                 |                                  |  |                |                |   |   |
| <b>PJ Blackbeard</b>              |                                 |                                  |  |                |                |   |   |
| Share appreciation rights         |                                 |                                  |  |                |                |   |   |
| 2009                              | 28 032                          |                                  | 28 032   |                | 51.04          | 92.39   | 10 Feb 15   |
| 2011                              | 37 000                          |                                  |  | 37 000         | 70.83          |   | 27 Feb 14   |
| 2012                              | 35 000                          |                                  |  | 35 000         | 96.48          |   | 29 Mar 15   |
| 2013                              | 43 840                          |                                  |  | 43 840         | 90.73          |   | 18 Mar 16   |
| 2014                              | 35 060                          |                                  |  | 35 060         | 106.82         |   | 17 Mar 17   |
| 2015                              |                                 | 50 340                           |  | 50 340         | 90.77          |   | 29 Mar 18   |
| FSP – no performance conditions   |                                 |                                  |  |                |                |   |   |
| 2012                              | 5 750                           |                                  | 5 750  |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 6 910                           |                                  |  | 6 910          | n/a            |   | 18 Mar 16   |
| 2014                              | 6 210                           |                                  |  | 6 210          | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 7 900                            |  | 7 900          | n/a            |   | 29 Mar 18   |
| FSP – with performance conditions |                                 |                                  |  |                |                |   |   |
| 2012                              | 17 500                          |                                  | 17 500   |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 20 740                          |                                  |  | 20 740         | n/a            |   | 18 Mar 16   |
| 2014                              | 18 630                          |                                  |  | 18 630         | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 23 700                           |  | 23 700         | n/a            |   | 29 Mar 18   |
| <b>PJ Bulterman</b>               |                                 |                                  |  |                |                |   |   |
| Share appreciation rights         |                                 |                                  |  |                |                |   |   |
| 2009                              | 84 090                          |                                  | 84 090   |                | 51.04          | 85.52   | 31 Aug 15   |
| 2011                              | 24 667                          |                                  |  | 24 667         | 70.83          |   | 27 Feb 15   |
| 2012                              | 35 000                          |                                  |  | 35 000         | 96.48          |   | 29 Mar 15   |
| 2013                              | 43 840                          |                                  |  | 43 840         | 90.73          |   | 18 Mar 16   |
| 2014                              | 35 060                          |                                  |  | 35 060         | 106.82         |   | 17 Mar 17   |
| 2015                              |                                 | 50 340                           |  | 50 340         | 90.77          |   | 29 Mar 18   |
| FSP – no performance conditions   |                                 |                                  |  |                |                |   |   |
| 2012                              | 5 750                           |                                  | 5 750  |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 6 910                           |                                  |  | 6 910          | n/a            |   | 18 Mar 16   |
| 2014                              | 6 210                           |                                  |  | 6 210          | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 7 900                            |  | 7 900          | n/a            |   | 29 Mar 18   |
| FSP – with performance conditions |                                 |                                  |  |                |                |   |   |
| 2012                              | 17 500                          |                                  | 17 500   |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 20 740                          |                                  |  | 20 740         | n/a            |   | 18 Mar 16   |
| 2014                              | 18 630                          |                                  |  | 18 630         | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 23 700                           |  | 23 700         | n/a            |   | 29 Mar 18   |



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 34. Directors' remuneration and interests continued

### Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares continued

| Award date                        | Number allocated in prior years | Number allocated in current year | Number exercised (options and SAR)/ vested (FSP) in current year | Closing number | Exercise price | Price on exercise date (options and SAR)/ vesting price (FSP) | Exercise or exercisable (options and SAR)/ vesting date (FSP) |
|-----------------------------------|---------------------------------|----------------------------------|--|----------------|----------------|---|---|
| <b>Executive directors</b>        |                                 |                                  |  |                |                |   |   |
| <b>continued</b>                  |                                 |                                  |  |                |                |   |   |
| <b>DM Sewela<sup>^</sup></b>      |                                 |                                  |  |                |                |   |   |
| Share appreciation rights         |                                 |                                  |  |                |                |   |   |
| 2009                              | 14 544                          |                                  | 14 544   |                | 51.04          | 85.20   | 1 Sep 15  |
| 2011                              | 47 270                          |                                  | 31 512   | 15 758         | 70.83          | 98.00   | 22 May 15   |
| 2012                              | 19 590                          |                                  |  | 19 590         | 96.48          |   | 29 Mar 15   |
| 2013                              | 31 510                          |                                  |  | 31 510         | 90.73          |   | 18 Mar 16   |
| 2014                              | 35 060                          |                                  |  | 35 060         | 106.82         |   | 17 Mar 17   |
| 2015                              |                                 | 50 340                           |  | 50 340         | 90.77          |   | 29 Mar 18   |
| FSP – no performance conditions   |                                 |                                  |  |                |                |   |   |
| 2012                              | 3 500                           |                                  | 3 500  |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 5 270                           |                                  |  | 5 270          | n/a            |   | 18 Mar 16   |
| 2014                              | 6 210                           |                                  |  | 6 210          | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 7 900                            |  | 7 900          | n/a            |   | 29 Mar 18   |
| FSP – with performance conditions |                                 |                                  |  |                |                |   |   |
| 2012                              | 10 000                          |                                  | 10 000   |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 15 800                          |                                  |  | 15 800         | n/a            |   | 18 Mar 16   |
| 2014                              | 18 630                          |                                  |  | 18 630         | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 23 700                           |  | 23 700         | n/a            |   | 29 Mar 18   |
| <b>CB Thomson</b>                 |                                 |                                  |  |                |                |   |   |
| Share appreciation rights         |                                 |                                  |  |                |                |   |   |
| 2009                              | 199 560                         |                                  | 199 560  |                | 51.04          | 103.10  | 22 May 15   |
| 2011                              | 85 000                          |                                  |  | 85 000         | 70.83          |   | 27 Feb 14   |
| 2012                              | 72 000                          |                                  |  | 72 000         | 96.48          |   | 29 Mar 15   |
| 2013                              | 80 440                          |                                  |  | 80 440         | 90.73          |   | 18 Mar 16   |
| 2014                              | 67 010                          |                                  |  | 67 010         | 106.82         |   | 17 Mar 17   |
| 2015                              |                                 | 96 950                           |  | 96 950         | 90.77          |   | 29 Mar 18   |
| FSP – no performance conditions   |                                 |                                  |  |                |                |   |   |
| 2012                              | 12 000                          |                                  | 12 000   |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 13 550                          |                                  |  | 13 550         | n/a            |   | 18 Mar 16   |
| 2014                              | 11 870                          |                                  |  | 11 870         | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 15 220                           |  | 15 220         | n/a            |   | 29 Mar 18   |
| FSP – with performance conditions |                                 |                                  |  |                |                |   |   |
| 2012                              | 36 500                          |                                  | 36 500   |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 40 650                          |                                  |  | 40 650         | n/a            |   | 18 Mar 16   |
| 2014                              | 35 600                          |                                  |  | 35 600         | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 45 650                           |  | 45 650         | n/a            |   | 29 Mar 18   |

<sup>^</sup>DM Sewela's forfeitable shares are cash-settled.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

**34. Directors' remuneration and interests** continued**Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares** continued

| Award date                        | Number allocated in prior years | Number allocated in current year | Number exercised (options and SAR)/ vested (FSP) in current year | Closing number | Exercise price | Price on exercise date (options and SAR)/ vesting price (FSP) | Exercise or exercisable (options and SAR)/ vesting date (FSP) |
|-----------------------------------|---------------------------------|----------------------------------|--|----------------|----------------|---|---|
| <b>Executive directors</b>        |                                 |                                  |  |                |                |   |   |
| <small>continued</small>          |                                 |                                  |  |                |                |   |   |
| <b>DG Wilson</b>                  |                                 |                                  |  |                |                |   |   |
| Share appreciation rights         |                                 |                                  |  |                |                |   |   |
| 2009                              | 32 510                          |                                  | 32 510   |                | 51.04          | 103.10  | 22 May 15   |
| 2009                              | 12 500                          |                                  | 12 500   |                | 51.04          | 94.05   | 20 Jul 15   |
| 2009                              | 20 000                          |                                  | 20 000   |                | 51.04          | 84.00   | 15 Sep 15   |
| 2011                              | 37 000                          |                                  |  | 37 000         | 70.83          |   | 27 Feb 14   |
| 2012                              | 35 000                          |                                  |  | 35 000         | 96.48          |   | 29 Mar 15   |
| 2013                              | 43 840                          |                                  |  | 43 840         | 90.73          |   | 18 Mar 16   |
| 2014                              | 35 060                          |                                  |  | 35 060         | 106.82         |   | 17 Mar 17   |
| 2015                              |                                 | 50 340                           |  | 50 340         | 90.77          |   | 29 Mar 18   |
| FSP – no performance conditions   |                                 |                                  |  |                |                |   |   |
| 2012                              | 5 750                           |                                  | 5 750  |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 6 910                           |                                  |  | 6 910          | n/a            |   | 18 Mar 16   |
| 2014                              | 6 210                           |                                  |  | 6 210          | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 7 900                            |  | 7 900          | n/a            |   | 29 Mar 18   |
| FSP – with performance conditions |                                 |                                  |  |                |                |   |   |
| 2012                              | 17 500                          |                                  | 17 500   |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 20 740                          |                                  |  | 20 740         | n/a            |   | 18 Mar 16   |
| 2014                              | 18 630                          |                                  |  | 18 630         | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 23 700                           |  | 23 700         | n/a            |   | 29 Mar 18   |
| <b>Prescribed officers</b>        |                                 |                                  |  |                |                |   |   |
| <b>PK Rankin</b>                  |                                 |                                  |  |                |                |   |   |
| Share appreciation rights         |                                 |                                  |  |                |                |   |   |
| 2009                              | 26 927                          |                                  |  | 26 927         | 51.04          |   | 23 Nov 15   |
| 2011                              | 28 940                          |                                  |  | 28 940         | 70.83          |   | 27 Feb 14   |
| 2012                              | 24 710                          |                                  |  | 24 710         | 96.48          |   | 29 Mar 15   |
| 2013                              | 39 260                          |                                  |  | 39 260         | 90.73          |   | 18 Mar 16   |
| 2014                              | 33 210                          |                                  |  | 33 210         | 106.82         |   | 17 Mar 17   |
| 2015                              |                                 | 39 220                           |  |                | 90.77          |   | 29 Mar 18   |
| FSP – no performance conditions   |                                 |                                  |  |                |                |   |   |
| 2012                              | 5 750                           |                                  | 5 750  |                | n/a            | 90.34   | 29 Mar 15   |
| 2013                              | 14 830                          |                                  |  | 14 830         | n/a            |   | 18 Mar 16   |
| 2014                              | 2 960                           |                                  |  | 2 960          | n/a            |   | 17 Mar 17   |
| 2015                              |                                 | 6 160                            |  | 6 160          | n/a            |   | 29 Mar 18   |
| FSP – with performance conditions |                                 |                                  |  |                |                |   |   |
| 2015                              |                                 | 18 470                           |  | 18 470         | n/a            |   | 29 Mar 18   |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 34. Directors' remuneration and interests continued

### Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares continued

|                                   | Award date | Number allocated in prior years | Number allocated in current year | Number exercised (options and SAR)/ vested (FSP) in current year | Closing number | Exercise price | Price on exercise date (options and SAR)/ vesting price (FSP) | Exercise or exercisable (options and SAR)/ vesting date (FSP) |
|-----------------------------------|------------|---------------------------------|----------------------------------|--|----------------|----------------|---|---|
| <b>Prescribed officers</b>        |            |                                 |                                  |  |                |                |   |   |
| <i>continued</i>                  |            |                                 |                                  |  |                |                |   |   |
| <b>V Salzmann</b>                 |            |                                 |                                  |  |                |                |   |   |
| Share appreciation rights         | 2009       | 43 630                          |                                  | 43 630   |                | 51.04          | 85.20   | 15 Sep 15   |
| FSP – no performance conditions   | 2012       | 2 500                           |                                  | 2 500  |                | n/a            | 90.34   | 29 Mar 15   |
| FSP – with performance conditions | 2012       | 7 500                           |                                  | 7 500  |                | n/a            | 90.34   | 29 Mar 15   |
| <b>Non-executive director</b>     |            |                                 |                                  |  |                |                |   |   |
| <b>OI Shongwe</b>                 |            |                                 |                                  |  |                |                |   |   |
| Share appreciation rights         | 2009       | 23 308                          |                                  |  | 23 308         | 51.04          |   | 23 Nov 15   |
|                                   | 2011       | 30 000                          |                                  |  | 30 000         | 70.83          |   | 27 Feb 14   |
|                                   | 2012       | 26 000                          |                                  |  | 26 000         | 96.48          |   | 29 Mar 15   |
|                                   | 2013       | 31 510                          |                                  |  | 31 510         | 90.73          |   | 18 Mar 16   |
| FSP – no performance conditions   | 2012       | 4 500                           |                                  | 4 500  |                | n/a            | 100.75  | 31 May 14   |
|                                   | 2013       | 5 270                           |                                  | 5 270  |                | n/a            | 100.75  | 31 May 14   |
| FSP – with performance conditions | 2012       | 13 500                          |                                  | 13 500   |                | n/a            | 89.15   | 4 Feb 15  |
|                                   | 2013       | 15 800                          |                                  | 9 486*   | 6 314          | n/a            |   | 18 Mar 16   |

The value at commencement date of the SAR rights awarded on 30 March 2015 was R26.59 per share.

The value at commencement date of the forfeitable shares awarded on 30 March 2015 was R90.50 per share.

\*Shares forfeited

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 35. Principal subsidiary companies

|  | Issued capital |          |                       |
|--|----------------|----------|-----------------------|
|  | Type           | Currency | Local currency amount |
| Avis Southern Africa Limited                                   | H              | ZAR      | 17 903 911            |
| Barloworld Botswana (Pty) Limited <sup>3</sup>                 | H              | BWP      | 35 329 536            |
| Barloworld Capital (Pty) Limited                               | F              | ZAR      | 30 000 000            |
| Barloworld Equipment (Pty) Limited                             | O              | ZAR      | 2                     |
| Barloworld Equipment UK Limited <sup>1</sup>                   | O              | GBP      | 4 500 000             |
| Vostochnaya Technica UK <sup>1</sup>                           | O              | GBP      | 34 500 000            |
| Barloworld Holdings PLC <sup>1</sup>                           | H              | GBP      | 228 301 000           |
| Barloworld Handling Limited <sup>1</sup>                       | O              | GBP      | 22 180 000            |
| Barloworld Insurance Limited <sup>1</sup>                      | O              | GBP      | 4 100 000             |
| Barloworld Investments (Pty) Limited                           | H              | ZAR      | 900                   |
| Barloworld Logistics (Pty) Limited**                           | D              | ZAR      | 100                   |
| Barloworld South Africa (Pty) Limited                          | O              | ZAR      | 765 424               |
| Barloworld Investments Namibia (Pty) Limited <sup>4</sup>      | H              | NAD      | 1 450 000             |
| Finanzauto SA <sup>2</sup>                                     | O              | EUR      | 41 382 127            |
| RIH Investments (Pty) Limited – Ord                            | D              | ZAR      | 3 264 730             |
| – ‘A’ Ord  |                | ZAR      | 5 876 514             |
| Sociedade Technica De Equipamentos e Tractores SA <sup>5</sup> | O              | EUR      | 4 000 000             |
| Zeda Car Leasing (Pty) Limited t/a Avis Fleet Services         | O              | ZAR      | 100                   |
| Barloworld Siyakhula (Pty) Limited                             | O              | ZAR      | 25 000 100            |
| Other foreign subsidiaries*                                    |                |          |                       |
| Other subsidiaries*  |                |          |                       |

All companies are incorporated in (or operate principally in) the Republic of South Africa except where otherwise indicated as follows:

<sup>1</sup> United Kingdom

<sup>2</sup> Spain

<sup>3</sup> Botswana

<sup>4</sup> Namibia

<sup>5</sup> Portugal

### Keys to type of subsidiary

H – Holding companies

O – Operating companies

F – Finance companies

D – Dormant

Any material changes which have taken place during the year are dealt with in the appropriate operational reviews.

*\*A full list of subsidiaries and a list of the special resolutions of those companies are available to the shareholders, on request, from the registered office of the company.*

*\*\*Amounts have been reclassified from other subsidiaries*

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

| Effective percentage holdings |        |        | Interest of holding company |         |         |              |         |         | Amounts owing to subsidiaries |         |         |
|-------------------------------|--------|--------|-----------------------------|---------|---------|--------------|---------|---------|-------------------------------|---------|---------|
|                               |        |        | Shares                      |         |         | Indebtedness |         |         |                               |         |         |
| 2015 %                        | 2014 % | 2013 % | 2015 Rm                     | 2014 Rm | 2013 Rm | 2015 Rm      | 2014 Rm | 2013 Rm | 2015 Rm                       | 2014 Rm | 2013 Rm |
| 100                           | 100    | 100    | 106                         | 106     | 106     | 91           | 91      | 91      |                               |         |         |
| 100                           | 100    | 100    |                             |         |         |              |         |         |                               |         |         |
| 100                           | 100    | 100    | 30                          | 30      | 30      |              |         |         |                               |         |         |
| 100                           | 100    | 100    |                             |         |         |              |         |         |                               |         |         |
| 100                           | 100    | 100    |                             |         |         |              |         |         |                               |         |         |
| 100                           | 100    | 100    |                             |         |         |              |         |         |                               |         |         |
| 100                           | 100    | 100    | 63                          | 63      | 63      |              |         |         |                               |         |         |
| 100                           | 100    | 100    | 108                         | 108     | 108     | 2 926        | 2 591   | 2 591   |                               |         |         |
| 100                           | 100    | 100    |                             |         |         |              | 135     | 135     |                               |         |         |
| 100                           | 100    | 100    | 2 152                       | 2 152   | 2 152   | 11 710       | 13 188  | 11 327  | 124                           | 124     | 120     |
| 100                           | 100    | 100    | 4                           | 4       | 4       |              |         |         |                               |         |         |
| 99.7                          | 99.7   | 99.7   |                             |         |         |              |         |         |                               |         |         |
| 100                           | 100    | 100    | 131                         | 131     | 131     |              |         |         |                               |         |         |
| 100                           | 100    | 100    |                             |         |         |              |         |         |                               |         |         |
| 98.8                          | 98.8   | 98.8   |                             |         |         |              |         |         |                               |         |         |
| 100                           | 100    | 100    |                             |         |         |              |         |         |                               |         |         |
| 100                           | 100    | 100    |                             |         |         |              |         |         |                               |         |         |
|                               |        |        |                             |         | 31      |              |         |         |                               |         |         |
|                               |        |        | 56                          | 56      | 55      | 182          | 182     | 182     | 45                            | 45      | 45      |
|                               |        |        | 2 650                       | 2 650   | 2 680   | 14 910       | 16 187  | 14 326  | 169                           | 169     | 165     |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 36. Unconsolidated structures

IFRS 12 Disclosure of Interests in Other Entities, requires disclosures about information on the nature and extent of the group's interest in unconsolidated structured entities.

In 2008, the group entered into a broad-based black economic empowerment (B-BBEE) transaction.

Included in the transaction was the arrangements with the six strategic partners and three community service groups and the interest in these entities meets the definition of unconsolidated structured entities.

Details regarding these structures have been outlined below.

### Strategic black partners

12 331 337 Barloworld ordinary shares were issued to six partners at par. These shares enjoyed full shareholder rights including voting and dividends.

The partners contributed R40 million in equity to a special purpose vehicle (SPV) and borrowed R994 million from two financial institutions.

These funds of R1 230 540 were on-lent to Barloworld. The Barloworld loans carried a fixed interest rate of 11.78% per annum and were repaid on 22 September 2015.

The loans from the financial institutions to the SPVs comprised a fixed rate loan of R726 million, repayable in fixed semi-annual instalments over seven years, and a subordinated floating rate loan of R268 million.

The loans reduced using the interest received on the loans to Barloworld and dividends received on the Barloworld shares. All the outstanding loans from the financial institutions were repaid on 22 September 2015.

As per the original transaction, at the end of the seven-year period on the final date of 23 October 2015, the six partners were obliged to sell the 12 331 337 Barloworld ordinary shares to Barloworld at par and to subscribe for 12 331 337 Barloworld ordinary shares at a subscription price of R179.69 per share. On 19 June 2015 Barloworld ordinary and preference shareholders voted in favour of proposed amendments to the 2008 B-BBEE transaction, amending that if the SPVs are not able to pay the full subscription price for the 12 331 337 Barloworld ordinary shares, then the SPVs will be obliged to subscribe for that number of Barloworld shares as is equal to the cash available from the loan structure to the SPVs on the subscription date divided by R179.69 per share. All of the restrictions imposed on the SPVs will then terminate.

The six partners may not sell or otherwise dispose of their shares during the seven-year "lock-in" period.

The shares held by the six partners were not included in issued shares for purposes of calculating basic earnings per share.

Dividends paid to these shareholders during the financial year are deducted from earnings attributable to ordinary shareholders and therefore impacts the earnings per share calculation.

The SPVs which hold the Barloworld shares and the loans are not considered to be subsidiaries and are not consolidated into Barloworld Limited group results.

### Community service groups (CSGs)

2 153 676 Barloworld ordinary shares were issued to three CSGs at par. These shares enjoy full shareholder rights including voting and dividends.

As in the case of the strategic black partners, the CSGs contributed equity (R4.5 million) to SPVs and borrowed R176 million from the financial institutions.

Funds totalling R179 million were on-lent to Barloworld. The loans from the financial institutions comprised a fixed rate portion of R127 million and a floating rate portion of R49 million.

The terms and conditions of these loans and the loans to Barloworld are the same as those applying to the strategic black partners. Barloworld repaid the loan on 22 September 2015 and the CSGs repaid the financial institution loans on 22 September 2015.

As per the original transaction at the end of the seven-year "lock-in" period, the CSGs were obliged to sell these shares to Barloworld at par and to subscribe for 2 153 676 Barloworld ordinary shares at a subscription price of R179.69 per share. On 19 June 2015 Barloworld ordinary and preference shareholders voted in favour of proposed amendments to the 2008 B-BBEE transaction, amending that if the CSGs are not able to pay the full subscription price for the 2 153 676 Barloworld ordinary shares, then the CSGs will be obliged to subscribe for that number of Barloworld shares as is equal to the cash available from the loan structure to the CSGs on the subscription date divided by R179.69 per share. All of the restrictions imposed on the CSGs will then terminate.

The accounting treatment in respect of the shares held by the CSGs will be the same as that applied to the strategic black partners.

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 36. Unconsolidated structures continued

### Impact of amendment to the 2008 B-BBEE transaction

The amendments to the strategic black partner and community service group participants in the transaction resulted in a once-off IFRS 2 Share-based Payment charge of R155.8 million, arising from the termination of the obligation to subscribe for further shares in the original 2008 B-BBEE agreements as disclosed in note 32.5.

In addition the shareholders approved the issue of 450 000 additional shares to the SPVs and CSGs on 19 June 2015. A once-off IFRS 2 Share-based Payment charge of R42.6 million related to the issue of 450 000 additional shares were incurred as disclosed in note 32.5. The additional shares will be subject to a lock-in period of 12 months from the date of issue.

The carrying amounts of the loans, as described above, recognised in its financial statements relating to Barloworld's interests in the unconsolidated structured entities have been outlined below:

| Consolidated statement of financial position | 2015<br>Rm | 2014<br>Rm | 2013<br>Rm |
|--|------------|------------|------------|
| <b>Non-current liabilities</b>               |            |            |            |
| Interest-bearing                             |            |            | 1 207      |
| <b>Current liabilities</b>                   |            |            |            |
| Amounts due to bankers and short-term loans  |            | 1 231      | 24         |

## 37. Related party transactions

Various transactions are entered into by the company and its subsidiaries during the year with related parties. Unless specifically disclosed these transactions occurred under terms that are no less favourable than those entered into with third parties. Intra-group transactions are eliminated on consolidation.

The following is a summary of other transactions with related parties during the year and balances due at year end:

|  | Associates<br>of the group<br>Rm | Joint ventures in<br>which the group<br>is a venture<br>Rm |
|--|----------------------------------|--|
| <b>2015</b>  |                                  |  |
| <b>Goods and services sold to</b>                              |                                  |  |
| Barzem Enterprise (Pty) Limited                                | 7                                |  |
| Bartrac Equipment  |                                  | 17   |
|  | 7                                | 17   |
| <b>Other transactions</b>                                      |                                  |  |
| Other transactions   |                                  | 11   |
|  |                                  | 11   |
| <b>Amounts due (to)/from related parties as at end of year</b> |                                  |  |
| Sizwe Car Rental (Pty) Limited                                 | (3)                              |  |
|  | (3)                              |  |

# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 37. Related party transactions continued

|  | Associates<br>of the group<br>Rm | Joint ventures<br>in which the group<br>is a venture<br>Rm |
|--|----------------------------------|--|
| <b>2014</b>  |                                  |  |
| <b>Goods and services sold to</b>                              |                                  |  |
| Barzem Enterprise (Pty) Limited                                | 1                                |  |
| Bartrac Equipment  |                                  | 20   |
|  | 1                                | 20   |
| <b>Other transactions</b>                                      |                                  |  |
| Other transactions   |                                  | 10   |
|  |                                  | 10   |
| <b>Amounts due (to)/from related parties as at end of year</b> |                                  |  |
| Sizwe Car Rental (Pty) Limited                                 | (3)                              |  |
|  | (3)                              |  |
| <b>2013</b>  |                                  |  |
| <b>Goods and services sold to</b>                              |                                  |  |
| Barzem Enterprise (Pty) Limited                                | 15                               |  |
| Sizwe Car Rental (Pty) Limited                                 | 1                                |  |
| Bartrac Equipment  |                                  | 118  |
|  | 16                               | 118  |
| <b>Goods and services purchased from</b>                       |                                  |  |
| Bartrac Equipment  |                                  | (34)   |
|  |                                  | (34)   |
| <b>Other transactions</b>                                      |                                  |  |
| Other transactions   |                                  | 9  |
|  |                                  | 9  |
| <b>Amounts due (to)/from related parties as at end of year</b> |                                  |  |
| Bartrac Equipment  |                                  | 1  |
| Sizwe Car Rental (Pty) Limited                                 | (3)                              |  |
|  | (3)                              | 1  |



# Notes to the consolidated annual financial statements continued

for the year ended 30 September

## 37. Related party transactions continued

### Terms on other outstanding balances

Unless otherwise noted, all outstanding balances are payable within 30 days, unsecured and not guaranteed.

There are no doubtful debt provisions raised in respect of amounts due to/from related parties and no bad debts incurred during the year on these balances.

### Associates and joint ventures

The loans to associates and joint ventures are repayable on demand and bear interest at market-related rates.

Details of investments in associates and joint ventures are disclosed in note 5.

### Subsidiaries

Details of investments in subsidiaries are disclosed in note 36.

### Directors

Details regarding directors' remuneration and interests are disclosed in note 35, and share options, share appreciation rights and forfeitable shares are disclosed in note 32.

### Transactions with key management and other related parties (including directors and prescribed officers)

During the year, the Automotive trading segment sold motor vehicles to the value of Rnil (2014: R1.4 million; 2013: R1.8 million) to key management, prescribed officers or close family members of related parties.

### Shareholders

The principal shareholders of the company are disclosed on page 132 of the integrated report.

### Barloworld Medical Scheme

Contributions of R163 million were made to the Barloworld Medical Scheme on behalf of employees (2014: R156 million; 2013: R145 million).

### Barloworld Pension Fund

Amounts recognised in the income statement in respect of defined benefit plans was a net expense of R86 million (2014: R88 million net expense; 2013: R58 million net gain).

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## 38. Events after the reporting period

On 23 October 2015 the company repurchased 14 485 013 Barloworld shares from the strategic black partners and community service group at par and cancelled the shares in terms of the 2008 B-BBEE transaction. On 5 November 2015 the strategic black partners and community service group subscribed for 1 590 622 Barloworld shares at R179.69 per share. In addition the participants subscribed for an additional 450 000 Barloworld shares at par.

Subsequent to year end, Automotive Northern Cape acquired the net assets of the Toyota and Volkswagen dealerships in Postmasburg for R28 million, effective 31 October 2015.

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# Consolidated seven-year summary

for the year ended 30 September

|  | 2015<br>Rm    | 2014<br>Rm |
|--|---------------|------------|
| <b>STATEMENT OF FINANCIAL POSITION</b>   |               |            |
| <b>Assets</b>  |               |            |
| Property, plant and equipment  | 14 380        | 12 614     |
| Goodwill and intangible assets   | 3 240         | 3 041      |
| Investments in associates, joint ventures and other non-current assets         | 1 503         | 937        |
| Deferred taxation assets   | 783           | 695        |
| <b>Non-current assets</b>  | <b>19 906</b> | 17 287     |
| <b>Current assets</b>  | <b>28 052</b> | 26 719     |
| <b>Assets classified as held for sale</b>                                      | <b>197</b>    |            |
| <b>Total assets</b>  | <b>48 155</b> | 44 006     |
| <b>Equity and liabilities</b>  |               |            |
| <b>Capital and reserves</b>  |               |            |
| Share capital and premium  | 282           | 316        |
| Reserves and retained income   | 19 144        | 16 566     |
| <b>Interest of shareholders of Barloworld Limited</b>                          | <b>19 426</b> | 16 882     |
| Non-controlling interest   | 616           | 604        |
| <b>Interest of all shareholders</b>  | <b>20 042</b> | 17 486     |
| <b>Non-current liabilities</b>   |               |            |
| Deferred taxation liabilities  | 571           | 377        |
| Non-current liabilities  | 11 507        | 9 323      |
| <b>Current liabilities</b>   |               |            |
| <b>Liabilities directly associated with assets classified as held for sale</b> | <b>43</b>     |            |
| <b>Total equity and liabilities</b>  | <b>48 155</b> | 44 006     |

\*Restated for the treatment of IFRS 10, IAS 19 and discontinued operation.

\*Reclassification of interest paid in the leasing business from cost of sales to finance costs.

^Restated for the treatment of IAS 7 and IAS 16.

\*Reclassified for the treatment of the car rental Scandinavia, Scientific and Coatings segments as discontinued operations.

## Consolidated seven-year summary continued

for the year ended 30 September

| 2013*<br>Rm | 2012*<br>Rm | 2011<br>Rm | 2010+##<br>Rm | 2009^+##<br>Rm |
|-------------|-------------|------------|---------------|----------------|
| 11 356      | 9 473       | 8 743      | 7 575         | 7 854          |
| 3 219       | 2 808       | 2 513      | 2 375         | 2 599          |
| 794         | 685         | 762        | 921           | 1 473          |
| 654         | 537         | 649        | 755           | 656            |
| 16 023      | 13 503      | 12 667     | 11 626        | 12 582         |
| 24 213      | 22 185      | 18 252     | 14 012        | 15 155         |
| 371         |             | 13         | 52            | 2 358          |
| 40 607      | 35 688      | 30 932     | 25 690        | 30 095         |
| 316         | 309         | 304        | 295           | 252            |
| 15 129      | 12 614      | 12 085     | 10 298        | 11 601         |
| 15 445      | 12 923      | 12 389     | 10 593        | 11 853         |
| 462         | 298         | 263        | 233           | 217            |
| 15 907      | 13 221      | 12 652     | 10 826        | 12 070         |
| 9 612       | 8 882       | 7 279      | 5 670         | 6 486          |
| 421         | 384         | 229        | 302           | 249            |
| 9 190       | 8 498       | 7 050      | 5 368         | 6 237          |
| 14 983      | 13 585      | 10 996     | 9 136         | 10 030         |
| 106         |             | 5          | 58            | 1 509          |
| 40 607      | 35 688      | 30 932     | 25 690        | 30 095         |

# Consolidated seven-year summary continued

for the year ended 30 September

|   | Compound annual<br>growth % | 2015<br>Rm     | 2014<br>Rm |
|---|-----------------------------|----------------|------------|
| <b>INCOME STATEMENT</b>   |                             |                |            |
| <b>Continuing operations</b>  |                             |                |            |
| Revenue   | 5.6%                        | 62 720         | 62 101     |
| <b>Operating profit before items listed below (EBITDA)</b>                    | 8.1%                        | <b>6 479</b>   | 6 170      |
| Depreciation  |                             | (2 355)        | (2 198)    |
| Amortisation of intangible assets   |                             | (129)          | (142)      |
| <b>Operating profit</b>   |                             | <b>3 995</b>   | 3 830      |
| B-BBEE charge   |                             | (251)          |            |
| <b>Operating profit including B-BBEE charge</b>                               | 9.7%                        | <b>3 744</b>   | 3 830      |
| Fair value adjustments on financial instruments                               |                             | (198)          | (156)      |
| Finance costs   | 2.3%                        | (1 252)        | (1 117)    |
| Income from investments   |                             | 67             | 39         |
| <b>Profit before exceptional items</b>  | 15.3%                       | <b>2 361</b>   | 2 596      |
| Exceptional items   |                             | (6)            | (66)       |
| <b>Profit before taxation</b>   |                             | <b>2 355</b>   | 2 530      |
| Taxation  |                             | (808)          | (837)      |
| <b>Profit after taxation</b>  |                             | <b>1 547</b>   | 1 693      |
| Income from associates and joint ventures                                     |                             | 287            | 217        |
| <b>Net profit from continuing operations</b>                                  |                             | <b>1 834</b>   | 1 910      |
| <b>Discontinued operations</b>  |                             |                |            |
| Profit/(loss) from discontinued operations                                    |                             |                | 428        |
| <b>Net profit</b>   |                             | <b>1 834</b>   | 2 338      |
| <b>Attributable to:</b>   |                             |                |            |
| Owners of Barloworld Limited  |                             | 1 713          | 2 143      |
| Non-controlling interests in subsidiaries                                     |                             | 121            | 195        |
|   |                             | <b>1 834</b>   | 2 338      |
| <b>Headline earnings from continuing operations – excluding B-BBEE charge</b> | 17.9%                       | <b>1 960</b>   | 1 813      |
| <b>STATEMENT OF CASH FLOWS</b>  |                             |                |            |
| Cash (outflow)/inflow from operations   |                             | (883)          | 955        |
| Dividends paid (including non-controlling interest)                           |                             | (814)          | (742)      |
| <b>Net cash (applied to)/retained from operating activities</b>               |                             | <b>(1 698)</b> | 213        |
| Net cash flow used in investing activities                                    |                             | (1 826)        | (69)       |
| Net cash from/(used in) financing activities                                  |                             | 1 591          | 1 161      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                   |                             | <b>(1 933)</b> | 1 306      |

\*Restated for the treatment of IFRS 10, IAS 19 and discontinued operation.

\*Reclassification of interest paid in the leasing business from cost of sales to finance costs.

\*Restated for the treatment of IAS 7 and IAS 16.

\*Reclassified for the treatment of the car rental Scandinavia, Scientific and Coatings segments as discontinued operations.

## Consolidated seven-year summary continued

for the year ended 30 September

| 2013*<br>Rm                    | 2012*<br>Rm                  | 2011<br>Rm                   | 2010 <sup>##</sup><br>Rm     | 2009 <sup>^##</sup><br>Rm        |
|--------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------|
| 59 498                         | 53 415                       | 49 823                       | 40 830                       | 45 269                           |
| 5 389<br>(1 940)<br>(136)      | 4 729<br>(1 786)<br>(111)    | 3 993<br>(1 620)<br>(84)     | 3 318<br>(1 736)<br>(64)     | 4 061<br>(1 854)<br>(61)         |
| 3 313                          | 2 831                        | 2 289                        | 1 518                        | 2 146                            |
| 3 313<br>(47)<br>(1 000)<br>28 | 2 831<br>(93)<br>(855)<br>37 | 2 289<br>(65)<br>(755)<br>62 | 1 518<br>(89)<br>(809)<br>84 | 2 146<br>(201)<br>(1 090)<br>149 |
| 2 294<br>(79)                  | 1 920<br>190                 | 1 531<br>62                  | 704<br>(176)                 | 1 004<br>22                      |
| 2 215<br>(729)                 | 2 110<br>(753)               | 1 593<br>(584)               | 528<br>(228)                 | 1 026<br>(248)                   |
| 1 486<br>185                   | 1 358<br>141                 | 1 009<br>71                  | 300<br>16                    | 778<br>43                        |
| 1 671                          | 1 499                        | 1 080                        | 316                          | 821                              |
| 46                             | 78                           |                              | (272)                        | (82)                             |
| 1 717                          | 1 577                        | 1 080                        | 44                           | 739                              |
| 1 609<br>108                   | 1 501<br>76                  | 1 017<br>63                  | (7)<br>51                    | 671<br>68                        |
| 1 717                          | 1 577                        | 1 080                        | 44                           | 739                              |
| 1 645                          | 1 296                        | 979                          | 443                          | 731                              |
| 2 607<br>(598)                 | (1 326)<br>(443)             | 1 915<br>(257)               | 2 565<br>(223)               | 2 284<br>(434)                   |
| 2 009<br>(1 349)<br>(620)      | (1 769)<br>(1 120)<br>2 715  | 1 658<br>(712)<br>(178)      | 2 342<br>(56)<br>(1 791)     | 1 850<br>(643)<br>(647)          |
| 40                             | (173)                        | 768                          | 495                          | 560                              |

# Consolidated seven-year summary continued

for the year ended 30 September

## PERFORMANCE PER ORDINARY SHARE

Weighted average number of ordinary shares in issue during the year net of buy-back

|  |   |
|--|---|
|  | Net profit attributable to ordinary shareholders of Barloworld Limited  |
| Earnings per share   | Weighted average number of ordinary shares in issue, net of buy-back  |
| Earnings per share – continuing operations                             | As above, but using results from continuing results only  |
|  | Net profit attributable to ordinary shareholders of Barloworld Limited + goodwill amortisation -/(+) non-trading profits/(losses) net of tax and non-controlling interest thereof |
| Headline earnings per share  | Weighted average number of ordinary shares in issue, net of buy-back  |
| Headline earnings per share – continuing operations – excluding B-BBEE | As above, but using results from continuing results only  |
| Dividends per share  | Interim and final dividends declared out of current year's earnings   |
|  | Headline earnings (continuing operations) + B-BBEE transaction charge (net of taxation)   |
| Dividend cover   | Dividends paid out of current year's earnings   |
|  | Interest of shareholders of Barloworld Limited, incl investments at market value  |
| Net asset value per share  | Number of ordinary shares in issue, net of buy-back   |

## PROFITABILITY AND ASSET MANAGEMENT

|  |   |
|--|---|
|  | Operating profit before B-BBEE charge and goodwill amortisation   |
| Operating margin – Group – excluding B-BBEE                                  | Revenue – group operations  |
|  | Operating profit before B-BBEE charge and goodwill amortisation   |
| Operating margin – Continuing operations – excluding B-BBEE                  | Revenue – continuing operations   |
|  | Revenue – group operations  |
| Net asset turn   | Average net assets  |
|  | Operating profit + B-BBEE transaction charge + investment income + income from associates and joint ventures                            |
| Return on net assets (Group)   | Average net assets  |
| Return on net assets (Trading businesses)                                    | As per above group calculation but excluding leasing and car rental businesses  |
|  | Operating profit + B-BBEE transaction charge + investment income + income from associates and joint ventures                            |
| Return on net operating assets (Group)                                       | Average net operating assets  |
|  | Net profit attributable to ordinary shareholders of Barloworld Limited – net exceptional items + B-BBEE transaction charge (net of tax) |
| Return on ordinary shareholders' funds (excluding exceptional items) (Group) | Average interest of shareholders of Barloworld Limited  |
|  | Replacement capital expenditure   |
| Replacement capex to depreciation  | Depreciation charge   |
|  | Tax charge – prior year tax – exceptional tax – secondary tax on companies  |
| Effective rate of taxation – continuing operations                           | Profit before tax -/(+) exceptional items + goodwill amortisation   |

\*Restated for the treatment of IFRS 10, IAS 19 and discontinued operation.

\*Reclassification of interest paid in the leasing business from cost of sales to finance costs.

\*Restated for the treatment of IAS 7 and IAS 16.

\*Reclassified for the treatment of the car rental Scandinavia, Scientific and Coatings segments as discontinued operations.

## Consolidated seven-year summary continued

for the year ended 30 September

|          | Current targets | 2015           | 2014    | 2013*   | 2012*   | 2011    | 2010 <sup>##</sup> | 2009 <sup>^##</sup> |
|----------|-----------------|----------------|---------|---------|---------|---------|--------------------|---------------------|
| (000)    |                 | <b>211 843</b> | 211 669 | 211 011 | 210 693 | 210 708 | 209 469            | 208 518             |
| SA cents |                 | <b>808.7</b>   | 1 012.3 | 763.0   | 711.9   | 482.7   | (3.3)              | 321.8               |
| US cents |                 | <b>67.5</b>    | 95.8    | 82.2    | 88.8    | 60.2    | (0.4)              | 36.2                |
| SA cents |                 | <b>808.7</b>   | 810.3   | 739.9   | 675.7   | 482.7   | 126.5              | 361.1               |
| US cents |                 | <b>67.5</b>    | 76.7    | 79.7    | 84.2    | 60.2    | 16.9               | 40.6                |
| SA cents |                 | <b>813.8</b>   | 882.5   | 820.8   | 651.7   | 464.6   | 170.9              | 282.5               |
| US cents |                 | <b>67.9</b>    | 83.5    | 88.4    | 81.2    | 57.9    | 22.8               | 31.8                |
| SA cents |                 | <b>925.5</b>   | 856.5   | 779.6   | 615.1   | 464.6   | 211.5              | 350.6               |
| US cents |                 | <b>77.3</b>    | 81.0    | 84.0    | 76.7    | 57.9    | 28.3               | 39.4                |
| SA cents |                 | <b>345</b>     | 320     | 291     | 230     | 155     | 75                 | 110                 |
| US cents |                 | <b>28.8</b>    | 30.3    | 31.3    | 28.7    | 19.3    | 10.0               | 12.4                |
| times    |                 | <b>2.6</b>     | 2.5     | 2.5     | 2.5     | 2.8     | 2.6                | 3.0                 |
| SA cents |                 | <b>9 157</b>   | 7 941   | 7 266   | 6 087   | 5 839   | 5 032              | 5 731               |
| US cents |                 | <b>661</b>     | 703     | 722     | 738     | 708     | 721                | 756                 |
| %        |                 | <b>6.4</b>     | 6.0     | 5.3     | 5.1     | 14.7    | 3.7                | 4.3                 |
| %        | >6              | <b>6.4</b>     | 6.2     | 5.6     | 5.3     | 5.3     | 3.7                | 4.7                 |
| times    | >3              | <b>2.0</b>     | 2.4     | 2.6     | 2.9     | 3.1     | 2.2                | 2.1                 |
| %        | >18             | <b>14.1</b>    | 15.3    | 14.8    | 15.4    | 13.0    | 8.2                | 9.8                 |
| %        | >20             | <b>13.6</b>    | 15.2    | 15.3    | 16.7    | 13.9    | 7.1                | 10.3                |
| %        | >20             | <b>16.8</b>    | 18.8    | 18.0    | 18.5    | 17.1    | 9.3                | 11.6                |
| %        | >15             | <b>10.9</b>    | 11.6    | 12.2    | 10.6    | 11.6    | 3.2                | 4.8                 |
| %        |                 | <b>29.3</b>    | 21.6    | 17.3    | 18.5    | 18.8    | 18.0               | 24.3                |
| %        |                 | <b>37.1</b>    | 34.1    | 31.8    | 32.6    | 34.2    | 33.8               | 22.2                |

# Consolidated seven-year summary continued

for the year ended 30 September

## LIQUIDITY AND LEVERAGE

|  |   |
|--|---|
| Total liabilities to total shareholders' funds | $\frac{\text{Non-current liabilities – deferred tax liabilities + current liabilities}}{\text{Interest of all shareholders}}$   |
| Net debt to total shareholders' funds          | $\frac{\text{Non-current interest-bearing liabilities + amounts due to bankers and short-term loans – cash and cash equivalents}}{\text{Interest of all shareholders}}$   |
| Total borrowings to total shareholders' funds  | $\frac{\text{Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond}}{\text{Interest of all shareholders}}$  |
| – Total group                                  |   |
| – Trading businesses                           |   |
| – Leasing businesses                           |   |
| – Car rental businesses                        |   |
| Net borrowings/EBITDA                          | $\frac{\text{Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond – cash and cash equivalents}}{\text{Operating profit + amortisation of goodwill and intangible assets + depreciation charge}}$                           |
| Current ratio                                  | $\frac{\text{Current assets}}{\text{Current liabilities}}$  |
| Quick ratio                                    | $\frac{\text{Current assets – inventories}}{\text{Current liabilities}}$  |
| Interest cover – continuing operations         | $\frac{\text{Profit before exceptional items + goodwill amortisation + B-BBEE transaction charge + interest paid (incl interest capitalised and interest included in cost of sales)}}{\text{Interest paid (incl interest capitalised and interest included in cost of sales)}}$ |
| – Total group                                  |   |
| – Trading businesses                           |   |
| – Leasing businesses                           |   |
| – Car rental businesses                        |   |

## VALUE ADDED

|                              |  |
|------------------------------|--|
| Number of employees          |  |
| Revenue per employee         | $\frac{\text{Revenue}}{\text{Average number of employees}}$  |
| Value created per employee   | $\frac{\text{Total value created per value added statement}}{\text{Average number of employees}}$        |
| Employment cost per employee | $\frac{\text{Salaries, wages and other benefits paid to employees}}{\text{Average number of employees}}$ |

\*Restated for the treatment of IFRS 10, IAS 19 and discontinued operation.

\*Reclassification of interest paid in the leasing business from cost of sales to finance costs.

^Restated for the treatment of IAS 7 and IAS 16.

\*Reclassified for the treatment of the car rental Scandinavia, Scientific and Coatings segments as discontinued operations.



## Consolidated seven-year summary continued

for the year ended 30 September

|       | Current targets | 2015           | 2014    | 2013*   | 2012*   | 2011    | 2010 <sup>##</sup> | 2009 <sup>^##</sup> |
|-------|-----------------|----------------|---------|---------|---------|---------|--------------------|---------------------|
| %     | <150            | <b>137.4</b>   | 149.5   | 152.0   | 167.0   | 142.6   | 134.0              | 134.8               |
| %     |                 | <b>55.1</b>    | 40.9    | 47.5    | 57.6    | 35.5    | 46.6               | 66.6                |
| %     |                 | <b>66.9</b>    | 64.7    | 64.0    | 76.0    | 57.2    | 64.4               | 81.3                |
| %     | 30 – 50         | <b>42.9</b>    | 39.7    | 38.0    | 50.0    | 30.5    | 34.0               | 48.8                |
| %     | 600 – 800       | <b>688.4</b>   | 661.8   | 665.7   | 601.2   | 577.0   | 482.4              | 566.8               |
| %     | 200 – 300       | <b>210.9</b>   | 205.4   | 224.4   | 217.0   | 196.4   | 202.1              | 204.8               |
| times | <2.5            | <b>1.8</b>     | 1.6     | 1.4     | 1.6     | 1.0     | 1.3                | 1.9                 |
|       | >1              | <b>1.8</b>     | 1.6     | 1.6     | 1.6     | 1.7     | 1.5                | 1.5                 |
|       | >0.5            | <b>0.9</b>     | 0.9     | 0.8     | 0.8     | 1.0     | 1.0                | 0.8                 |
| times | >3              | <b>2.9</b>     | 3.3     | 3.3     | 3.2     | 3.0     | 1.9                | 1.9                 |
| times | >4              | <b>3.5</b>     | 4.0     | 4.5     | 4.6     | 4.4     | 2.0                | 2.1                 |
| times | >1              | <b>1.9</b>     | 2.2     | 2.2     | 1.9     | 1.9     | 2.2                | 2.2                 |
| times | >1.25           | <b>2.3</b>     | 2.4     | 2.0     | 1.4     | 1.4     | 1.4                | 1.2                 |
|       |                 | <b>19 745</b>  | 19 616  | 19 204  | 18 741  | 18 671  | 18 167             | 18 918              |
| R000  |                 | <b>3 186.9</b> | 3 342.8 | 3 136.0 | 2 855.5 | 2 705.0 | 2 267.7            | 2 372.2             |
| R000  |                 | <b>790.1</b>   | 813.6   | 751.1   | 678.2   | 590.2   | 539.5              | 617.2               |
| R000  |                 | <b>452.7</b>   | 469.0   | 453.6   | 410.8   | 368.4   | 342.5              | 358.2               |

# Consolidated seven-year summary continued

for the year ended 30 September

## ORDINARY SHARES PERFORMANCE – JSE

Closing market prices per share

– year end (30 September)

– highest

– lowest

Number of shares in issue at 30 September<sup>##</sup>

Volume of shares traded

Value of shares traded

|                |  |
|----------------|--|
| Earnings yield | $\frac{\text{Headline earnings per share}}{\text{Closing market price per share}}$ |
| Dividend yield | $\frac{\text{Dividends per share}}{\text{Closing market price per share}}$         |

### Total shareholder return – Barloworld Limited

– Annual share price (loss)/gain

– Total shareholder return

Annual share price gain + dividend yield

### Total shareholder return – JSE all share (Alsi) index

– Alsi index (30 September)

– Gain/(loss) in Alsi index – year to 30 September

– Dividend yield

– Total shareholder return

|                      |  |
|----------------------|--|
| Price:Earnings ratio | $\frac{\text{Closing market price per share}}{\text{Headline earnings per share}}$ |
|----------------------|--|

Price:Earnings ratio – JSE Alsi index

Market capitalisation at 30 September Closing market price per share x number of shares in issue at 30 September

Premium over/(under) interest of shareholders of Barloworld Limited

Market capitalisation – Interest of shareholders of Barloworld Limited

<sup>##</sup> The number of shares in issue excludes shares issued in the respect of the B-BBEE transaction other than to the general staff trust

\* Restated for the treatment of IFRS 10, IAS 19 and discontinued operation.

+ Reclassification of interest paid in the leasing business from cost of sales to finance costs.

<sup>^</sup> Restated for the treatment of IAS 7 and IAS 16.

<sup>#</sup> Reclassified for the treatment of the car rental Scandinavia, Scientific and Coatings segments as discontinued operations.

## Consolidated seven-year summary continued

for the year ended 30 September

|          | 2015           | 2014   | 2013*  | 2012*  | 2011   | 2010+## | 2009^+## |
|----------|----------------|--------|--------|--------|--------|---------|----------|
| SA cents | <b>7 540</b>   | 9 250  | 9 538  | 7 190  | 6 037  | 4 680   | 4 900    |
| US cents | <b>544</b>     | 819    | 948    | 871    | 751    | 671     | 647      |
| SA cents | <b>10 600</b>  | 11 648 | 10 000 | 10 492 | 7 770  | 5 615   | 6 642    |
| SA cents | <b>7 530</b>   | 8 790  | 6 790  | 6 700  | 4 706  | 4 001   | 2 451    |
| million  | <b>212</b>     | 213    | 213    | 212    | 212    | 212     | 209      |
| million  | <b>173</b>     | 170    | 168    | 213    | 289    | 264     | 331      |
| Rm       | <b>15 941</b>  | 17 552 | 14 213 | 17 456 | 15 696 | 12 286  | 13 827   |
| %        | <b>12.3</b>    | 9.3    | 8.6    | 7.7    | 7.7    | 3.7     | 5.8      |
| %        | <b>4.4</b>     | 3.3    | 3.1    | 2.6    | 2.6    | 1.6     | 2.2      |
| %        | <b>(18.5)</b>  | (3.0)  | 32.7   | 19.1   | 29.0   | (4.5)   | (24.0)   |
| %        | <b>(14.1)</b>  | 0.3    | 35.7   | 21.7   | 31.6   | (2.9)   | (21.8)   |
|          | <b>50 089</b>  | 49 336 | 44 032 | 35 758 | 29 674 | 29 456  | 24 911   |
| %        | <b>1.5</b>     | 12.0   | 23.1   | 20.5   | 0.7    | 18.2    | 4.5      |
| %        | <b>3.1</b>     | 2.9    | 2.9    | 2.6    | 3.0    | 2.3     | 3.9      |
| %        | <b>4.6</b>     | 15.0   | 26.0   | 23.1   | 3.7    | 20.6    | 8.4      |
| times    | <b>9.3</b>     | 10.5   | 12.6   | 10.6   | 13.0   | 27.4    | 17.3     |
|          | <b>26.7</b>    | 16.9   | 19.8   | 7.8    | 9.5    | 6.0     | 12.6     |
| Rm       | <b>15 995</b>  | 19 664 | 22 043 | 15 265 | 12 809 | 9 910   | 10 228   |
| Rm       | <b>(3 431)</b> | 2 782  | 6 598  | 2 342  | 420    | (683)   | (1 625)  |

## Consolidated summary in other currencies<sup>#</sup>

for the year ended 30 September

|  | US dollar    |              |              |
|--|--------------|--------------|--------------|
|  | 2015<br>\$m  | 2014<br>\$m  | 2013*<br>\$m |
| <b>STATEMENT OF FINANCIAL POSITION</b>   |              |              |              |
| <b>Assets</b>  |              |              |              |
| Property, plant and equipment  | 1 038        | 1 116        | 1 128        |
| Goodwill and intangible assets   | 234          | 269          | 320          |
| Investment in associates, joint ventures and other non-current assets          | 108          | 83           | 79           |
| Deferred taxation assets   | 56           | 62           | 65           |
| <b>Non-current assets</b>  | <b>1 436</b> | <b>1 530</b> | <b>1 592</b> |
| <b>Current assets</b>  | <b>2 024</b> | <b>2 365</b> | <b>2 406</b> |
| <b>Assets classified as held for sale</b>                                      | <b>14</b>    |              | <b>37</b>    |
| <b>Total assets</b>  | <b>3 474</b> | <b>3 895</b> | <b>4 035</b> |
| <b>Equity and liabilities</b>  |              |              |              |
| <b>Capital and reserves</b>  |              |              |              |
| Share capital and premium  | 20           | 28           | 31           |
| Reserves and retained income   | 999          | 1 115        | 1 144        |
| Non-distributable reserves – foreign currency translation                      | 382          | 352          | 360          |
| <b>Interest of shareholders of Barloworld Limited</b>                          | <b>1 401</b> | <b>1 495</b> | <b>1 535</b> |
| Non-controlling interest   | 44           | 53           | 46           |
| <b>Interest of all shareholders</b>  | <b>1 445</b> | <b>1 548</b> | <b>1 581</b> |
| <b>Non-current liabilities</b>   |              |              |              |
| Deferred taxation liabilities  | 41           | 33           | 42           |
| Non-current liabilities  | 830          | 825          | 913          |
| <b>Current liabilities</b>   |              |              |              |
| <b>Liabilities directly associated with assets classified as held for sale</b> | <b>3</b>     |              | <b>11</b>    |
| <b>Total equity and liabilities</b>  | <b>3 474</b> | <b>3 895</b> | <b>4 035</b> |

<sup>#</sup>These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African rand.

\*Restated for the treatment of IFRS 10, IAS 19 and discontinued operation.

# Consolidated summary in other currencies# continued

for the year ended 30 September

| Pound sterling |            |             | Euro         |            |             |
|----------------|------------|-------------|--------------|------------|-------------|
| 2015<br>£m     | 2014<br>£m | 2013*<br>£m | 2015<br>€m   | 2014<br>€m | 2013*<br>€m |
| <b>687</b>     | 689        | 697         | <b>932</b>   | 884        | 834         |
| <b>155</b>     | 166        | 198         | <b>210</b>   | 213        | 236         |
| <b>72</b>      | 51         | 48          | <b>97</b>    | 66         | 59          |
| <b>37</b>      | 38         | 40          | <b>51</b>    | 49         | 48          |
| <b>951</b>     | 944        | 983         | <b>1 290</b> | 1 212      | 1 177       |
| <b>1 339</b>   | 1 459      | 1 485       | <b>1 817</b> | 1 871      | 1 777       |
| <b>9</b>       |            | 23          | <b>13</b>    |            | 27          |
| <b>2 299</b>   | 2 403      | 2 491       | <b>3 120</b> | 3 083      | 2 981       |
| <b>13</b>      | 17         | 19          | <b>18</b>    | 22         | 23          |
| <b>661</b>     | 688        | 706         | <b>897</b>   | 882        | 845         |
| <b>253</b>     | 217        | 222         | <b>343</b>   | 278        | 266         |
| <b>927</b>     | 922        | 947         | <b>1 258</b> | 1 182      | 1 134       |
| <b>29</b>      | 33         | 28          | <b>40</b>    | 42         | 34          |
| <b>956</b>     | 955        | 975         | <b>1 298</b> | 1 224      | 1 168       |
| <b>576</b>     | 530        | 590         | <b>783</b>   | 679        | 706         |
| <b>27</b>      | 21         | 26          | <b>37</b>    | 26         | 31          |
| <b>549</b>     | 509        | 564         | <b>746</b>   | 653        | 675         |
| <b>764</b>     | 918        | 919         | <b>1 036</b> | 1 180      | 1 099       |
| <b>2</b>       |            | 7           | <b>3</b>     |            | 8           |
| <b>2 299</b>   | 2 403      | 2 491       | <b>3 120</b> | 3 083      | 2 981       |

# Consolidated summary in other currencies# continued

for the year ended 30 September

|  | US dollar    |             |              |
|--|--------------|-------------|--------------|
|  | 2015<br>\$m  | 2014<br>\$m | 2013*<br>\$m |
| <b>INCOME STATEMENT</b>  |              |             |              |
| <b>Revenue</b>   | <b>5 235</b> | 5 875       | 6 409        |
| <b>Operating profit before items listed below (EBITDA)</b>             | <b>541</b>   | 584         | 580          |
| Depreciation   | (197)        | (208)       | (209)        |
| Amortisation of intangible assets                                      | (11)         | (13)        | (15)         |
| <b>Operating profit</b>  | <b>333</b>   | 363         | 356          |
| B-BBEE charge  | (21)         |             |              |
| <b>Operating profit including B-BBEE</b>                               | <b>312</b>   | 363         | 356          |
| Fair value adjustments on financial instruments                        | (17)         | (15)        | (5)          |
| Finance costs  | (105)        | (106)       | (108)        |
| Income from investments  | 6            | 4           | 3            |
| <b>Profit before exceptional items</b>                                 | <b>197</b>   | 246         | 246          |
| Exceptional items  | (1)          | (6)         | (9)          |
| <b>Profit before taxation</b>  | <b>197</b>   | 240         | 237          |
| Taxation   | (67)         | (79)        | (79)         |
| <b>Profit after taxation</b>   | <b>130</b>   | 161         | 158          |
| Income from associates and joint ventures                              | 24           | 21          | 20           |
| <b>Net profit from continuing operations</b>                           | <b>154</b>   | 182         | 178          |
| <b>Discontinued operation</b>  |              |             |              |
| Profit from discontinued operation                                     |              | 40          | 5            |
| <b>Net profit</b>  | <b>154</b>   | 222         | 183          |
| <b>Attributable to:</b>  |              |             |              |
| Owners of Barloworld Limited   | 143          | 203         | 173          |
| Non-controlling interests in subsidiaries                              | 11           | 19          | 10           |
|  | <b>154</b>   | 222         | 183          |
| <b>Headline earnings from continuing operations – excluding B-BBEE</b> | <b>164</b>   | 172         | 177          |
| <b>Earnings per share from continuing operations (cents)</b>           | <b>67.5</b>  | 76.7        | 79.7         |
| <b>Ordinary dividends per share (cents)</b>                            | <b>9.6</b>   | 30.3        | 31.3         |
| <b>STATEMENT OF CASH FLOWS</b>   |              |             |              |
| Cash (outflow)/inflow from operations                                  | (74)         | 90          | 281          |
| Dividends paid (including non-controlling interest)                    | (68)         | (70)        | (64)         |
| <b>Net cash (applied to)/retained from operating activities</b>        | <b>(142)</b> | 20          | 217          |
| Net cash flow used in investing activities                             | (152)        | (7)         | (145)        |
| Net cash from/(used in) financing activities                           | 133          | 110         | (67)         |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            | <b>(161)</b> | 123         | 5            |
| <b>Exchange rates used:</b>  |              |             |              |
| Balance sheet – closing rate (rand)                                    | 13.86        | 11.30       | 10.06        |
| Income statement and cash flow statement – average rate (rand)         | 11.98        | 10.57       | 9.28         |

\*These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African rand.

\*Restated for the treatment of IFRS 10, IAS 19 and discontinued operation.

# Consolidated summary in other currencies# continued

for the year ended 30 September

|  | Pound sterling |            |             | Euro         |            |             |
|--|----------------|------------|-------------|--------------|------------|-------------|
|  | 2015<br>£m     | 2014<br>£m | 2013*<br>£m | 2015<br>€m   | 2014<br>€m | 2013*<br>€m |
|  | <b>3 387</b>   | 3 536      | 4 110       | <b>4 570</b> | 4 328      | 4 884       |
|  | <b>350</b>     | 351        | 372         | <b>472</b>   | 430        | 442         |
|  | <b>(127)</b>   | (125)      | (134)       | <b>(172)</b> | (153)      | (159)       |
|  | <b>(7)</b>     | (8)        | (9)         | <b>(9)</b>   | (10)       | (11)        |
|  | <b>216</b>     | 218        | 229         | <b>291</b>   | 267        | 272         |
|  | <b>(14)</b>    |            |             | <b>(18)</b>  |            |             |
|  | <b>202</b>     | 218        | 229         | <b>273</b>   | 267        | 272         |
|  | <b>(11)</b>    | (9)        | (3)         | <b>(14)</b>  | (11)       | (4)         |
|  | <b>(68)</b>    | (64)       | (69)        | <b>(91)</b>  | (78)       | (82)        |
|  | <b>4</b>       | 2          | 2           | <b>5</b>     | 3          | 2           |
|  | <b>127</b>     | 147        | 159         | <b>172</b>   | 181        | 188         |
|  |                | (4)        | (5)         |              | (5)        | (6)         |
|  | <b>127</b>     | 143        | 154         | <b>172</b>   | 176        | 182         |
|  | <b>(44)</b>    | (48)       | (50)        | <b>(59)</b>  | (58)       | (60)        |
|  | <b>83</b>      | 95         | 104         | <b>113</b>   | 118        | 122         |
|  | <b>15</b>      | 12         | 13          | <b>21</b>    | 15         | 15          |
|  | <b>98</b>      | 107        | 117         | <b>134</b>   | 133        | 137         |
|  |                | 24         | 3           |              | 30         | 4           |
|  | <b>98</b>      | 131        | 120         | <b>134</b>   | 163        | 141         |
|  | <b>93</b>      | 122        | 111         | <b>125</b>   | 149        | 132         |
|  | <b>5</b>       | 9          | 9           | <b>9</b>     | 14         | 9           |
|  | <b>98</b>      | 131        | 120         | <b>134</b>   | 163        | 141         |
|  | <b>106</b>     | 103        | 114         | <b>143</b>   | 126        | 135         |
|  | <b>43.7</b>    | 46.1       | 51.1        | <b>58.9</b>  | 56.5       | 60.7        |
|  | <b>6.2</b>     | 18.2       | 20.1        | <b>8.4</b>   | 22.3       | 23.9        |
|  | <b>(48)</b>    | 54         | 180         | <b>(65)</b>  | 66         | 213         |
|  | <b>(44)</b>    | (42)       | (41)        | <b>(59)</b>  | (52)       | (49)        |
|  | <b>(92)</b>    | 12         | 139         | <b>(124)</b> | 14         | 164         |
|  | <b>(99)</b>    | (4)        | (93)        | <b>(133)</b> | (5)        | (111)       |
|  | <b>86</b>      | 66         | (43)        | <b>116</b>   | 81         | (51)        |
|  | <b>(105)</b>   | 74         | 3           | <b>(141)</b> | 90         | 2           |
|  | <b>20.94</b>   | 18.32      | 16.30       | <b>15.43</b> | 14.27      | 13.62       |
|  | <b>18.52</b>   | 17.56      | 14.48       | <b>13.73</b> | 14.35      | 12.18       |

# Definitions

Below is a list of key definitions of financial terms used in the annual report of Barloworld Limited (the company) and the group:

## Accounting policies

The specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements.

Changes in accounting policies are accounted for in accordance with the transitional provisions in International Financial Reporting Standards (IFRS). If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are corrected prospectively.

## Accrual accounting

The effects of transactions and other events are recognised when they occur rather than when the cash is received or paid.

## Actuarial gains and losses

The effect of differences between the previous actuarial assumptions and what has actually occurred, as well as changes in actuarial assumptions.

## Amortised cost

The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or non-collectability.

## Asset

A resource controlled by the entity as a result of a past event from which future economic benefits are expected to flow.

## Associate

An entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the associate, but is not control or joint control over those policies.

## Available-for-sale financial assets

Those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

## Borrowing costs

Interest and other costs incurred in connection with the borrowing of funds.

## Business combination

A business is an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to participants.

A business combination is the bringing together of separate entities or businesses into one reporting entity.

## Carrying amount

The amount at which an asset is recognised after deducting any accumulated depreciation or amortisation and accumulated impairment losses.

## Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

## Cash flow hedge

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset, or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss.

## Cash-generating unit

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

## Cash-settled share-based payment transaction

A share-based payment transaction in which the entity acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments of the entity.

## Change in accounting estimate

An adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.



## Definitions continued

### Chief operating decision maker (key management)

Those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

In terms of this definition, the executive committee of Barloworld Limited have been identified as the chief operating decision maker.

### Constructive obligation

An obligation that derives from an established pattern of past practice, published policies or a sufficiently specific current statement, in which the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### Consolidated financial statements

The financial statements of a group presented as those of a single economic entity.

### Contingent asset

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

### Contingent liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### Cost of sales

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

### Costs to sell

The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

### Date of transaction

The date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards.

### Depreciation (or amortisation)

The systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset, or other amount substituted for cost, less its residual value.

### Derecognition

The removal of a previously recognised asset or liability from the statement of financial position.

### Derivative

A financial instrument whose value changes in response to an underlying item, requires no initial or little net investment in relation to other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

### Development

The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before starting commercial production or use.

### Diluted earnings per share

Profit or loss attributable to ordinary equity holders of the parent entity divided by the weighted average number of ordinary shares outstanding during the period, both adjusted for the effects of all dilutive potential ordinary shares.

### Dilution

A reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

### Discontinued operation

A component that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operation, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, or a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement and the assets and liabilities associated with these operations are shown as held for sale in the statement of financial position.

### Employee benefits

All forms of consideration (excluding share options granted to employees) given in exchange for services rendered by employees.

### Events after the reporting period (post-balance sheet)

Recognised amounts in the financial statements are adjusted to reflect events arising after the financial position date that provide evidence of conditions that existed at the financial position date. Events after the financial position date that are indicative of conditions that arose after the financial position date are dealt with by way of a note.

## Definitions continued

### Equity

Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement.

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

### Equity instrument

A contract or certificate that evidences a residual interest in the total assets after deducting the total liabilities.

### Equity method

A method in which the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the share of net assets of the investee. Profit or loss includes the share of the profit or loss of the investee.

### Equity-settled share-based payment transaction

A share-based payment transaction in which the entity receives goods or services as consideration for equity instruments of the entity (including shares or share options).

### Exceptional items

Exceptional items cover those amounts, which are not considered to be of an operating/trading nature, and generally include remeasurements due to:

- Impairments of goodwill and non-current assets
- Gains and losses on the measurement to fair value less costs to sell (or on the disposal) of assets or disposal groups constituting discontinued operations
- Gains and losses on the measurement to fair value less costs to sell of non-current assets or disposal groups classified as held for sale
- Gains and losses on the disposal of fixed property
- Recycling through profit or loss of foreign currency translation reserves upon disposal of entities whose functional currencies are different to the group's presentation currency
- Recycling through profit or loss of fair value gains and losses previously recognised in other comprehensive income upon the disposal of available-for-sale financial assets and realisation of hedges of a net investment in a foreign operation
- The group's proportionate share of exceptional items (determined on the same basis) of associates and joint arrangements.

Remeasurements to fair value of other financial instruments (including amounts recycled through profit or loss under cash flow hedges that were previously recognised in other comprehensive income) are not included in exceptional items.

### Expenses

The decreases in economic benefits in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

### Fair value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### Fair value hedge

A hedge of exposure to changes in fair value of a recognised asset, liability or firm commitment.

### Finance lease

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

### Financial asset or liability at fair value through profit or loss

A financial asset or financial liability that is classified as held-for-trading or is designated as such on initial recognition other than investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

### Financial assets

A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

### Financial instrument

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial liabilities

A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

### Financial risk

The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

### Firm commitment

A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

### Forecast transaction

An uncommitted but anticipated future transaction.

## Definitions continued

### Going-concern basis

The assumption that the entity will continue in operation for the foreseeable future.

### Gross investment in lease

The aggregate of the minimum lease payments receivable by the lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

### Hedged item

An asset, liability, firm commitment, highly probable forecast transaction or net investment in a foreign operation that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

### Hedging instrument

A designated derivative or non-derivative financial asset or non-derivative financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

### Hedge effectiveness

The degree to which changes in the fair value or cash flows of the hedged item that is attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

### Held-for-trading financial asset or financial liability

One that is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative (except for a derivative that is a designated and effective hedging instrument).

### Immaterial

If individually or collectively it would not influence the economic decisions of the users of the financial statements.

### Impairment loss

The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

### Impracticable

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

### Income

Increase in economic benefits in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.

### Insurance asset

An insurer's net contractual rights under an insurance contract.

### Insurance liability

An insurer's net contractual obligations under an insurance contract.

### Insurance risk

Risk, other than financial risk, transferred from the holder of a contract to the issuer.

### Insured event

An uncertain future event that is covered by an insurance contract and creates insurance risk.

### Insurer

The party that has an obligation under an insurance contract to compensate a policyholder if an insured event occurs.

### Joint arrangement

An arrangement in which two or more parties have joint control.

### Joint control

The contractually agreed sharing of control which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

### Joint operation

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

### Joint venture

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

### Legal obligation

An obligation that derives from a contract, legislation or other operation of law.

### Liability

A present obligation of the entity arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

### Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

### Market condition

A condition upon which the exercise price, vesting or exercisability of an equity instrument depends on and is related to the market price of the entity's equity instruments, such as attaining a specified share price or a specified amount of intrinsic value of a share option, or achieving a specified target that is based on the market price of the entity's equity instruments relative to an index of market prices of equity instruments of other entities.

## Definitions continued

### Minimum lease payments

Payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor including in the case of a lessee, any amounts guaranteed by the lessee or by a party related to the lessee or in the case of a lessor, any residual value guaranteed to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

### Net assets

Net operating assets plus goodwill, cash and cash equivalents.

### Net investment in the lease

The gross investment in the lease discounted at the interest rate implicit in the lease.

### Net operating assets

Segment assets less segment liabilities.

### Non-controlling interest

The equity in a subsidiary not attributable, directly or indirectly, to a parent.

### Operating lease

A lease other than a finance lease.

### Operating segments

Operating segments are identified on the basis of management reports of the group that are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Management has determined the operating segments based on the management reports and report on the operating segments as follows:

The Equipment segment provides customers with integrated solutions that include Caterpillar earthmoving equipment, engines and other complementary brands.

The Automotive segment provides customers with integrated motor vehicle usage solutions through the operation of car rental, motor retail and fleet services.

The Logistics segment provides customers with traditional logistics services and supply chain management solutions.

The Handling segment provides customers with innovative solutions for material handling needs including lift trucks, warehouse handling equipment and distribution of agricultural equipment.

The Corporate segment comprises all the other group activities including the operations of the corporate office in Johannesburg and treasury in the United Kingdom.

Segment accounting policies are consistent with those adopted for the preparation of the group financial statements.

The executive committee evaluates the segment performance based on the operating results plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations. All intra-segment transactions are eliminated on consolidation.

### Owner-occupied property

Property held by the owner or by the lessee under a finance lease for use in the production or supply of goods or services or for administrative purposes.

### Past-service cost

The increase or decrease in the present value of the defined benefit obligation for employee service in prior periods resulting from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

### Policyholder

A party that has a right to compensation under an insurance contract if an insured event occurs.

### Post-employment benefits

Employee benefits (other than termination benefits) that are payable after the completion of employment.

### Post-employment benefit plans

Formal or informal arrangements under which an entity provides post-employment benefits to employees. Defined contribution benefit plans are where there are no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

### Presentation currency

The currency in which the financial statements are presented.

### Present value

A current estimate of the present discounted value of the future net cash flows in the normal course of business.

### Prior period error

An omission from or misstatement in the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation of those financial statements.

### Projected unit credit method

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

## Definitions continued

### Prospective application

Applying a new accounting policy to transactions, other events and conditions occurring after the date the policy changed or recognising the effect of the change in an accounting estimate in the current and future periods.

### Recognition of assets and liabilities

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the group and the amount at which the settlement would take place or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the group and the cost or fair value can be measured reliably.

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

Regular way purchases and sales are recognised using trade date accounting.

### Recoverable amount

The higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use.

### Regular way purchase or sale

A purchase or sale of a financial asset under a contract, the terms of which require delivery of the asset within the timeframe established by regulation or convention in the marketplace concerned.

### Research

The original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

### Residual value

The estimated amount which an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

### Restructuring

A programme that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

### Retrospective application

Applying a new accounting policy to transactions, other events and conditions, as if that policy had always been applied.

### Retrospective restatement

Correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

### Revenue

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants.

### Segment assets

Total assets less goodwill, cash on hand, deferred and current taxation assets.

### Segment liabilities

Non-interest-bearing current and non-current liabilities, excluding deferred and current taxation liabilities.

### Segment result

Segment result represents operating profit plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations.

### Share-based payment transactions

A cash-settled share-based payment transaction is the acquisition of goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments.

An equity-settled share-based payment transaction is a transaction where goods or services are received and settled in equity instruments of the entity (including shares or share options).

### Tax base

The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or is the carrying amount of the asset if the economic benefits are not taxable.

The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods.

The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

## Definitions continued

### Temporary differences

The differences between the carrying amount of an asset or liability and its tax base.

### Transaction costs

Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, ie those that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

### Treasury shares

An entity's own equity instruments, held by the entity or other members of the consolidated group.

### Unearned finance income

The difference between the gross investment in the lease and the net investment in the lease.

### Useful life

The period over which an asset is expected to be available for use or the number of production or similar units expected to be obtained from the asset.

### Value in use

The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

### Vest

To become an entitlement. Under a share-based payment arrangement, a counterparty's rights to receive cash, other assets or equity instruments of the entity vests when the counterparty's entitlement is no longer conditional on the satisfaction of any vesting conditions.

### Vesting conditions

The conditions that determine whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement. Vesting conditions are either service conditions or performance conditions. Service conditions require the counterparty to complete a specified period of service. Performance conditions require the counterparty to complete a specified period of service and specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time). A performance condition might include a market condition.

### Vesting period

The period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

## Corporate information

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