A WORLD INSPIRED

INTEGRATED REPORT 2015

Barloworld
Leading brands

A period of transition

Barloworld has come to the end of our five-year strategic planning horizon, charted from October 2010 through September 2015, and accordingly this report will address our performance in that period, but also look to the future beyond 2015.

The 2015 report reflects on the achievements, the successes and the learnings from the past five years of our journey of executing our value creation strategy to 2015, and how this journey will continue towards realising our Vision 2020.

We continue to focus on the six strategic focus areas (SFAs) that are consistent through our operations and align group activity, inform risks and provide a framework to identify opportunities. These best capture Barloworld's key priorities as well as the inputs and outcomes of the capitals employed in the organisation. Our human, intellectual, natural, manufactured, financial, social and relationship capitals are deployed through a systematic, structured and integrated planning process throughout the group, facilitating an aligned group strategic framework.

In identifying the strategy to 2020 two of the SFAs have been refined to reflect the evolution of our strategic focus areas.

Given the forward-looking element of the report, our 2016 to 2020 SFAs will be reflected throughout the report where relevant.

STRATEGIC FOCUS AREAS (SFAs)

- People
- Diversity and inclusion*
- Sustainable development
- Innovative customer solutions**
- Profitable growth
- Financial returns

**Evolved from Empowerment and transformation.*
***Evolved from Integrated customer solutions.*

Our audience

Long-term providers of capital form the primary audience of the Barloworld integrated report. However, our value creation activities benefit and impact a wide range of stakeholders, whose interests are addressed in the report.

Our integrated reporting is guided by various codes and standards including King III.

Report scope and boundary

The integrated report covers the performance of Barloworld Limited for the financial year October 2014 to September 2015 in all our geographic regions in which the Barloworld group and its subsidiaries operate. The consolidated data incorporates the company and all entities controlled by Barloworld as if they are a single economic entity. Associates and joint ventures are equity accounted. There are no other entities over which the group has significant influence that it believes should be included in the report. Financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

Our consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Any limitations will be disclosed in the relevant section.

GRI 3.5 – 3.11

Significant changes during the reporting period

During the reporting period the disposals of the Logistics business in Spain, Sea Air Transport (SAT) in Germany, and the Agriculture business in Russia were carried out. Motor Retail acquired GM Ferndale and Avis Fleet acquired Tanzuk Limited in Tanzania. None of the changes resulted in the restatement of the financial and non-financial information.

Disclosure

Barloworld endeavours to achieve the highest standards of disclosure by providing meaningful, accurate and balanced information to stakeholders.

Assurance

The financial information in this report has been prepared according to IFRS and independently assured, together with material non-financial indicators and the group's GRI Application Level, by our external auditors Deloitte and Touche.

Supplementary documents

Annual general meeting (AGM) booklet
This document and the AGM booklet are also available online along with:

- A full remuneration report
- A full corporate governance report
- A full annual consolidated financial statements report
- A set of responses to the GRI sustainability reporting guideline G3.1

Our integrated reporting is aligned to GRI 3.1 Application Level A+. This refers to the information disclosed in this integrated report and supplementary documents as well as the information provided on our website.

About this report

Roadmap to 2015 and developing our Vision 2020 28
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Forward-looking information

Our integrated report contains forward-looking information – that is, information related to future events. In this context, forward-looking statements often address our expected future business, results, financial performance and financial condition, and often contain words such as "expect", "anticipate", "intend", "plan", "believe", "seek", "could", "should", "would", "see", or "will". Forward-looking statements by their nature involve risk and uncertainty as they relate to future events that are, to different degrees, outside Barloworld's control. Therefore actual events may differ materially from the stated expectations. Readers are thus cautioned not to place undue reliance on these statements which only provide management's view at the time of the report.

All supplementary documents are available on the Barloworld website: www.barloworld.com.

NAVIGATION AID

Web links www.barloworld.com

Global Reporting Initiative (GRI 3.1) links to http://www.barloworld-reports.co.za/integrated-reports/ir-2015/gri-index/index.php

SEND US YOUR FEEDBACK

To ensure that we report on issues that matter to our stakeholders please provide any feedback and questions to: invest@barloworld.com or sustainability@barloworld.com.

Visit www.barloworld.com to download the feedback form.

Materiality

Barloworld has a robust, systematic and structured strategic planning process through which the key determinants of value creation are identified, prioritised and targets set against them. These key determinants are the strategic focus areas (SFAs) that have a material impact on value creation for each of our identified stakeholder groups. The SFAs therefore form the overarching strategic framework and context for the material themes that are expanded on in the report. The Barloworld approach to determining and prioritising the report content is an ongoing process throughout the year that considers internal and external factors which have and/or could have a substantive impact on the organisation's value creation activities and interactions.

Defining the material themes

PROCESS	INTERNAL FACTORS	EXTERNAL FACTORS
IDENTIFICATION PRIORITISATION VALIDATION	• Strategic targets and KPIs • Board discussions and minutes • Engagement with senior executives • Issues raised through stakeholder engagements • Company policies, values, ethics and codes of conduct • Risk management processes	• Regulatory, economic, socio-political, environmental and global developments • Reporting frameworks and IFRS • GRI reporting • CDP's Climate Change and Water disclosures • FTSE/JSE Responsible Investment Index • United Nations Global Compact (UNGC)

EXECUTIVE RATIFICATION
AUDIT COMMITTEE OVERSIGHT

The strategic framework is replicated in all divisions and functions to ensure alignment across the group. Therefore there is some commonality in the material themes that form the report content, as well as variations unique to individual businesses based on specific industry, geographic, operational and general business factors. The material themes are unchanged from the previous year.

GRI 3.5

Core strategic themes

STRATEGIC FOCUS AREAS	MATERIAL THEMES	STAKEHOLDERS IMPACTED	CAPITALS IMPACTED
People	• Employee engagement • Leadership development • Talent management • Safety	• Employees and their representatives • Industry associations	• Human • Intellectual • Manufactured • Social
Diversity and inclusion	• Workforce profile by gender and race • Localisation • Enterprise and supplier development • B-BBEE codes in South Africa	• Public sector • Employees and their representatives • Civil society and communities • Principals and suppliers • Customers • Industry associations • Empowerment partners	• Human • Manufactured • Social
Sustainable development	• Reducing our environmental footprint and that of our customers • Responsible value chain • Products and services • Corporate social investment • Stakeholder engagement • Ethics and compliance • Governance • Respected corporate	• Public sector • Employees and their representatives • Civil society and communities • Principals and suppliers • Customers • Industry associations	• Natural • Human • Manufactured • Financial • Social
Innovative customer solutions	• Customer value proposition • Alignment with principals • Operational excellence • Customer relationships • Innovation • Product and services • Technology-enabled solutions/e-commerce • Government business opportunities	• Customers • Principals and suppliers • Employees and their representatives	• Natural • Human • Intellectual • Manufactured • Financial
Profitable growth	• Key growth segments/ growth projects/industries • Shareholder returns • Capital allocation • Cost management	• Shareholders and providers of capital • Principals and suppliers • Empowerment partners • Employees and their representatives	• Human • Manufactured • Financial
Financial returns	• Returns on capital • Working capital • Cash management • Value drivers	• Shareholders and providers of capital • Civil society and communities • Empowerment partners • Employees and their representatives	• Financial

Group profile and **where** we operate

About 76% of our 19 745 employees work in South Africa, 12% in other parts of Africa, and 11% in Russia and Europe, with 1% in the Middle East and North America.

Barloworld distributes leading international brands that provide 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 services, used vehicles and disposal solutions, logistics management and supply chain optimisation).

www.barloworld.com/about-barloworld/our-history

Equipment

Revenue
R27.5 billion

Number of employees
7 336

Barloworld Equipment is the official dealer for the Caterpillar construction, mining and power systems machine and engine range in 11 southern African countries, in addition to Spain, Portugal, Siberia and the Russian Far East.

44%
Revenue contribution to group

Andorra • Angola • Botswana • Cape Verde • China • Democratic Republic of the Congo • Lesotho • Malawi • Mozambique • Namibia • Portugal • Russia • Sao Tome and Principe • South Africa • Spain • Swaziland • United Kingdom • Zambia • Zimbabwe

Handling

Revenue
R2.0 billion

Number of employees
595

The Barloworld Handling division distributes a number of global brands and provides equipment, technology enabled solutions and services to the agricultural mechanisation, materials handling, earth moving, crushing and screening industries through its three business units in southern Africa.

3%
Revenue contribution to group

Angola • Botswana • Lesotho • Malawi • Mozambique • Namibia • South Africa • Swaziland • Zambia • Zimbabwe

Automotive

Revenue

R28.7 billion

Number of employees

7 603

Barloworld Automotive comprises of the following world-class business units: Car Rental, Avis Fleet, Motor Retail and Digital Disposal Solutions.

46%

Revenue contribution to group

Botswana • Ghana • Lesotho • Mozambique • Namibia • South Africa • Swaziland • Tanzania • Zambia

Logistics

Revenue

R4.5 billion

Number of employees

4 100

Barloworld Logistics has grown into a significant supply chain solutions business in southern Africa with complementary operations in the Middle East.

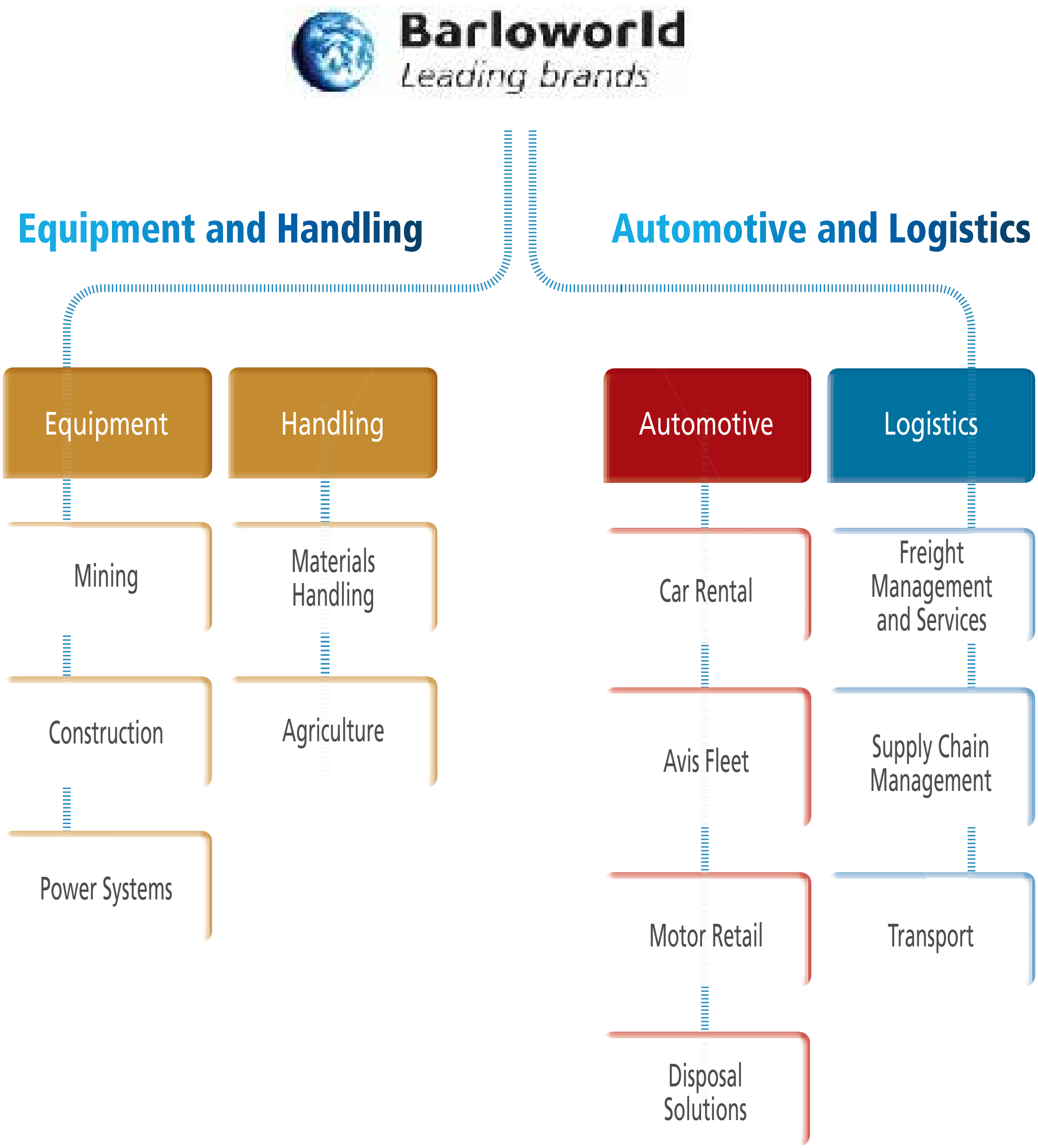
7%

Revenue contribution to group

Botswana • Kenya • Namibia • South Africa • Swaziland • United Arab Emirates • Zambia • Zimbabwe

Organisation structure

At 30 September 2015



FOR MORE INFORMATION

BARLOWORLD EQUIPMENT	**www.barloworld-equipment.com**
BARLOWORLD HANDLING	**www.hyster.co.za; www.barloworld-sem.com; www.masseyferguson.com**
BARLOWORLD AUTOMOTIVE	**www.barloworldautomotive.com**
BARLOWORLD LOGISTICS	**www.barloworld-logistics.com**

Governance approach

GOVERNANCE	The board recognises it is the custodian of corporate governance and always strives to ensure that the group aligns with local and international codes of good corporate governance, seeks to apply best practice and follows relevant trends in good corporate governance. The extent to which Barloworld applies the principles and recommended practices in the King Report on Governance for South Africa (King III) is reviewed regularly. This review identifies the governance principles already being applied and those which the company needs to address or further entrench. The review also identifies areas of improvement or ways in which our governance practices can be enhanced.
ETHICS AND VALUES	Our Worldwide Code of Conduct articulates Barloworld's commitment to doing business the right way, guided by our values of integrity, excellence, teamwork, commitment and sustainability. Our Code of Ethics requires Barloworld directors, management and employees to obey the law, respect others, be fair and honest, and protect the environment.
RISK	Identifying risks and opportunities through a robust and systematic process is central to our strategic planning process. A comprehensive risk management policy is in effect throughout the group and is complemented by the Barloworld Limited risk management philosophy.
REMUNERATION	Barloworld has adopted a holistic approach to its remuneration philosophy for senior executives and employees and has implemented a balanced structure which consists of both monetary and non-monetary components. Our business strategy concentrates on six strategic focus areas, which are supported by performance indicators. How we reward our employees, in particular our executive directors and prescribed officers, is in line with our dedication to achieving our strategic objectives. Our remuneration approach and practices link into these focus areas.

Business model

OUR VISION

Inspiring a world of difference

***Create shared value** that makes a positive difference for all our stakeholders through building world-class businesses generating superior shareholder returns and delivering sustainable societal outcomes*

Understanding societal needs and stakeholder expectations

Communicating through stakeholder engagement

Barloworld
Creating shared value

Inputs

Capitals

Intellectual

Financial

Manufactured

Social/ Relationship

Human

Natural

Components of value creation

Products, systems and business platforms
- Provided by leading principals and Original Equipment Manufacturers (OEMs)
- Internally developed systems

Intellect
- Brands and bespoke operating systems
- Unique customer solutions

Finance
- Appropriate debt/equity funding
- Optimal divisional capital structures
- Access to capital
- Integrated Financial Value Model

Facilities and infrastructure
- Leading facilities
- Extensive earthmoving equipment repair, rebuild and remanufacture facilities
- Training facilities
- Geographic footprint

Building long-term relationships
- With principals, suppliers and customers, employees, investors and communities, driven through stakeholder engagement initiatives

People
- Talent
- Skilled resources
- Integrated Employee Value Model

Natural resources
- Fossil-fuels
- Water

Strategic planning model

Activity

Value-adding elements

Source
vehicles, plant, equipment from OEMs and principals and own products.

Place
our products and sales (of vehicles, plant and equipment), services (maintenance and repair, warehousing, transport, freight forwarding) and solutions (vehicle usage, maintenance and repair, supply chain optimisation) into a broad customer base.

Grow
our customer base and the demand for our products, services and solutions through service excellence, leading technology and managing relationships.

Service
our customer base realising recurring aftermarket opportunities and through logistical support and supply chain optimisation.

Dispose
of vehicles, plant and equipment, rebuild and remanufacturing, equipment and components, and innovative waste management solutions.

10 pillars of sustainability

Clear vision and strategy	Focus on the core	Market leadership	Innovative customer solutions	Globally competitive employees

GRI 1.2

SHARED VALUE
Central to value creation for all stakeholders

OUR VALUES
Integrity, Excellence, Teamwork, Commitment and Sustainability

WORLDWIDE CODE OF CONDUCT
Guides behaviour, decision-making and stakeholder interactions

SFAs

Outputs

Key products, solutions and impact

Flexible, value-adding, innovative customer solutions in

- Earthmoving: mining and infrastructure
- Power systems: electric power, marine, petroleum and industrial
- Materials handling: lift-trucks
- Agricultural equipment
- Short-term vehicle usage
- Vehicle ownership solutions
- Long-term vehicle leasing and fleet management
- Services: transport, warehousing, freight forwarding
- Supply chain solutions

Training and development

- People development and empowerment
- Required talent pool
- Increase performance and productivity
- Address staff turnover

Environmental aspects

- Emissions
- Waste

Outcomes

Impact on stakeholders

Shared value

Long-term value creation for all our stakeholders including the communities in which we operate aligned with our shared value approach.

Impact on capitals

- Intellectual – optimised
- Financial – enhanced
- Manufactured – increased
- Social/relationship – improved
- Human – developed
- Natural – consumed

Informing Barloworld

Communicating through stakeholder engagement

Understanding societal needs and stakeholder expectations

Decisive management | Environmental and social legitimacy | Values and ethics | Corporate governance | Learning organisation

Value added highlights

Inspiring a **world of difference** is central to our shared value approach as we strive to **create sustainable value** for stakeholders.

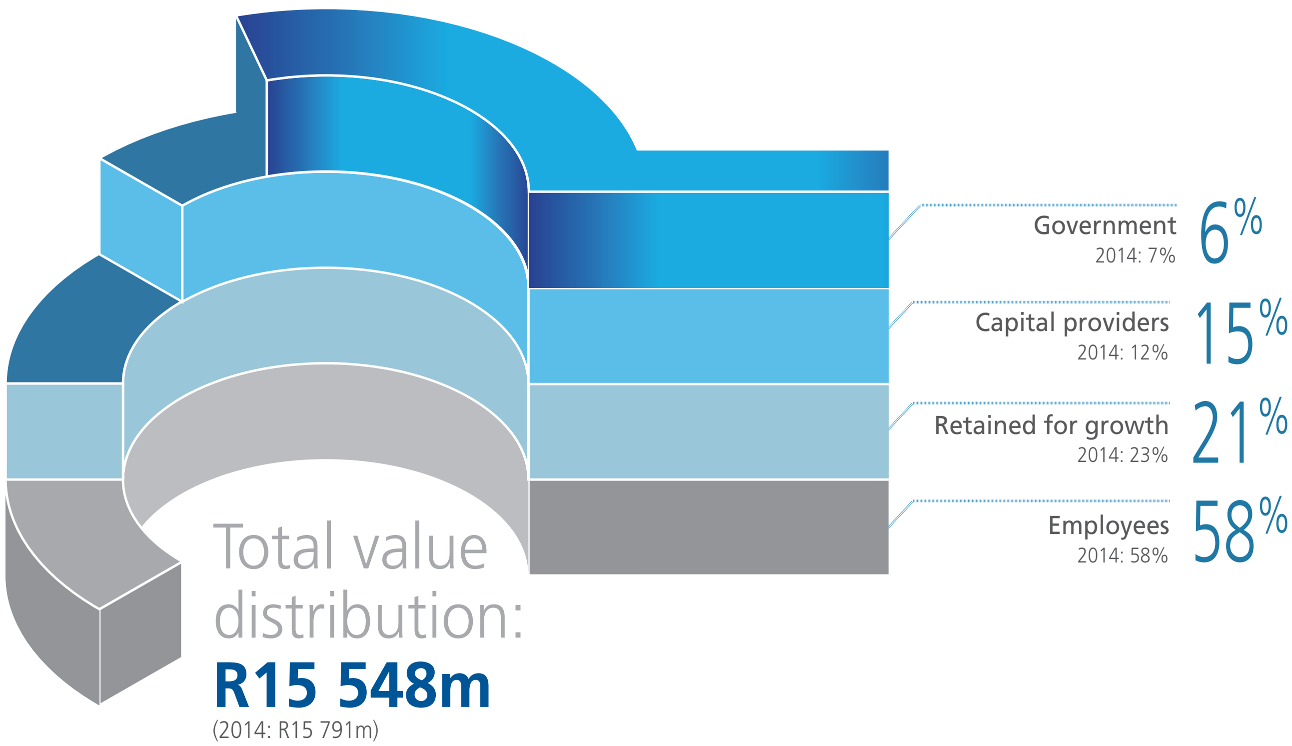
VALUE CREATION

Total value creation
R15 548m
(2014: R15 791m)

Revenue per employee
R3.2m
(2014: R3.3m)

Value created per employee
R790 010
(2014: 803 474)

VALUE DISTRIBUTION



Statement of total value added

for the year ended 30 September

A measure of the value created by the group is the amount of value added by its diverse trading, distribution and other activities to the cost of products and services purchased. This statement shows the total value created and how it was distributed.

	2015 Rm	2015 %	2014 Rm	2014 %	2013 Rm	2013 %
Revenue from continuing operations	**62 720**		62 101		59 498	
Revenue from discontinued operation			2 783		5 508	
Paid to suppliers for materials and services	**47 554**		49 389		51 019	
Value added	**15 166**		15 494		13 987	
Income from investments^	**382**		297		263	
Total value created	**15 548**		15 791		14 250	
Value distribution						
Employees (note 1)	**8 955**	**58**	9 103	58	8 605	60
Capital providers:	**2 259**	**15**	1 856	12	1 630	12
Finance costs	**1 252**		1 125		1 022	
Dividends to Barloworld Limited shareholders	**699**		639		522	
Dividends to non-controlling interest in subsidiaries	**109**		92		86	
Strategic black partners and community groups	**199**					
Government (note 2)	**948**	**6**	1 103	7	952	7
Communities (corporate social investment)	**17**		17		17	
Reinvested in the group to maintain and develop operations	**3 369**	**21**	3 712	23	3 047	21
Depreciation	**2 355**		2 208		1 960	
Retained profit	**1 142**		1 556		1 080	
Deferred taxation	**(128)**		(52)		7	
	15 548	**100**	15 791	100	14 250	100
Value added ratios						
Number of employees (30 September)	**19 745**		19 616		19 692	
Revenue per employee (rand)#	**3 186 911**		3 301 297		3 339 631	
Value created per employee (rand)#	**790 010**		803 474		732 083	
Corporate social investment – % of profit after taxation	**1**		1		1	
Notes:						
1. Employees						
Salaries, wages, overtime payments, commissions, bonuses and allowances**	**7 780**		7 673		7 068	
Employer contributions+	**1 175**		1 204		1 071	
Total continuing operations	**8 955**		8 877		8 140	
Discontinued operation			226		465	
Total group	**8 955**		9 103		8 605	
2. Central and local government						
Current taxation	**770**		947		821	
Rates and taxes paid to local authorities	**63**		59		54	
Customs duties, import surcharges and excise taxes	**69**		49		38	
Skills development levy	**46**		48		39	
	948		1 103		952	

^Includes interest received, dividend income and share of associate companies' and joint ventures' retained profit.
#Based on average number of employees.
***Represents the gross amounts paid to employees including taxes payable by the employees.*
+In respect of pension funds, retirement annuities, provident funds, medical aid and insurance.

GRI EC1 to EC9

Performance against key indicators

Economic

Revenue (Rm)
Up 1% to R62 720 million
(2014: R62 101 million)

Operating profit (Rm) (before B-BBEE charge)
Up 4% to R3 995 million
(2014: R3 830 million)

Headline earnings per share (HEPS) from continuing operations (before B-BBEE charge)
Up 8% to 926 cents
(2014: 857 cents)

Return on net operating assets (%)
Decreased to 16.8%
(2014: 18.8%)

Group net debt to equity (%)
Within target at 55.1%
(2014: 40.9%)

Environmental

Petrol and diesel consumption (ML)
Up 6% to 70.24 ML
(2014: 66.43 ML)

Electricity consumption (MWh)
Up 2% to 82 277 MWh
(2014: 81 028 MWh)

Energy consumption (GJ)
Up 6% to 3 122 041 GJ
(2014: 2 953 038 GJ)

GHG emissions (tCO_2e) (scope 1 and 2)
Up 5% to 287 597 tCO_2e
(2014: 273 986 tCO_2e)

Water consumption (ML)
Down 5% to 745 ML
(2014: 785 ML)

Social

Number of employees
Up 1% to 19 745
(2014: 19 616)

Lost-time injury frequency rate (LTIFR)#
Down 10% to 1.11
(2014: 1.23)

Number of work-related fatalities
Zero work-related fatalities during the year
(2014: 3)

Corporate social investment (Rm)
Down 1% to R16.6 million
(2014: R16.8 million)

B-BBEE rating*
Retained B-BBEE rating of Level 2
(2014: Level 2)

#LTIFR = Lost-time injuries multiplied by 200 000 divided by total hours worked.
**Barloworld Limited.*

FINANCIAL HIGHLIGHTS

	Rand		US$	
	2015	2014	**2 015**	2 014
Revenue (million)	**62 720**	62 101	**5 235**	5 875
EBITDA (million)	**6 479**	6 170	**541**	584
Operating profit (million)	**3 995**	3 830	**333**	363
Net cash (outflow)/inflow before financing activities (million)	**(3 523)**	145	**(294)**	13
Net debt (million)	**11 053**	7 154	**799**	633
HEPS from continuing operations (cents) (excluding B-BBEE charge)	**926**	857	**77**	81
Ordinary dividends per share declared in respect of current year's earnings (cents)	**345**	320	**29**	30
Total assets (million)	**48 155**	44 006	**3 474**	3 895
Net asset value per share (cents)	**9 157**	7 941	**661**	703

Chairman's letter

Resilience in unpredictable times

Globally we are operating in an increasingly unpredictable world, with complex geopolitical and socio-economic dynamics that have placed great demands on resources in general, management and leadership, economic and social stability.

Further to these global conditions, in South Africa we are experiencing a slowdown in economic growth, ongoing energy crisis, low consumer confidence, policy uncertainty in the mining environment and general social challenges which have created a difficult trading environment.

Despite these challenging conditions we achieved solid results across our businesses in the 2015 financial year and I must congratulate all our people for their commendable efforts. We have demonstrated that we operate from a sturdy and well supported base of diverse growth sectors and geographies, have an ability to manage business cycles by balancing sales and aftermarket revenues, and share strong partnerships with our principals, who are counted among the world's leading equipment and vehicle manufacturers in their sectors.

Two regions require special mention, Russia and Iberia. We achieved pleasing results in our Russian Equipment business in 2015. Against the backdrop of the mining downturn, the lower oil price and the political situation surrounding the Ukraine accompanied by western sanctions, the Russian business has turned adversity into profit. This business is less than 20 years old and started as a greenfields operation.

In a relatively short period, over an enormous territory with multiple geographic challenges, we have built a large installed Caterpillar machine population, formed valuable long-term customer partnerships, and we are now harvesting the benefit through parts and service that constitutes more than half of our revenues, while also containing costs to ensure a profitable result.

Dumisa Ntsebeza – Chairman

Chairman's letter

Our strong ethical framework supports

our vision

Work-related fatalities

zero

In Iberia we have not only survived but continued to effectively support our customers in spite of economic and political conditions that have overwhelmed all but the most tenacious businesses. Our people have shown resilience throughout the process of reducing the cost base very significantly over an eight-year period. They have worked harder and smarter to retain our leading market share. Today, as the Spanish economy begins to show signs of recovery, we can stand proud by our decision to remain committed to that region.

Vision 2020

In determining our journey for the next five years to 2020 we have assessed our performance against our 2010 to 2015 objectives and we have many successes and learnings that have informed our view of the future. In March 2015 at our Global Leaders Conference we launched our Vision 2020 at the centre of which is how we as Barloworld will strive to "inspire a world of difference" over the next five years, and beyond.

We have determined in our strategic assessment that we are in the right long-term strategic growth segments in mining, infrastructure, power, agriculture, automotive and logistics. We will fulfil our bold goals through focus on people, diversity and inclusion, sustainable development, innovative customer solutions, profitable growth and financial returns, all aligned with our appetite for calculated risk. These aspects are covered in detail in the report.

Innovation

We have taken some bold steps in harnessing technology to drive e-commerce, manage connected fleets, data analytics to enhance customer productivity and to lead in customer service and support.

With the advent of technology and the opportunity to leverage this for growth our people have the prospect of growing and augmenting their skills and working in new and exciting environments. We have a large pool of talented employees, an experienced and agile management team, and supported by our employee engagement initiatives we will continue to foster a culture of customer centricity which is solutions-focused and values driven.

Leadership and contribution

We see our role in leading and contributing to not only economic outcomes but also social outcomes as critical to our longevity, this gives us a very significant responsibility. We need to lead in and contribute to economic and social development as well as environmental stewardship in order to inspire a world of difference, if we are to fulfil our vision.

As a responsible corporate citizen we have a number of initiatives that are aimed at driving these objectives, by leading in sustainability, economic and social upliftment, enterprise and supplier diversity, localisation, as well as workplace diversity and inclusion. I am especially pleased that in this period we have had zero work-related fatalities as we continue our focus on driving safety awareness in the group. These are critical success factors and to this end we have set bold goals that are both financial and non-financial.

As part of our efforts to preserve non-renewable resources, address climate change and protect our environment for future generations, it is incumbent on us to influence actions of our stakeholders and be the catalysts for change in the areas where we can drive positive action through our partnerships. It should be a condition of our business terms that environmental sustainability is a joint responsibility with our principals, suppliers and customers.

There is great potential in partnering with governments to help them achieve their vision in the areas where we operate. The focus on improving people's lives through sound infrastructure and efficient services aligns well with the solutions that we have to offer.

At the end of the day we will be taking a role in growing the economy as well as helping to provide the social and environmental benefits inherent in infrastructure improvement. This is what creating shared value, inherent in our new Vision 2020, is all about – a balanced approach to economic, social and environmental value that will benefit all our stakeholders.

B-BBEE transaction

Our 2008 transaction has been successfully closed out. The amendments to the transaction involving the six strategic black partners and the three community service groups were approved by shareholders at the general meeting of 19 June 2015.

The Barloworld way

Our strong ethical framework supports our vision, based on our Code of Conduct and our values, providing assurance to our stakeholders that we will uphold our reputation as a company that always does business with integrity. Ethical behaviour is rewarded and reinforced in our organisation.

We believe our stakeholders can have confidence and assurance in the framework that assists in mitigating reputation risk as it provides the guard rails for all Barloworld people. In our report we give indication of the addition of "Sustainability" as one of our values, testament to our commitment to our vision of inspiring a world of difference to our stakeholders.

Doing things differently in a different world

While there are inherent risks and challenges in a world that is forever changing we have the ability to turn some of these challenges into opportunities. Our power business can leverage the energy crisis in South Africa not only to improve our profitability but to contribute to helping jumpstart the economy. We have made our entry into renewable energy utilising biogas as fuel to power up manufacturing.

I am particularly pleased with this as it aligns with my belief that climate change is a global issue that needs to be addressed and that not only should we be reducing the environmental footprint of our operations, but we should also be supplying products and services that assist our customers with their climate change endeavours.

In the Agricultural business we have the opportunity to broaden our participation in the food value chain, harness technology and contribute to food security on the African continent while driving financial returns and profitability.

In Logistics we have expanded our environmental solutions offering in the recently renamed SmartMatta business where we can drive our customers' sustainability objectives and derive economic benefit at the same time.

I think it is clear that we can hold the fort, we should protect our business and continue to do the many things that we are doing right. Our solid financial performance over a protracted period of global uncertainty testifies to this. We must do this but it should not be all that we do.

I see a bolder, more enterprising Barloworld that has steered through challenges in the past few years. I continue to have the greatest confidence in our dedicated executive team, which has done wonderful work in difficult times and is now planning innovative strategies and setting demanding targets for the next five years; committed to leading Barloworld in turning challenge into opportunity, doing things differently and creating shared value for our stakeholders.

Board

Mr Martin Laubscher, chief executive officer of the Automotive and Logistics division, retired from the Barloworld Limited board at the company's annual general meeting on 4 February 2015 and from the company with effect from 28 February 2015 due to health-related reasons. We would like to thank him for his outstanding contribution to the group over 28 years.

Dr Alexander Landia has advised that he will be stepping down from the board with effect from 31 December 2015 due to increased external business commitments.

The next AGM in February 2016 will see the retirement of Mr Gordon Hamilton following nine years of service as a non-executive director on the Barloworld board. Gordon also vacates the chairmanship of the audit committee and we thank him for his years of service.

Vote of thanks

It remains for me to thank the board for its continued efficient and effective oversight of Barloworld. I look forward to a new year in which we can be proud of our achievements, individually and as a team.

Dumisa Ntsebeza
Chairman

Q and A with the chief executive

Our business model has proven sustainable

Q&A

Resilient performance under challenging trading conditions

The global and local economic environment remains challenging. In this context Barloworld continues to produce financial results that attest to a sustainable business model. What lies behind this performance?

In a challenging environment it was pleasing that Barloworld grew headline earnings per share from continuing operations (before B-BBEE charge) by 8%.

The resilience of our business model lies partly in the diversity of the geographies and industries in which we operate. Coupled with this, our aftermarket revenues have proved robust during the downward mining cycle as customers continue to consume parts and maintain existing fleets of equipment.

This attests to the passion and focus of our service and support teams in producing innovative solutions to maintain customer relationships through challenging times.

What were the group's most significant achievements in the past year?

We were pleased with our improved safety record which included zero work-related fatalities.

Our southern African and Russian Equipment operations put in a resolute performance against the backdrop of the weak global mining environment, buoyed by the tenacity of the Spanish business in returning to profitability after several years of significant market weakness.

Clive Thomson – Chief executive

Significant turnaround in Equipment

Iberia

Successful close-out of the 2008 B-BBEE

transaction

Launch of

Vision 2020

We delivered another good performance in both our Automotive and Logistics divisions and were recognised by Avis Budget and a number of our Automotive OEMs through numerous awards for performance excellence.

Barloworld was named as one of the world's top performing Cat dealers at Caterpillar's Global Excellence Awards held in Dubai in April 2015. Barloworld Finanzauto received a Global Dealer Excellence award for Power Marine, one of only two dealers worldwide to win this accolade. These awards underscore the alignment between the Equipment division and Caterpillar, which is critical in jointly developing innovative strategies for our continued growth and success.

Barloworld recognised by Caterpillar for dealer excellence
From left to right: Rob Charter, group president, customer and dealer support, Caterpillar Inc; Clive Thomson, chief executive officer, Barloworld Limited; Doug Oberhelman, chairman and chief executive officer, Caterpillar Inc. Caterpillar Global Dealer Excellence Awards, April 2015.

Q The Automotive business continued its journey of strategic acquisitions with the Budget brand joining car rental and Avis Fleet expanding into east Africa. How is this likely to contribute to future growth?

The Automotive business continues to deliver a strong result despite weakness in new car sales. Organic growth in our car rental business, complemented by the acquisition of the Budget licence with effect from 1 March 2015, has provided us with a dual branding strategy that will result in revenue enhancement and cost efficiencies.

Avis Fleet continued to deliver a solid performance on the back of a number of long-term fleet leasing contracts and expanded its presence into east Africa to provide a platform for future growth.

New vehicle sales declined in Motor Retail but the result was bolstered with pleasing growth in parts revenues and service hours sold.

Q The Logistics business has grown substantially in the last 18 months. What has driven this growth and how does it position the business for the future?

Our strategy to drive organic growth combined with niche acquisitions that provide our clients with access to a broader range of supply chain management services remains successful. Significant contract wins during the year, including Telkom, Kelloggs, Weir Minerals Africa, Eskom, Makro, Glencore, PPC Zimbabwe and Total SA to name a few, have broadened our customer base. Many of these are long-term contracts that position the business well for future growth and enhanced financial returns.

Q and A with the chief executive

The extended mining product range (EMPR) business in the Equipment southern Africa division continued its good performance. Can you comment on the resilience of the business model in the current downturn?

In 2014 we completed significant new EMPR fleet deliveries, most notably to First Quantum Minerals' (FQM) Sentinel project in Zambia and Swakop Uranium's Husab operation in Namibia. With these and other sites now in full production, the growing installed population of EMPR machines is augmenting our mining product support revenues.

While mining companies have curtailed capital expenditure, mines continue to drive up production levels using existing Caterpillar fleets thereby providing a strong underpin to our parts, service and component rebuild revenues.

How are the geopolitical challenges in Russia affecting performance?

The Russian economy has been impacted in the past financial year by the significant decline in the oil price, a weak mining environment, as well as economic sanctions resulting from the Ukraine situation. However, aftermarket growth and tight cost control has contributed strongly to a very creditable performance from the Russian Equipment business.

Parts and service revenues make up over 60% of total sales compared to 25% in 2006. This indicates an exceptional effort by the team in Russia to forge successful long-term customer partnerships in the mining sector since its launch as a greenfields business with no installed machine population in 1998.

The Equipment business in Iberia has been impacted by a protracted economic recession that has lasted seven years. With the measures taken over that period to right-size the business bearing fruit in this year, how do you see performance going forward?

The 2008 financial crisis was followed by a protracted decline in the Iberian construction market and the cost base in our Spanish and Portuguese operations has been reduced by approximately €79 million per annum since 2008. The disciplined and prudent management of this business through a very difficult period positioned us well to return to profitability in 2015.

Spain is now one of the fastest growing large economies in Europe, ahead of Germany, France and Italy. The macro-economic indicators have turned positive and we believe the return to profitability in 2015 will gain traction in the years ahead as the construction equipment market in Iberia continues on a recovery path.

Barloworld Global Power has implemented a strategic growth plan together with Caterpillar. What does this plan involve and is it gaining traction?

We are working closely with Caterpillar to develop a long-term growth plan for our power systems business which includes identifying opportunities in the electric power generation, marine, oil and gas and industrial market segments in southern Africa, Iberia and Russia. We are now in the early stages of executing this plan and are confident that the longer-term growth potential in each of these markets remains exciting.

While the weak oil price has negatively impacted market demand in the oil dependent economies of Russia and Angola, we have benefited from the demand for prime and standby electric power generation in South Africa due to loadshedding. Barloworld Power and Caterpillar have agreed that certain ranges of Cat generators will be locally assembled at our Boksburg facility in South Africa and we are exploring further opportunities for localisation that will be attractive for our customers and to grow our business.

What measures are you looking at to improve profitability in the Handling division?

The southern African agricultural business was negatively impacted by the drought in South Africa and Zambia while the loss-making Russian agriculture business was sold in September. The Hyster forklift division has been rightsized over the last few years with our exit from the US, UK, Belgium and Holland and the remaining South African operation continues to be profitable. Further initiatives are under way to reduce the cost base and position the business for improved returns.

The group's Broad-Based Black Economic Empowerment (B-BBEE) transaction of 2008 was closed out in the year under review. What was the impact of this?

General Staff Trust shares to the value of some R281 million vested in 11 531 Barloworld employees in November 2013.

The Education Trust supported 58 bursars for tertiary education to the value of R6.5 million.

In July 2015 we obtained shareholder approval to close out our 2008 B-BBEE transaction on terms agreed with our six strategic black partners and three community service groups. A total of 2.0 million shares were issued in November 2015 in respect of the close-out and, as previously indicated to shareholders, an equivalent number of shares will be bought back in the market to minimise shareholder dilution. The black managers trust was also closed out in the period, with a cash payment of approximately R46.4 million made to 183 participants in the trust as recognition of their contribution over the past seven years.

The group incurred a total pre-tax charge of R251.3 million (112 cents per share after tax) related to the close out of the 2008 B-BBEE transaction.

In 2015 Barloworld launched its new Vision 2020, "Inspiring a World of Difference". How does this vision speak to your strategy for sustainability of the business and the concept of shared value for all stakeholders?

We aim to inspire a world of difference for all of our stakeholders, including shareholders, employees, customers, our principals and the broader communities in which we operate.

This is a simple but profound message that resonates not only across our diverse business units but also with every employee of Barloworld, no matter what their role. "Inspiring a world of difference" means something to all of us.

Our Vision 2020 also recognises that to be sustainable we must deliver shared value for all stakeholders. This means driving economic, social and environmental value simultaneously and in a balanced manner.

Take, for example, the Bronkhorstspruit Biogas Power Plant, where biogas is being produced from cattle manure and converted to electric power using Caterpillar gas generator sets supplied by Barloworld. The electric power will in turn be consumed by BMW's Rosslyn plant near Pretoria. This drives environmental value through renewable power, social value through employment opportunities across the value chain, and economic value for Barloworld Power, Caterpillar and our shareholders.

Barloworld's component rebuild facilities in southern Africa, Iberia and Russia remanufacture critical Caterpillar machine and engine components. This solution drives economic value for customers due to a lower cost and reduced machine downtime, environmental value through the benefits inherent in recycling, and social value through employment and technical training opportunities in our remanufacturing facilities.

Through innovative thinking and harvesting rainfall, our Car Rental operations use minimal water from the municipal system at our wash bay facilities in major centres. This delivers economic value in terms of cost savings, has environmental benefits through conserving and recycling a precious natural resource, and drives social value by responding to the water shortage in the city.

What targets form part of your Vision 2020 to gauge the creation of shared value for all stakeholders?

A number of financial and non-financial targets have been set as part of Vision 2020. The aspirational financial targets include aspects such as net operating margin, return on equity and return on net operating assets which aim to deliver economic value by driving improved returns to shareholders.

Non-financial targets cover people including safety, employee engagement, skills development and productivity; diversity and inclusion including race and gender; and sustainable development including energy consumption, emissions intensity, water efficiency improvement, waste management and corporate social investment. These aim to deliver enhanced social and environmental value to the benefit of our customers, employees and other stakeholder groups.

Tangible annual aspirational targets are being set against key performance indicators in all these areas over the five-year plan period. All metrics used to measure our targets will be published in our integrated report.

Value creation for and through Barloworld people driven by your established employee value model was a strong message at the launch of Vision 2020. Do you believe this will stand you in good stead in meeting these exacting targets?

An engaged workforce is at the heart of delivering value. If our employees are engaged, inspired and motivated they will deliver value for shareholders, customers, principals and the communities within which we operate. We have formalised our people management approach through our Integrated Employee Value Model, which addresses the key elements driving employee engagement and business productivity.

Your strategic growth segments remain the same as in the previous five-year plan – mining, infrastructure, power, agriculture, automotive and logistics. What are the reasons for this?

We believe each of these segments provides excellent long-term growth potential. While some industries are cyclical by nature, our geographic diversity and business model provide resilience through the cycles. Within each segment we are continuously exploring new opportunities for growth, expansion and diversification that meet the group's required hurdle rates of return.

Barloworld continues developing its strategy to leverage technology that will deliver productivity and performance benefits to customers. Can you elaborate?

Leveraging technology will allow us to do things differently to deliver enhanced customer value and drive growth. Data analytics is an important strategic thrust across the group. We are increasingly connecting assets in the field to provide real-time information that can be used to improve maintenance and sustainability for customers. By predicting equipment failures, enhancing fleet management practices and improving job site efficiencies, we are able to improve customer productivity and performance while also driving our aftermarket revenues.

We are also implementing autonomous solutions in Russia with Caterpillar mining trucks that are operated remotely and are delivering safety and productivity benefits.

Q and A with the chief executive

In the Automotive space we are achieving excellent results from our online used vehicle trading platforms. These are an important channel for disposing of used vehicles rolled out of our fleet, car rental and motor retail businesses which are available through these online wholesale and retail platforms.

In Barloworld Logistics we are increasingly using technology to improve driver safety within our commercial vehicles and for modelling and improving efficiency of customer supply chains.

A drive towards diversity and inclusion is under way throughout the business. Why is this so important to Barloworld?

A diverse employee base provides a diversity of thinking and ideas, which improves the quality of our decision-making and ultimately drives enhanced business performance.

Diversity and inclusion is an important strategic thrust throughout our global operations embracing racial diversity, gender equality and localisation. We are enhancing our focus to ensure that women thrive and succeed in our traditionally male dominated businesses and are seeing higher numbers of women entering our apprenticeship programmes.

We are focused on B-BBEE in a South African context and are evaluating all aspects of the new dti codes of good practice. We are pleased to report that Barloworld Limited maintained a B-BBEE rating of Level 2 and remained in the top 20 of the JSE most empowered companies in an independent survey.

Corporate social investment helps deliver positive social outcomes by playing a leading role in communities. Where does Barloworld feel it can have the most positive impact?

Our corporate social investment focuses on community upliftment with a bias towards education, which we see as essential to long-term capacity building, economic growth and social stability.

Barloworld is also proud to be associated with the Nelson Mandela Children's Hospital under construction in Johannesburg. We provided a fleet of Cat rental machines for the earthworks phase, as well as an Avis-branded passenger vehicle, and we have donated generators to provide standby power for the hospital.

I participated in the 702 Sun International CEO SleepOut in Sandton on 18 June. This initiative raised approximately R26 million for Girls and Boys Town, making it the largest single fundraising event in South Africa's history.

We have ensured that all of our employees are responsible for the sustainability of our business, every day, by including "Sustainability" as one of our core values. Corporate social investment is an important element of this value and an integral part of responsible corporate citizenship.

What is your outlook for 2016?

We anticipate that the mining environment will remain difficult in 2016 due to weak commodity prices and low levels of capital expenditure. In this context, we expect our aftermarket revenues in southern Africa and Russia to show continued resilience and underpin our revenues in the coming year.

The macro-economic indicators in Iberia are positive and improving and we expect to see further progress in driving business profitability in the year ahead.

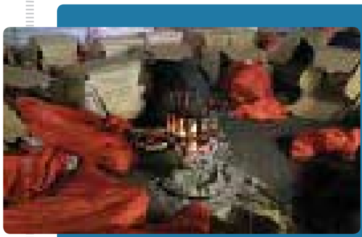
The automotive sector is likely to be weaker in terms of new vehicle sales, but we expect the car rental and fleet businesses to provide a stable platform for growth in the year ahead.

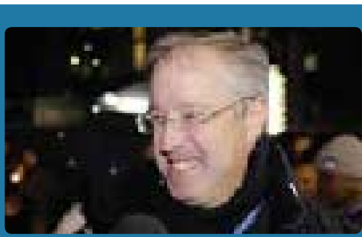
Logistics should deliver an improved result on the back of the new contracts secured in 2015 and the sale of loss-making businesses in Germany and Spain. Similarly the Handling division will benefit from the sale of the loss-making agricultural business in Russia.

While trading conditions remain challenging in certain of our businesses, we are taking appropriate strategic and operational steps which will position the group to make solid progress in the year ahead.

I would like to thank my executive management team for their hard work and support during the year. Special appreciation goes to Martin Laubscher who retired from the company at the end of February 2015 due to health-related reasons after making an outstanding contribution to the group over 28 years.

Clive Thomson
Chief executive





702 Sun International CEO SleepOut

One cold night on Gwen Lane – to make a difference

Barloworld Chief Executive, Clive Thomson, participated in the CEO SleepOut that took place on 18 June 2015. It was a unique event for him and many of the CEOs who participated. So this was a sleep out with a difference; different because it took place on the streets of Sandton and because it was done for a good cause.

The aim was to raise awareness and funds for the most vulnerable in our society, specifically for Girls and Boys Town that caters to the needs of abandoned, homeless and abused children; a worthy initiative that we could only but associate ourselves with as Barloworld.

All the participants came prepared in terms of their best efforts to keep out the cold with the expectation of early morning temperatures of zero and below. They had clear instructions to bring nothing but the clothes they were wearing.

They filed in to Gwen Lane in Sandton at 18:00. At this point most were having some trepidation about what to expect but there were good spirits all round and a general sense of camaraderie for a good cause.

As the clock struck midnight the Radio 702 broadcasters and the various video crews and cameramen departed, the lights from the street stalls were switched off and all had to lay out their make-shift beds on the street from the cardboard boxes that had been provided. There were varying levels of creativity in making the most comfortable bed possible. Needless to say few got much sleep, strewn haphazardly over the street.

As the city woke up, when the early morning street cleaning trucks started to rumble and emit their safety warning signals, approximately R26 million had been raised for this initiative and made one interrupted night's sleep and discomfort a small price to pay.

As Barloworld we have always understood our broader role in society, and that our long-term success as a company is linked to thriving communities, where people are cared for, educated and employed and so we raise our hand whenever we can to be part of driving positive change.

Our vision to Inspire a World of Difference for all of our stakeholders touches on many different facets of our existence as an organisation. Making a difference to our communities, as one of our stakeholder groups, is an important aspect of making our vision a reality.

Finance director's review

Don Wilson – Finance director

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.

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 Rm	2014 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). While

Finance director's review

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 September	**Redemption**			
	2015 Rm	2016 Rm	2017 Rm	2018 Rm	2019 onwards Rm
Southern Africa	**12 057**	3 679	1 377	704	6 297
Offshore	**1 368**	672	222	9	465
Total	**13 425**	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		
Ratio at 30 September 2015	**43**	**688**	**211**	**67**	**55**
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

Group executive: Human resources, strategy and sustainability report

Spend on training

R140.5 million

Corporate social investment

R16.6 million

Barloworld is a constituent of:

- *The Dow Jones Sustainability Emerging Markets Index*
- *FTSE/JSE Responsible Investment Index*

Sibani Mngomezulu – Group executive: Human resources, strategy and sustainability

Group executive: Human resources, strategy and sustainability report

Our people

I am pleased that our efforts in driving a safety conscious culture are bearing fruit resulting in zero work-related fatalities during the period. This remains a key focus in the group.

We continue to focus on implementing the high performance standards under each of the six elements of Inspire, Grow, Thrive, Live, Relate and Reward as contained in our Integrated Employee Value Model (IEVM). As our business grows, we are dealing with a workforce that differs in demographics, employee demands and changing expectations.

Our expectation of employees has also changed. Technology is one of the many forces that has transformed the workplace and the way we work. This has necessitated us to broaden and accelerate leadership development at all levels to build capacity. We have also developed innovative ways to attract and retain talent while enhancing employee engagement.

Our strong focus on engaging our people is entrenched. IEVM will facilitate the high performing organisation we require to execute on our strategic plans.

Our people engagement performance is measured by our individual perception monitor which has achievable targets across our businesses and enables us to identify gaps and develop focused action plans.

Diversity and inclusion

Our diversity and inclusion strategy focuses on five strategic goals: achieving a diverse workforce; promoting an inclusive work environment; encouraging supplier diversity; achieving outstanding service delivery to all stakeholders; and building the Barloworld brand as a leader in diversity and inclusion.

Gender parity and racial diversity are receiving dedicated strategic attention with targets set in all our divisions.

Specific steps are being taken to advance the number and seniority of women and the career paths of identified high potential female employees are being accelerated.

We strive to ensure that our teams reflect the demographics of the countries where we operate.

Inclusivity will create an environment where all our employees, irrespective of race, gender, sexual orientation or religious beliefs feel empowered to contribute fully and have their opinions valued.

We continue to improve the competitiveness of our South African operations through addressing the country's transformation imperatives and social objectives. We are engaging our principals to expand their localisation efforts, and are actively promoting supplier diversity initiatives in support of the dti's revised codes of good practice.

Strategy

The past year has seen Barloworld's Vision 2015[3] coming to an end and the launch of our new five-year vision to 2020.

Our Vision 2020 and strategic framework were developed through a participative process which included our senior executives, and communicated through the organisation during the year.

We adopted a similar approach to the revitalisation of our strategic planning process in support of our vision. This involved senior employees and executives across the group and provides the platform for developing the plans to realise our strategic ambitions.

Our Worldwide Code of Conduct was also revised to ensure our conduct aligns with our ambitions.

Shared value creation is central to our strategy which is based on "Inspiring a World of Difference" for our stakeholders. It incorporates delivering superior shareholder returns and sustainable societal outcomes.

This builds on our shared value philosophy, which focuses on driving value for all stakeholders – our shareholders, our people, customers, principals, communities and our environment.

Our framework includes strategic focus areas and identified growth industries in support of our 2020 objectives.

Sustainability

Our approach to sustainable development incorporates responsible corporate citizenship and delivering products, services and solutions that generate sustainable outcomes as well as improving profitability.

During the year we added "Sustainability" to our group values which ensures individual accountability and that it is central to our shared value creation activities.

Our priorities over the next five years include the health and safety for our employees and other stakeholders affected by our businesses, energy consumption, greenhouse gas emissions, water usage and responsible waste management. We are committed to being a respected corporate citizen and adding sustainable value to our communities. We have set aspirational group targets in each of these areas in the past and to 2020.

The group was 7% behind its aspirational target of a 2% efficiency improvement for non-renewable energy and greenhouse gas emissions (scope 1 and 2) set for the end of this financial year off a 2014 baseline, mainly due to growing operations with relatively high energy and emissions intensities, as well as base energy consumption patterns of businesses with decreased activity levels. Nonetheless this target played a major role in focusing our efforts in respect of these aspects and driving efficiency improvement initiatives which benefit the group.

Barloworld has adopted a dual approach to its corporate social investment (CSI). The Barloworld Trust has established partnerships with reputable non-governmental organisations (NGO) involved in developmental CSI, and through divisional structures, we play a role in communities where we do business. We also encourage volunteerism by our employees. A notable initiative in this regard saw employees from our Mozambique and South Africa operations participate in the "Stop Hunger Now" meal packing initiative that resulted in 213 000 meals being packed by Barloworld.

Stakeholder engagement continues to inform our activities. Formal structures are in place to enhance this interaction and we strive to respond to matters raised in a manner that supports our shared value objectives.

Ethics and compliance

Our Worldwide Code of Conduct and group values inform our individual and collective behaviour. Our code of conduct has been revised to support our Vision 2020 and objectives. These are complemented by a suite of policies and group frameworks which are appropriately developed and adapted by our operations to suit their respective industries and geographies. Relevant management control environments are also in place throughout the group. Ethics and legal compliance with the laws of the countries where we operate remain a key focus.

We have conducted supplier due diligence reviews which are aimed at assessing and limiting any potential risks emanating from our supply chain.

A Barloworld whistleblowing policy sets out procedures for reporting improprieties or improper conduct and ensures that the rights of employees and other associated persons are protected where reports are made in good faith. Our code of conduct has a process for reporting violations including the anonymous Barloworld ethics line.

Sibani Mngomezulu
Group executive: Human resources, strategy and sustainability

2015 progress review

The 2015 financial year was the final year of a five-year strategic plan and framework set in 2010. This has informed the group's direction and approach over the past five years and progress against key performance indicators is reflected below.

STRATEGIC FOCUS AREA	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATORS
People	Build an organisation that adds value to employees and other stakeholders through inspired, aligned, empowered, results-driven, globally competitive and passionate people who create value through strategic innovation and continuous improvement	• Drive employee engagement: Individual Perception Monitor (IPM) overall score above 75% for all businesses • People development and succession aligned with strategic growth priorities • Leadership development and retention • Provide a safe and healthy work environment
Empowerment and transformation	Enhanced competitiveness, credibility, legitimacy and reputation in the eyes of all stakeholders by leading in broad-based empowerment and transformation	• Department of Trade and Industry's B-BBEE Level 2 or 3 rating for each South African business unit • Leadership position • Drive diversity including gender equality, localisation and equal opportunities for people with disabilities across the group
Sustainable development	Develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices, and enhance Barloworld's reputation by leading in sustainable development	• Aspirational group target of a 2% efficiency improvement in non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) by end of 2015 financial year (2014 baseline) • Cumulative cost savings through sustainability initiatives • Pursue emerging commercial opportunities
Integrated customer solutions	Drive market leadership through competitive differentiation by accelerating the evolution of our business model from pure distribution to the provision of flexible, value-adding, integrated customer solutions	• Market leadership in targeted segments through delivery of integrated customer solutions
Profitable growth	Achieve target compound growth in total shareholder returns (TSR) in five years to September 2015	• Top-quartile growth in TSR over five years to 2015 • Increase group operating profit by executing turnaround and growth strategies • Execute identified growth projects for each division
Financial returns	Achieve top-quartile financial returns as measured against peer groups in each of our chosen business segments	• Top-quartile financial returns on average through the cycle (at or above our cost of equity, and measured against relevant peer groups in our chosen business segments) • Achieve return on equity target (15%) • Achieve return on net operating assets target (20%) • Internal targets and hurdle rates set for all businesses • Release capital from underperforming assets

2015 PERFORMANCE	FIVE-YEAR PERFORMANCE OCTOBER 2010 TO SEPTEMBER 2015
• Divisional IPM scores range from 2.72 (68%) to 3.28 (82%) • 39 employees attended the Barloworld Leadership Development Programme • Zero work-related fatalities • LTIFR rate of 1.11 improved 10% on previous year	• 207 and 47 employees attended the leadership and executive development programmes respectively at a cost of R21 million • LTIFR decrease over the period from 1.51 to 1.11 (-26%) • Tragically, there were nine work-related fatalities over the period • Training spend over the period of R666 million • Barloworld Education Trust supported 52 bursars at a cost of R6.45 million
• Ranked 18th on JSE most empowered listed companies • All South African operations B-BBEE rating at Level 4 or better • Barloworld Limited remained at Level 2	• General Staff Trust shares to the value of some R281 million vested in 11 531 employees • Barloworld paid R46.4 million to 183 participants in the Black Managers Trust • Conducted supplier diversity workshops in South African for some 600 suppliers • Barloworld Siyakhula entered into an arrangement with Standard Bank to provide R60 million financing for small and medium enterprises • Improvements in gender and race diversity, including at top three management levels
• "Sustainability" was added as the fifth core value in the group • The group did not achieve its aspirational non-renewable energy and greenhouse gas emissions (scope 1 and 2) efficiency improvement targets due to growing operations with relatively high intensity levels as well as base consumption patterns of businesses with decreased activity levels during the period • 30 energy and 16 water-efficiency initiatives implemented with related savings • Full ownership of SmartMatta, an environmental solutions company • In 2015, some 81% of total component sales in Equipment southern Africa related to remanufactured and rebuilt components, with 54% relating to Barloworld Equipment remanufactured parts and 27% related to Caterpillar remanufactured parts. • Constituent of Dow Jones Sustainability Emerging Markets Index as well as the FTSE/JSE Responsible Investment Index	• Non-renewable energy and greenhouse gas emissions (scope 1 and 2) intensities increased by 1.2% and reduced by 13% respectively • 140 energy efficiency initiatives were implemented • 61 water efficiency initiatives were implemented • Water recycled as a percentage of water withdrawn increased by 115% • Ongoing engagement with stakeholders resulted in us, together with our principals, offering solutions with reduced environmental footprints • Significant investment into rebuild and remanufacture facilities in our South African (R250 million) and Russian (USD11 million) Equipment operations • The acquisition of an environmental solutions company SmartMatta underscores our aspiration to provide environmentally responsible solutions
Awards and external recognition by divisions include: • Avis Car Rental received the Sunday Times Top brands, Business to Business award for the 12th consecutive year • Automotive received a number of significant recognition awards from principals • Automotive expanded their Motor Retail, Car Rental and Avis Fleet footprint • Restructuring initiatives in Logistics enhanced its offerings and performance • Barloworld Equipment and Barloworld Finanzauto Power Systems Marine were recognised by Caterpillar in Global Dealer Excellence Awards	• Market leadership position retained across most businesses • Additional dealerships expanded range of vehicle solutions • Bucyrus acquisition significantly expanded the range of mining solutions • New territories for Avis Fleet provide additional customer coverage • Acquisitions in Logistics extended the wide range of customer solutions
• Operating profit up 4% • Corporate activity included: – Acquisition of the Budget licence – Expanded motor retail footprint – Entered mobile crane market – Acquired remaining stake in re- and rebranded to SmartMatta – Invested into fuel management and telematics capabilities	• TSR (growth in share price and dividends paid) over the period of 86%, representing 13.2% compound growth per annum • Operating profit growth over the period of 163.2%, representing 21.4% compound growth per annum • Significant corporate activity over the five-year period included: – Bucyrus acquisition – Established Barloworld Global Power – Acquisition of the Budget licence – Expanded Motor Retail footprint – Avis Fleet expansion into East and West Africa – Acquired Logistics abnormal load transport and environmental solutions businesses
• Group return on equity declined from 11.6% to 10.9% reflecting the tough economic environment • Group return on net operating assets decreased from 18.8% to 16.8% in line with an increase in our operating assets • Significant turnaround in Equipment Iberia • Exited loss-making businesses in Logistics Spain and SAT Germany • Exited Agriculture Russia	• Significant corporate activity to reallocate capital to achieve optimal returns: – Exited Handling operations in US, UK, Belgium and Holland – Exited Motor Retail Australia – Exited Logistics Far East operations • Restructured Iberia reducing cost base by €79 million per annum from 2008 to 2015 • Significant improvement in ROE from 3.2% in 2010 to 10.9% in 2015 which also improved our RONOA from 9.3% to 16.8%

Looking forward
Our medium-term strategy to 2020

Vision 2020: Inspiring a world of difference

Create shared value that makes a positive difference for all our stakeholders through building world-class businesses generating superior shareholder returns and delivering sustainable societal outcomes.

Context

Our Vision 2020 and strategic framework were launched to Barloworld's senior leadership team at our global leaders' conference (GLC) in March 2015, providing inspiration and guidance into the future with specific focus on the strategic planning period from October 2015 through September 2020.

A participative approach was adopted in developing the vision and strategic framework. This included accessing the collective wisdom of senior executives on our 2014 Executive Development Programme as well as other executives and senior employees who participated in an initiative to revitalise the group strategic planning process.

Barloworld's Worldwide Code of Conduct was also revised to align with our strategy and provide individual and collective values and behaviours guiding how we conduct business.

Growth industries underpinning our 2020 ambitions have been identified as mining, infrastructure, power, automotive, logistics and agriculture. While some of these are cyclical industries we believe they all offer good long-term growth potential and targets have been set for all key business segments.

Our five-year strategic plan builds on the successes of our past while expanding the scope and magnitude of stakeholder value creation into the future.

Vision 2020

Our Vision 2020 articulates a balanced desire to create shared value for all stakeholders, while recognising the primacy of shareholders as the owners of the company.

It is deliberately broad in its scope to encompass our diverse business units and stakeholder groupings. It envisages innovative and customised solutions that make a "world of difference" for our stakeholder groups.

Central to our vision is a broader concept of value creation in which economic value creation in turn creates value for a broad range of stakeholders, ultimately to the benefit of society at large. We aim to enhance business competitiveness while simultaneously advancing social and environmental outcomes.

Strategic focus areas (SFAs)

In order to achieve our Vision 2020 we have again identified six SFAs through which we aim to deliver shared stakeholder value in all our divisions and business units. While generally consistent with our previous SFAs, two areas have evolved to align with our 2020 ambitions.

Key performance indicators (KPIs) to 2020 as well as related aspirational targets have been identified for each SFA, against which progress will be measured and reported. These are central to aligned performance throughout the group and will be incorporated in individual performance management through our integrated employee value model.

Our SFAs are consistent throughout all operations and align group activity, inform risks and provide a framework to identify opportunities. Top imperatives are determined for each SFA to facilitate prioritisation and resource allocation. This approach is duplicated in all divisions and functions, ensuring a structured, and aligned shared value creation approach for all stakeholders.

Delivering a world of difference through our strategic focus areas

STRATEGIC FOCUS AREAS	STRATEGIC INTENT
People	To attract, develop and retain the people and skills required to deliver on our strategies and create shared value through innovation, collaboration and continuous improvement
Diversity and inclusion	To maintain and enhance our competitiveness, credibility and legitimacy in the eyes of all stakeholders by leading in diversity and inclusion across all of our businesses
Sustainable development	To lead in sustainable development through respectable corporate citizenship and by delivering products, services and solutions that generate sustainable outcomes and realise commercial opportunities for revenue enhancement and cost savings
Innovative customer solutions	To drive market leadership by ongoing transformation of our business model from product-focused to service and solutions-focused, leveraging technology to deliver productivity and performance benefits to our customers
Profitable growth	To double revenue and achieve targeted growth in total shareholder returns (TSR) over the five years to 2020
Financial returns	To achieve financial returns above our cost of capital through the cycle and in the top quartile of our peer group in each of our strategic business segments

Looking forward
Our medium-term strategy to 2020

Values and Worldwide Code of Conduct
The Barloworld Worldwide Code of Conduct, incorporating our values, informs individual and collective behaviour throughout the group. To support the group's Vision 2020 and objectives, "Sustainability" has been added as a fifth core value alongside Integrity, Excellence, Teamwork and Commitment. This recognises the central role of sustainability in the group's value creation approach.

Strategic planning process
During the period we revitalised our strategic planning approach, which underpins the implementation of our Vision 2020. A world-class strategic process was developed using a collective and interactive approach involving leading strategy consultants, senior executives and other relevant individuals within the group. The process is codified in a handbook together with all the relevant material and is being institutionalised throughout the group.

Overall strategic framework
The elements of our strategic framework are consolidated in a holistic and concise overview reflecting the group's vision; our shared value aspirations; our strategic growth segments and the industries in which we participate; our strategic focus areas that underpin our value creation; and our Worldwide Code of Conduct which informs our behaviour and how we conduct business.

The three models outlined below are also essential components of our strategic framework.
- **Integrated Employee Value Model (IEVM)** – defines how Barloworld creates value for employees and their role in making a world of difference to our stakeholders
- **Integrated Financial Value Model (IFVM)** – identifies our financial value drivers, the key levers in the business that need to be managed to deliver enhanced financial returns
- **Strategic Planning Model** – institutionalises a structured strategic planning process throughout the group which identifies business opportunities and directs the allocation of both human and financial resources to capitalise on them

This framework is appropriately replicated at divisional level to achieve alignment, while accommodating flexibility and the diverse nature of our operations.

Implementing our Vision 2020 and strategy
The strategic planning process conducted during the year incorporated our 2020 strategic goals and was conducted according to our revitalised strategic planning approach.

During the period the group started a comprehensive process to communicate and entrench its Vision 2020, related objectives and strategic plan. This began with the Global Leaders' Conference in March, followed by the roll-out of a detailed communication programme to all employees. Our revitalised strategic planning process further entrenched the key elements of our vision and strategy in the group and our integrated employee value model will ensure individual and collective alignment through performance management, recognition and reward.

10 pillars of sustainability
Our 10 pillars of sustainability will continue to guide us towards achieving our 2020 ambitions and aspirational targets.

Group aspirational targets for 2020
We have set group aspirational targets for 2020 for each of our strategic focus areas. They will focus our efforts, guide activities and inform progress over the five-year strategic period. Although we do not envisage achieving our targets in a linear year-on-year fashion over this period, we will report our progress annually. Related internal objectives are set to support operational management and implementation of our strategic intent and these will be incorporated into performance management processes and appropriately inform remuneration and reward.

Divisions' projections have informed group targets. The diverse and decentralised nature of the Barloworld group requires unique divisional approaches based on relevant industry and regional realities, requirements and expectations.

Our group aspirational intensity-based targets are set against a business-as-usual scenario that tracks revenue as a proxy for business activity.

We will regularly review our targets to ensure that they remain relevant and appropriate in light of legislation and regulation, and that they balance the intents of our six strategic focus areas over the five-year period.

@ Barloworld 10 pillars of sustainability

Aspirational group-level 2020 targets

STRATEGIC FOCUS AREA, INDICATOR AND METRIC	GROUP ASPIRATIONAL 2020 TARGET
PEOPLE	
Safety	
Work-related fatalities	Zero
Lost-time injury frequency rate (LTIFR)	≤0.5
Employee engagement	
Overall IPM score	≥80%
Employee productivity	
Operating profit per employee (R000)	≥350
Employee development	
Total direct training spend per employee (Rand)	≥8 000
DIVERSITY AND INCLUSION	
Gender	
% Women of total headcount	≥35%
% Women in middle management level and above	≥40%
Race SA	
% AIC* employees of total headcount	≥75%
% AIC* employees in middle management level and above	≥50%
B-BBEE	
Rating level (dti codes)	3 or better
SUSTAINABLE DEVELOPMENT	
Energy	
Non-renewable energy intensity (GJ/Rm revenue)	10% efficiency improvement by end 2020 off 2015 baseline
Renewable energy (MWh)	2 000 or more per annum
Greenhouse gas emissions (scope 1 and 2)	
GHG emissions intensity (tCO_2e/Rm revenue)	10% efficiency improvement by end 2020 off 2015 baseline
Water	
Water intensity (KL/Rm revenue)	10% efficiency improvement by end 2020 off 2015 baseline
Waste	
Responsible waste disposal	100% solid and liquid waste disposed through formal waste disposal service providers
Corporate citizenship	
CSI spend	1% of net profit after tax (NPAT)
INNOVATIVE CUSTOMER SOLUTIONS	
Customer loyalty	
Market leadership in targeted segments	Leadership in customer satisfaction and loyalty
FINANCIAL RETURNS	
Profitability	
Operating margin (%)	≥6.5
Return on capital	
Return on equity (%)	≥15.0
Return on net operating assets (%)	≥20.0
Return on net assets (%)	≥18.0
Asset efficiency	
Net asset turn	≥2.8
PROFITABLE GROWTH	
Scale of business	
Revenue growth (Rbn)	Double revenue in five years

**African, Indian and Coloured.*

Engaging with our stakeholders

Barloworld recognises that stakeholders choose to support us, invest in us, work for us, and take decisions to buy our products and services based on how well we meet their expectations.

The sustainability of the Barloworld group is based on our commitment to adding long-term value for key stakeholders: shareholders, customers, principals and suppliers, employees, the communities and the public sectors in the areas where we live and do business.

We strive to respond appropriately to issues raised in our interactions with stakeholders to enhance and further build on our strategic relationships, and to meet the needs as appropriate. The group also continually determines ways to improve interfaces with our stakeholders to enhance mutual understanding, to assess needs and define relevant value-creating responses.

Stakeholder consultation and relationship management are implemented in all divisions at all levels of management in the group. Efforts are made across a wide range of stakeholder interfaces to ensure transparency, best-practice disclosure, consistent communication and equal and timely dissemination of information about our plans, related activities and performance.

While the group delegates responsibility for proactively dealing with stakeholder relationships to its divisions and group functionaries, a management framework has been put in place which includes a group stakeholder policy with recommended operational guidelines. A group-wide reporting regime on stakeholder issues under management informs our social, ethics and transformation board committee, which monitors the health of the stakeholder relationships which substantiate our reputation, as mandated by King III.

A group stakeholder champions' forum mandated by the executive committee and board focuses on addressing key issues, continual improvement and shared learning. In 2015, teams have focused on customer centricity and sharing across business units, value chain management, diversity and inclusion, supplier development, engagement with organised business and voluntary coalitions, brand value and relationship management issues and government liaison strategies in the face of changed rules of engagement for business with the public sector as customer.

It is through dialogue and our willingness to recognise the divergent legitimate concerns, interests and needs of our stakeholders that we are consistently able to entertain approaches to value creation that are new, innovative and different. This is essential to our being able to compete successfully in increasingly complex and ever-changing business environments and simultaneously bring about the systemic change needed for sustainable development.

GRI 4.1 to 4.17

@ Barloworld stakeholder engagement policy

Stakeholder issues report

STAKEHOLDER	ISSUES RAISED	MANAGEMENT RESPONSE
PRINCIPALS AND SUPPLIERS	• Sustained returns • Alignment • Innovation • Risk management • Management depth and leadership • Trusted partnership and relationship • Sustainability and ethics • Transformation • Reputation of OEM	• Responsible corporate citizenship • Continual, systematic formal and informal engagement • Alignment on standards, requirements, objectives, service, customer satisfaction • Maximising dealer business models • Alignment with key customers' local economic development programmes • B-BBEE scores meet key customers' requirements • Supplier due diligence processes • New acquisitions, disposals • Increasing market share • Developing/introducing new products and services, partnerships • Continual review of routes to market • Investment in new facilities • Market research, advisers to OEMs • Customer and supplier to OEMs
PUBLIC SECTOR	• Support for national imperatives • Contribution to socio-economic development • Sustainability • Diversity and inclusion	• Focus on regular, ongoing and ad hoc engagements at various levels of public sector, entities which impact or affect our chosen industry sectors, and our ability to create sustainable value for our stakeholders • HLRA, ethics and compliance regime • Managing partnerships on projects/service delivery • Building capacity and resources to anticipate and respond to government tenders • Efforts to align on economic, industrial, supplier, localisation and socio-economic development objectives • Management and reporting on governance, impacts on society and environmental stewardship • Proactive regulation compliance audits • Analysis of potential impacts of pending legislation and taxes, provide appropriate input, directly and/or through industry bodies and forums

Engaging with our stakeholders

STAKEHOLDER	ISSUES RAISED	MANAGEMENT RESPONSE
SHAREHOLDERS AND PROVIDERS OF CAPITAL	• Strategy • Sustained returns • Sustainability and ethics • Risk management • Management depth and leadership • Innovation • Allocation of capital to businesses with high returns • Growth opportunities • Funding	• Strategic, integrated business management and reporting approach addressing economic, social and environmental issues • Engagement through formal and informal interactions and channels, presentations and regular management meetings • Integrated business planning with regular reviews of business performance • Attaining evolving world-class standards in monitoring and reporting, earning membership of sustainability indices
CUSTOMERS	• Innovation/integrated solutions • Operational excellence • Trust and reliability • Risk management • Value delivery • Partnership/relationship • Sustainability and ethics • Transformation	• Continually review dealership footprint and OEM representation • Extensive programmes and reviews in place to anticipate customer needs and ensure service and satisfaction levels • Focus on building customer bases • Flexible access to customer solutions and markets • Alignment with customers' needs and objectives, key customer strategies • Creation of integrated customer solutions • Ensure non-financial targets meet customer requirements • Strategic joint ventures • Innovation and partnerships to provide financing solutions • Unpacking customer contracts for further business opportunities
EMPLOYEES	• Career development • Terms and conditions of employment • Inspiring work environment • Security of employment • Workplace safety • Development opportunities, recognition and reward • Diversity and inclusion • Attraction and retention	• Wide variety of regular and ongoing initiatives for both collective and individual interfaces with employees • An open door policy exists throughout the group and employees are encouraged and enabled to approach management • Individual integrated scorecards in place, aligned with strategic plans • Employee individual perception monitor surveys and action plans • Structured implementation of integrated employee value proposition • Intellectual capital reviews link to individual development plans • Workplace safety training highest priority • Transformation a high level priority • Roll out of Worldwide Code of Conduct, and ethics and compliance programme • Interactive lifestyle and wellness programmes in place • Leadership and executive development programmes • Division and group CEO awards for excellence • Volunteerism opportunities

STAKEHOLDER	ISSUES RAISED	MANAGEMENT RESPONSE
COMMUNITIES	• Legitimacy • Pioneering, responsible corporate citizenship • Awareness of social and environmental issues and initiatives • The value we create through our business activities • Local social and economic legislative imperatives, targets • Our CSI focus and objectives • Key customers' local economic development/social and labour plan obligations linked to their tenders, contracts	• A philosophy of creating sustainable value for all key stakeholders, including the communities of which we are an integral part, where we live and work • Ongoing engagement with civil society, communities, various public sector entities, other corporates and funders around development policy, plans and our participation in specific initiatives • Community impact employee opportunities such as education and training, job creation, provision of quality products and services, supplier and other business opportunities • Public sector, civil society and communities benefit from social investment, volunteerism, the taxes, levies and dividends we contribute • Group policy and approach stepped down through division champions to local engagement with communities and the implementation of programmes and projects aligned with their needs • Aligned with group value driving strategies and other social development imperatives

GRI For full list of stakeholder issues and responses, see 4.14

Managing risk

Identifying risks and opportunities through a robust and systematic process is central to our strategy and planning process. A comprehensive risk management policy is in effect throughout the group and is complemented by the Barloworld Limited risk management philosophy.

In line with international best practice, risks are assessed on their probability, severity and quality of the existing control environment. These measures result in residual risk scores that indicate the importance of the risk and facilitate assessing progress made in addressing identified risk. Through the risk and sustainability committee, the board determines the level of risk tolerance for the group and also ensures that risk assessments are performed on a continual basis by formally reviewing the divisional and group registers twice a year.

This table reflects the group's top risks as well as management's response to them and the relevant strategic focus areas.

Barloworld group top risks 2015 (in alphabetical order)

KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE	2015 STRATEGIC FOCUS AREA
Acquisition/joint venture underperformance The risk of future net cash flows from acquisitions and/or joint ventures failing to realise the projections upon which the initial purchase consideration was based may lead to value destruction for shareholders and a need to impair the related goodwill or assets.	**Acquisition risk** • A business acquisition policy and procedure is in place that sets out a structured approach and framework to be used when acquisitions and/or joint ventures are being made. This includes a pre-acquisition phase that includes the requirement to conduct a comprehensive strategic analysis of intended targets, development of acquisition criteria, both strategic and financial, and quantification of risk-adjusted value creation potential for the respective business unit and the group • The acquisition phase includes legal, financial, tax, human resources, empowerment and transformation, information systems and technology, technical, risk, governance and responsible corporate citizenship and environmental due diligence processes to verify and validate assumptions and future projections • Following acquisitions and/or joint ventures, planning and task teams are established to focus on the realisation and management of possible synergies	
Climate change and environmental stewardship Barloworld considers a number of environmental related risks to its operations and value chain. These include climate change and related physical risks due to changing weather patterns; regulatory risks associated with greenhouse gas emissions; financial risks resulting from carbon taxes; operational risks due to constraints in energy supply and the availability of natural resources, such as water. The group identifies the predominant use of fossil-fuel based energy in its supply chain, operations, products and solutions as a risk to itself and its value chain.	**Environmental/operational/strategic/financial/regulatory risk** Minimise exposure through in-depth risk assessments and strategic responses. Ensure organisational resilience through aligned and integrated management activities and policies. These include: • Implementation of aspirational efficiency improvement targets in non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) and focus on water stewardship • Association with leading principals, provision of products and solutions with reduced environmental footprint and which assist customers achieve their sustainable development objectives • Geographic, industry and product diversification	

GRI 1.2

@ Barloworld's 2015 CDP climate change and 2015 CDP water disclosure responses

KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE	2015 STRATEGIC FOCUS AREA
Competitor actions Competitor actions will erode our competitive position and have a significant impact on the value we create for shareholders.	**Competitor risk** • Continually reduce costs by focusing on operational efficiencies and staff training • Continually improve service and the provision of innovative solutions to customers • Develop key customer plans which contain all the information and strategies to satisfy the customer • Robust strategic planning process assists in identifying industry trends and uncertainties and developing appropriate strategies in response	
Currency volatility Movement of currencies against one another, mainly the movement of other currencies against the rand which creates risks relative to the translation of non-rand profits, the marking-to-market of financial instruments taken out to hedge currency exposures and the cost of imports into South Africa.	**Financial risk** • The responsibility for monitoring and managing these risks is that of line management. A group treasury policy is in place which clearly sets out the philosophy of hedging and guideline parameters within which to operate, and permissible financial instruments to be utilised • Preventive measures are implemented around determination of pricing mechanisms and structuring of commercial contracts to reduce the impact of any adverse currency fluctuations • Geographic, industry and product diversification	
Defined benefit scheme exposure One of the key risks for the United Kingdom's defined benefit scheme over the past few years has been the reduced real yield on AA-rated corporate bonds which is used to value the liabilities. In addition, increased life expectancy of members will have an adverse impact on the scheme's funding position. Market volatility remains a risk, with 50% of the scheme's assets invested in growth assets (largely equities), which includes 25% diversification into absolute return funds. The year-end valuation resulted in the deficit decreasing to £93 million, largely due to recovery plan payments made in the year. As the active members have reduced substantially, the trustee board will adopt more prudent assumptions in future in line with the maturity profile of the liabilities which will result in the scheme's liabilities increasing in the actuarial valuation as compared to the accounting valuation.	**Market risk** • A suitably qualified representative board of trustees, which includes a professional independent trustee, manages the scheme and is responsible for regularly evaluating the effectiveness of investment decisions, the setting of actuarial factors for the liabilities and managing the administration. Professional investment advisers are used to assist in the management of the investment portfolios with a view to conservatively preserving and enhancing fund valuations. Complex investment risk models are run by the investment advisers and actuaries to assess optimum risk balance. The actuary also conducts a formal triennial valuation with updated figures available in real time • Funding shortfalls are planned to be made up within sensible timeframes via market-anticipated increased interest rates, positive returns on investments and additional contributions from the company agreed as part of a 10-year recovery plan to bring the fund back to full funding on an accounting basis • The defined benefit scheme in the United Kingdom was closed to new members in 2002 and the scheme is now mature with only minimal active membership. All new employees in the United Kingdom are automatically enrolled in the United Kingdom's money purchase personal pension plan • The company and trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce volatility of the funding level of the pension plan by investing in matching annuities (buy-ins) for pensioners which perform in line with the liabilities of the plan. In 2013, the fund purchased a buy-in representing approximately 12% of the liabilities • The accounting deficit has been reflected on the company's balance sheet as a liability in line with international accounting standards	

Managing risk

KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE	2015 STRATEGIC FOCUS AREA
Dependence on principals and suppliers Some of the businesses in the group are dependent on a small number of principals and/or suppliers. Our success is therefore linked to their ongoing financial stability, the competitiveness and quality of their products and services and the availability of equipment to meet customers' needs. In order to ensure sustainable value creation, we depend on suppliers of infrastructure in the countries in which we operate. Most of our businesses are dependent, inter alia, on reliable power and water supply and appropriate transport networks.	**Strategic risk** • Add value by giving constant feedback to our principals on market movements and product competitiveness • Continually improve/build our relationships with our principals and major suppliers and attempt to ensure that we are a preferred dealer/customer • Provide excellent customer service and lead in our markets • Build long-term partnerships with customers • Supplier due diligence performed • Build relationships with local authorities • Align strategies and targets with those of our major principals as far as possible	
Exposure to political risks, sanctions, terrorism and crime in the countries in which we operate The group's people and assets are spread through numerous countries around the world, while our activities are conducted in many more. The possibility exists that our people and assets, and the viability of the businesses, may be exposed to sanctions, acts of terrorism, political turmoil or crime in some of the regions in which the group operates, as well as in those that may be the subject of expansion. Business growth initiatives require that new markets and territories are the focus of our business expansion. These opportunities come with their own distinct risk exposures.	**Operational risk** • Minimise exposure in high-risk countries through in-depth risk assessments, coupled with the application of preventive and corrective risk management activities • Maintain flexible business models • Maintain business continuity plans that incorporate emergency response actions, crisis management and business recovery plans specific to the businesses and the respective territories in which the businesses operate	

KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE	2015 STRATEGIC FOCUS AREA
Exposure to significant customers and dependence on channels to market We are exposed to certain large customers and/or industries and well-established distribution and support channels that may change or consolidate.	**Market risk** • Build long-term partnerships with customers • Develop customer solutions which differentiate and expand our offering from product-based businesses to service and solutions focused • Diversify customer base • Develop new channels	
IT and information security-related risks Barloworld's strategy of providing innovative customer solutions by transforming our business from Products to Services and Solutions which leverage technology to deliver productivity and performance benefits to our customers, gives rise to an increased risk related to information security and related cybercrime attempts. As our solutions are increasingly digitising and connected to many external parties there is an increased risk relating to the protection of the confidentiality, integrity and availability of our customers and our own information and data.	**Employee/operational/strategic risk** Barloworld has revised its response to these risks with an updated information security approach which is underpinned by the implementation of new group-wide information security policies. The approach is based on the ability to: • Prevent, detect and respond to attempts to access our information • Restore confidentiality, integrity and availability of systems and information and data in the event of a breach The approach includes all appropriate security mechanisms, physical, technical, organisational, human orientated and legal to keep all information protected against threats.	

Managing risk

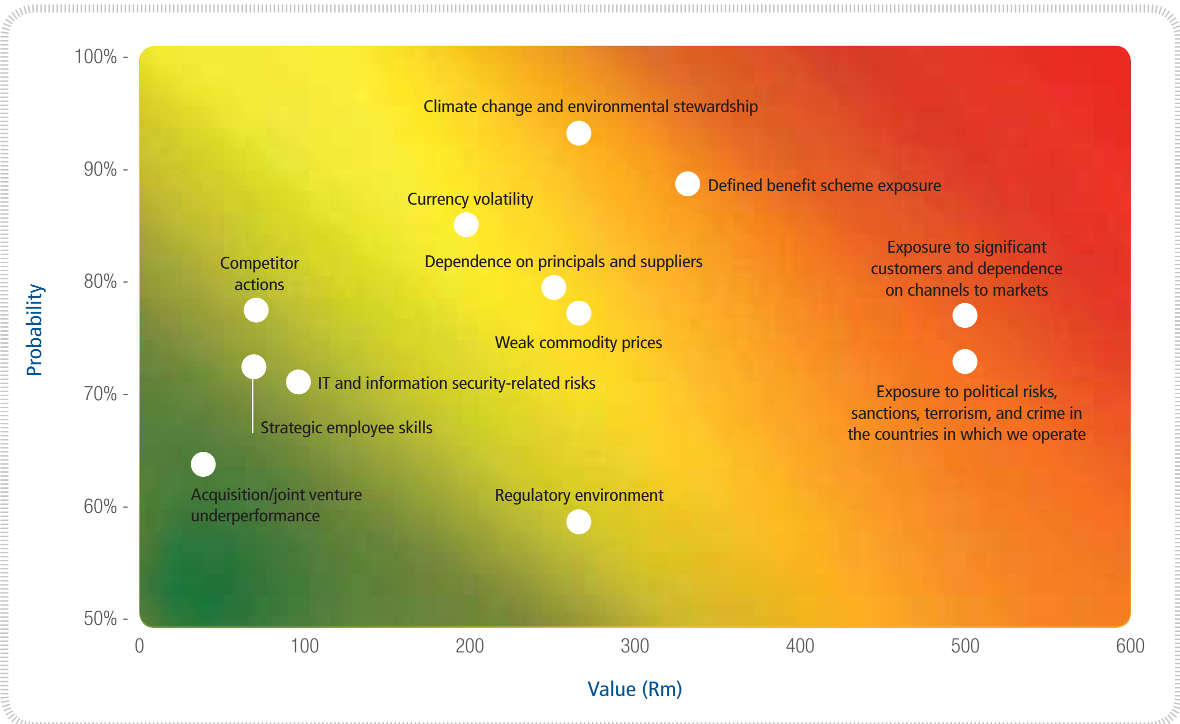
KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE	2015 STRATEGIC FOCUS AREA
Occupational health and safety risks Barloworld's key asset is its employees. The occupational health and safety risk is the likelihood of a person being harmed or suffering adverse health effects if exposed to a hazard in the workplace.	**Employee/operational/strategic risk** • Minimise exposure through in-depth risk assessments, coupled with the application of preventive and corrective risk management activities and policies • Training in accident prevention, accident response, emergency preparedness and the use of protective clothing and equipment, all with the aim of ensuring a safe workplace	
Regulatory environment Many of the group's activities are governed by regulations. Due to the complexity and changing nature of these regulations across the industries and geographical spectrum of the group's activities, there are challenges in staying abreast of all developments and maintaining full compliance.	**Regulatory risk** • Management is responsible for the on-going monitoring of all pending and actual changes to the group's regulatory environment. Due to the large number of jurisdictions which govern the group's activities, this monitoring occurs in each relevant country of operation • Where feasible, the group will comment on proposed changes to the regulatory environment that may adversely affect the group in a particular jurisdiction	
Strategic employee skills Barloworld's key asset is the intellectual capacity and skills of its employees. This necessitates ongoing management of the challenges regarding recruitment, succession planning, skills retention and development.	**Employee risk** • Barloworld has a defined employee value proposition and methodology to align employees with the strategy of the organisation • These identify and align all employee elements of a value-creating organisation to ensure sustainable intellectual capacity and value-creation competence • Through performance management systems, employees' purpose, role, function and accountabilities are defined, and, using competency-based assessments, employees are regularly reviewed to ensure the appropriate skill sets are available to enable performance at optimum levels • Investments in training resources and facilities are continuing to assist and encourage employees to enhance their levels of competence and performance • An appropriate suite of reward and incentive schemes ensures recognition, value-creation for employees and retention of high-performing employees	

KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE	2015 STRATEGIC FOCUS AREA
Weak commodity prices The effect of weak commodity prices and the decline in oil prices have contributed to the slow recovery on our businesses, customers, suppliers and funders and the continued risk that funding constraints within the supply chains could result in a recurring recession and/or impede growth. This, in turn, has negatively impacted many company investments.	**Financial risk** • Inflationary pressures to be carefully monitored and managed, as appropriate, in each business • Reduce costs and improve operating efficiencies • Monitor our customers' ability to spend and access credit • Reduce working capital, limit capital expenditure and improve cash flow • Secure adequate committed borrowing facilities • Maintain credit rating	

Risks listed in alphabetical order.

Risk heat map

The heat map below reflects the relative position of the group's residual risks which are assessed on their probability, severity and quality of existing control environment. The occupational health and safety risks are not reflected on the heat map as our practice is not to attach a value to fatalities.



Managing technology

Digital revolution

The world is changing rapidly due to significant trends such as:

- The proliferation of mobile devices with pervasive connectivity to the internet as broadband data reduces in price and increases in availability, resulting in new heights of social media interaction on a personal and business level
- Cloud computing which provides access to high level, location independent, utility based, agile and capital light computing resources
- The increase in connected devices such as sensors and on-board computers installed in many products and devices, giving rise to the internet of things or the real-time exchange of information between connected devices
- An exponential increase in data that needs to be stored, managed and interpreted for business advantage

Group response

Technology-enabled solutions

All our divisions are focusing on providing technology enabled solutions which add value to our customers by:

- Enhancing our current services by optimising the performance of our products
- Providing productivity solutions to help the customer optimise discreet business activities
- Providing integrated solutions to assist customers in optimising interrelated aspects of their businesses
- Providing consultative advice to customers based on insights gained by analysis of data and predictive analytics

E-commerce

We are further developing and enhancing online portals which enable connectivity and online transactions with customers, employees and suppliers. Other aspects receiving attention are:

- The provision of our services and solutions on mobile platforms to enable whenever/wherever service availability as well as customer interaction on various social media platforms
- Internal optimisation opportunities around inter-business unit integration of systems and processes to add business value and enhanced customer experience

Changing role of IT

Focus is maintained on existing traditional enterprise and mission critical systems where operational reliability is paramount. Enhancements such as ERP rationalisation within business units and corporate consolidation tools for improved corporate control and reporting are being implemented.

However the digitised cloud-enabled world, coupled with many IT products and services now readily available for business consumption, has necessitated additional skills requirements from the IT teams. These include managing outsourced partners, development skills to integrate new platforms and services, and the agile development of innovative applications which interface with traditional systems to provide enhanced interaction with customers, suppliers and the business. Training and knowledge sharing interventions are combined with targeted recruitment to provide the requisite skills.

Group management and governance

The IT environment is broadly governed according to King III and is fully integrated into the group's strategic planning process to ensure strategic, tactical and operational alignment in the achievement of business objectives.

Chief information officers in each division represent IT at divisional board level and the group finance director is responsible at Barloworld board level.

IT steering committees at a group, divisional and business unit level enable alignment with business direction and synergies across IT in the group. The group IT steering committee is chaired by the finance director and comprises the group CE and divisional CEOs. The IT function is an agenda item at quarterly meetings of the risk and sustainability committee, a sub-committee of the board.

Group IT strategy

The group has a decentralised IT strategy devolved to each business unit, headed by a business unit CIO reporting to the business unit CEO.

Group synergies are sought where possible in the following areas:

People

The continual development of our IT professionals is critical in a rapidly changing environment. Rotation of staff between divisions is encouraged and new appointments are made with due consideration for diversity and transformation targets.

Value through scale

Key suppliers are allocated to individual CIOs to optimise procurement and service levels across the group. Shared service opportunities are investigated and implemented where appropriate.

Innovation and best practice

The group collaborates and shares IT domains specifically in areas of new skills. Mobile applications and business intelligence development and platforms are shared and a further enhancement is envisaged in the formation of shared competency groups.

Risk mitigation

The ever-changing environment brings with it the complexities of managing information risk and the group is applying the appropriate operational and technology interventions to manage these challenges. To counter the risk of cybercrime Barloworld has updated its policies around information security, which are being implemented in all group companies.

@ Full corporate governance report 2015

Performance review against strategic focus areas

PEOPLE

Strategic intent:

To attract, develop and retain the people and skills required to deliver on our strategies and create shared value through innovation, collaboration and continual improvement.

People

Employee value model

The integrated employee value model (IEVM), our people management philosophy, which was rolled out in 2014 continues to be assimilated into the business to guide our strategic ambitions for and through our people.

The employee value proposition (EVP) is designed to attract, engage and retain top calibre employees by making Barloworld a great place to work. The high performing organisation (HPO) is a robust integrated methodology to deliver identified value drivers. Through the learning organisation, powered by structured team forums and reinforced by our leadership behaviours and Worldwide Code of Conduct, employees can take an active role in reviewing and continually improving organisational processes, systems and practices.

Appropriate recognition programmes in our divisions contribute to improved employee retention and productivity. Overall, our IEVM identifies and aligns all employee elements to ensure sustainable value creation for and by Barloworld employees.

Employee engagement

The individual perception monitor (IPM) is run formally every second year and measures the elements of the employee value proposition – Inspire, Grow, Thrive, Live, Relate and Reward as well as the learning organisation platform on which it is based. Critical aspects of employee engagement are also measured. The objective for the group is to achieve a rating of 75% (level 3 or above on a four point rating scale) in all aspects of the IPM questionnaire.

In 2015 most divisions elected to run the IPM to evaluate progress from the 2014 survey. Results improved over 2014 in general but focus is required in the Grow and Thrive elements, where specific initiatives are being put in place to improve learning and career development for employees.

Talent management

Attracting and retaining talented people is critical to the achievement of our objectives and Barloworld is committed to investment in growing its sustainable competence. An annual workforce planning analysis is undertaken to assess future needs based on the group's strategic plans. Aligned to this, an annual intellectual capital review (ICR) enables us to identify, manage and consolidate the talent within the organisation to meet the future demands of the group.

A total of 14 315 employees had career development discussions during the year and individual development plans arising out of these discussions aim to improve current skills and equip employees for future roles. Our preference is to fill vacant posts from within the organisation through internal advertising, while recognising that certain skills required must be sourced externally.

Skills programmes are aligned to national regulations and frameworks and address both technical and soft skills.

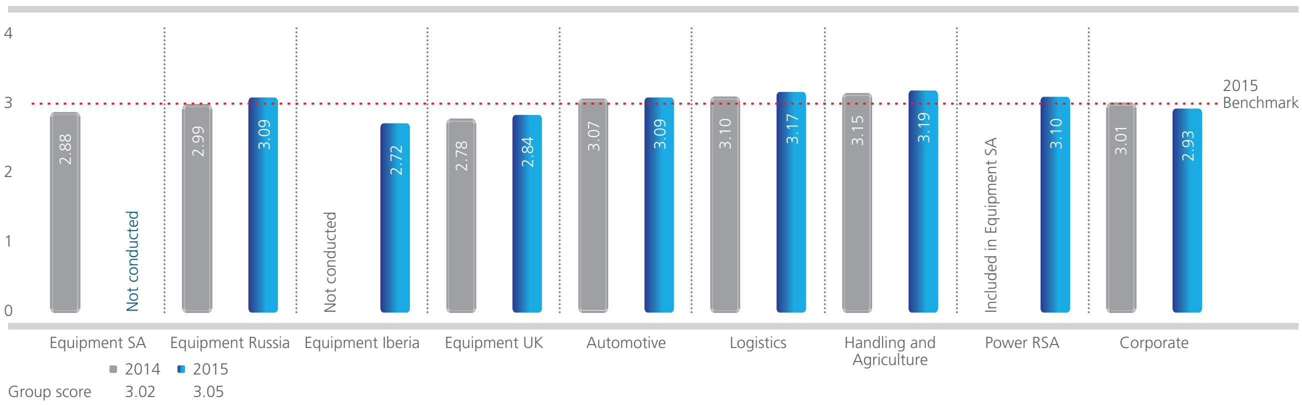
Strong focus is placed on technical apprenticeship and learnership programmes and we currently have 1 178 candidates in these programmes. There are 3 390 artisans, technicians and technologists within the group and 3 131 employees have degrees or diplomas.

To improve our skills base and ensure we have a pipeline of talent, Barloworld provides financial assistance to 222 employees studying towards degrees or diplomas. In the past year 34 bursaries were granted to external students studying towards degrees. We also assisted 210 external individuals in training, including work experience, through internship programmes.

Leadership development

All divisions conduct internal leadership programmes and employees are selected from across the business to participate in the external Executive Development Programme (EDP) and Leadership Development Programme (LDP). To date 783 Barloworld employees have attended these two programmes.

Measuring value creation for our people
(IPM scores – 2014 and 2015)



LA1 to LA15

People

Percentage direct training spend by occupational level

Occupational level	2015	2014	2013
Board*	**0.01%**	0.01%	0.00%
Executive	**0.17%**	0.80%	0.02%
Senior management	**1.20%**	2.93%	0.87%
Middle management	**18.35%**	13.07%	11.34%
Skilled upper	**51.85%**	46.97%	48.36%
Semi-skilled/apprentices/trainees	**28.03%**	33.95%	39.36%
Labour/unskilled	**0.39%**	2.27%	0.05%
Total	**R140 516 864**	R129 268 232	R117 051 847

** Excludes non-executive directors*

Average training hours per employee by occupational level

	Average hours		
Occupational level	2015	2014	2013
Board*	**4.80**	3.17	3.00
Executive	**16.43**	22.72	4.02
Senior management	**26.38**	34.39	12.24
Middle management	**24.48**	28.06	21.74
Skilled upper	**27.36**	30.06	37.40
Semi-skilled/apprentices/trainees	**27.47**	56.80	38.55
Labour/unskilled	**3.82**	3.99	2.51
Total	**26.54**	38.08	35.22

** Excludes non-executive directors*

Performance management

Barloworld manages performance through remuneration, coaching and annual performance reviews to develop skills and recognise excellence. During the reporting period 13 310 reviews took place.

Health and safety

The safety and well-being of Barloworld's employees is paramount. A decline in the group's lost-time injury frequency rate (LTIFR) and zero work-related fatalities underscore our ongoing attention to this.

Number of work-related fatalities	2015	2014	2013
Equipment and Handling	**0**	1	0
Equipment	**0**	1	0
Handling	**0**	0	0
Automotive and Logistics	**0**	2	3
Automotive	**0**	1	0
Logistics	**0**	1	3
Corporate	**0**	0	0
Barloworld group	**0**	3	3

GRI LA7

Lost-time injury frequency rate (LTIFR)*	2015	2014	2013
Equipment and Handling	**0.89**	0.93	1.03
Equipment	**0.79**	0.91	0.91
Handling	**2.36**	1.18	2.65
Automotive and Logistics	**1.26**	1.46	0.96
Automotive	**1.37**	2.00	1.20
Logistics	**1.13**	0.71	0.60
Corporate	**0.00**	0.00	1.53
Barloworld group	**1.11**	1.23	0.99

**LTIFR: (number of LTIs x 200 000)/total hours worked.*

HIV/AIDS statistics in Barloworld South Africa

% of employees who know their status*	2015	2014	2013
Equipment and Handling	**72%**	68%	50%
Equipment	**72%**	64%	46%
Handling	**72%**	100%	83%
Automotive and Logistics	**81%**	97%	56%
Automotive	**100%**	100%	65%
Logistics	**46%**	52%	33%
Corporate	**62%**	59%	44%
Barloworld South Africa	**79%**	88%	54%

**Cumulative over three years.*

% of employees tested who are HIV positive*	2015	2014	2013
Equipment and Handling	**3%**	4%	3%
Equipment	**4%**	5%	4%
Handling	**1%**	1%	1%
Automotive and Logistics	**6%**	5%	5%
Automotive	**5%**	5%	5%
Logistics	**9%**	6%	4%
Corporate	**6%**	6%	4%
Barloworld South Africa	**6%**	5%	4%

**Cumulative over three years.*

All of the business units within South Africa offer employee wellness programmes and have appointed independent providers. These programmes cover a broad spectrum of services including counselling, life management services and health and wellness programmes.

@ Barloworld LTIFR approach

People

Number of employees

Barloworld is committed to recruiting from the communities in which we operate and developing local skills bases. Where the required skills are not available expatriate employees are appointed who, in turn, develop local skills. Overall 1.32% of Barloworld employees are expatriates and the number is decreasing due to extensive development programmes in all territories.

Employee headcount (permanent and contract/temp employees greater than 12 months) increased from 19 616 to 19 745.

Workforce by region	2015	2014	2013
South Africa	**15 095**	14 619	13 877
Rest of Africa	**2 354**	2 357	2 418
UK, Europe and Russia	**2 145**	2 472	2 632
Middle East and Asia	**146**	161	242
North America	**5**	7	13
Total	**19 745**	19 616	19 182

Number of employees by division	2015	2014	2013
Equipment and Handling	**7 931**	8 298	8 691
Equipment	**7 336**	7 743	8 002
Handling	**595**	555	689
Automotive and Logistics	**11 703**	11 203	10 378
Automotive	**7 603**	7 433	7 219
Logistics	**4 100**	3 770	3 159
Corporate	**111**	115	113
Total	**19 745**	19 616	19 182

Outlook

Our people remain central to us realising our Vision 2020 and related ambitions.

We have set aspirational targets for safety, employee engagement, and employees' productivity and development.

In line with our focus on employee safety and wellbeing, we will continue to entrench a culture of safety leadership to ensure that health and safety is not compliance driven, but based on individual accountability and ownership.

We will continue to conduct our Individual Perception Monitor (IPM) surveys, and align interventions to address the results, as well as aspects identified through feedback and other established employee communication channels to improve employee engagement.

Through our IEVM we will focus on various employee productivity improvement measures that support both business and employee aspirations.

Grow (Learning and Development) and Thrive (Career Development) are two key elements of our Employee Value Proposition (EVP) and we will focus on addressing these aspects.

Succession, talent and employee development are critical to ensuring that we have the right skills in the right place at the right time.

Through entrenching all aspects of our IEVM we will strive to create value for and through employees and deliver on our strategic objectives.

CEO awards 2015

Recognition and reward

Aligned to the new vision for the group – Inspiring a World of Difference – this year's CEO Awards' nominees demonstrated how they inspire a world of difference by delivering shared value for all our stakeholders. Importantly, these outstanding employees also inspire a world of difference among their colleagues as they lead by example, living our values of Integrity, Excellence, Teamwork, Commitment and Sustainability in their respective roles within the group.

Winners of the 2015 CEO awards

Barloworld Equipment Iberia: Nela Varela Senin and Sonia Borrás Gonzalez representing the Barloworld Iberia Marine team

Nela Varela Senin and Sonia Borrás Gonzalez of Barloworld Iberia Marine were named the winners of the 2015 CEO Awards at a function at Summer Place on Friday, 6 November. These two remarkable women have overcome many challenges – including very difficult market conditions and succeeding in a male-dominated field – to excel in the sales and after sales marine markets respectively. Our Power Marine business has enormous global potential and Nela and Sonia have shown how this can be unleashed through their understanding of the industry, passion for the brands they represent and a team-driven attitude.

Nela and Sonia, working in the sales and after sales Global Marine business respectively, have made a very significant contribution to our growing reputation as a leading marine power specialist.

Nela was appointed head of Cat Propulsion in the Iberian business in 2013, responsible for the development and growth of our Cat propeller and propulsion systems business. Having shown promise in the after sales engine business, Sonia rose to the position of MaK product support manager.

The team's achievements have been recognised by Caterpillar as Finanzauto received a Global Dealer Excellence Award for Marine, being one of only two dealers worldwide that received this accolade.

Finalists representing the other business units included:

Barloworld Automotive: Kim Crawford and Duncan Atkinson representing the Budget implementation team

Barloworld signed an agreement that enables Avis SA to also operate the Budget car rental brand in the southern Africa region for the next 15 years.

This major announcement unleashed a dramatic chain of events – leaving the team with less than 20 days to go live! The process demanded the dedication and commitment of every Avis Brand ambassador.

In just 17 days, the Avis team successfully implemented the operational infrastructure from the ground up and was ready to meet and exceed Budget customer expectations. This process would normally take up to five months!

Barloworld Logistics: Kumuran Naidoo representing the Telkom bid team

The Telkom contract is one of the largest deals the business has won in the last 10 years. It is the first deal which includes every business service Barloworld Logistics offers and is an end-to-end supply chain solution. In developing the solution, the bid team used their network modelling and inventory optimisation tools to maximum effect to analyse the Telkom supply chain adequately and come up with solutions – achieving the cost reduction that Telkom was looking for.

Barloworld Handling: William Tsheisi

William Tsheisi is the developing markets manager for Barloworld Agriculture and has played an invaluable role in growing the high-technology Massey Ferguson footprint. William Tsheisi has played a lead role in developing and conducting training courses to dealer staff and customer drivers on an expanding product range. He was tasked to focus training on large-scale farming operations, fleet change deals and to ensure we succeed in delivering products that will be optimised through correct application and operating procedures.

William's operator courses not only improve skills but develop a passion for the brand. He conducts his training in 11 languages!

Barloworld Equipment southern Africa: Vishala Panday

Vishala Panday is the corporate compliance manager for Barloworld Equipment. In a short space of time, Vishala has revolutionised the approach to developing policies and procedures which have been rolled out across the regions with great success.

Vishala has also developed an E-learning training initiative which incorporates Barloworld's Code of Conduct and anti-bribery and corruption polices. All material was developed in English and Portuguese and rolled out across the business. The programme also promoted the ethics hotline and whistleblowing policy, which has since resulted in an improvement in our compliance practices.

CEO awards 2015

Barloworld Equipment Russia: Roman Smirnykh

Roman has been with the company for eight years and started off as a trainee. Through a very successful career, he is now the project manager and together with a team of specialists headed by him ensure technical support to Sovrudnik, a Russian gold mining enterprise. A few years ago Sovrudnik had virtually no Caterpillar equipment in its fleet, whereas now it makes wide use of Caterpillar equipment. As one of the main players of the Eastern Siberia's gold mining market, this partnership opens new horizons for Vostochnaya Technica in this promising region.

Roman's commitment and passion for our brand led the increase of customers' loyalty to CAT machines and to significantly increased sales. These sales will create great product support opportunities for the Russian business in the future.

Barloworld Corporate Office: James Murphy

Dr James Murphy has been a Barloworld stalwart for 31 years. During this time his position evolved from chief medical officer to being involved in several strategic projects. Most recently, he is the principal officer of the Barloworld Medical Scheme and Barloworld Retirement Fund and his outstanding performance on the retirement fund made him a worthy winner and nominee for Corporate Office.

Dr James managed the process of selecting, concluding and transferring the assets and members of the Barloworld Retirement Fund to the Old Mutual Umbrella Fund. It was a demanding process which lasted 18 months. During this process Jim was passionate and meticulous about ensuring that the interests of the 2 500 members were protected. His efforts have resulted in members of the Barloworld Retirement Fund benefiting by receiving an extra allocation of their pensionable salary to investment.

Barloworld finalists: From left to right – Kim Crawford, Duncan Atkinson, Sonia Borrás Gonzalez, Nela Varela Senin, Dr James Murphy, William Tsheisi, Kumuran Naidoo, Roman Smirnykh, Vishala Panday and Clive Thomson

DIVERSITY AND INCLUSION

Strategic intent:

To maintain and enhance our competitiveness, credibility and legitimacy in the eyes of all stakeholders by leading in diversity and inclusion across all of our businesses.

Diversity and inclusion

Diverse workforce

Diverse insights and perspectives are required to sustain business success in today's complex global economy, making diversity and inclusion a business imperative.

We remain committed to building a workforce that reflects the communities in which we operate. As a world-class organisation with a broad array of stakeholders, we believe diversity helps us to maintain our winning edge. Within all areas of our business we strive to create an inclusive talent pool that taps into the vast potential found across race, gender, age, sexual orientation and other demographics.

Diversity is key to our strategy of creating shared value within our business. We have intensified our efforts to entrench diversity and inclusiveness in all our operations through training, mentorship and recruitment programmes designed to heighten our responsiveness to an evolving society.

	2015+		2014		2013	
Employees by ethnic background – South Africa	**AIC#**	**White**	AIC#	White	AIC#	White
Board*	**1**	**3**	1	4	1	4
Executive	**13**	**25**	11	26	5	13
Senior management	**29**	**93**	22	102	16	46
Middle management	**798**	**1 150**	791	1 149	722	1 135
Skilled upper	**4 934**	**2 421**	4 790	2 404	4 548	2 416
Semi-skilled/apprentices/trainees	**4 912**	**422**	4 631	417	4 373	427
Labour/unskilled	**293**	**1**	267	4	170	1
Sub total	**10 980**	**4 115**	10 513	4 106	9 835	4 042
Total South Africa	**15 095**		14 619		13 877	

**Excludes non-executive directors.*
#African, Indian and Coloured.
+Included are 357 foreign nationals.

	Global breakdown – 2015			Global breakdown – 2014			Global breakdown – 2013		
Females as a % of total headcount	**Female**	**Total**	**% Female**	Female	Total	% Female	Female	Total	% Female
Board*	**0**	**5**	**0.00**	0	6	0.00	0	6	0.00
Executive	**8**	**51**	**15.69**	7	49	14.29	1	25	4.00
Senior management	**31**	**170**	**18.24**	29	176	16.48	10	87	11.49
Middle management	**832**	**2 516**	**33.07**	822	2 568	32.01	762	2 553	29.85
Skilled upper	**2 759**	**10 070**	**27.40**	2 725	10 069	27.06	2 762	10 401	26.56
Semi-skilled/apprentices/trainees	**1 258**	**6 558**	**19.18**	1 174	6 402	18.34	1 135	6 326	17.94
Labour/unskilled	**118**	**375**	**31.47**	100	346	28.90	84	294	28.57
Total operations	**5 006**	**19 745**	**25.35**	**4 857**	**19 616**	**24.76**	**4 754**	**19 692**	**24.14**
Total continuing operations	**5 006**	**19 745**	**25.35**	**4 857**	**19 616**	**24.76**	**4 654**	**19 182**	**24.26**

**Excludes non-executive directors.*

Broad-based Black Economic Empowerment

We have maintained our momentum with respect to the Department of Trade and Industry's Broad-Based Black Economic Empowerment (B-BBEE) scorecard including the key elements of management control and employment equity. Special emphasis is being placed on building leadership capacity among women.

SA business unit

B-BBEE level	2015	2014	2013
Equipment	**2**	2	2
Handling	**2**	2	2
Car Rental	**2**	2	2
Motor Retail	**4***	3	3
Avis Fleet	**4***	2	3
Logistics	**2**	2	2
Corporate	**2**	2	2
Barloworld Siyakhula	**1**	1	1
Barloworld Limited	**2**	2	2

**Rated under new dti codes.*

2015 key highlights

- Barloworld was ranked 18th among the top JSE-listed most empowered companies by an independent survey.
- Empowerment has taken firm root in our corporate governance, with seven black directors on Barloworld's board, including four women.
- Barloworld Limited maintained its Level 2 B-BBEE rating.

Closure of 2008 B-BBEE transaction

The amendments to the transaction involving the six strategic black partners and the three community service groups were approved by shareholders at the general meeting of 19 June 2015. In terms of the amendments, the compulsory obligation by the B-BBEE participants to subscribe for shares in Barloworld in excess of what could be funded from available cash resources was terminated and the restrictions imposed upon them relating to those shares was also removed.

In terms of the transaction the company issued 1 590 622 shares to the participants on 5 November 2015 at an agreed price of R179.69 generating proceeds of R285.8 million. To further the objective of increasing black ownership in Barloworld, the company issued 450 000 additional shares to the participants at a subscription price equal to par value of 5 cents per share.

As at 30 September 2015 the company had repurchased 450 000 shares in the open market of the total buy-back commitment of 2 040 622 shares required to minimise the dilution impact of the transaction on Barloworld shareholders.

The 2008 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 an ex gratia payment based on the original rules of the BMT. This resulted in 183 current and past black mangers receiving a R46.4 million cash award as recognition of their contribution over the past seven years.

Supplier diversity

Our supplier development strategy is informed by global best practice, which seeks to strengthen efficiencies within the traditional supplier base while also increasing capacity and procurement among non-traditional, historically disadvantaged service providers. In an increasingly multi-cultural marketplace, these efforts are essential to promoting sustainability and creating value among our stakeholders.

Diversity and inclusion within our supply chain is championed by Barloworld Siyakhula, our enterprise and supplier development arm. Siyakhula was founded in 2007 in response to the drive towards black economic empowerment and transformation in South African business.

2015 key highlights

- Barloworld is leveraging its procurement spend and business networks to support small and medium-sized businesses.
- Since inception over R187 million has been spent on empowerment of black suppliers and customers.
- Barloworld has assisted 30 companies which in turn support almost 620 jobs.

Diversity and inclusion

Supplier development workshops
Building upon their successful launch in 2014, we continued group-wide supplier development workshops in 2015 and more will follow in 2016.

There have been several positive outcomes of this initiative.
- Over 600 new suppliers were engaged in line with transformation and black empowerment within our supply chain.
- Various business units – along with their respective suppliers – have engaged with Siyakhula towards furthering their B-BBEE compliance.
- All Barloworld divisions are accelerating empowerment within their procurement operations.

Barloworld Siyakhula added a number of transactions to its roster of successful empowerment initiatives.

Strategic partnerships
Barloworld's forward strategy recognises the need to leverage partnerships and this year we intensified our collaboration with various organisations in the financial, government and private sectors to unlock value for our stakeholders. These include the South African Supplier Diversity Council, Standard Bank, the Department of Trade and Industry, the National Business Initiative and Empowerdex.

2015 key highlights
Standard Bank
Siyakhula and Standard Bank have entered into a formal supplier development programme enabling eligible service providers to leverage their supply contracts with Barloworld to obtain finance.

While addressing enterprise development needs within our supply chain, the deal is also expected to help Barloworld maximise efficiencies within its procurement operations.

Localisation
In line with the dti's strategic emphasis on growing South Africa's local industrial base across various sectors, Barloworld has continued to pursue partnerships with key stakeholders. Steady progress is being made towards the formation of joint ventures and initiatives promoting localisation.

We also continued to engage our principals to identify opportunities for local manufacture of parts and content as we promote beneficiation and skills transfer in line with South Africa's National Development Plan (NDP).

While we develop large-scale macro projects, Siyakhula also identifies smaller initiatives with the potential to impact local communities.

2015 key highlights
Maorabjang Community Property Association
Siyakhula donated Barloworld farming assets to Maorabjang, a small-scale agricultural enterprise in Mpumalanga. In addition to equipment valued at R3 million, Siyakhula committed a grant of R100 000 towards operational expenses for the venture and to the finance of all transfer costs.

Outlook
Diversity and inclusion are key elements of our strategic vision and indispensable tools for a successful organisation from a business and ethical perspective.

As part of our Vision 2020 we have set diversity and inclusion targets for race and gender, as well as a target for our B-BBEE rating level under the new dti Codes of Good Practice.

We will continue our drive to promote excellence and opportunity across our workforce by:
- Instilling a culture of collaboration, flexibility and high performance among employees
- Promoting empowerment and transformation at all levels in accordance with our internal targets and legislation
- Further entrenching the Barloworld Code of Ethics and the Worldwide Code of Conduct into our organisational culture
- Fostering fairness and equality within our work environments irrespective of gender, race, creed and other forms of diversity
- Implementing a standardised index report to monitor our quarterly progress and status on diversity
- Continuing diversity-focused internship programmes
- Promoting further flexibility within our organisation with respect to how, when and where work gets done.

SUSTAINABLE DEVELOPMENT

Strategic intent:

To lead in sustainable development through respectable corporate citizenship and by delivering products, services and solutions that generate sustainable outcomes and realise commercial opportunities for revenue enhancement and cost savings.

Sustainable development

We are committed to building a better world

Sustainability is an integral part of who we are and what we do every single day. We recognise progress involves a balance of environmental stewardship, social responsibility and economic growth. We provide work environments, products, services and solutions that make productive and efficient use of resources as we strive to achieve our vision. We believe this commitment supports the enduring success of our customers, shareholders, people and other stakeholders.

Overview

"Sustainability" has been included as a fifth value in Barloworld's revised Worldwide Code of Conduct, further entrenching this aspect within the group.

Aligned to our shared value philosophy, we pursue a balance between economic, environmental and social imperatives. These include leveraging emerging commercial opportunities through the provision of innovative and integrated customer solutions that support their sustainable development objectives, including minimising their environmental impacts. Our innovative solutions incorporate energy and emission-efficient vehicles, plant and equipment, optimal supply-chain management and responsible waste management. While these aspects are covered throughout the report; in this section we focus on our value chain and environmental stewardship.

Internally, we focus on conducting our operations in an environmentally responsible manner and reducing our consumption of non-renewable resources. We have implemented a group aspirational non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) efficiency improvement target, focus on water conservation and stewardship including recycling and rain-water harvesting, and responsible waste management. These initiatives support organisational resilience in the context of rising costs, regulatory and supply constraints. Extensive component rebuild and remanufacture activities in our Equipment division conserve non-renewable resources and enhance recycling initiatives.

The 100% acquisition of SmartMatta (previously re-, an environmental solutions company) demonstrates our commitment to constantly finding innovative ways to drive economic, environmental and social sustainability. The acquisition supports our internal imperative as well as broadens our capability in assisting customers achieve their own objectives regarding responsible waste management.

Responsible value chain

It is important to align ourselves with a robust supply chain, responsible leading principals and original equipment manufacturers (OEMs).

Mutual respect, trust, support and benefit, guided by our governance and ethical frameworks, underpin our relationships throughout our supply chain. The group has developed a set of conduct criteria and standards for suppliers which form part of our supplier due diligence initiative aimed at assessing and limiting any potential risks emanating through our supply chain. Our commitment is also reflected in our Worldwide Code of Conduct.

Integral to our value chain is our commitment to being a leader in sustainable development and identifying competitive advantages through solutions that help customers achieve their sustainability objectives, facilitate a transition to lower carbon economies and expand into related opportunities.

A key socio-economic driver, within the South African context, is integrating previously disadvantaged groups into the economy. Aside from our OEMs, we support and empower a range of small and medium-sized suppliers, contractors and enterprises in our supply chain, through our South African-oriented enterprise development initiatives and preferential procurement programme. We are committed to the localisation and empowerment of our supply chain where practicable, and have completed a number of supplier development interventions and engagements in South Africa over the year.

GRI HR2, HR5 to HR7, PR1 to PR9, EN DMA, EN1 to EN30

@ Barloworld worldwide code of conduct

Responsible principals

Barloworld represents leading international OEMs and brands such as Caterpillar, Hyster, Avis Budget, Audi, BMW, Ford, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz, Toyota, Volkswagen, Massey Ferguson, Challenger and others. The group is therefore part of supply chains that reflect international best practice in the manufacture, sale, service, support and disposal of products. These standards are complemented by Barloworld's own ethics, values and standards. We are committed to working with suppliers to ensure our customers' objectives are met and their competitive position enhanced. We review our principals for sustainability-related risks and a number are included on sustainability-related indices, further supporting their reputation as responsible leading companies.

We are aware of the well-publicised Volkswagen and Audi emission issues affecting customers internationally. We recognise the associated risks and are engaging with our principal. The Volkswagen and Audi vehicles sold by us in our dealership territories meet local emissions compliance standards, and our operations have consequently not been directly impacted. We regret any anxiety or uncertainty our customers, or any other stakeholders, may have experienced because of this matter.

Products and services

Barloworld offers innovative flexible solutions that contribute towards customers achieving their own sustainable development objectives. Divisional offerings enable vehicles, plant and equipment solutions to be sold either new or used or leased on a short or long-term basis.

Aligned with responsible waste management and minimisation, our Equipment division incorporates a significant component rebuild programme. This business model ensures efficiencies and synergies throughout the lifecycle of vehicles, plant and equipment and extended useful lives for these products. In addition, our Equipment division, through its principal Caterpillar, has also expanded its offerings to include Solar Photovoltaic (PV) solutions.

Barloworld Logistics offers a range of supply-chain optimisation products, including energy-efficient transport solutions that minimise carbon footprints. SmartMatta, an environmental solutions company, offers waste management solutions that support both customers' and internal responsible waste management objectives. Barloworld Power provides a range of energy-efficient power generation solutions and has recently installed four Caterpillar generator sets in a biogas power plant in South Africa that converts waste to energy. All businesses are appropriately leveraging technology to optimise their solutions offerings. Online business initiatives and platforms in all business units enhance the coverage, efficiency and effectiveness of our solutions.

Customer health and safety

The health and safety of our customers are critical aspects of all Barloworld products, services and customer solutions. In representing leading global brands, our customer solutions are backed by warranties, guarantees and product responsibility, as well as unique design features that target optimum user safety and productivity.

Customer satisfaction

Central to building customer loyalty and expanding our customer base is our ability to identify and understand customers' requirements, expectations for product and services and service levels, and our capability to consistently exceed these. All divisions have in place extensive customer engagement initiatives to access customer perspectives and needs.

Initiatives include stringent measurement and survey systems, as well as targets and in some instances, agreed performance measures. Performance against objectives is monitored and reviewed, highlights areas for attention, directs operational activities and informs strategy.

Marketing communications

Group standards ensure that all marketing and advertising conforms to applicable laws and standards. The standards and corporate identities set by principals are adhered to. These are detailed and comprehensively monitored by Barloworld divisional operations and their principals. Any local adaptations require prior consent from principals. We are also guided by the standards set by industry bodies.

Reducing our environmental footprint and managing our impact

Barloworld is committed to responsible environmental stewardship and minimising its environmental footprint. These aspects underpin the group's response to climate change and are incorporated into sustainable development, one of the group's six strategic focus areas, and "Sustainability" is one of the group's five values as contained in our Worldwide Code of Conduct.

We recognise that some of our activities have certain adverse environmental impacts such as those associated with the use of fossil-fuels, and therefore mitigation measures are integrated into our operational management systems and customer offerings. We mainly represent OEMs and recognise the environmental impact from the manufacture and use of our vehicles, plant and equipment. As a responsible corporate citizen, we engage our suppliers and customers and strive to achieve the highest environmental standards.

Sustainable development

Our approach to identifying material environmental issues

The Barloworld executive and the group's risk and sustainability committees are involved in the process to identify material environmental issues which are:

- Energy consumption
- Greenhouse gas emissions
- Water stewardship
- Waste management, including recycling and extended lifecycle (rebuild and remanufacture), and responsible waste disposal

The Energy Efficiency Pledge

Barloworld signed the National Business Initiative's Energy Efficiency Pledge in 2012 together with the South African Department of Energy. Barloworld undertook, through signing the pledge, to work with the Energy Efficiency Leadership Network to drive continual improvement of energy efficiency initiatives across the group.

Policies

Barloworld's approach to climate change and environmental stewardship is informed by its group-wide:

- Environmental policy
- Energy efficiency policy
- Climate change policy
- Water use and management policy

Overview of environmental risk management and responses

Environmental risks are identified and assessed through:

- A high level risk assessment (HLRA) which takes place twice a year and considers all risk exposures facing the group. HLRAs are held at both divisional and group levels. Material risks and management responses are included in the reported group "Top Risks"
- Focused risk assessments are conducted annually to identify and assess both risks and opportunities around climate change and water. Material aspects are disclosed in Barloworld's 2015 CDP Climate Change and 2015 CDP Water disclosure responses (available on www.barloworld.com). These risk assessments are aligned to the HLRA approach and the group risk management framework

Key indicators

Data collection is designed to enhance the management and reporting of material environmental aspects using entrenched structures and systems.

Indicators cover identified material issues and other aspects that require management attention.

Monitoring and management

Environmental data reported is used in the daily management of the company. A quarterly safety, health and environment (SHE) report reflecting material and relevant group aspects are reported at board level through the risk and sustainability committee.

Three lines of control exist for data collection and reporting processes, namely management review, internal and external audit.

Barloworld group internal audit services review reporting processes throughout the year and selected key indicators are assured by the group's external auditors at financial year-end.

Targets

At the end of 2014, we set an interim group aspirational target of a 2% efficiency improvement in non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) by the end of this financial year off a 2014 baseline. It was set against a business-as-usual scenario that tracks revenue as a proxy for business activity. This one-year target allowed Barloworld to align future targets with its strategic period from October 2015 through September 2020. Although we did not achieve our target in 2015, it played a significant role in focusing attention and prompting relevant initiatives which benefited the group over the past year.

In line with our Vision 2020 we have set group aspirational targets for each of our identified material issues to 2020.

Addressing our material issues and progress

Energy consumption

Barloworld recognises the economic importance and environmental relevance of non-renewable energy consumption and strives to improve the group's efficiency and consumption patterns in light of increasing energy costs and the energy supply challenges and have adopted the measure, avoid, reduce, switch and offset (MARSO) approach in pursuit of our energy and emissions efficiency improvement objectives.

Energy consumption (GJ) by energy source

	2015	2014	2013
Diesel	**2 496 879**	2 314 912	2 149 578
Petrol	**326 162**	343 612	328 613
Electricity	**296 137**	291 703	293 762
Other	**2 863**	2 811	7 617
Barloworld group	**3 122 041**	2 953 038	2 779 570

Energy consumption was 6% up over 2014.

GRI 4.8

@ Barloworld environmental, energy efficiency, climate change, water use and management policies

@ Barloworld 2015 CDP climate change and 2015 CDP water disclosure responses

Energy consumption (GJ) by division

	2015	2014	2013
Equipment and Handling	**509 530**	541 192	560 417
Equipment	**455 783**	494 657	492 873
Handling	**53 747**	46 535	67 544
Automotive and Logistics	**2 610 151**	2 409 240	2 216 420
Automotive	**496 134**	490 468	458 222
Logistics	**2 114 017**	1 918 772	1 758 198
Corporate	**2 360**	2 606	2 733
Barloworld group	**3 122 041**	2 953 038	2 779 570

Performance against group aspirational non-renewable energy efficiency target

While some of our operations have reduced their non-renewable energy intensity against the prior year, our overall group target was not achieved due mainly to growth of operations with relatively high intensity levels as well as base consumption patterns of businesses with decreased activity levels during the period impacting the group's energy mix and profile, resulting in the group being 5% worse than its 2014 baseline intensity (47.6 GJ/Rm revenue) and 7% above the aspirational 2% efficiency improvement target (46.6 GJ/Rm revenue).

Nonetheless, this target played a major role in focusing our efforts on energy efficiency with significant benefits for the organisation.

Group energy intensity (GJ per R1 million revenue)

	2015	2014	2013
Barloworld group	**49.8**	47.6	46.7

Greenhouse gas emissions

We are concerned about climate change and appreciate the impact of greenhouse gas emissions on global warming. Restrictions on emissions and proposed carbon taxes pose risks to Barloworld and our value chain, including our customer base. However, these also present opportunities such as increased demand for products and solutions with limited or reduced carbon emissions, and opportunities for internal initiatives to further improve energy and emissions efficiency with related cost savings. The group continues to report greenhouse gas emissions in terms of the GHG Protocol Corporate Standard and in units of tCO_2e, the universal unit measure adjusted for the global warming potential of the six Kyoto Protocol greenhouse gases. Emissions from customer use of our rental fleets are classified as scope 3 emissions.

Emissions (tCO_2e) by energy source (scope 1 and 2)

	2015	2014	2013
Diesel	**186 683**	173 078	160 717
Petrol	**23 057**	24 291	23 230
Electricity	**77 682**	76 445	76 022
Other	**175**	172	453
Barloworld group	**287 597**	273 986	260 422

Aligned with the increase in energy consumption, group emissions were 5% up over 2014.

Emissions (scope 1 and 2) by division (tCO_2e)

	2015			2014			2013		
Scope	**1**	**2**	**Total**	1	2	Total	1	2	Total
Equipment and Handling	**29 550**	**25 247**	**54 797**	31 937	25 164	57 101	33 044	25 064	58 108
Equipment	**25 822**	**24 433**	**50 255**	28 720	24 441	53 161	28 504	23 945	52 449
Handling	**3 728**	**814**	**4 542**	3 217	723	3 940	4 540	1 119	5 659
Automotive and Logistics	**180 315**	**51 948**	**232 263**	165 590	50 589	216 179	151 341	50 233	201 574
Automotive	**25 461**	**40 242**	**65 703**	25 136	39 777	64 913	22 615	40 534	63 149
Logistics	**154 854**	**11 706**	**166 560**	140 454	10 812	151 266	128 726	9 699	138 425
Corporate	**49**	**488**	**537**	14	692	706	15	725	740
Barloworld group	**209 914**	**77 683**	**287 597**	197 541	76 445	273 986	184 400	76 022	260 422

Sustainable development

Since our material greenhouse gas emissions are linked to energy consumption (particularly petrol and diesel and, indirectly, electricity principally generated from coal), many of our energy efficiency initiatives have a secondary benefit of reducing greenhouse gas emissions.

Performance against group aspirational greenhouse emissions (scope 1 and 2) efficiency target

Our emission patterns follow those of our energy consumption, again reflecting reductions being achieved by our various businesses against the prior year.

Growth of operations with relatively high intensity levels as well as base consumption patterns of businesses with decreased activity levels during the period have resulted in the group being 5% above its 2014 baseline intensity (4.4 tCO_2e/Rm revenue) and 7% worse than the aspirational 2% efficiency improvement target (4.3 tCO_2e/Rm revenue).

Group emissions (scope 1 and 2) intensity (tCO_2e per R1 million revenue)

	2015	2014	2013
Barloworld group	**4.6**	4.4	4.4

Scope 3 emissions

Recognising our broader activities and the nature of our products and solutions, we report certain scope 3 emissions. These cover business air travel and, since 2010, we have reported the emissions from Avis Budget Rent a Car's South African rental fleet.

Car rental operations in South Africa produced 99 162 tCO_2e (2014: 93 676 tCO_2e), an increase of 6% from 2014, resulting in a static emission intensity per rental day.

Since the 2013 financial year we initiated processes to report emissions from other significant rental fleets. These processes are being refined and disclosure will be considered in due course.

Water consumption

Although a limited consumer of water, Barloworld recognises the general scarcity of the resource and strives to use water efficiently and responsibly. Water stewardship initiatives within the group include increased recycling, rain-water harvesting and efficiency of use. These initiatives have resulted in a 5% decrease in consumption of withdrawn water in 2015.

Water consumption (ML) by division

	2015	2014	2013
Equipment and Handling	**247**	275	293
Equipment	**240**	269	286
Handling	**7**	6	7
Automotive and Logistics	**496**	508	536
Automotive	**397**	413	488
Logistics	**99**	95	48
Corporate	**2**	2	3
Barloworld group	**745**	785	832

Most water is sourced from municipal and local government supply systems and used to wash vehicles, plant or equipment. After passing through filtration and separation processes, effectively all water used is legally discharged back into municipal and local government systems.

Overall, 20.2% (2014: 16.7%) of water was recycled in the group, with Automotive recycling 38% and Equipment operations in Iberia recycling 5% of their reported consumption of withdrawn water.

No protected areas were affected by water discharges from the group, nor were any water sources affected by our withdrawal of water in the past year.

Waste management

Given the nature of our business, the group does not generate significant volumes of waste. That which is generated is monitored by type, volume, disposal method and destination. These systems are evolving and improving.

Most waste is disposed of through certified contractors and no waste was shipped internationally. Difficulty has been experienced in obtaining appropriately certified waste-disposal companies in certain developing territories and solutions are being sought to address this aspect. Our intention is to dispose all our waste responsibly and our aspirational targets are to have all waste managed by formal waste management providers by 2020.

Paper, tyres and oil filters constitute most of our solid waste and lubricants make up most of our liquid waste.

Most waste generated within the group is recycled.

An important aspect of our waste management and product lifecycle stewardship is extending product use or life. We make the most significant contribution through the rebuilding and remanufacturing of machines and components. In Caterpillar operations, these processes require some 50% to 60% less energy by reusing approximately 85% to 95% by weight of materials from the original product. Overall, some 70% of Caterpillar components are rebuilt.

Waste by category

	2015	2014	2013
Non-hazardous			
Paper (kg)	**163 397**	217 529	322 458
Tyres (kg)	**148 916**	274 917	311 553
Hazardous			
Solvents (ℓ)	**27 572**	41 564	64 375
Lubricants (grease and oil) (ℓ)	**2 592 334**	2 416 961	2 550 978
Oil filters (kg)	**568 659**	176 247	287 065
Batteries (kg)	**60 300**	45 626	39 444
Computers/ laptops (kg)	**8 298**	15 621	11 775

Spills

While there were no significant spills during the period, there were a number of minor spills which were properly attended to and, in all instances, our internal response mechanisms and processes functioned as intended.

Outlook

Aspirational group targets have been set for identified material aspects as part of setting our vision for 2020.

We will continue our initiatives to improve energy, emissions and water efficiencies and responsible waste management and report progress against our 2020 group aspirational targets. We will progress synergies and opportunities presented through SmartMatta, our environmental solutions company, and also incorporate their offerings into our customer solutions where appropriate.

We appreciate the importance and responsibilities relating to our supply chain and will continue our initiatives to better understand, assess and respond to any identified risks and opportunities within our supply chain.

Consistent with our stakeholder engagement activities, we will continue to engage with our OEMs and customers to identify and provide solutions that assist our customers in achieving their sustainable development objectives.

We will continue to explore commercial opportunities which address our sustainable development objectives and shared value vision.

Compliance requirements, our Worldwide Code of Conduct, national objectives and our 2020 aspirations will inform our activities going forward.

Avis Fleet: Proud partners in the "Joburg Gone Green" initiative

In line with its aspiration to be a "World Class African City", the City of Johannesburg has set some bold targets to achieve its Green Revolution.

We, Avis Fleet, pride ourselves in standing alongside our customers, to see what they see, helping them to achieve their business vision and objectives and as such, we were honoured to partner with the City of Johannesburg in their "Joburg Gone Green" campaign. We launched a new fleet of fuel-efficient hybrid vehicles as part of the City's fleet-greening programme.

This programme supports one of the city's green economy flagship initiatives to reduce the demand for conventional fossil-fuel vehicles which will lead to a reduction of greenhouse emissions. This project will be rolled out over a three-year period whereby the city aims for a cumulative target of 50 percent of the city's fleet being green by 2017/8.

We are committed to building a better world for all with sustainability being an integral part of who we are and what we do. We recognise that progress in this regard requires a balance of environmental stewardship, social responsibility and economic growth.

What better way to support our own sustainability beliefs than by supporting those of our valued customers.

Sustainable development

Our pillars of delivering social value

SOCIETAL ENGAGEMENT

INVESTMENT IN SOCIETY

FOCUS ON OUTCOMES

Inspired to contribute to our communities

Over many years Barloworld has elected to play a role in society beyond profit and compliance, evidenced by its efforts to contribute to positive social change, create inclusive opportunities and deliver sustainable value for its key stakeholders.

Society is intrinsic to Barloworld's operations since local communities are who we are, where we live and where we do business. As such we share a future, locally, nationally and globally, the quality of which depends on courageous, responsible and informed choices by leaders and citizens across all sectors of society. The fabric of our society depends on maintaining amenable and inclusive social compacts, robust economies and industrial bases from which jobs can be created for economic growth and development, to ensure social and economic equality for all, now and in the future.

Barloworld encourages its people working around the world to make a difference in their communities and spheres of influence.

Corporate social investment (CSI)

There are many divisional and regional approaches to CSI across Barloworld engaged with a wide range of philanthropic initiatives adapted to local norms and practices and the group's diversity and inclusion objectives and, in South Africa, the imperatives of Broad-Based Black Economic Empowerment and socio-economic development.

2015 group CSI spend R16.6 million (2014: R16.8 million), 2011 to 2015: R84 million

Group CSI spend 2015
(R16.6 million)

- Education and skills development – 39%
- Health and welfare – 28%
- Youth/leadership development – 4%
- Environment – 7%
- Sport development – 3%
- Job creation/ED/poverty alleviation – 15%
- Combating crime – 3%
- Arts – 1%

The Barloworld Trust

Through the Barloworld Trust we manage a central programme which seeks to add value to South African society as a whole. The trust aims to build capacity in civil society and partner in projects that employ innovative solutions to societal problems, particularly in the field of education.

GRI SO1 to SO10, EC1, EC8, EC9

@ Barloworld corporate social investment policy

Our social development partnerships

Bridge – Drives collaboration among a broad range of stakeholders to increase their collective impact on the education system and learner performance. Good practice and plans are shared in areas such as school leadership, maths and science learner support, early childhood development (ECD), the use of information and communication technologies in education and through the South African Extraordinary Schools Coalition.

Afrika Tikkun and Ikamva Labantu – Two long-term ECD beneficiary organisations who provide education, health and social services for children, youth and their families in Gauteng and the Western Cape.

Ntataise – Trains, supports and mentors thousands of ECD practitioners across seven provinces in South Africa.

Penreach and Thandulwazi Maths and Science Academy – Long-term partners in whole school development programme in Mpumalanga and Gauteng respectively.

LEAP Science and Maths intervention schools – network serving townships, based on contract schools model.

Teach South Africa – A volunteerism programme that recruits and trains graduates to teach mathematics, science, English and technology in under-resourced schools.

Girls and Boys Town – Offers compassionate remedial care to around 35 000 young people annually.

President's Award for Youth Empowerment – offers programmes which build self-reliance and teach young people about issues such as health, political and social life, and the environment.

Rural Education Access Programme (REAP) – Facilitates access to tertiary education, empowers young people and break cycles of poverty in rural areas, also provides career and tertiary education information and guidance to grade 11 and 12 learners in rural schools and assists them to access state bursaries and loans. In 2015, REAP supported nearly 500 students who are enrolled at 16 different tertiary institutions.

Fundza Literacy Trust – Aims to inspire young teenagers to read for pleasure by providing age and culture-appropriate reading material and programmes on mobile technology platforms. Currently more than 409 000 Mobi readers are accessing Fundza's reading material.

Sustainable development

Inspiring social innovation: a step change

We need to equip our future leaders with the perspectives, motivation and skills to pursue new approaches to challenges and opportunities.

Enactus is a global community of students on tertiary education campuses who are committed to entrepreneurship to shape a more sustainable world. Student teams are mentored to apply business concepts to community development projects, which are then internationally showcased.

In 2015 Barloworld co-sponsored both the Enactus South African National Competition and the World Competition, hosted in South Africa for the first time. Enactus operates in 36 countries and involves around 70 500 students in more than 1 700 projects which impact nearly two million people.

The **Africa Leadership Initiative (ALI)** is a fellowship established to build social consciousness and strong networks in next generations of top leaders from business, government and civil society. Fellows reflect on the philosophies of leadership and each is charged with developing a community project with a social dividend. Barloworld has supported the work of ALI since inception and a number of Barloworld executives, past and present, are ALI fellows.

Group legacy project: the Nelson Mandela Children's Hospital

Our involvement in Nelson Mandela's last signature project and his legacy to Africa, a new 200-bed learning hospital in Parktown, Johannesburg, spans a number of years. It was selected as the group's 110 year anniversary project in 2012 and we have subsequently made cash grants and provided access to earthmoving hire equipment for site development, use of a motor vehicle for fundraising and generator sets to ensure a continuous power supply to the hospital, which plans to open its doors in the last quarter of 2016.

Acting externally on our environmental concerns

Barloworld is committed to taking a leading role in environmental stewardship. The group strives to limit its direct environmental impacts through management programmes across its operations and to assist its customers and other stakeholders to achieve their own environmental objectives.

Externally we are involved in the work of several environmental organisations and have supported the work of three in particular over decades.

- The **Endangered Wildlife Trust** conserves threatened wildlife species and habitats in southern Africa by initiating and co-funding research and conservation projects, preventing species extinctions and protecting biodiversity, supporting sustainable natural resource management and promoting sustainable living through education and awareness programmes.
- Barloworld was a founding partner of the **National Business Initiative** (NBI), a business coalition to facilitate the role of business in society through strategic policy interventions and catalytic development projects. A current focus is on assisting companies to achieve energy efficiencies, manage emissions and climate change impacts, realise water savings and progress green economy programmes.
- The **Worldwide Fund for Nature** (WWF) is the world's largest conservation organisation and works internationally in partnerships with governments, corporates and other NGOs to stop degradation of the earth's natural environment and to build a future in which humans live in harmony with nature.

INNOVATIVE CUSTOMER SOLUTIONS

Strategic intent:

To drive market leadership by ongoing transformation of our business model from product-focused to service and solutions-focused, leveraging technology to deliver productivity and performance benefits to our customers.

Innovative customer solutions

Equipment and Handling

Barloworld Equipment

Barloworld Handling

Peter Bulterman
Chief executive officer:
Equipment southern Africa, Iberia and Russia

Dominic Sewela
Chief executive officer:
Equipment southern Africa

John Blackbeard
Chief executive officer:
Power Systems southern Africa, Iberia, Russia and Handling

Viktor Salzmann
Chief executive officer:
Equipment Iberia and COO Power Systems southern Africa, Iberia and Russia

Quinton McGeer
General director:
Equipment Russia

Financial highlights

Revenue down 4.7%

R29.5 billion
(2014: R30.9 billion)

Operating profit up 3.7%

R2 368 million
(2014: R2 284 million)

Operating margin

8.0%
(2014: 7.4%)

Equipment

Handling

BRANDS REPRESENTED

Equipment is a distributor of key brands and products and has been a Caterpillar distributor for 88 years. Equipment sells and supports the broadest opencast and underground mining equipment product line in its territories as well as construction equipment and power systems.

Handling is a dealer for Hyster and Utilev, providing customised materials handling and warehousing solutions in manufacturing and distribution industries, while the agriculture business represents Massey Ferguson and Challenger brands, offering solutions to all farmers from cost-effective tractors to leading technology equipment.

Financial and non-financial performance indicators

Economic

Year ended 30 September	Revenue 2015 Rm	Revenue 2014 Rm	Operating profit/(loss) 2015 Rm	Operating profit/(loss) 2014 Rm	Net operating assets 2015 Rm	Net operating assets 2014 Rm
Equipment	**27 479**	29 031	**2 362**	2 229	**18 681**	14 064
– Southern Africa	**20 307**	20 903	**1 894**	1 968	**12 761**	8 770
– Europe	**3 793**	4 134	**71**	(168)	**2 913**	2 343
– Russia	**3 379**	3 994	**397**	429	**3 007**	2 951
Handling	**2 027**	1 929	**6**	55	**1 125**	781
	29 506	30 960	**2 368**	2 284	**19 806**	14 845
Share of associate income			**294**	228		

Environmental

Year ended 30 September	Petrol and diesel (ML) 2015	Petrol and diesel (ML) 2014	Electricity (MWh) 2015	Electricity (MWh) 2014	Energy (GJ) 2015	Energy (GJ) 2014	GHG emissions (tCO_2e) (scope 1 and 2) 2015	GHG emissions (tCO_2e) (scope 1 and 2) 2014	Water (ML) 2015	Water (ML) 2014
Equipment	**9.10**	10.19	**29 801**	29 703	**455 783**	494 657	**50 255**	53 161	**240**	269
– Southern Africa	**6.61**	7.42	**19 991**	19 721	**330 601**	359 101	**38 806**	40 901	**192**	221
– Europe	**1.60**	1.78	**6 469**	6 705	**81 912**	89 083	**7 517**	8 106	**37**	32
– Russia	**0.89**	0.99	**3 341**	3 277	**43 270**	46 473	**3 932**	4 154	**11**	16
Handling	**1.33**	1.14	**884**	762	**53 747**	46 535	**4 542**	3 940	**7**	6
	10.43	11.33	**30 685**	30 465	**509 530**	541 192	**54 797**	57 101	**247**	275

Social

Year ended 30 September	Employee headcount 2015	Employee headcount 2014	LTIFR 2015	LTIFR 2014	Work-related fatalities 2015	Work-related fatalities 2014	B-BBEE rating* 2015	B-BBEE rating* 2014
Equipment	**7 336**	7 743	**0.79**	0.91		1		
– Southern Africa	**5 287**	5 480	**0.40**	0.59		1	**2**	2
– Europe	**1 245**	1 408	**3.31**	3.20				
– Russia	**804**	855	**0.48**	0.23				
Handling	**595**	555	**2.36**	1.18			**2**	2
	7 931	8 298	**0.89**	0.93		1		

** B-BBEE rating for South Africa only.*

Innovative customer solutions

Equipment

EQUIPMENT

Vision

The Equipment vision is to be the leading Caterpillar dealer creating shared value through expertise and partnership.

Mission

Our mission is to deliver innovative solutions for exceptional customer performance through our people.

Equipment division overview

In light of the current downturn in the mining cycle, customers have responded by reducing their capital expenditure which negatively impacts our primary machine sales. In addition, the reduction in the oil price has led to significant cutbacks in infrastructural development programmes in Angola and Russia.

However, as customers reduce their capital expenditure, they extend the usage of their existing equipment fleets. The net effect of this is that they spend more on parts and service, which drives our product support business. This shows the resilience of our Seed-Grow-Harvest business model with the increase in product support compensating for the reduction in primary equipment sales.

We have taken proactive steps to minimise the impact of the downturn while also gearing ourselves to take advantage of the upturn in the mining cycle when it occurs.

We further plan to leverage technology in providing innovative solutions for our customers and creating opportunities to capture profitable growth.

Southern Africa

Business overview

Alignment with our principal, Caterpillar, is critical for us to achieve continued value creation for our various stakeholders. Our Caterpillar dealership territory spans across southern Africa and we plan to grow our market share in both equipment sales and the product support business.

We remain fully aligned with Caterpillar and participate on an ongoing basis in various strategic forums including the Dealer Mining Forum and the Africa Middle East Leadership Council, both chaired by Caterpillar. Barloworld also takes part in function-specific forums covering sales, service, finance, product support and other aspects of our Caterpillar dealership business.

One such initiative is the dealer growth and profitability project (DGAP), which is run jointly with Caterpillar to capture new opportunities in sales and product support.

We are geared to grow our business organically and continue to entrench our Seed-Grow-Harvest business model based on seeding new equipment sales into our markets, growing the installed machine population through customer partnerships and harvesting the aftermarket through parts and service revenues. This model is very resilient, with product support compensating to a large degree for the decrease in primary equipment sales in the downturn. Despite the challenging trading conditions, we believe there are great opportunities to grow all areas of our business, including Rental, Used and New (RUN) solutions.

Operating environment and impact

GLOBAL ECONOMY	Trading conditions in our southern Africa footprint are challenging given the downturn in commodity prices, power supply shortages and increases in interest rates, compounded by significant devaluations in local currencies against the Dollar and Euro. Depressed commodity prices are expected to continue well into 2016.
INDUSTRY	A further challenge has been the general labour unrest and job losses taking place in the mining industry in the face of decreasing commodity prices.
SOUTHERN AFRICA REGIONAL ECONOMY	Southern Africa's overall economic growth has been approximately 3% per annum since 2014. Economic growth for 2016 is forecast to be 3.5%. South Africa's economic growth is projected to gradually recover over the plan period to 2020. Growth in Angola has declined due to reduced oil prices with economic growth projected to remain low as government expenditure continues to decline.
IMPACT	The impact of the mining downturn is characterised by a decline in primary equipment sales. Our Seed-Grow-Harvest business model is proving resilient as the shift in revenue mix from new machine sales to a higher product support component continues to produce a pleasing result in very challenging trading conditions.

2015 performance review

Despite the downturn in the mining industry, devaluation of currencies and labour unrest, we delivered a solid performance in the year ended September 2015. Revenue decreased marginally from R20.9 billion in 2014 to R20.3 billion in 2015 while operating profit decreased by 3.8% from R1 968 million to R1 894 million.

Our operating profit is projected to remain under pressure in 2016 due to the decline in the mining industry. The growth of our business in current conditions will be rooted in our product support business as customers extend the usage of their equipment and reduce their capital expenditure on new equipment. This also serves as an opportunity to grow our construction and rental/used business.

We are in the process of reviewing our structures to ensure they are fit-for-purpose, enabling us to generate and deliver value to our key stakeholders throughout the various cycles. Fit-for-purpose structures will also enable us to optimise value creation through the peaks and troughs of the industries in which our customers operate. We will continue to focus on growth and operational efficiencies without compromising our ability to deliver innovative solutions for our customers.

Safety is critical to our operations and it is pleasing that we had no fatalities in this period and efforts to maintain a zero fatality rate are continuous.

Mining

Our mining unit sales have reduced significantly since 2012 on the back of the industry downturn. The focus now is on increasing our deal participation and sales coverage as well as growing the product support business.

The EMPR business that came from Caterpillar's acquisition of Bucyrus has significantly contributed to our financial returns since Barloworld acquired distribution rights in 2012 and is expected to continue to grow both in our new equipment and product support businesses.

Income from associates and joint venture has increased by 19.3% in 2015. This trend is expected to slowdown as a result of the mining downturn.

Mining continues to account for a significant portion of our business and we remain committed to achieving profitable growth by effectively executing our strategy in this sector.

Innovative customer solutions

Equipment

Construction, rental and used

The construction industry remains under pressure with limited large infrastructure projects in southern Africa.

Our rental and used business has served as an attractive alternative for customers to access equipment without major capital investment. Rental revenue in the South African business has increased significantly from R1.6 billion in 2014 to R2.1 billion in 2015.

Governance structures are in place to proactively manage and mitigate the risks associated with the rental and used business.

Power

Revenue in the Power business increased from R562 million in 2014 to R1.792 billion in 2015, largely driven by energy shortages. The marine product support segment showed pleasing growth in Namibia, while the Angolan Power business has retracted significantly due to the decline in the oil price as well as devaluation in the Angolan kwanza.

We expect the Power business to continue its growth trajectory and we remain focused on increasing market share in our entire southern African footprint by focusing on gas and marine opportunities, restructuring our Perkins dealership and growing our product support and rental business. We plan to capitalise on the major opportunities inherent in new power projects anticipated in southern Africa.

The future to 2020 – trends and future operating context

We anticipate that the commodity downturn will modestly recover over the medium term. A significant portion of our business will continue to be derived from the mining industry.

Despite the downturn in the mining industry, we expect a number of projects to come to fruition over the next five-year period to 2020. We expect that copper and coal prices and demand will increase in the medium term.

Our Seed-Grow-Harvest model will remain the core of our business, and we believe that this is a solid foundation to realise profitable growth through our aftersales offering, with initiatives to grow this across our southern African footprint.

Given the number of projects in the pipeline, we anticipate that our heavy construction business will grow over the next five years.

Our focus to 2020 will be to profitably grow our business, reduce costs and achieve operational efficiencies while providing our customers with innovative solutions.

We aim to achieve this by:
- Exceeding service excellence ratings
- Leveraging our technology-enabled solutions
- Implementing digital and cost-effective market coverage
- Gaining full traction with aftersales growth across our southern Africa footprint, and
- Growing our rental and used business capabilities.

Despite the current and future challenges, we believe that there is significant opportunity to capture increased market share and profitably grow our business.

2016 outlook

Indications are that current market conditions will continue well into 2016. We are geared to manage the business through the cycle during what is expected to be a very tough financial year ahead by capturing profitable growth in our aftermarket, rental and power businesses in particular.

In mining, we expect to benefit from the large number of EMPR equipment as they move into their repair cycle, which will contribute to our growth by increasing market share in aftersales.

We will leverage technology to provide innovative customer solutions that drive profitable growth and also expect new opportunities to arise from the aftersales growth initiative. We are positioning ourselves with the capability to optimise our prospects and customer partnerships, not only in the year ahead but also when the cycle does eventually turn.

The 2016 revenue outlook range for Equipment southern Africa is between R19 billion and R21 billion compared to revenues of R20.3 billion in 2015. We continue to strive to grow our business based on the solid foundation of the Seed-Grow-Harvest business model.

MATERIAL THEMES – southern Africa

STRATEGIC FOCUS AREAS AND MATERIAL THEMES	RESPONSES	RISKS	MITIGATION
People • Employee engagement • Leadership development • Safety	• Engaged and committed employees • Building a high performance organisation	• Disengaged employees who bring BWE's brand into disrepute • Inadequately skilled and poorly motivated employees	Integrated employee value proposition model (IEVM) in place • Coaching and mentoring programmes in place • Training interventions to upskill employees
Diversity and inclusion • Workforce profile • Localisation and supplier development	• Achieve race and gender diversity targets • Build an inclusive non-discriminatory environment for all employees	• Inability to source and retain appropriate female talent • Failure to create a diverse and inclusive working environment for all employees	• Strategy to attract and retain female talent • Identify and address obstacles that hinder the attraction and retention of female talent • Develop and implement awareness programmes
Sustainable development • Reduce environmental footprint • Products and services • Governance, ethics and compliance	• Reduce the impact of our economic activities on the environment	• Negatively impacting the environment	• Execute the sustainability strategy to minimise the impact of our actions on the environment
Innovative customer solutions • Alignment with principals • Technology-enabled solutions/e-commerce • Customer value proposition • Customer relationships	• Achieve service excellence ratings • Leverage technology enabled solutions • Digital and cost-effective market coverage • Achieve breakthrough with electric drive truck market penetration	• Retraction in service excellence ratings • Inability to provide innovative solutions to customers • Loss of business due to poor or non-existent customer value proposition • Loss of large mining trucks business	• Refocus on product support capability • Align with Caterpillar to provide technology enabled solutions • Acquired marketing capability to maximise coverage • Development and implementation of a digital strategy • Try and buy strategy
Profitable growth • Market share growth	• Exceed service profitability targets • Increase market share in machine and parts (DGAP)	• Unprofitable service operation • Failure to capture profitable growth	• Execute the transformation project • Entrench Parts growth initiatives
Financial returns • Returns on capital • Cash management	• Exceed group financial return targets	• Destruction of shareholder value	• Execute the DGAP project • Implement a fit-for-purpose structure

Innovative customer solutions

Equipment

Creating value for the customer through continuous improvement

As commodity prices continue to decline and customers are faced with the need to become more efficient so as to sustain their operations, we have seen the need to partner with key customers to identify areas where operational efficiencies can be achieved. We believe that when our customers succeed, we also succeed.

Barloworld embarked on various continuous improvement (CI) projects, to assist our customers weather the difficult economic storms they are faced with. We see this as an extension of our stated commitment of providing innovative customer solutions.

Cost optimisation

We identified that a key customer operating in the coal mining industry was incurring avoidable costs as the customer was changing oil from mining trucks at a frequency of 250 hours. The standard frequency of oil change stipulated by Caterpillar in these trucks is 500 hours. As a result of our intervention, the frequency of oil change was increased to 500 hours. With every oil change:

- The truck has to be pulled out of operations, which impacts the tonnages to be moved
- Staff costs have to be incurred to service the vehicle. These resources could have been productively deployed elsewhere in the business
- Consumption expenses such as oil, oil filter, etc, are incurred to replace the oil.

Costs are therefore not optimised. As a result of the CI project initiated, the frequency of oil changes was amended to 500 hours, thus halving oil costs, while at the same time, making the trucks available for longer to move coal. The customer realised cost savings in excess of US$1.5 million.

Fuel reduction

Fuel is a major cost in operating large off highway trucks. The CI project initiated identified that the horsepower for the trucks in question were set for a very severe application. Our CI project identified that the application setting was too high for the site. When the horsepower setting was reduced to match the application, fuel consumption was significantly reduced, with the customer realising cost savings of US$2.4 million over a period of 36 months.

Cost savings realised are acknowledged by the customer who signs off and accepts the cost savings realised at the end of each project.

Russia

Business overview

Our business model remains focused on seeding, growing and harvesting from the machine and engine fleets in our dealership territory. With the downturn in equipment sales across all segments including mining, protection and growth of aftermarket business becomes ever more important.

We are expanding the distribution channels available to our customer base through a number of initiatives including:

- Launch of a Moscow-based parts warehouse for customers who prefer to arrange their own logistics to job sites
- Development of internet-based parts ordering and integrated procurement platforms together with Caterpillar
- Selective on-site presence

Our technology-enabled solutions team continues to develop the product offering including integrated machine health reporting in collaboration with Equipment southern Africa, oil sampling using Caterpillar's Scheduled Oil Sampling laboratory in Moscow, and operator training using high-tech simulators. These innovative solutions aim to ensure that we are positioned as a trusted adviser and reliable Cat equipment partner to generate significant incremental business in the coming years.

Operating environment and impact

ECONOMY	A substantial reduction in the oil price has led to postponement and cancellation of infrastructural development against the backdrop of heavy social spending. Commodity prices have stabilised at historically low levels. The Russian economy has contracted by more than 3% year on year. Volatility of the ruble has increased significantly following the oil price decrease, Chinese economic slowdown and Russian Central Bank decision to switch to inflation targeting rather than a stable currency exchange rate.
GEOPOLITICAL ENVIRONMENT	The Ukraine situation remains volatile and there is little likelihood of EU and US sanctions being reduced or withdrawn in the short to medium term. Although sanctions had a limited direct impact on our overall business, the knock-on negative effect on cost of finance and general sentiment towards Western suppliers has been substantial. Internally, Russia remains more politically united than ever with the president receiving some of the highest popular support ratings on record. Government is making a concerted effort to establish closer economic relations with the BRICS countries (particularly China).
IMPACT	The Seed-Grow-Harvest business model is proving resilient with a higher aftermarket component replacing lost primary machine sales in the current difficult and complex trading environment. Overall customer sentiment remains positive towards the Barloworld and Caterpillar offering.

Innovative customer solutions

Equipment

2015 performance review

Our revenue was down by 26% on the prior year to US$281 million (US$382 million in 2014) due to the continued decline in mining capital spend, the escalation of the Ukraine crisis and related sanctions, the economic slowdown in Russia and a lack of large infrastructure projects in our dealership territory. Despite weaker top-line performance, we achieved US$32 million operating profit (2014: US$40 million) driven by a strong aftermarket performance. Tight cost controls and balance sheet management further enhanced the result. The business has also delivered a solid cash flow performance in 2015.

Volatility in the mining sector has delayed the development of large greenfields projects. Despite this we are successfully closing smaller opportunities, particularly in the gold mining segment. The Power of Siberia project for the gas pipeline has commenced and should generate rental opportunities as well as direct sales to contractors involved in the pipeline construction and related works.

Gas rental opportunities will continue to be central to the Power business strategy in the oil and gas segment, although negatively affected by the declining ruble.

The future to 2020 – trends and future operating context

Our mining business still represents our biggest opportunity. Several greenfields projects are awaiting commencement once the global commodity markets have improved.

The Power of Siberia project and future phases of the Russian oil and gas pipelines will remain key areas of focus as Russia continues to adjust its economic and political focus towards its Asian partners including China.

Aftermarket business is likely to become ever more competitive, requiring a dedicated effort to maintain and improve our market share through:

- Customer experience management, so that doing business with us is seamless
- Technology-enabled solutions that provide customers and our aftermarket team with value-adding information on fleet utilisation, predictive repairs and maintenance
- E-business platforms to improve procurement practices and offer convenient and quick access to parts information while enabling us to capture incremental business
- Expanding physical distribution channels through selected regional presence and ability to supply parts ex-Moscow
- Focus on expanding our aftermarket team to support specific projects and customer sites, while aiming to keep the overall headcount flat by realising efficiencies and improvements
- Our partnership programmes with local universities in Novosibirsk and Irkutsk to ensure a continued intake of new trainees for technical skills

We are well positioned to take advantage of future growth with our extensive regional facility infrastructure including key regional hubs in Novosibirsk, Krasnoyarsk, Kemerovo, Norilsk, Irkutsk and Magadan.

2016 outlook

We are forecasting a challenging 2016 driven by the delay in mining recovery, lack of growth in the Russian economy and political instability surrounding the Ukraine crisis. We are hopeful for a recovery in the 2017 to 2018 timeframe as the mining industry starts to unfold new investment programmes.

The Equipment Russia firm order book of US$27.7 million at September 2015 is up on the prior year and a number of large new mining equipment awards came our way at the end of the financial year. Additional orders to the value of US$31 million were signed after year-end.

Good gold grades in Russia mean some deposits are viable even in the downturn, providing ongoing opportunities for equipment suppliers who can provide the right machines and aftermarket support.

The 2016 revenue outlook range for Equipment Russia is between US$270 million and US$340 million compared to revenues of US$281 million in 2015.

MATERIAL THEMES – Russia

STRATEGIC FOCUS AREAS AND MATERIAL THEMES	RESPONSES	RISKS	MITIGATION
People • Safety • Employee engagement	• Promote and improve safety culture • Embed Customer Experience Management (CEM) in corporate culture	• Unsafe working practices • Loss of customers due to lack of engagement from VT	• Continuous management effort to improve safety culture • Established CEM team and dedicated training effort
Diversity and inclusion Workforce profile	• Diversify workforce by increasing number of women in supervisory/ managerial positions	• Workplace not balanced from gender perspective	• Specific targets set on percentage of female workforce, including managerial levels
Sustainable development • Governance, ethics and compliance • Reduce environmental footprint • Products and services	• Continue to improve foundational capabilities through alignment with Caterpillar • Grow rebuild and remanufacturing opportunities • Increase sales of technology and SOS (oil sampling) solutions	• Inability to generate incremental business	• Formal assessments and action plans with Caterpillar • Dedicated focus on growing component repair business • Specific targets set for technology and oil sampling
Innovative customer solutions • Alignment with principals • Returns to shareholders through the cycles • Customer value proposition	• Penetrate Large Mining Trucks (LMT) and Hydraulic Mining Shovels (HMS) markets • Ability to capture economic profit through the cycles • Actively promote a range of remote monitoring, machine health and other technology-enabled solutions	• Product not competitive on value terms • Cyclicality of the business and the impact on profitability • Failure to monetise data gathered • Value not communicated to the customer	• Implement strategy to capture Large Mining Trucks • Working directly with principals to ensure alignment of goals • Adopt a try-and-buy strategy • Piloting e-business offerings • Dedicated technology team
Profitable growth • Alignment with principals • Growing market share • Service excellence	• Improve prime product and power market share • Grow parts market share • Service excellence performance	• Lack of new product seeding • Erosion of aftermarket revenues	• Alignment with Caterpillar on strategic initiatives • DGAP execution plan
Financial returns • Returns on capital • Working capital • Cash management	• Achieve working capital turn targets through better inventory management, forecasting and negotiated special terms • Achieve return on capital targets	• Not generating required returns • Destroying value • Cash utilisation for projects not meeting cost of capital targets	• Specific targets set for the business on returns and cash • Dedicated management focus on working capital management and cash generation

Innovative customer solutions

Equipment

Iberia

Business overview

Barloworld Equipment Iberia is Caterpillar's dealer for the Iberian Peninsula and incorporates operations in Spain (Finanzauto) and Portugal (STET).

While maintaining market leadership in both territories in the equipment and power systems space, we have also been recognised by Caterpillar through the award of Gold status for Service Excellence for the fifth consecutive year in Spain and the second consecutive year in Portugal. We have also maintained Platinum status for Marine Service as well as Excellence in Service Training. In addition Finanzauto received a Global Dealer Excellence Award for Power Systems Marine.

These accolades are reflected in our customer loyalty and satisfaction levels, which exceed those of our competitors. Strong focus remains on delivering solutions to our customers wherever they are, working in partnership with our fellow Barloworld companies and Caterpillar.

The region continues to benefit from the number of used equipment sales generated by the MyTractor brand.

Operating environment and impact

POLITICAL	Iberia continues to experience political change, with both Spain and Portugal going to the polls in 2015. Spanish politics saw a large political swing in recent regional and municipal elections from the centre right to a coalition-led leftist dominance.
ECONOMIC	The European Union (EU) continues to be affected by the ongoing crises surrounding Greece and uncertainty around the single currency union while trying to deal with regional economic stagnation coupled with the slowdown of one of its largest trading partners, China. In 2015 Spain has been one of the better performing economies within the EU with exports, lower energy costs and retail growth driving a recovery in GDP growth and injecting confidence back into the market. Portugal continues to be one of the poorer performing economies as it looks to recover its international image in the financial markets following the financial bailout.
IMPACT	The Iberian equipment business is characterised by an improvement in consumer confidence, slow recovery in prime machine industry sales and growth of the marine business as a component of the sales mix. We maintained our industry leadership position, customer loyalty and satisfaction levels.

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2015 performance review

Following cost base reductions totalling €79 million since 2008, the Iberian business has returned to operating profitability during the past year and short-term objectives include maintaining our industry-leading position in equipment sales and product support in a growing market, continued margin management, cost management, and strong alignment with Caterpillar´s Dealer Growth and Profitability (DGAP) initiative. Our balance sheet will be managed with a proven track record of working capital and capital investment management to drive improved returns.

As a result of lower heavy construction activity prime product lines of business, except for power systems, were lower than the prior year while product support saw an increase in revenues. Revenue of €274 million for the Iberian business was 1.5% lower than the 2014 figure.

Mining activity in the region continued to be centred in base metals, specifically copper, while traditional mining activity such as coal and potash suffered low levels of activity. Quarrying remained steady based on international demand.

The construction segment remains muted, with ongoing austerity in public expenditure limiting heavy construction opportunities. Light construction and agriculture have been boosted by a reinvigorated housing segment and increasing retail demand respectively and this has driven the first increase in the local construction machine sector since 2007.

Development of the group´s capability and market participation in alternative markets such as quarries, industry, agriculture and forestry saw steady advancement. However, both the regional and international used markets continued to be affected by lower demand while rental revenue was also affected by low public works demand.

Prime product revenue increased in the power systems business, buoyed by a strengthening marine market and good activity in the rail segment in Spain. The renewable power segment remained inactive based on punitive legislation around co-generation, while oil and gas suffered from the drop in oil prices.

Product support improved and parts revenues benefited as increased confidence drove longer operating hours on machines and improved competitiveness on the back of a weakening local currency. Work done internally to develop our capacity and capability in product support has helped us to capture opportunities coming out of the improving market conditions.

Revenue mix shifted marginally from prime product to product support, but steps taken to protect gross margins at all levels and improved technician productivity following the prior year's restructuring have resulted in overall gross margins exceeding the prior year. Operating expenses were significantly lower than 2014 as the successful implementation of the restructuring programme contributed savings as planned. Additional cost savings were secured in a number of other operating expense areas, ensuring that the region regained operating profitability and setting us on the road to improved returns.

The balance sheet remained well controlled with working capital, rental fleet investments and capital investments managed to ensure retention of our business capabilities. We continued to realign the branch network with the opening of a modernised facility in Seville to replace old infrastructure.

The future to 2020 – trends and future operating context

The recovery of the local economies in Iberia and the resultant growth that is expected in the new machines markets is expected to drive revenue growth into the future.

Improving local activity has also seen a small revival in the used equipment segment with the purchase for sale model still proving to be a very successful approach to the market. Given the lower number of new machines that have been sold over the past years, the availability of quality used equipment is expected to remain challenging but this is expected to be supplemented by a dedicated purchasing function and the quality of equipment coming from the roll out of rental fleet.

The Power systems business remains a key component of the revenue mix and marine segment revenues are expected to be driven by the expansion of product portfolio and new service offerings that have been created during the year through the formation of joint ventures with established partners to expand this offering. The industrial and rail segment maintains a good medium outlook based on export markets, while electric power activity is expected to remain muted as the co-generation market remains subject to punitive local legislation in the face of a current electricity oversupply.

Product support business remains a cornerstone of the business. The growth of the market share that the Iberian grouping has seen over the past three years and work done in improving and creating a solid base in a number of areas is expected to continue driving value into the future. This includes the renovation of the region's infrastructure, with key investments that have been made to date delivering solid performances.

The division's alignment with our principal will remain key to the development of our product and service portfolio. Areas such as customer experience management, technology-enabled solutions and the development of e-business platforms will be key in servicing a more technological savvy customer base while further enhancing the value added to our customers.

2016 outlook

The short to medium-term outlook for Iberia remains mixed with continued market uncertainty around the strength of the European Union's financial recovery and growth prospects, balanced against rising confidence levels in Spain.

Our focus will remain on maintaining our leading position in our traditional markets while continuing to build on gains made in other segments. The ability to leverage our market-leading position in our power systems business, specifically in the marine segment will also help to create related product support opportunities.

We will continue to grow our technology-enabled product support solutions offering and optimise market coverage for our excellent service capabilities. The combination of our used and rental businesses into a single organisation has now been completed and we will look to maximise the synergies inherent in this union while utilising our internally generated brands and routes to market to increase market coverage at low cost.

The 2016 revenue outlook range for Equipment Iberia is between €300 million and €360 million compared to revenues of €274 million in 2015.

Innovative customer solutions

Equipment

Barloworld Equipment

MATERIAL THEMES – Iberia

STRATEGIC FOCUS AREAS AND MATERIAL THEMES	RESPONSES	RISKS	MITIGATION
People • Safety • Employee engagement • Talent management • Negotiation of collective bargaining agreements	• Promote and create a safety-first culture • Implementation of IEVM • Develop cross-border growth opportunities • Successful staff rotation	• Death or injury of personnel • Low staff morale and engagement • Lack of mobility of staff due to financial conditions • Inability to reach a negotiated settlement	• High visibility health and safety programmes • Roll out of IEVM principles • Defined collective bargaining negotiation programme
Diversity and inclusion • Workforce profile	• Promote female representation into management positions	• Low rotation of staff and nature of services does not appeal to females	• Internal development plans and learnership programmes
Sustainable development • Reduce environmental footprint • Corporate social responsibility • Governance, ethics and compliance	• Comply with established sustainability norms and targets • Comply with corporate social responsibility policies • Ensure compliance with group ethics policy	• Investments in energy efficiency initiatives do not deliver required savings • Reputational damage • Staff act in contravention of group ethical code	• Comprehensive due diligence and selection of reliable partners • Established training programme and ongoing communication
Innovative customer solutions • Alignment with principals • Customer value proposition • Technology-enabled solutions • Customer value proposition	• Provide seamless service to cross-territorial customers • Continue promotion and development of equipment management solutions • Expand marine service offering leveraging on expanding CAT product portfolio	• Change of buying strategies by customers • Lack of internal expertise to develop, sell and support expanded offering • Inability to find suitable partners to expand marine vessel repair opportunity	• Key account plans and international contact through shared management resources • Alignment with CAT and joint programme with South Africa • Enhanced training, and leverage of joint ventures
Profitable growth • Market share growth • Cost management and technician productivity • Fleet management	• Maintain leading market share • Continue growth in total parts share • Create a profitable service operation • Maintain profitable rental operations • Continue with the strong cost control	• Inadequate market coverage • Opportunities for parts growth do not materialise • Service operations do not provide sufficient profitability and return • Rental profitability declines	• Implementation of parts growth initiatives • Provision of cross-territory service • Implementation of agreed CAT supported growth plans • Staff planning and cost management processes
Financial returns • Customer value proposition • Working capital • Cash management	• Implement agreed product support front office coverage model • Implement identified power systems growth • Improve working capital turn	• Front office coverage model does not deliver expected growth • Growing opportunities decrease the velocity in working capital	• Open multiple sales channels • Maintenance of working capital management processes

Partnering for marine systems integration

In 2015 Barloworld Finanzauto received a Global Dealer Excellence Award for Power Systems Marine. Finanzauto was also the first dealer worldwide to sell a Cat propulsion system following Caterpillar's purchase of Berg Propulsion in 2013, as well as the first to sell an EMD engine into a marine application.

This has been enabled by the development of a dedicated marine division that represents Cat, MaK and EMD engines and is one of three worldwide pilot dealers for Caterpillar Propulsion Systems.

Amid growing customer demand for a more integrated approach to providing propulsion and on-board power systems, the marine division researched a number of options in the market to enhance its scope of supply. The Caterpillar "Across the Table" initiative promises to open up opportunities to dealers most capable of delivering the services demanded by customers and this was identified as a methodology to leverage the excellence already developed to a wider audience.

In June 2015, the Iberian operations signed a joint venture and shareholding agreement with the Emenasa Group, a Spanish company located in Vigo, Spain, that specialises in systems integration. The new 50/50 venture, called Marine Integrated Solutions, gives Barloworld Finanzauto the capability to market, deliver and support complete propulsion and power solutions for a wide range of vessels. The resulting capability will see the effective combination of the hardware in which we have built high degrees of competence with engineering and software systems that will allow single point control over the total power production system for the entire vessel.

This is a significant step forward that will ensure we retain our status as a top Cat marine dealer and secure our future as a leading supplier of marine integrated solutions.

Innovative customer solutions

Handling

Barloworld Handling

Vision

To be a trusted adviser to the materials handling, agriculture and construction industries

HANDLING

Business overview

The division is in transition with a number of initiatives to support future growth aligned to our vision.

- The business invested in capability to create a precision farming department to provide one-stop shop solutions
- Implemented growth initiatives and improved sales in the high technology equipment market segments through various fleet change deals
- Introduced a skills development programme to improve the capability of employees and dealer network
- Strengthened the operational support team to drive sales and improve product support
- Improved our footprint and service to customers through appointment of five new dealers during 2015.

Operating environment and impact

AGRICULTURE	• Commercial maize crop 31% down on the previous season largely due to general drought conditions mainly in the Western part of the country • The agricultural tractor market unit sales estimated at 6 950 units is down by 8% on last year while the combine market has declined by 37% • In Mozambique the national elections in 2014 caused difficult trading conditions with the freezing of government funds, compounded by floods in early 2015 • Zambia experienced uncharacteristic drought conditions negatively impacting yields • We exited the agriculture business in Russia
LIFT TRUCKS	• Load shedding and general negative global market have created negative business sentiment in the lift truck industry • Zambian economy down due to lower commodity prices
IMPACT	The drought's impact on agriculture and tougher trading conditions in the lift truck, SEM and Metso markets adversely impacted business profitability

2015 performance review

Despite the market downturn we have grown our Agriculture tractor unit market share in South Africa and increased revenue from R915 million in 2014 to R966 million in 2015 (6% increase). Low government funding in Mozambique resulted in a revenue decrease, while revenue was down in Zambia due to the drought.

Revenue remained flat in the SA lift truck business, while service, repair and maintenance contracts grew by 5%.

2016 outlook

The prevailing drought is expected to continue to impact agriculture demand in South Africa. However, the disposal of the loss-making Agriculture Russia business in September will benefit results in 2016. The introduction of new models and technology enabled solutions will generate growth with a focus on integrated solutions and Precision farming technology.

While we expect trading conditions to remain challenging in 2016 in the lift truck sector, we will continue to focus on targeting high potential market segments, developing the customer value model and proactive response utilising our extensive service footprint.

The 2016 revenue outlook range for Handling is between R1.3 billion and R1.6 billion compared to revenues of R2 billion in 2015.

Innovative customer solutions

Automotive and Logistics

Barloworld Automotive

Barloworld Logistics

Keith Rankin
Chief executive officer:
Barloworld Automotive

Steve Ford
Chief executive officer:
Barloworld Logistics

Financial highlights

Revenue up 6.7%

R33 billion
(2014: R31 billion)

Operating profit up 2.7%

R1 688 million
(2014: R1 644 million)

Operating margin

5.0%
(2014: 5.3%)

Automotive provides customers with a range of innovative vehicle usage solutions to meet their specific requirements from short-term vehicle usage, outright ownership through franchised motor vehicle retailing representing leading OEMs, long-term vehicle usage and fleet management solutions.

Logistics offers integrated supply chain solutions, including warehousing and distribution dedicated transport services, transportation management services, freight forwarding and supply chain software.

Automotive

Logistics

BRANDS REPRESENTED

Innovative customer solutions

Automotive and Logistics

Barloworld Automotive Barloworld Logistics

Financial and non-financial performance indicators

Economic

Year ended 30 September	Revenue 2015 Rm	Revenue 2014 Rm	Operating profit/(loss) 2015 Rm	Operating profit/(loss) 2014 Rm	Net operating assets 2015 Rm	Net operating assets 2014 Rm
Automotive	**28 704**	26 770	**1 529**	1 522	**8 348**	7 384
– Car Rental	**5 202**	4 510	**471**	421	**1 994**	1 808
– Motor Retail	**20 140**	19 173	**486**	542	**2 569**	2 258
– Avis Fleet	**3 362**	3 087	**572**	559	**3 785**	3 318
Logistics	**4 509**	4 367	**159**	122	**2 403**	1 761
– Southern Africa	**3 980**	3 709	**186**	174	**2 241**	1 618
– Europe, Middle East and Asia	**529**	658	**(27)**	(52)	**162**	143
	33 213	31 137	**1 688**	1 644	**10 751**	9 145
Share of associate loss			**(7)**	(11)		

Environmental

Year ended 30 September	Petrol and diesel (ML) 2015	Petrol and diesel (ML) 2014	Electricity (MWh) 2015	Electricity (MWh) 2014	Energy (GJ) 2015	Energy (GJ) 2014	GHG emissions (tCO_2e) (scope 1 and 2) 2015	GHG emissions (tCO_2e) (scope 1 and 2) 2014	Water (ML) 2015	Water (ML) 2014
Automotive	**9.96**	9.89	**39 296**	38 812	**496 134**	490 468	**65 703**	64 913	**397**	413
– Car Rental	**3.55**	3.81	**6 243**	6 085	**144 048**	152 615	**15 055**	15 547	**122**	152
– Motor Retail	**5.68**	5.39	**31 322**	31 226	**319 782**	307 698	**47 098**	46 139	**258**	252
– Avis Fleet	**0.73**	0.69	**1 731**	1 501	**32 304**	30 155	**3 550**	3 227	**17**	9
Logistics	**49.83**	45.20	**11 825**	11 084	**2 114 017**	1 918 772	**166 560**	151 266	**99**	95
– Southern Africa	**49.71**	45.06	**9 376**	8 507	**2 101 171**	1 904 671	**164 280**	148 924	**93**	85
– Europe, Middle East and Asia	**0.12**	0.14	**2 449**	2 577	**12 846**	14 101	**2 280**	2 342	**6**	10
	59.79	55.09	**51 121**	49 896	**2 610 151**	2 409 240	**232 263**	216 179	**496**	508

Social

Year ended 30 September	Employee headcount 2015	Employee headcount 2014	LTIFR 2015	LTIFR 2014	Work-related fatalities 2015	Work-related fatalities 2014	B-BBEE rating* 2015	B-BBEE rating* 2014
Automotive	**7 603**	7 433	**1.37**	2.00		1		
– Car Rental	**2 070**	1 974	**0.71**	1.32		1	**2**	2
– Motor Retail	**4 878**	4 821	**1.78**	2.45			**4#**	3
– Avis Fleet	**655**	638	**0.39**	0.59			**4#**	2
Logistics	**4 100**	3 770	**1.13**	0.71		1		
– Southern Africa	**3 885**	3 445	**1.17**	0.70		1	**2**	2
– Europe, Middle East and Asia	**215**	325	**0.29**	0.83				
	11 703	11 203	**1.26**	1.46		2		

**B-BBEE rating for South Africa only.*
#Based on new dti codes.

AUTOMOTIVE

Business overview

An integrated model

Customers are offered a range of innovative solutions from single-unit transactions to bespoke solutions, appropriate to the clients' specific needs, complemented by Barloworld service excellence.

Through a structured approach, the division ensures that each business unit applies best practice within its core businesses, a strong focus on operational excellence, and strives for a market-leading position in each key segment. In addition, this approach maximises the direct and indirect synergies that exist between the business units through running an integrated business focused on the automotive sector.

The divisional platform provides for leadership and guidance across key areas of the business. The leadership approach recognises the important role of every employee and institutionalises initiatives and structures aimed at developing, harnessing and directing collective employee wisdom towards our value-creation objectives, while ensuring that employees share in the value created. An integrated approach to good people management is entrenched throughout the division.

We remain committed to a safe work environment and continue to proactively apply leading safety practices ensuring the well-being of our employees and customers. There were no work-related deaths during the year and the LTIFR as reported, declined during the year as we continue to focus on improving the number and severity of work-related injuries. Our car rental, fleet and motor retail operations' LTIFR do not include individuals sourced through temporary service providers.

Consistent with the group's approach, we remain committed to workplace diversity and inclusion. Entrenching these principles in the strategic and operational decision-making processes ensures that we achieve the best overall ratings despite the current industry constraints.

We continue to create value for our principals and suppliers by investing in infrastructure and business systems, addressing brand exposure, market share and improving business performance. Their confidence in our ability is reflected in new opportunities offered to represent their brands and their ongoing commitment to our operations.

Sustainable development is integrated into our strategy and operations. These strategies and initiatives drive the development of products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices. Our overall approach to good governance ensures that we meet the legitimate interests of all stakeholders, which is supported by the Barloworld Worldwide Code of Conduct and the ethics and compliance programme.

Vision

Our vision provides clear purpose and direction to the organisation: A business that inspires a world of difference by creating shared value as a leading provider of innovative vehicle usage solutions, generating superior shareholder returns and delivering sustainable societal outcomes.

Car rental

Avis Budget Rent a Car operates short-term vehicle rental from over 190 customer service centres focused on the tourism, corporate, local and replacement market segments throughout southern Africa. At peak, the car rental fleet comprised some 29 100 vehicles. The operations in South Africa, Botswana, Mozambique, Namibia and Swaziland are company owned and the remainder are sub-licensed.

Avis Point 2 Point is a chauffeur-driven inner-city transfer service, while Avis Van Rental operates via a sub-licensee network in South Africa. Avis Car Sales disposes of ex-rental vehicles into the trade and to retail customers.

Avis Fleet

Avis Fleet provides long-term rental vehicles and a range of fleet management services to operators of passenger and commercial vehicles in southern Africa, Ghana and Tanzania. The business accepts residual value and maintenance risk on behalf of its leasing customers, while adding value through the design of customised fleet solutions, which include the leasing of fit-for-purpose vehicles, the administration of service and maintenance plans, vehicle licensing, managed maintenance services, fuel management including billing, analysis and forensics, accident claims management, traffic fine and open-road tolling management, vehicle procurement and disposal.

Motor retail

Motor Retail operates 44 leading motor vehicle franchise dealerships in South Africa and Botswana. Brands include Audi, BMW, Chrysler, Ford, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz, Toyota and Volkswagen. Products include the sale of new and used vehicles with supporting finance and insurance products, and aftermarket services including parts sales, service and coachworks repair centres. Complementing the dealer footprint, Barloworld Fleet Marketing develops and maintains strong relationships with key corporate customers requiring a range of ownership solutions.

Innovative customer solutions

Automotive

Barloworld Automotive

Operating environment and impact

ECONOMIC	The Automotive division operates in markets that are influenced by interest rates, consumer and business confidence and overall economic activity, all of which were under pressure during the financial year. The South African vehicle market saw a softening with new vehicle sales volumes lower in the financial year under review and a softer market expected to carry through to 2016. South African new vehicle sales declined by 1.9% over the previous year due to weak consumer confidence, while the used vehicle market provided select opportunities as new vehicle prices increased. Statistics from the South African Vehicle Rental and Leasing Association (SAVRALA) showed the car rental market grew by 0.3%. Demand for outsourced vehicle management services has slowed in line with the overall economy.
IMPACT	In the context of this challenging environment, the division performed very well in maintaining a similar operating result to the prior year.

2015 performance review

Revenue of R28.7 billion and a record operating profit of R1 529 million resulted in an operating margin of 5.3% (2014: 5.7%). Permanent employees grew to 7 603 in nine countries. The Automotive business units performed in line with expectations while the integrated model and approach sustained profits in difficult trading conditions.

Avis Budget Rent a Car grew rental days in southern Africa by 5.9% to 7 million from 6.7 million in the previous year. This growth was achieved with well-controlled fleet utilisation of 75% across an average fleet of 25 571 vehicles. The average fleet increased by 7.0% and revenue per day improved by 3.5% in a competitive trading environment. This resulted in revenue growing 15% to R5.2 billion while operating profit grew 12% to R471 million. The operating margin decreased to 9.1% from 9.3% in the prior year mainly as a result of lower margins achieved on used vehicle disposals.

The Budget brand was successfully integrated as from 1 March 2015 which resulted in a growth in market share in the inbound and non-contracted segments.

Avis Fleet operations maintained core fleets, with 280 703 vehicles under long-term finance and other management contracts at year end compared to 307 456 vehicles in the previous year, despite the loss of some marginal managed fleets. The business delivered a solid performance with operating profit improving by 2.3% to R572 million as a result of stable fleets and a focus on enhancing operational efficiencies across all product lines.

Avis Fleet acquired a small telematics business to complement the overall fleet management offering, commenced operations in Zambia and acquired a small leasing business in Tanzania to fast track entry into the east African market. The outsourced fleet management contract with the government of the Kingdom of Lesotho was not renewed and was terminated on 30 September 2015.

Motor Retail sold 57 722 new and used vehicles during the year compared to 58 253 units in the prior year. Aftermarket activity improved, resulting in a 7.7% increase in parts turnover, while service hours grew by 3.2%. Operating profit declined by 10% to R486 million, with a resultant operating margin of 2.4% (2014: 2.8%). The results reflect a more sustainable performance for our Mercedes-Benz franchise which performed exceptionally well in the prior year. Overall new vehicle sales volumes were in line with the market and the result was supported by an improved used vehicle and after-sales performance.

Major facility upgrades during the year included Barons VW Woodmead, Ford Alberton, as well as executing the split of the Ford and Mazda brands. The business targeted specific expansion, acquiring GM Ferndale in Cape Town, effective 1 December 2015, and has secured the Toyota/Volkswagen dealership in Postmasburg to support growth in a key mining node.

The future to 2020 – Trends and future operating context

The prolonged uncertainty in world markets remains challenging and the division will continue to prudently manage all aspects of the business, maintaining emphasis on our six strategic focus areas. Our strategic planning process supports astute capital allocation in identified growth areas that exceed internal hurdle rates, while recent developments on the global emissions debate will continue to be closely monitored.

Urbanisation is a key trend affecting all areas of the business and the division is considering various alternatives, including the further use of technology, to deal with the consequences of changing customer needs. Mobility as a Service (MaaS) is gaining momentum in select developed markets and the division's principals are actively pursuing ways to service this niche. The future of motor vehicle retailing in large city centres will continue to change as property values increase requiring the optimal use of space and technology to serve a changing customer base. The division is well aligned to its principals on these and other changing trends and remains well positioned to capitalise on these, where appropriate.

Avis Fleet will continue to focus on profitability in its African operations and grow business in the government sector. Other issues material to the future success of the division include optimising the Car Rental business after the successful integration of the Budget brand, and maximising value in the leisure and non-contracted segments. Motor Retail will continue to align to well-established OEM brands in the South African market which will support select expansion of the motor retail footprint in order to complement the overall vehicle usage strategy.

2016 outlook

It is expected that 2016 will yield limited growth in all business units. Optimising the inherent synergies of our South African integrated vehicle usage solutions offering remains central to our strategy. The Car Rental operations will focus on rental yields, maintaining high fleet utilisation and optimising their asset base. Additional products and services will be provided to cater for evolving customer needs.

Our southern African Motor Retail operations will continue a "Fewer, Bigger, Better" strategy, coupled with pursuing efficiencies through the centralisation and coordination of common functions, improving asset turn and reducing working capital. The renewal of certain contracts within Avis Fleet remains critical in maintaining a leading market position for the business and we will continue to seek attractive growth opportunities in various markets. Focus on meeting and exceeding divisional return on equity targets within each business unit will remain a key priority.

The division is also considering acquiring several complementary businesses within the broader automotive market that leverage technology and know-how to maximise value in specific markets, while providing strong cash flows that balance in part the capital requirements of the overall division.

The 2016 revenue outlook range for the Automotive division is R29.5 billion to R30.5 billion compared to revenues of R28.7 billion in 2015.

Recognition awards highlight strong alignment to principals

The Automotive division has performed well in the last few years, improving returns while growing the business units. Growth in a predominantly principal-driven business is often difficult; however, when in the spirit of true partnership there is alignment, the rewards are there for both the principal and the business. This in part supports the great results from the Automotive division.

Some key awards include:

Motor Retail South Africa

Thirty dealer accolades awarded across southern Africa, including:

- Volkswagen Dealer Group of the Year: Barons
- Volkswagen Dealer of the Year: Barons Pietermaritzburg
- Barons Bruma: Club of Excellence
- Barons Durban: Club of Excellence
- Barons Pietermaritzburg: Club of Excellence
- Barloworld Toyota Centurion: Presidents Award Mega Dealerships
- Mercedes-Benz Passenger Cars Brand Centre Dealer of the Year: Mercedes-Benz Brand Centre Umhlanga
- Freightliner/Fuso Commercial Brand Centre of the Year: NMI-DSM CV Pinetown
- Freightliner/Fuso Commercial Market Centre of the Year: Garden City Commercials
- Mercedes-Benz Chairman's Awards: Best Overall Mercedes-Benz Vans Dealer – Garden City Commercials
- Mercedes-Benz Chairman's Awards: Best Overall Freightliner/Fuso Dealership – NMI-DSM CV Pinetown

Car Rental

- Sunday Times – Best Car Rental brand in SA (12th consecutive year)
- Icon Brand Awards, Top car hire company (third consecutive year)
- Business Traveller Africa Awards, fourth consecutive year

Avis Fleet

- Professional Management Review (PMR): Best Overall Fleet Management Company (ninth consecutive year) – Diamond Arrow Award
- Laserfiche – Run Smarter – Best accounting finance initiative

Avis Southern Africa

- Avis Namibia – 2015 Licensee of the Year

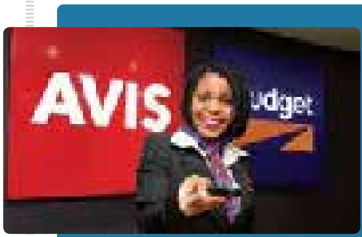
Innovative customer solutions

Automotive

Barloworld Automotive

MATERIAL THEMES – Automotive

STRATEGIC FOCUS AREAS AND MATERIAL THEMES	RESPONSES	RISKS	MITIGATION
People • Employee engagement • Talent management • Safety first culture	• Drive employee engagement and collective wisdom • Sustain IPM >3 for all business units • Appropriate skills/ resources through structured ICR process • Ensure safe working environment	• Death or injury on duty • Inability to attract, develop and retain people required to meet the divisional and individual business unit growth objectives	• Integrated approach to good people management • Continue to proactively apply and entrench leading safety practices
Diversity and inclusion • Workforce profile • Enterprise and supplier development • Black ownership at group level	• Highest rating for all businesses on the new codes given current industry constraints • Focus on employment equity, skills development procurement targets and gender diversity	• Ensuring diversity in the workplace • Maintaining a competitive rating on the dti B-BBEE scorecards for South African operations	• Ongoing focus and development
Sustainable development • Reducing our environmental footprint • Products and services • Ethics and compliance • Governance • Stakeholder engagement • Create value for communities	• Meet energy and emissions efficiency targets • Drive development of products and services to capitalise on emerging opportunities • Align to the Barloworld Worldwide Code of Conduct and ethics programme	• Environmental impairment as a result of the division's activities • Reputation risk due to non-compliance	• Comprehensive approach to embedding sustainable development principles into our strategy and operations
Innovative customer solutions • Alignment with principals • Customer value proposition • Innovation • Technology/ e-commerce	• Entrench both principal and Barloworld's commitment to sustainable practices • Focus on operational excellence to deliver on customer expectations • Leveraging technology • Investing in infrastructure and business systems	• Non-alignment to key principals and key customer strategies • Inability to satisfy ever-changing customer needs	• Business model and stakeholder engagement activities ensure alignment • Continuous monitoring of our customer satisfaction index
Profitable growth • Growth projects • Shareholder returns • Capital allocation • Cost management	• Sustained EBITDA growth to fund asset replacement from existing cash flows • Achieve targeted operating profit • Pursue targeted growth opportunities	• Underperformance of existing and acquired businesses	• Thorough analysis and robust acquisition processes ensure alignment to overall strategic objectives • Revised strategic planning process
Financial returns • Returns on capital • Working capital • Cash management • Maximising business unit synergies	• Meet and exceed the divisional return on equity hurdle rate	• Ongoing ability to improve returns and maintain results above set group hurdle rates	• Business model ensures attractive returns with a focus on exceeding hurdle rates for new and existing businesses



Leveraging dual brands

There are three global rental companies: Avis, Budget and Hertz. Avis Budget Group (ABG), Inc. is a leading global provider of vehicle rental services, through its Avis and Budget brands which have over 10 000 rental locations in 175 countries around the world.

Avis Rent a Car Southern Africa is part of the Barloworld Automotive Division and has been an ABG licensee for the past 45 years. Structurally, Avis Southern Africa forms part of ABG International (Avis Budget Europe, Middle East and Africa, or EMEA).

In South Africa, while Avis Southern Africa was the licensee for the Avis brand, the Budget brand was operated by another local business. Given the global ABG brand alignment strategy, Barloworld had been in discussion with ABG about obtaining the Budget licence for southern Africa.

On 13 February 2015, Avis Budget Group announced that it had signed an agreement with Barloworld to also operate the Budget car rental brand, with effect from 1 March 2015, in South Africa, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe. The agreement offers both companies an opportunity to leverage Barloworld's extensive knowledge of the car rental market to grow and develop the Budget brand across southern Africa.

The agreement unleashed a chain of events, underpinned by exceptional leadership and team work in order to ensure that the newly acquired Budget brand would go "live" on 1 March 2015. The Avis team had 17 days to execute a project that would normally take between four and five months.

In 17 days, a multi-functional Avis project team, supported by ABG expertise in Europe and the US, successfully launched the Budget brand in 129 locations, on the internet and through a national call centre. Working around the clock, across time zones and with the passionate support of every Avis SA brand ambassador, the team recreated a brand from the ground up including producing new dual brand uniforms for previous Avis but now Avis/Budget brand ambassadors.

In the early hours of 1 March 2015, there was a collective cheer (and the odd tearful eye) as we welcomed our first Budget customer!

The Budget brand allows Barloworld to align with its principal, the Avis Budget Group, and is the first step in running a multi-brand car rental strategy in line with global trends. This provides a key platform for product differentiation in key markets and in future will allow for bespoke rental solutions to meet customers' changing needs.

Innovative customer solutions

Logistics

Barloworld Logistics

Vision

To be an international provider of smart supply chain solutions in partnership with leading clients.

Our integrated solutions offerings include supply chain consulting, inventory management, a wide range of road transportation and transportation management services, warehousing and distribution, freight forwarding and clearing, crane hire and services, environmental solutions and supply chain planning and software solutions. Through client collaboration, operational excellence, customer centricity and innovation, Barloworld Logistics delivers smart supply chain solutions to drive business results and a competitive advantage for clients.

Depending on customer requirements, solutions can be deployed across the supply chain in an integrated manner or as point solutions for specific areas of the customer's business. In each of these supply chain areas we provide the leadership, skills, methodologies, processes and tools to consult, design, implement, manage and operate the solution.

LOGISTICS

Business overview

Barloworld Logistics is one of the leading supply chain solutions businesses in southern Africa with complementary operations in the United Arab Emirates, employing 4 100 people across 100 offices.

Operating environment and impact

ECONOMIC	The Logistics division operates in a highly competitive environment in all regions driven by tough economic conditions and rising uncertainty. The mining and construction downturn in southern Africa negatively impacted certain areas of the business.
INDUSTRY	Labour unrest in South Africa is disruptive and the ongoing risk is proactively monitored and managed by all business units. Changing customer and market needs require agile supply chains, innovative business and commercial models and technology-enabled solutions. New and changing regulations particularly in the environmental, labour and transportation sectors are closely monitored.
IMPACT	Activity has been slow in the services linked to the mining and construction sectors and we have exited from non-performing regions. Robust ongoing stakeholder engagement continues to address labour matters. The complexity inherent in the environmental, labour and transportation sectors is balanced by opportunities for new business solutions.

2015 performance review

Logistics delivered an improved performance with revenue of R4.5 billion, up 3.3% on last year, and an operating profit of R159 million, up 30% on last year, resulting in an operating margin of 3.5% (2014: 2.8%). Employees grew from 3 800 to 4 100 with operations in eight countries.

The southern African operations continued to grow despite the tough trading conditions in the Mining and Infrastructure sectors. Supply Chain Management revenue was up significantly on last year. The addition of new contracts, the extension of work with existing clients, the strong performance of the Freight Management and Services business in South Africa, the acquisition of the remaining stake of Re Ethical (now re-branded SmartMatta) and the introduction of a new business unit, Integrated Freight Solutions, have positively impacted the business. Lower abnormal and cross-border transport volumes and the impact of two unprotected strikes negatively influenced the performance of the Transport division.

International operations were favourably impacted by the cessation of trading losses from the exit of Barloworld Logistics in Spain and the sale of total equity in Sea Air Transport (SAT) effective 1 June 2015 and 1 July 2015 respectively. Business activity in the Middle East increased and more robust licence and consulting revenue was realised by the Supply Chain Software division.

Key focus areas for 2015 included developing people, organic and acquisitive growth, operational excellence, customer-centricity, profitable growth, financial returns and the integration of acquisitions and joint ventures.

In line with the strategy to continually develop and invest in niche products and services, Barloworld Logistics launched Barloworld Cranes. The Cranes division is complementary to existing logistics services for customers needing to move abnormal cargo or engage in specialised projects. A partnership with LBH Africa offering a holistic supply chain solution for the dry bulk commodities market was also concluded.

Barloworld Logistics formed a partnership with Re Ethical, an environmental solutions company, two years ago to offer clients a more holistic environmental and supply chain solution as well as explore the environmental solutions industry in more detail.

We extended our service offering with many existing clients and closed numerous deals with new customers in 2015. The business also leveraged its investment in developing new supply chain planning software products.

In addressing loss-making operations arising from the very tough trading conditions, we closed out the contract with a major furniture retailer in South Africa and disposed of our operations in Iberia and Germany.

The future to 2020 – trends and future operating context

Barloworld Logistics is well positioned for organic and acquisitive growth. We continue to monitor trends such as changing consumer behaviour, rising urbanisation, technology developments, new legislation, scarcity of resources and growth into developing markets to develop solutions to changing client and market needs. Enabling our people to cope effectively in the fast-paced environment in which we operate is paramount and much investment is being made to develop our future leaders.

People are a key differentiator and competitive advantage. We aim to attract, develop and retain the people and skills required to deliver on our strategies and create shared value through innovation, collaboration and continuous improvement. We will enhance our competitiveness, credibility and legitimacy in the eyes of all stakeholders by leading in diversity and inclusion across all our operating units. One of the key elements of this objective is to increase the representation of women across the business, in particular in senior management roles.

Customer centricity is a core value driver of the business. The division will drive market leadership through the ongoing evaluation and transformation of our business model. By partnering with clients and industry specialists, we will deliver solutions aligned to achieving productivity, profitability and performance.

We are committed to continually re-thinking, refining and re-evaluating innovative ways to drive economic, social and environmental sustainability. Our smart philosophy of ensuring everything we do is sustainable, measurable, adaptable, resourceful and transformational is a measurement for success. Included in this philosophy is to be a leading corporate citizen, reduce our environmental footprint, operate with the highest standards of governance, ethics and compliance, build strong relationships with all our stakeholders and offer products, services and solutions that generate shared value for all. In particular, we aim to leverage and grow our own service offering in the environmental sector.

Profitable growth and financial returns are paramount to the division's success. The aim is to grow market share in all our service offerings and regions while maintaining stringent cost management. The division aims to achieve financial returns above the group's cost of capital through the cycle in each of our strategic business segments.

We balance our investment and growth strategies with a comprehensive integrated risk management process which is constantly assessed and monitored. Some of the high level risks noted and managed continuously include unintentional non-compliance with legislation in new markets, the failure of significant acquisitions or joint ventures, and the inability to meet group hurdle rates or to respond effectively to changing market conditions.

2016 outlook

The outlook for 2016 is positive with further growth opportunities anticipated from integrating new contracts, diversifying and extending service offerings and leveraging the investment in SmartMatta. Tough trading conditions are expected to continue in the mining and infrastructure sectors putting further strain on solutions focused on serving these sectors, in particular the specialised transport and cross-border business units. Increased business activity in the Middle East and targeted African countries is expected to continue.

The 2016 revenue outlook range for the Logistics division is between R5.0 billion and R5.6 billion compared to revenues of R4.5 billion in 2015.

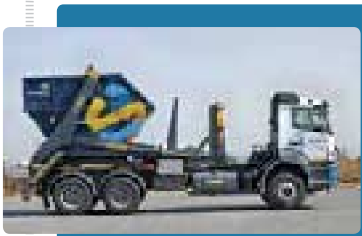
Innovative customer solutions

Logistics

Barloworld Logistics

MATERIAL THEMES – Logistics

STRATEGIC FOCUS AREAS AND MATERIAL THEMES	RESPONSES	RISKS	MITIGATION
People • Employee engagement • Talent management	• Drive employee engagement initiatives • Integrate and align all people • Learnerships, coaching, bursaries and leadership training initiatives	• Death or injury on duty • Failure to attract, retain and develop key talent	• Safety campaigns • Integrated risk management • Ongoing training and wellness programmes • Compliance with health and safety programmes • Talent management
Diversity and inclusion • Diversity and inclusion • Enterprise and supplier development	• Create a diverse and inclusive culture • Increase gender and racial diversity in senior management roles • Implement employment equity and skills development forums • Drive supplier diversity	• Failure to meet transformation requirements	• Drive current initiatives • Continued focus on addressing all aspects of the B-BBEE scorecard
Sustainable development • Reduce environmental footprint • Products and services • Governance, ethics and compliance • Stakeholder engagement	• Integrate sustainable development practices and mindset • Define appropriate energy intensity targets • Integrate environmental solutions into supply chain service offering	• Non-compliance with existing and new legislation and with governance requirements	• Roll out and embed ethics and compliance and supplier due diligence programmes • Monitor all legislative changes in relevant areas
Innovative customer solutions • Technology solutions • Customer value proposition and relationships • Operational excellence • Innovation	• Drive customer intimacy, operational excellence and customer centricity • Focus on new solutions roll out	• Failure to diversify due to concentration in too few industries, customers, verticals and services	• Improve capabilities across the businesses, market segmentation and customer relationships • Thought leadership and market analysis
Profitable growth • Market share growth • Cost management	• Grow organically and acquisitively • Cost control • Leverage business units and recent investments	• Failure of significant JVs, mergers and acquisitions	• Follow group acquisition policy • Multi-disciplinary acquisition task team
Financial returns • Returns on capital • Cash management	• Meet or exceed profitability, returns and cash flow targets • Funding directed to investments with highest returns • Cost containment	• Failure to meet group hurdle rates and to respond effectively to volatile market conditions	• Diversify revenue streams • Increase market share and capabilities • Continue to focus on loss-making operations



Future-focused smart solutions

As part of the Barloworld Logistics' vision to provide its clients with sustainable supply chain solutions, in 2013 we formed a smart partnership with re-, an environmental solutions company. The company has been in the waste management industry since 1988, becoming the first to receive ISO 14001 compliance in the sector. Employing over 700 people, it currently services around 170 sites across South Africa and covers private sector industries as well as parastatal organisations.

The partnership provided the opportunity to leverage our combined capabilities, take advantage of environmental awareness, sustainability and growing legislation in this area and open up opportunities to offer a more holistic solution to our customers from both an environmental and supply chain perspective.

As an indication of our commitment to building a focused environmental solutions business, in 2015 we acquired the remaining stake in re- and rebranded the company SmartMatta. This positions it strongly against established players and aligns our environmental solutions business with our smart philosophy.

The company supplies several businesses within the group and has entered into an outsourced transport contract with Barloworld Transport, with 40 vehicles on fleet to service major clients.

SmartMatta is in the business of perpetual efficiency and fuelling positive change – finding better ways to utilise resources to lessen our impact on the planet. We have a "zero waste to landfill strategy" and our goal is to make a difference to all our stakeholders by making smart use of matter through:

- Finding solutions to reduce waste
- Increasing recycling and reuse
- Providing safer treatment and disposal options
- Educating on sustainability and environmental best practices
- Researching and developing new sources of energy
- Collaborating with industry specialists to develop innovative cutting-edge solutions and technologies

"We can create sustainable solutions that deliver a return on the environment for our clients and our planet," explains managing director, Marilize Worst. "Now, as part of Barloworld Logistics, we can accelerate our exploration of new solutions and services, and fulfil our mission of zero waste to landfill."

Innovative customer solutions

Corporate division overview

Barloworld Corporate Office

Vision

To inspire a world of difference through excellent advice and services to all our stakeholders

Corporate primarily comprises the operations of the headquarters and treasury in Johannesburg, the treasury in Maidenhead, United Kingdom, and the captive insurance company. While the group has a decentralised management philosophy; the corporate office creates value by providing a number of services to the operating units. These include internal audit, governance and company secretarial, investor relations, corporate communication, corporate finance, treasury and taxation, risk, insurance and legal, group strategy and sustainability, human resources management, employee benefits, diversity and inclusion, information technology and facilities management.

Southern Africa has shown a profit owing mainly to lower charges and accruals for long-term incentives and reduced operating costs. In Europe the higher operating loss is mainly as a result of higher insurance claim losses in the captive insurance company and the impact of currency depreciation.

Aligned with group commitments and aspirational targets, corporate office strives to provide a safe and healthy work environment and minimise its environmental footprint.

A number of initiatives have been implemented in this regard and improved social and environmental indicators reflect this.

Economic

	Revenue		Operating profit/(loss)*		Net operating assets/liabilities	
Year ended 30 September	**2015 Rm**	2014 Rm	**2015 Rm**	2014 Rm	**2015 Rm**	2014 Rm
– Southern Africa	**1**	4	**17**	(24)	**480**	652
– Europe			**(78)**	(74)	**(1 979)**	(1 944)
	1	4	**(61)**	(98)	**(1 499)**	(1 292)

**Excluding B-BBEE charge of R251 million in 2015.*

Environmental

	Petrol and diesel (ML)		Electricity (MWh)		Energy (GJ)		GHG emissions (tCO_2e) (scope 1 and 2)		Water (ML)	
Year ended 30 September	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Southern Africa	**0.02**	0.01	**471**	667	**2 360**	2 606	**537**	706	**2**	2

Social

	Employee headcount		LTIFR		Work-related fatalities		B-BBEE rating*	
Year ended 30 September	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Southern Africa	**111**	115					**2**	2

**B-BBEE rating for South Africa only.*

PROFITABLE GROWTH

Strategic intent:

To double revenue and achieve targeted growth in total shareholder returns (TSR) over the five years to 2020.

Profitable growth

Growth activities

While significant opportunities have been identified and are under review, a number of niche acquisitions and growth projects were implemented during the year, which include:

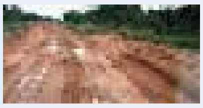
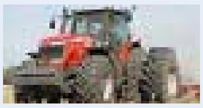
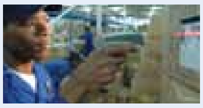
- Car Rental expanded through the acquisition of the Budget licence
- Avis Fleet growth into Tanzania (Tanzuk Limited) and Zambia
- Expanded motor retail dealership footprint (GM Ferndale)
- Acquired the remaining stake in re-, and rebranded the business SmartMatta
- Entered the mobile crane market

These growth initiatives were complemented by corporate restructure, and capital reallocation to optimise returns. This included:

- Disposed of the logistics business in Spain
- Exited Sea Air Transport (SAT) in Germany
- Exited the agriculture business in Russia

Growth opportunities

The industries and regions in the table below have been identified to provide growth opportunities for the group into the future.

GROWTH SEGMENT	GROWTH DRIVER	GEOGRAPHY
MINING 	Emerging market industrialisation driving long-term demand for commodities	southern Africa, Russia
INFRASTRUCTURE 	Infrastructure backlogs and rapid urbanisation in developing economies	southern Africa, Russia, Iberia
POWER 	Increasing demand in electricity, marine, petroleum and industrial power segments	southern Africa, Russia, Iberia
AGRICULTURE 	Importance of food security, growing demand for biofuels and rich agricultural potential across southern Africa	southern Africa
AUTOMOTIVE 	Increasing need for flexible vehicle usage solutions in private, corporate and government segments and exposure to the growing tourism market	southern Africa, east Africa, west Africa
LOGISTICS 	Growing regional trade and trend to outsource supply chain management activities	southern Africa, Middle East

FINANCIAL RETURNS

Strategic intent:

To achieve financial returns above our cost of capital through the cycle and in the top quartile of our peer group in each of our strategic business segments.

Summarised consolidated income statement

for the year ended 30 September

	Notes	Audited 2015 Rm	2014 Rm	% change
Continuing operations				
Revenue		**62 720**	62 101	1
Operating profit before items listed below (EBITDA)		**6 479**	6 170	
Depreciation		**(2 355)**	(2 198)	
Amortisation of intangible assets		**(129)**	(142)	
Operating profit		**3 995**	3 830	4
B-BBEE charge		**(251)**		
Operating profit including B-BBEE charge		**3 744**	3 830	(2)
Fair value adjustments on financial instruments		**(198)**	(156)	
Finance costs		**(1 252)**	(1 117)	
Income from investments		**67**	39	
Profit before exceptional items		**2 361**	2 596	(9)
Exceptional items	3	**(6)**	(66)	
Profit before taxation		**2 355**	2 530	
Taxation		**(808)**	(837)	
Profit after taxation		**1 547**	1 693	
Income from associates and joint ventures		**287**	217	32
Profit for the year from continuing operations		**1 834**	1 910	(4)
Discontinuing operation				
Profit from discontinued operation	6		428	
Profit for the year		**1 834**	2 338	
Net profit attributable to:				
Owners of Barloworld Limited		**1 713**	2 143	
Non-controlling interest in subsidiaries		**121**	195	
		1 834	2 338	
Earnings per share (cents)				
– basic		**808.7**	1 012.3	
– diluted		**806.1**	1 007.5	
Earnings per share from continuing operations (cents)				
– basic		**808.7**	810.3	
– diluted		**806.1**	806.4	
Earnings per share from discontinued operation (cents)				
– basic			202.0	
– diluted			201.1	

Summarised consolidated statement of comprehensive income

for the year ended 30 September

	Audited 2015 Rm	2014 Rm
Profit for the year	**1 834**	2 338
Items that may be reclassified subsequently to profit or loss:	**1 336**	370
Exchange gains on translation of foreign operations	**1 454**	862
Translation reserves realised on disposal of foreign joint venture and subsidiaries	**(130)**	(510)
Gain on cash flow hedges	**16**	25
Deferred taxation on cash flow hedges	**(4)**	(7)
Items that will not be reclassified to profit or loss:	**(46)**	(497)
Actuarial losses on post-retirement benefit obligations	**(57)**	(617)
Taxation effect	**11**	120
Other comprehensive income/(loss) for the year, net of taxation	**1 290**	(127)
Total comprehensive income for the year	**3 124**	2 211
Total comprehensive income attributable to:		
Owners of Barloworld Limited	**3 003**	2 016
Non-controlling interest in subsidiaries	**121**	195
	3 124	2 211

Summarised consolidated statement of financial position

at 30 September

	Notes	Audited 2015 Rm	2014 Rm
ASSETS			
Non-current assets		**19 906**	17 287
Property, plant and equipment		**14 380**	12 614
Goodwill		**1 740**	1 661
Intangible assets		**1 500**	1 380
Investment in associates and joint ventures		**923**	720
Finance lease receivables		**142**	123
Long-term financial assets		**438**	94
Deferred taxation assets		**783**	695
Current assets		**28 052**	26 719
Vehicle rental fleet		**2 488**	2 307
Inventories		**13 767**	11 814
Trade and other receivables		**9 331**	8 357
Taxation		**94**	79
Cash and cash equivalents		**2 372**	4 162
Assets classified as held for sale	6	**197**	
Total assets		**48 155**	44 006
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium		**282**	316
Other reserves		**5 793**	4 517
Retained income		**13 351**	12 049
Interest of shareholders of Barloworld Limited		**19 426**	16 882
Non-controlling interest		**616**	604
Interest of all shareholders		**20 042**	17 486
Non-current liabilities		**12 078**	9 700
Interest-bearing		**9 074**	6 921
Deferred taxation liabilities		**571**	377
Provisions		**139**	182
Other non-current liabilities		**2 294**	2 220
Current liabilities		**15 992**	16 820
Trade and other payables		**10 531**	11 263
Provisions		**1 058**	1 046
Taxation		**52**	116
Amounts due to bankers and short-term loans		**4 351**	4 395
Liabilities directly associated with assets classified as held for sale	6	**43**	
Total equity and liabilities		**48 155**	44 006

Summarised consolidated statement of changes in equity

at 30 September

	Share capital and premium Rm	Other reserves Rm	Retained income Rm	Attributable to Barloworld Limited shareholders Rm	Non-controlling interest Rm	Interest of all shareholders Rm
Balance at 1 October 2013	316	4 094	11 035	15 445	462	15 907
Total comprehensive income for the year		370	1 646	2 016	195	2 211
Transactions with owners, recorded directly in equity						
Other reserve movements		52	7	59	39	98
Dividends			(639)	(639)	(92)	(731)
Balance at 30 September 2014	316	4 517	12 049	16 882	604	17 486
Total comprehensive income for the year		**1 336**	**1 667**	**3 003**	**121**	**3 124**
Transactions with owners, recorded directly in equity						
Other reserve movements		**(60)**	**136**	**76**		**76**
B-BBEE IFRS 2			**198**	**198**		**198**
Dividends			**(699)**	**(699)**	**(109)**	**(808)**
Share buy-back	**(34)**			**(34)**		**(34)**
Balance at 30 September 2015	**282**	**5 793**	**13 351**	**19 426**	**616**	**20 042**

Summarised consolidated statement of cash flows

for the year ended 30 September

	Notes	Audited 2015 Rm	2014 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		**7 094**	6 302
Increase in working capital		**(3 429)**	(470)
Cash generated from operations before investment in leasing and rental fleets		**3 665**	5 832
Net investment in fleet leasing and equipment rental fleet		**(1 847)**	(2 143)
Net investment in vehicle rental fleet		**(754)**	(736)
Cash generated from operations		**1 064**	2 953
Finance costs		**(1 252)**	(1 125)
Realised fair value adjustments on financial instruments		**(210)**	(162)
Dividends received from investments, associates and joint ventures		**218**	197
Interest received		**67**	39
Taxation paid		**(770)**	(947)
Cash (outflow)/inflow from operations		**(882)**	955
Dividends paid (including non-controlling interest)		**(814)**	(742)
Cash (utilised in)/retained from operating activities		**(1 696)**	214
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, investments and intangibles	4	**(641)**	(323)
Proceeds on disposal of subsidiaries, investments and intangibles	5	**61**	1 316
Net investment in leasing receivables		**(128)**	(15)
Acquisition of other property, plant and equipment		**(1 363)**	(1 323)
Replacement capital expenditure		**(690)**	(476)
Expansion capital expenditure		**(673)**	(847)
Proceeds on disposal of property, plant and equipment		**245**	276
Net cash used in investing activities		**(1 826)**	(69)
Net cash (outflow)/inflow before financing activities		**(3 523)**	145
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased for equity-settled share-based payment		**(22)**	(34)
Non-controlling equity loans		**(6)**	
Purchase of non-controlling interest			(4)
Proceeds from long-term borrowings		**3 921**	3 651
Repayment of long-term borrowings		**(1 971)**	(3 987)
(Decrease)/increase in short-term interest-bearing liabilities		**(331)**	1 535
Net cash from financing activities		**1 591**	1 161
Net (decrease)/increase in cash and cash equivalents		**(1 932)**	1 306
Cash and cash equivalents at beginning of year		**4 162**	2 695
Effect of foreign exchange rate movement on cash balance		**156**	131
Effect of cash balances classified as held for sale		**(14)**	29
Cash and cash equivalents at end of year		**2 372**	4 162
Cash balances not available for use due to reserving restrictions*		**337**	58

**Includes cash balances held in local currency in Angola.*

Summarised notes to the consolidated financial statements

for the year ended 30 September

1. Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the requirements of the Companies Act applicable to summarised financial statements information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of the following amended or new standards and interpretations as detailed in note 11.

2. Reconciliation of net profit to headline earnings

	Audited 2015 Rm	2014 Rm
Net profit attributable to Barloworld shareholders	**1 713**	2 143
Adjusted for the following:		
Loss/(profit) on disposal of subsidiaries and investments (IFRS 10)	**4**	(530)
Profit on disposal of properties and other assets (IAS 16)	**(35)**	(77)
Impairment of goodwill (IFRS 3)	**33**	208
Reversal of impairment of investments in associates and joint ventures (IAS 36)	**(2)**	2
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	**6**	94
Loss on sale of plant and equipment excluding rental assets (IAS16)	**(10)**	
Rate change of amounts excluded from headline earnings	**13**	
Taxation benefit on impairment of plant and equipment (IAS 16) and intangible assets (IAS 38)	**1**	
Non-controlling interest in remeasurements		27
Headline earnings	**1 724**	1 867
Headline earnings from continuing operations	**1 724**	1 813
Headline earnings from continuing operations – excluding B-BBEE charge	**1 960**	1 813
Headline earnings from discontinued operations		54
Weighted average number of ordinary shares in issue during the year (000)		
– basic	**211 843**	211 669
– diluted	**212 537**	212 680
Headline earnings per share (cents)		
– basic	**813.8**	882.5
– diluted	**811.1**	877.7
Headline earnings per share from continuing operations (cents)		
– basic	**813.8**	856.5
– diluted	**811.1**	852.1
Headline earnings per share from continuing operations (basic) excluding B-BBEE charge		
– basic	**925.5**	856.5
– diluted	**922.3**	852.1
Headline earnings per share from discontinued operations (cents)		
– basic		26.0
– diluted		25.6

Summarised notes to the consolidated financial statements

for the year ended 30 September

		Audited 2015 Rm	2014 Rm
3.	**Exceptional items**		
	(Loss)/profit on acquisitions and disposal of investments and subsidiaries	**(4)**	161
	Impairment of goodwill	**(33)**	(208)
	Reversal/(impairment) of investments	**2**	(2)
	Profit on disposal of properties and other assets	**35**	77
	Impairment of property, plant and equipment, intangibles and other assets	**(6)**	(94)
	Gross exceptional loss from continuing operations	**(6)**	(66)
	Rate change of amounts excluded from headline earnings	**(13)**	
	Taxation charge on exceptional items	**(1)**	(5)
	Net exceptional loss before non-controlling interest	**(20)**	(71)
	Non-controlling interest on exceptional items		(27)
	Net exceptional loss	**(20)**	(98)
4.	**Acquisition of subsidiaries, investments and intangibles**		
	Inventories acquired	**(21)**	(63)
	Receivables acquired	**(41)**	(5)
	Payables, taxation and deferred taxation acquired	**61**	36
	Borrowings net of cash	**62**	30
	Property, plant and equipment, non-current assets, goodwill and non-controlling interest	**(97)**	(100)
	Total net assets acquired	**(36)**	(101)
	Goodwill arising on acquisitions	**(92)**	(38)
	Intangibles arising on acquisition in terms of IFRS 3 Business Combinations	**(34)**	(42)
	Total purchase consideration	**(162)**	(181)
	Deemed disposal of associate at fair value on obtaining control	**20**	
	Net cash cost of subsidiaries acquired	**(142)**	
	Bank balances and cash in subsidiaries acquired	**6**	
	Investment and intangible assets acquired	**(505)**	(142)
	Cash amounts paid to acquire subsidiaries, investments and intangibles	**(641)**	(323)
	During the year the group acquired various businesses of which none was individually material.		
5.	**Proceeds on disposal of subsidiaries, investments and intangibles**		
	Inventories disposed	**147**	826
	Receivables disposed	**71**	160
	Payables, taxation and deferred taxation balances disposed and settled	**(55)**	(384)
	Borrowings net of cash	**(1)**	(180)
	Property, plant and equipment, non-current assets, goodwill and intangibles	**16**	878
	Net assets disposed	**179**	1 301
	Less: Non-cash translation reserves realised on disposal of foreign subsidiaries	**(127)**	(413)
	Profit on disposal	**10**	456
	Net cash proceeds on disposal of subsidiaries	**62**	1 343
	Bank balances and cash in subsidiaries disposed	**(2)**	(44)
	Proceeds on disposal of investments and intangibles	**1**	17
	Cash proceeds on disposal of subsidiaries, investments and intangibles	**61**	1 316

The net cash proceeds, on disposal of subsidiaries of R62 million relates to the disposal of Barloworld Logistics' Spanish operations in June 2015, Barloworld Logistics' SAT GmbH operations in July 2015 and Barloworld Handling's Russian agriculture business in September 2015.

	Audited 2015 Rm	2014 Rm
6. Assets classified as held for sale and discontinued operation		
Following the disposal of the Automotive Australia business on 31 March 2014 it was classified as a discontinued operation.		
Results from discontinued operation are as follows:		
Revenue		2 783
Operating profit before items listed below (EBITDA)		96
Depreciation		(10)
Operating profit		86
Net finance costs and dividends received		(8)
Profit before taxation		78
Taxation		(24)
Net profit of discontinued operation before profit on disposal		54
Profit on disposal of discontinued operations (including realisation of translation reserve)		369
Taxation effect of disposal		5
Profit from discontinued operation per income statement		428
The cash flows from the discontinued operation are as follows:		
Cash flows from operating activities		198
Cash flows from investing activities		1 179
Cash flows from financing activities		(889)
The major classes of assets and liabilities comprising the disposal group and other assets classified as held for sale are as follows:		
Property, plant and equipment	5	
Goodwill	29	
Intangibles	97	
Inventories	32	
Trade and other receivables	20	
Cash balances	14	
Assets of disposal group held for sale	197	
Trade and other payables	(42)	
Other current and non-current liabilities	(1)	
Total liabilities associated with assets classified as held for sale	(43)	
Net assets classified as held for sale	154	
Per business segment:		
Handling	73	
Logistics	81	
Total group	154	

The assets held for sale relate to the net assets of the Agriculture Zambia operation and the South African, UK and US Supply Chain Software businesses within Barloworld Logistics. The conclusion of these transactions are well advanced.

Summarised notes to the consolidated financial statements

for the year ended 30 September

	Audited 2015 Rm	2014 Rm
7. Financial instruments		
Carrying value of financial instruments by class:		
Financial assets:		
Trade receivables		
– Industry	6 136	5 569
– Government	419	394
– Consumers	644	614
Other loans and receivables and cash balances	3 823	5 004
Finance lease receivables	400	269
Derivatives (including items designated as effective hedging instruments)		
– Forward exchange contracts	136	94
Other financial assets at fair value	50	50
Total carrying value of financial assets	11 609	11 993
Financial liabilities:		
Trade payables		
– Principals	2 903	3 041
– Other suppliers	5 823	6 089
Other non-interest-bearing payables	352	319
Derivatives (including items designated as effective hedging instruments)		
– Forward exchange contracts	20	15
Interest-bearing debt measured at amortised cost	12 262	10 349
Total carrying value of financial liabilities	21 360	19 814

Fair value measurements recognised in the statement of financial position

Level 1 measurements are derived from quoted prices in active markets. Level 2 and level 3 measurements are determined using discounted cash flows.

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

		2014 Level 1	Level 2	Level 3	Total
7.	**Financial instruments** continued				
	Financial assets at fair value through profit or loss				
	Financial assets designated at fair value through profit or loss	35		45	80
	Available-for-sale financial assets				
	Shares			5	5
	Derivative assets designated as effective hedging instruments	59			59
	Total	94		50	144
	Financial liabilities at fair value through profit or loss				
	Other derivative financial liabilities	1			1
	Financial liabilities designated at fair value through profit or loss	1			1
	Derivatives	13			13
	Total	15			15

		Audited 2015 Rm	2014 Rm
8.	**Dividends**		
	Ordinary shares		
	Final dividend No 172 paid on 26 January 2015: 214 cents per share (2014: No 170 – 195 cents per share)	**456**	413
	Interim dividend No 173 paid on 15 June 2015: 115 cents per share (2014: No 171 – 106 cents per share)	**243**	226
		699	639
	Paid to non-controlling interest	**109**	92
		808	731
	Dividends per share (cents)	**345**	320
	– interim (declared May)	**115**	106
	– final (declared November)	**230**	214
9.	**Contingent liabilities**		
	Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	**1 343**	1 720
	Buy-back and repurchase commitments not reflected on the statement of financial position	**62**	262
10.	**Commitments**		
	Capital expenditure commitments to be incurred:	**2 112**	2 918
	Contracted – Property, plant and equipment	**406**	674
	Contracted – Vehicle rental fleet	**1 354**	1 251
	Approved but not yet contracted	**352**	993
	Operating lease commitments	**3 187**	3 154
	Finance lease commitments	**1 451**	1 252

Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.

Summarised notes to the consolidated financial statements

for the year ended 30 September

11. Accounting policies

The group adopted the following new and amended standards and new interpretations during the current year:

- IFRIC 21 Levies (May 2013)
- Novation of derivatives and continuation of hedge accounting (Amendments to IAS 39) (June 2013)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (October 2012)
- Recoverable amount disclosures for non-financial assets (Amendments to IAS 36) (May 2013)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (December 2011)
- 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)
- Annual improvements to IFRS 2010 – 2012 (December 2013) – IFRS 8 Operating Segments Disclosure

12. Related party transactions

There has been no significant change in related party relationships since the previous year.

Other than in the normal course of business, there have been no other significant transactions during the year with associate companies, joint ventures and other related parties.

13. Events after the reporting period

On 23 October 2015 the company bought 14 485 013 Barloworld shares from the strategic black partners and community service groups 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 groups 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.

14. Preparer of financial statements

These summarised consolidated financial statements have been prepared under the supervision of SY Moodley BCom, CA(SA), Group General Manager: Finance.

15. Operating segments (audited)

	Revenue Year ended 30 September		Operating profit/(loss) Year ended 30 September		Fair value adjustments on financial instruments Year ended 30 September		Operating profit/(loss) including fair value adjustments Year ended 30 September		Net operating assets/ (liabilities) 30 September	
	2015 Rm	2014 Rm	**2015 Rm**	2014 Rm	**2015 Rm**	2014 Rm	**2015 Rm**	2014 Rm	**2015 Rm**	2014 Rm
Equipment and Handling	**29 506**	30 960	**2 368**	2 284	**(210)**	(161)	**2 158**	2 123	**19 806**	14 845
Automotive and Logistics	**33 213**	31 137	**1 688**	1 644	**(4)**	1	**1 684**	1 645	**10 751**	9 145
Corporate	**1**	4	**(61)**	(98)	**16**	4	**(45)**	(94)	**(1 499)**	(1 292)
Total group	**62 720**	62 101	**3 995**	3 830	**(198)**	(156)	**3 797**	3 674	**29 058**	22 698

Salient features

for the year ended 30 September

	Audited 2015 Rm	2014 Rm
Financial		
Group headline earnings per share (cents)	**814**	883
Continuing headline earnings per share (cents)	**814**	857
Continuing headline earnings per share (cents) – excluding B-BBEE charge	**926**	857
Dividend per share (cents)	**345**	320
Continuing operating margin (%) – excluding B-BBEE charge	**6.4**	6.2
Continuing net asset turn (times)	**2.0**	2.4
Continuing EBITDA/interest paid (times)	**5.2**	5.5
Net debt/equity (%)	**55.1**	40.9
Group return on net operating assets (RONOA) (%)	**16.8**	18.8
Group return on ordinary shareholders' funds (%)	**10.9**	11.6
Net asset value per share including investments at fair value (cents)	**9 157**	7 941
Number of ordinary shares in issue, including B-BBEE shares (000)	**226 728**	231 292
Non-financial#		
Energy consumption (GJ)	**3 122 041**	2 953 038
Greenhouse gas emissions (tCO_2e)[Δ]	**287 597**	273 986
Water consumption (ML)	**745**	785
Number of employees	**19 745**	19 616
LTIFR[†]	**1.11**	1.23
Work-related fatalities	**0**	3
Corporate social investment (R million)	**17**	17
dti[^] B-BBEE rating (level)[+]	**2**	2

Deloitte & Touche have issued an unmodified limited assurance report on the non-financial salient features included above, in accordance with International Standard 3000 on Assurance Engagements Other Than Audit or Reviews of Historical Financial Information.

Δ *Scope 1 and 2.*

† *Lost-time injuries multiplied by 200 000 divided by total hours worked.*

^ *Department of Trade and Industry (South Africa).*

+ *Audited and verified by Empowerdex.*

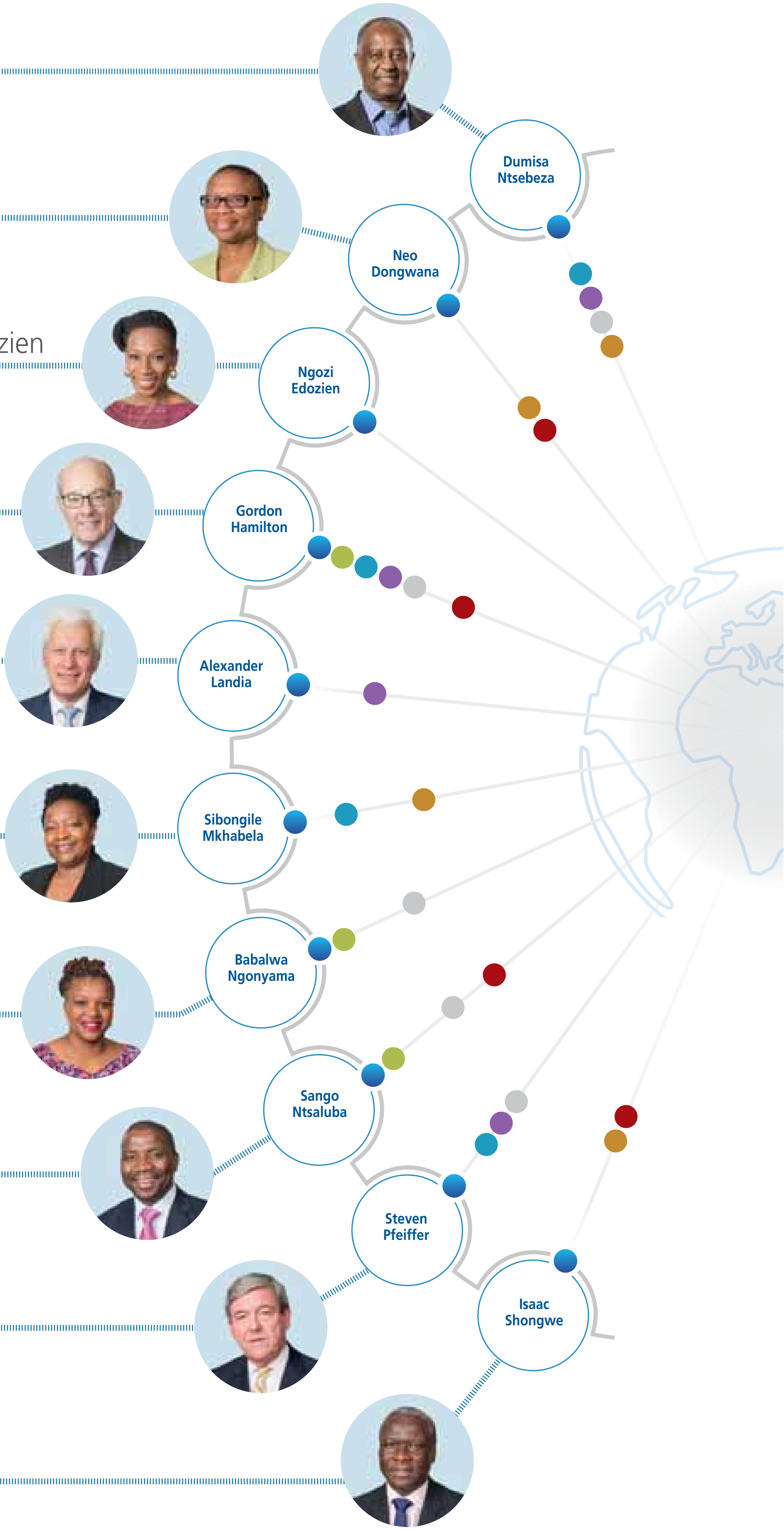
Exchange rates (Rand)	Closing rate 2015	Closing rate 2014	Average rate 2015	Average rate 2014
United States dollar	**13.86**	11.30	**11.98**	10.57
Euro	**15.43**	14.27	**13.73**	14.35
British sterling	**20.94**	18.32	**18.52**	17.56

Who governs us

Directors

The full names, ages and profiles of the directors at last practicable date are set out below:

Non-executive directors



Advocate Dumisa Buhle Ntsebeza SC

Chairman

Age: 65

Qualifications: BA, BProc, LLB, LLM (International Law)

Neo Phakama Dongwana

Age: 43

Qualifications: BCom (Hons), CA(SA)

Frances Ngozichukwuka Oluwatoyn Edozien

Age: 50

Qualifications: BA in Social Studies, MBA, MA (Cambridge)

Alexander Gordon Kelso Hamilton

Age: 70

Qualifications: MA (Cantab), FCA

Alexander Landia

Age: 52

Qualifications: Diploma in Mathematics, PhD Mathematics

Sibongile Susan Mkhabela

Age: 59

Qualifications: BA Social Work (Hons), Dip Business Management, MAP

Babalwa Ngonyama

Age: 40

Qualifications: BCom (Accounting), CA(SA), MBA, HDip (Banking Law)

Sango Siviwe Ntsaluba

Age: 55

Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax Law

Steven Bernard Pfeiffer

Age: 68

Qualifications: BA, MA (Oxon), JD (Yale)

Oupa Isaac Shongwe

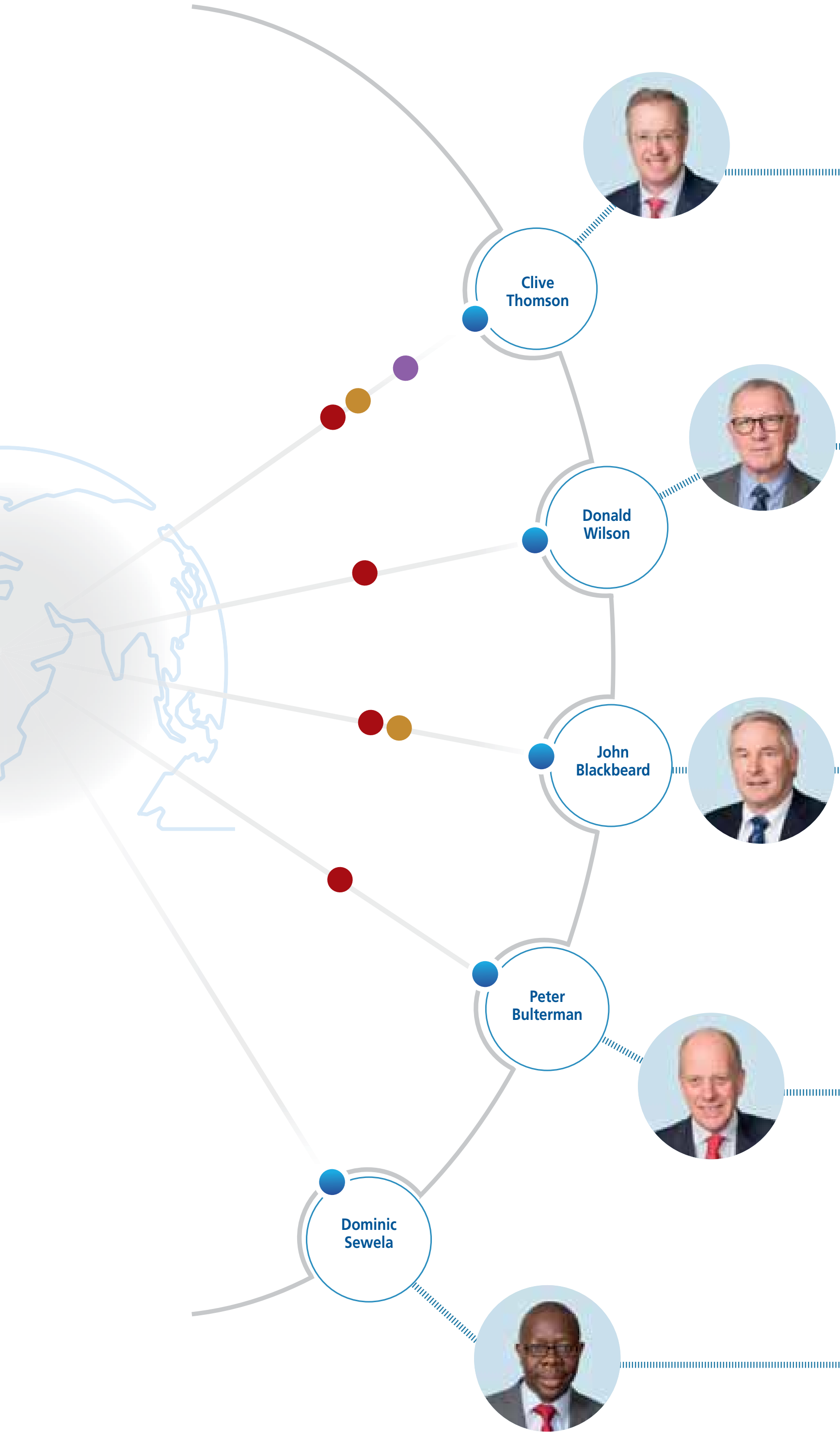
Age: 53

Qualifications: BA (Hons), MPhil (Oxon)

Executive directors

Committee diagram key

- Board
- Audit committee
- Nomination committee
- General purpose committee
- Remuneration committee
- Social, ethics and transformation committee
- Risk and sustainability committee



Clive Bradney Thomson

Chief executive

Age: 49

Qualifications: BCom (Hons), MPhil (Cantab), CA(SA)

Donald Gert Wilson

Finance director

Age: 58

Qualifications: BCom, CTA, CA(SA)

Peter John Blackbeard

Chief executive officer: Power Systems southern Africa, Iberia, Russia and Handling

Age: 58

Qualifications: BSc Eng (Mech) (Hons), Dip Business Management

Peter John Bulterman

Chief executive officer: Equipment: southern Africa, Iberia and Russia

Age: 59

Qualifications: HDip Mechanical Engineering

Dominic Malentsha Sewela

Chief executive officer: Equipment: southern Africa

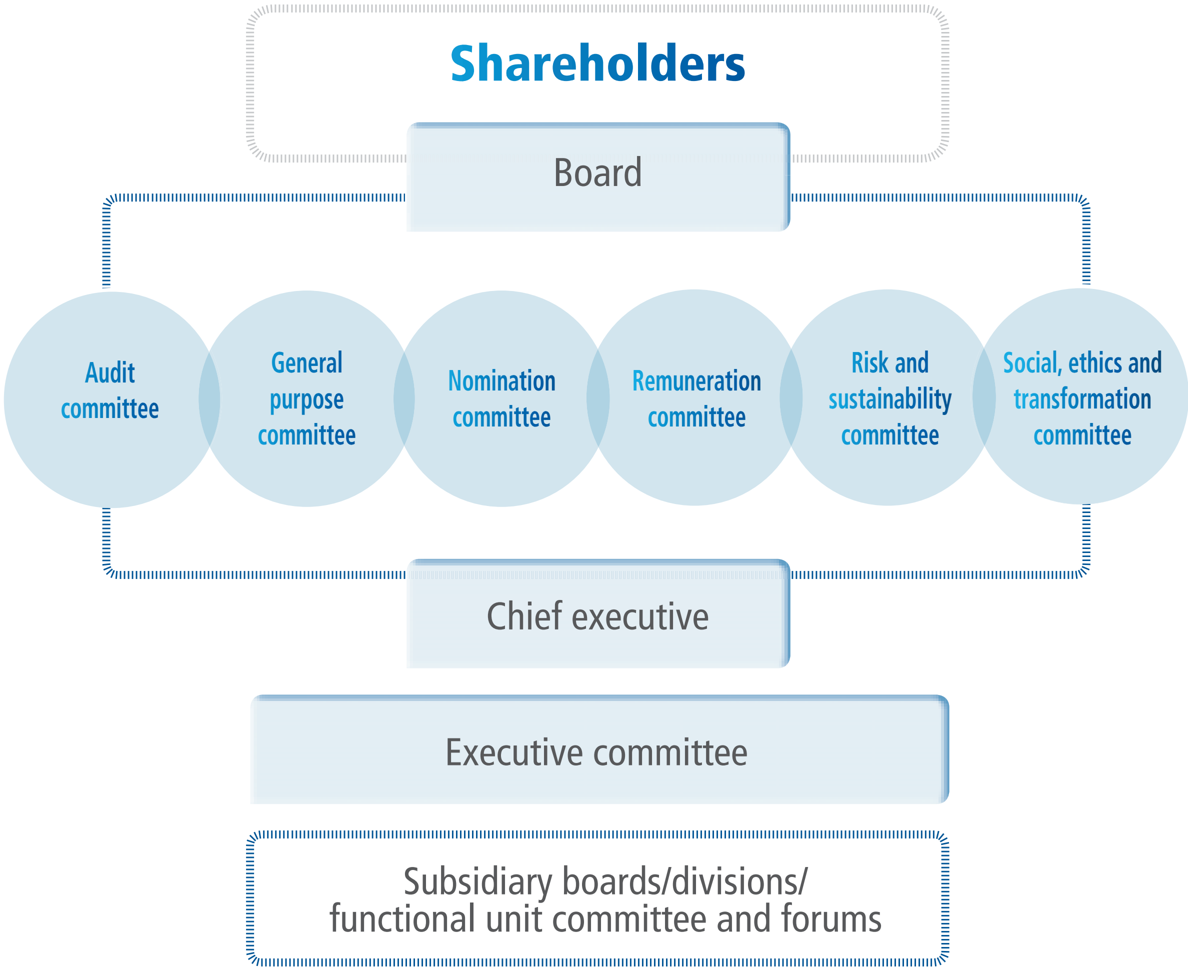
Age: 50

Qualifications: BSc Chemical Engineering

Governance and ethics

Governance framework

The company's governance framework supports our strategic focus areas. The board plays a pivotal role in strategy planning and establishes clear benchmarks to measure the company's strategic objectives. It ensures that a sound structure and governance framework that will enhance good corporate governance, improve internal controls and company performance is in place. In carrying out company priorities the board ensures the existence of the necessary committee structures, including the executive committee with clear terms of reference that assist it in discharging its responsibilities. This is cascaded down in the business to subsidiary and divisional levels to ensure that the business is also provided with structure within which management can operate effectively.



The group applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures.

Role and function of the board

The board functions in accordance with the requirements of King III and within the context of the Companies Act, the Listings Requirements of the JSE Limited and other applicable laws, rules and codes of governance. The board is responsible for, among other things, the governance of risk and information technology, and has ensured that the company has an effective, independent audit committee and an effective risk-based internal audit function.

The general powers of the directors are set out in the company's Memorandum of Incorporation. The directors have further unspecified powers and authority for matters that may be exercised and dealt with by the company, which are not expressly reserved to shareholders of the company in a general meeting.

The board always acts consistently in its duties of care, skill and diligence as well as its fiduciary duties.

Ethical leadership

The board provides effective leadership based on a principled foundation and the group subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the company since its establishment in 1902.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short and long-term impact of its activities on the economy, society and the environment.

The group is governed by the Barloworld Worldwide Code of Conduct and Code of Ethics. The Code of Ethics requires Barloworld directors, management and employees to obey the law, to respect others, to be fair, honest and to protect the environment. The Worldwide Code of Conduct articulates Barloworld's commitment to doing business the right way, according to best practices, guided by our values.

Our values

Governance and ethics

Corporate citizenship

The board and management recognise that Barloworld is an economic entity and also a corporate citizen. As such, it has a social and moral standing in society with all the attendant responsibilities. Further information on corporate citizenship is provided in our corporate social investment (CSI) report on page 66.

Compliance with laws, rules, codes, regulations and standards

The board is responsible for ensuring that the group complies with applicable laws and considers adhering to non-binding rules, codes and standards. The board recognises that the group's operations are located in many jurisdictions which are at different levels of maturity and in which the rule of law exists in varying degrees.

Barloworld is listed on the JSE Limited and maintains secondary listings on the London Stock Exchange (LSE) and the Namibia Stock Exchange. The board annually confirms that the company complies with the Listings Requirements of the JSE Limited.

Composition of the board

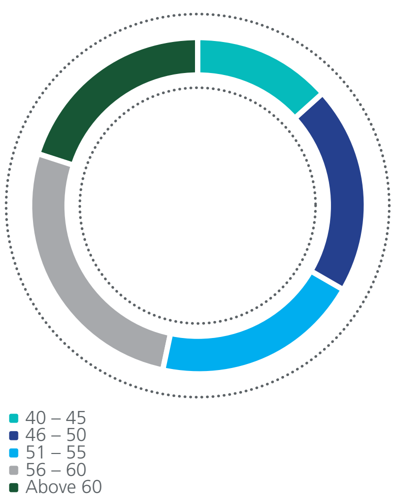
Considerable thought is given to board balance and composition. Collectively, the board believes the current mix of knowledge, skill and experience meets the requirements to lead the company effectively. The board has 15 directors, comprising 10 non-executive directors and five executive directors.

The board comprises a majority of non-executive directors. The board has evaluated the rationale and meaning of the requirements of independence of directors in accordance with King III. An assessment of the salient factors and unique circumstances of each non-executive director is performed annually. The independence of non-executives who have served on the board for longer than nine years is also assessed annually. The board is satisfied that nine of the 10 non-executive directors are independent. Mr Isaac Shongwe is not regarded as independent.

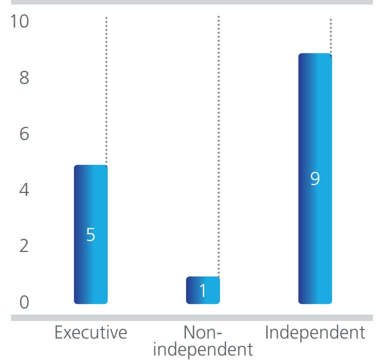
Mr Martin Laubscher, an executive director of the company retired from the board with effect from 4 February 2015 for health-related reasons. Mr Alexander Landia will resign from the board with effect from 31 December 2015, as a result of increased external business commitments. Mr Gordon Hamilton, having 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.

Board demographics as at 30 September 2015:

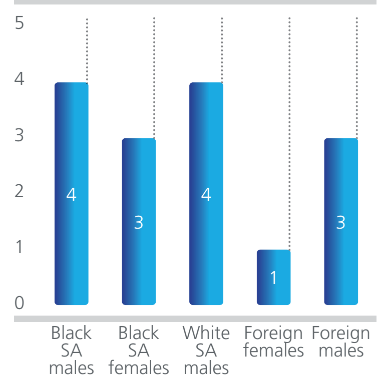
Age



Directorship status



Race and nationality



Chairman and chief executive

The responsibility for running the board and executive responsibility for conducting the business are differentiated. The chairman of the board, Adv Dumisa Ntsebeza SC, is an independent non-executive director and the chief executive, Mr Clive Thomson, is an executive director. The chairman is responsible for leading the board, ensuring its effectiveness and setting its agenda. The chief executive leads the executive team in running the business and coordinates proposals for consideration by the board.

Board appointment process

To ensure a rigorous and transparent procedure, any new appointment of a director is considered by the board as a whole, on the recommendation of the nomination committee. The selection process involves considering the existing balance of skills and experience and a continual process of assessing the needs of the company.

Board meetings and attendance

Board meetings are convened by formal notice incorporating a detailed agenda and relevant written proposals and reports. Information is distributed in good time before board meetings to enable adequate preparation. Decisions not taken at a board meeting are adopted by way of written resolutions in accordance with the company's Memorandum of Incorporation and these are tabled for noting at each subsequent board meeting.

When directors are not able to attend in person, video and teleconferencing facilities allow them to participate fully. The board meets as scheduled and, where necessary, special meetings are held to deal with specific aspects.

BOARD	RESPONSIBILITIES	MEMBERSHIP	MEETINGS ATTENDED
Board	During the 2015 financial year, the board fulfilled the following functions in accordance with its mandate: • Performed a comprehensive review of the terms of reference to align with applicable legislation, sound corporate governance principles and the company's Memorandum of Incorporation • Confirmed that the company complies with applicable law, relevant listings requirements and best corporate governance practice • Exercised independent, informed and effective judgement to bear on material decisions of the company and group companies • Set the tone of the company values including principles of ethical business practice and the requirements of being a responsible corporate citizen • Approved the revised group approvals framework • Informed and approved the strategies and strategic objectives of the company • Approved the close-out of the 2008 B-BBEE transaction in a fair and equitable manner	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 **Retired with effect 4 February 2015.*	6/6 6/6 6/6 6/6 6/6 6/6 6/6 5/6 2/2 6/6 5/6 6/6 6/6 6/6 5/6 6/6

FOCUS AREAS FOR 2016

- Progressing the strategic options approved by the board

Governance and ethics

Board committees

The board has established six standing committees with delegated authority from the board. Each board committee is chaired by an independent non-executive director.

These committees play an important role in enhancing good corporate governance, improving internal controls and, thus, the performance of the company. Each board committee acts according to written terms of reference which are reviewed annually and approved by the board.

COMMITTEE	RESPONSIBILITIES	MEMBERSHIP	MEETINGS ATTENDED
Audit	During the 2015 financial year, the committee had, in addition to the statutory functions prescribed in the Companies Act and other regulations, focused on the following: • Received a presentation on the revised JSE Listings Requirements • Monitored the appropriateness of the company's combined assurance model • Reviewed and recommended for adoption by the board such financial information that is publicly disclosed • 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 • Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes management • Reviewed the group information security policy and the results of the internal self-assessments of the levels of control in place across the group • Considered to its satisfaction the independence, objectivity and effectiveness of the external auditors • Reviewed the performance and expertise of the group finance director, head of internal audit and overall finance function	AGK Hamilton (Chairman) B Ngonyama SS Ntsaluba	6/6 6/6 6/6

FOCUS AREAS FOR 2016
- The revised auditor's report
- King IV

COMMITTEE	RESPONSIBILITIES	MEMBERSHIP	MEETINGS ATTENDED
Social, ethics and transformation	• Approved diversity and inclusion targets to 2020 to align with the company's strategy across the group • Approved the stakeholder engagement strategy for the public sector • Received reports on the new B-BBEE Codes of Good Practice and Priorities for South Africa and Barloworld initiatives • Considered the programme relating to the effective management of ethics • Received reports on key labour relations issues across the group	SS Mkhabela (Chairman) PJ Blackbeard NP Dongwana DB Ntsebeza OI Shongwe CB Thomson	5/5 5/5 5/5 5/5 3/5 5/5

FOCUS AREAS FOR 2016

- Consumer protection
- Roll out of public sector engagement strategy in southern Africa
- Diversity and inclusion programmes

COMMITTEE	RESPONSIBILITIES	MEMBERSHIP	MEETINGS ATTENDED
Remuneration	• Determined the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities • Considered the structure and development of the company's general policy on executive directors and prescribed officer remuneration • Reviewed the appropriateness and effectiveness of the short and long-term incentive schemes • Reviewed and approved the remuneration policy of the company • Ensuring that the remuneration report is accurate, complete and transparent; provides clear explanation of how the remuneration policy has been implemented • Received reports from the company's independent remuneration advisers (PwC and PE Corporate Services) on global trends relating to executive and non-executive pay	SB Pfeiffer (Chairman) AGK Hamilton B Ngonyama SS Ntsaluba DB Ntsebeza	5/5 ^2/2 5/5 ^2/2 5/5 ^2/2 5/5 ^0/2 5/5 ^2/2 *^During the 2015 financial year the committee held an additional two special meetings.*

FOCUS AREAS FOR 2016

- Incentive schemes structures
- Performance metrics

Governance and ethics

COMMITTEE	RESPONSIBILITIES	MEMBERSHIP	MEETINGS ATTENDED
Nomination	• Performed a comprehensive review of the terms of reference to align with sound corporate governance principles • Reviewed the succession plans in place for directors, in particular for the chairman and chief executive • Made recommendations to the board on the size and composition of the board generally and its committees • Evaluated the performance of the board, its committees and individual directors in order to assess the effectiveness of the board as a whole, its committees and the contribution of each director	DB Ntsebeza (Chairman) AGK Hamilton SS Mkhabela SB Pfeiffer	4/4 4/4 4/4 4/4

FOCUS AREAS FOR 2016
- Board and committee composition
- Succession planning

COMMITTEE	RESPONSIBILITIES	MEMBERSHIP	MEETINGS ATTENDED
Risk and sustainability	• Reviewed the adequacy and effectiveness of the risk management process • Addressed sustainable development in the company including climate change and environmental stewardship • Evaluated the non-financial audit matrix and determined the material elements of integrated reporting • Reviewed and approved the insurance renewal programme and the extent that the group should retain risk	SS Ntsaluba (Chairman) PJ Blackbeard PJ Bulterman NP Dongwana AGK Hamilton M Laubscher* OI Shongwe CB Thomson DG Wilson **Retired with effect from 4 February 2015.*	4/4 4/4 4/4 3/4 4/4 n/a 2/4 4/4 4/4

FOCUS AREAS FOR 2016
- Effectiveness of the ethics and compliance programme
- Emerging risks
- Governance of information technology
- Safety, health and environmental issues

COMMITTEE	RESPONSIBILITIES	MEMBERSHIP	MEETINGS ATTENDED
General purposes	• Performed a comprehensive review of the terms of reference to align with sound corporate governance principles and the needs of the company • Considered key strategic matters including significant acquisitions and disposals, group restructuring and funding decisions • Reviewed the implementation of, or adjustments to, the group's strategic plan • Received reports on matters having political, economic, legal and social implications regarding the affairs of the company	DB Ntsebeza (Chairman) AGK Hamilton A Landia SB Pfeiffer CB Thomson	6/6 ^3/3 6/6 ^3/3 5/6 ^2/3 6/6 ^3/3 6/6 ^3/3 *^During the 2015 financial year the committee held three additional special meetings.*

FOCUS AREAS FOR 2016
- Group's strategic options

Executive committee

The company has an established executive committee (Exco) which is not a committee of the board. Exco comprises nine members, led by the chief executive. Exco meets on a regular basis and guides the chief executive in managing the day-to-day business of the group, monitors business performance against established best management practices and functional standards and acts as a medium of communication and coordination between business units, group companies and the board.

Board and committee performance assessment

The performance of the board as a whole and the board committees individually is appraised annually. The recent performance assessment indicated that the board and the board committees are performing their duties and responsibilities effectively and efficiently.

Company secretary

Ms Lerato Manaka is the company secretary, duly appointed by the board in accordance with the Companies Act and the JSE Listings Requirements. The company secretary is not a director of the company.

The board of directors annually considers and is satisfied that the company secretary is properly qualified and experienced to carry out the duties and responsibilities of a company secretary and that there is an arm's-length relationship between itself and the company secretary.

The directors of the company have unrestricted access to the company secretary for advice on matters of governance and other services. The company secretary provides the board as a whole and directors individually with guidance on discharging their responsibilities.

Risk management process

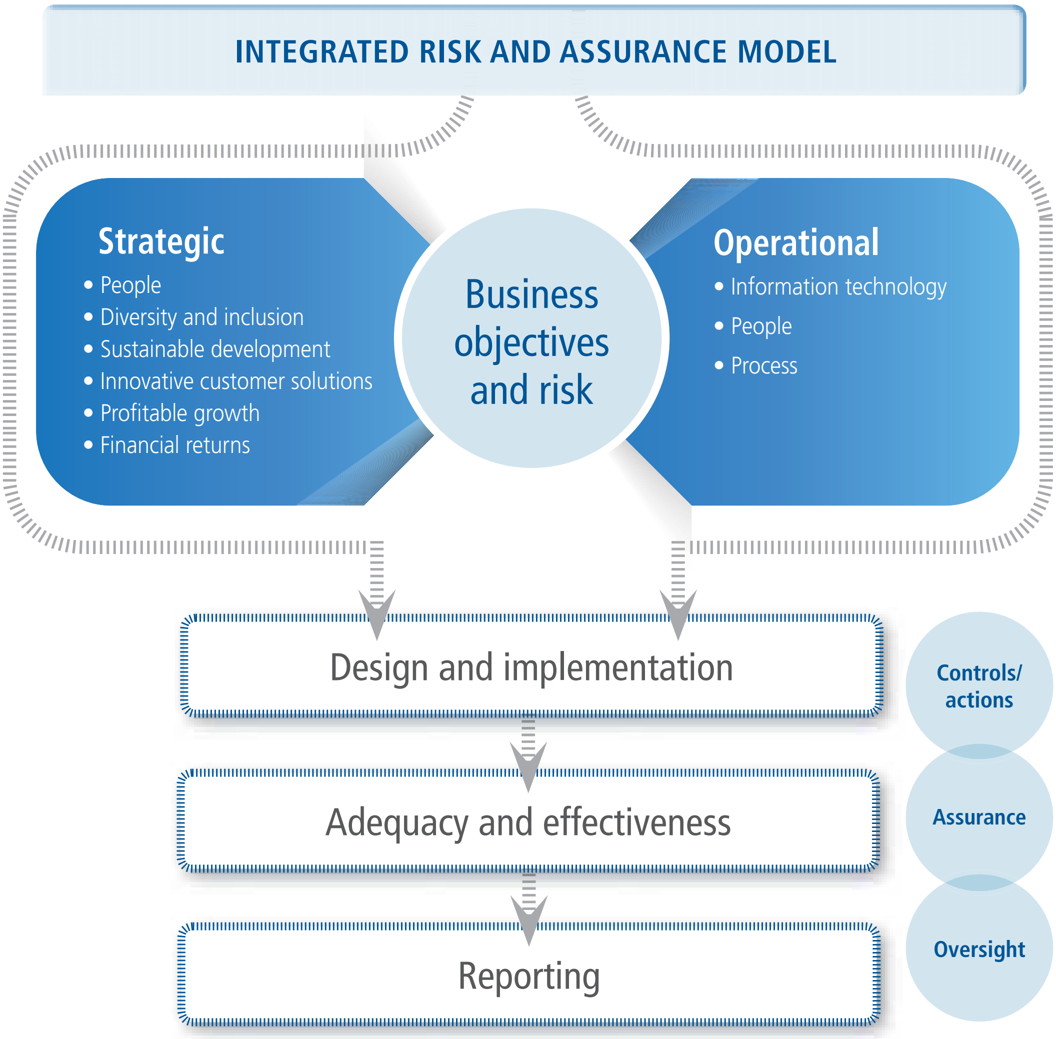
A written risk management philosophy issued by the chief executive and endorsed by the directors states that the company is committed to managing its risks and opportunities in the interests of all stakeholders. An ongoing systematic enterprise-wide risk assessment process supports the group philosophy. Divisional boards and senior managers conduct ongoing self-assessment of risk to identify critical business, operational, financial and compliance exposures and the adequacy and effectiveness of control factors. The group risk department oversees strategic direction and continual improvement in methodology and process, as well as providing technical assistance.

Internal audit

The purpose, authority and responsibility of the internal audit function are defined in the internal audit charter that is consistent with the Institute of Internal Auditors' definition of internal auditing, and the principles of King III. The charter is updated and approved by the board annually. Internal audit follows a risk-based audit approach. In line with the integrated risk and assurance approach, internal audit continues to liaise with the risk and compliance managers and other assurance providers to maximise efficiencies in assurance on critical risks.

Governance and ethics

Integrated risk and assurance



Assurance matrix

Reporting aspect assured	Independent assurance providers	Scope of review	Framework/standard	Output	Frequency
Annual financial statements	• External audit (Deloitte)	• Annual financial statements audit	• IFRS – Companies Act – International Standards on Auditing (ISA)	• External audit opinion	• Annual
Interim financial results	• External audit (Deloitte)	• Review of interim financial results	• International Standard on Assurance Engagements (ISAE 2410) • Companies Act • International Standards on Auditing (ISA)	• Assurance statement	• Annual
Internal controls and risk management process	• Barloworld group internal audit	• Review of risk management, operational and non-financial reporting processes	• Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing • Barloworld group internal audit methodology	• Internal audit opinion on the adequacy and effectiveness of controls and risk management processes	• Annual
Internal financial controls	• Barloworld group internal audit	• Assurance on the adequacy and effectiveness of financial controls	• Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing • Barloworld group internal audit methodology • Barloworld internal financial control framework	• Internal audit opinion on financial controls	• Annual
Key non-financial indicators	• External audit (Deloitte)	• Assurance on selected key non-financial performance indicators	• International Standard on Assurance Engagements (ISAE 3000)	• Assurance report	• Annual
GRI G3.1 response Application Level	• External audit (Deloitte)	• Assurance of self-declared Application Level	• Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3.1) • International Standard on Assurance Engagements (ISAE 3000)	• Assurance report	• Annual
Black economic empowerment rating	• Empowerdex	• Verification of empowerment status	• Department of Trade and Industry (dti) Broad-Based Black Economic Empowerment (B-BBEE)	• Empowerment rating certificate	• Annual

Relationship with stakeholders

The company is a strong proponent of transparency, best practice disclosure, consistent communication and equal and timely dissemination of information to stakeholders. It encourages the active participation of relevant stakeholders at general meetings and maintains an investor relations programme which, inter alia, arranges regular meetings between corporate and divisional executives, shareholders, potential investors and other relevant stakeholders. Further information on stakeholder management is provided in our stakeholder report on page 34.

GRI 3.13

Remuneration report

This report is part of the remuneration report and will be put to a non-binding advisory vote by shareholders at the upcoming AGM. It summarises the company's remuneration policy for non-executive directors, executive directors and prescribed officers. The information provided in this report has been approved by the board on the recommendation of the remuneration committee. The full remuneration report is available on the company's website, www.barloworld.com.

Role of remuneration committee

The remuneration committee operates under terms of reference, a copy of which can be found on our website, www.barloworld.com. The remuneration committee also complies with King III recommendations insofar as reporting to the board and attendance at the annual general meeting is concerned.

Members of remuneration committee

The remuneration committee is constituted as follows:

- SB Pfeiffer (chairman) (independent non-executive);
- DB Ntsebeza (independent non-executive and chairman of the company);
- AGK Hamilton (independent non-executive);
- SS Ntsaluba (independent non-executive); and
- B Ngonyama (independent non-executive).

The CE attends remuneration committee meetings by invitation, but does not participate in the vote process, and is not present when his own remuneration is discussed or considered. PricewaterhouseCoopers (PwC), the company's independent advisers, attend the meetings in an advisory capacity. The company secretary, Ms L Manaka, acts as secretary to the remuneration committee.

Advisers

During the 2015 financial year, the remuneration committee received advice and guidance from the following independent advisers:

- PwC – standing adviser to the remuneration committee on all executive and non-executive remuneration matters including guaranteed pay, short-term incentives, long-term incentives, non-executive directors' fees, remuneration reporting and general corporate governance standards; and
- PE Corporate Services – executive salary benchmarking and job grading.

Linking remuneration to strategic objectives

Our business strategy concentrates on six strategic focus areas, which are supported by key performance indicators.

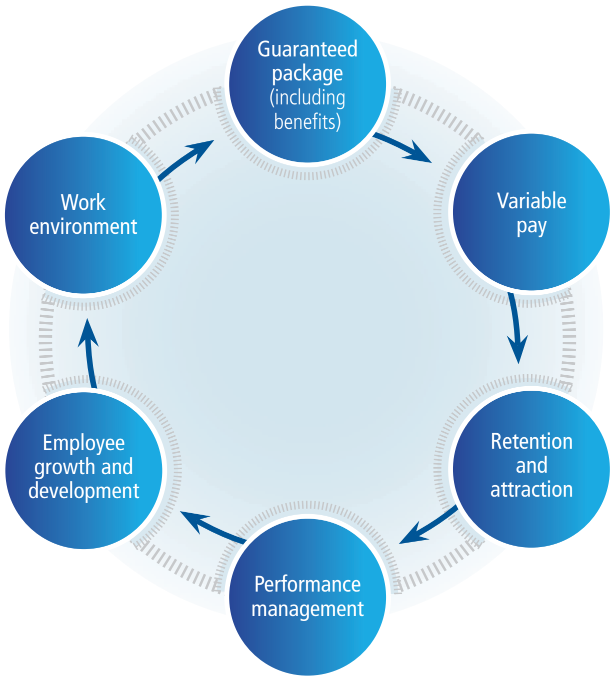
@ Barloworld full remuneration report 2015

The reward of our employees, in particular our executive directors and prescribed officers, aligns with our dedication to achieving our strategic objectives. Below, we set out our six strategic focus areas, and discuss how our remuneration policy and practices link in to these focus areas.

STRATEGIC FOCUS AREAS	STRATEGIC INTENT	LINK TO REMUNERATION POLICIES AND PRACTICES
People	To attract, develop and retain the people and skills required to deliver on our strategies and create shared value through innovation, collaboration and continuous improvement	Barloworld aims to provide a level of remuneration which attracts, retains and motivates staff, in particular executives, of the highest calibre Barloworld's overall remuneration philosophy is to ensure that executive directors and the senior executive team are fairly rewarded for their contributions to the company's corporate objectives and strategy Based on our philosophy, we are committed to providing remuneration that is competitive in relation to market benchmarks reviewed by the company annually
Diversity and inclusion	To maintain and enhance our competitiveness, credibility and legitimacy in the eyes of all stakeholders by leading in diversity and inclusion across all of our businesses	The following KPIs are included in personal scorecard objectives for the STI: • B-BBEE rating level targets • Workforce diversity and inclusion targets Furthermore, careful consideration is given to internal equity within the group and to align the remuneration paid with shareholder interests and best practice
Sustainable development	To lead in sustainable development through respectable corporate citizenship and by delivering products, services and solutions that generate sustainable outcomes and realise commercial opportunities for revenue enhancement and cost savings	The STI rewards and motivates achievement of agreed group, divisional and individual performance objectives through the inclusion of sustainable development KPIs in personal scorecard objectives
Innovative customer solutions	To drive market leadership by ongoing transformation of our business model from product-focused to service and solutions-focused, leveraging technology to deliver productivity and performance benefits to our customers	The short-term incentive (STI) rewards and motivates the achievement of agreed group, divisional and individual performance objectives In respect of personal scorecard objectives for the STI, the following key performance indicators (KPIs) would be included to drive performance in line with this strategic objective: • Market share targets • Customer loyalty and satisfaction • Aftermarket growth targets
Profitable growth	To double revenue and achieve targeted growth in total shareholder returns (TSR) over the five years to 2020	Executive remuneration is heavily weighted towards variable remuneration, to ensure the alignment of executive interests with those of our shareholders Executive variable remuneration includes long-term incentive awards under the Forfeitable Share Plan (FSP) and share appreciation rights under the Share Appreciation Rights scheme (SARs scheme). The vesting of these awards is dependent on the achievement of stretching performance conditions
Financial returns	To achieve financial returns above our cost of capital through the cycle and in the top quartile of our peer group in each of our strategic business segments	A combination of the following metrics are used in the STI, to ensure that financial returns remain a top priority for our executives: • Operating profit • Cash flow • Return on equity (ROE) • Headline earnings per share (HEPS) The performance conditions used for the FSP include return on net operating assets and HEPS. The latter condition is also used in respect of the SARs

Remuneration report

Barloworld has adopted a holistic approach to its remuneration philosophy for senior executives and general staff and has implemented a balanced design which consists of the following monetary and non-monetary components:



Divisional incentive plans are aligned such that divisional executives and management are incentivised on similar financial targets to executive directors, with total incentives benchmarked against market comparisons for equivalent levels of management.

Overview of remuneration for executive directors and prescribed officers

Role of benchmarking, and salary adjustments

Barloworld operates the Towers Watson global grading methodology and structure. This assesses an executive's remuneration against an independently determined grade which is based on a number of factors including the "size" of the job (as measured by revenue and number of employees) as well as its "complexity" (incorporating aspects such as whether it is a domestic, international or global business).

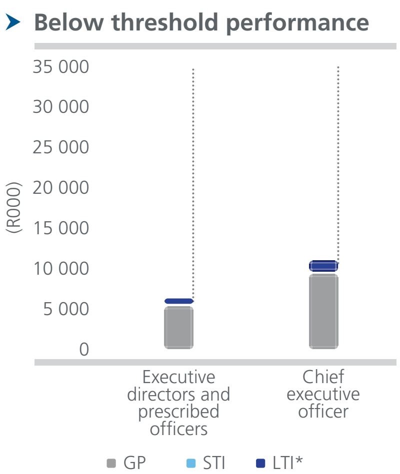
Remuneration of divisional executives and senior management below executive director level is also benchmarked to independent market information based on the same grading system.

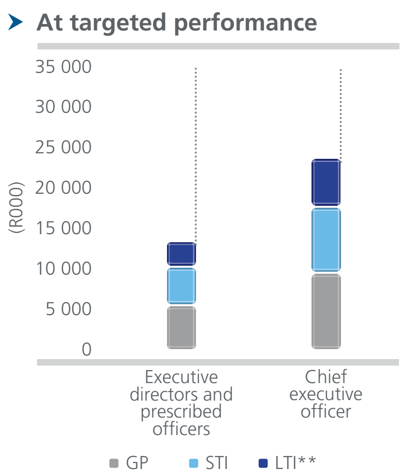
The remuneration committee approves salary increases and incentives for executive directors and prescribed officers on an individual basis. The salary adjustments for other employees are cascaded downwards throughout the group to the appropriate heads of divisions starting with the divisional CEO that approves the salary increases and incentives for executives on the divisional management boards.

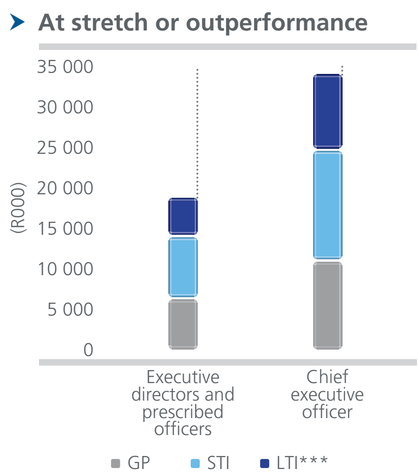
Package design

Below we set out the potential executive director and prescribed officer total remuneration including guaranteed pay (GP), short-term incentive (STI) and long-term incentive (LTI) at different levels of performance.

Executive remuneration is heavily weighted toward variable remuneration. The graphs set out the chief executive's, as well as the average of the executive directors' and the prescribed officers' pay mix at below threshold performance, at targeted performance and at stretch target or outperformance level.







*Indicative LTI expected value on grant date for retention element of award only.
**Indicative LTI expected value on grant date.
***Indicative LTI expected value on grant date assuming full vesting.

Elements of remuneration

The table that follows summarises the composition of the total remuneration package for executive directors and prescribed officers during the 2015 financial year. No material changes to the remuneration philosophy and practices in respect of executive directors and prescribed officers were made during the year, and no major structural changes are envisaged for the 2016 financial year.

ELEMENT	OBJECTIVE	POLICY	CHANGES FOR 2016
Fixed Base salary	Reflects scope and nature of role, performance and experience	In most cases, base salary is benchmarked to the market median. Variations around the median may be influenced by factors such as the nature of the assignment, level of experience of the executive, changes in responsibilities, performance track record, and strategic importance of the role The company uses independent consultants, PE Corporate Services, to conduct the annual benchmarking exercise, and the results are discussed with PwC, as standing advisers to the remuneration committee The level of base pay paid to executives is considered to be competitive	None
Benefits	Provides employees with contractually agreed basic benefits such as medical aid, retirement funding and a company car or car allowance as per the human resource policy	The percentage of company contribution to benefits varies by country. In South Africa, a 14% company contribution to retirement funds and risk benefits apply	Contributions may be reviewed due to retirement legislation reform
Variable Short-term incentive (STI)	Rewards and motivates achievement of agreed group, divisional and individual performance objectives	STIs (annual bonuses) are paid in cash and are based on achievement of 12-month targets aimed at increasing shareholder value. The STI operates on an additive basis and is capped at 125% of annual basic salary for executives and 150% for the CE. During 2015, diversity targets were assigned a higher weighting and the criteria for earning a bonus consists of three elements: • personal scorecard objectives (incorporating non-financial measures). The attainment of agreed personal objectives will yield a maximum value of up to 30% of annual basic salary. The participant will need to have achieved a minimum of 70% of these objectives to qualify for this portion of the bonus, and • diversity objectives, yielding a maximum value of up to 10% of annual basic salary, and • financial performance targets, counting 60% of annual salary for an on target performance. The attainment of financial objectives will yield a maximum value of up to 85% of annual basic salary for executives and 110% for the CE Threshold, target and stretch performance targets are set by the remuneration committee annually in advance The remuneration committee reviews the actual performance of the executives against the targets set. The ultimate bonus payment is at the discretion of the remuneration committee	No structural changes are anticipated

Remuneration report

ELEMENT	OBJECTIVE	POLICY	CHANGES FOR 2016
Variable Long-term incentives (LTIs)	Creates loyalty and ownership among employees and acts as a retention mechanism. Also aligns with shareholder interests and long-term value creation	The company operates the following LTI's plans: • Forfeitable Share Plan (FSP); and • Share Appreciation Rights (SARs scheme) scheme The long-term incentivisation and retention of executive directors is essential to drive sustainable value creation over multiple reporting periods and for shareholders of the company. This is achieved through the FSP and SARs scheme. In line with these objectives, in the case of the executive directors and prescribed officers, the FSP is 25% retention driven and 75% performance driven, and the SARs scheme is 100% performance driven An aggregate limit of 22 744 049 (twenty-two million, seven hundred and forty-four thousand and forty-nine) shares, equating to approximately 10% (ten percent) of the current issued share capital of the company applies to all share plans (including the old share option scheme). The maximum number of unvested FSP awards which may be made to any one participant is 0.25% of the issued ordinary share capital of the company. Similarly, the maximum number of unvested SARs granted to any one participant may not exceed 1% of the issued ordinary share capital of the company On an annual basis, the remuneration committee determines the quantum of awards to be made, the performance targets and mix of instruments to be granted to eligible employees **Forfeitable Share Plan (FSP)** Awards are structured as forfeitable share awards ie participants receive shares (including dividend and voting rights) on the date of award but those shares are subject to restrictions and a risk of forfeiture during a three-year vesting period In respect of executive directors, the vesting (over a three-year period) of the majority of the forfeitable share awards is subject to the satisfaction of performance targets. To the extent that the performance targets are not achieved, those shares will be forfeited and there will be no re-testing of the performance targets **Share Appreciation Rights (SARs)** The SARs scheme was developed to provide employees with an opportunity to benefit from growth in the value of the ordinary shares of Barloworld The SARs are subject to three, four and five-year vesting periods. All SARs will lapse if not exercised within six (6) years from date of grant. The first four awards (2006 to 2009) were cash-settled. From 2011 onwards, awards are equity-settled. From 2007, the entire SARs award was subject to a performance target	No significant structural changes are anticipated, but the TSR peer group will be reviewed

Performance targets

The financial metrics for short and long-term incentives are set by the remuneration committee on an annual basis, and are carefully selected based on key business drivers over the short and long term.

The metrics are as follows:

Short-term incentive

Financial metrics

A combination of the following metrics are used:

- Operating profit
- Cash flow
- Return on equity (ROE)
- Headline earnings per Share (HEPS)

Group targets apply to the CE and financial director. These are considered appropriate due to the strategic nature of these roles in relation to the performance of the group as a whole.

Divisional targets apply for the rest of the executive directors and prescribed officers, with the exception of HEPS, which is measured for all participants on a group basis in recognition of the collective responsibility for group performance.

The targets set take into account the current trading conditions and challenges faced by the company or relevant division and incorporate a meaningful level of stretch to motivate and retain senior employees. The threshold targets are set at a level which represents the minimum level of acceptable performance for the business.

Personal scorecard objectives

In respect of personal scorecard objectives, these would typically include aspects such as:

- Safety performance
- Market share targets
- People development and training
- Sustainable development key performance indicators
- Customer loyalty and satisfaction
- Relationships with principals
- Aftermarket growth targets
- Acquisitions and disposals
- Special projects

The personal objectives component of the scheme is the same for the CE, executive directors and prescribed officers. The percentage of annual basic salary paid as the portion of the STI which is attributable to personal performance, is represented in the table below.

Diversity objectives

The attainment of workforce diversity targets (gender, race, localisation) will have a value of up to 10% of annual basic salary.

Earning levels

The percentage of basic salary paid as a bonus based on relative achievement against targets (threshold, target and stretch) is:

CE

Performance metric	Threshold %	Target %	Stretch %
Bonus based on financial targets	25	75	110
Bonus based on personal scorecard objectives	15	22.5	30
Bonus based on diversity objectives		5	10
Total bonus	40	102.5	150

Executive directors and prescribed officers

Performance metric	Threshold %	Target %	Stretch %
Bonus based on financial targets	25	60	85
Bonus based on personal scorecard objectives	15	22.5	30
Bonus based on diversity objectives		5	10
Total bonus	40	87.5	125

Remuneration report

Long-term incentives

Details surrounding the performance conditions for the LTIs are set out below:

	SARS SCHEME	FSP
Performance condition(s) and weighting	Headline earnings per share (HEPS) SARs are also subject to the inherent performance condition of share price appreciation above the strike price (being the current share price at the date of issue)	The following performance targets are used: • Relative total shareholder return (TSR) • HEPS • Return on net operating assets (RONOA)
Vesting of awards at threshold performance	25%	30%
Vesting of awards at on-target performance	100%	100%
Performance period	The performance conditions are measured over a three-year period, commensurately with the financial years of the company	

Executive contracts

The main terms of the service contracts applicable to executive directors are summarised below:

PROVISION	POLICY
Contract term	Indefinite – (or until normal retirement age in the relevant jurisdiction) subject to specified notice periods by the executive and the company
Notice period	Nine months for the group CE Six months for other executive directors
Termination of employment and change of control payments and/or automatic vesting of long-term incentives	Change of control provisions are covered by FSP and SAR rules and allow for proportionate vesting of awards. Change of control clauses in employment contracts provide for redundancy terms, based on established guidelines, in the event of termination of employment within six months of change of control
Restraint of trade	Not applicable
Other benefits	Certain executives may be employed in terms of expatriate contracts which include typical expatriate benefits in addition to the standard benefits

Non-executive directors

Non-executive directors are appointed subject to the provisions set out in a letter of appointment. The letter sets out, among other things, the term of appointment, duties and responsibilities, fees and other payments, and provisions related to termination of services.

NEDs receive a standard fee for their services on the board and board committees. The remuneration committee reviews the level of fees and makes recommendations to the board for consideration. In November 2015 a benchmarking exercise was conducted by PwC, the company's independent remuneration adviser. Barloworld's Memorandum of Incorporation specifies that NED fees must be approved by shareholders at an annual general meeting (AGM). In light of this, the NED fees for 2015 were approved at the AGM held on 4 February 2015. Proposed fees for the 2016 financial year are set out in the notice to the annual general meeting on page 6 of the AGM booklet.

Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote on the aforementioned Part 1 of this report.

Social, ethics and transformation report

The social, ethics and transformation committee (the committee) is pleased to present its report for the financial year ended 30 September 2015

The committee operates according to written terms of reference approved by the board and reviewed by the board annually. During the course of the 2015 financial year the committee met formally five times to discharge its duties and responsibilities. The committee has a clearly defined framework, aligned to the Companies Act, King III and other relevant legislation and standards, to determine the most effective processes and reporting formats to deal with matters under the committee's mandate. The framework complements existing monitoring and reporting initiatives.

The committee recognises the fact that some of its statutory functions overlap with the functions or mandates or terms of reference of other committees of the board. Where appropriate, these functions have been aligned to the mandate of the committee. In other areas of overlap, such as safety, health and environmental matters, the committee, without derogating from its duties and responsibilities, worked closely with and relied upon the work of other committees of the board.

The attendance of the committee is disclosed on page 119 of the corporate governance report.

Composition

The committee consists of a mix of independent non-executive directors and executive directors. The committee is constituted as follows:

- SS Mkhabela (chairman – independent non-executive)
- PJ Blackbeard (executive)
- NP Dongwana (independent non-executive)
- DB Ntsebeza (independent non-executive and chairman of the company)
- OI Shongwe (non-independent non-executive)
- CB Thomson (CE)

Purpose of the committee

The role of the committee is to assist the board of Barloworld Limited in discharging its statutory duties of ensuring that:

- Diversity and inclusion is promoted throughout its operations
- Non-discrimination is advanced through the elimination of any existing unfair discriminatory conditions, whether purposeful or inadvertent
- Broad-Based Black Economic Empowerment and transformation initiatives are pursued
- Social and economic development is promoted in communities in which the company operates
- The environment is protected
- Public health and safety is promoted
- Ethics is effectively managed in the group and is supported and governed by our values, in accordance with the Barloworld Worldwide Code of Conduct and Code of Ethics.

Further, the committee strives to apply relevant codes of best practice including but not limited to the United Nations Global Compact Principles, The Organisation for Economic Cooperation and Development (OECD) guidelines regarding corruption, International Labour Organisation Decent Work Agenda, and the principles of good corporate citizenship as espoused in the King Report on Corporate Governance in South Africa.

The committee has access to any director or prescribed officers or employees of the company. Where appropriate, they have provided information or explanation necessary for the performance of the committee's functions.

Focus areas for the year under review

Responsibilities

The committee carried out the following duties:

- Approved the diversity and inclusion strategy applicable to company operations across the group
- Received progress reports from each division on their respective diversity and inclusions programmes and plans to 2020 by headcount, gender, race (South Africa only) and localisation
- Approved the revised public sector engagement strategy pilot for the South Africa operations
- Reviewed and considered the corporate social responsibility (CSR) programmes, policy and strategy, which were driven by Barloworld values and commitment to responsible corporate citizenship
- Reviewed and considered the adequacy of the company's programme and policies for the effective management of ethics
- Received reports on the company's activities relating to the environment, health and public safety
- Received reports on labour relations climate across the group with focus on operations where restructuring was under way

Diversity and inclusion

In view of the company's commitment to its values, the continued focus on monitoring the progress of the group's diversity and inclusions strategy was a priority. The strategy involves identifying and eliminating any employment barriers, perceived or real, and to promote demographic representation in the workplace that more closely resembles that of the communities in which we operate. Through its diversity and inclusion strategy, the company will strive to ensure that the group's competitiveness, credibility and legitimacy in the eyes of stakeholders by leading in diversity and inclusion across all of its businesses is enhanced.

Evaluation of the committee

The performance of the committee is formally assessed annually. The evaluation report confirmed that the committee was performing its overall responsibilities effectively and satisfactorily.

Areas of focus for 2016

In a continued effort to meet the responsibilities under its mandate, the committee will focus on the following areas in the 2016 financial year:

- **Consumer protection:** our terms and conditions of sale in respect of the impact they have on consumers
- **Stakeholder engagement:** expand the roll out of the public sector engagement strategy in southern Africa
- **Diversity and inclusion:** interrogate programmes and measure success or otherwise of initiatives and programmes
- **Human rights:** increase awareness of importance of human rights in the company's supply chain.

SS Mkhabela
Chairman of the committee

4 December 2015

Shareholder profile

Register date: 30 September 2015
Issued share capital: 226 727 596
Public and non-public shareholdings

SHAREHOLDER TYPE	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	23	0.23	15 990 389	7.05
Directors, prescribed officers and associates	12	0.12	1 246 831	0.55
Treasury#	1	0.01	26 997	0.01
Employee Trust	1	0.01	231 548	0.10
Tamarix Investment Holdings (Pty) Limited	9	0.09	14 485 013	6.39
Public shareholders	9 799	99.77	210 737 207	92.95
Total	**9 822**	**100**	**226 727 596**	**100**

#*Shares purchased by the company to settle FSP grants.*

SHAREHOLDER SPREAD	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	7 152	72.82	2 491 390	1.10
1 001 – 10 000 shares	2 026	20.63	6 321 863	2.79
10 001 – 100 000 shares	456	4.64	14 668 671	6.47
100 001 – 1 000 000 shares	153	1.56	47 007 610	20.73
1 000 001 shares and above	35	0.36	156 238 062	68.91
Total	**9 822**	**100.00**	**226 727 596**	**100.00**

BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE

Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund (PIC)	38 038 567	16.74
Saudi Arabian Monetary Agency (SA)	6 951 510	3.06
Total	**44 990 077**	**19.80**

INVESTMENT MANAGERS HOLDING 5% OR MORE

Investment manager	Total shareholding	%
PIC	30 620 552	13.48
Coronation Asset Management (Pty) Limited	20 238 671	8.82
Westwood Global Investments LLC	17 788 007	7.83
Dimension Fund Advisers	12 764 701	5.62
Total	**81 411 931**	**35.75**

GEOGRAPHICAL ANALYSIS OF SHAREHOLDERS – 2015

Region	Total shareholding	% of issued capital
South Africa	110 651 266	48.80
United States of America and Canada	69 649 344	30.72
United Kingdom	14 755 252	6.51
Rest of Europe	7 372 643	3.25
Rest of the world[1]	24 299 091	10.72
Total	**226 727 596**	**100.00**

[1] *Represents all shareholdings except those in the above regions.*

GEOGRAPHICAL ANALYSIS OF SHAREHOLDERS – 2014

Region	Total shareholding	% of issued capital
South Africa	119 425 079	51.63
United States of America and Canada	55 757 143	24.11
United Kingdom	12 654 563	5.47
Rest of Europe	12 075 878	5.22
Rest of the world[1]	31 379 156	13.57
Total	**231 291 819**	**100.00**

[1]*Represents all shareholdings except those in the above regions.*

Statement by the board of directors

The board of directors acknowledges its responsibilities to ensure the integrity of the integrated report. The board believes the report addresses all material issues and presents fairly the integrated performance of the group. The integrated report has been prepared in line with best practice set out in the King III code.

Signed by

Dumisa Ntsebeza
Chairman

Clive Thomson
Chief executive

Don Wilson
Finance director

13 November 2015

Who have been duly authorised by the board

DIRECTORS

Non-executive: DB Ntsebeza (Chairman), NP Dongwana, FNO Edozien*, AGK Hamilton**, A Landia***, SS Mkhabela, B Ngonyama, SS Ntsaluba, SB Pfeiffer****OI Shongwe

Executive: CB Thomson (Chief executive), DG Wilson (Group finance director), PJ Blackbeard, PJ Bulterman, M Laubscher, DM Sewela

(Nigerian) **(British) *(German) ****(American)*

COMPANY SECRETARY

LP Manaka

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

Independent auditors' report

Independent auditors' report on summarised financial statements to the shareholders of Barloworld Limited

The accompanying summarised consolidated financial statements of Barloworld Limited, which comprise the summarised consolidated statement of financial position as at 30 September 2015, the summarised consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Barloworld Limited for the year ended 30 September 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 13 November 2015. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: Other reports required by the Companies Act (refer below).

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Barloworld Limited.

Director's responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the information required by IAS34 Interim Financial Reporting requirements of the Companies Act of South Africa as applicable to financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summarised 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 the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summarised Financial Statements.

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of Barloworld Limited for the year ended 30 September 2015 are consistent, in all material respects, with those annual consolidated financial statements, in accordance with the information required by IAS34 Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The Other reports required by the Companies Act paragraph in our audit report dated 13 November 2015 states that 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. The paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per Graeme Berry
Partner

13 November 2015
Johannesburg, South Africa

Independent auditors' non-financial assurance report

Limited assurance report of the independent auditor, Deloitte & Touche to the directors of Barloworld Limited

We have undertaken a limited assurance engagement on selected subject matter, as described below, and the GRI Application Level as published in the Barloworld Integrated Report and Modular Response (the Reports) for the year ended 30 September 2015. The subject matter, prepared in accordance with the Global Reporting Initiative Guidelines (GRI) and the Greenhouse Gas (GHG) Protocol Corporate Standard supported by management's internal basis of preparation (the criteria) comprises the following sustainability performance indicators:

Value created

- Statement of total value added

Community support

- Group corporate social investment spend (R million)

People

- Total number of employees
- Employee breakdown by race (RSA only) and gender

Safety

- Lost-time injury frequency rate and number of work-related fatalities

Environmental

- Fuel consumption – petrol and diesel (ML)
- Electricity consumption (MWh)
- Energy consumption (GJ)
- Carbon emissions (tCO_2e)
- Water consumption (ML)

Directors' responsibility

The company's directors are responsible for the selection, preparation and presentation of the subject matter in accordance with the criteria as disclosed in the Reports for the year ended 30 September 2015, including the implementation and execution of systems to collect required sustainability data and maintenance of internal control relevant to the preparation of the Reports that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express our limited assurance conclusion on the above sustainability performance indicators and self-declared GRI G3.1 Application Level for the year ended 30 September 2015, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This Standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement to obtain sufficient appropriate evidence about whether the selected subject matter is fairly presented and free from material misstatement.

We do not accept any responsibility for any reports previously given by us on any sustainability information used in relation to the subject matter beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. In accordance with International Standard on Quality Control 1, Deloitte maintains a comprehensive system of quality control.

Summary of work performed

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of the entity's use of GRI G3.1 Guidelines and GHG Protocol as the basis of preparation for the selected key performance indicators, assessing the risks of material misstatement of the selected key performance indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected key performance indicators.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to evidence gathering and risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, less assurance is provided. The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Accordingly, we do not express a reasonable assurance opinion about whether the entity's selected subject matter have been prepared, in all material respects, in accordance with the criteria.

Independent auditors' non-financial assurance report

Our evaluation mirrored the company's own compilation process and included:

- Interviewing management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process for the selected subject matter; and
- Tested the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected subject matter for disclosure in the Reports.

Our limited assurance engagement does not constitute an audit or review of any of the underlying information in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability performance indicators as set out in the subject matter paragraph for the year ended 30 September 2015 are not fairly presented and prepared, in all material respects in accordance with the GRI G3.1 Guidelines and GHG Protocol supported by management's internal basis of preparation.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that management's declaration of an A+ Application Level is not prepared, in all material respects, in accordance with the GRI G3.1.

Other matters

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Reports. The maintenance and integrity of the entity's website is the responsibility of management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Reports or our independent assurance report that may have occurred since the initial date of presentation.

Restriction on use and distribution

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected subject matter to the directors of Barloworld Limited in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the entity, for our work, for this report, or for the conclusion we have reached.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per – Nina le Riche
Partner

4 December 2015

Corporate information

Barloworld Limited
(Registration number 1918/000095/06)
JSE codes: BAW and BAWP
ISIN: ZAE000026639 and ZAE000026647

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(For background information visit www.barloworld.com)

For more information visit **www.barloworld.com**