



Barloworld
Leading brands

Creating shared value **for** sustainable outcomes

COMMUNITIES

CUSTOMERS

PEOPLE

PRINCIPALS AND SUPPLIERS

SHAREHOLDERS

Preliminary audited year-end results
for the 12 months to 30 September 2016

About Barloworld

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

Barloworld has a proven track record of long-term relationships with global principals and customers. We have an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. One of our core competencies is an ability to leverage systems and best practices across our chosen business segments. As an organisation we are committed to sustainable development and playing a leading role in diversity and inclusion. The company was founded in 1902 and currently has operations in over 20 countries around the world with 78% of over 20 000 employees in South Africa.

Corporate information

Barloworld Limited

(Incorporated in the Republic of South Africa)

(Registration number 1918/000095/06)

(Income tax registration number 9000/051/71/5)

(JSE share code: BAW) (JSE ISIN: ZAE000026639)

(Share code: BAWP) (JSE ISIN: ZAE000026647)

(Namibian Stock Exchange share code: BWL) ("Barloworld" or "the company")

Registered office and business address

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Directors

Non-executive: DB Ntsebeza (*Chairman*), NP Dongwana, FNO Edozien*, SS Mkhabela, B Ngonyama, SS Ntsaluba, SB Pfeiffer*, OI Shongwe

Executive: CB Thomson (*Chief executive*), PJ Blackbeard, PJ Bulterman, DM Sewela, DG Wilson *Nigerian *American

Group company secretary

Lerato Manaka

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Clive Thomson, CE of Barloworld, said:

"The group's industry and geographic diversity has continued to provide resilience to the overall trading result. Equipment southern Africa was impacted by a fourth consecutive year of declining capital expenditure in the mining sector, however our Russian equipment business produced an excellent performance and Spain was profitable despite the uncertainty created by two inconclusive general election results.

Automotive achieved a record year in a challenging market environment and the recent acquisitions delivered in line with expectations. Operating profit growth in Logistics was robust as a result of contract awards and expansion into new business segments.

All our businesses have a clear strategic focus and strong market positions. As a result of positive cash generation the group's balance sheet is strong and we are well placed to capitalise on organic and acquisitive growth opportunities as they arise. We have the right leadership in place in all of our businesses and expect 2017 to be another year of solid progress for the group."

21 November 2016

Highlights

Revenue up 6% to

R66.5 billion

Operating profit up 4% to

R4 135 million

Profit before non-operating and capital items up 14% to

R2 693 million

Cash generated from operations of

R7 827 million

Headline earnings per share up 3% to

838 cents

Headline earnings per share (excluding B-BBEE charge) down 9% to

838 cents

Total dividend per share maintained at

345 cents

Overview

The global economy continues to underperform with added risks to growth arising from the results of the Brexit vote in the UK and uncertainties created by the recent US election result. The growth outlook for the South African economy remains muted. Against this background the group produced a solid operating result for the year despite continued weakness in the mining sector.

Revenue for the year of R66.5 billion was 6% ahead of last year while operating profit grew by 4% to R4 135 million.

Profit before non-operating and capital items was up 14% to R2 693 million, however net profit for the year was negatively impacted by the significant decrease in income from associates primarily due to the temporary cessation of mining activity by one of our largest customers in the DRC.

Headline earnings per share (HEPS) of 838 cents showed an increase of 24 cents (3%) over the prior year. If one excludes the impact of the prior year B-BBEE charge, HEPS declined by 9% compared to the adjusted prior year HEPS of 926 cents, mainly as a result of the impact of reduced associate earnings.

Cash generated from operations was very strong at R7 827 million (2015: R1 123 million) primarily as a result of focused working capital management. This resulted in a sharp reduction in net debt levels and a healthy balance sheet position at year end.

A total dividend for the year of 345 cents per share was declared in respect of this year's earnings (2015: 345 cents).

Operational review

Equipment and Handling

Equipment southern Africa

Revenue for the year of R18.5 billion was R1.8 billion (8.7%) down on last year. The slowdown in mining activity and the reluctance of mines to incur both replacement and greenfields capital expenditure resulted in mining unit sales dropping to their lowest level since 2010. While most of our major mining customers have maintained production levels we have seen selective production curtailment in certain regions, including the iron ore mines in Northern Cape, which had some impact on aftersales demand.

Operating profit for the year of R1 585 million is R309 million (16%) below last year. The operating margin declined from 9.3% in 2015 to 8.5% in the current year due to margin pressures and a change in machine sales mix. Restructuring costs of R30.5 million were incurred following actions taken to reduce the cost base principally in Angola. There has been positive cash generation of R3.0 billion compared to cash utilisation of R1.7 billion in 2015, due to improved working capital management and trimming the asset base.

While activity levels in Angola remained steady, the shortage of US dollars in that country has resulted in restrictions in our ability to transact freely in the local currency and we have taken steps to limit our currency exposures.

Our associate in the Katanga province of the DRC generated a profit of R13 million for the year which was R252 million below last year. While we showed a profit in the second half of R40 million, which is an improvement on the loss at March of R27 million, it nonetheless represents a major variance in our earnings for the year. Mining activities at our largest customer remain suspended

following the slope failure in early March and copper processing is now only expected to recommence in the second half of calendar 2017 once the new plant has been commissioned.

Equipment Russia

Revenue for the year of R4 837 million showed a R1 458 million (43%) increase over the prior year mainly due to increased mining machine demand into the opencast gold mining segment while total after sales revenue was in line with the prior year.

Operating profit of R599 million was R202 million up on last year with the operating margin increasing from 11.8% to 12.4%. This was a very good result in challenging market conditions and exceeded our expectations.

Equipment Iberia

Activity levels in Spain remained under pressure as a result of extensive delays in forming a government following two inconclusive general election results.

Revenue to September of R4.5 billion was R680 million adrift of last year with activity levels in Portugal 25% below the previous year with reduced export sales to Angola and Mozambique.

Operating profit of R55 million was R16 million (23%) below last year and included restructuring costs of R9.7 million in Portugal.

Handling

Revenue for the year of R1.5 billion was R0.6 billion (26%) below last year which included Metso, Agriculture Russia and SEM. The business saw a fall in the Agriculture South Africa business due to prevailing drought conditions.

The operating profit for the year of R25 million was well up on the R6 million earned last year despite the R12 million restructuring costs incurred in December to lower the cost base.

Post year end we entered into an agreement to dispose of the assets of our Agriculture and Handling businesses in South Africa into a joint venture company in which we will retain a 50% stake and the balance will be owned by BayWa AG a German listed company and a leader in global agriculture. The net assets of these businesses of R746 million have consequently been classified as held for sale at September 2016.

Automotive and Logistics

Automotive

The Automotive division produced a strong result in very challenging markets. Revenue for the year of R31.4 billion was R2.7 billion (9.5%) up on last year with all the business segments showing growth.

The operating profit of R1 654 million for the year showed an improvement of R125 million (8.2%) over the previous year.

Car Rental

Revenue to September of R6.0 billion is R765 million (15%) up on last year. This is driven by a 5.4% growth in rental revenue per day and a 3.8% increase in rental days. The balance of the increase comes from higher used vehicle sales.

Operating profit for the year of R536 million is R65 million (14%) ahead of last year.

Avis Fleet

Revenue to September of R3.6 billion is R279 million (8.3%) up on last year while operating profit of R560 million is R12 million adrift of last year. The drop in profit is mainly as a result of the non-renewal of the Government of Lesotho contract of 1 200 vehicles at the end of the previous financial year which was partly compensated by new contract awards.

Motor Trading

SA industry vehicles sales for the calendar year to September show a decline of 11% compared to 2015 with new passenger vehicle sales down by 12%.

Our Motor Trading business experienced a 6.4% decline in new unit sales for the year. Year to date revenue of R21.8 billion is R1.7 billion (8.3%) up on last year driven by the acquisitions, double digit new vehicle inflation, stronger used vehicle prices and increased parts activity.

Operating profit to September of R558 million, is R72 million (15%) up on last year.

The acquisition of two Mercedes-Benz dealerships in Mbombela, Mpumalanga and Shelley Beach, KwaZulu-Natal, together with the acquisition in early May of Salvage Management and Disposals, the largest salvage operator in South Africa, have now been integrated and are trading in line with expectations.

Logistics

Revenue for the year of R5.8 billion was R1.2 billion (28%) up on last year.

The Supply Chain Management business grew revenue by R1 billion (43%) mainly impacted by additional new contracts and certain acquisitions. Transport increased revenue by R0.5 billion (21%) also as a result of new contracts and the Aspen Logistics acquisition from January.

Operating profit to September of R223 million was R64 million (40%) above the prior year. The operating profit of the Freight Management and Services segment has shown a significant turnaround from the loss of R4 million incurred last year to a profit of R38 million in the current year, benefiting from the disposals of Logistica Spain and Sea Air Transport at the end of last year.

Human resources, diversity and sustainable development

Despite our lost-time injury frequency rate continuing to improve year on year, tragically there was one work-related fatality during the period. An employee was involved in a fatal motor vehicle collision while returning from a customer's site.

Focus continued on our group sustainability targets, with good progress being made on renewable energy with the 300kW (peak) solar photovoltaic installation at Equipment's Isando site and others planned.

Barloworld was again ranked in the top 20 overall for B-BBEE on the Codes of Good Practice applicable at the time, conducted by an independent survey of the Top 100 JSE Listed Companies; and obtained a dti B-BBEE Level 3 rating under the revised Codes.

During the past year, good progress has been made against our diversity targets with a number of women being appointed into senior positions as well as improvement in South Africa of demographic representation at senior levels.

Barloworld was again included on the Dow Jones Sustainability Emerging Markets Index and also included in the FTSE/JSE Responsible Investment Top 30 Index.

Executive leadership appointments

Mr Dominic Sewela, appointed as deputy chief executive of Barloworld Limited on 1 March 2016 as part of a structured succession plan, was appointed as CEO-designate of the company effective 1 October 2016.

Mr Clive Thomson, who has successfully led the Barloworld group for the past 10 years, will be succeeded as chief executive of Barloworld Limited by Mr Sewela at the next annual general meeting of the company planned for 8 February 2017. Mr Thomson will remain employed by the company in an advisory capacity for a short period thereafter to ensure an effective handover process and seamless leadership transition.

The following senior leadership appointments were also effective 1 October 2016:

- Emmy Leeka succeeded Dominic Sewela as chief executive of Barloworld Equipment southern Africa;
- Quinton McGeer succeeded Viktor Salzmann as chief executive of Barloworld Equipment Iberia following Viktor Salzmann's retirement from his executive responsibilities;
- Gavin Knight succeeded Quinton McGeer as general director of Vostochnaya Technica, our Equipment business in Russia; and
- Hilary Wilton (head of risk) and Chris Wierenga (head of strategy and M&A) were appointed to the group executive committee.

These are all internal appointments of experienced Barloworld executives and the handover process has been seamlessly managed.

Changes in directorate

Independent non-executive director, Dr Alexander Landia, resigned from the Barloworld board with effect from 31 December 2015 due to other business commitments and Mr Gordon Hamilton, having reached retirement age for non-executive directors, retired from the board on 3 February 2016. We thank them for their valuable contribution to the board.

Funding

Net debt decreased by R2.7 billion from R10.7 billion at September 2015 to R8 billion at September 2016 due to strong cash generation particularly in Equipment southern Africa.

Cash generated from operations of R7.8 billion was significantly ahead of the R1.1 billion generated last year driven by a R2.1 billion decrease in working capital (compared to a R3.4 billion absorption last year) and a reduced investment in fleet leasing and equipment rental fleet of R0.5 billion which was R1.3 billion lower than the prior year.

The net cash inflow before financing of R3.5 billion for the year showed a R7 billion improvement on 2015.

In June 2016 Moody's Investors Services initiated their rating of Barloworld with a long-term and short-term issuer Global Scale Rating of Baa3 and P-3 and long-term and short-term issuer National Scale Rating of Aa3.za and P-1.za. Both ratings come with a stable outlook.

Outlook

The firm order book for Equipment southern Africa of R1.3 billion is slightly up on March but down on the R1.7 billion book at September 2015. Commodity prices have shown some recovery of late and certain green-shoots are evident in the mining sector. Aftermarket remains resilient and is expected to show some improvement based on the higher average age of mining equipment fleets. The need for infrastructure development is expected to underpin construction equipment demand.

The Russian economy has now been in recession for close to two years with expectations that it could show improvement in 2017. Following the strong invoicing levels in the last quarter, the Equipment Russia firm order book currently stands at \$21 million which is below the September 2015 level of \$28 million. The current level of major project tenders remains strong.

In Spain, the Popular Party has finally formed a minority government to guide the Spanish economy out of the political deadlock. The machine industry continues to show growth, however, this is concentrated in low-end building and construction products. The current order book of €26 million remains predominantly in marine Power projects.

The Handling outlook is largely dependent on good rainfall breaking the prevailing drought conditions in southern Africa. BayWa is a leader in global agriculture and the impending joint venture should generate new opportunities to expand the business going forward.

Our Car Rental business will continue to benefit from the dual brand strategy and the growing foreign inbound segment. In this high interest and high vehicle inflation environment focus will be placed on improving rental rates to protect margins. We further anticipate another strong contribution from used vehicle disposals.

Avis Fleet should be stable due to the annuity based nature of the leasing contracts, however, there are certain existing longstanding contracts that come up for renewal during the course of 2017.

The outlook for new vehicle sales in South Africa in 2017 remains weak. Consumers are facing the pressures of high interest rates and continued high new vehicle inflation. Our Motor Trading business will focus on the opportunities presented in used vehicles by the current economic conditions. In addition the new Salvage Management and Disposal Solutions business provides a diverse revenue source independent of new vehicle sales.

In Logistics, business development continues to generate a strong pipeline of exciting new growth opportunities with incremental revenue projected from logistics contracts won in 2016. The growth outlook for all three Logistics segments is therefore positive going into 2017.

All our businesses have a clear strategic focus and strong market positions. As a result of positive cash generation the group's balance sheet is strong and we are well placed to capitalise on organic and acquisitive growth opportunities as they arise. We have the right leadership in place in all of our businesses and expect 2017 to be another year of solid progress for the group.



DB Ntsebeza
Chairman



CB Thomson
Chief executive

Group financial review

Revenue for the year increased by R3.8 billion (6.1%) to R66.5 billion with the bulk of the improvement in Automotive and Logistics which showed increases of R2.7 billion (9.5%) and R1.2 billion (28%) respectively. Revenue in Equipment Russia was up by 17.5% in dollar terms while Equipment Iberia was down in euro terms. Rand revenues for both regions benefited from translation gains. In Equipment southern Africa revenue decreased by R1.8 billion (8.7%). This was partially offset by the benefits of the weaker rand in operations outside South Africa. The weaker rand favourably impacted total revenue by R2.7 billion.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) was up by 3% to R6 674 million with depreciation and amortisation up by 2.2%.

Operating profit (excluding the B-BBEE charges) rose by 3.5% to R4 135 million with the operating margin down slightly to 6.2%. In Equipment southern Africa, operating profit was down by 16.3% with reductions in mining capital expenditure and production cutbacks negatively affecting both equipment and aftersales demand. Equipment Russia traded well ahead of the prior year, due to higher mining equipment and aftersales demand. Equipment Iberia operating profit was down on last year.

Automotive produced a record result with operating profit up 8.2% to R1 654 million. A marginal decline in the Avis Fleet business was offset by improved profits in Motor Trading and Car Rental.

Logistics generated an operating profit of R223 million which was 40% ahead of the prior year.

The total net negative fair value adjustments on financial instruments of R209 million (2015: R198 million) mainly relates to the cost of forward points on foreign exchange contracts and translation losses on monetary assets and liabilities in Equipment southern Africa and Handling. This was off-set by some gains on forward cover contracts in Equipment southern Africa.

Finance costs increased by R94 million to R1 346 million. This is mainly due to higher interest rates in South Africa.

Profits from non-operating and capital items of R120 million includes profits on sale of the Logistics Supply Chain software business (R63.4 million), a R15 million profit on sale of the Agriculture Zambia business and a foreign currency release in respect of an offshore subsidiary. This has been partially off-set by the impairments of goodwill in Avis Fleet Tanzania and the investment in Energyst.

The taxation charge increased by R1 million to R809 million while the effective taxation rate for the period (excluding prior year taxation and taxation on non-operating and capital items) was 27.4% (2015: 37.1%). The current year charge was negatively impacted by local tax relating to forex gains in the local currency accounts. The prior year rate was negatively impacted by the IAS 12.41 deferred tax charges arising from the depreciation of the rouble in Equipment Russia, as well as local currency depreciation against the dollar in Angola, Zambia and Mozambique.

Income from associates and joint ventures is significantly down on the prior period reflecting a loss of R25 million for the year compared to income of R287 million last year, mainly attributable to the decline in profits from the equipment associates in the DRC and Europe. This swing of R312 million has materially impacted the net profit and earnings for the year.

Headline earnings per share (HEPS) (excluding the B-BBEE transaction) was down by 9% to 838 cents compared to the 926 cents of last year, mainly as a result of the decrease of 148 cents per share arising from reduced associate earnings.

Basic earnings per share (EPS) of 891 cents is 10.1% higher than last year's comparable of 809 cents.

Cash flow

Cash generated from operations was strong increasing to R7.8 billion from the R1.1 billion generated in 2015. Working capital decreased by R2.1 billion, mainly in Equipment southern Africa and Equipment Russia. This was significantly down on the absorption last year of R3.4 billion. Equipment southern Africa produced a reduction in working capital of R1.7 billion and Equipment Russia a reduction of R0.4 billion.

Cash applied to the investment in property, plant and equipment together with subsidiaries and intangibles of R1 436 million includes net acquisitions in the Automotive and Logistics divisions of R639 million. In addition a further R339 million (\$25 million) was invested in Angolan US\$ linked bonds as protection against currency devaluation. The total investment in Angolan US\$ linked government bonds at September was \$51 million. The net cash inflow before financing activities for the year of R3 507 million was R6 971 million better than the R3 464 million outflow at September 2015.

Financial position

Total assets employed in the group reduced by R2.1 billion (4.4%) to R46 billion compared to September 2015. The bulk of the reduction was driven by a reduction in inventories and receivables in Equipment southern Africa and Russia while the weaker rand added R340 million to the total assets. Assets held for sale comprise mainly the assets of the South African Handling and Agriculture businesses which are to be sold into a joint venture.

Total interest-bearing debt at 30 September 2016 dropped strongly by R2.1 billion to R11 billion (September 2015: R13.1 billion) while cash and cash equivalents increased to R3 billion (September 2015: R2.4 billion). Net interest-bearing debt at 30 September 2016 of R8 billion was R2.7 billion down on September 2015 (R10.7 billion).

Debt

In October 2015, the company settled the R750 million BAW2 bond and in February 2016 the R200 million BAW15 bond matured and was settled from available facilities utilising its available banking facilities. In December 2015 the company issued an unsecured seven year bond (BAW22) totalling R253 million, and in January 2016 the company issued a R500 million unlisted note (BAW23U), the proceeds of which were used to redeem the unlisted BAW20U. In September 2016, the company issued a three-year bond (BAW24) totalling R501 million. The proceeds of this was used to settle the R614 million BAW 10 which matured on 30 September 2016. These bonds were issued under our existing South African Domestic Medium Term Note programme.

During the 2016 financial year the group finalised a new three-year revolving credit facility for R700 million and an ever-green facility for R650 million that will continue indefinitely subject to an 18-month notice period to exit the facility.

South African short-term debt includes commercial paper totalling R807 million (September 2015: R861 million). While this market has remained active, liquidity and spreads have been negatively impacted by interest rate uncertainty. We expect to maintain our participation in this market to the extent permitted by overall liquidity in the market.

Cash and cash equivalents at September of R3.0 billion included \$37.5 million (R516 million) held in local currency in Angola of which \$15.8 million is held in a captive account to support foreign currency allocations and \$16.2 million is required to fund local operating expenses.

At September the group had unutilised borrowing facilities of R9.6 billion, of which R7.2 billion was committed. The group's ratio of long-term to short-term debt improved to 76%:24% (September 2015: 68%:32%).

Moody's Investors Services assigned a long-term and short-term issuer Global Scale Rating of Baa3 and P-3 and long-term and short-term issuer National Scale Rating of Aa3.za and P-1.za in June 2016. The outlook on the ratings is stable. The new credit rating implies that any new bonds issued would now qualify as level 2A High Quality Liquid Assets (HQLAs) which should make Barloworld paper more attractive to banks, which are required to hold a certain level of HQLAs to meet their liquidity coverage ratio targets.

The group total debt-to-equity ratio at 30 September 2016 was 56% (September 2015: 67%), while group net debt to equity improved to 41% (September 2015: 55%).

Gearing in the three segments are as follows:

Debt to equity (%)	Trading	Leasing	Car Rental	Group total debt	Group net debt
Target range	30 – 50	600 – 800	200 – 300		
Ratio at 30 September 2016	29	720	216	56	41
Ratio at 30 September 2015	43	688	211	67	55

Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The basis is consistent with the prior year except for the reclassification of the interest-bearing floor plan facilities provided to motor retail dealerships by the vehicle manufacturers to acquire inventories. The change in disclosure of the interest-bearing floor plan from borrowings to payables reflects the nature of the transactions and is in line with current industry disclosures.

Barloworld's results for the year ended 30 September 2015 were restated to reflect changes in disclosure of the interest-bearing floor plan facilities.

Dividend

Dividends totalling 345 cents per share were declared in respect of this year's earnings (2015: 345 cents). All issued shares are entitled to receive dividends. The dividends declared this year are covered 2.4 times by headline earnings (2015: 2.6 times).

Going forward

The group will continue to work on improving margins while containing its cost base. This is particularly relevant in our Equipment businesses in southern Africa and Iberia which are generating returns below target. The group will further continue to focus on generating positive free cashflow in 2017 and trimming the total asset base to improve returns. We will also proactively take steps for the early refinancing of debt that is maturing within the next 18 months.



DG Wilson
Finance director

Equipment and Handling

	Revenue		Operating profit/(loss)		Net operating assets	
	Year ended 30 September		Year ended 30 September		30 September	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm
Equipment	27 857	27 479	2 239	2 362	15 642	18 681
– Southern Africa	18 547	20 307	1 585	1 894	10 546	12 761
– Europe	4 473	3 793	55	71	2 694	2 913
– Russia	4 837	3 379	599	397	2 402	3 007
Handling	1 505	2 027	25	6	910	1 125
	29 362	29 506	2 264	2 368	16 552	19 806
Share of associate (loss)/income			(22)	294		

Equipment southern Africa results were impacted by the slowdown in mining and volatility of commodity prices. Revenue declined 8.7%, with operating profits of R1 585 million down 16.3% and an operating margin of 8.5% (2015: 9.3%). Despite the slowdown in the mining sector, firm back orders held up at R1.3 billion. Again, the robustness of the business model was evident, with aftersales contributing 56% to total revenue, up from 50% last year. The number of used machine units sold was 8% up on last year. Cash generation for the year of R3.0 billion was a significant improvement from the cash utilisation of R1.7 billion in 2015; this was due to an improvement in inventory turns and receivables collections.

Russia produced a strong result despite continued contraction in Russian economy and machine industry. Operating profit of R599 million (2015: R397 million) for the year was supported by mining equipment deliveries predominantly to gold mining customers, resilient aftermarket performance and tight cost control. Significant inroads were made into reducing working capital and realising aged inventories. Management is observing an increase in tender activity for both existing and greenfield mining operations, with a number of major projects currently underway.

Iberia continued to operate in a market which saw slowing machine industry growth with the light construction sector continuing to show better growth as compared to the heavy construction and mining sectors. Activity levels were affected by economic and political uncertainty and the order book ended the year lower than the prior year. The business delivered an operating profit of R55 million which included restructuring costs of R9.7 million, mainly in the Portuguese operations.

In Handling severe drought and the slowdown in the mining sector and slow SA economy continued to impact revenue in southern Africa and necessitated a restructuring of the SA business. Overall operating profit of R25 million was well up on the R6 million earned last year following the disposal of the loss-making Agriculture Russia business.

Automotive and Logistics

	Revenue		Operating profit/(loss)		Net operating assets	
	Year ended 30 September		Year ended 30 September		30 September	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm
Automotive	31 427	28 704	1 654	1 529	8 686	8 047
– Car Rental	5 967	5 202	536	471	2 534	1 994
– Avis Fleet	3 641	3 362	560	572	3 786	3 785
– Motor Trading	21 819	20 140	558	486	2 366	2 268
Logistics	5 756	4 509	223	159	2 472	2 403
– Southern Africa	5 527	3 980	226	186	2 348	2 241
– Europe and Middle East	229	529	(3)	(27)	124	162
	37 183	33 213	1 877	1 688	11 158	10 450
Share of associate loss			(4)	(7)		

The Automotive division delivered another record result, continuing to prove resilient in challenging markets. The division generated strong operating cash flows and has continued to reinvest into profitable growth opportunities. Divisional operating profit improved by 8.2% off revenue growth of 9.5%, while achieving an overall operating margin of 5.3% (2015: 5.3%).

Car Rental delivered an excellent result, further improving operating profit by 14% off a revenue growth of 14.7% and achieving an operating margin of 9.0% (2015: 9.1%). The business grew rental day volumes, increased revenue per rental day, successfully managed fleet utilisation at 75% and maintained market leadership in a competitive environment. Avis Car Sales continued to earn good returns on the sale of ex-rental vehicles.

Avis Fleet produced a slightly lower result, with operating profit declining by 2.1%. The financed fleet declined by 2.4% mainly due to the non-renewal of the Lesotho government contract, however, the business continues to have high-level customer retention. Reduced fleet terminations negatively impacted the overall used vehicle profit contribution in this business.

The Motor Trading operations delivered a good result given the tough trading conditions and declining new vehicle market. Operating profit increased by 15% off a revenue growth of 8.3%, improving overall operating margin to 2.6% (2015: 2.4%). New vehicle sales volumes declined by 6.4% against a total market decline of 9.5% during the financial year under review. The overall result was supported by an improved used vehicle and aftersales performance. The acquisitions of two Mercedes-Benz dealerships and a majority stake in Salvage Management and Disposal contributed to the result.

Automotive and Logistics continued

Logistics delivered a pleasing result with revenue up 28% and operating profit up 40% on last year driven by the full year financial impact of new contracts and the Smartmatta acquisition, growth in Transport volumes, favourable trading on key Supply Chain Management contracts, record trading within the South Africa freight forwarding business and the favourable impact from the disposal of the loss making SAT Sea Air and Logistics Spain. Operating margins increased to 3.9% (2015: 3.5%). The acquisitions of KLL group and a 51% interest in Aspen Logistics effective 1 January 2016 provide multi-party, multi-temperature warehousing and distribution capabilities.

Corporate

	Revenue		Operating profit/(loss)*		Net operating assets/(liabilities)	
	Year ended 30 September		Year ended 30 September		30 September	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm
Southern Africa	2	1	48	17	578	480
Europe			(54)	(78)	(2 908)	(1 979)
	2	1	(6)	(61)	(2 330)	(1 499)
Share of associate income			1			

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

Corporate Office primarily comprises the operations of the group headquarters and treasury in Johannesburg, the treasury in Maidenhead (United Kingdom) and the captive insurance company.

Southern Africa has shown a higher operating profit compared to the previous comparative period as a result of lower charges and accruals for long-term incentives and reduced operating costs. In Europe the lower operating loss is due mainly to lower operating costs and lower insurance claims in BIL the captive insurance company.

The UK pension scheme deficit increased from R1.9 billion (£93 million) to R2.8 billion (£161 million) primarily as a result of a 1.5% reduction in the AA-Corporate bond yield which significantly impacted the future pension liability. This reduction in the yield resulted from market moves which were further adversely impacted by the Brexit vote in the year.

DIVIDEND DECLARATION

Ordinary dividend number 176

Notice is hereby given that final dividend number 176 of 230 cents (gross) per ordinary share in respect of the year ended 30 September 2016 has been declared subject to the applicable dividends tax levied in terms of the Income Tax Act (Act No. 58 of 1962) (as amended) (the Income Tax Act).

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

- The dividend has been declared out of income reserves;
- Local dividends tax rate is 15% (fifteen per centum);
- Barloworld has 212 692 583 ordinary shares in issue;
- The Gross local dividend amount is 230 cents per ordinary share;
- The net dividend amount is 195.5 cents per share.

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

- | | |
|----------------------------------|----------------------------|
| • Last day to trade cum dividend | Tuesday, 10 January 2017 |
| • Shares trade ex-dividend | Wednesday, 11 January 2017 |
| • Record date | Friday, 13 January 2017 |
| • Payment date | Monday, 16 January 2017 |

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 January 2017 and Friday, 13 January 2017, both days inclusive.

On behalf of the board



LP Manaka

Group company secretary

Directors

Non-executive: DB Ntsebeza (*Chairman*), NP Dongwana, FNO Edozien[^], SS Mkhabela, B Ngonyama, SS Ntsaluba, SB Pfeiffer[•], OI Shongwe

Executive: CB Thomson (*Chief executive*), PJ Blackbeard, PJ Bulterman, DM Sewela, DG Wilson

[^]Nigerian [•]American

Summarised consolidated income statement

for the year ended 30 September

	Note	Audited		% change
		2016 Rm	2015 Rm	
Revenue		66 547	62 720	6
Operating profit before items listed below (EBITDA)		6 674	6 479	
Depreciation		(2 426)	(2 355)	
Amortisation of intangible assets		(113)	(129)	
Operating profit		4 135	3 995	4
B-BBEE charge			(251)	
Operating profit including B-BBEE charge		4 135	3 744	10
Fair value adjustments on financial instruments		(209)	(198)	
Finance costs		(1 346)	(1 252)	
Income from investments		113	67	
Profit before non-operating and capital items		2 693	2 361	14
Non-operating and capital items	3	120	(6)	
Profit before taxation		2 813	2 355	
Taxation		(809)	(808)	
Profit after taxation		2 004	1 547	30
(Loss)/income from associates and joint ventures		(25)	287	
Profit for the year		1 979	1 834	
Net profit attributable to:				
Owners of Barloworld Limited		1 883	1 713	10
Non-controlling interest in subsidiaries		96	121	
		1 979	1 834	
Earnings per share (cents)				
– basic		890.5	808.7	
– diluted		888.2	806.1	

Summarised consolidated statement of comprehensive income

for the year ended 30 September

	Audited	
	2016 Rm	2015 Rm
Profit for the year	1 979	1 834
Items that may be reclassified subsequently to profit or loss:	(550)	1 336
Exchange (loss)/gains on translation of foreign operations	(377)	1 454
Translation reserves realised on disposal of foreign joint venture and subsidiaries	(83)	(130)
(Loss)/gain on cash flow hedges	(121)	16
Deferred taxation on cash flow hedges	31	(4)
Items that will not be reclassified to profit or loss:	(1 134)	(46)
Actuarial losses on post-retirement benefit obligations	(1 343)	(57)
Taxation effect	209	11
Other comprehensive (loss)/income for the year, net of taxation	(1 684)	1 290
Total comprehensive income for the year	295	3 124
Total comprehensive income attributable to:		
Owners of Barloworld Limited	199	3 003
Non-controlling interest in subsidiaries	96	121
	295	3 124

Summarised consolidated statement of financial position

at 30 September

		Audited	Restated
	Note	2016 Rm	2015 Rm
ASSETS			
Non-current assets		20 179	19 906
Property, plant and equipment		13 806	14 380
Goodwill		2 015	1 740
Intangible assets		1 713	1 500
Investment in associates and joint ventures		923	923
Finance lease receivables		147	142
Long-term financial assets		448	438
Deferred taxation assets		1 127	783
Current assets		25 015	28 052
Vehicle rental fleet		2 789	2 488
Inventories		10 317	13 767
Trade and other receivables		8 826	9 331
Taxation		55	94
Cash and cash equivalents		3 028	2 372
Assets classified as held for sale	6	828	197
Total assets		46 022	48 155
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium		441	282
Other reserves		5 134	5 793
Retained income		13 367	13 351
Interest of shareholders of Barloworld Limited		18 942	19 426
Non-controlling interest		737	616
Interest of all shareholders		19 679	20 042
Non-current liabilities		12 446	12 078
Interest-bearing		8 379	9 074
Deferred taxation liabilities		703	571
Provisions		111	139
Other non-current liabilities		3 253	2 294
Current liabilities		13 830	15 992
Trade and other payables		10 054	10 832
Provisions		931	1 058
Taxation		180	52
Amounts due to bankers and short-term loans		2 665	4 050
Liabilities directly associated with assets classified as held for sale	6	67	43
Total equity and liabilities		46 022	48 155

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 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
Total comprehensive income for the year		(550)	749	199	96	295
Transactions with owners, recorded directly in equity						
Other reserve movements		(109)		(109)		(109)
Acquisition of subsidiary					96	96
Other changes in minority shareholders' interest and minority loans					(55)	(55)
Dividends			(733)	(733)	(16)	(749)
Share buy-back during the year	(127)			(127)		(127)
Share issue during the year	286			286		286
Balance at 30 September 2016	441	5 134	13 367	18 942	737	19 679

Summarised consolidated statement of cash flows

for the year ended 30 September

		Audited	Restated
	Note	2016 Rm	2015 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		7 161	7 094
Movement in working capital		2 119	(3 370)
Cash generated from operations before investment in leasing and rental fleets		9 280	3 724
Fleet leasing and equipment rental fleet		(506)	(1 847)
Additions		(2 580)	(4 029)
Proceeds on disposal		2 074	2 182
Vehicles rental fleet		(947)	(754)
Additions		(3 798)	(3 276)
Proceeds on disposal		2 851	2 522
Cash generated from operations		7 827	1 123
Finance costs		(1 346)	(1 252)
Realised fair value adjustments on financial instruments		(105)	(210)
Dividends received from investments, associates and joint ventures		31	218
Interest received		113	67
Taxation paid		(805)	(770)
Cash inflow/(outflow) from operations		5 715	(824)
Dividends paid (including non-controlling interest)		(772)	(814)
Cash retained from/(applied to) operating activities		4 943	(1 638)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, investments and intangibles	4	(1 057)	(641)
Proceeds on disposal of subsidiaries, investments and intangibles	5	258	61
Movement investment in leasing receivables		9	(128)
Acquisition of other property, plant and equipment		(980)	(1 363)
Replacement capital expenditure		(459)	(690)
Expansion capital expenditure		(521)	(673)
Proceeds on disposal of property, plant and equipment		334	245
Net cash used in investing activities		(1 436)	(1 826)
Net cash inflow/(outflow) before financing activities		3 507	(3 464)

Summarised consolidated statement of cash flows continued

for the year ended 30 September

	Audited 2016 Rm	Restated 2015 Rm
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares repurchased for equity-settled share-based payment	(95)	(22)
Share buy-back	(162)	
Share issue	286	
Purchase of non-controlling interest	(142)	(6)
Non-controlling interest loan and equity movements	24	
Proceeds from long-term borrowings	2 500	3 921
Repayment of long-term borrowings	(3 311)	(1 971)
Movement in short-term interest-bearing liabilities	(1 853)	(390)
Net cash (used in)/from financing activities	(2 753)	1 532
Net increase/(decrease) in cash and cash equivalents	754	(1 932)
Cash and cash equivalents at beginning of year	2 372	4 162
Effect of foreign exchange rate movement on cash balance	(112)	156
Effect of cash balances classified as held for sale	14	(14)
Cash and cash equivalents at end of year	3 028	2 372
Cash balances not available for use due to reserving restrictions*	580	337

* 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 JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to the summarised financial statements. The Listings Requirements require preliminary reports to contain as a minimum the information required by IAS 34 Interim Financial Reporting and to be prepared in accordance with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and with the framework concepts and the measurements and recognition requirements of the International Financial Reporting Standards. The accounting policies applied in the preparation of the summarised consolidated financial statements are derived in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements, except for the restatement as detailed in note 11. This announcement is a summary of the complete set of financial statements available for inspection at our registered office.

This preliminary report and the complete set of the consolidated financial statements were prepared under the supervision of SY Moodley (group general manager: finance) B.Com CA(SA), ACMA.

	Audited	
	2016 Rm	2015 Rm
2. Reconciliation of net profit to headline earnings		
Net profit attributable to Barloworld shareholders	1 883	1 713
Adjusted for the following:		
(Profit)/loss on disposal of subsidiaries and investments (IFRS 10)	(168)	4
Profit on disposal of property and other assets (IAS 16)	(10)	(35)
Impairment of goodwill (IFRS 3)	15	33
Impairment/(reversal) of investments in associates and joint ventures (IAS 36)	37	(2)
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	6	6
Profit on sale of plant and equipment excluding rental assets (IAS 16)	(1)	(10)
Rate change of amounts excluded from headline earnings		13
Taxation on profit of disposal of subsidiaries	10	
Taxation benefit on impairment of plant and equipment (IAS 16) and intangible assets (IAS 38)		1
Headline earnings	1 772	1 724
Headline earnings – excluding B-BBEE charge	1 772	1 960
Weighted average number of ordinary shares in issue during the year (000)		
– basic	211 425	211 843
– diluted	211 973	212 537
Headline earnings per share (cents)		
– basic	838.1	813.8
– diluted	836.0	811.1
Headline earnings per share (cents) – excluding B-BBEE charge		
– basic	838.1	925.5
– diluted	836.0	922.3

		Audited
	2016 Rm	2015 Rm
3. Non-operating and capital items		
Profit/(loss) on acquisitions and disposal of investments and subsidiaries	168	(4)
Impairment of goodwill	(15)	(33)
(Impairment)/reversal of investments	(37)	2
Profit on disposal of properties and other assets	10	35
Impairment of property, plant and equipment, intangibles and other assets	(6)	(6)
Gross non-operating and capital items	120	(6)
Rate change of amounts excluded from headline earnings		(13)
Taxation charge on non-operating and capital profit	(10)	(1)
Net non-operating and capital items	110	(20)
4. Acquisition of subsidiaries, investments and intangibles		
Inventories acquired	(154)	(21)
Receivables acquired	(183)	(41)
Payables, taxation and deferred taxation acquired	457	61
Borrowings net of cash	(34)	62
Property, plant and equipment, non-current assets, goodwill and non-controlling interest	(239)	(97)
Total net assets acquired	(153)	(36)
Goodwill arising on acquisitions	(290)	(92)
Intangibles arising on acquisition in terms of IFRS 3 Business Combinations	(196)	(34)
Total purchase consideration	(639)	(162)
Deemed disposal of associate at fair value on obtaining control	21	20
Net cash cost of subsidiaries acquired	(618)	(142)
Bank balances and cash in subsidiaries acquired	142	6
Investment and intangible assets acquired	(581)	(505)
Cash amounts paid to acquire subsidiaries, investments and intangibles	(1 057)	(641)
During the year the group acquired various businesses of which none was individually material.		

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

	Audited	
	2016 Rm	2015 Rm
5. Proceeds on disposal of subsidiaries, investments and intangibles		
Inventories disposed	39	147
Receivables disposed	22	71
Payables, taxation and deferred taxation balances disposed and settled	(46)	(55)
Borrowings net of cash	9	(1)
Property, plant and equipment, non-current assets, goodwill and intangibles	146	16
Net assets disposed	170	179
Receivable from subsidiary disposed	(22)	
Less: Non-cash translation reserves realised on disposal of foreign subsidiaries	1	(127)
Profit on disposal	117	10
Net cash proceeds on disposal of subsidiaries	266	62
Bank balances and cash in subsidiaries disposed	(9)	(2)
Proceeds on disposal of investments and intangibles	1	1
Cash proceeds on disposal of subsidiaries, investments and intangibles	258	61

The net cash proceeds on disposal of subsidiaries includes the disposal of Barloworld Supply Chain Software for R176.5 million and the proceeds from the sale of the assets of the Agriculture Zambia business into a joint venture company with BayWa AG.

	Audited	
	2016 Rm	2015 Rm
6. Assets classified as held for sale		
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	152	5
Goodwill		29
Intangibles	2	97
Inventories	650	32
Trade and other receivables	24	20
Cash balances		14
Assets classified as held for sale	828	197
Trade and other payables	(67)	(42)
Provisions		(1)
Total liabilities associated with assets classified as held for sale	(67)	(43)
Net assets classified as held for sale	761	154
Per business segment:		
Handling	746	73
Logistics	15	81
Total group	761	154
The majority of the assets held for sale relate to the net assets of the Handling South Africa and Agriculture South Africa operations.		

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

	Audited	
	2016 Rm	2015 Rm
7. Financial instruments		
Carrying value of financial instruments by class:		
Financial assets:		
Trade receivables		
– Industry	5 654	6 136
– Government	423	419
– Consumers	540	644
Other loans and receivables and cash balances	4 899	3 823
Finance lease receivables	379	400
Derivatives (including items designated as effective hedging instruments)		
– Forward exchange contracts	2	136
Other financial assets at fair value	33	50
Other financial assets at fair value	11 930	11 609
Financial liabilities:		
Trade payables		
– Principals	2 603	2 903
– Other suppliers	5 684	6 124
Other non-interest-bearing payables	369	352
Derivatives (including items designated as effective hedging instruments)		
– Forward exchange contracts	46	20
Interest-bearing debt measured at amortised cost	10 085	11 961
Total carrying value of financial liabilities	18 787	21 360

7. Financial instruments *continued*

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.

	2016			
	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			28	28
Available-for-sale financial assets				
Shares			5	5
Derivative assets designated as effective hedging instruments		2		2
Total		2	33	35
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss		2		2
Derivatives		91		91
Total		93		93

	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				
Financial liabilities designated at fair value through profit or loss				1
Derivatives		20		13
Total		20		15

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

	Audited	
	2016 Rm	2015 Rm
8. Dividends		
Ordinary shares		
Final dividend No 174 paid on 18 January 2016: 230 cents per share (2015: No 172 – 214 cents per share)	488	456
Interim dividend No 175 paid on 13 June 2016: 115 cents per share (2015: No 173 – 115 cents per share)	245	243
	733	699
Paid to non-controlling interest	16	109
	749	808
Dividends per share (cents)	345	345
– interim (declared May)	115	115
– final (declared November)	230	230
9. Contingent liabilities		
Performance guarantees given to customers, other guarantees and claims	1 017	1 343
Buy-back and repurchase commitments not reflected on the statement of financial position	98	62
The group has received a provisional statement of objection from the Dutch competition authorities in respect of a subsidiary disposed of in 2013 setting out their provisional findings on an industry wide investigation for the period ending 2010. At this stage the outcome of these proceedings cannot be predicted with any certainty. Management are, however, giving the matter their full attention and are, in conjunction with legal advisors, drafting a written response to the objection.		
10. Commitments		
Capital expenditure commitments to be incurred:	2 231	2 112
Contracted – Property, plant and equipment	392	406
Contracted – Vehicle rental fleet	1 196	1 354
Approved but not yet contracted	643	352
Operating lease commitments	3 316	3 187
Finance lease commitments	1 243	1 451
Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.		

11. Changes in comparatives

Floorplan

Motor Trading has a number of floorplan facilities which are arranged by the vehicle manufacturers to finance dealer inventory purchases. These short-term credit lines are initially interest free and only become interest bearing after a certain specified period. During the current year the group reclassified the interest-bearing floorplan liability from Amounts due to bankers and short-term loans to Trade and other payables. This treatment is in line with the disclosure of other automotive companies.

The impact of the change in accounting policy on the comparative amounts is as follows:

	2015		
	Previously stated Rm	Restatement Rm	Restated Rm
Consolidated statement of financial position			
Amounts due to bankers and short-term loans	4 351	(301)	4 050
Trade and other payables	10 531	301	10 832
Current liabilities	14 882		14 882
Consolidated statement of cash flows			
Cash flows from operating activities			
Increase in working capital	(3 429)	59	(3 370)
Cash (utilised in)/retained from operating activities	(1 697)	59	(1 638)
Cash flows from financing activities			
(Decrease)/increase in short-term interest-bearing liabilities	(331)	(59)	(390)
Net cash from financing activities	1 591	(59)	1 532

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.

for the year ended 30 September

13. Audit opinion

Independent auditor's report on summarised financial statements

To the shareholders of Barloworld Limited

The summarised consolidated financial statements of Barloworld Limited, contained in the accompanying preliminary report, which comprise the summarised consolidated statement of financial position as at 30 September 2016, 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 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 18 November 2016. Our auditors' 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.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa as applicable to summarised 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.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

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 2016 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports set out in note 1, 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 18 November 2016 states that as part of our audit of the consolidated financial statements for the year ended 30 September 2016, 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.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

Deloitte & Touche

Registered auditors

Per Bongisipho Nyembe
Partner

18 November 2016
Johannesburg, South Africa

National executive: *LL Bam Chief Executive Officer, *TMM Jordan Deputy Chief Executive Officer, *MJ Jarvis Chief Operating Officer, *GM Pinnock Audit, *N Singh Risk Advisory, *NB Kader Tax, TP Pillay Consulting, S Gwala BPaaS, *K Black Clients & Industries, *JK Mazzocco Talent & Transformation, *MJ Comber Reputation & Risk, *TJ Brown Chairman of the Board

**Partner and Registered Auditor*

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

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

14. Events after the reporting period

On 17 November 2016 Barloworld signed an agreement for the sale of the assets of its Agriculture and Handling businesses in South Africa to a new operating company. The new operating entity will be held 50%:50% by Barloworld and BayWa AG, a German listed company. The closing of this transaction is contingent upon the fulfilment of the conditions precedent including approvals from the competition commission and principals, which we anticipate will be in place by the end of February 2017.

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

15. Operating segments (audited)

	Revenue		Operating profit/ (loss)	
	Year ended 30 September		Year ended 30 September	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm
Equipment and Handling	29 362	29 506	2 264	2 368
Automotive and Logistics	37 183	33 213	1 877	1 688
Corporate	2	1	(6)	(61)
Total group	66 547	62 720	4 135	3 995

Fair value adjustments on financial instruments		Operating profit/(loss) including fair value adjustments		Net operating assets/ (liabilities)	
Year ended 30 September		Year ended 30 September		30 September	
2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm
(201)	(210)	2 064	2 158	16 552	19 806
(7)	(4)	1 870	1 684	11 158	10 450
(1)	16	(8)	(45)	(2 330)	(1 499)
(209)	(198)	3 926	3 797	25 380	28 757

Salient features

for the year ended 30 September

	Audited	
	2016	2015
Financial		
Group headline earnings per share (cents)	838	814
Headline earnings per share (cents) – excluding B-BBEE charge	838	926
Dividend per share (cents)	345	345
Operating margin (%) – excluding B-BBEE charge	6.2	6.4
Net asset turn (times)	2.1	2.1
EBITDA/interest paid (times)	5.0	5.2
Net debt/equity (%)	40.7	55.1
Group return on net operating assets (RONOA) (%)	15.9	17.0
Group return on ordinary shareholders' funds (%)	9.2	10.9
Net asset value per share including investments at fair value (cents)	8 997	9 157
Number of ordinary shares in issue, including B-BBEE shares (000)	212 693	226 728
Non-financial[#]		
Non-renewable energy consumption (GJ)*	3 117 091	2 925 449
Greenhouse gas emissions (tCO ₂ e)* ^Δ	272 961	257 192
Water withdrawals (municipal sources) (ML)	788	745
Number of employees	20 786	19 745
Lost-time injury frequency rate (LTIFR) [†]	0.83	1.11
Work-related fatalities	1	0
Corporate social investment (R million)	17	17
dti [^] B-BBEE rating (level)*	3	2

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

* Based on updated energy (GJ) and emission (tCO₂e) conversion factors.

^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. 2016 rating based on the revised Codes of Good Practice.

	Closing rate		Average rate	
Exchange rates (rand)	2016	2015	2016	2015
United States dollar	13.75	13.86	14.75	11.98
Euro	15.45	15.43	16.32	13.73
British sterling	17.86	20.94	20.99	18.52

Exchange rates used:

Balance sheet – closing rate (rand)

Income statement and cash flow statement – average rate (rand)



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