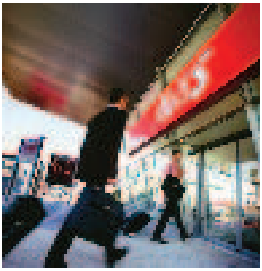
Barloworld
Leading brands

Preliminary audited year-end results
for the 12 months to 30 September 2017

Managing for VALUE

About Barloworld

115 years of heritage built on solid relationships with our principals and customers. The brands we represent on behalf of our principals include Caterpillar, Avis, Budget, Audi, BMW, Ford, Jaguar, Land Rover, Mazda, Mercedes-Benz, Toyota, Volkswagen and others.



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 (earthmoving equipment and power systems), Automotive and Logistics (car rental, motor retail, fleet services, used vehicles and disposal solutions, logistics management, supply chain optimisation and waste management). We offer flexible, value adding, innovative business solutions to our customers backed by leading global brands.

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 83% of over 18 000 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")

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Sponsor
J.P. Morgan Equities South Africa (Pty) Ltd

Salient features

Revenue (from continuing operations) maintained at
R62.0 billion

Operating profit (from continuing operations) maintained at
R4.1 billion

Headline earnings per share (from continuing operations)
up 16% to 975 cents
(2016: 841 cents)

Cash inflow before financing activities of
R2.6 billion
(2016: R3.5 billion)

Net debt to equity (from continuing operations) at
27.6%
(2016: 40.7%)

Return on equity (from continuing operations) at
10.5%
(2016: 9.3%)

Total dividend per share of
390 cents up 13%
(2016: 345 cents)

Dominic Sewela, CE of Barloworld, said:

"Equipment southern Africa's operating performance has been resilient in the year following a rebound in mining and infrastructure demand. Increased activity has generated improved results in our joint venture in the Katanga province of the Democratic Republic of Congo (DRC). Strong mining and aftermarket in Equipment Russia drove the solid performance in that business. The discontinued Iberian Equipment operation is now held for sale.

The Automotive division produced pleasing results despite challenging market conditions with both revenue and operating profit exceeding 2016 levels. Trading in Logistics was up on last year due to the full year impact of acquisitions and new contracts secured in 2016, however, the operating performance was negatively impacted by the loss of a major customer and once-off costs.

The group is making good progress in implementing its strategy to fix and optimise existing businesses and has started to realise the benefits. As a result of strong positive cash generation and well managed debt levels, we are well placed to capitalise on acquisitive growth opportunities as they arise. The full benefit of initiatives progressed in the current year will continue to have a positive impact into 2018."

20 November 2017

Chairman and chief executive's report

OVERVIEW

The latest IMF World Economic Outlook forecasts the global economy to grow by 3.6% in 2017 with the advanced economies set to grow by 2.2% and the emerging economies by 4.6%.

The US economy is projecting GDP growth of 2.2% this year and 2.3% in 2018. Productivity growth in the US remains disappointing and represents a limiting factor to higher growth. The lack of inflation in the US economy could influence the pace of monetary tightening by the US Federal Reserve in the coming year.

The South African economy exited the technical recession in the second quarter of 2017 with the World Bank's outlook for full year growth now down to 0.6%. However, local business and consumer confidence levels remain under pressure in the wake of current political and economic uncertainty.

Against this backdrop, the group posted a pleasing 134 cents growth in headline earnings per share to 975 cents per share from continuing operations. This represents a 16% increase on the prior year of 841 cents per share. Moreover, the group generated a strong cash inflow before financing activities of R2.6 billion mainly driven by a R1.5 billion decrease in working capital and lower cash applied to investing activities. Net debt of R5.8 billion was R2.2 billion down on September 2016 net debt of R8.0 billion.

A total dividend for the year of 390 cents per share was declared in respect of the current year's earnings (2016: 345 cents).

OPERATIONAL REVIEW

Equipment

Equipment southern Africa

Revenue for the year of R18.3 billion was 1.4% down on the prior year (R18.5 billion) but in line with the guidance given to the market in November last year. The stronger rand compared to the prior year shaved R431 million off revenue for the year. Approximately 69% of total revenue was generated in South Africa with aftersales representing 57% of the total sales mix.

We have seen a rebound in mining unit sales following the low level in 2016. While mining unit sales have improved compared to last year, the growth has been driven by increased demand for smaller sized truck units by contract miners.

Operating profit of R1.8 billion is R200 million (13%) up on last year with the operating margin increasing from 8.5% to 9.8%.

Income from associates, which mainly relates to the Bartrac joint venture in the Katanga province of the DRC, increased from R14 million to R94 million with the recommencement of mining activities at the Glencore Katanga Mine during the current year and improved commodity prices.

In August, Equipment southern Africa celebrated its 90th anniversary as a Caterpillar dealer. This coincided with the official opening of the new Caterpillar/ Barloworld parts facility at Kempton Park which will further improve parts availability to our customers.

Equipment Russia

Revenue for the year of US$385 million was US$56 million (17.1%) up on the prior year driven by strong growth in mining unit sales particularly into opencast gold mining projects. In addition we have experienced 16% growth in after sales revenue which in the current year represented 51% of total sales (2016: 51%).

The division generated operating profit of US$43.7 million which was 6.8% up on the prior year. The operating margin of 11.3% was down on the 12.4% achieved in 2016 mainly as a result of lower new machine margins.

Automotive and Logistics

Automotive

Automotive delivered a solid result in tough trading conditions.

Revenue for the year of R31.6 billion was marginally up on the prior year while operating profit of R1.7 billion was R93 million (5.6%) higher than last year.

The total operating margin showed a pleasing increase to 5.5% from 5.3% in 2016.

Car Rental

Revenue for the year of R6.4 billion was R479 million (8.0%) up on the prior year's R6.0 billion.

The car rental market grew by 3.6%. The business increased rental days and rate per day, however, margins were impacted by higher parts and vehicle prices and increased damage costs. Another strong used vehicle contribution supported the overall results.

Operating profit of R562 million was 4.9% up on the R536 million earned last year with an operating margin of 8.7% which was slightly down on the 9.0% achieved last year.

Fleet utilisation for the year improved by 1% to 76%.

Avis Fleet

Revenue for the year decreased by R71 million (1.9%) to R3.6 billion while operating profit increased by 11% to R621 million. The current year produced a much improved used vehicle margin compared to the prior year which was impacted by the disposal of the defleeted vehicles from the government of Lesotho contract. Consequently operating margin for the year increased to 17.4% compared to 15.4% in the prior year.

Motor Trading

For the 2017 financial year, the total new vehicle market declined by 2.2%. The industry is forecast to grow by close to 1.5% for the 2017 calendar year.

Revenue for the year decreased by R242 million (1.1%) from R21.8 billion in 2016 to R21.6 billion in the current year impacted by the disposal of one and closure of four dealerships in the year. New vehicles sold decreased by 7.4% impacted by a weaker dealer market, down 4.0%. There was good contribution from aftermarket revenues.

Operating profit of R564 million for the year was R6 million up on the prior year assisted by the full year impact of the two Union Motors dealerships and Salvage Management and Disposal (SMD) acquisitions made in the prior year.

Margins contracted across certain franchises with the premium brands affected the most.

Chairman and chief executive's report continued

Logistics

Revenue for the year of R6.2 billion was R415 million (7.2%) ahead of last year driven by the acquisitions of KLL and Aspen in January 2016, as well as the full impact of additional contracts within Supply Chain Management and Transport won last year.

Year to date operating profit of R101 million was, however, R122 million (54.7%) below the prior year due to the low growth in the South African economy, difficult trading conditions, the negative impact of the loss of a major client, as well as the retention impairments in the close out of the Supply Chain Software disposal reported in 2016.

On 1 July we acquired the 21.2% minority interest in Barloworld Transport for a consideration of R141 million. This step has laid the foundation for further rationalisation of the overhead structure of the Logistics group.

STRATEGIC REVIEW

Work continues in respect of all four areas identified in the group strategy.

Fix – The board has taken the decision to continue with the disposal of Equipment Iberia. The turnaround within the Logistics business is ongoing and progress on the exit of the Middle East Logistics operations is advancing well with several offers being negotiated. All options remain under consideration as we continue to closely monitor the performance of the business against this plan.

Optimise – Equipment southern Africa has commenced the roll-out of the operational transformation project, while Motor Retail has completed the bulk of the work around the restructuring contemplated through various dealership closures and further cost rationalisations.

Grow – Steady progress is being made in assessing opportunities that offer synergies to the group.

Active shareholder model – The group has adopted an approach of managing for intrinsic value which focuses on value creation through the structured assessment of opportunities, a strong focus on resource allocation (capital, talent and operating costs) and robust business performance management. The roll-out of this programme is continuing. Good progress has been made on the project for the redevelopment of the Barlow Park property with legal agreements expected to be signed before the end of the 2017 calendar year.

HUMAN CAPITAL, DIVERSITY AND SUSTAINABLE DEVELOPMENT

Despite our ongoing strong focus on safety across the group, we regrettably had three tragic work-related fatalities during the year in our Logistics operations in unrelated incidents. We extend our sincere condolences to the bereaved families to whom we offered support. We continue to drive awareness of health and safety in the workplace.

We continue to engage emerging and black-owned professional service providers to drive diversity in our supply chain and provide them with access to the broader market.

We have also engaged our various principals to advance the localisation of some of their products and services. The equity equivalent investment programme in partnership with the Department of Trade and Industry recently announced by Caterpillar will assist in increasing the local content in CAT equipment and assist Barloworld Equipment's competitiveness by improving their BBBEE rating.

Sustainability plays a key role in how Barloworld does business. As a result of the sustainability practices we have adopted over the years, we are a constituent of the Dow Jones Sustainability Emerging Markets Index, the FTSE/JSE Responsible Investment Top 30 Index and the FTSE4Good Emerging Index.

CHANGES IN DIRECTORATE AND EXECUTIVE MANAGEMENT

As reported during the course of the 2017 financial year, Messrs Steven Pfeiffer, Clive Thomson and Peter Bulterman retired as directors of the board at the annual general meeting held on 8 February 2017. Mr John Blackbeard retired from the board of Barloworld Limited at the end of April 2017 and Ms Babalwa Ngonyama resigned from the Barloworld Limited board with effect from 11 May 2017.

In line with a structured board nomination process for the appointment of non-executive directors of Barloworld Limited, Ms Hester Hickey and Messrs Peter Schmid and Michael Lynch-Bell were appointed independent non-executive directors with effect from 1 April 2017 and Ms Nomavuso Mnxasana was appointed with effect from 6 October 2017.

The board wishes to thank the non-executive and executive directors that have departed for their valuable service and contribution to the board and Barloworld.

FUNDING

Following the reduction in group net debt of R2.7 billion in 2016, net debt further decreased by R2.3 billion in the current year from R8.0 billion to R5.8 billion. This was mainly due to strong cash generation in Equipment southern Africa.

OUTLOOK

The South African economy is projected to grow by 1.1% in 2018. The markets, however, remain focused on the December 2017 ANC elective conference, the result of which could impact the sovereign rating, confidence levels as well as the value of the rand.

The outlook for mining in Equipment southern Africa remains positive with demand for commodities and related commodity pricing holding up. We are forecasting mining unit sales and mining after sales to show continued growth in 2018.

The Equipment firm order book of R1.5 billion is up on the R1.3 billion at September 2016 but down on the R1.9 billion at March with construction representing 50% of the book.

Equipment southern Africa has embarked on a number of cost saving measures driven by achieving process efficiencies that will address weaknesses in the current IT environment, together with procurement saving initiatives. The project will run into the 2020 financial year and will further improve the operating performance of the division.

Chairman and chief executive's report continued

The Russian economy is likely to show growth of just under 2% in 2017 with further growth improvement into 2018 expected. The firm order book at September of US$203 million is well up on the US$21 million at September 2016. The bulk of these orders (94%) relate to mining projects and include the machines for the Polyus Gold and NordGold projects. This together with a number of other potential mining projects under discussion should ensure strong growth in machine revenue in the coming year.

In Car Rental we expect to see further growth in the foreign in-bound segment while the corporate and local leisure markets will remain subdued.

Avis fleet will continue to benefit from retaining the existing customer portfolio and gain new business.

The South African motor industry is going through a period of transition with the exit of General Motors from South Africa and dealer footprint realignments. In response to these challenges, Motor Trading has closed one and disposed of another BMW dealership and closed three of the existing GM dealerships. These actions will reduce annualised revenue by close to R1.5 billion in 2018 with marginal impact at the operating level. We expect vehicle sales in 2018 to be in line with the current year and the premium market to remain challenging.

In early October, Logistics management embarked on a turnaround strategy aimed at improving performance through operational efficiency, and to simplify and optimise the operating an organisational model. This initiative entails multiple initiatives of cost reduction and procurement savings. Management are further focused on returning underperforming businesses to required performance targets.

Logistics have been successful in securing a number of new contracts in the current year which will underpin further growth in 2018.

The group is making good progress in implementing its strategy to fix and optimise existing businesses and has started to realise the benefits. As a result of strong positive cash generation and well managed debt levels, we are well placed to capitalise on acquisitive growth opportunities as they arise. The full benefit of initiatives progressed in the year in review will continue to have a positive impact into 2018.

DB Ntsebeza
Chairman

DM Sewela
Chief executive

Group financial review

Following the board's decision to sell the group's Equipment Iberia operations, the group has in terms of IFRS 5 reported the results of Equipment Iberia separately as a discontinued operation and assets and liabilities held for sale in the financial statements for the year ended 30 September 2017. The following commentary regarding current year trends is against restated comparatives to reflect the results from continuing operations unless specifically stated.

FINANCIAL PERFORMANCE FROM CONTINUING OPERATIONS FOR THE YEAR ENDED 30 SEPTEMBER 2017

Revenue for the year of R62.0 billion remained resilient and in line with the prior year (2016: R62.1 billion) on the back of an impressive performance in Equipment Russia while our Logistics business was boosted by the full year impact of contracts and acquisitions in the prior year. Equipment Russia benefited from strong mining unit and after sales demand, generating revenue growth of 17.1% in US dollar terms. Demand for mining equipment in southern Africa showed some improvement as commodity prices held up. Automotive revenues were marginally up by 0.5% notwithstanding the sale and closure of a number of BMW and General Motor dealerships in Motor Trading. With approximately 20% of the group's revenue generated outside of South Africa the stronger rand negatively impacted revenues by R1.1 billion.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) of R6.7 billion improved by 3.2% while operating profit and the operating margin remained consistent with the prior year at R4.1 billion and 6.6% respectively. Key to this achievement amidst tough trading conditions was the high level of after sales in both Equipment southern Africa and Russia, and the continued profitability from the sale of used vehicles in Automotive.

Operating profit in Equipment southern Africa was up 13% on the prior year with Equipment Russia increasing by 6.8% in US dollar terms. Automotive produced another record result increasing operating profits by 5.6% to R1.8 billion. Avis Fleet produced a strong performance increasing their operating margin to 17.4% (2016: 15.4%). In Logistics, the loss of a key customer, restructuring and other costs associated with implementing a turnaround strategy have negatively impacted operating margins in this business with operating profit falling to R101 million (2016: R223 million).

The net negative fair value adjustments on financial instruments of R209 million (2016: R209 million) mainly represent the cost of forward points on foreign exchange contracts and translation gains and losses on foreign currency denominated monetary assets and liabilities in Equipment southern Africa. During the year, the strengthening of the rand resulted in exchange losses in respect of US dollar deposits held.

Finance costs of R1.3 billion are down by R2 million on prior year due to lower average borrowings despite higher short-term rates in South Africa.

Group financial review continued

Losses from non-operating and capital items of R155 million consist largely of impairments of goodwill, other intangibles and other assets of R158 million in Automotive and Logistics and losses on disposal of the Handling business of R46 million. Offsetting these losses were gains of R63 million recognised by Automotive on the sale of properties and a dealership.

The taxation charge decreased by R231 million and the effective tax rate (excluding prior year taxation and non-operating and capital items) reduced to 23.9% (2016: 27.0%) largely as a result of local currency fluctuations against the US dollar functional currency of the offshore operations. In this respect Barloworld's taxation charge was favourably impacted by movements in the Russian ruble, Angolan kwanza, and the Mozambican metical against the US dollar.

The increase in income from associates and joint ventures in the year is mainly attributable to the profitability of the Equipment joint venture in the Katanga province of the DRC and follows from improved copper and cobalt prices and the resumption of mining activities at the Katanga Mine.

The discontinued Equipment Iberia operations generated losses of €17.7 million (R269 million) in the year which were negatively impacted by restructuring costs of €9.1 million (R137 million) and an impairment of €5.1 million (R78 million) for the investment and goodwill in the associate Energyst. In addition the deferred tax asset in Spain was impaired by €3.4 million (R52 million) following the change in Spanish legislation regarding the annual recovery of such losses. The decision to sell this business is expected to release capital for allocation to new growth opportunities for the Group.

Overall, profit from continuing operations increased by R76 million (3.9%) to R2.0 billion (2016: R1.9 billion) and HEPS from continuing operations increased by 16% to 974.5 cents (2016: 840.9 cents). Total HEPS including discontinued operations increased by 5% from 838.1 cents to 883.4 cents, a pleasing result against challenging trading conditions and illustrative of our ability to deliver sustainable financial results.

CASH FLOWS

Generating free cash flow is a strategic imperative for the group. Despite a strong reduction in working capital in the current year of R1.5 billion (2016: R2.1 billion), cash generated from operations of R6.0 billion was down on the prior year (2016: R7.8 billion). These cash flows were impacted by increased net investment in leasing assets and vehicle rental fleet of R2.9 billion (2016: R1.5 billion).

Investing activities of R329 million (2016: R1.4 billion) were driven by additional investment in Angolan US dollar-linked government bonds of R201 million (US$15 million) using Kwanza cash on hand as protection against currency devaluation. The total investment in Angolan US dollar-linked government bonds at September was US$66 million (2016: US$51 million). The disposal of the Handling and Agriculture assets generated proceeds of R301 million.

Net cash flows before financing activities for the year to R2.6 billion were down from R3.5 billion in the prior year but were well up on our forecasts.

FINANCIAL POSITION

Total assets employed in the group increased by R302 million driven by investments in leasing assets and vehicle rental fleet together with the improved cash position of the group. This was offset by a decrease in inventories. Assets held for sale of R3.3 billion comprise Equipment Iberia and the Logistics Middle East business.

For the second consecutive year total debt dropped substantially, reducing by R1.3 billion to R 9.7 billion (2016: R11.0 billion). Coupled with the increase in cash at the year end, net debt of R5.8 billion was R2.3 billion down on prior year (2016: R8.0 billion).

The UK pension scheme deficit decreased from R2.8 billion (£161 million) to R2.2 billion (£123 million) due to an increase in the AA corporate bond yield and changes in demographic factors which impacted the estimated future pension liability. The recent interest rate increase by the Bank of England (the first in 10 years) represents a first step in the gradual increase of UK rates which should have a positive impact in the reduction of the scheme deficit going forward.

Return on equity from continuing operations increased to 10.5% from 9.3% last year while return on equity including discontinued operations increased from 9.2% to 9.5%.

DEBT

In April 2017 the R450 million BAW13 bond matured and was redeemed through available banking facilities. During May and June 2017 R1 582 million was raised through bond issuances of four three to five-year floating rate notes under our existing South African Domestic Medium Term Note programme. The issuance of these notes effectively refinanced and prefunded the settlement of notes (totalling R925 million) which matured late September and early October 2017. Overall debt maturity is well balanced in future years.

In South Africa, closing short-term debt includes commercial paper totalling R643 million (September 2016: R807 million). This market saw a change in investor appetite in the current year with a shift in liquidity from three-month paper to six-month paper resulting in higher spreads for this debt instrument. We aim to maintain our participation in this market but this is dependent on overall liquidity and relative pricing in the market.

In June 2017, Moody's affirmed the Barloworld long-term and short-term issuer Global Scale Ratings of Baa3 and P-3, raised the long-term National Scale Rating to Aa1.za from Aa3.za and affirmed the short-term National Scale Rating P-1.za. The outlook on the ratings of Barloworld changed from stable to negative following the change of outlook on the Baa3 sovereign rating of South Africa.

At September, R7.6 billion (79%) of our total debt of R9.7 billion was long term, which was slightly up on the 76% last year while R2 billion (21%) is short-term debt.

At year end we had total unutilised facilities of R10.7 billion (2016: R9.6 billion) of which R8 billion was committed (2016: R7.2 billion).

Net debt to EBITDA of 0.8 times is a strong improvement on the prior year of 1.2 times and supports our capacity for future transactions. Net debt to equity has also reduced to 27.6% from 40.7% in the prior year with 94% of our year-end net debt in the leasing and car rental business segments.

Group financial review continued

Total debt to equity (%)	Trading	Leasing	Car Rental	Group debt	Group net debt
Target range	30 – 50	600 – 800	200 – 300		
Ratio at 30 September 2017	**21**	**560**	**203**	**46**	**28**
Ratio at 30 September 2016	29	720	216	56	41

DIVIDENDS

Barloworld's dividend policy is to pay dividends within an annual headline earnings per share (HEPS) cover range of 2.5 – 3.0 times. On the back of the results of the year dividends totalling 390 cents per share have been declared, representing cover of 2.5 times.

2018 OUTLOOK

We remain committed to optimising the returns of our existing businesses with specific focus on the turnaround of Logistics and gaining cost efficiencies across the group. With the recovery of global mining, we expect to see higher returns across our Equipment businesses in the year ahead. The local automotive industry is facing a number of challenges yet we remain positive that our integrated model can withstand these pressures. Generating free cash flows remains an imperative together with ensuring that the group's assets generate a return on invested capital above our stated target weighted average cost of capital target of 13%. We continue to explore options to rationalise the group's asset base and unlock capital to take advantage of future high growth opportunities.

DG Wilson
Finance director

Operational reviews

EQUIPMENT

	Revenue		Operating profit/(loss)		Net operating assets	
	Year ended 30 September		Year ended 30 September		Year ended 30 September	
	2017 Rm	Restated* 2016 Rm	**2017 Rm**	Restated* 2016 Rm	**2017 Rm**	2016 Rm
Equipment	**23 428**	23 384	**2 367**	2 191	**15 091**	15 642
– Southern Africa	**18 287**	18 547	**1 785**	1 585	**10 106**	10 546
– Europe				7	**2 441**	2 694
– Russia	**5 141**	4 837	**582**	599	**2 544**	2 402
Handling	**765**	1 505	**(5)**	25	**443**	910
	24 193	24 889	**2 362**	2 216	**15 534**	16 552
Share of associate income			**97**	6		

* *Restated to classify Equipment Iberia as discontinued operation. Refer to note 6.*

BWE southern Africa produced a pleasing result for the 2017 financial year. Revenue of R18.3 billion was R260 million down on last year in rand terms, however, operating profits increased by 13% to R1.8 billion, with significant improvement in operating margins.

A recovery in commodity prices saw improvement in trading activities in South Africa, driven largely by mining activities in Middelburg and the Northern Cape regions. Operating profit improved in Angola, while performance from the remaining African operations remained in line with the previous year. Revenue in Construction and Contract mining activities grew by 5% with our rental and used business growing significantly at 28.5%, in response to improved market conditions. The aftermarket business remained strong, contributing 57% of total revenue.

Attributable profit contribution from our joint venture in the Katanga province of the DRC increased to R97 million from R13 million in 2016 on the back of improved copper and cobalt prices.

In addition, our drive to improve efficiency in our operations, delivered a step change in cost containment and improved performance. Return on equity increased from 9.1% to 15.2% with strong net cash generation of R1 363 million mainly as a result of working capital reduction. Our inventory optimisation programme delivered an improvement in inventory turns from previous 2.5 to 3.2 times.

Although the global economic outlook is improving, policy and political uncertainty continues to restrict growth in southern African economies. BWE will continue to drive operational efficiencies through operational transformation and a new operating model.

In Russia, revenue for the year of R5 141 million showed a R304 million (6.3%) increase over the prior year driven by improved mining machine demand into the opencast gold mining segment and a rebound of the coal mining segment. The aftermarket business has also demonstrated strong growth.

While operating profit of R582 million was R17 million down on last year in rand terms due to the strengthening of the rand during the year, it was up 6.8% in US dollar terms. Operating margin decreased from 12.4% to 11.3% primarily due to lower margins on new machine deliveries. Russia produced excellent returns and again generated positive cash flows in 2017.

Operational reviews continued

AUTOMOTIVE AND LOGISTICS

	Revenue Year ended 30 September		Operating profit/(loss) Year ended 30 September		Net operating assets Year ended 30 September	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm
Automotive	**31 593**	31 427	**1 747**	1 654	**8 675**	8 686
– Car Rental	**6 446**	5 967	**562**	536	**2 750**	2 534
– Avis Fleet	**3 570**	3 641	**621**	560	**3 687**	3 786
– Motor Trading	**21 577**	21 819	**564**	558	**2 238**	2 366
Logistics	**6 171**	5 756	**101**	223	**2 082**	2 472
– Southern Africa	**6 011**	5 527	**102**	226	**1 970**	2 348
– Europe and Middle East	**160**	229	**(1)**	(3)	**112**	124
	37 764	37 183	**1 848**	1 877	**10 757**	11 158
Share of associate loss			**(4)**	(4)		

The Automotive division delivered another record result with operating profit up 5.6% on prior year off a revenue growth of 0.5%. Revenue was impacted by dealer network restructuring with the sale of one BMW dealership and closure of one BMW and three GM dealerships. On a comparable basis, excluding the closure and disposal of dealerships, revenue increased by 2.3% on prior year. This year's result was impacted by a weaker new vehicle market, depressed consumer confidence, price increases and dealer network restructuring in the Motor Trading business. On the upside, the business benefited from cost alignment initiatives and strong used vehicle profit contribution.

The business increased operating margin to 5.5% (2016: 5.3%). The division continues to deliver a ROE and ROIC above the group hurdle rates and generated positive cash flow.

Car Rental delivered a pleasing result increasing revenue by 8.0% to R6.4 billion and generated an operating profit of R562 million, up 4.9% on prior year. Operating margin declined from 9.0% to 8.7%, impacted by higher vehicle damage expenses and increased vehicle and parts prices. Lower than planned rate per day increases were achieved due to highly competitive pricing in the market. The result is underpinned by increased rental days and strong used vehicle contribution. Optimal fleet utilisation remains a key focus with the business achieving a 76% utilisation rate.

Avis Fleet delivered a strong result increasing operating profit by 11% to R621 million against a 1.9% revenue decline on prior year. Higher used vehicle volumes in the prior year driven by the disposal of the defleeted government of Lesotho vehicles, contributed to the decline in revenue. Operating margin increased from 15.4% in prior year to 17.4% supported by improved used vehicle profits and major contracts performing well. African countries are still impacted by challenging macro-economic environments. Turnaround strategies have been implemented to address underperforming businesses.

Motor Trading delivered a credible result in a tough trading environment and a declining new vehicle dealer market which was down by 4.0%. Revenue declined by 1.1% but operating profit increased by 1.1%, maintaining an operating margin of 2.6%. Revenue was impacted by the dealer network restructuring, and on a comparable basis revenue increased by 1.3% on prior year. Returns and margins were further impacted by double digit declines in the premium segment due to increasing vehicle pricing.

Improved aftersales performance and cost alignment initiatives favourably, impacted the overall returns. The business continues to benefit from acquisitions made in the previous financial year.

In Logistics while revenue was up by 7.2%, operating profit was down 54.7% on last year. The results were negatively impacted by the loss of an anchor client as well as lack of desired integration efficiencies coupled with high network cost and increased cost of doing business within the KLL acquisition. An asset refinancing transaction was concluded within the Transport business resulting in an overall reduction in net operating assets.

The Freight Management and Services segment continues to show a pleasing operating profit performance within southern Africa. The Middle East business continues to face challenging trading conditions as a result of both market conditions and loss of major clients, therefore disposal options within this region are being reviewed. Barloworld Logistics Africa concluded a minority buyout during the period under review and now owns 100% of Barloworld Transport providing for better integration efficiencies into the new financial year.

Operational reviews continued

CORPORATE

	Revenue		Operating profit/ (loss)		Net operating assets/ (liabilities)	
	Year ended 30 September		Year ended 30 September		Year ended 30 September	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm
Southern Africa	**2**	2	**(56)**	48	**553**	578
Europe			**(72)**	(54)	**(2 262)**	(2 908)
	2	2	**(128)**	(6)	**(1 709)**	(2 330)
Share of associate loss				1		

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 incurred higher operating losses compared to the previous comparative period largely as a result of once-off charges relating to group strategic projects and higher employment costs as a result of the group leadership transition.
In Europe, claim losses incurred in BIL, our captive insurance company, led to increased operating costs.

In line with the strategic direction which includes a more activist role of the centre, the group has introduced Strategy and M&A, Talent Management and Project Management capabilities to the corporate office with focus on driving the value-maximising allocation of both human and financial capital.

DIVIDEND DECLARATION

Dividend number 177

Notice is hereby given that final dividend number 178 of 265 cents (gross) per ordinary share in respect of the 12 months ended 30 September 2017 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 20% (twenty per centum);
- Barloworld has 212 692 583 ordinary shares in issue;
- The gross local dividend amount is 265 cents per ordinary share;
- The net dividend amount is 212 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, 9 January 2018
• Shares trade ex-dividend	Wednesday, 10 January 2018
• Record date	Friday, 12 January 2018
• Payment date	Monday, 15 January 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 January 2018 and Friday, 12 January 2018, both days inclusive.

On behalf of the board

LP Manaka
Group company secretary

Directors

Non-executive: DB Ntsebeza (*Chairman*), NP Dongwana, FNO Edozien^, H Hickey, NP Mnxasana, M Lynch-Bell*, SS Mkhabela, SS Ntsaluba, P Schmid, OI Shongwe

Executive: DM Sewela (*Chief executive*), DG Wilson

^Nigerian *UK

Summarised consolidated income statement

for the year ended 30 September

	Note	Audited 2017 Rm	Audited Restated* 2016 Rm	Audited % change
CONTINUING OPERATIONS				
Revenue		**61 959**	62 074	(0)
Operating profit before items listed below (EBITDA)		**6 694**	6 486	
Depreciation		**(2 468)**	(2 294)	
Amortisation of intangible assets		**(144)**	(105)	
Operating profit		**4 082**	4 087	(0)
Fair value adjustments on financial instruments		**(209)**	(209)	
Finance costs		**(1 329)**	(1 331)	
Income from investments		**109**	111	
Profit before non-operating and capital items		**2 653**	2 658	(0)
Non-operating and capital items	3	**(155)**	85	
Profit before taxation		**2 498**	2 743	
Taxation		**(565)**	(796)	
Profit after taxation		**1 933**	1 947	(1)
Income from associates and joint ventures		**93**	3	
Profit for the year from continuing operations		**2 026**	1 950	4
DISCONTINUED OPERATION				
(Loss)/profit from discontinued operation	6	**(269)**	29	
Profit for the year		**1 757**	1 979	
Net profit attributable to:				
Owners of Barloworld Limited		**1 643**	1 883	(13)
Non-controlling interest in subsidiaries		**114**	96	
		1 757	1 979	
Earnings per share from group (cents)				
– basic		**779.6**	890.5	
– diluted		**774.7**	888.2	
Earnings per share from continuing operations (cents)				
– basic		**907.2**	876.8	
– diluted		**901.5**	874.5	
(Loss)/earning per share from discontinued operation (cents)				
– basic		**(127.6)**	13.7	
– diluted		**(126.8)**	13.7	

* *Restated to classify Equipment Iberia as discontinued operation. Refer to note 6.*

Summarised consolidated statement of comprehensive income

for the year ended 30 September

	Audited	
	2017 Rm	2016 Rm
Profit for the year	**1 757**	1 979
Items that may be reclassified subsequently to profit or loss:	**75**	(550)
Exchange gains/(loss) on translation of foreign operations	**8**	(377)
Translation reserves realised on disposal of foreign joint venture and subsidiaries		(83)
Gain/(loss) on cash flow hedges	**89**	(121)
Deferred taxation on cash flow hedges	**(22)**	31
Items that will not be reclassified to profit or loss:	**535**	(1 134)
Actuarial gains/(losses) on post-retirement benefit obligations	**678**	(1 343)
Taxation effect of net actuarial (losses)/gains	**(143)**	209
Other comprehensive income/(loss) for the year, net of taxation	**610**	(1 684)
Total comprehensive income for the year	**2 367**	295
Total comprehensive income attributable to:		
Owners of Barloworld Limited	**2 253**	199
Non-controlling interest in subsidiaries	**114**	96
	2 367	295

Summarised consolidated statement of financial position

at 30 September

	Note	Audited 2017 Rm	Audited 2016 Rm
ASSETS			
Non-current assets		**18 613**	20 179
Property, plant and equipment		**12 659**	13 806
Goodwill		**1 932**	2 015
Intangible assets		**1 602**	1 713
Investment in associates and joint ventures		**1 093**	923
Finance lease receivables		**240**	147
Long-term financial assets		**404**	448
Deferred taxation assets		**683**	1 127
Current assets		**24 368**	25 015
Vehicle rental fleet		**3 222**	2 789
Inventories		**8 457**	10 317
Trade and other receivables		**8 676**	8 826
Taxation		**88**	55
Cash and cash equivalents		**3 925**	3 028
Assets classified as held for sale	6	**3 343**	828
Total assets		**46 324**	46 022
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium		**441**	441
Other reserves		**5 144**	5 134
Retained income		**14 690**	13 367
Interest of shareholders of Barloworld Limited		**20 275**	18 942
Non-controlling interest		**602**	737
Interest of all shareholders		**20 877**	19 679
Non-current liabilities		**10 852**	12 446
Interest-bearing		**7 623**	8 379
Deferred taxation liabilities		**538**	703
Provisions		**19**	111
Other non-current liabilities		**2 672**	3 253
Current liabilities		**13 798**	13 830
Trade and other payables		**10 697**	10 054
Provisions		**929**	931
Taxation		**117**	180
Amounts due to bankers and short-term loans		**2 055**	2 665
Liabilities directly associated with assets classified as held for sale	6	**797**	67
Total equity and liabilities		**46 324**	46 022

Summarised consolidated statement of changes in equity
at 30 September

Audited	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 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
Total comprehensive income for the year		**75**	**2 178**	**2 253**	**114**	**2 367**
Transactions with owners, recorded directly in equity						
Other reserve movements		**(154)**	**32**	**(122)**		**(122)**
Other changes in minority shareholders interest and minority loans		**89**	**(132)**	**(43)**	**(201)**	**(244)**
Dividends			**(755)**	**(755)**	**(48)**	**(803)**
Balance at 30 September 2017	**441**	**5 144**	**14 690**	**20 275**	**602**	**20 877**

Summarised consolidated statement of cash flows

for the year ended 30 September

	Note	Audited 2017 Rm	2016 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		**7 307**	7 161
Movement in working capital		**1 539**	2 119
Cash generated from operations before investment in leasing and rental fleets		**8 846**	9 280
Fleet leasing and equipment rental fleet		**(1 661)**	(506)
Additions		**(3 550)**	(2 580)
Proceeds on disposal		**1 889**	2 074
Vehicles rental fleet		**(1 220)**	(947)
Additions		**(4 373)**	(3 798)
Proceeds on disposal		**3 153**	2 851
Cash generated from operations		**5 965**	7 827
Finance costs		**(1 338)**	(1 346)
Realised fair value adjustments on financial instruments		**(270)**	(105)
Dividends received from investments, associates and joint ventures		**13**	31
Interest received		**108**	113
Taxation paid		**(744)**	(805)
Cash inflow from operations		**3 734**	5 715
Dividends paid (including non-controlling interest)		**(803)**	(772)
Cash retained from operating activities		**2 931**	4 943
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, investments and intangibles	4	**(393)**	(1 057)
Proceeds on disposal of subsidiaries, investments and intangibles	5	**379**	258
Movements in investments in leasing receivables		**(134)**	9
Acquisition of other property, plant and equipment		**(774)**	(980)
Replacement capital expenditure		**(315)**	(459)
Expansion capital expenditure		**(458)**	(521)
Proceeds on disposal of property, plant and equipment		**593**	334
Net cash used in investing activities		**(329)**	(1 436)
Net cash inflow before financing activities		**2 602**	3 507

Summarised consolidated statement of cash flows continued

for the year ended 30 September

	Audited	
	2017 Rm	2016 Rm
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares repurchased for equity-settled share-based payment	**(154)**	(95)
Share buy-back		(162)
Share issue		286
Purchase of non-controlling interest	**(201)**	(142)
Non-controlling interest loan and equity movements	**4**	24
Proceeds from long-term borrowings	**4 260**	2 500
Repayment of long-term borrowings	**(5 005)**	(3 311)
Movement in short-term interest-bearing liabilities	**(546)**	(1 853)
Net cash from financing activities	**(1 642)**	(2 753)
Net increase in cash and cash equivalents	**960**	754
Cash and cash equivalents at beginning of year	**3 028**	2 372
Effect of foreign exchange rate movement on cash balance	**39**	(112)
Effect of cash balances classified as held for sale	**(102)**	14
Cash and cash equivalents at end of year	**3 925**	3 028
Cash balances not available for use due to reserving restrictions	**444**	580

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 (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 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. 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. Note that in the current year, Equipment Iberia has been classified as a discontinued operation and assets and liabilities held for sale. As such, comparatives have been restated where required by IFRS 5 Non-current assets held for sale and discontinued operations as detailed in note 11. This announcement is a summary of the complete set of financial statements available for inspection at our registered office. An unmodified audit opinion was issued on the complete set of the consolidated financial statements.

This preliminary report and the complete set of the consolidated financial statements were prepared under the supervision of RL Pole (Group general manager: finance) CA(SA).

	Audited	
	2017 Rm	Restated 2016* Rm
2. RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS		
Net profit attributable to Barloworld shareholders	**1 643**	1 883
Adjusted for the following:		
Loss/(profit) on disposal of subsidiaries and investments (IFRS 10)	**25**	(168)
Profit on disposal of plant, property, equipment and intangibles excluding rental assets (IAS 16 and IAS 38)	**(43)**	(11)
Impairment of goodwill (IFRS 3)	**73**	15
Impairment of investments in associates and joint ventures (IAS 36)		37
Impairment of plant and equipment (IAS 16), intangibles (IAS 38) and other assets	**98**	6
Taxation effects of remeasurements	**(5)**	10
Associate and non-controlling interest in remeasurements	**71**	
Net remeasurements excluded from headline earnings	**219**	(111)
Headline earnings	**1 862**	1 772
Headline earnings from continuing operations	**2 053**	1 778
Headline loss from discontinued operation	**(191)**	(6)

** Restated to classify Equipment Iberia as discontinued operation. Refer to note 6.*

	Audited	
	2017 Rm	2016 Rm
2. RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS continued		
Weighted average number of ordinary shares in issue during the year (000)		
– basic	**210 780**	211 425
– diluted	**212 095**	211 973
Headline earnings per share (cents)		
– basic	**883.4**	838.1
– diluted	**877.9**	836.0
Headline earnings per share from continuing operations (cents)		
– basic	**974.5**	840.9
– diluted	**968.0**	838.8
Headline loss per share from discontinued operation (cents)		
– basic	**(91.1)**	(2.8)
– diluted	**(90.1)**	(2.8)
3. NON-OPERATING AND CAPITAL ITEMS		
(Loss)/profit on acquisitions and disposal of investments and subsidiaries	**(25)**	85
Impairment of goodwill	**(73)**	(15)
Reversal of impairment of investments		9
Profit on disposal of property and other assets	**41**	11
Impairment of property, plant and equipment, intangibles and other assets	**(98)**	(6)
Gross non-operating and capital items	**(155)**	85
Taxation charge on non-operating and capital items	**5**	(10)
Non-operating and capital items included in associate income from continuing operations	**7**	
Net non-operating and capital items from continuing operations	**(143)**	75
Net non-operating and capital items from discontinued operations		35
Non-operating and capital items included in associate income from discontinued operations	**(78)**	
Non-operating and capital items from discontinuing operations	**(78)**	35
Net non-operating and capital items (loss)/profit	**(221)**	110

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

	Audited 2017 Rm	Audited 2016 Rm
4. ACQUISITION OF SUBSIDIARIES, INVESTMENTS AND INTANGIBLES		
Inventories acquired		(154)
Receivables acquired		(183)
Payables, taxation and deferred taxation acquired		457
Borrowings net of cash		(34)
Property, plant and equipment, non-current assets, goodwill and non-controlling interest		(239)
Total net assets acquired		(153)
Goodwill arising on acquisitions		(290)
Intangibles arising on acquisition in terms of IFRS 3 Business Combinations		(196)
Total purchase consideration		(639)
Deemed disposal of associate at fair value on obtaining control		21
Net cash cost of subsidiaries acquired		(618)
Bank balances and cash in subsidiaries acquired		142
Investment and intangible assets acquired	**(393)**	(581)
Cash amounts paid to acquire subsidiaries, investments and intangibles	**(393)**	(1 057)

* *R200 million (US$15 million) of investments acquired relates to dollar linked Angolan government bonds. These Kwanza denominated bonds are pegged to the United States Dollar.*

	Audited 2017 Rm	Audited 2016 Rm
5. PROCEEDS ON DISPOSAL OF SUBSIDIARIES, INVESTMENTS AND INTANGIBLES		
Inventories disposed	**551**	39
Receivables disposed	**26**	22
Payables, taxation and deferred taxation balances disposed and settled	**(60)**	(46)
Borrowings net of cash		9
Property, plant and equipment, non-current assets, goodwill and intangibles	**151**	146
Net assets disposed	**668**	170
Receivable from subsidiary disposed		(22)
Less: Non-cash translation reserves realised on disposal of foreign subsidiaries		1
Investment in joint venture	**(301)**	
(Loss)/profit on disposal	**(9)**	117
Net cash proceeds on disposal of subsidiaries	**358**	266
Bank balances and cash in subsidiaries disposed		(9)
Proceeds on disposal of investments and intangibles	**21**	1
Cash proceeds on disposal of subsidiaries, investments and intangibles	**379**	258

The net cash proceeds on disposal of subsidiaries mainly arises from the sale of the assets of the Agriculture SA and Handling SA business into a joint venture company with BayWa AG.

	Audited	
	2017 Rm	2016 Rm
6. DISCONTINUED OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE		
Following the decision to dispose of the Equipment Iberia business, this segment is classified as a discontinued operation. Management believes the sale of this business will take place in the next financial year.		
Results from discontinued operation are as follows:		
Revenue	**4 076**	4 473
Operating profit before items listed below (EBITDA)^	**58**	188
Depreciation	**(121)**	(132)
Amortisation of intangible assets	**(14)**	(8)
Operating (loss)/profit	**(77)**	48
Finance costs	**(9)**	(15)
Income from investments	**1**	2
(Loss)/profit before non-operating and capital items	**(85)**	35
Non-operating and capital items		35
(Loss)/profit before taxation	**(85)**	70
Taxation	**(51)**	(13)
Net (loss)/profit of after taxation	**(136)**	57
Loss from associates#	**(133)**	(28)
(Loss)/profit from discontinued operations per income statement	**(269)**	29

^ *Operating loss in 2017 includes restructuring costs of R137 million (€9.1 million).*
\# *Loss from associates includes an impairment of investment and goodwill of R78 million (€5.1 million).*

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

	Audited 2017 Rm	Audited 2016 Rm
6. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE continued		
The cash flows from the discontinued operation are as follows:		
Cash flows from operating activities	**381**	(26)
Cash flows from investing activities	**(65)**	(81)
Cash flows from financing activities	**(326)**	156
The major classes of assets and liabilities classified as held for sale are as follows:		
Property, plant and equipment	**1 131**	152
Investments	**97**	
Long-term financial assets	**9**	
Deferred tax assets	**166**	
Intangible assets	**42**	2
Inventories	**823**	650
Trade and other receivables*	**973**	24
Cash balances	**102**	
Assets classified as held for sale	**3 343**	828
Interest-bearing long-term loans	**(33)**	
Trade and other payables – short and long-term**	**(637)**	(67)
Deferred tax liability	**(2)**	
Provisions	**(125)**	
Total liabilities associated with assets classified as held for sale	**(797)**	(67)
Net assets classified as held for sale	**2 546**	761
Per business segment:		
Equipment Iberia	**2 424**	746
Logistics Middle East	**122**	15
Total group	**2 546**	761

* *Include financial assets of R798 million.*

** *Include financial liabilities measured at amortised cost of R369 million.*

	Audited 2017 Rm	Audited 2016 Rm
7. FINANCIAL INSTRUMENTS		
Carrying value of financial instruments by class:		
Financial assets:		
Trade receivables		
– Industry	**5 429**	5 654
– Government	**438**	423
– Consumers	**403**	540
Other loans and receivables and cash balances	**5 732**	4 900
Finance lease receivables	**499**	379
Derivatives (including items designated as effective hedging instruments)		
– Forward exchange contracts	**42**	2
Other financial assets at fair value	**49**	33
Other financial assets at fair value	**12 592**	11 930
Financial liabilities:		
Trade payables		
– Principals	**3 336**	2 603
– Other suppliers	**5 234**	5 686
Other non interest-bearing payables	**435**	369
Derivatives (including items designated as effective hedging instruments)		
– Forward exchange contracts		46
– Other derivatives	**5**	
Interest-bearing debt measured at amortised cost	**9 134**	10 085
Total carrying value of financial liabilities	**18 144**	18 789

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

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.

	2017			
	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			**49**	**49**
Available-for-sale financial assets				
Shares			**5**	**5**
Derivative assets designated as effective hedging instruments		**42**		**42**
Total		**42**	**54**	**96**
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	**5**			**5**
Total	**5**			**5**

	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

		Audited	
		2017 Rm	2016 Rm
8.	**DIVIDENDS**		
	Ordinary shares		
	Final dividend No 176 paid on 16 January 2017: 230 cents per share (2016: no 174 – 230 cents per share)	**266**	488
	Interim dividend No 177 paid on 12 June 2017: 125 cents per share (2016: No 175 – 115 cents per share)	**489**	245
		755	733
	Paid to non-controlling interest	**48**	16
		803	749
	Dividends per share (cents)	**390**	345
	– interim (declared May)	**125**	115
	– final (declared November)	**265**	230
9.	**CONTINGENT LIABILITIES**		
	Performance guarantees given to customers, other guarantees and claims		
	From continuing operations	**578**	1 017
	From discontinued operation	**207**	
	Total group	**785**	1 017
	Buy-back and repurchase commitments not reflected on the statement of financial position		
	From continuing operations	**102**	98
	From discontinued operation	**24**	
	Total group	**126**	98

On 13 October 2017, the Barloworld Equipment South Africa business (BWE SA) received notification from the Competition Commission that it intended referring BWE SA and the members of the Contractors Plant Hire Association to the Competition Tribunal in respect of a contravention of section 4(1)(b)(i) of the South African Competition Act. Based on preliminary internal investigations, BWE SA's view is that these allegations are unfounded. At the date of this report management are not in a position to conclude on the possible outcome of this matter, nor can management reliably measure the potential financial impact at this stage.

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

	Audited 2017 Rm	Audited 2016 Rm
10. COMMITMENTS		
Capital expenditure commitments to be incurred:		
Contracted – Property, plant and equipment	**566**	392
Contracted – Vehicle rental fleet	**1 259**	1 196
Approved but not yet contracted	**168**	643
Total continuing operations	**1 993**	2 231
Discontinued operation	**24**	
Total group	**2 017**	2 231

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

11. CHANGES IN COMPARATIVES

Equipment Iberia has been classified as a discontinued operation in the current year. Per IFRS 5: Non-current assets held for sale and discontinued operations, the income statement comparatives for this business have been reclassified to discontinued operation.

	2016		
	Previously stated Rm	Discontinued operation Rm	Restated Rm
CONSOLIDATED INCOME STATEMENT			
Revenue	66 547	(4 473)	62 074
Operating profit before items listed below (EBITDA)	6 674	(188)	6 486
Depreciation	(2 426)	132	(2 294)
Amortisation of intangible assets	(113)	8	(105)
Operating profit	4 135	(48)	4 087
Fair value adjustments on financial instruments	(209)		(209)
Finance costs	(1 346)	15	(1 331)
Income from investments	113	(2)	111
Profit before exceptional items	2 693	(35)	2 658
Non-operating and capital items	120	(35)	85
Profit before taxation	2 813	(70)	2 743
Taxation	(809)	13	(796)
Profit after taxation	2 004	(57)	1 947
Income from associates and joint ventures	(25)	28	3
Net profit from continuing operations	1 979	(29)	1 950
Discontinued operation			
Profit from discontinued operation		29	29
Net profit for the period	1 979		1 979
Attributable to:			
Owners of Barloworld Limited	1 883		1 883
Non-controlling interest in subsidiaries	96		96
	1 979		1 979
Earnings per share (cents)			
– basic	890.5		890.5
– diluted	888.2		888.2
Earnings per share from continuing operations (cents)			
– basic	890.5	(13.7)	876.8
– diluted	888.2	(13.7)	874.5
Earnings per share from discontinued operation (cents)			
– basic		13.7	13.7
– diluted		13.7	13.7

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

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. AUDIT OPINION

Independent auditor's report on summarised financial statements

To the shareholders of Barloworld Limited

Opinion

The summarised consolidated financial statements of Barloworld Limited, which comprise the summarised consolidated statement of financial position as at 30 September 2017, the summarised consolidated income statement, the summarised consolidated statements 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 2017.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Barloworld Limited, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by the 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 and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Barloworld Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 17 November 2017. That report also includes the communication of key audit matters as reported in the auditor's report of the audited financial statements.

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, set out in note 1 to the summarised consolidated financial statements, 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 the 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.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summarised Financial Statements.

Deloitte & Touche
Registered auditors

Per: Bongisipho Nyembe
Partner

17 November 2017

Building 1 and 2, Deloitte Place
The Woodlands, Woodlands Drive
Woodmead, Sandton

National Executive: *LL Bam Chief Executive Officer, *TMM Jordan Deputy Chief Executive Officer, *MJ Jarvis Chief Operating Officer, *AF Mackie Audit & Assurance, *N Sing Risk Advisory, *NB Kader Tax, TP Pillay Consulting, S Gwala BPaaS, *K Black Clients & Industries, *JK Mazzocco Talent & Transformation, MG Dicks Risk Independence & Legal, *TJ Brown Chairman of the Board

**Partner and Registered Auditor*

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

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

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

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

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.

14. EVENTS AFTER THE REPORTING PERIOD

To the knowledge of the directors, no material events have occurred between the statement of financial position date and the date of approval of these financial statements that would affect the ability of the users of the financial statements to make proper evaluations and decisions.

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

15. OPERATING SEGMENTS (audited)

	Revenue Year ended 30 September		Operating profit/(loss) Year ended 30 September	
	2017 **Rm**	Restated* 2016 Rm	**2017** **Rm**	Restated* 2016 Rm
Equipment	**24 193**	24 889	**2 362**	2 216
Automotive and Logistics	**37 764**	37 183	**1 848**	1 877
Corporate	**2**	2	**(128)**	(6)
Total group	**61 959**	62 074	**4 082**	4 087

* *Restated to classify Equipment Iberia as discontinued operation. Refer to note 6.*

	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)** Year ended 30 September	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm
	(184)	(201)	**2 178**	2 015	**15 534**	16 552
	(6)	(7)	**1 842**	1 870	**10 757**	11 158
	(19)	(1)	**(147)**	(7)	**(1 709)**	(2 330)
	(209)	(209)	**3 873**	3 878	**24 582**	25 380

Salient features

for the year ended 30 September

	Audited	
	2017	2016
Financial		
Group headline earnings per share (cents)	**883**	838
Continuing headline earnings per share (cents)	**975**	841
Dividend per share (cents)	**390**	345
Continuing operating margin (%)	**6.6**	6.6
Continuing net asset turn (times)	**2.2**	2.0
Continuing EBITDA/interest paid (times)	**5.0**	4.9
Continuing net debt/equity (%)	**27.6**	40.7
Group return on net operating assets (RONOA) (%)	**18.4**	15.9
Continuing return on net operating assets (RONOA) (%)	**16.4**	15.5
Group return on ordinary shareholders' funds (%)	**9.5**	9.2
Continuing return on ordinary shareholders' funds (%)	**10.5**	9.3
Net asset value per share including investments at fair value (cents)	**9 533**	8 997
Number of ordinary shares in issue, including BBBEE shares (000)	**212 693**	212 693
Non-financial*#		
Non-renewable energy consumption (GJ)	**3 087 269**	3 037 034
Greenhouse gas emissions (tCO_2e)$^{\Delta}$	**270 707**	266 769
Water withdrawals (municipal sources) (ML)	**674**	755
Number of employees	**18 085**	19 547
Lost-time injury frequency rate (LTIFR)†	**0.75**	0.75
Work-related fatalities	**3**	1
Corporate social investment (R million)	**18**	17
DTI^ BBBEE rating (level)+	**3**	3

* *Continuing operations.*
\# *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.*
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.*

	Closing rate		Average rate	
Exchange rates (rand)	**2017**	2016	**2017**	2016
United States dollar	**13.50**	13.75	**13.39**	14.75
Euro	**15.96**	15.45	**14.83**	16.32
British sterling	**18.12**	17.86	**17.03**	20.99

Exchange rates used:
Balance sheet – closing rate (rand)
Income statement and cash flow statement – average rate (rand)

Bastion

Barloworld

Barloworld Limited | @BarloworldLtd | barloworldlimited | www.barloworld.com