PRELIMINARY RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2020

Barloworld
Leading brands

One Barloworld delivering value

About Barloworld

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)
(Bond issuer code: BIBAW)
(Namibian Stock Exchange share code: BWL)

("Barloworld" or "the Company" or "the group")

REGISTERED OFFICE AND BUSINESS ADDRESS

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DIRECTORS

Non-executive
NP Dongwana (Chairman), FNO Edozien^, HH Hickey, MD Lynch-Bell*, NP Mnxasana, NV Mokhesi, H Molotsi, SS Ntsaluba, P Schmid,

^Nigeria * UK

Executive
DM Sewela *(Group Chief Executive)*, N Lila *(Group Finance Director)*

Group company secretary
Andiswa Ndoni

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SPONSOR

Nedbank Corporate and Investent Banking
a division of Nedbank Limited

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 (car rental, motor retail, fleet services, used vehicles and disposal solutions) and Logistics (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, Avis, Budget, Mercedes-Benz, Toyota, Volkswagen, Audi, BMW, Ford, Mazda, and others.

Barloworld has a proven track record of long-term relationships with global principals and customers. We have an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. One of our core competencies is an ability to leverage systems and best practices across our chosen business segments. As an organisation we are committed to sustainable development and playing a leading role in empowerment and transformation. The Company was founded in 1902 and currently has operations in 16 countries around the world with 79% of just over 17 400 employees in South Africa.

EQUIPMENT

Earthmoving equipment and power systems

AUTOMOTIVE

Car rental, motor retail, fleet services, used vehicles and disposal solutions

LOGISTICS

Logistics management and supply chain optimisation

SALIENT FEATURES

Challenging trading

conditions prior to COVID-19

REVENUE

R25.2bn down 12.2%

OPERATING MARGIN

4.4% down from 5.5%

AUSTERITY MEASURES IMPLEMENTED TO MANAGE COVID-19 IMPACT, EXPECTED 2020 OVERHEAD COST CONTAINMENT BETWEEN

R700m and **R720m** before implementation costs

BALANCE SHEET A KEY STRENGTH FOR THE GROUP IN THESE TIMES, WITH A COMMITTED FUNDING CAPACITY OF

R8.1bn as at 31 March 2020

THE GROUP NET DEBT-TO-EBITDA* RATIO

0.9 times

FY19: 0.2 times

GROUP EBITDA TO GROSS INTEREST* PAID OF

5.5 times

1H'19: 5.7 times

GROUP RETURN ON INVESTED CAPITAL

9.2%

1H'19: 11.3%

GROUP NORMALISED HEADLINE EARNINGS PER SHARE#

354.0 cents

1H'19: 521.4 cents

Well positioned

to withstand expected intensification of challenging trading conditions in the second half

* Excluding IFRS 16 impact. # Excluding B-BBEE charges and IFRS 16 impact.

DOMINIC SEWELA
Chief Executive

Chief Executive's report

> The first half of the financial year was characterised by a combination of a tough trading cycle and the initial impact of the COVID-19 pandemic. While we have seen lower performance compared to the prior period, we have acted quickly to identify areas of exposure and implement austerity measures to minimise the impact on our business. We believe these actions together with our resilient balance sheet will serve us well in ensuring the longevity of the business. Our Fix, Optimise, Grow strategy and managing for value approach is firmly in place across the group and we will continue to adapt and transform to align with the expected volatile and uncertain macroeconomic environment.
>
> **DOMINIC SEWELA**
> Chief Executive

GROUP REVIEW

The low business confidence and constrained consumer demand that was experienced in 2019 continued during the first six months of trading. The later onset of the COVID-19 global pandemic in our geographies started impacting trading in March 2020 triggered by trade restrictions, subsequent lockdowns and travel restrictions that resulted in negative knock-on effects in tourism, supply chains and pressure on commodity prices. During this period, the group produced a result that reflected the difficult trading environment and the challenges faced by our businesses. Revenue for the period was R25.2 billion (1H'19: R28.7 billion) down 12.2% from the prior period with the operating margin declining from 5.5% to 4.4%.

Group normalised headline earnings per share (HEPS) of 354.0 cents (1H'19: 521.4 cents), excluding the impact of B-BBEE charges and IFRS 16, was lower than the prior period. Including these charges, HEPS was down to 268.4 cents (1H'19: 476.0 cents).

A return on invested capital (ROIC) of 9.2% was generated compared to 11.3% achieved in the first half of 2019 due to a reduction in operating profit in 2020 whilst invested capital remained at similar levels to 2019.

DIVIDEND

At present, Barloworld has comfortably met its solvency and liquidity obligations and given the current market conditions we take the important precautionary measure not to declare a dividend payment for the six months ended 31 March 2020. Furthermore it is also unlikely that a dividend will be declared at year end. The board will however continue to monitor the market conditions and will make the decision on the declaration of a final dividend at the appropriate time.

PROGRESS ON OUR STRATEGY

Our vision is to sustainably double the intrinsic value of the group every four years, enabled by the managing-for-value operating model. The board and management remain committed to the prudent implementation of the group strategy that is focused on these important strategic levers, namely:

1. Fix, restructure or exit businesses that do not meet the group's portfolio criteria;
2. Optimise existing businesses that meet the group's portfolio guardrails to achieve full potential;
3. Implement an active shareholder operating model; and
4. Pursue acquisitive growth in our existing, adjacent and new verticals, focused on adding high growth, cash generative businesses to our portfolio.

During the period, good progress was made in all areas of the strategy. The group's strategy and clear set of guardrails (capital light, high growth, cash generative) remain relevant despite the ever-changing market conditions.

In terms of **fix and optimise**, we continue to re-assess the performance of the businesses and identify opportunities to unlock value in the current environment. The quick implementation of austerity measures by management is expected to bolster performance in the short term and support results in the medium to long-term. Equipment southern Africa has made great progress in rightsizing and streamlining operations in Botswana and Angola with ROIC improving period on period. The Logistics business turnaround is ongoing, and the group is continuously assessing performance and the medium-term outlook in light of the current environment. We previously disclosed our intention to dilute our interest to 50% of the equity in Avis Fleet. Given the current market environment, a decision was taken to place this initiative on hold. This position will be re-assessed at the appropriate time and in the context of the group's strategy and a further review of the portfolio in light of the changing market conditions and longer-term structural changes expected in several segments. Avis Fleet will revert to being reported as part of continuing operations for the full year and going forward. Further to this, management and the board took a decision to integrate the Avis Budget and Avis Fleet businesses in an effort to unlock synergies and value. This operating model is centred on the ever-evolving needs and requirements of customers and presents an opportunity to offer integrated end-to-end mobility solutions to customers, while creating further efficiencies through the consolidation of common processes.

The implementation of the **active shareholder model**, a key strategic lever, with the main objective of changing the nature of the group's operating model is continuing. These changes focus on building select core competencies to support the execution of the group's overall strategy and effectively allocate resources. During the period, the implementation of the managing for value model at the corporate centre continued, with the goal of creating active centres of excellence in the areas of finance, strategy, mergers and acquisitions (M&A), human capital and corporate affairs as a key enabler to our strategy. These corporate functions provide group-led strategic direction and facilitate collaboration to deliver on the group strategy. Further changes have been implemented to the corporate centre functions to ensure a more cost effective and directed functions. The roll-out of the Barloworld Business Systems (BBS) continues with significant progress made in the improvement of employee engagement and ways of working throughout the group. Opportunities to unlock value and implement new ways of working in line with required changes in our trading environment were leveraged to improve efficiencies in all businesses. The redevelopment of the Barlow Park at 180 Katherine Street precinct in Sandton continues, and the process of selling the property to the investment special purpose vehicle is underway.

In terms of growth, during the period two acquisitions that are in line with the group's strategy were announced. Taking into consideration the current fluid macroeconomic environment, we will continue to be disciplined and cautious in our approach to growth, while giving due consideration to the changed macroeconomic environment.

CARING FOR OUR EMPLOYEES

The health and safety of our employees, customers and communities remains of paramount importance to management and the board. As previously indicated, the Barloworld COVID-19 policy that is in place outlines various health and safety measures taken to mitigate the spread of COVID-19 in our operations across various geographies. The Barloworld Crisis Committee is in place to investigate and consider factors that need urgent attention in responding to the pandemic and assessing its impact on both our people and business. Contingency plans are in place in the unfortunate event that senior leaders and/or executives are affected by the virus. Currently, only 38 employees have tested positive for the virus, 29 are in the process of recovering while nine have recovered. Over and above ensuring that we adhere to all workplace regulations announced by the Governments of the countries we operate in, we implemented additional measures to assist employees navigate this uncertain, changing and stressful period.

The relief through the Temporary Employer-Employee Relief Scheme/Unemployment Insurance Fund in South Africa has been utilised to alleviate the financial impact of the COVID-19 on employees due to reduced salaries and/or where employees were required to take annual and unpaid leave during the extended lockdown period in South Africa. Employees most impacted are non-essential services employees who are unable to work from home.

SUSTAINABILITY AND COVID-19 SOCIAL RESPONSES

Aspirational targets on energy, greenhouse gas emissions, water, and waste management remain in place until the end of the financial year and the performance is monitored by the Social, Ethics and Transformation Committee on a quarterly basis. Measures implemented to minimise COVID-19 infections including lockdowns, work from home arrangements and social distancing resulted in less personal travel and reduced greenhouse emissions. Compared to the 2019 interim period, non-renewable energy consumption was down 15% and greenhouse gas emissions (scope 1 and 2) were 17% lower. Water volumes drawn from municipal sources was 13% higher.

The board and management is committed to implementing meaningful interventions that transform our society by investing in initiatives that drive economic inclusion, social cohesion and build resilient communities. Barloworld has partnered with the South African COVID-19 Solidarity fund by offering goods and services valued at R8.8 million that will be split between Automotive, Logistics and Equipment southern Africa, valid for a 90-day period with commencement periods aligned to the Fund's requirements. The Group has also provided relief funding to Supplier and Enterprise Development beneficiaries to Sustain them during this period including a loan repayment holiday at 0% interest rate for the benefit of loan beneficiaries. About R129 million was paid in salaries in April and May to employees who were not able to work from home during lockdown.

HEALTH AND SAFETY

At Barloworld we actively promote health and safety with policies and practical programs that help our people, suppliers and contractors safeguard themselves and their colleagues at all times. Our group Lost-Time Injury Frequency Rate (LTIFR) for the period was 0.67, and no work-related fatalities were reported. Our ongoing focus on safety across the group is unrelenting and we continue to target zero harm. In all our territories we monitor the work environments in light of COVID-19 and endeavour to comply with regulations and guidelines in terms of return to work requirements, including screening, protective personal equipment and contact tracing.

CASH PRESERVATION, COST CONTAINMENT AND COST-SAVING MEASURES

The cost saving and containment initiatives implemented during the period are aimed at preserving cash in the immediate period while ensuring the medium to long term strength sustainability of the organisation. The measures include amongst others a Group-wide 12-month remuneration sacrifice plan and retirement fund payment holiday which was implemented on 1 May 2020, retrenchments, the deferment of non-essential capex, a moratorium on external appointments, a reduction in operating costs as well as additional counter-measures to contain invested capital. Once implemented these measures are expected to contain 2020 overhead costs by approximately R400 million. The retrenchment process, which includes early retirement, is expected to cost between R300 and R320 million when it is concluded at the end of the current financial year, resulting in approximately 20% – 25% Group headcount reduction with Automotive and Logistics, in particular Car Rental mostly affected. Consultations are ongoing and are progressing as expected. The board and management remain committed to the implementation of prudent measures aimed at reducing and containing costs to preserve cash in the immediate period while ensuring the medium to long term strength of the organisation.

Group financial review

Avis Fleet was held for sale and treated as a discontinued operation for the interim period to 31 March 2020. In March 2019 it was treated as a continuing operation and therefore 31 March 2019 has been restated in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (IFRS 5). Commentary in this report is against the restated 31 March 2019 comparatives unless otherwise stated. The prior period also included NMI as a subsidiary however from 1 September 2019 the results of this business were reported as income from joint ventures and associates. The group adopted IFRS 16: Leases (IFRS 16) for the first time in this reporting period. The Group applied the modified retrospective approach and comparatives were not restated.

CONTINUING OPERATIONS

Revenue for the group to 31 March 2020 was down 12.2% to R25.2 billion due to reduced activity from the majority of the divisions, excluding Equipment Russia which delivered revenue of USD253 million, up 10.5% on the back of strong machine and resilient aftermarket sales in the region. Equipment southern Africa had a robust 2019, however revenue for this period of R8.9 billion was down 11.1% due to lower machine sales, parts and service revenue. The Automotive revenue of R10.4 billion was impacted by reduced trading in all business units.

Adjusting the prior period for the impact of the deconsolidation of NMI-DSM (R2.0 billion of revenue 1H'19), Automotive's revenue was down 1.4% driven by a marginal decline in the Motor Trading business and a 4.1% decline in Car Rental. Logistics generated revenue of R2.1 billion which was 27.8% down largely due to KLL, the sale of Middle East, the non-renewal of low margin contracts, reduced volumes and the early impact of the COVID-19 pandemic on global freight movements.

The impact of IFRS 16 on the Group's reported operating profit was an uplift of R93 million and the impact on attributable earnings was largely in line with our expectations at R58 million.

Group operating profit was R1.1 billion, 28% down on the prior period with the operating margin declining from 5.5% to 4.4%. Equipment Russia's operating profit was up 9.2% to USD24 million, while Equipment southern Africa's operating profit was 10.5% down to R722 million, largely in line with the decline in revenue. Automotive's operating profit of R279 million was significantly down due to market pressures on performance and strategic investment costs. Logistics generated a loss of R30 million impacted by the factors driving the revenue decline and increased fleet management costs.

Post the implementation of the "Khula Sizwe" B-BBEE transaction, Barloworld incurred implementation costs and IFRS 2: Share Based Payment charges of R67 million (2019: R24 million) together with R65 million of IFRS 2 charges incurred by Khula Sizwe.

The net fair value adjustments on financial instruments resulted in a loss of R85 million (2019: R70 million losses) mainly comprising negative movements on foreign currency denominated monetary assets and liabilities in Equipment southern Africa and losses on USD denominated cash deposits held in the UK. Positive movements on foreign exchange contracts as well as other financial instruments offset these losses. Finance costs of R550 million were higher than the R480 million incurred in the prior period. Included in finance costs was a R137 million charge resulting from the implementation of IFRS 16. Debt levels for the group were higher, however marginally lower funding costs in South Africa provided some relief.

Losses from non-operating and capital items of R1.7 billion related to a number of impairments recognised in the period on the back of lower forecast cash flows impacted by the COVID-19 pandemic, the slowdown in economic growth in the territories in which we operate and higher discount rates which increased in line with various macroeconomic factors. The impairments include the write down of goodwill and indefinite life intangible assets of R765 million in Equipment southern Africa, goodwill impairments of R619 million in Car Rental, and impairments of our investments in NMI-DSM (R124 million) and BHBW (R187 million).

The effective tax rate (excluding the finance costs associated with Avis Fleet, prior period taxation and non-operating and capital items) increased to 81.2% against the prior period's rate of 30.2%. Due to the international nature of our operations our tax charges were significantly impacted by local currency devaluations against the USD in the period (driven by in country profits and IAS 12.41 adjustments). The sale of properties to Khula Sizwe resulted in capital gains taxes and recoupments being incurred as well as the group incurring non-deductible IFRS 2 and B-BBEE deal charges.

The consolidated result from associates and joint ventures was significantly down generating a loss of R63 million compared to a profit of R116 million in the prior period. Associate losses of USD2.3 million (R38 million) (1H'19 profit USD9.5 million (R134 million)) from Bartrac, our Joint Venture in the Katanga province of the DRC, were down due to declining mining activity levels and incurred equity accounted losses in the period. NMI-DSM contributed R20 million to equity accounted earnings. BHBW, our agriculture and handling JV, incurred losses of R39 million (1H'19: R3 million).

CASH FLOW

The Group consumed R1.4 billion of free cash against R695 million in the prior period, a notable decline in the cash conversion of our operations and reflective of the challenging trading conditions. The Group's investment in working capital increased to R2.4 billion largely due to increases in inventories and receivables. Investments in vehicle rental fleets and fleet leasing assets of R1.1 billion (1H'19: R1.4 billion) were well contained. Overall cash outflows from operations were significantly up at R1.3 billion (1H'19: R534 million outflow). The investment in USD linked Angolan government bonds to hedge the in-country exposure to currency fluctuations reduced to USD44.8 million at 31 March 2020 from USD56.7 million at 30 September 2019.

The movement in the period is due to the maturity of these investments and the cash released has been repatriated to the UK through dividends and the repayment of inter-group loans. In the current environment cash conservation and the conversion of our working capital to cash is a critical focus area for management.

FINANCIAL POSITION, GEARING AND LIQUIDITY

Group total assets amounted to R47.1 billion (FY2019: R47.2 billion) and were impacted by the addition of R1.8 billion of Right-of-Use assets from the implementation of IFRS 16 and the R1.7 billion impairment of goodwill, intangible assets and investments as detailed in the operational results commentary above. Assets held for sale of R5.6 billon (FY2019: R5.8 billion) include Avis Fleet, SmartMatta, the Barlow Park being redeveloped and certain properties in Equipment snA. The sale of the Logistics Middle East business was concluded in the period.

At 31 March 2020 the UK pension scheme deficit was R1.6 billion (GBP71.8 million) down from the R2.2 billion (GBP113 million) recognised at September 2020, largely driven by contributions to the pension fund in the period of GBP37 million (GBP13 million of annual recovery plan contributions and GBP24 million resulting from the capital reduction plan). The capital restructure plan for the offshore operations, agreed by the UK Pension Fund allowed Barloworld Holdings Group to distribute GBP70 million through a combination of dividends and capital reduction to South Africa and this was completed in the period.

Net debt at 31 March 2020 is up from 30 September 2019 mainly as a result of investments in working capital in line with operational cycles. During the period the group returned capital amounting to R1.1 billion to shareholders through ordinary dividends and a special dividend paid January 2020. The depressed market conditions in February and March 2020 created an opportunity to deliver shareholder value through a buyback of the group's shares on the open market. Between 5 February 2020 and 16 March 2020 a total of 18 245 058 ordinary shares, amounting to R1.6 billion, were repurchased representing 8.6% of the ordinary shares in issue at 1 October 2019. This contributed to lower equity at the end of the period.

The Group's balance sheet at 31 March 2020 remained strong. A robust cash balance of R4.6 billion was maintained with the net debt position increasing to R5.1 billion. The headroom on committed facilities for both the local and offshore operations remained substantial at R8.1 billion and non-committed facilities amounted to R2.9 billion.

The Group is actively reviewing and monitoring all facilities on an ongoing basis and remain confident of our good liquidity position. In May 2020 notes under the Group's Domestic Medium Term Note programme to the value of R950 million were issued and used to refinance notes that matured in the same month. Engagements with investors in the DMTN program continue and the Group's banking partners to refinance upcoming maturities and we remain confident that we will retain the existing facility levels.

Group facilities (R billion)	Mar 2020	Mar 2019
Utilised	**9 764**	10 758
Unutilised	**10 997**	8 603
Approved funding for the Tongaat Hulett Starch acquisition	**5 347**	
Total Facilities	**26 108**	19 361
Unutilised — committed	**8 138**	6 830
Unutilised — uncommitted	**2 859**	1 773
Approved funding for THS	**5 347**	
Total unutilised facilities	**16 344**	8 603

At the end of 31 March 2020, the group's gearing levels remained low and our financial position was well within our covenants.

Debt covenants	Mar 2020
EBITDA: Interest cover > 3.5 times	**5.5 times**
Net Debt:EBITDA < 3.0 times	**0.9 times**

Even after taking into account the acquisitions being progressed, we retain significant headroom within our covenants, with Net Debt to EBITDA expected to still remain below 2.0 times.

RETURNS

ROIC, EP and FCF are key performance measures for the group. Performance during the period was impacted by the tough trading conditions.

	Mar 2020	Mar 2019 Reviewed
ROIC (rolling 12 months) (%)	**9.2**	11.3
EP (rolling 12 months) (R million)	**(1 134)**	(344)
Free Cash Flows (R million)	**(1 443)**	(695)
Return on ordinary shareholders funds (%)	**1.3**	9.0

WITHDRAWAL OF EARNINGS GUIDANCE

In light of the increased uncertainty of the impact of COVID-19 and the related global economic downturn we are withdrawing all previous guidance in respect of our future outlook, specifically our short term targets for the Logistics business and our medium term return on equity and return on invested capital guidance. We will continue to provide regular updates to assist investors in assessing the group's performance and financial position during this challenging time. This is a non-adjusting subsequent event indicative of a condition that arose after the end of the reporting period and does not result in adjustment to the financial statements.

Operational reviews

AUTOMOTIVE AND LOGISTICS (CONTINUING OPERATIONS)

NMI-DSM deconsolidated, Avis Fleet held for sale.

Khula Sizwe sale and leaseback and IFRS 16 is included.

	REVENUE Six months ended		OPERATING PROFIT/(LOSS) Six months ended		INVESTED CAPITAL (INCL. IFRS 16) Six months ended	
R million	**31 Mar 2020**	31 Mar 2019 Reviewed	**31 Mar 2020**	31 Mar 2019 Reviewed	**31 Mar 2020**	31 Mar 2019 Reviewed
Car rental	**3 160**	3 296	**194**	281	**3 900**	4 214
Motor trading	**7 227**	9 249	**85**	275	**3 573**	2 835
Continuing operations	**10 387**	12 545	**279**	556	**7 473**	7 049
Discontinued — Avis Fleet	**1 669**	1 643	**681**	329	**3 705**	4 234
Automotive	**12 056**	14 188	**960**	885	**11 178**	11 283
Southern Africa	**2 085**	2 832	**(30)**	65	**2 008**	1 752
Europe and Middle East		57		3		
Logistics	**2 085**	2 889	**(30)**	68	**2 008**	1 752
Automotive and Logistics *	**12 472**	15 434	**249**	624	**9 481**	8 801
Share of associate profit			**20**			

* Excluding Avis Fleet.

The Automotive and Logistics division’s performance was impacted by the challenging trading conditions that affected all business units, driven by reduced market demand and pressure on pricing. March trading was negatively affected by the initial restrictions resulting from the COVID-19 pandemic, including the start of the lockdown in South Africa. Revenue was below the prior period and the operating profit was significantly down with the overall operating margin at 2.0% (1H’19:4.0%). The adoption of IFRS 16 had a positive impact of R160 million offset by the impact of Khula Sizwe at R107 million.

ROIC for the division at 7.2% (1H’19: 10.4%) was 3.2bps lower than the prior period with Logistics and Motor Trading being the main contributors to the decline, although all business units were down on the prior period. Austerity measures to align costs with the reduced operational requirements post COVID-19 are fully implemented and various growth opportunities are being explored. A fit for purpose business model and operating structure is being implemented to enhance customer experience and improve overall cost of engagement. The integrated division’s shared services operating model is progressing well and various value streams under the BBS are expected to contribute positively to return on investment in the next 12-18 months. Approximately 70% of internal realized savings target was achieved in strategic sourcing, this function has been made a center of excellence for the Group. The division remains committed to being innovative and agile in becoming the market leader in mobility experience with a renewed focus on accelerating growth in new mobility solutions and services.

The Avis Fleet's business revenue is up 1.6% on the prior period mainly due to increased used vehicle sales. The operating performance was down against the prior period impacted by a lower financed fleet, increased provisions for estimated credit losses and to lower used vehicle contribution as a result of age and model of retired fleet. In the current environment, continued strong partnerships with our customers to increase retention is a priority.

CAR RENTAL

The revenue was 4.1% down on the prior period due to reduced activity in March resulting from trade restrictions on the back of COVID-19 and reduced used car sales. Negative rate per day, declining volumes in March as well as increased provisions for expected credit losses and higher depreciation of fleet due to an expected decline in rental fleet residual values due to the COVID-19 pandemic negatively impacted operating profit. The business' ongoing ability to manage fleet cost, mix and time to market resulted in used car sales operating profit and margin improving on the prior period. The average utilisation rate for the period was 76% and slightly up on the prior period mainly driven by the outperforming average rates achieved to February 2020. During the period vehicle damage expenses decreased assisted by the implementation of the damage maintenance system.

MOTOR TRADING (EXCLUDING NMI — DSM, NOW AN ASSOCIATE)

National dealer sales for the six months ended March 2020, were down 7.9%, with both premium and volume brands under pressure. On a comparable basis, revenue for this business was down 0.2% on prior period impacted mainly by lower sales volumes. The operating profit and margin were lower than the prior period due to margin pressure, the Khula Sizwe rental charge costs of R85 million (offset by the favourable impact of IFRS 16 of R94 million) and BBS implementation costs. The operating profit was further negatively impacted by the increased provision for the expected credit losses as well as the re-evaluation of the net realizable value of used vehicle stock due to the uncertain trading environment. The newly acquired BMW Centurion dealership contributed positively to performance.

LOGISTICS

Revenue for the six months was 27.8% down on the prior period due to KLL and Middle East revenue excluded in the current period, the non-renewal of low margin contracts, reduced volumes and the early impact of COVID-19 on global freight movements. Port closures and international and regional supply chain disruption resulting from COVID-19 restrictions negatively impacted the business. The operating profit was impacted by increased fleet management costs driven by fleet aging,short contract extensions and the economic environment driving short term margin pressure on current contracts. The IFRS 16 impact on operating profit was R49 million. During the period, initiatives to reduce invested capital yielded good results. The business retained more than 90% of contracts, albeit some at lower volumes, and has been awarded new business in both business units over the period. The business has reviewed its operating model and significant changes are being made to achieve acceptable returns. The Group is continuously assessing performance and the medium term outlook in light of the current environment.

The sale of the Middle East operation has been concluded, while the deal for the sale of Smartmatta has been signed.

EQUIPMENT

	REVENUE Six months ended		OPERATING PROFIT Six months ended		INVESTED CAPITAL (INCL. IFRS 16) Six months ended	
R million	**31 Mar 2020**	31 Mar 2019 Reviewed	**31 Mar 2020**	31 Mar 2019 Reviewed	**31 Mar 2020**	31 Mar 2019 Reviewed
Equipment	**12 745**	13 270	**1 092**	1 120	**16 523**	15 232
Southern Africa	**8 921**	10 033	**722**	806	**12 277**	11 960
Russia	**3 824**	3 237	**370**	314	**4 246**	3 272
Handling		22			**18**	297
	12 745	13 292	**1 092**	1 120	**16 541**	15 529
Share of associate (loss)/profit			**(76)**	116		

Equipment southern Africa's performance is a reflection of tough trading conditions particularly in the Rest of Africa (RoA) and South Africa construction operations. Revenue for the period was 11.1% lower than the prior period's R10.0 billion. The reduction in revenue was mainly due to lower aftermarket activity in Zambia and lower machine sales in Mozambique where the previous period results were boosted by the final delivery of the Mota-Engil package valued at R596 million. The weaker ZAR contributed a 1.5% improvement in overall sales as a result of the translation of the Rest of Africa (RoA) results which reports in USD functional currency. Total machine sales including engines were 19.3% down compared to the prior period while aftermarket sales continued to be resilient, dropping by only 3.3%.

Due to lower revenue, operating profit for the period reduced to R722 million (1H'19: 806 million) while the operating margin was 8.1% in line with the prior period. A favorable aftermarket mix at 58% revenue contribution (1H'19: 53%) and continuous efforts to improve efficiencies resulted in a stable operating margin. Investments in digital solutions and process improvements through the Barloworld Business System are continuing. The adoption of IFRS 16 had a marginal positive impact of 0.2% on operating margin.

The activity level in Bartrac, our Joint Venture in the Katanga province of the DRC, was severely impacted by operations at a key customer site being placed under care and maintenance and a significant slowdown in activity at another key customer site. This resulted in a total share of associate loss of R37 million (1H'19: R119 million profit).

Encouraging progress was made in optimising invested capital which was 8.6% lower than the prior period at R10.9 billion before IFRS 16. The adoption of IFRS 16 on a prospective basis in the 2020 financial year resulted in the right of use of assets amounting to R1.3 billion being brought on the balance sheet. As a result, invested capital after IFRS 16 was up by 2.7% at R12.3 billion (1H'19: R12.0 billion). Overall return on invested capital was lower than the prior period at 8.6% (1H'19: 12.6%) due to lower trading volumes, higher financial instrument charges due to currency devaluation mainly in Angola, Zambia and Mozambique and higher effective tax rate. The total Equipment firm order book remains strong, at the end of March the book amounted to R2.4 billion and increased to R2.7 billion at the end of April.

Equipment Russia produced strong results for the period to March 2020 driven by robust mining activity, particularly in the gold sector. Revenue at USD253.4 million was up 10.5% on the prior period and operating profit at USD24.3 million was also up due to large mining fleet deliveries to some blue chip mining companies. Aftermarket contribution remains healthy but was negatively impacted by the slowdown in the coal sector due to reduced thermal and coking coal prices. The operating profit margin was in line with the prior period at 9.6%. Operations generated positive cash flow driven by profitable results and working capital management. The ROIC of 15.8% was well above the group threshold of 13%, despite the negative impact of a deferred tax charge driven by the weakening of the Ruble. In line with the group, austerity measures were put in place to reduce costs. These include a freeze on further employment, salary sacrifices for senior management, reducing controllable costs like training, travel and marketing and a postponement of non-essential capex. The required measures as dictated by law and good governance were put in place by our management teams on the ground to protect the health and safety of employees. The total firm order book as at the end of March was USD61.7 million with further firm orders to the value of US56.4 million secured after 31 March 2020.

CORPORATE

	REVENUE Six months ended		OPERATING LOSS Six months ended		INVESTED CAPITAL (INCL. IFRS 16) Six months ended	
R million	**31 Mar 2020**	31 Mar 2019 Reviewed	**31 Mar 2020**	31 Mar 2019 Reviewed	**31 Mar 2020**	31 Mar 2019 Reviewed
Southern Africa		1	**(186)**	(75)	**553**	777
Europe			**(54)**	(122)	**(926)**	(1 516)
		1	**(240)**	(197)	**(373)**	(739)
Share of associate loss			**(5)**			

The 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's higher operating loss of R186 million (1H'19: R75 million) was largely driven by R62 million lower rental income in Barloworld and investments in corporate affairs activities and other strategic projects of R56 million. Strategic projects included the implementation of the Barloworld Business System across the Group and due diligence for the acquisition of the Tongatt Hulett Starch business. The UK operating loss of R54 million (1H'19: R122 million) was down on 1H'19 with the prior period including the once-off pre-tax R88 million (GBP4.7 million) charge to equalise guaranteed minimum pensions (GMP) within our historic UK defined benefit pension fund. This business also incurred due diligence costs for the acquisition of the Mongolian Caterpillar dealership. Notably, the central treasury in South Africa worked to maintain efficient funding rates for the group and the corporate-led strategic drive for efficiencies and working capital management has set the foundation for improved returns from our businesses. Various austerity measures were implemented to ensure fitness to support the business while transitioning and ensuring long term sustainable value creation.

KHULA SIZWE

R million	REVENUE Six months ended 31 Mar 2020	31 Mar 2019 Reviewed	OPERATING PROFIT Six months ended 31 Mar 2020	31 Mar 2019 Reviewed	INVESTED CAPITAL (INCL. IFRS 16) Six months ended 31 Mar 2020	31 Mar 2019 Reviewed
Southern Africa			**12**		**(519)**	

The "Khula Sizwe" B-BBEE transaction was implemented on 1 October 2019 and as at 31 March 2020, 49 of the 64 properties had been transferred to Khula Sizwe from Barloworld for R2.2 billion. Khula Sizwe's operating profit of R12 million represents the net impact of the transaction on the Group (rental income earned from Barloworld companies) which was offset by an IFRS 2 charge of R65 million relating to the discounted share price offered to the Khula Sizwe shareholders.

ACQUISITIONS UPDATE

TONGAAT HULETT STARCH (THS) ACQUISITION

Shareholders are referred to the SENS announcements issued on 12 May 2020, 28 May 2020 and 4 June 2020. In this regard the board is exercising its rights in terms of the Sale and Purchase Agreement (SPA) and believes that the impact of the COVID-19 pandemic and the resultant expectation of a significant downturn in the South African economy is reasonably likely to result in a deterioration of the forecast 12 month EBITDA (from 1 April 2020 to 31 March 2021) of Tongaat Hulett Starch to an extent that constitutes a Material Adverse Change (MAC) as per the SPA. Barloworld and THS were unable to reach agreement on whether a MAC has occurred and accordingly the determination will be referred to an independent accountant, once appointed, in accordance with the process provided for in the SPA. An update will be provided once the independent assessment process of the MAC is concluded.

MONGOLIA

The Group continues to monitor the macro environment while continuing to perform its obligations under the SPA. As previously communicated, the closing date has been moved to 1 October 2020.

GOVERNANCE

BOARD CHANGES AND SUCCESSION PLANNING

Barloworld is committed to forward-thinking succession planning to ensure stability within the leadership. The board ensures that it has robust succession plans that recognise the businesses' current and future needs, taking into account the group's strategy.

On 30 September 2019 we announced the retirement of our Chairman Adv. Dumisa Ntsebeza with effect from 12 February 2020 and the appointment of Mrs Neo Dongwana as our new Chairperson with effect from 13 February 2020.

With Mr Don Wilson retiring as the Acting Chief Financial Officer in February 2020 Ms Nopasika Lila was appointed group Finance Director with effect from 1 August 2019.

The board welcomes Ms Nopasika Lila and congratulates her and Mrs Dongwana on their new appointments, and thanks Adv. Ntsebeza and Mr Don Wilson for their valuable service and contribution to the board and Barloworld.

LOOKING FORWARD

A strong balance sheet and stable mature business platforms are key strengths that will help the Group navigate the challenges arising from the ongoing COVID-19 pandemic and the associated macroeconomic fallout. Business confidence in the regions where we operate has dropped significantly and the group expects the average consumer to remain under pressure, while the trading environment will be impacted by the lower outlook for recovery and growth. The board and management are focused on cash preservation, lowering operating costs in line with reduced activity levels and ensuring the business is well positioned for the recovery. The group will also continue on its strategic path to improve efficiencies and performance by adapting and transforming to align with the changing trading environment in line with our stated goals. The assessment of the long-term fundamentals of our businesses is a focus area in our ongoing portfolio review.

Automotive and Logistics division's performance is expected to be significantly below 2019 in the short term with difficult trading conditions expected to intensify in the second half of 2020. The various measures and initiatives proactively put in place by management should minimise the impact, including the review of the dealership portfolio, rationalisation of the Car Rental branch network as well as the consolidation of leased properties and activities on owned properties. Focus on reducing costs and invested capital will continue including the review of underperforming businesses and value added services.

Trading in the Equipment businesses will be affected by a variety of factors including lower average commodity prices, the rate of capital investment in mining and construction, the impact of COVID-19 infections in the sectors in which they operate as well as the level of lockdowns and trade restrictions in their countries of operation. The divisions will continue to focus on managing levers under their control. In Equipment southern Africa this includes prudent cost containment and invested capital reduction in the short to medium term and until the operating environment improves. The environment in Russia is expected to continue on its current trajectory with the mining sector and commodity outlook expected to remain stable and cash preservation continuing to be being a key focus area in line with the Group.

The board and management are committed to ensuring that all of the Group's re-opened operations are managed responsibly and in compliance with risk mitigating regulations.

* Certain information presented in this announcement is regarded as pro forma information. This information has been prepared for illustrative purposes only, is the responsibility of the board of directors of Barloworld and has not been reviewed or reported on by the Company's external auditors.

Condensed consolidated income statement

FOR THE SIX MONTHS ENDED 31 MARCH

R million	Notes	Six months ended 31 Mar 2020	31 Mar 2019 Reviewed Restated *	Year ended 30 Sep 2019 Audited Restated *
CONTINUING OPERATIONS				
Revenue		**25 217**	28 727	56 834
Operating profit before items listed below		**2 423**	2 468	5 078
Impairment losses on financial assets and contract assets		**(154)**	(49)	(57)
Depreciation		**(959)**	(795)	(1 561)
Amortisation of intangible assets		**(65)**	(54)	(115)
Operating profit before B-BBEE transaction charge	3	**1 245**	1 570	3 345
B-BBEE transaction charge	3.1	**(132)**	(24)	(73)
Operating profit	3	**1 113**	1 546	3 272
Fair value adjustments on financial instruments		**(84)**	(70)	32
Finance costs		**(640)**	(556)	(1 085)
Income from investments		**89**	77	192
Profit before non-operating and capital items		**478**	997	2 411
Non-operating and capital items comprising of:				
Impairment of investments		**(317)**	(9)	(25)
Impairment of goodwill		**(685)**		
Impairment of indefinite life intangible assets		**(708)**		
Impairment of property, plant and equipment, intangibles and other assets		**(45)**	(59)	(115)
Fair value gain on deconsolidation of subsidiary				212
Other non-operating and capital items	4	**18**		15
(Loss)/profit before taxation		**(1 259)**	929	2 498
Taxation	5	**(415)**	(357)	(771)
(Loss)/profit after taxation		**(1 674)**	572	1 727
(Loss)/profit from associates and joint ventures		**(63)**	116	231
Net (loss)/profit from continuing operations for the period		**(1 737)**	688	1 958
DISCONTINUED OPERATION				
Profit from discontinued operation	10	**201**	262	519
Net (loss)/profit for the period		**(1 536)**	950	2 477
Net (loss)/profit attributable to:				
Owners of Barloworld Limited		**(1 520)**	924	2 428
Non-controlling interests in subsidiaries		**(16)**	26	49
		(1 536)	950	2 477
(Loss)/earnings per share (cents)				
— basic		**(729.7)**	438.1	1 150.2
— diluted		**(729.7)**	436.9	1 146.9
(Loss)/earnings per share from continuing operations (cents)				
— basic		**(826.2)**	313.9	907.2
— diluted		**(826.2)**	313.0	904.6
Earnings per share from discontinued operation (cents)				
— basic		**96.5**	124.2	243.0
— diluted		**96.3**	123.8	242.3

* The restatement is due to discontinued operations of Avis Fleet and the presentation of impairment losses on financial assets and contract assets in March 2019/September 2020, and the disaggregation of the non-operating and capital items. Refer to note 22.

Condensed consolidated statement of other comprehensive income

FOR THE SIX MONTHS ENDED 31 MARCH

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Reviewed	Year ended 30 Sep 2019 Audited
(Loss)/profit for the period	**(1 536)**	950	2 477
Items that may be reclassified subsequently to profit or loss:	**1 681**	188	553
Exchange gain on translation of foreign operations	**1 646**	180	527
Translation reserves realised on the liquidation and disposal of foreign joint ventures and subsidiaries	**(41)**		
Gain on cash flow hedges	**110**	11	32
Deferred taxation on cash flow hedges	**(34)**	(3)	(6)
Items that will not be reclassified to profit or loss:	**95**		(488)
Actuarial gain/(losses) on post-retirement benefit obligations	**118**		(588)
Taxation effect on net actuarial gains or losses	**(23)**		100
Other comprehensive income for the year, net of taxation	**1 776**	188	65
Total comprehensive income for the period	**240**	1 138	2 542
Total comprehensive income attributable to:			
Owners of Barloworld Limited	**254**	1 112	2 493
Non-controlling interests in subsidiaries	**(16)**	26	49
	240	1 138	2 542

Condensed consolidated statement of financial position

AT 31 MARCH

R million	Notes	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Reviewed Restated *	Year ended 30 Sep 2019 Audited
ASSETS				
Non-current assets		**14 996**	19 469	14 540
Property, plant and equipment		**8 415**	12 721	7 879
Right-of-use assets	19.1	**1 769**		
Goodwill	6	**770**	1 878	1 408
Intangible assets	7	**863**	1 564	1 527
Investment in associates and joint ventures	8	**1 876**	1 466	2 253
Finance lease receivables		**11**	187	2
Long-term financial assets	9	**398**	945	710
Deferred taxation assets		**894**	708	761
Current assets		**26 525**	27 968	26 871
Vehicle rental fleet		**3 306**	3 337	3 137
Inventories		**8 925**	9 184	8 072
Trade and other receivables		**8 736**	8 113	7 384
Contract assets	23.1	**949**	1 153	981
Taxation		**31**	150	71
Cash and cash equivalents	15	**4 578**	6 031	7 226
Assets classified as held for sale	10	**5 606**	311	5 780
Total assets		**47 127**	47 748	47 191
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		**(1 121)**	441	441
Other reserves		**6 268**	4 123	4 523
Retained income		**15 915**	18 034	18 659
Interest of shareholders of Barloworld Limited		**21 062**	22 598	23 623
Non-controlling interest		**253**	529	272
Interest of all shareholders		**21 315**	23 127	23 895
Non-current liabilities		**9 300**	9 480	7 336
Interest-bearing		**5 018**	6 405	4 621
Deferred taxation liabilities		**516**	628	356
Lease liabilities		**2 073**		
Provisions		**103**	100	102
Other non-current liabilities		**1 590**	2 347	2 257
Current liabilities		**14 214**	15 082	13 738
Trade and other payables		**8 333**	9 332	9 363
Lease liabilities	19.1	**272**		
Contract liabilities	23.2	**894**	802	601
Provisions		**426**	595	507
Taxation		**71**		80
Amounts due to bankers and short-term loans		**4 218**	4 353	3 187
Liabilities directly associated with assets classified as held for sale	10	**2 298**	59	2 222
Total equity and liabilities		**47 127**	47 748	47 191

* The restatements relate to the Avis Fleet discontinued operation per note 10, and the contract liability (previously included as part of "trade and other payables and provisions") as well as contract asset (previously included as part of "trade and other receivable and inventory") per note 22.

Condensed consolidated statement of cash flows

FOR THE SIX MONTHS ENDED 31 MARCH

R million	Note	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Reviewed Restated *	Year ended 30 Sep 2019 Audited Restated *
CASH FLOW FROM OPERATING ACTIVITIES				
Operating cash flows before movements in working capital		**3 035**	3 375	6 474
Movement in working capital		**(2 371)**	(1 529)	765
Cash generated from operations before investment in rental fleets and leasing receivables		**664**	1 846	7 239
Inflow of investment in leasing receivables		**38**	32	161
Fleet leasing and equipment rental fleet		**(474)**	(701)	(1 118)
Additions		**(1 320)**	(1 480)	(2 940)
Proceeds on disposal		**846**	779	1 822
Vehicles rental fleet		**(600)**	(662)	(809)
Additions		**(2 127)**	(2 022)	(3 546)
Proceeds on disposal		**1 527**	1 360	2 737
Cash generated from operations		**(372)**	515	5 473
Finance costs		**(663)**	(580)	(1 134)
Dividends received from investments, associates and joint ventures		**13**	9	72
Interest received		**89**	80	204
Realised fair value adjustments on financial instruments		**(117)**	(57)	(130)
Taxation paid		**(276)**	(501)	(774)
Cash (outflow)/inflow from operations		**(1 326)**	(534)	3 711
Dividends paid (including non-controlling interest)		**(1 118)**	(688)	(1 057)
Net cash (applied to)/retained from operating activities		**(2 444)**	(1 222)	2 654
Net cash used in investing activities		**(116)**	(161)	(647)
Acquisition of subsidiaries and intangibles	13	**(120)**	(83)	(168)
Investments realised	13	**165**	91	114
Proceeds on disposal of subsidiaries	14	**14**		(84)
Proceeds on disposal of investments and intangible assets				5
Acquisition of property, plant and equipment		**(241)**	(204)	(633)
Proceeds on disposal of property, plant and equipment		**66**	35	119

* The restatement is due to the line items; inflow of investment in leasing receivables, acquisition of subsidiaries, investments and intangibles and investments realised being erroneously reflected in the cash flow statement. Refer to note 22.

Condensed consolidated statement of cash flows continued

FOR THE SIX MONTHS ENDED 31 MARCH

R million	Note	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Reviewed Restated *	Year ended 30 Sep 2019 Audited Restated *
Net cash (outflow)/inflow before financing activities		**(2 560)**	(1 383)	2 007
Net cash used in financing activities		**(695)**	(553)	(2 858)
Shares repurchased for equity settled share-based payment		**(104)**	(121)	(122)
Share buy back		**(1 562)**		
Repayments of lease liabilities		**(176)**		
Purchase of non-controlling interest				9
Khula Sizwe black public equity funding				164
Proceeds from long-term borrowings		**1 720**	85	69
Repayment of long-term borrowings		**(877)**	(629)	(1 449)
Movement in short-term interest-bearing liabilities		**304**	112	(1 529)
Net decrease in cash and cash equivalents		**(3 255)**	(1 936)	(851)
Cash and cash equivalents at beginning of period		**7 226**	7 893	7 893
Cash and cash equivalents held for sale at beginning period		**77**	19	19
Effect of foreign exchange rate movement on cash balance		**643**	85	71
Effect of foreign exchange rate movement on USD denominated cash		**(41)**		171
Effect of cash balances held for sale		**(72)**	(30)	(77)
Cash and cash equivalents at end of period		**4 578**	6 031	7 226

* The restatement is due to the line items; inflow of investment in leasing receivables, acquisition of subsidiaries, investments and intangibles and investments realised being erroneously reflected in the cash flow statement. Refer to note 22.

Condensed consolidated statement of changes in equity

FOR THE SIX MONTHS ENDED 31 MARCH

R million	Share capital and premium	Other reserves	Retained income	Attributable to Barloworld Limited shareholders	Non-controlling interest	Interest of all shareholders
Balance at 1 October 2018 (audited)	441	4 194	17 598	22 233	517	22 750
Total comprehensive income for the period		188	924	1 112	26	1 138
Cumulative adjustments for adoption of new standards			20	20		20
Other reserve movements		(259)	166	(93)		(93)
Dividends			(674)	(674)	(14)	(688)
Balance at 31 March 2019 (reviewed)	441	4 123	18 034	22 598	529	23 127
Total comprehensive income for the period		365	1 016	1 381	23	1 404
Other reserve movements		35	(37)	(2)	23	21
Other changes in minority shareholders interest and minority loans					173	173
Deconsolidation of subsidiary			(4)	(4)	(457)	(461)
Dividends			(350)	(350)	(19)	(369)
Balance at 30 September 2019 (audited)	441	4 523	18 659	23 623	272	23 895
Cumulative adjustments for adoption of new standards			**(281)**	**(281)**		**(281)**
Adjusted opening balance for IFRS 16	**441**	**4 523**	**18 378**	**23 342**	**272**	**23 614**
Total comprehensive income for the period		**1 681**	**(1 427)**	**254**	**(16)**	**238**
Share buy back	**(1 562)**			**(1 562)**		**(1 562)**
Khula Sizwe B-BBEE IFRS 2 charges		**119**		**119**		**119**
Other equity settled IFRS 2 charges		**30**		**30**		**30**
Share scheme receipts		**(104)**		**(104)**		**(104)**
Other reserve movements		**1**	**6**	**7**	**1**	**8**
Disposal of subsidiary		**18**	**73**	**91**		**91**
Dividends			**(1 114)**	**(1 114)**	**(4)**	**(1 118)**
Balance at 31 March 2020	**(1 121)**	**6 268**	**15 915**	**21 062**	**253**	**21 315**

Condensed notes to the consolidated financial statements

FOR THE SIX MONTHS ENDED 31 MARCH

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act applicable to interim financial statements.

The JSE Listings Requirements require interim reports to be prepared in accordance with IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the condensed consolidated interim financial statements are derived in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the annual financial statements for the year ended 30 September 2019, with the exception the adoption of new policies as required by new and/or revised International Financial Reporting standards issued and in effect for the current financial year. Specifically, the group has applied IFRS 16: Leases for the first time, effective 1 October 2019. Refer to note 19 for further information regarding the impact of this new accounting standard.

The condensed consolidated interim financial statements are presented in South African Rand, which is Barloworld Limited's functional and presentation currency. The condensed consolidated interim financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors. The directors take full responsibility for the preparation of the condensed consolidated interim financial statements. The condensed consolidated interim financial statements have not been reviewed or audited by the Company's external auditors due to the complexities of conducting such work under lock down and the challenges that COVID-19 added to our business.

This interim report was prepared under the supervision of RL Pole CA(SA) (Group general manager: finance).

CONSIDERATION OF THE IMPACT OF COVID-19

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a global pandemic. On 15 March 2020 the President of the Republic of South Africa declared COVID-19 a national disaster and announced a mandatory lockdown with the exception of essential services which has over time been eased in a staged approach. Similar responses were also announced by governments in the various other countries in which Barloworld operates. All businesses within Barloworld continued to support the essential services to varying degrees of operation. Specifically, the activity levels of our Automotive Trading business have been negatively impacted by the lockdown in South Africa with limited trade possible and the Rent-a-Car business has been severely impacted by travel restrictions and the anticipated prolonged impact on the tourism industry. We have no material vehicle purchase commitments however we do expect some pressure on profit margins on vehicle sales.

1. BASIS OF PREPARATION continued

The evolution of COVID-19 and the resulting economic impacts in the territories in which we operate have been considered in determining significant judgements and estimates reflected in our condensed consolidated interim financial statements, and in particular those that require the consideration of forward-looking information. Further information on our consideration of COVID-19 and its impact on our business are provided below and in the commentary that accompanies the interim financial statements:

Impairment assessments of goodwill and indefinite intangible assets	Notes 6 and 7
Impairment assessments of investments in associates and joint ventures	Note 8
Expected credit losses on receivables	Note 11
Events after the reporting period	Note 20

GOING CONCERN

As at 31 March 2020 the group remained compliant with all financial covenants and was solvent and liquid.

Management and the board continuously assess the impact of COVID-19 and we are adapting our operations to this 'new normal'. The health and safety of our employees, customers and suppliers remains our first priority. We have a robust and diversified business model and we have already taken proactive measures to ensure the sustainability of our business. We are focussed on cost containment, cash preservation and maintaining liquidity.

The forecasts used in assessing the going concern assumption involved significant judgements and estimates regarding the impact of this crisis on our business, namely our forecast activity levels under the various stages of lockdowns experienced across our global operations, the impact of cost containment measures including reduced salaries for management over 12 months and a reduction in our workforce, rental and other payment holidays, working capital requirements and commitments with our suppliers. We have engaged our primary lenders and obtained a relaxation of our EBITDA:Interest cover covenant level for the 30 September 2020 measurement period from 3.5 times cover to 2.5 times cover. Further to this, we have been able to refinance R950 million of the BAW 25 (R582 million) and BC126 (R500 million) maturities which took place in May 2020 and have commitment from the lender of our R1 billion loan maturing in September 2020 to refinance this facility for a further long-term period. At 31 March 2020 the group had unutilised bank facilities of R11.0 billion (1H19 R8.6 billion) of which R8.1 billion (1H'19: R6.8 billion) were committed.

Considering the above factors, the board was satisfied that the group was sufficiently solvent and liquid to be able to support the operations for the next 12 months. As such, the condensed consolidated interim financial statements have been prepared on the going concern basis.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

2. RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Restated	Year ended 30 Sep 2019 Audited
Net (loss)/profit attributable to Barloworld Limited shareholders	**(1 520)**	924	2 428
Adjusted for the following:			
Profit on disposal of subsidiaries and investments	**(9)**		(45)
Profit on disposal of plant, property, equipment and other assets excluding rental assets	**(9)**		(3)
Impairment of goodwill	**696**		
Impairment of indefinite life of intangible assets	**708**		
Impairment of plant and equipment and intangibles and other assets	**458**	59	127
Fair value gain on deconsolidation of subsidiary			(212)
Impairment of investments in associates and joint ventures	**317**	9	25
Taxation effects of remeasurements	**(82)**	12	2
Headline earnings	**559**	1 004	2 322
Continuing operations			
(Loss)/profit from continuing operations	**(1 737)**	688	1 958
Non-controlling shareholders' interest in net profit from continuing operations	**19**	(23)	(43)
(Loss)/profit from continuing operations attributable to Barloworld Limited shareholders	**(1 718)**	665	1 915
Adjusted for the following:			
Profit on disposal of subsidiaries	**(9)**		(12)
Profit on disposal of plant, property, equipment and other assets excluding rental assets	**(9)**		(3)
Impairment of goodwill	**685**		
Impairment of indefinite life of intangible assets	**708**		
Impairment of plant and equipment and intangibles and other assets	**45**	59	115
Fair value gain on deconsolidation of subsidiary			(212)
Impairment of investments in associates and joint ventures	**317**	9	25
Taxation effect of remeasurements	**(82)**	12	3
Net remeasurements excluded from headline earnings from continuing operations	**1 655**	80	(84)
Headline (loss)/earnings from continuing operations	**(63)**	745	1 831

2. RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS continued

	Six months ended		Year ended
R million	**31 Mar 2020**	31 Mar 2019 Restated	30 Sep 2019 Audited
Discontinued operation			
Profit from discontinued operation attributable to Barloworld Limited shareholders	**201**	262	519
Non-controlling shareholders interest in net profit from discontinued operations	**(3)**	(3)	(6)
Profit from discontinued operations attributable to Barloworld Limited shareholders	**198**	259	513
Adjusted for the following:			
Profit on disposal of subsidiaries			(33)
Impairment of goodwill	**11**		
Impairment of plant and equipment and intangibles and other assets	**413**		12
Taxation effect of remeasurements			(1)
Net remeasurements excluded from headline earnings from discontinued operations	**424**		(22)
Headline earnings from discontinued operation	**622**	259	491
Weighted average number of ordinary shares in issue during the period (000)			
— basic	**208 268**	210 972	211 085
— diluted	**208 873**	211 581	211 698
Headline earnings per share (cents)			
— basic	**268.4**	476.0	1 100.0
— diluted	**267.6**	474.6	1 096.8
Headline (loss)/earnings per share from continuing operations (cents)			
— basic	**(30.3)**	353.3	867.4
— diluted	**(30.3)**	352.3	864.9
Headline earnings per share from discontinued operation (cents)			
— basic	**298.7**	122.7	232.6
— diluted	**297.8**	122.3	231.9

3. OPERATING PROFIT

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Restated	Year ended 30 Sep 2019 Audited
Included in operating profit are:			
Cost of sales (including allocation of depreciation) — continued operations	**19 108**	22 021	43 928
Cost of sales (including allocation of depreciation) — discontinued operations	**1 227**	1 158	2 397
Income include the following:			
Income from sub-leasing right-of-use assets	**1**		
Finance income on finance lease receivables	**2**	17	3
Expenses includes the following:			
Staff costs — continued operations	**4 073**	4 214	9 137
Staff costs — discontinued operations	**121**	129	281
B-BBEE charge (3.1)	**132**	24	73
Guaranteed minimum pension charge (once-off charge)		88	88
Amortisation of intangible assets in terms of IFRS 3 business combinations	**6**	14	15
Expenses relating to short-term leases	**30**		
Expense relating to leases of low value assets — continued operations	**95**		
Expense relating to leases of low value assets — discontinued operations	**12**		

The group's B-BBEE deal Khula Sizwe was implemented on 1 October 2019. At 31 March 2020, 49 of the 64 properties had transferred to Khula Sizwe and the Barloworld entities were incurring rental changes related to these properties. Implementation charges of R13 million were incurred in the period (2019: R24 million) together with IFRS 2 Share-Based Payment (IFRS 2) charges totalling R119 million (2019: Rnil).

The IFRS 2 charges in Barloworld arose from the group's contribution to the Employee Trust and the interest free loan granted to the Management Trust to enable these entities to acquire shares in Khula Sizwe.

The IFRS 2 charges in Khula Sizwe arose from the per share discount given to Khula Sizwe shareholders in the initial share offering. The Khula Sizwe shares were valued using a Monte Carlo approach, with share prices following a geometric Brownian model. The following were the primary model inputs, estimates and judgements:

- The net asset value of Khula Sizwe, assuming all properties had transferred on 1 October 2020.
- Share volatility determined with reference to the SA REIT index.
- Adjustments for the lock in periods applicable to the shares.
- Expected dividend yield.

The valuation outcome was compared to the R10 per share offer price and the estimated discount of R2.77 will be accounted for as an IFRS 2 charge in Khula Sizwe.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

3. OPERATING PROFIT continued

R million	Six months ended 31 Mar 2020
The IFRS 2 charges incurred by Barloworld segments in the period were as follows:	
Employee Trust	**43**
Management Trust	**11**
Total IFRS 2 charges incurred by Barloworld segments	**54**
IFRS 2 charges incurred by th Khula Sizwe segment were as follows:	
Employee Trust	**12**
Management Trust	**8**
Black Public (once-off charge)	**45**
Total IFRS 2 charges incurred by the Khula Sizwe segment	**65**
Total IFRS 2 charge incurred by the Barloworld group	**119**

Note that the Employee Trust charge will be recognised over two years and the Management Trust charge will be recognised over five years in line with the service conditions attached to these shares. The Black Public charge is a day one charge and is not recurring.

4. NON-OPERATING AND CAPITAL ITEMS

	Six months ended		Year ended
R million	31 Mar 2020	31 Mar 2019 Reviewed	30 Sep 2019 Audited
Profit on disposal of subsidiary *	**9**		12
Profit on disposal of property, plant, equipment, intangibles and other assets	**9**		3
Gross non-operating and capital items from continuing operations	**18**		15

* Refer to note 14 for an explanation of the disposal of subsidiary.

5. TAXATION

	Six months ended		Year ended
R million	31 Mar 2020	31 Mar 2019 Restated	30 Sep 2019 Audited
Taxation per income statement	**(415)**	(357)	(771)
Prior year taxation	**(43)**	(3)	7
Taxation on impairment of indefinite life intangible assets, impairment of property, plant and equipment and other non-operating and capital items	**82**	(12)	(3)
Attributable to a change in the rate of income tax #	**40**		
Taxation on profit before prior year taxation, non-operating and capital items and rate change	**(494)**	(342)	(775)

The UK statutory tax rate reduction to 17% effective April 2020 was withdraw and the rate will remain at 19%. This resulted in a change in the deferred tax asset recognised on the defined benefit pension liability.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

5. TAXATION continued

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Restated	Year ended 30 Sep 2019 Audited
South Africa normal taxation rate	**28.0**	28.0	28.0
Foreign rate differential	**(3.3)**	(1.1)	4.9
Reduction in rate of taxation	**(34.9)**	2.6	(8.9)
Exempt income and special allowances@	**(2.5)**	1.9	(4.9)
Taxation losses of prior periods	**0.4**		
Non-operating and capital items taxation	**(22.9)**	3.1	(1.6)
IAS12.41 adjustment**	**(9.3)**	(2.7)	(2.1)
Rate change adjustment	**2.8**		
Prior year taxation	**(3.4)**	0.3	(0.3)
Increase in rate of taxation	**(22.8)**	8.9	6.9
Disallowable charges***	**(21.9)**	6.6	6.2
Current year losses not utilised	**(0.9)**	2.3	0.7
Taxation as a percentage of profit before taxation	**(33.0)**	38.4	30.9

@ Exempt income and special allowances largely comprise learnerships, gains on rental assets, dividends, exempt investment income and other capital income/gains.

** This amount represents a recognition in deferred tax of the effect of the movement of the exchange rate on the USD equivalent of the local currency tax base of non-monetary assets (i.e. inventories and fixed assets) and the reversals of deferred tax previously raised when the related items of inventory of fixed assets are sold. It applies to the group's companies in Zambia, Angola, Mozambique, Malawi and Russia where the functional currency and tax reporting currency is not the same.

*** Disallowable charges relate largely to capital expenses and other such expenses not incurred in the production of income including professional fees, donations, entertainment, depreciation, amortisation, non-deductible allowances on leasehold improvements, and goodwill and other asset impairments. The current year group tax rate was significantly impacted by the Khula Sizwe IFRS 2 charges amounting to R65 million, capital gains and recoupments on the sale of properties to Khula Sizwe of R527 million and a R640 million impact on local currency profits before tax resulting from a notable devaluation in local currencies against the USD functional currency, especially in Russia, Mozambique and Angola.

%	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Restated	Year ended 30 Sep 2019 Audited
Taxation continuing operations (excluding prior year taxation and taxation on impairment of indefinite life intangible assets, impairment of property, plant and equipment and other non-operating and capital items) as a percentage of profit before taxation (excluding non-operating and capital items)	**103.3**	34.3	32.1
Taxation — excluding Avis Fleet interest (excluding prior year taxation and taxation on impairment of indefinite life intangible assets, impairment of property, plant and equipment and other non-operating and capital items) as a percentage of profit before taxation (excluding non-operating and capital items)	**81.2**	30.2	28.8

6. GOODWILL

R million	Six months ended 31 Mar 2020	31 Mar 2019 Reviewed	Year ended 30 Sep 2019 Audited
Cost			
At 1 October	**1 958**	2 140	2 140
Subsidiaries acquired *	**1**		2
Deconsolidation of subsidiary			(203)
Translation differences	**50**	5	18
At 31 March/30 September	**2 009**	2 145	1 958
Accumulated impairment losses			
At 1 October	**258**	267	267
Subsidiaries disposed			(9)
Impairment	**696**		
Translation differences	**3**		
At 31 March/30 September	**957**	267	258
Carrying amount	**1 052**	1 878	1 700
Classified as held for sale	**(282)**		(292)
Balance per statement of financial position	**770**	1 878	1 408

* This arose from the acquisition of trading licences within the Avis Rent-a-Car operating segment. This is considered immaterial and no further disclosure is provided.

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

Significant cash-generating units (CGUs)	Geographical location	Reportable segment to which the CGUs belong	Carrying amount of Goodwill 31 Mar 2020 Rm	31 Mar 2019 Rm	30 Sep 2019 Rm
Avis Rent-a-Car southern Africa	South Africa	Car Rental	**172**	791	791
Avis Fleet Services southern Africa *	South Africa	Avis Fleet	**282**	292	292
Equipment Russia	Russia	Equipment Russia	**257**	208	212
Equipment Botswana, Zambia, Angola, Mozambique, Malawi (BZAMM)	Rest of Africa	Equipment southern Africa		48	61
Other ^	Various	Various	**341**	539	344
Carrying amount			**1 052**	1 878	1 700
Classified as held for sale			**(282)**		(292)
Balance per statement of financial position			**770**	1 878	1 408

* Automotive leasing division has been classified as held for sale as per note 10.
^ The aggregate of the remaining immaterial goodwill balances consists of 12 cash generating units in 2020, (2019: 12).

6. GOODWILL continued

With the outbreak of the COVID-19 global pandemic, the resulting global economic downturn and the credit rating downgrade of South Africa to sub-investment grade all of which were evident at 31 March 2020, all goodwill was assessed for impairment which resulted in the below mentioned impairments.

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

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill, is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use.

R million	Geographical location	Reportable segment to which the CGUs belong	31 Mar 2020
Impairments recognised in the six months to 31 March 2020			
Avis Rent-a-Car southern Africa	South Africa	Car Rental	**619**@
Phakisaworld	South Africa	Avis Fleet	**11**
Equipment Botswana, Zambia, Angola, Mozambique, Malawi (BZAMM)	Rest of Africa	Equipment southern Africa	**57** **
Aspen	South Africa	Logistics	**9**
Total			**696**

@ **Avis Rent-a-Car southern Africa**
The Avis Rent-a-Car business has been significantly impacted by the COVID-19 crisis due to local and global travel restrictions which have particularly impacted the on-airport market segment. This crisis is expected have a prolonged impact on the cash flows in this business driven by an expected slow recovery of local and global tourism. Regulatory restrictions on used car sales and expectations for future used car sales volumes and margins have also negatively impacted cash flow projections for this business. The impairment recognised is a reflection of projected cash flows in the current market environment.

** **BZAMM**
Lower expected short and long-term growth rates in these regions has negatively impacted on expected mining and construction activity levels which drive the cash flows of this CGU. Further, the higher discount rate applied to these lower forecast cash flows was a primary driver of the impairment recognised in the period.

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

A discounted cash flow valuation model is applied using a five-year strategic plan as approved by management. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the group adjusted for the estimated impact of COVID-19 on the various businesses in the medium term and the expected prolonged recovery from this global crisis which has impacted long-term growth rates across our businesses. The process ensures that significant risks and sensitivities are appropriately considered and factored into strategic plans.

6. GOODWILL continued

The discount rate applied to the five-year forecast period has been outlined for each cash generating unit in the table below. Discount rates applied to cash flow projections are based on a country or region-specific discount rate, dependent upon the location of cash-generating operations. As at 31 March 2020 there was a marked increase in discount rates as a result of increased risk-free rates used within the discount rate calculations together with higher country risk premiums across the territories in which we operate. The notable reduction in the discount rate applied to Avis Rent-a-Car Southern Africa is a reflection of the lower borrowing rates prevailing in the market as well as taking into account the capital structure of comparable businesses, where the industry average ratio of Debt to Equity is considerably higher (when compared to trading businesses). The net effect is a higher proportion of a lower cost of debt in the discount rate.

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

Significant cash-generating units (CGUs)	Geographical location	Currency	**31 Mar 2020 (%)**	30 Sep 2019 (%)
Avis Rent-a-Car southern Africa	South Africa	ZAR	**14.3**	16.3
Avis Fleet Services southern Africa	South Africa	ZAR	**23.1 – 23.5**	23.5 – 25.6
Equipment Russia	Russia	USD	**15.7**	12.0
BZAMM	Rest of Africa	USD	**18.3**	18.0
Other	Various	Various	**16.0 – 21.7**	14.2 – 19.0

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

Significant cash-generating units (CGUs)	Geographical location	Currency	**31 Mar 2020 (%)**	30 Sep 2019 (%)
Avis Rent-a-Car southern Africa	South Africa	ZAR	**4.6**	5.0
Avis Fleet Services southern Africa	South Africa	ZAR	**4.6**	5.0
Equipment Russia	Russia	USD	**1.8**	2.1
BZAMM	Rest of Africa	USD	**1.8**	2.0
Other	Various	Various	**4.6**	2.0 – 5.0

The sensitivity of management's assumptions as applied in the value-in-use models is demonstrated below. Specifically, the sensitivity analysis indicates the point at which the headroom of a CGU is reduced to zero (breakeven). Each sensitivity has been performed independently and not cumulatively across all assumptions.

6. GOODWILL continued

As at 31 March 2020, management have performed sufficient sensitivity analysis to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of the group's individual cash-generating units to exceed their recoverable amount (value-in-use), except for those disclosed below:

BZAMM goodwill and intangible assets were fully impaired at 31 March 2020 and as such no sensitivity analysis is presented.

HEADROOM SUMMARY

R million	Avis Rent-a-Car southern Africa	Avis Fleet Services southern Africa
Recoverable amount (based on value-in-use)	3 425	681
Headroom/(impairment)	(619)	68

THE PRE-TAX NOMINAL DISCOUNT RATES (DISCOUNT RATE) BREAKEVEN SENSITIVITY

%	Avis Rent-a-Car southern Africa	Avis Fleet Services southern Africa
Discount rate base case	14.3	23.1
Discount rate breakeven level ^	12.8	24.4
Discount rate for full impairment *	14.3	32.5

^ Level of discount rate at which headroom is R0.
* Discount rate at which GW is impaired to R0.

LONG-TERM GROWTH BREAKEVEN SENSITIVITY **

%	Avis Rent-a-Car southern Africa	Avis Fleet Services southern Africa
Base case long-term growth rate	4.6	4.6
Growth rate breakeven level	5.6	3.3
Growth rate for full impairment ***	4.2	< 0.0 #

** Breakeven level measures long-term growth rate at which headroom is R0.
*** Growth rate at which goodwill is impaired to R0.
# Long-term growth rate can drop to below 0% before the headroom is reduced R0.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

7. INTANGIBLE ASSETS

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Reviewed	Year ended 30 Sep 2019 Audited
Cost			
At 1 October	**2 920**	2 832	2 832
Other additions	**31**	83	162
Subsidiaries disposed	**(4)**		(67)
Other disposals	**(22)**	(34)	(69)
Translation differences	**164**	19	62
At 31 March/30 September	**3 089**	2 900	2 920
Accumulated amortisation and impairment			
At 1 October	**1 360**	1 302	1 302
Charge for the year	**65**	54	115
Subsidiaries disposed	**(4)**		(2)
Other disposals	**(22)**	(25)	(59)
Impairment^	**728**		
Translation differences	**58**	5	4
At 31 March/30 September	**2 185**	1 336	1 360
Carrying amount			
At 31 March/30 September	**904**	1 564	1 560
Less amounts classified as held for sale	**(41)**		(33)
Total per statement of financial position	**863**	1 564	1 527

^ With the outbreak of the COVID-19 global pandemic, the resulting global economic downturn and the credit rating downgrade of South Africa to sub-investment grade all of which were evident at 31 March 2020, all indefinite life intangible assets were assessed for impairment which resulted in the below mentioned impairments being recognised in the six months to 31 March 2020.

R million	Category/class of intangible assets	Geographical location	Reportable segment to which the CGUs belong	31 Mar 2020
Equipment Botswana, Zambia, Angola, Mozambique, Malawi (BZAMM)	Supplier Relationships	Rest of Africa	Equipment Southern Africa	**708** *
Other	Other Software	South Africa	Various	**20**
Total				**728**

* **BZAMM**
Lower expected short and long-term growth rates in these regions have negatively impacted on expected mining and construction activity levels which drive the cash flows of this CGU. Further, the higher discount rate applied to these lower forecast cash flows was a primary driver of the impairment recognised in the period.

7. INTANGIBLE ASSETS continued

SIGNIFICANT INTANGIBLE ASSETS

The group did not acquire intangible assets with indefinite useful lives during the current period (2019: Nil).

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

Significant cash-generating units (CGUs)	Category/ class of intangible assets	Geographical location	Reportable segment to which the CGUs belong	Six months ended **31 Mar 2020 Rm**	Six months ended 31 Mar 2019 Reviewed Rm	Year ended 30 Sep 2019 Audited Rm
Equipment Russia	Supplier Relationship	Russia	Equipment	**229**	185	195
Equipment South Africa	Supplier Relationship	South Africa	Equipment	**277**	277	277
Equipment Botswana, Zambia, Angola, Mozambique, Malawi (BZAMM)	Supplier Relationship	Rest of Africa	Equipment		608	640
Other	Supplier Relationship	Various	Various	**21**	65	21
Total indefinite life intangible assets				**527**	1 135	1 133
Intangible assets with finite useful lives				**336**	429	394
Total carrying value				**863**	1 564	1 527

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

7. INTANGIBLE ASSETS continued

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

A discounted cash flow valuation model is applied using a five-year strategic plan as approved by management. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the group adjusted for the estimated impact of COVID-19 on the various businesses in the medium term and the expected prolonged recovery from this global crisis which has impacted long-term growth rates across our businesses. The process ensures that significant risks and sensitivities are appropriately considered and factored into strategic plans.

The discount rate applied to the five-year forecast period has been outlined for each cash generating unit in the table below. Discount rates applied to cash flow projections are based on a country or region-specific discount rate, dependent upon the location of cash-generating segment operations. As at 31 March 2020 there was a marked increase in discount rates as a result of increased risk-free rates used within the discount rate calculations together with higher country risk premiums across the territories in which we operate.

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

Significant cash-generating units (CGUs)	Geographical location	Currency	31 Mar 2020 %	30 Sep 2019 %
Equipment Russia	Russia	USD	**15.7**	12.6
Equipment South Africa	South Africa	ZAR	**20.8**	19.4
BZAMM	Rest of Africa	USD	**18.3**	18.0
Other	South Africa	ZAR	**16.3**	14.6

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

Significant cash-generating units (CGUs)	Geographical location	Currency	31 Mar 2020 %	30 Sep 2019 %
Equipment Russia	Russia	USD	**1.8**	2.1
Equipment South Africa	South Africa	ZAR	**4.6**	5.0
BZAMM	Rest of Africa	USD	**1.8**	2.0
Other	South Africa	ZAR	**4.6**	5.0

As at 31 March 2020, management have performed sufficient sensitivity analysis to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of the group's individual cash-generating units to exceed their recoverable amount (value-in-use) (other than for BZAMM which was impaired in the period).

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

8. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	(LOSS)/INCOME FROM ASSOCIATES AND JOINT VENTURE			CARRYING VALUE OF THE INVESTMENT		
	Six months ended		Year ended	Six months ended		Year ended
R million	**31 Mar 2020**	31 Mar 2019 Reviewed	30 Sep 2019 Audited	**31 Mar 2020**	31 Mar 2019 Reviewed	0 Sep 2019 Audited
Joint ventures	**(76)**	135	246	**1 305**	1 368	1 560
Bartrac Equipment Limited	**(38)**	134	268	**1 228**	1 050	1 266
BHBW South Africa (Pty) Limited	**(39)**	(1)	(16)	**64**	305	290
Other	**1**	2	(6)	**13**	13	4
Associates	**13**	(19)	(15)	**573**	98	693
NMI Durban South Motors (Pty) Ltd *	**20**	—	4	**509**		617
Other	**(7)**	(19)	(19)	**64**	98	76
Total per income statement/ statement of financial position	**(63)**	116	231	**1 878**	1 466	2 253
Discontinued operations/amount classified as held for sale	**1**			**(2)**		
Total group	**(62)**	116	231	**1 876**	1 466	2 253

* Effective 1 September 2019 NMI Durban South Motors (Pty) Ltd was no longer consolidated as a subsidiary and is now recognised as an associate.

Impairment of investments arises when the recoverable amount of the Investment is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use. For the purposes of assessing the above Investments for impairment, the recoverable amount was based on the fair value less costs to sell method.

With the outbreak of the COVID-19 global pandemic, the resulting global economic downturn and the credit rating downgrade of South Africa to sub-investment grade all of which were evident at 31 March 2020, all investments in associates and joint ventures were assessed for impairment which resulted in the below mentioned impairments.

8. INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

IMPAIRMENTS RECOGNISED IN THE SIX MONTHS TO 31 MARCH 2020

	Geographical location	Reportable segment	31 Mar 2020
BHBW South Africa (Pty) Limited	South Africa	Handling	**187**
NMI Durban South Motors (Pty) Ltd	South Africa	Motor Trading	**124**
Other	South Africa	Equipment	**6**
Total			**317**

The following key assumptions have been used in determining the fair value less costs to sell of each investment:

%	Bartrac Equipment Limited	BHBW South Africa (Pty) Limited	NMI Durban South Motors (Pty) Ltd
Pretax nominal discount rate	24.9	21.9	18.3
Terminal growth rate	1.8	4.6	4.6

RECONCILIATION OF THE CARRYING AMOUNT OF THE INTEREST IN INVESTMENT RECOGNISED IN THE CONSOLIDATED FINANCIAL STATEMENTS

	BHBW South Africa (Pty) Limited	NMI Durban South Motors (Pty) Ltd
Carrying value of the group's interest at 30 September 2019	290	617
(Loss)/income for the six months ended 31 March 2020	(39)	20
Impairment recognised at 31 March 2020	(187)	(124)
IFRS 16 adjustment		(4)
Carrying value of the group's interest at 31 March 2020	64	509

Reasons for impairment are as follows:

BHBW South Africa (Pty) Ltd
Projections indicate the company will continue to make losses through 2020 and 2021 impacted by the COVID-19 crisis and the related economic downturn. The impairment recognised is a reflection of projected cash flows in the current market environment. The discount rate increased in the period under review, further impacting on the valuation.

NMI Durban South Motors (Pty) Ltd
The investment was acquired in September 2019 when NMI became an associate of Barloworld (previously it was a fully consolidated subsidiary). The COVID-19 crisis and general market outlook in the premium vehicle market segment has led to the impairment of the investment recognised in the current period.

The sensitivity of management's assumptions as applied in the valuation is demonstrated below. Specifically, the sensitivity analysis indicates the point at which the headroom over the carrying value is reduced to zero (breakeven). Each sensitivity has been performed independently and not cumulatively across all assumptions.

8. INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

As at 31 March 2020, management have performed sufficient sensitivity analysis to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of the group's individual cash-generating units to exceed their recoverable amount (fair value less costs to sell) (other than for those investments that were impaired in the period).

	Bartrac Equipment Limited	BHBW South Africa (Pty) Limited	NMI Durban South Motors (Pty) Ltd
The pre-tax nominal discount rates (discount rate) breakeven sensitivity			
Discount rate base case (%)	24.9	21.9	18.3
Discount rate breakeven level ^ (%)	29.8	10.6	16.1
Long-term growth rate breakeven sensitivity			
Base case long-term growth rate (%)	1.8	4.6	4.6
Long-term growth rate breakeven level	<0.0 *^	14.7	6.5

^ Level of discount rate at which headroom is R0 (%)

*^ Long-term growth rate can drop to below 0% before investment is fully impaired.

9. LONG-TERM FINANCIAL ASSETS

	Six months ended		Year ended
R million	**31 Mar 2020**	31 Mar 2019 Reviewed	30 Sep 2019 Audited
Listed investments at fair value	**3**	2	2
Unlisted investments at fair value	**70**	64	62
Other long-term financial assets	**212**	229	199
Unlisted debt instruments*	**113**	650	447
Total group	**398**	945	710

* The group remains invested in Dollar linked Angolan government bonds. These Kwanza denominated bonds are pegged to the United States Dollar. On maturity the bonds will be settled in Kwanza. At 31 March 2020, the group's investment in these bonds was $44.8 million (2019: $56.7million) of which the long-term portion was $6.3 million (2019: $45 million).

10. DISCONTINUED OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE

In September 2019 management took a firm decision to dilute the group's interest in the Avis Fleet business. Barloworld intention is to form a joint venture and reduce it's shareholding to 50%. Avis fleet represents a significant line of business and has therefore been disclosed as a discontinued operation at 31 March 2020, with the comparative March 2019 financial information re-stated accordingly. Further details regarding this decision are disclosed under events after reporting date in note 20.

10. DISCONTINUED OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE continued

Results from the discontinued operation are as follows:

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Reviewed Restated *	Year ended 30 Sep 2019 Audited Restated *
Revenue	**1 669**	1 643	3 372
Operating profit before items listed below	**706**	750	1 469
Impairment losses on financial assets and contract assets	**(21)**	(21)	(18)
Depreciation	**(3)**	(400)	(826)
Operating profit	**681**	329	625
Fair value adjustments on financial instruments	**(6)**	(6)	(9)
Finance costs excluding finance charges on group debt. (note 2 below)	**(23)**	(24)	(49)
Income from investments		4	11
Profit before non-operating and capital items	**652**	303	577
Non-operating and capital items comprising of:			
Impairment of goodwill	**(11)**		
Impairment of property, plant and equipment ito IFRS 5	**(413)**		(12)
Profit before taxation	**228**	303	565
Taxation	**(28)**	(41)	(79)
Net profit after taxation	**200**	262	486
Loss from associates	**1**		
Profit from discontinued operations	**201**	262	486
Current year adjustment to the profit on disposal of Equipment Iberia			33
Profit from discontinued operations per income statement	**201**	262	519
Profit on discontinued operations to the owners of Barloworld Limited after non-controlling interest	**198**	259	513

* The restatement is due to discontinued operations of Avis Fleet and the presentation of impairment losses on financial assets and contract assets in March 2019/September 2020, and the disaggregation of the non-operating and capital items. Refer to note 22.

10. DISCONTINUED OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE continued

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Restated	Year ended 30 Sep 2019 Restated
The cash flows from the discontinued operations are as follows:			
Cash flows from operating activities	**433**	(106)	447
Cash flows from investing activities	**(11)**	(8)	(18)
Cash flows from financing activities	**(172)**	(21)	(76)
The major classes of assets and liabilities comprising the disposal group and other assets classified as held for sale were as follows:			
Property, plant and equipment	**4 098**	175	4 358
Right-of-use assets	**34**		
Goodwill	**282**		292
Investments	**2**		
Long-term financial assets	**144**		155
Deferred tax asset	**7**	4	21
Intangible assets	**41**	2	33
Inventories	**168**	24	72
Trade and other receivables	**758**	76	772
Cash balances	**72**	30	77
Assets classified as held for sale	**5 606**	311	5 780
Interest-bearing short and long-term loans	**529**	1	587
Lease liabilities	**61**		
Trade and other payables — short and long-term	**1 340**	50	1 279
Deferred tax liability	**218**		216
Provisions	**122**	8	133
Tax provision	**28**		7
Total liabilities associated with assets classified as held for sale	**2 298**	59	2 222
Net assets classified as held for sale	**3 308**	252	3 558
Per business segment:			
Equipment (note 1)	**18**		70
Automotive (note 2)	**3 174**		3 309
Logistics SmartMatta and Middle East (note 3)	**23**	159	86
Corporate office (note 4)	**93**	93	93
Total group	**3 308**	252	3 558

Note 1: This refers to properties within the Equipment division that are in the process of being sold.
Note 2: This represents the assets and liabilities of the Avis Fleet business classified as held for sale and a discontinued operation.

10. DISCONTINUED OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE continued

The group operates a central treasury function which, as at 31 March 2020, had allocated debt of R2.69 billion (September 2019: 2.8 billion) to fund the Avis Fleet operations. This debt is recognised in continuing operations of the group together with the associated finance charges of R130 million (September 2019: R277 million; March 2019: R135 million). However, the debt and interest were also eliminated for the continuing operations, thus when considering the group as a whole, all intercompany transactions and balances have been eliminated in terms of the consolidation requirements of IFRS. On disposal of the Avis Fleet business this group debt will either be repaid or the facilities will be re-allocated to other value adding opportunities. Refer to below for a reconciliation of the Avis Fleet results and the net assets to reflect this finance cost and debt allocation.

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Restated	Year ended 30 Sep 2019 Audited
Profit from discontinued operations of Avis Fleet as reported	**201**	262	486
Finance costs on group treasury funding of the Avis Fleet operations	**(130)**	(135)	(277)
Adjusted profit from Avis Fleet before non-controlling interest	**71**	127	209
Net assets of the discontinued operations of Avis Fleet as reported	**3 174**	n/a	3 309
Group treasury allocation of debt funding to the Avis Fleet operations	**(2 692)**	n/a	(2 794)
Adjusted net assets of Avis Fleet	**482**	n/a	515

Note 3: Assets held for sale in the Logistics business includes SmartMatta. Logistics Dubai was sold effective 1 October 2019. Whilst there have been a number of unforeseen challenges to executing on the sale of SmartMatta in the year, management remain committed to exiting this business and are confident that these assets will be disposed of in the coming 12 months.
Note 4: The assets held for sale within the Corporate division relate to the Barlow Park property owned by Barloworld Limited which is in the process of being sold into a consortium of investors with the aim of redeveloping the site into a multi-use precinct. There have been unexpected delays in the commencement of this project, however, there has been good progress in the first half of the year and it is expected that the consortium will be in a position to commence operations in the coming twelve months.

* Includes financial assets of R927 million.
** Includes financial liabilities measured at amortised cost of R2 001 million.

11. FINANCIAL INSTRUMENTS

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Reviewed	Year ended 30 Sep 2019 Audited
ASSETS			
Long-term finance lease receivables	**11**	428	2
Long-term financial assets	**385**	1 209	677
Trade and other receivables	**7 997**	7 657	5 740
Cash and cash equivalents	**4 578**	6 031	7 226
Total assets	**12 971**	15 324	13 645
LIABILITIES			
Interest-bearing non-current liabilities	**5 018**	6 405	4 621
Other non-current liabilities		473	146
Trade and other payables	**7 141**	8 546	7 892
Amounts due to bankers and short-term loans	**4 218**	4 353	3 187
Total liabilities	**16 377**	19 776	15 846

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

For all of the above mentioned financial asset categories the carrying value approximates the fair value with the exception the Angolan Bonds included within long-term financial asset and trade and other receivables. The fair value of USD40 million (30 September 2019: USD54.6 million) has been derived for disclosure purposes and does not resemble the expected value on maturity or on settlement but serves and indicative measure of the spread at which the bond would trade at the most conservative end of the spread as the exercise excludes any subjective pricing factors any only external inputs. The true fair value could lie between a wide range of possibilities and it is management's view that the value on settlement/maturity is best represented by the amortised cost. Had the Angolan Bonds been measured at fair value they would represent a level 2 financial instruments valued in line with comparable hedging instruments.

For all of the above mentioned financial liabilities categories the carrying value approximates the fair value with the exception of non-current interest bearing liabilities where the fair value as at 31 March 2020 exceeds the carrying value by R40 million (30 September 2019: R33 million).

FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

11. FINANCIAL INSTRUMENTS continued

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets. The markets from which these quoted prices are obtained are the bonds market, the stock exchange as well other similar markets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The valuation techniques used in deriving level 2 fair values are consistent with valuing comparable hedging instruments (foreign exchange contracts and interest rate swaps). The primary input into these valuations are foreign exchange rates and prevailing interest rates which are derived from external sources of information.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The valuation techniques used in deriving level 3 fair values are based on recent comparable transactions as well as the net asset value approach of the investment that is being valued. This information is based on unobservable market data, and adjusted based on management's experience and knowledge of the investment.

	31 Mar 2020			
R million	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Long-term financial assets			**70**	**70**
Trade and other receivables		**189**		**189**
Financial assets at FVOCI				
Trade and other receivables		**329**		**329**
Total		**518**	**70**	**588**
Financial liabilities at fair value through profit or loss				
Trade and other payables		**31**		**31**
Financial liabilities at FVOCI				
Amounts due to bankers and short-term loans		**6**		**6**
Total		**37**		**37**

	31 Mar 2019			
R million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Long-term financial assets			66	66
Financial assets at FVOCI				
Trade and other receivables		32		32
Total		32	66	98

11. FINANCIAL INSTRUMENTS continued

R million	Level 1	Level 2	Level 3	Total
		31 Mar 2019		
Financial liabilities at fair value through profit or loss				
Trade and other payables		11		11
Financial liabilities at FVOCI				
Amounts due to bankers and short-term loans		30		30
Total		41		41

R million	Level 1	Level 2	Level 3	Total
		30 Sep 2019		
Financial assets at fair value through profit or loss				
Long-term financial assets			64	64
Trade and other receivables		4		4
Financial assets at FVOCI				
Trade and other receivables		45		45
Total		49	64	113
Financial liabilities at fair value through profit or loss				
Trade and other payables		37		37
Financial liabilities at FVOCI				
Trade and other payables		1		1
Amounts due to bankers and short-term loans		15		15
Total		53		53

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

	Fair value through profit and loss		
	Unlisted shares	Other investment	Total
Balance as at 1 October 2019	5	59	64
Total gains recognised in profit and loss	10	(4)	6
Balance 31 March 2020	**15**	**55**	**70**
Balance 30 September 2018	5	49	54
Total gains recognised in profit and loss	0	12	12
Balance 31 March 2019	5	61	66
Balance as at 1 October 2018	5	55	60
Total gains recognised in profit and loss		4	4
Balance 30 September 2019	5	59	64

Total gains recognised in profit and loss relate to unrealised gains on financial assets that are measured at fair value at the end of the period.

11. FINANCIAL INSTRUMENTS continued

MARKET RISK MANAGEMENT

i) Currency risk

Trade commitments

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

Net currency exposure and sensitivity analysis

The following table represents the extent to which the group has monetary assets and liabilities in currencies other than the group companies' functional currency. The information is shown inclusive of the impact of forward contracts and options in place to hedge the foreign currency exposures. There has been no change to the group's exposure to market risks or the manner in which these risks are managed and measured. Based on the net exposure below it is estimated that a simultaneous 10% change in all foreign currency exchange rates against divisional functional currency will impact the fair value of the net monetary assets/liabilities of the group to the following extent:

	Six months ended		Year ended
R million	**31 Mar 2020**	31 Mar 2019	30 Sep 2019 Audited
Foreign currency sensitivity analysis			
Impact of a 10% change in all foreign currency exchange rates	**336**	404	288
— impact on profit or loss	**260**	396	262
— impact other comprehensive income	**76**	8	26

ii) Interest rate risk

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

11. FINANCIAL INSTRUMENTS continued

R million	Six months ended 31 Mar 2020	31 Mar 2019	Year ended 30 Sep 2019 Audited
Interest rate sensitivity analysis			
Impact of a 1% increase in South African interest rates			
— charge to profit or loss	**53**	75	87
Impact of a 1% increase in offshore interest rates			
— charge to profit or loss	**12**	10	12

CREDIT RISK MANAGEMENT

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously as contracted. Credit risk is managed on a group-wide basis. Potential areas of credit risk relate primarily to trade receivables and cash on deposit. Trade receivables consist mainly of a large and widespread customer base. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by a thorough application process based factors specific and unique to each operating division which includes creditworthiness checks using the reputable ITC institutions, the credit quality of the customer, its financial position, upfront deposits received etc. Group companies monitor the financial position of their customers on an on-going basis. It is group policy to deposit cash with major banks and financial institutions with strong credit ratings.

Due to the emergence of the COVID-19 pandemic and the uncertainties this crisis has created, particularly regarding the recoverability of trade receivables, management have made certain judgements and estimates when considering the potential impact of COVID-19. Specifically, we do expect a slow down in trade receivable payments and an increase in credit risk which has been reflected in the forward looking factors applied in management's assessment of the expected credit losses (ECL) on financial assets. However, at this time it is challenging to determine the full extent of the impact as COVID-19 as the impact of the crisis is still at an early stage and its impact will only become more apparent in the second half of the current financial year. Therefore, the expected credit losses presented are subject to this uncertainty and could differ from the actual impairments incurred in the future.

The following indicates the expected credit loss on trade receivables:

R million	Gross carrying amount	Lifetime ECL	Average ECL/ impairment ratio (%)
Division			
Equipment	**4 485**	**(405)**	**9.0**
Automotive	**1 890**	**(536)**	**28.4**
Logistics	**953**	**(39)**	**4.1**
Corporate and Khula Sizwe	**192**	**(1)**	**0.5**
Balance 31 March 2020	**7 520**	**(981)**	**13.0**

11. FINANCIAL INSTRUMENTS continued

R million	Gross carrying amount	Lifetime ECL	Average ECL/ impairment ratio (%)
Division			
Equipment	4 446	(310)	7.0
Automotive	2 125	(480)	22.6
Logistics	1 244	(25)	2.0
Corporate	32		0.0
Balance 31 March 2019	7 847	(815)	10.4
Division			
Equipment	3 863	(306)	7.9
Automotive	1 877	(458)	24.4
Logistics	957	(34)	3.6
Corporate	12		
Balance 30 September 2019	6 709	(798)	11.9

12. DIVIDENDS DECLARED

	Six months ended		**Year ended**
R million	**31 Mar 2020**	31 Mar 2019 Reviewed	30 Sep 2019 Audited
Ordinary shares			
Final dividend No 182 paid on 13 January 2020: 297 cents per share (2019: No 180 — 317 cents per share)	**614**	674	674
Special dividend paid on 13 January 2020: 228 cents per share	**500**		
Interim dividend No 181 paid on 10 June 2019: 165 cents per share			350
Paid to Barloworld Limited shareholders	**1 114**	674	1 024
Paid to non-controlling interest	**4**	14	33
	1 118	688	1 057

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

13. ACQUISITION OF SUBSIDIARIES, INTANGIBLES AND INVESTMENTS REALISED

R million	Six months ended 31 Mar 2020	31 Mar 2019 Restated	Year ended 30 Sep 2019 Restated
Inventories acquired	**(69)**		
Receivables acquired	**(12)**		
Payables, taxation and deferred taxation acquired	**1**		
Property, plant and equipment and non-controlling interest	**(5)**		(3)
Total net assets acquired	**(85)**		(3)
Goodwill arising on acquisition			(2)
Net cash cost of subsidiaries acquired *	**(85)**		(5)
Intangile assets acquired	**(35)**	(83)	(163)
Cash amounts paid to acquire subsidiaries and intangibles	**(120)**	(83)	(168)
* During the period the Automotive Trading segment acquired three BMW dealerships.			
Investments realised **	**165**	91	114
Investments realised	**165**	91	114

** Investments realised mainly arose due to the realisation of Angolan bonds.

14. PROCEEDS ON DISPOSAL OF SUBSIDIARIES

R million	Six months ended 31 Mar 2020	31 Mar 2019 Reviewed	Year ended 30 Sep 2019 Audited
Inventories disposed			879
Receivables disposed	**25**		341
Payables, taxation and deferred taxation balances disposed	**(21)**		(1 253)
Borrowings net of cash	**26**		95
Property, plant and equipment, non-current assets, goodwill and intangibles			406
Net assets disposed	**30**		468
Minority interest			(457)
Profit on disposal	**(32)**		5
Less: non-cash translation reserves realised on disposal of foreign subsidiary	**41**		
Net cash proceeds on disposal of subsidiaries	**39**		16
Bank Balances and cash in subsidiaries disposed	**(25)**		(100)
Cash proceeds on disposal of subsidiaries	**14**		(84)

Effective 1 October 2019 Barloworld sold the Logistics Dubai business for \$2.3 million (R39 million). The funds were received on 18 February 2020.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

15. CASH AND CASH EQUIVALENTS

R million	31 Mar 2020 (Six months ended)	31 Mar 2019 Reviewed (Six months ended)	30 Sep 2019 Audited (Year ended)
Cash balances not available for use due to reserving and foreign exchange restrictions	**222**	149	188

This includes USD12.4 million (R222 million) of Angolan Kwanza cash on hand (March 2019: USD9.1million, R130 million) (September 2019: USD10.3 million, R157 million).

16. COMMITMENTS

R million	31 Mar 2020 (Six months ended)	31 Mar 2019 Reviewed (Six months ended)	30 Sep 2019 Audited (Year ended)
Capital expenditure commitments to be incurred			
Contracted — Property, plant and equipment	**107**	213	186
Contracted — Vehicle Rental Fleet	**56**	190	865
Contracted — Intangible assets	**58**	4	11
Approved but not yet contracted	**37**	217	117
Total continuing operations	**258**	624	1 179
Discontinued operation	**122**	173	107
Total group	**380**	797	1 286
Share of joint ventures' capital expenditure commitments to be incurred:			
Contracted		45	
Approved but not yet contracted			
		45	
Operating lease commitments: *			
Continuing operations		3 140	3 230
Discontinued operation		15	43
Total group		3 155	3 273

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

* The group has adopted IFRS 16: Leases on 1 October 2019 and therefore all operating lease commitments are now included on the balance sheet in line with the group policy adopted. Refer to note 19 for more details on the accounting policy change.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

17. CONTINGENT LIABILITIES

R million	31 Mar 2020	31 Mar 2019 Reviewed	30 Sep 2019 Audited
	Six months ended		Year ended
Performance guarantees given to customers, other guarantees and claims	**1 418**	952	1 653
Buy-back and repurchase commitments not reflected on the statement of financial position	**102**	94	114

Certain risk share customers have pledged collateral of R437 million (30 September 2019: R350 million) as security against these contingent liabilities.

During 2018 the Barloworld Equipment division entered into a Risk Share Agreement with Caterpillar Financial Corporation Financeira, S.A., E.F.C. — Sucursal em Portugal and Barloworld Equipment UK Limited. The Risk Share Agreement only relates to certain agreed upon customer risk profiles and relates to exposure at default less any recoveries. As at 31 March 2020 the maximum exposure of this guarantee was estimated to be R344 million (30 September 2019: R294 million) representing 25% of the capital balance outstanding.

During 2018 the Barloworld Equipment division entered into Risk Share Agreement with Caterpillar Financial Services South Africa (Pty) Ltd. The Risk Share Agreement only relates to certain agreed upon customer risk profiles and relates to exposure at default less any recoveries. As at 31 March 2020 the gross maximum exposure of this guarantee was estimated to be R133.6 million (30 September 2019: R116 million) representing 25% of the capital balance outstanding.

The company and its subsidiaries are continuously subject to various tax audits in the territories in which they operate. While in most cases the companies are able to successfully defend the tax positions taken, the outcomes of some of the audits are being disputed. Where, based on our own judgment and the advice of external legal counsel, we believe there is a probable likelihood of the group being found liable, adequate provisions have been recognised in the financial statements.

18. RELATED PARTY TRANSACTIONS

There has been no significant changes in related party relationships and the nature of related party transactions 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.

19. CHANGES IN ACCOUNTING POLICIES

19.1 ADOPTION OF NEW STANDARDS EFFECTIVE

IFRS 16: LEASES

The group adopted IFRS 16 on 1 October 2019 and elected to apply the modified retrospective approach with the net impact of the first time adoption of of IFRS 16 recognised in retained earnings. The group applied the exception for short term leases (lease term of less than 12 months) and leases of low value (R85 000) assets.

The group adopted IFRS 16 on 1 October 2019 and elected to apply the modified retrospective approach with the net impact of the first time adoption of of IFRS 16 recognised in retained earnings. The group applied the exception for short term leases (lease term of less than 12 months) and leases of low value (R85 000) assets.

The adoption of the new standard had the most impact on the groups' property operating leases that were capitalised on 1 October 2019 for the first time. The adoption of IFRS 16 resulted in a right-of-use asset of R1.7 billion and a corresponding liability of R2.3 billion with the difference of R281 million adjusted against retained earnings opening balance (see statement of changes in equity), R213 million against lease smoothing liability and R78 million against deferred tax.

There were a limited number of immaterial onerous lease contracts that required adjustment to the right-of-use asset at the date of initial application.

The lessor accounting has remained primarily the same and therefore there was no financial impact on the group resulting from leases where the group is the lessor.

The following practical expedients were applied by the group on adoption of IFRS 16 as follows:

1. No application of IFRS 16 to leases that were previously assessed not to contain a lease;
2. The accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term was not amended;
3. The use of hindsight in determining the lease term where the contract contains options to extend or terminate was not applied; and
4. Lease components were separated from non-lease components and account for each separately.

19. CHANGES IN ACCOUNTING POLICIES continued

JUDGEMENTS AND ESTIMATES APPLIED IN IMPLEMENTING IFRS 16

Lease term

The lease term is the non-cancellable period of the lease plus any optional renewal period less any optional early terminations where it is reasonably certain that the options will be exercised. The lease term was determined considering these options, where applicable, and involves judgement to determine whether the options will be exercised on a lease-by-lease basis. The following factors were considered in determining whether it is reasonably certain the options will be exercised, thus whether there is an economic incentive to exercise:

1. The strategic objectives of the business and annual business plans that observes a five-year cycle;
2. Whether the terms and conditions of the current lease are more favourable than the current market conditions;
3. The proximity of the leased premises to core customers and other business hubs;
4. Specifics for the premises/assets leased and any leasehold improvements, such as workshops or office building, undertaken by the group optimised to business needs;
5. Costs relating to the termination of the lease;
6. The availability of similar/alternative assets in the market suitable to the business needs; and
7. All relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

Incremental borrowing rate (IBR)

The group engaged an external service provider to determine the IBRs which were distributed to and used by all divisions except for Barloworld Transport for leases of trucks and trailers as the IBRs could be determined from the contracts. The following judgements and estimates were applied in determining IBRs for Barloworld Transport:

1. The purchase price of the assets is known from the invoice/contract;
2. The lessors specify the residual value of the assets at the end of the lease period;
3. The leases are secured by the asset and there are separate contracts for each truck and trailer;
4. The present value, number of payments and actual payments are specified in the contracts; and
5. The contracts have no option for extensions and no escalations.

19. CHANGES IN ACCOUNTING POLICIES continued

The recognised right-of-use assets relate to the following categories of property plant and equipment:

	31 Mar 2020	1 Oct 2019
Land and buildings	**1 425**	1 295
Plants and equipment	**8**	11
Vehicles	**336**	424
Total right-of-use assets	**1 769**	1 730

The impact of first time adoption of IFRS 16 for the six month ended 31 March 2020 is as follows:

	Right-of-use asset	Right-of-use liabilities	Deferred tax	Retained earnings	Lease smoothing liability
Capitalisation of operating leases on 1 October 2019	1 730	(2 302)	78	281	213
Additions	240	(240)			
Impairment losses	(1)				
Payments inclusive of interest		316			
Depreciation	(203)				
Interest		(140)			
Foreign currency exchange movements	37	(40)			
Less: classified as held for sale (note 10)	(34)	61			
Balance as at 31 March 2020	**1 769**	**(2 345)**			
Current		(272)			
Non-current		(2 073)			

Reconciliation of operating lease commitments disclosed as at 30 September 2019 to the right-of use liabilities recognised as at 1 October 2019:

	Total	Held for sale	1 Oct 2019
Operating lease commitments on 30 September 2019	3 273	43	3 230
Impact of discounting lease payments*	(1 082)	(21)	(1 061)
Renewals/new leases not included in lease commitments	882	12	870
Short-term leases included in lease commitments	(779)	(1)	(778)
Forex impact	8		8
Right-of-use liability at 1 October 2019	2 302	33	2 269
Current	285	5	280
Non-current	2 017	28	1 989

* The weighted average incremental borrowing rate used to measure the right-of-use liabilities on 1 October 2019 was 13.02%.

19. CHANGES IN ACCOUNTING POLICIES continued

New standards and amendments to existing standards issued but not yet effective as 30 March 2020 are not expected to have a material impact on the group's financial statements when they become effective.

20. EVENTS AFTER THE REPORTING PERIOD

UPDATE ON PLANS TO DILUTE BARLOWORLD'S INTEREST IN AVIS FLEET TO A 50% SHAREHOLDING

As at 30 September 2019, and again at 31 March 2020, Avis Fleet was disclosed as held for sale and a discontinued operation on the basis of management's firm intention to dilute Barloworld's interest in Avis Fleet to a 50% shareholding. This commitment was re-affirmed in our trading statement issued on SENS on 30 March 2020.

However, with due consideration of the economic environment that has emerged and specifically, the reduced likelihood of successfully concluding the transaction in the next 12 months, management have subsequently reconsidered this decision and concluded that this initiative will be placed on hold. This position will be re-assessed at the appropriate time and in the context of the group's strategy and optimal portfolio mix. Going forward Avis Fleet will be presented as part of continuing operations and a supplementary note has been prepared to show the impact on the group.

UPDATE ON BARLOWORLD'S PROPOSED ACQUISITION OF WAGNER ASIA EQUIPMENT

The Group continues to monitor the macro environment while continuing to perform its obligations under the SPA. As previously communicated, the closing date has been moved to 1 October 2020.

20. EVENTS AFTER THE REPORTING PERIOD continued

UPDATE ON BARLOWORLD'S PROPOSED ACQUISITION OF TONGAAT HULETT STARCH

Shareholders are referred to the SENS announcements issued on 12 May 2020, 28 May 2020 and 4 June 2020. In this regard the board is exercising its rights in terms of the Sale and Purchase Agreement (SPA) and believes that the impact of the COVID-19 pandemic and the resultant expectation of a significant downturn in the South African economy is reasonably likely to result in a deterioration of the forecast 12 month EBITDA (from 1 April 2020 to 31 March 2021) of Tongaat Hulett Starch to an extent that constitutes a Material Adverse Change (MAC) as per the SPA. Barloworld and THS were unable to reach agreement on whether a MAC has occurred and accordingly the determination will be referred to an independent accountant, once appointed, in accordance with the process provided for in the SPA. An update will be provided once the independent assessment process of the MAC is concluded.

UPDATE ON FUNDING MATURITIES SUBSEQUENT TO PERIOD END

Refer to note 1 Going Concern for an update on funding maturities and covenants subsequent to the interim period end.

COVID-19 DRIVEN COST-SAVING MEASURES

The austerity measures and cost saving initiatives already implemented by the group are expected to yield significant cost savings during this financial year and lower the overall cost base going forward. However, most of our businesses have been severely affected by restrictions on trade as well as various lockdowns and the prospects of a quick recovery are low, with some of the changes expected to be structural and trading activity expected to be lower for longer. In an effort to adjust to the requirements of trading in a significantly changed environment while positioning the business for a recovery, management and the board have decided to institute group-wide retrenchments, in addition to the 12-month remuneration sacrifice plan implemented on 1 May 2020. Retrenchment processes are expected to be completed by the end of the current financial year with significant staff complement reductions at Automotive and Logistics, Equipment southern Africa and the Corporate Centre. As this is an ongoing process we are unable to quantify the impact of these retrenchments with a reasonable level of accuracy at this time.

21. SEGMENTAL SUMMARY

	Consolidated			Eliminations		
	31 Mar 2020	31 Mar 2019 *	30 Sep 2019	**31 Mar 2020**	31 Mar 2019 *	30 Sep 2019
Continuing operations						
Operating and geographical segments**						
Revenue						
Southern Africa	**21 393**	25 433	50 544			
Europe @		57	105			
Russia	**3 824**	3 237	6 185			
	25 217	28 727	56 834			
Inter-segment revenue ***				**(1 291)**	(455)	(3 078)
	25 217	28 727	56 834	**(1 291)**	(455)	(3 078)
EBITDA	**2 269**	2 419	5 021			
Depreciation	**(881)**	(795)	(1 561)			
Depreciation — Khula Sizwe Rentals	**(78)**					
Amortisation of intangibles	**(65)**	(54)	(115)			
Operating profit/(loss)	**1 245**	1 570	3 345			
Southern Africa	**929**	1 375	2 775			
Europe @	**(54)**	(120)	(149)			
Russia	**370**	314	719			
Operating profit before B-BBEE transaction charge	**1 245**	1 570	3 345			
B-BBEE transaction charge	**(132)**	(24)	(73)			
Fair value adjustments on financial instruments	**(84)**	(70)	32			
Total segment result	**1 029**	1 476	3 304			
By geographical region						
Southern Africa	**677**	1 293	2 601			
Europe @	**(18)**	(129)	(9)			
Russia	**370**	312	712			
Total segment result	**1 029**	1 476	3 304			
Income from associates and joint ventures	**(63)**	116	231			
Finance costs	**(583)**	(556)	(1 085)			
Finance costs — Khula Sizwe Rentals	**(57)**					
Income from investments	**89**	77	192			
Non-operating and capital items	**(1 737)**	(68)	87			
Taxation	**(415)**	(357)	(771)			
Profit from discontinued operation	**201**	262	519			
Net profit	**(1 536)**	950	2 477			

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.
** The geographical segments are determined by the location of assets.
*** Inter segment revenue is priced on an arm's-length basis.
@ Including Middle East for financial year 2019.

In the interest of transparency we have aligned the interim segmental information with that presented in the annual financial statements.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

21. SEGMENTAL SUMMARY continued

	Equipment and Handling					
	Equipment			Handling		
R million	**31 Mar 2020**	31 Mar 2019 *	30 Sep 2019	**31 Mar 2020**	31 Mar 2019 *	30 Sep 2019
Continuing operations						
Operating and geographical segments**						
Revenue						
Southern Africa	**8 921**	10 033	20 434		22	28
Europe @						
Russia	**3 824**	3 237	6 185			
	12 745	13 270	26 619		22	28
Inter-segment revenue ***	**900**		2 276			
	13 645	13 270	28 895		22	28
EBITDA	**1 495**	1 470	3 277			4
Depreciation	**(323)**	(332)	(683)			
Depreciation — Khula Sizwe Rentals	**(41)**					
Amortisation of intangibles	**(25)**	(18)	(39)			
Operating profit/(loss)	**1 106**	1 120	2 555			4
Southern Africa	**736**	806	1 836			4
Europe @						
Russia	**370**	314	719			
Operating profit before B-BBEE transaction charge	**1 106**	1 120	2 555			4
B-BBEE transaction charge	**(14)**					
Fair value adjustments on financial instruments	**(125)**	(55)	(108)		(3)	1
Total segment result	**966**	1 065	2 447		(3)	5
By geographical region						
Southern Africa	**597**	753	1 735		(3)	5
Europe @						
Russia	**370**	312	712			
Total segment result	**967**	1 065	2 447		(3)	5
Income from associates and joint ventures	**(36)**	119	250	**(39)**	(3)	(24)
Finance costs	**(248)**	(303)	(536)	**(1)**	(1)	(2)
Finance costs — Khula Sizwe Rentals	**(31)**					
Income from investments	**102**	124	215	**(0)**	1	2
Non-operating and capital items	**(774)**			**(187)**		(16)
Taxation	**(299)**	(259)	(601)		(1)	(3)
Profit from discontinued operation						
Net profit	**(321)**	746	1 775	**(227)**	(7)	(38)

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.
** The geographical segments are determined by the location of assets.
*** Inter segment revenue is priced on an arm's-length basis.
@ Including Middle East for financial year 2019.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

21. SEGMENTAL SUMMARY continued

	Automotive and Logistics					
	Motor retail			Car rental Southern Africa		
R million	**31 Mar 2020**	31 Mar 2019 *	30 Sep 2019	**31 Mar 2020**	31 Mar 2019 *	30 Sep 2019
Continuing operations						
Operating and geographical segments**						
Revenue						
Southern Africa	**7 227**	9 249	18 736	**3 160**	3 296	6 271
Europe @						
Russia						
	7 227	9 249	18 736	**3 160**	3 296	6 271
Inter-segment revenue ***	**1**	43	11	**2**	4	6
	7 228	9 292	18 747	**3 162**	3 300	6 277
EBITDA	**209**	317	640	**644**	649	1 219
Depreciation	**(67)**	(31)	(57)	**(434)**	(367)	(694)
Depreciation — Khula Sizwe Rentals	**(29)**			**(6)**		
Amortisation of intangibles	**(14)**	(11)	(22)	**(1)**	(1)	(2)
Operating profit/(loss)	**99**	275	561	**203**	281	523
Southern Africa	**99**	275	561	**203**	281	523
Europe @						
Russia						
Operating profit before B-BBEE transaction charge	**99**	275	561	**203**	281	523
B-BBEE transaction charge	**(13)**			**(9)**		
Fair value adjustments on financial instruments	**1**	(1)	(2)	**(0)**		
Total segment result	**87**	274	559	**194**	281	523
By geographical region						
Southern Africa	**87**	274	559	**194**	281	523
Europe @						
Russia						
Total segment result	**87**	274	559	**194**	281	523
Income from associates and joint ventures	**18**		4			
Finance costs	**(83)**	(75)	(145)	**(152)**	(135)	(248)
Finance costs — Khula Sizwe Rentals	**(19)**			**(5)**		
Income from investments	**2**	7	13	**1**	1	5
Non-operating and capital items	**260**	(13)	103	**(616)**		(39)
Taxation	**1**	(50)	(100)	**(10)**	(25)	(50)
Profit from discontinued operation						
Net profit	**265**	143	434	**(588)**	121	191

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.
** The geographical segments are determined by the location of assets.
*** Inter segment revenue is priced on an arm's-length basis.
@ Including Middle East for financial year 2019.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

21. SEGMENTAL SUMMARY continued

	Logistics		
R million	31 Mar 2020	30 Mar 2019 *	30 Sep 2019
Continuing operations			
Operating and geographical segments**			
Revenue			
Southern Africa	**2 085**	2 832	5 074
Europe @		57	105
Russia			
	2 085	2 889	5 179
Inter-segment revenue ***	**175**	186	376
	2 260	3 075	5 555
EBITDA	**172**	147	195
Depreciation	**(163)**	(56)	(109)
Depreciation — Khula Sizwe Rentals	**(2)**		
Amortisation of intangibles	**(23)**	(23)	(48)
Operating profit/(loss)	**(16)**	68	38
Southern Africa	**(16)**	65	31
Europe @		3	7
Russia			
Operating profit before B-BBEE transaction charge	**(16)**	68	38
B-BBEE transaction charge	**(14)**		
Fair value adjustments on financial instruments	**(3)**	(2)	1
Total segment result	**(33)**	66	39
By geographical region			
Southern Africa	**(33)**	63	32
Europe @		3	7
Russia			
Total segment result	**(33)**	66	39
Income from associates and joint ventures			
Finance costs	**(111)**	(75)	(115)
Finance costs — Khula Sizwe Rentals	**(2)**		
Income from investments	**8**	19	2
Non-operating and capital items	**(92)**	(55)	(95)
Taxation	**33**	(36)	(12)
Profit from discontinued operation			
Net profit	**(197)**	(80)	(181)

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.
** The geographical segments are determined by the location of assets.
*** Inter segment revenue is priced on an arm's-length basis.
@ Including Middle East for financial year 2019.

21. SEGMENTAL SUMMARY continued

R million	Corporate 31 Mar 2020	Corporate 30 Mar 2019 *	Corporate 30 Sep 2019	Khula Sizwe 31 Mar 2020	Khula Sizwe 30 Mar 2019 *	Khula Sizwe 30 Sep 2019
Continuing operations						
Operating and geographical segments**						
Revenue						
Southern Africa		1	1			
Europe @						
Russia						
		1	1			
Inter-segment revenue ***	**213**	222	409			
	213	223	410			
EBITDA	**(249)**	(164)	(314)	**(2)**		
Depreciation	**27**	(9)	(18)	**79**		
Depreciation — Khula Sizwe Rentals						
Amortisation of intangibles	**(2)**	(1)	(4)			
Operating profit/(loss)	**(224)**	(174)	(336)	**77**		
Southern Africa	**(170)**	(51)	(180)	**77**		
Europe @	**(54)**	(123)	(156)			
Russia						
Operating profit before B-BBEE transaction charge	**(224)**	(174)	(335)	**77**		
B-BBEE transaction charge	**(17)**	(24)	(73)	**(65)**		
Fair value adjustments on financial instruments	**46**	(9)	140	**(3)**		
Total segment result	**(195)**	(207)	(269)	**9**		
By geographical region						
Southern Africa	**(177)**	(75)	(253)	**9**		
Europe @	**(18)**	(132)	(16)			
Russia						
Total segment result	**(195)**	(207)	(269)	**9**		
Income from associates and joint ventures	**(5)**		1			
Finance costs	**(15)**	33	(39)	**27**		
Finance costs — Khula Sizwe Rentals						
Income from investments	**(26)**	(75)	(47)	**4**		
Non-operating and capital items	**(72)**	(0)	134	**(256)**		
Taxation	**(110)**	14	(5)	**(29)**		
Profit from discontinued operation						
Net profit	**(425)**	(235)	(223)	**(245)**		

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.
** The geographical segments are determined by the location of assets.
*** Inter segment revenue is priced on an arm's-length basis.
@ Including Middle East for financial year 2019.

21. SEGMENTAL SUMMARY continued

R million	Avis Fleet 31 Mar 2020	30 Mar 2019 *	30 Sep 2019
Discontinued operation			
Operating and geographical segments**			
Revenue			
Southern Africa	**1 669**	1 643	3 372
Europe @			
Russia			
	1 669	1 643	3 372
Inter-segment revenue ***			
	1 669	1 643	3 372
EBITDA	**684**	729	1 451
Depreciation	**(3)**	(400)	(826)
Depreciation — Khula Sizwe Rentals			
Amortisation of intangibles			
Operating profit/(loss)	**681**	329	625
Southern Africa	**681**	329	625
Europe @			
Russia			
Operating profit before B-BBEE transaction charge	**681**	329	625
B-BBEE transaction charge			
Fair value adjustments on financial instruments	**(6)**	(6)	(9)
Total segment result	**675**	323	616
By geographical region			
Southern Africa	**675**	323	616
Europe @			
Russia			
Total segment result	**675**	323	616
Income from associates and joint ventures	**1**		
Finance costs	**(23)**	(24)	(49)
Finance costs — Khula Sizwe Rentals			
Income from investments		4	10
Non-operating and capital items	**(424)**		(12)
Taxation	**(28)**	(41)	(79)
Profit from discontinued operation			33
Net profit	**201**	262	519

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.
** The geographical segments are determined by the location of assets.
*** Inter segment revenue is priced on an arm's-length basis.
@ Including Middle East for financial year 2019.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

21. SEGMENTAL SUMMARY continued

	Consolidated		
	31 Mar 2020	30 Mar 2019 *	30 Sep 2019
Operating and geographical segments **			
ASSETS			
Property, plant and equipment	**8 415**	12 721	7 879
Right-of-use assets	**1 769**		
Intangible assets	**863**	1 564	1 527
Investment in associates and joint ventures	**1 876**	1 466	2 253
Long-term finance lease receivables	**11**	187	2
Long-term financial assets	**398**	945	710
Vehicle rental fleet	**3 306**	3 337	3 137
Inventories	**8 925**	9 184	8 072
Trade and other receivables	**8 736**	8 113	7 384
Contract assets	**949**	1 153	981
Assets classified as held for sale	**5 606**	311	5 780
Segment assets	**40 854**	38 981	37 725
By geographical region			
Southern Africa	**35 224**	34 646	33 110
Europe @	**308**	267	209
Russia	**5 322**	4 065	4 406
Segment assets	**40 854**	38 981	37 725
Goodwill	**770**	1 878	1 408
Taxation	**31**	150	71
Deferred taxation assets	**894**	708	761
Cash and cash equivalents	**4 578**	6 031	7 226
Consolidated total assets	**47 127**	47 748	47 191
LIABILITIES			
Long-term non-interest bearing including provisions	**1 694**	2 447	2 359
Trade and other payables including provisions	**8 759**	9 927	9 870
Contract liabilities	**894**	802	601
Liabilities directly associated with assets classified as held for sale	**2 298**	59	2 222
Segment liabilities	**13 644**	13 235	15 052
By geographical region			
Southern Africa	**10 621**	10 091	11 504
Europe @	**1 741**	2 064	2 312
Russia	**1 282**	1 080	1 236
Segment liabilities	**13 644**	13 235	15 052
Interest-bearing liabilities (excluding held for sale amounts)	**9 236**	10 758	7 808
Current and non-current lease liabilities	**2 345**		
Deferred taxation liabilities	**516**	628	356
Taxation	**71**		80
Consolidated total liabilities	**25 812**	24 621	23 296

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.
** The geographical segments are determined by the location of assets.
@ Including Middle East for financial year 2019.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

21. SEGMENTAL SUMMARY continued

	Equipment and Handling					
	Equipment			Handling		
R million	**31 Mar 2020**	30 Mar 2019 *	30 Sep 2019	**31 Mar 2020**	30 Mar 2019 *	30 Sep 2019
Operating and geographical segments **						
ASSETS						
Property, plant and equipment	**4 825**	4 463	4 392			
Right-of-use assets	**1 263**					
Intangible assets	**671**	1 219	1 283			
Investment in associates and joint ventures	**1 257**	1 093	1 299	**16**	286	266
Long-term finance lease receivables	**1**	13	2			
Long-term financial assets	**128**	665	464			
Vehicle rental fleet						
Inventories	**6 465**	6 107	5 967			
Trade and other receivables	**6 352**	4 692	5 382	**22**	30	22
Contract assets	**872**	1 049	900			
Assets classified as held for sale	**19**		70			
Segment assets	**21 853**	19 301	19 759	**38**	316	288
By geographical region						
Southern Africa	**16 531**	15 236	15 353	**86**	334	312
Europe @				**(48)**	(18)	(24)
Russia	**5 322**	4 065	4 406			
Segment assets	**21 853**	19 301	19 759	**38**	316	288
Goodwill	**257**	256	270			
Taxation						
Deferred taxation assets						
Cash and cash equivalents						
Consolidated total assets						
LIABILITIES						
Long-term non-interest bearing including provisions	**45**		27			
Trade and other payables including provisions	**4 516**	3 646	4 626	**11**	26	24
Contract liabilities	**894**	778	601			
Liabilities directly associated with assets classified as held for sale						
Segment liabilities	**5 455**	4 424	5 254	**11**	26	24
By geographical region						
Southern Africa	**4 173**	3 343	4 018	**11**	26	8
Europe @						16
Russia	**1 282**	1 080	1 236			
Segment liabilities	**5 455**	4 424	5 254	**11**	26	24

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.

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

@ Including Middle East for financial year 2019.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

21. SEGMENTAL SUMMARY continued

	Automotive and Logistics					
	Motor retail			Car rental Southern Africa		
R million	**31 Mar 2020**	30 Mar 2019 *	30 Sep 2019	**31 Mar 2020**	30 Mar 2019 *	30 Sep 2019
Operating and geographical segments **						
ASSETS						
Property, plant and equipment	**546**	1 960	1 241	**203**	448	389
Right-of-use assets	**1 904**			**405**		
Intangible assets	**100**	180	111	**10**	11	11
Investment in associates and joint ventures	**543**	62	654			
Long-term finance lease receivables						
Long-term financial assets	**66**	68	65			
Vehicle rental fleet				**3 306**	3 337	3 137
Inventories	**1 953**	2 585	1 700	**510**	415	400
Trade and other receivables	**520**	906	579	**501**	588	629
Contract assets						
Assets classified as held for sale	**(40)**		(42)			
Segment assets	**5 592**	5 761	4 308	**4 935**	4 799	4 566
By geographical region						
Southern Africa	**5 592**	5 761	4 308	**4 935**	4 799	4 566
Europe @						
Russia						
Segment assets	**5 592**	5 761	4 308	**4 934**	4 799	4 566
Goodwill	**215**	406	215	**175**	793	793
Taxation						
Deferred taxation assets						
Cash and cash equivalents						
Consolidated total assets						
LIABILITIES						
Long-term non-interest bearing including provisions		93	84		17	22
Trade and other payables including provisions	**2 268**	3 203	2 361	**1 233**	1 358	2 108
Contract liabilities						
Liabilities directly associated with assets classified as held for sale						
Segment liabilities	**2 267**	3 296	2 445	**1 233**	1 375	2 130
By geographical region						
Southern Africa	**2 267**	3 296	2 445	**1 233**	1 375	2 130
Europe @						
Russia						
Segment liabilities	**2 267**	3 296	2 445	**1 233**	1 375	2 130

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.

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

@ Including Middle East for financial year 2019.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

21. SEGMENTAL SUMMARY continued

	Automotive and Logistics					
	Leasing			Logistics		
R million	**31 Mar 2020**	30 Mar 2019 *	30 Sep 2019	**31 Mar 2020**	30 Mar 2019 *	30 Sep 2019
Operating and geographical segments **						
ASSETS						
Property, plant and equipment		4 300		**712**	865	871
Right-of-use assets				**536**		
Intangible assets		22		**64**	110	99
Investment in associates and joint ventures						
Long-term finance lease receivables		174		**10**		
Long-term financial assets				**62**	77	77
Vehicle rental fleet						
Inventories		82		**28**	25	36
Trade and other receivables		686		**1 030**	1 132	1 000
Contract assets				**77**	104	81
Assets classified as held for sale	**5 428**		5 493	**106**	218	166
Segment assets	**5 428**	5 264	5 493	**2 625**	2 531	2 330
By geographical region						
Southern Africa	**5 428**	5 264	5 493	**2 625**	2 458	2 280
Europe @					73	51
Russia						
Segment assets	**5 428**	5 264	5 493	**2 625**	2 531	2 330
Goodwill		292		**122**	130	130
Taxation						
Deferred taxation assets						
Cash and cash equivalents						
Consolidated total assets						
LIABILITIES						
Long-term non-interest bearing including provisions		340			63	66
Trade and other payables including provisions		773		**712**	696	799
Contract liabilities		24				
Liabilities directly associated with assets classified as held for sale	**4 907**		4 938	**82**	59	78
Segment liabilities	**4 907**	1 137	4 938	**796**	818	943
By geographical region						
Southern Africa	**4 907**	1 137	4 938	**795**	800	919
Europe @					18	24
Russia						
Segment liabilities	**4 907**	1 137	4 938	**796**	818	943

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.

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

@ Including Middle East for financial year 2019.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

21. SEGMENTAL SUMMARY continued

R million	Corporate 31 Mar 2020	Corporate 30 Mar 2019 *	Corporate 30 Sep 2019	Khula Sizwe 31 Mar 2020	Khula Sizwe 30 Mar 2019 *	Khula Sizwe 30 Sep 2019
**Operating and geographical segments ** **						
ASSETS						
Property, plant and equipment	**395**	685	986	**1 734**		
Right-of-use assets	**(76)**			**(2 263)**		
Intangible assets	**18**	22	23			
Investment in associates and joint ventures	**60**	25	34			
Long-term finance lease receivables						
Long-term financial assets	**142**	135	104			
Vehicle rental fleet						
Inventories	**(31)**	(30)	(31)			
Trade and other receivables	**289**	79	(228)	**22**		
Contract assets						
Assets classified as held for sale	**93**	93	93			
Segment assets	**890**	1 009	981	**(507)**		
By geographical region						
Southern Africa	**534**	797	798	**(507)**		
Europe @	**356**	212	183			
Russia						
Segment assets	**890**	1 009	981	**(507)**		
Goodwill						
Taxation						
Deferred taxation assets						
Cash and cash equivalents						
Consolidated total assets						
LIABILITIES						
Long-term non-interest bearing including provisions	**1 648**	1 934	2 160			
Trade and other payables including provisions	**35**	225	(48)	**(17)**		
Contract liabilities						
Liabilities directly associated with assets classified as held for sale	**(2 691)**		(2 794)			
Segment liabilities	**(1 008)**	2 159	(682)	**(17)**		
By geographical region						
Southern Africa	**(2 749)**	113	(2 954)	**(17)**		
Europe @	**1 741**	2 046	2 272			
Russia						
Segment liabilities	**(1 008)**	2 159	(682)	**(17)**		

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.
** The geographical segments are determined by the location of assets.
@ Including Middle East for financial year 2019.

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

22. RESTATEMENTS

The following restatements arose as a result of errors occurring when reporting and presenting the interim financial results for the period ended 31 March 2019:

1. CLASSIFICATION OF CONTRACT ASSETS AND CONTRACT LIABILITIES

This error occurred when applying IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers for the first time where amounts relating to contract assets and contract liabilities were incorrectly classified in the consolidated statement of financial position as at 31 March 2019. There was no impact on the consolidated income statement as the contract asset was considered to be recoverable as at 31 March 2019.

2. CLASSIFICATION OF THE EXPECTED CREDIT LOSS (ECL)

This error occurred when applying IAS 1 Presentation of Financial Statements for the presentation of ECL in the consolidated income statement for the period ended 31 March 2019. IAS 1 requires in paragraph 82(ba) that impairment losses (including reversals of impairment losses or impairment gain) determined in accordance with IFRS 9 section 5.5 are separately presented. However, these were erroneously presented in earnings before interest tax depreciation and amortisation (EBITDA).

R million	Previously reported classification as at 31 Mar 2019	Reclassi-fications	Reclassified as at 31 Mar 2019
Balance sheet			
Inventory [1]	9 647	(463)	9 184
Trade and other receivables [1]	8 803	(690)	8 113
Trade and other payables [1]	9 559	(227)	9 332
Provisions [1]	1 170	(575)	595
Contract assets [1]		1 153	1 153
Contract liabilities [1]		802	802
Income statement			
Impairment of financial assets and contract assets [2]		49	49
Operating profit before items listed below (EBITDA) [2]	2 517	(49)	2 468

22. RESTATEMENTS continued

3. PRESENTATION OF CASH FLOWS

The error occurred when applying IAS 7 Statement of Cash Flows (IAS 7). IAS 7 requires cash flows for major classes of gross cash receipts and gross cash payments to be reported separately. The cash flow line item 'Acquisition of subsidiaries, investments and intangibles' as at 31 March 2019 and 30 September 2019 erroneously included cash inflows and outflows as a single net balance (3a). Further, it was identified that the line item 'Investment in leasing receivables' was erroneously classified as an investing activity when the nature of these cash flows is better reflected as an operating cash flow (3b). These errors have been corrected for all periods presented in the 31 March 2019 and 30 September 2019 interim financial statements as follows:

R' million	Previously presented as at 31 Mar 2019	Restatements	Restated as at 31 Mar 2019
Cash flows from operating activities			
Cash generated from operations before investment in rental fleets and leasing receivables			
Inflow of investment in leasing receivables		32	32
Cash generated from operations			
Net cash used in investing activities			
Acquisition of subsidiaries, investments and intangibles [3a]	8	(91)	(83)
Investments realised [3a]		91	91
Inflow of investment in leasing receivables [3b]	32	(32)	

R' million	Previously presented as at 30 Sep 2019	Restatements	Restated as at 30 Sep 2019
Cash flows from operating activities			
Cash generated from operations before investment in rental fleets and leasing receivables			
Inflow of investment in leasing receivables		161	161
Cash generated from operations			
Net cash used in investing activities			
Acquisition of subsidiaries, investments and intangibles [3a]	(54)	(114)	(168)
Investments realised [3a]		114	114
Inflow of investment in leasing receivables [3b]	161	(161)	

22. RESTATEMENTS continued

The following restatement arose as a result of errors occurring when reporting and presenting the consolidated annual financial statements for the period ended 30 September 2019.

4. CLASSIFICATION OF THE EXPECTED CREDIT LOSS (ECL)

This error occurred when applying IAS 1 Presentation of Financial Statements for the presentation of ECL in the consolidated income statement for the period ended 30 September 2019. IAS 1 requires in paragraph 82(ba) that impairment losses (including reversals of impairment losses or impairment gain) determined in accordance with IFRS 9 section 5.5 are separately presented. However, there were reversals of impairment losses on financial assets and contract assets incorrectly presented in earnings before interest tax depreciation and amortisation (EBITDA) instead of reducing the impairment losses of financial assets and contract assets. This error has been corrected by restating the consolidated income statement as follows:

R million	Presented as at 30 Sep 2019	Reclassi-fications	Reclassified as at 30 Sep 2019
Income statement — continued operations			
Impairment of financial assets and contract assets	(124)	67	(57)
Operating profit before items listed below	5 145	(67)	5 078
Income statement — discontinued operations			
Impairment of financial assets and contract assets	(49)	31	(18)
Operating profit before items listed below	1 500	(31)	1 469

Condensed notes to the consolidated financial statements continued

FOR THE SIX MONTHS ENDED 31 MARCH

23. REVENUE DISAGGREGATION

R million	Six months ended 31 Mar 2020	31 Mar 2019 Reviewed	Year ended 30 Sep 2019 Audited
Revenue by nature			
Sale of goods	**17 930**	20 195	40 666
Equipment (new and used)	**5 455**	5 806	11 565
Vehicles (new and used)	**7 133**	8 926	17 951
Parts (new and used)	**5 342**	5 463	11 150
Rendering of services	**7 287**	8 531	16 168
Parts	**410**	400	721
Service	**2 535**	2 668	5 344
— Workshop and in-field service	**1 834**	2 015	3 944
— Aftersales	**114**	142	263
— Fitment and repairs	**587**	511	1 137
Rental	**1 924**	2 106	3 988
Commissions	**332**	440	875
Freight forwarding	**51**	141	265
Supply chain support solutions	**755**	1 418	2 229
Transportation	**1 280**	1 358	2 746
Total continuing operations	**25 217**	28 727	56 834
Discontinued operations (note 10)			
Avis Fleet	**1 669**	1 643	3 372
Total discontinued operations	**1 669**	1 643	3 372
Total group	**26 886**	30 369	60 206

23.1 CONTRACT ASSETS

R million	Six months ended 31 Mar 2020	31 Mar 2019 Restated	Year ended 30 Sep 2019 Audited
Balance at 1 October	**981**	1 214	1 214
Recognition of revenue (using percentage of completion)	**1 232**	1 419	4 258
Transfer to receivables (on invoicing)	**(1 293)**	(1 469)	(4 488)
Expected credit losses (refer to reconciliation below)	**(11)**	(16)	(4)
Translation differences	**40**	5	1
30 March/31 September	**949**	1 153	981
Current portion	**949**	1 153	981
Total group	**949**	1 153	981

23. REVENUE DISAGGREGATION continued

Amounts relating to contract assets are balances due from customers in the Equipment and Logistics divisions that arise, to represent the group's right to consideration, when the group performs the contracted performance obligations over-time for which payment is conditional on completion of the performance obligation. The contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Restated	Year ended 30 Sep 2019 Audited
Expected credit losses (ECL)			
Balance at 1 October	**(4)**		
Additional allowance charged to profit or loss	**(10)**	(16)	(4)
Allowance reversed to profit or loss	**3**		
Total group	**(11)**	(16)	(4)

23.2 CONTRACT LIABILITIES

R million	Six months ended 31 Mar 2020	Six months ended 31 Mar 2019 Restated	Year ended 30 Sep 2019 Audited
Current portion	**920**	802	611
Non-current portion			16
Total group	**920**	802	627
Classified as held for sale	**(26)**		(26)
Total per statement of financial position	**894**	802	601
Balance at 1 October	**627**	560	560
New contracts (amounts)	**1 243**	485	214
Amounts recognised in revenue (prior year)	**(57)**		(22)
Amounts recognised in revenue (current year)	**(953)**	(243)	(127)
Translation adjustments	**59**		2
Total group	**920**	802	627
Classified as held for sale	**(26)**		(26)
Total per statement of financial position	**894**	802	601

23. REVENUE DISAGGREGATION continued

The transaction price allocated to (partially) unsatisfied performance obligations is set out below:

R million	31 Mar 2020 Total	Expected to be recognised as follows: Within 1 year	2 – 5 years
Equipment and Handling			
Workshop and in-field support services	**5 239**	1 384	3 855
After sales equipment services	**36**	36	
Fitment and repairs	**26**	26	
	5 301	1 446	3 855
Logistics			
Supply chain management services	**2 332**	419	1 913
	2 332	419	1 913

R million	31 Mar 2019 Total	Expected to be recognised as follows: Within 1 year	2 – 5 years
Equipment and Handling			
Workshop and in-field support services	5 744	1 414	4 330
After sales equipment services	10	10	
Fitment and repairs	30	30	
	5 784	1 454	4 330
Logistics			
Supply chain management services	2 541	419	2 123
	2 541	419	2 123

R million	30 Sep 2020 Audited Total	Expected to be recognised as follows: Within 1 year	2 – 5 years
Equipment and Handling			
Workshop and in-field services	**4 943**	4 943	
After sales equipment services	**20**	20	
Fitment and repairs	**22**	22	
	4 985	4 985	
Logistics			
Supply chain management services	**2 851**	938	1 913
	2 851	938	1 913

Supplementary note

FOR THE SIX MONTHS ENDED 31 MARCH

UPDATE ON PLANS TO DILUTE BARLOWORLD'S INTEREST IN AVIS FLEET TO A 50% SHAREHOLDING

With the reduced likelihood of successfully concluding the Avis Fleet transaction in the next 12 months, management have subsequently reconsidered this decision and concluded that this initiative will be placed on hold. The impact of this decision is illustrated in the below pro forma information where the held for sale and discontinued operations classification is reversed as though Avis Fleet was always held as a continuing operation within the group. The impact includes the reversal of any impairments in the period which, for the purposes of this pro forma information, have been reclassified to depreciation.

CONDENSED CONSOLIDATED INCOME STATEMENT

R million	Six months ended — Reported 31 Mar 2020	Fleet reclassi-fication	Reversal of impairment^	Six months ended — Adjusted Reported
CONTINUING OPERATIONS				
Revenue	**25 217**	1 669		26 886
Operating profit before items listed below	**2 423**	706		3 129
Impairment losses on financial assets and contract assets	**(154)**	(21)		(175)
Depreciation	**(959)**	(3)	(413)	(1 375)
Amortisation of intangible assets	**(65)**			(65)
Operating profit before B-BBEE transaction charge	**1 245**		(413)	832
B-BBEE transaction charge	**(132)**			(132)
Operating profit	**1 113**	681	(413)	1 381
Fair value adjustments on financial instruments	**(84)**	(6)		(90)
Finance costs	**(640)**	(23)		(663)
Income from investments	**89**			89
Profit before non-operating and capital items	**478**	652	(413)	717
Non-operating and capital items comprising of:				
Impairment of investments	**(317)**			(317)
Impairment of goodwill	**(685)**	(11)		(696)
Impairment of indefinite life intangible assets	**(708)**			(708)
Impairment of property, plant and equipment, intangibles and other assets	**(45)**	(413)	413	(45)
Other non-operating and capital items	**18**			18
(Loss)/profit before taxation	**(1 259)**	228		(1 031)
Taxation	**(415)**	(28)		(443)
(Loss)/profit after taxation	**(1 674)**	200		(1 474)
Profit from associates and joint ventures	**(63)**	1		(62)

Supplementary note continued

FOR THE SIX MONTHS ENDED 31 MARCH

R million	Six months ended — Reported 31 Mar 2020	Fleet reclassi-fication	Reversal of impairment^	Six months ended — Adjusted Reported
Net (loss)/profit from continuing operations for the period	**(1 737)**	201		(1 536)
DISCONTINUED OPERATION				
Profit from discontinued operation	**201**	(201)		
Net (loss)/profit for the period	**(1 536)**			(1 536)
Net profit attributable to:				
Owners of Barloworld Limited	**(1 520)**			(1 520)
Non-controlling interests in subsidiaries	**(16)**			(16)
	(1 536)			(1 536)

^ The impairment of property, plant and equipment will be reclassified and included as part of depreciation for the six months.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	Six months ended 31 Mar 2020	Fleet reclassification	Six months ended — Adjusted Reported
ASSETS			
Non-current assets	**14 996**	4 500	19 496
Property, plant and equipment	**8 415**	4 010	12 425
Right-of-use assets	**1 769**	18	1 787
Goodwill	**770**	282	1 051
Intangible assets	**863**	39	902
Investment in associates and joint ventures	**1 876**	2	1 878
Finance lease receivables	**11**	144	155
Long-term financial assets	**398**		398
Deferred taxation assets	**894**	6	900
Current assets	**26 525**	928	27 453
Vehicle rental fleet	**3 306**		3 306
Inventories	**8 925**	151	9 076
Trade and other receivables	**8 736**	692	9 428
Contract assets	**949**		949
Taxation	**31**	15	45
Cash and cash equivalents	**4 578**	71	4 649
Assets classified as held for sale	**5 606**	(5 388)	178
Total assets	**47 127**		47 127
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	**(1 121)**		(1 121)
Other reserves	**6 268**		6 268
Retained income	**15 915**		15 915
Interest of shareholders of Barloworld Limited	**21 062**		21 062
Non-controlling interest	**253**		253
Interest of all shareholders	**21 315**		21 315
Non-current liabilities	**9 300**	690	9 990
Interest-bearing	**5 018**		5 018
Deferred taxation liabilities	**516**	219	736
Lease liabilities	**2 073**	28	2 101
Provisions	**103**	23	126
Other non-current liabilities	**1 590**	420	2 010
Current liabilities	**14 214**	1 523	15 738
Trade and other payables	**8 333**	852	9 185
Lease liabilities	**272**	5	277
Contract liabilities	**894**	10	903
Provisions	**426**	99	525
Taxation	**71**	29	100
Amounts due to bankers and short-term loans	**4 218**	529	4 746
Liabilities directly associated with assets classified as held for sale	**2 298**	(2 214)	84
Total equity and liabilities	**47 127**		47 127

Salient features

FOR THE SIX MONTHS ENDED 31 MARCH

	Six months ended		Year ended
	31 Mar 2020	31 Mar 2019 Reviewed Restated *	30 Sep 2019 Audited
Financial			
Group normalised headline earnings per share — excluding B-BBEE charge and IFRS 16 (cents)	**354**	521	1 167
Group headline earnings per share — including B-BBEE charge and IFRS 16 (cents)	**268**	476	1 100
Group return on invested capital (ROIC) (%) — excluding IFRS 16 **	**9.5**	11.3	11.9
Group return on invested capital (ROIC) (%) — including IFRS 16 **	**9.2**		
Economic profit — excluding IFRS 16	**(1 008)**	(344)	(323)
Economic profit — including IFRS 16	**(1 125)**		
Free cash flow — excluding IFRS 16	**(1 270)**	(695)	3 064
Free cash flow — including IFRS 16	**(1 443)**		
Dividends per share (cents)	**Nil**	165	462
Group operating margin — including B-BBEE (%) and excluding IFRS 16 *	**4.8**	6.2	6.5
Group operating margin — including B-BBEE (%) and including IFRS 16 *	**5.1**		
Group EBITDA/Interest paid (times) — excluding IFRS 16	**5.5**	5.9	5.7
Group EBITDA/Interest paid (times) — Including IFRS 16	**4.6**		
Group net debt/equity (%) — excluding IFRS 16	**23.9**		
Group net debt/equity (%) — including IFRS 16	**35.0**	20.4	4.6
Group return on net operating assets (RONOA) (%) — excluding IFRS 16	**15.2**	16.9	18.7
Group return on net operating assets (RONOA) (%) — including IFRS 16	**15.4**		
Group return on ordinary shareholders' funds (%) — excluding IFRS 16	**1.6**	9.0	10.1
Group return on ordinary shareholders' funds (%) — including IFRS 16	**1.3**		
Net asset value per share (cents)	**10 584**	10 702	11 182
Number of ordinary shares in issue (000)	**201 026**	212 693	212 693

* The restatement is due to discontinued operations of Avis Fleet.

** Return on invested capital (ROIC) is calculated by a rolling 12 month net group operating profit after tax over total equity, plus net debt and IFRS 16 lease liability. The difference between excluding IFRS 16 is the exclusion of the Right-of-Use depreciation, the lease liability interest, IFRS 16 lease liability and inclusion of the IAS 17 lease expense.

Salient features continued

FOR THE SIX MONTHS ENDED 31 MARCH

	Six months ended		Year ended
	31 Mar 2020	31 Mar 2019 Reviewed Restated *	30 Sep 2019 Reviewed #
Non-financial (continuing operations)			
Non-renewable energy consumption (GJ) **	**1 238 701**	1 450 937	2 829 289
Greenhouse gas emissions (tCO_2e)$^{\Delta}$	**104 810**	125 986	243 478
Water withdrawals (municipal sources) (ML)	**352**	312	656
Number of employees	**15 833**	17 033	14 892
Lost-time injury frequency rate (LTIFR) †	**0.67**	0.62	0.58
Number of work-related fatalities	**0**	1	1
dti ^ B-BBEE rating (level)	**3**	3	3

* The restatement is due to discontinued operations of Avis Fleet.
# Reviewed by Barloworld Group Internal Audit Services.
** Excludes rental fleets.
Δ Scope 1 and 2.
† Lost-time injuries multiplied by 200 000 divided by total hours worked.
^ Department of Trade and Industry (South Africa).

	Closing rate			Average rate		
	Six months ended		Year ended	Six months ended		Year ended
	31 Mar 2020	31 Mar 2019	30 Sep 2019	**31 Mar 2020**	31 Mar 2019	30 Sep 2019
Exchange rates (Rand)		Reviewed	Audited		Reviewed	Audited
United States Dollar	**17.86**	14.42	15.16	**15.10**	14.10	14.31
British Sterling	**22.15**	18.79	18.68	**19.50**	18.28	18.27

Forward-looking statements

Certain statements in this document are not reported financial results or historical information, but forward-looking statements. These statements are predictions of or indicate future events, trends, future prospects, objectives, earnings, savings or plans. Examples of such forward-looking statements include, but are not limited to, statements regarding volume growth, increases in market share, exchange rate fluctuations, shareholder return and cost reductions. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "believe", "continue", "anticipate", "ongoing", "expect", "will", "could", "may", "intend", "plan", "could", "may", and "endeavour". By their nature, forward-looking statements are inherently predictive, speculative and involve inherent risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: changes in economic or political conditions and changes to the associated legal, regulatory and tax environments; lower than expected performance of existing or new products and the impact thereof on the group's future revenue, cost structure and capital expenditure; the group's ability to expand its portfolio; skills shortage; changes in foreign exchange rates and a lack of market liquidity which holds up the repatriation of earnings; increased competition, slower than expected customer growth and reduced customer retention; acquisitions and divestments of group businesses and assets and the pursuit of new, unexpected strategic opportunities; the impact of legal or other proceedings against the group; uncontrollable increases to legacy defined benefit liabilities and higher than expected costs or capital expenditures. When relying on forward-looking statements to make investment decisions, you should carefully consider these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

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