

Notes to the condensed consolidated financial statements

1. Basis of preparation

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The accounting policies and methods of computation used are consistent with those used for the group's 2008 annual financial statements (which were prepared in accordance with International Financial Reporting Standards). No new or amended standards and interpretations have been adopted as at 31 March 2009.

Comparative numbers have been reclassified as per note 19.

R million	Six months ended 31 Mar 2009 Reviewed	31 Mar 2008 Reviewed	Year ended 30 Sep 2008 Audited
2. Reconciliation of net profit to headline earnings Group			
Net profit attributable to Barloworld shareholders	382	1 034	1 232
Adjusted for the following:			
Profit on disposal of discontinued operations (IFRS 5)	(60)	(173)	(168)
Costs associated with disposal of subsidiaries (IAS 27)	1	–	–
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)	–	(200)	(201)
Profit on disposal of properties (IAS 16)	(10)	(3)	(30)
Impairment of goodwill (IFRS 3)	–	33	343
(Reversal of)/impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	(7)	29	37
Impairment of plant and equipment (IAS 16)	–	–	2
Profit on sale of plant and equipment excluding rental assets (IAS 16) and intangible assets (IAS 38)	(4)	(5)	(1)
Gross remeasurements excluded from headline earnings	(80)	(319)	(18)
Total taxation effects of remeasurements	3	41	42
Net remeasurements excluded from headline earnings	(77)	(278)	24
Headline earnings	305	756	1 256
Continuing operations			
Profit from continuing operations	472	735	1 257
Minority shareholders' interest in net profit from continuing operations	(38)	(7)	(13)
Profit from continuing operations attributable to Barloworld Limited	434	728	1 244
Adjusted for the following items in continuing operations:			
Profit on disposal of properties (IAS 16)	(10)	(3)	(30)
Impairment of goodwill (IFRS 3)	–	–	10
(Reversal of)/impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	(7)	29	35
Impairment of plant and equipment (IAS 16)	–	–	2
Profit on sale of plant and equipment excluding rental assets (IAS 16) and intangible assets (IAS 38)	(4)	(5)	(1)
Gross remeasurements excluded from headline earnings from continuing operations	(21)	21	16
Total taxation effects of remeasurements	3	–	(1)
Net remeasurements excluded from headline earnings from continuing operations	(18)	21	15
Headline earnings from continuing operations	416	749	1 259

R million	Six months ended 31 Mar 2009 Reviewed	31 Mar 2008 Reviewed	Year ended 30 Sep 2008 Audited
2. Reconciliation of net profit to headline earnings <i>continued</i>			
Discontinued operations			
(Loss)/profit from discontinued operations	(52)	307	(11)
Minority shareholders' interest in net profit from discontinued operations	–	(1)	(1)
(Loss)/profit from discontinued operations attributable to Barloworld Limited	(52)	306	(12)
Adjusted for the following items in discontinued operations:			
Profit on disposal of discontinued operations (IFRS 5)	(60)	(173)	(168)
Costs associated with disposal of subsidiaries (IAS 27)	1	–	–
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)	–	(200)	(201)
Impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	–	–	2
Impairment of goodwill (IFRS 3)	–	33	333
Gross remeasurements excluded from headline earnings from discontinued operations	(59)	(340)	(34)
Total taxation effects of remeasurements	–	41	43
Net remeasurements excluded from headline earnings from discontinued operations	(59)	(299)	9
Headline earnings from discontinued operations	(111)	7	(3)
Weighted average number of ordinary shares in issue during the period (000)			
– basic	208 400	204 190	204 559
– diluted	209 883	207 372	207 216
Headline earnings per share (cents)			
– basic	146,4	370,2	614,0
– diluted	145,3	364,6	606,1
Headline earnings per share from continuing operations (cents)			
– basic	199,6	366,8	615,5
– diluted	198,2	361,2	607,6
Headline (loss)/earnings per share from discontinued operations (cents)			
– basic	(53,2)	3,4	(1,5)
– diluted	(52,9)	3,4	(1,5)

Notes to the condensed consolidated financial statements *continued*

R million	Six months ended		Year ended
	31 Mar 2009 Reviewed	31 Mar 2008 Reviewed	30 Sep 2008 Audited
3. Operating profit			
Included in operating profit from continuing operations are:			
Cost of sales (including allocation of depreciation)	17 296	16 354	36 074
Depreciation	916	907	1 833
(Profit)/loss on sale of rental assets	(6)	9	(116)
Profit on sale of other plant and equipment	(4)	(5)	(3)
4. Fair value adjustments on financial instruments			
Gains/(losses) arising from:			
Investment in Pretoria Portland Cement Limited	(4)	(45)	(114)
Forward exchange contracts and other financial instruments	(76)	75	4
Translation of foreign currency monetary items	6	39	30
	(74)	69	(80)
5. Finance costs			
Total finance cost	(591)	(444)	(1 042)
Leasing interest classified as cost of sales	90	77	153
	(501)	(367)	(889)
6. Exceptional items			
Profit on disposal of properties, investments and subsidiaries	10	3	30
Impairment of goodwill	–	–	(10)
Reversal/(impairment) of investments	7	(29)	(35)
Impairment of property, plant and equipment	–	–	(2)
Gross exceptional profit/(loss)	17	(26)	(17)
Taxation on exceptional items	(3)	–	1
Net exceptional profit/(loss) – continuing operations	14	(26)	(16)
– discontinued operations (net of taxation)	(1)	(33)	(335)
Net exceptional profit/(loss)	13	(59)	(351)

R million	Six months ended		Year ended
	31 Mar 2009 Reviewed	31 Mar 2008 Reviewed	30 Sep 2008 Audited
7. Taxation			
Taxation per income statement	(161)	(303)	(608)
Prior year taxation	(4)	(2)	(5)
Taxation on exceptional items	3	–	(1)
Taxation on profit before STC, prior year taxation and exceptional items for continuing operations	(162)	(305)	(614)
STC on normal dividends paid	(30)	(44)	(67)
Secondary taxation on companies for continuing operations	(30)	(44)	(67)
Profit before exceptional items	570	1 090	1 877
Dividends received	(9)	(14)	(20)
Profit before exceptional items and dividends received for continuing operations	561	1 076	1 857
Effective taxation rate excluding exceptional items, prior year taxation and dividends received for continuing operations (%)			
– excluding STC	28,9	28,3	33,1
– including STC	34,2	32,3	36,7
8. Interest of all shareholders			
Balance at the beginning of the period	13 033	11 221	11 221
Net income recognised directly in equity	363	1 847	698
Net profit for the period	420	1 042	1 246
Purchase of minority shareholding in subsidiaries	–	–	136
Reclassifications and other reserve movements	(32)	30	63
Dividends/capital distribution on ordinary shares	(345)	(414)	(622)
BEE charge in terms of IFRS 2	3	–	337
Effect of coatings unbundling	–	(69)	(69)
Shares issued in current period	8	13	23
Interest of shareholders at the end of the period	13 450	13 670	13 033

Notes to the condensed consolidated financial statements *continued*

R million	Six months ended 31 Mar 2009		Six months ended 31 Mar 2008		Year ended 30 Sep 2008	
	Market value/ Directors' valuation	Book value	Market value/ Directors' valuation	Book value	Market value/ Directors' valuation	Book value
	Reviewed		Reviewed		Audited	
9. Investment in associates and joint ventures						
Joint ventures	719	547	689	226	711	404
Unlisted associates	247	242	197	196	461	186
	966	789	886	422	1 172	590
Loans and advances		485		685		505
		1 274		1 107		1 095
10. Long-term financial assets						
Listed investments*	100	100	233	233	160	160
Unlisted investments	46	46	28	28	47	47
	146	146	261	261	207	207
Other long-term financial assets		336		457		361
		482		718		568

* Includes PPC shares held amounting to R100 million (September 2008: R160 million and March 2008: R233 million) for the commitment to deliver PPC shares to option holders following the unbundling of PPC.

R million	31 Mar	31 Mar	Year ended
	2009	2008	30 Sep
	Reviewed	Reviewed	Audited
11. Discontinued operations and assets classified as held for sale			
Following the decision to dispose of the car rental Scandinavia business it has been classified as a discontinued operation.			
Results from discontinued operations are as follows:			
Revenue	529	1 218	1 900
Operating (loss)/profit	(105)	59	81
Fair value adjustments on financial instruments	–	(1)	(3)
Finance costs	(34)	(43)	(91)
Income from investments	3	7	13
(Loss)/profit before exceptional items	(136)	22	–
Exceptional items	(1)	(33)	(335)
Loss before taxation	(137)	(11)	(335)
Taxation	25	(19)	(7)
Loss after taxation	(112)	(30)	(342)
Income from associates and joint ventures	–	5	5
Net loss of discontinued operation before profit on disposal	(112)	(25)	(337)
Profit on disposal of discontinued operations (including realisation of translation reserve)	–	373	369
Taxation effect on disposal	–	(41)	(43)
Release of contingency provision on prior year disposal	60	–	–
Net profit on disposal of discontinued operations after taxation	60	332	326
(Loss)/profit from discontinued operations per income statement	(52)	307	(11)

Segmental analysis of discontinued operations:

R million	Revenue		
	31 Mar 09	Six months ended 31 Mar 08	Year ended 30 Sep 08
Car rental Scandinavia	529	508	1 174
Coatings	–	517	517
Scientific	–	193	209
Total discontinued operations	529	1 218	1 900

R million	Operating (loss)/profit		
	31 Mar 09	Six months ended 31 Mar 08	Year ended 30 Sep 08
Car rental Scandinavia	(105)	(33)	(10)
Coatings	–	78	78
Scientific	–	14	13
Total discontinued operations	(105)	59	81

Notes to the condensed consolidated financial statements *continued*

11. Discontinued operations and assets classified as held for sale *continued*

Segmental analysis of discontinued operations: *continued*

R million	Net operating assets		
	31 Mar 09	Six months ended 31 Mar 08	Year ended 30 Sep 08
Car rental Scandinavia	1 950	2 762	2 208
Coatings	–	–	–
Scientific	–	–	–
Total discontinued operations	1 950	2 762	2 208

R million	31 Mar	Six months ended 31 Mar	Year ended 30 Sep
	2009 Reviewed	2008 Reviewed	2008 Audited

The cash flows from the discontinued operations are as follows:

Cash flows from operating activities	102	(287)	289
Cash flows from investing activities	88	987	689
Cash flows from financing activities	(206)	(761)	(553)

The major classes of assets and liabilities comprising the disposal group and other assets classified as held for sale are as follows:

Property, plant and equipment, intangibles and vehicle rental fleet	2 345	1 165	2 455
Inventories	–	114	117
Trade and other current receivables	439	–	521
Deferred tax assets	–	–	11
Cash and cash equivalents	16	–	31
Tax overpaid	–	–	8
Finance lease receivables	–	16	13
Assets of disposal group held for sale	2 800	1 295	3 156
Interest-bearing liabilities	(1 132)	–	(1 356)
Other non-interest-bearing liabilities	(146)	–	(176)
Trade and other payables	(487)	(40)	(464)
Total liabilities associated with assets classified as held for sale	(1 765)	(40)	(1 996)
Net assets classified as held for sale	1 035	1 255	1 160

Per business segment: Continuing operations

Equipment	50	450	55
Automotive	230	290	261
Handling	63	515	42
Logistics	2	–	–

Total continuing operations

Total continuing operations	345	1 255	358
Discontinued operations			
Car rental Scandinavia ¹	690	–	802
Total group	1 035	1 255	1 160

¹ A decision has been taken to sell the car rental Scandinavian business. A plan has been formulated and an agreement has been signed between Barloworld and merchant bankers authorising the latter to seek buyers for the business.

R million	Six months ended 31 Mar 2009 Reviewed	31 Mar 2008 Reviewed	Year ended 30 Sep 2008 Audited
12. Acquisition of subsidiaries, investments and intangibles			
Inventories acquired	–	335	335
Receivables acquired	–	105	327
Payables, taxation and deferred taxation acquired	–	(310)	(526)
Goodwill and intangibles acquired	–	135	–
Borrowings net of cash	–	(256)	(256)
Property, plant and equipment and other non-current assets	–	254	532
Total net assets acquired	–	263	412
Less: Existing share of net assets of joint venture before acquisition and minority shareholders' interest	–	(234)	(234)
Net assets acquired	–	29	178
Goodwill arising on acquisition	–	4	566
Total purchase consideration	–	33	744
Less: Non-cash purchase consideration	–	(33)	(33)
Net cash cost of subsidiary acquired	–	–	711
Investments and intangibles (repaid)/acquired	(11)	339	285
Cash amounts paid to acquire subsidiaries and investments	(11)	339	996
13. Proceeds on disposal of subsidiaries, investments and intangibles			
Inventories disposed	96	258	271
Finance lease receivables disposed	–	–	259
Receivables disposed	52	274	298
Payables, taxation and deferred taxation balances disposed	(31)	(188)	(209)
Borrowings net of cash	(117)	65	(189)
Property, plant and equipment, non-current assets, goodwill and intangibles	4	295	322
Net assets disposed	4	704	752
Less: Non-cash consideration of deconsolidation of subsidiary	(2)	–	(26)
Total net assets disposed	2	704	726
Profit on disposal	–	373	370
Net cash proceeds on disposal of subsidiaries	2	1 077	1 096
Proceeds on disposal of investments and intangibles	2	–	2
Cash proceeds on disposal of subsidiaries, investments and intangibles	4	1 077	1 098

On 1 November 2008 50% of the company's shareholding in Subaru Southern Africa (Pty) Limited was sold to Japan's Toyota Tsusho Corporation. The sale has resulted in Subaru becoming a joint venture and will no longer be consolidated by the group.

Notes to the condensed consolidated financial statements *continued*

R million	Six months ended 31 Mar 2009 Reviewed	31 Mar 2008 Reviewed	Year ended 30 Sep 2008 Audited
14. Net investment in rental assets and car hire vehicles			
Rental assets	248	838	1 155
Additions	1 239	1 318	2 983
Proceeds on disposals	(991)	(480)	(1 828)
Car hire vehicles	(134)	856	736
Additions	1 503	2 486	4 515
Proceeds on disposals	(1 637)	(1 630)	(3 779)
15. Cash and cash equivalents			
Cash balances not available for use due to reserving and other restrictions	407	368	292
16. Commitments			
Capital commitments to be incurred	928	1 925	1 084
Contracted	735	1 202	953
Approved but not yet contracted	193	723	131
Operating lease commitments	2 077	2 109	2 278
Share buy-back and repurchase commitments of joint ventures	-	5	-
Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.			
17. Contingent liabilities			
Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	1 134	1 234	1 066
Litigation, current or pending, is not considered likely to have a material adverse effect on the group.			
Buy-back and repurchase commitments*	303	507	517

* *The related assets are estimated to have a value of at least equal to the commitment.*

The group has given guarantees to the purchaser of the coatings Australian business relating to environmental claims. The guarantees will expire in 2016 and are limited to the sales price received for the business. Freeworld Coatings Limited is responsible for the first A\$5 million of any claims arising in terms of the unbundling agreement.

Warranties and guarantees have been given as a consequence of the various disposals completed during 2007 and 2008. None are expected to have a material impact on the financial results of the group.

There are no material contingent liabilities in joint venture companies.

18. Related party transactions

Other than the impact of the disposal and unbundling of businesses per note 11, and the disposal of 50% of Subaru Southern Africa (Proprietary) Limited per note 13, there has been no significant change in related party relationships since the previous year.

19. Comparative information

The March 2008 comparative information has been reclassified for the treatment of car rental Scandinavia as a discontinued operation.

The aggregate effect of the above changes on the annual financial statements for the period ended 31 March 2008:

R million	Previously stated	Reclassification of discontinued operation	Restated
Income statement			
Revenue	21 691	(508)	21 183
Operating profit	1 279	33	1 312
Fair value adjustments on financial instruments	69	–	69
Finance costs	(395)	28	(367)
Income from investments	79	(3)	76
Profit before exceptional items	1 032	58	1 090
Exceptional items	(59)	33	(26)
Profit before taxation	973	91	1 064
Taxation	(333)	(14)	(347)
Profit after taxation	640	77	717
Income from associates and joint ventures	18	–	18
Net profit from continuing operations	658	77	735
Profit from discontinued operations	384	(77)	307
Net profit for the period	1 042	–	1 042
Attributable to:			
Minority shareholders	8	–	8
Barloworld Limited shareholders	1 034	–	1 034
	1 042	–	1 042
Earnings per share (cents) – basic	506,4	–	506,4
Earnings per share (cents) – diluted	498,6	–	498,6
Earnings per share from continuing operations (cents)			
Earnings per share (cents) – basic	318,8	37,7	356,5
Earnings per share (cents) – diluted	313,9	37,2	351,1
Earnings per share from discontinued operations (cents)			
Earnings per share (cents) – basic	187,6	(37,7)	149,9
Earnings per share (cents) – diluted	184,7	(37,1)	147,6

The restatement has not affected the balance sheet for 31 March 2008.

The restatements have not impacted on cash flows.

20. Auditor's review

Deloitte & Touche has reviewed these interim results. The unmodified review opinion is available for inspection at the company's registered office.