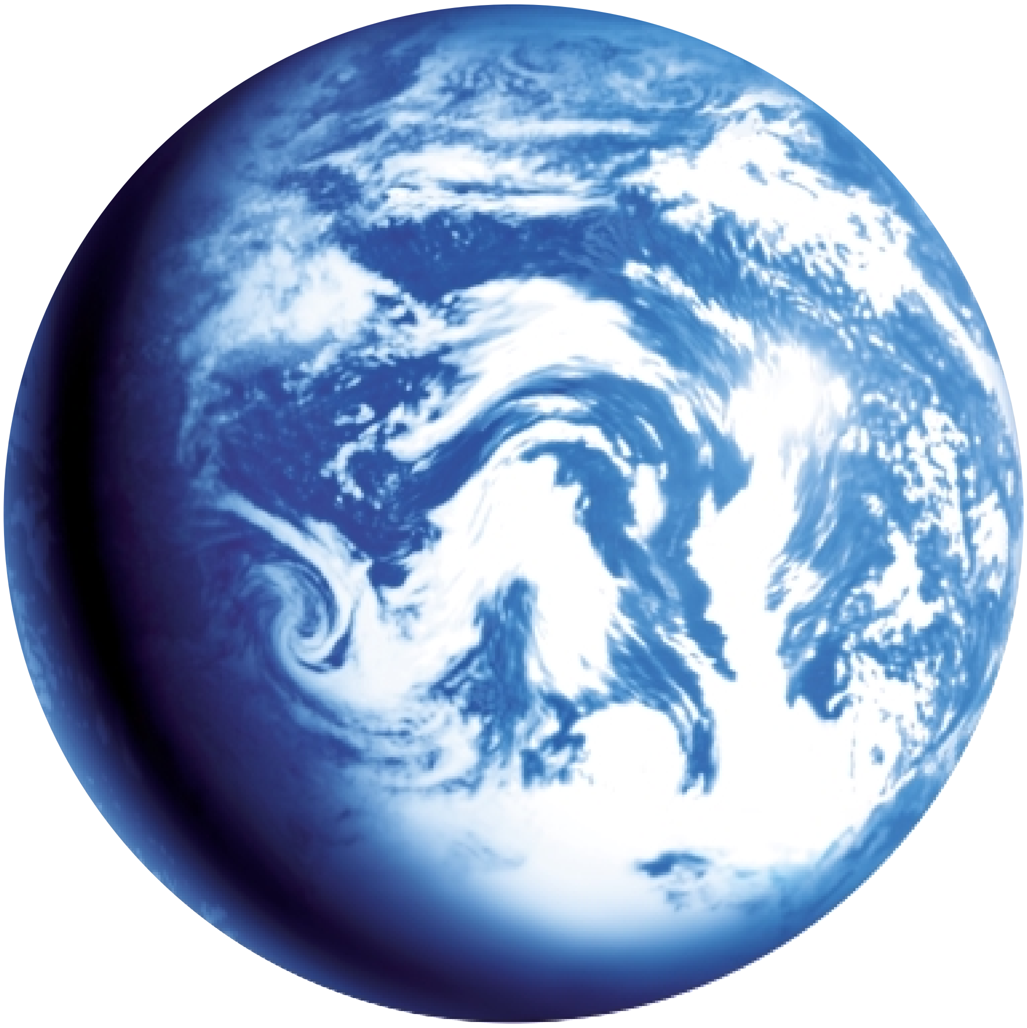


Barloworld Limited *annual report 2000*

On 2 October 2000, Barlow Limited became Barloworld Limited.

This is the fifth name change in the history of a company which since its founding in 1902 has always adapted to the changing environments in which it has operated.

The introduction of the new name is part of a clear strategy designed to achieve the company's goal of delivering leading industrial brands supported by service, through relationships and attention to detail that make businesses around the world excel.

The new name is unique and will, along with its associated corporate identity, be rolled out into every business unit worldwide during the next two years.

For more information on our company and our brands, contact ***Barloworld Corporate Communication.***
Telephone ***+27 11 445 1202*** Fax ***+27 11 445 1550*** e-mail ***invest@barloworld.com***

www.**barloworld**.com

TM

Barloworld *Leading brands*

Barloworld Limited annual report 2000

CONTENTS

one

we are an international industrial brand management company

global

our goal is to create value through leadership in every market in which we operate

The way we do business stems from the legacy of Charles Sydney "Punch" Barlow, the son of our founder. A man of integrity, who realised that the growth of his business came through the action of people. He was a gentleman.

Our unwritten code is a blend of old and new business practice. It means business excellence with the word of a gentleman, the ear of a trusted friend and the commitment of a partner.

Passionately pursuing integrity and honesty makes us different; committed and focused on fulfilling our customers' needs. Passionate people are attentive explorers and creative problem-solvers. Passionate people feel rewarded by their actions.

What we do, makes us different. We live up to standards of honesty, reliability and integrity. Shown, not just in what we do, but how we do it.

company

enduring relationships, trust and perseverance are the hallmarks of the way Barloworld people do business

Barloworld
Leading brands

This is **Barloworld**

Barloworld ***operates in 32 countries worldwide and sells products and services in over 90****.*
We have ***twenty two thousand employees*** *concentrated predominantly in southern Africa, the United States, Europe and Australia.*

	The brands	***The geography***	***The customers***
Barloworld Equipment	Barloworld is one of the world's leading Caterpillar dealers. We are also one of the longest standing, having first been appointed a dealer in southern Africa in 1927. Caterpillar Inc. is the world leader in earthmoving machines, power systems and related equipment. Caterpillar produces over 200 different products in 19 product categories ranging for example from 191 ton operating weight wheel loaders to compact versions at 4,5 tonnes, and from power plants which can provide electricity for whole towns to portable generator sets	South Africa, Spain, Andorra, Angola, Botswana, Bulgaria, Lesotho, Malawi, Mozambique, Namibia, Portugal, Saô Tome and Principé, central Siberia, Swaziland and Zambia	Mining, construction, marine, electrical power generation
	Perkins diesel engines	Dealer for southern Africa	Transport, agriculture and other industries
	Ingersoll Rand drilling rigs	Southern African distributor	Mining and construction
	Dezzi articulated dump trucks	Southern African distributor	Mining and construction
Barloworld Industrial Distribution *(formerly Materials Handling)*	Barloworld is the world's largest independent lift truck dealer. We offer our customers a full range of lift trucks and related warehouse/handling equipment. We have been a dealer for the market leading Hyster lift truck brand since 1929 and have leveraged the strength of the brand by leading the market in the introduction of innovative total solutions to customers' materials handling needs	South-east United States, United Kingdom, Belgium and southern Africa*	Manufacturing and distribution industries
	Barton Freightliner acquired in October 2000, distributes Freightliner trucks – the leading brand in the United States heavy truck market	Tennessee, Arkansas and Mississippi	Transport and Logistics companies
	Ditch Witch trenching equipment	Georgia, USA	Reticulation: telecommunications, power, water
	Lamson vacuum conveyance systems	UK-based manufacturer of products	Money and document conveyance, especially in the financial services sector
Barloworld Motor	Barloworld is a leading provider of comprehensive transport solutions in southern Africa from our 56 dealerships representing the leading passenger, light, medium and heavy commercial vehicle brands. Leveraging from this base, customer solutions include full maintenance leasing, third-party distribution, fleet management and short-term truck hire. We also have a 26,3% investment in Avis Southern Africa	South Africa, Botswana, Namibia	The corporate and private sectors of the southern African motor vehicle market
	Vehicle dealerships in Melbourne	Victoria, Australia	Motor vehicle markets

** The Southern African Hyster dealerships are managed within Barloworld Equipment.*

We create value through ***sharing knowledge, innovation and best practice*** whilst attracting developing and valuing people. We provide the best ***industrial solutions for consumers' needs*** and thereby ultimately ***create shareholder value.***

	The brands	***The geography***	***The customers***
Barloworld Cement & Lime	Cementitious products, ready-mix, aggregates, metallurgical grade lime, limestone, burnt dolomite, transport services, paper sacks and related products	South Africa and Botswana, operating primarily within a domestic market with some exports	Construction, retail DIY/builders, merchants, concrete product manufacturers, the pyro-metallurgical industries, mining, water treatment, food product manufacturers and distributors
Barloworld Scientific	Laboratory equipment, primarily marketed under the Bibby Sterilin brand. These include glass and plastic laboratory products as well as related scientific equipment	A regional market leader in the UK and worldwide exports	Pharmaceuticals, biotechnology, quality control laboratories and education
	Barloworld's Melles Griot brand is a household name in the world of photonics, lasers and optomechanical instruments. Our market leading manufacturing and catalogue-based distribution operation offer lasers, optics, opto-mechanical components, assemblies and related products	Worldwide sales from manufacturing operations in the UK, US and Japan	Semi-conductor manufacturers, test and measurement, medical equipment, telecommunication and reprographic industries
Barloworld Coatings	Decorative coatings in a range of branded paints, coatings and related products	The market leader in southern Africa with the Plascon range of products, the number two in Australia with the Taubmans and Bristol brands and market leader in speciality decorative coatings in the United Kingdom with the International brand. We also export form Australia to China	Trade and retail customers
	Joint ventures with world technology leaders to supply industrial coatings	South Africa	Motor manufacturers, packaging, heavy duty coatings, powder and marine industries
Barloworld Steel Tube	Manufacture and distribution of small bore steel tube and pipe and related products	The market leader in South Africa with a growing export business to international markets	Building and construction, mining, automotive manufacture, agriculture, fluid handling and general engineering

The provision of financial services ***in support of our products and services***

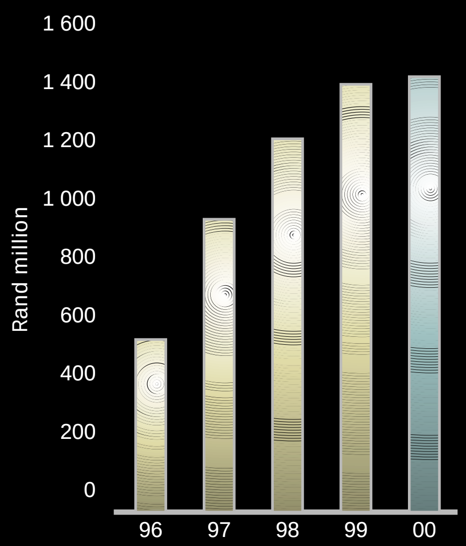
Financial Services and Other	Financial Services including leasing and related products	South Africa, United Kingdom and United States	Corporate customers of the capital equipment, industrial distribution and motor operations
	Corporate support services including finance, treasury, IT, legal, risk management, human resources and company administration	Johannesburg and London	All stakeholders in Barloworld

Financial *Highlights*

creating

	2000 Rand	1999 Rand	Change %	2000 US$	1999 US$	Change %
Revenue (millions)	21 969	19 337	14	3 307	3 252	2
Operating profit (millions)	1 174	854	38	177	144	23
Net profit (millions)	782	613	28	231	276	(16)
Earnings per ordinary share from continuing operations excluding exceptional items (cents)	380,4	285,8	33	57,3	48,1	19
Dividends per ordinary share (cents)	180,0	141,0	28	27,1	23,7	14
Net asset value per share including investments at market value (cents)	4 081	3 833	6	561	636	(12)
Total assets (millions)	16 550	14 951	11	2 276	2 484	(8)
Total borrowings to total shareholding funds – gross excluding leasing operations (%)	12,6	11,6	9	12,6	11,6	9

Cash available from operations



Currency conversion guide

Approximate value of foreign currencies at 30 September

	2000	1999
Australian dollar	0,25	0,25
Belgian franc	6,30	6,29
Euro	6,42	6,39
French franc	1,02	1,02
Japanese yen	14,76	17,63
Spanish peseta	25,96	25,96
Swiss franc	0,24	0,25
UK pound	10,64	9,90
US dollar	7,27	6,02

Objectives and *Achievements*

value

OBJECTIVE	STATUS
Adopting value based management throughout the group	Year one of two-year implementation complete.
Expansion of brands through acquisition	An average of more than one acquisition per month completed in 2000.
Access new brands to manage	New brands in the 2000 financial year include Dezzi and Ingersoll Rand; and in October 2000, Freightliner.
Disposal of non-managed investments	Comparex and Dimension Data shares sold for R938 million.
E-commerce	Numerous initiatives launched in business units worldwide.
Market leadership	Maintained, where established, in business units worldwide.
Development of integrated global corporate identity	Name changed to Barloworld on 2 October 2000 and new identity launched.

Chairman's *Review*

continued pro

In this year we have consolidated our presence in the world while finding new ways to generate growth and value from our core businesses.

I am pleased to report continued progress in the financial results of the group. Presenting the results for the first time in terms of International Accounting Standards, revenue again showed growth increasing 14% to R21 969 million (1999: R19 337 million).

Operating profits advanced strongly by 38% to R1 174 million and the disposal, after significant capital appreciation, of the earlier successful investment in the Information Technology sector resulted in further substantial exceptional profits this year of R698 million. After-tax profits from continuing operations, before exceptional items, increased to R782 million, which translates into a 33% increase in earnings per share to 380 cents (1999: 286 cents).

The balance sheet is strong. Furthermore shareholder value has been enhanced and the group's cash resources have been used to invest in acquisitions, capital expenditure and to buy in 17 million of our shares, representing 8% of the equity.

Your board is pleased to announce a final dividend of 120 cents, making a total dividend for the year of 180 cents (1999: 141 cents). This dividend will be paid on 15 January 2001 to shareholders on the register at the close of business on 8 December 2000. Barloworld performed in line with our expectations in the various diverse economies of the countries in which it operates. While some segments did benefit from improved market conditions, the overall enhancement in our results have come about from those clear strategies including restructuring, which have been pursued since the unbundling of Barlow Rand in 1993. They have been further enforced by the recent transformation of Barlow Limited into Barloworld Limited, with the introduction of a modern uniform corporate identity and the implementation of a global branding initiative.

Marketing strategies have driven the promotion and positioning of our brands, and businesses not required in pursuit of our strategies have been sold. Costs have been driven down and a determination to achieve returns in excess of cost of capital became an imperative as we moved into the wider world environment. None of this could come about without the strength of the highly motivated management team, the acceptance and implementation of International Accounting Standards, corporate governance, internal control practices and the use of relevant technology.

The geographical diversity and overall scale of the group enables ideas, expertise and technology in one region of the world where we operate to be utilised to meet opportunities in another.

In South Africa economic activity was positive but subdued, and growth fell below expectations. Affecting us most was a fixed investment spend of only 15% of gross domestic product which is not enough to replace worn out and obsolete equipment and for maintaining existing or developing new infrastructure. The savings level was even

Our strong and long established South African base has helped us to grow internationally and provides the foundation to exploit further opportunities in the future.

"We have always had the ability to scan the globe for ideas and business systems and implement whatever works, irrespective of its national roots"

Warren Clewlow,
Chairman, Barloworld

Barloworld
Leading brands

While much has been achieved, there are stretching targets for Barloworld still to reach in the future as we continue to measure against international benchmarks.

strong

lower, contributing to higher interest rates. Consumers were nervously eyeing interest rates while reducing their indebtedness.

The motor and capital equipment businesses enjoyed better markets for their products but their improved results, as with those from the cement & lime and steel segments, stemmed mainly from gains generated by internal efficiencies.

Elsewhere in southern Africa our businesses continue to have leading positions in their particular sectors but in some of these countries our progress is being constrained by inadequate political leadership, civil unrest and often poor governance practices.

Botswana and Namibia were again the exceptions, and are a good example to the rest of Africa of what can be achieved with stable political and strong economic management.

The sustained economic growth of the Spanish and Portuguese economies has been largely driven by the European Union's harmonisation programme. Spain achieved a growth rate in excess of 4% and Portugal is expected to reach 3,3% and, despite inflationary pressures, we have reason to expect that monetary policy will not be tightened further and impact negatively on capital investment. In this positive economic environment our excellent Caterpillar dealership again produced record results and moves into the current financial year with a strong order book.

In the United Kingdom the materials handling and laboratory businesses had to contend with the impact of the strength of Sterling against the Euro, but were able to improve on last year's results. Economic growth of 3% has been achieved with inflation well controlled at 2,4%.

The US economy performed magnificently, growing more than 5%, and our materials handling operations situated in the south-east United States produced excellent results.

Melles Griot, which operates worldwide, had an exceptionally good year benefiting from increased investment in the high technology sector, particularly telecommunications.

In Australia the coatings operation has established itself in its markets and, with appropriate IT systems now in place, we expect it to make a good contribution to profits in the future. We continue to enjoy a profitable association with DaimlerChrysler in Melbourne.

Looking to the future, Barloworld will continue to focus on shareholder value creation and improve on the strategies which are serving it well. We have ambitions to develop our businesses in a number of markets in the world. We would like to extend our cement interests, possibly in Africa, where we have the necessary expertise and have demonstrated our ability to compete against major international players.

We have proven international management experience in our capital equipment business which we are using to establish ourselves in the challenging mineral rich Siberian area of Russia. When opportunities arise, and if available to us with Caterpillar's support, we will acquire Caterpillar dealerships in other parts of the world.

In early October 2000 we acquired one of the largest Freightliner truck dealerships in the USA, Bartons Freightliner Inc. This acquisition is part of our strategy of extending the range of products we represent around the world. This gives us an opportunity of exploiting synergies of expanding our US business base in an industry sector which we know well, using the disciplines with which we are familiar in equipment sales, parts, servicing and leasing. Having established ourselves in Australia we would like to invest further in that region which has a positive and stable economic outlook and the potential to grow at a brisk pace.

Barloworld has adjusted to operating in the world economy. However, while 57% of operating profits are now earned outside South Africa, there is still good growth

cash flows

potential for Barloworld within our home country. South Africa has served us well in the past and we are well placed to take advantage of expansion opportunities when they arise.

In discussions I have had with foreign bankers, shareholders and potential investors I rarely come across any antipathy or hostility towards South Africa. And yet, while improvements in our society are applauded and acknowledged, regrettably there persists a lack of investor confidence in South Africa, and it is of concern that this perception seems to have deteriorated in recent times. The falling exchange rate is a direct reflection in the perceived higher level of risk attributed to South Africa. Events in Africa, especially the Zimbabwe debacle, have impacted negatively on the perceptions of southern Africa and South Africa has felt the backlash of this.

South Africa should be taking a clear and strong stance in distancing itself from the way the rule of law and property rights were abused by our close neighbour Zimbabwe. Recent remarks by President Mbeki in this regard are therefore to be welcomed.

The arguments about the cause of Third World poverty and hardship and the widening gap between the rich North and its beleaguered South are well aired. However, I do not agree with the generalisation that sub-saharan Africa does not have a positive future. We know there are countries which have squandered their resources, wrecked their economies and transferred much of their wealth abroad placing them in a position of hopeless dependency from which it is very difficult to escape. But there are many others quietly making progress economically, socially and constitutionally and the current world prices for minerals and especially oil, revalues the wealth potential of many African countries. The problem of these countries is that they are desperately poor – not that they are African. Foreign commitment to Africa rarely extends much beyond the rhetoric – this stale relationship with Africa needs to change, with greater emphasis on trade and investment and not just charitable donations.

Furthermore, South Africa's position is completely different to that of other sub-saharan African countries. The economic fundamentals generally look good with increasing gross reserves, prudent fiscal policies and lower inflation targets now set to be taken even lower in spite of high oil prices and a weaker currency. The pain of implementing the structural adjustment programme – GEAR – during the past four years is beginning to show positive rewards. Although well developed in many respects, South Africa is rightly placed in the group of emerging market economies whose ranks have now been augmented by many of the states which have spent more than half a century behind the Iron Curtain shackled with misguided economic policies. Russia, helped by a well-educated population, higher oil prices and much firmer economic management, is one of the countries which has recently entered this group, committing its economy to global growth.

To become the leading emerging market among so many competitors and to enjoy the considerable advantages and benefits resulting from this, South Africa has to lower its risk premium dramatically.

The factors which raise South Africa's risk premium, which is higher than it should be, can be easily identified. What drives business and investor confidence – the success of government in creating a stable, crime-free, prosperous, non-racial country at peace within itself and with its neighbours – is well understood.

We have the resources – albeit limited – the infrastructure and the technical, managerial and administrative ability to systematically make inroads and progress in solving the real issues, although many of the problems affecting this risk premium are difficult to solve in the short term. Crime, unemployment, health issues, sluggish growth and Afro pessimism are realities which we will still have to live with for some time to come.

What is needed is a common sense two-pronged approach. The first, focusing on the critical issues ensuring that the available confident

resources are much more effectively directed to such issues as crime prevention, health and education. Secondly, implement with greater dedication and commitment a set of economic policy reforms: privatisation, infrastructural development, and wage and employment regulations appropriate to South African socio-economic circumstances. It should be augmented by a clearer timetable for phasing out exchange control and political interference in the affairs of private firms. My final point is that some of South Africa's politicians, business leaders and others in various parts of our society should consider emigrating – not to foreign lands but into the New South Africa.

MANAGEMENT

In this period there have been no changes to the composition of the Barloworld board and in the senior executive management underscoring the stability of the group.

Mr Richard Mansell-Jones, having reached the contractual retirement age, will retire from this board at the forthcoming annual general meeting. Mr Mansell-Jones played a major role in steering the international investments through difficult times experienced in the past and I wish to thank him for the valued contribution he has made towards the establishment of Barloworld internationally. Sir Andrew Hugh Smith has succeeded Mr Mansell-Jones as the non-executive chairman of Barloworld plc and we welcome Mr Robert Tomkinson to that board.

I wish to thank the board and the executive management and all our staff, ably led by the chief executive officer, Mr Tony Phillips, for their support and their dedication in working towards the achieving of our objectives.

The board of directors

Non-executive directors

W A M Clewlow (64)
OMSG CA(SA), DEcon (hc)
Chairman

R K J Chambers (61)
FCIS

P T W Curtis (69)
CA(SA)

Sir Andrew Hugh Smith (68)*

M J Levett (61)
BCom, FIA, FFA, ASA

R M Mansell-Jones (60)*
MA, FCA

D B Ntsebeza (51)
LLB, BProc, BA

L A Tager (64)
BA, LLB, HDip Tax Law, LLM (Harvard)

E P Theron (59)
BCom, LLB, FIBSA

future

PROSPECTS

The outlook in Europe and North America remains positive for our products. The economy of South Africa is improving and we expect GDP growth to exceed 3% next year, which will underpin growth in our South African businesses.

I believe our businesses are properly geared to deliver quality profits and growth and that we have the right people focusing on customer and shareholders' values.

With the development of our markets, our performance, and our recent acquisitions, all the conditions are set for this coming year to be another year of progress for Barloworld.

We face the future with confidence.

W A M Clewlow
Chairman
15 November 2000

Barloworld *Leading brands*

Executive directors

A J Phillips (54)*
BSc (Eng)
Chief Executive Officer

D C Arnold (60)
CA(SA), FCMA, AMP (Wharton)
Finance and Administration

K Brown (57)*
Industrial Distribution

M D Coward (47)
CA(SA)
Steel Tube

L S Day (54)
CA(SA)
Capital Equipment

J E Gomersall (54)*
CA(SA)
Cement & Lime

A J Lamprecht (48)
BCom, LLB, PED-IMD
Namibia, Botswana, Human Resources, Social Investment and Other

P M Surgey (45)
BA, LLB
Coatings

* British

The full curriculum vitaes of the Barloworld board are available on the Barloworld website www.barloworld.com

Report of the Chief Executive Officer: **Overview**

global branding

We are focused on building an international industrial brand management company that delivers world-class performance and profitability.

In our work to deliver value to all our stakeholders, we have adopted the principles of value based management (VBM) throughout the group. VBM recognises that long-term sustainable success can only be achieved if a company creates value for all stakeholders simultaneously; customers, shareholders, employees, principals and suppliers.

When we embarked on the process to adopt VBM principles into our business last year, we were advised that the two-year time frame we set ourselves to implement VBM across the organisation was overly ambitious. I am pleased to report that our progress has been in line with our expectations and within a year we have moved halfway towards our goal of generating returns in excess of our cost of capital by September 2001. And as noted in the chairman's report, we have made this progress despite the impact of a stagnant South African economy on our businesses which operate in this country.

Global integration to create value

The theme of this annual report is building one global organisation. I am pleased to report that we have made considerable progress in making this a reality. Our primary objective is to improve delivery of value and make sure we do not initiate projects which will not generate adequate returns.

The name change and global branding

On 2 October 2000 Barlow Limited changed its name to Barloworld Limited and we simultaneously launched an innovative new corporate identity. The new identity, which is featured strongly throughout this report, comprises a world icon and the words "Leading brands" supporting the new name Barloworld.

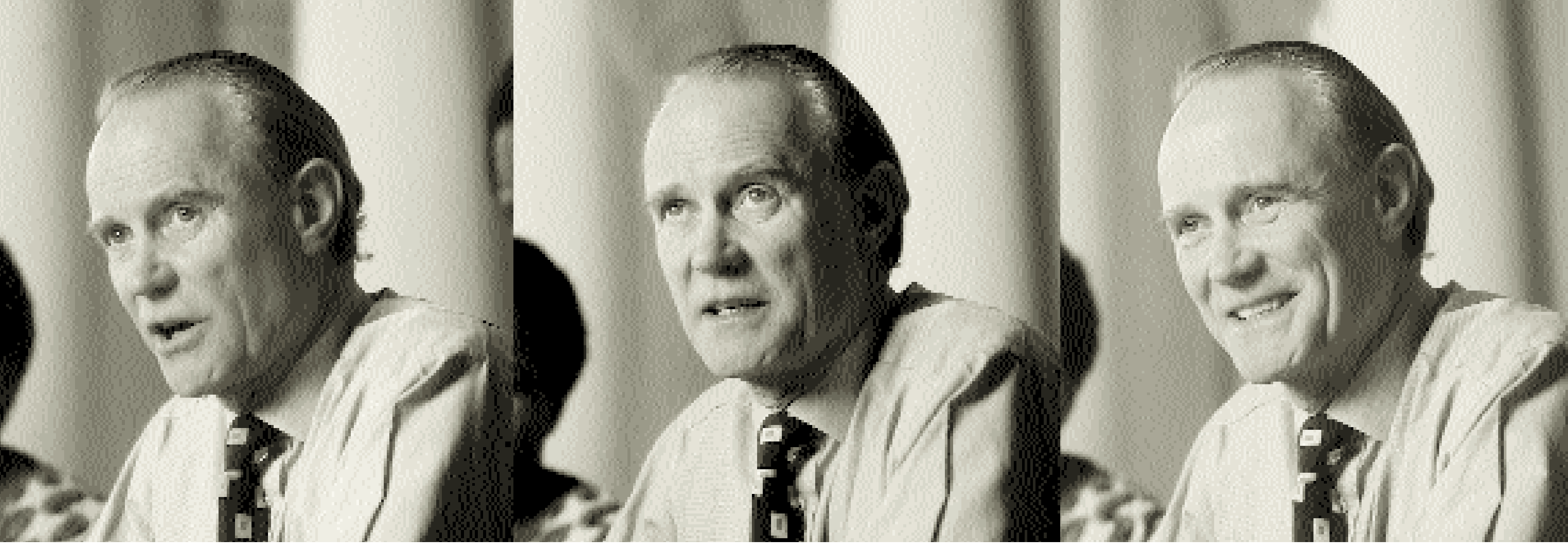
Barloworld now carries the short code BAW on the Johannesburg Stock Exchange whereas previously the company's code was BAR.

What's in a name?

The new Barloworld identity has been designed as part of our strategy to build an integrated global industrial brand management company. The Barlow name was not unique internationally and a change of name was therefore appropriate to position the company for the future. This, however, is a secondary issue compared with the application of the new mark across all business units, forming the vital link that will enable all our stakeholders to recognise our company wherever we are in the world. For example, our global reach now sees us providing the same motor company with lift trucks for its manufacturing plants in Alabama and South Africa, selling its cars in Australia and South Africa, and providing the coatings to its manufacturing plant in South Africa. We currently perform these services under a myriad of different names with no clear link between the business units concerned. Our new name and mark will provide a cohesive

"Sustained success can only be achieved if we create value for all our stakeholders simultaneously – customers, shareholders, employees, principals and suppliers."

Tony Phillips, Chief Executive Officer, Barloworld



framework that will address this and allow us to gain recognition for the value we create for our customers, our shareholders and our employees across the world.

Our growth strategy is to expand our geographic footprint and the brands we offer to the market

We are concentrating on expanding both the geographic footprint of the brands we own and the brands we represent, as well as adding new brands within our areas of core competence. The purchase of Barton Freightliner Inc in October 2000 for US$76 million (R552 million) was part of this strategy. Memphis-based Barton is one of the largest Freightliner truck dealerships in the United States and will nearly double our revenue stream from the United States. The Freightliner brand, owned and manufactured by DaimlerChrysler AG, is the market leader in heavy-duty trucks in the United States with a more than 30% market share. The acquisition, which was structured to exceed our cash flow return hurdle rate for new investments, has been funded from existing resources. The deal is structured with an up-front payment of US$61 million (R443 million) and an earn-out of US$15 million (R109 million) over two years. Barton is a natural fit with our existing businesses and gives us the opportunity of expanding our US business base in an industry we know well, utilising the disciplines with which we are familiar in equipment sales, parts, servicing and leasing. The south-east United States is also familiar territory for us, as our materials handling business operates in eight states in the region with headquarters in Charlotte, North Carolina.

The existing Barton management, which is well established and has many years' industry experience, will remain with the business and become part of the Barloworld global management team. Scott Simmons, formerly senior vice-president of Barloworld's US materials handling operation, has been appointed to head up the Barton business unit.

The corporatisation of dealer networks is a major opportunity for Barloworld

Following the Barton acquisition, we are now a large dealer organisation in the United States. It is also interesting to note that we are the first listed company to represent the Freightliner brand in the US. This reflects a trend that is well established in Caterpillar and Hyster operations, namely that as the demands on dealer organisations to provide more sophisticated services to customers increase, the capital requirements and skills needed become more difficult for family owned businesses to supply. The sale of such family businesses may present future expansion opportunities for Barloworld.

Value creation through share buy-back

During the course of the 2000 financial year, we re-purchased 16 978 600 ordinary shares in the company for R768 million. This represented 8% of the issued share capital at the start of the year. We believe that the buy-back programme is value

Our roll-out programme for the new Barloworld name and identity is two years. It means that by 1 October 2002, every business unit will carry the name Barloworld. We will of course retain our product and service brand names as they have tremendous equity in the markets we serve.

expanding our

accretive for shareholders and accordingly will be seeking shareholder approval at the annual general meeting in January 2001 to continue the process. Once we reach the 10% threshold, share re-purchases will no longer be done through a subsidiary company. They will be purchased and then cancelled.

Concentrating on what we manage and what we do well

We have completed the disposal of non-core businesses we do not manage by exiting the remainder of our investment in Comparex Holdings. In so doing we received a total of R936 million in cash for our Dimension Data share entitlement which was sold in March 2000 and the remaining Comparex shares which were sold in September 2000.

We have also sold Technical Optics Limited, a non-core part of the laser and photonics operations while acquiring Laser Power Microlasers to add to the Melles Griot product range.

Other smaller acquisitions last year included the KwaZulu-Natal Ford dealerships of McCarthy Motor Holdings in South Africa, the Pioneer ready mix operations and a 50% interest in the Kgale Quarry in Botswana, 50% of Barlow Handling Rentals in the United Kingdom and the remaining 50% of Sonnex Paints in Namibia.

Volume synergies from Avis alliance

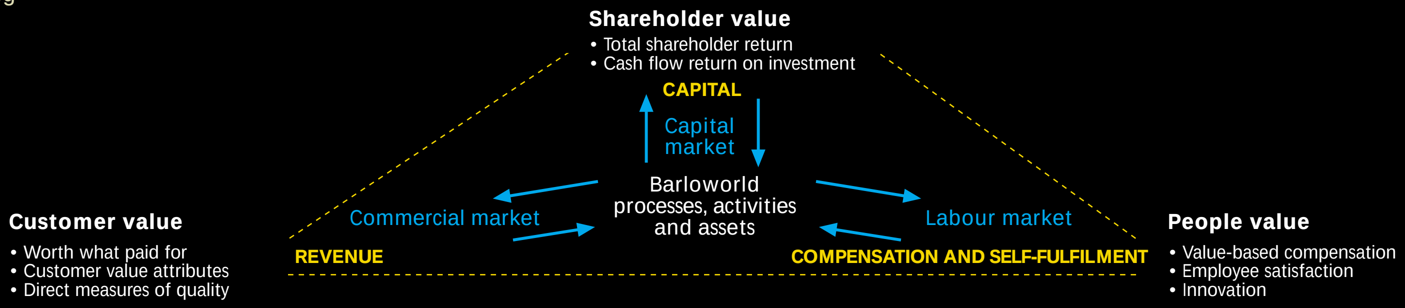
We also acquired a 26,3% stake in Avis of Southern Africa for R395 million between June and September 2000. This move has created a strategic alliance between ourselves and Avis which is already creating benefits for both parties. We have integrated Barlow Car Rental into Avis and have started to see the impact of volume synergies in our motor operations. These synergies consist of a supply of quality used vehicles from the Avis rental fleet into our retail vehicle network; the supply of new vehicles from Barloworld Motor into the Avis full maintenance leasing fleet; the maintenance of that fleet and an additional source to us of used vehicles at the end of their lease.

Creating new kinds of business

To stay ahead in the business of managing brands we must constantly innovate in terms of the solutions that we offer to our customers. An example of this is the United Kingdom's Ministry of Defence (MOD) Tri-Service Contract to service, maintain and replace 2 600 lift trucks at

Creating customer, employee and shareholder value

The essence of value based management is not the measurement of value, but aligning the organisation to create value through new ways of thinking and new ways of acting



footprint

over 500 military establishments worldwide over 10 years. This contract, which was awarded to us in the face of stiff competition from some of Europe's leading logistics and outsourcing specialists, follows on from the successful Pathfinder project that was completed last year. It will also extend our geographic footprint considerably, taking our brand name to countries like Belize and Cyprus. The MOD is Europe's largest logistics organisation and this strategic partnership will set a best practice precedent for other logistics operations, creating new avenues of expansion for the future.

VBM progress report

In my opening remarks I discussed the fact that VBM lies at the heart of Barloworld's strategy to create stakeholder value. The diagram on the previous page illustrates the relationship between value and the various stakeholder groups in an organisation and in plain language, it all starts with Barloworld people.

Value for and through our people

During the year we have made progress on a number of employee-related VBM issues. A key focus has been intensive worldwide communication programmes to build awareness of a commitment to the VBM process. This has been supported by numerous business unit specific programmes, examples of which include the Kambuku project in our cement & lime business units and The Yellow Train project in our Caterpillar dealerships in southern Africa.

We have also made progress in identifying training needs and have established a "Barloworld University" programme of executive education for senior managers worldwide in conjunction with the Gordon Institute of Business Science in Johannesburg, South Africa.

Within South Africa, we have also completed all employment equity plans required in terms of the new Employment Equity Act. While this is a legal compliance issue, we believe that the development of previously disadvantaged people within South African business units makes good business sense as well as being morally right.

We have also made progress in aligning reward and incentive systems to value creation albeit that we have a considerable amount more work to do in this area.

Value for our customers

We are typically market leaders in almost everything we do throughout the world. In that context, our processes to create value for customers have traditionally been highly effective. As part of the VBM programme, by year end we had completed a systematic analysis of key customer needs in most business units and established objective measures and monitoring systems focused on better service. This addresses the problem that the knowledge that we possess on our customers, and what adds value for them, is found only in the heads of our people.

Value for our shareholders

The VBM process has led us to place a greater emphasis on the quality of business we do. This has resulted in improved margins in many areas. By rolling out activity based costing across the business units, we will be able to identify the true costs associated with each aspect of our business as a basis for determining where we create value.

Restructuring of, and within the business units has also continued and the total non-recurring cost for the past year is estimated at R35 million.

CFROI and the link to shareholder value

We have continued to focus on the use of cash flow return on investment (CFROI) as the key financial measurement in the management of our business. We have done this on the strength of evidence, most notably from the Holt organisation, on the link between total shareholder return (defined as share price increase plus dividends) and CFROI (measured against the current replacement value of a company's assets). In so doing we use one global cost of capital for every existing Barloworld business unit, every item of capital expenditure and every acquisition target. A consequence of this focus has been a significant improvement in both our operating performance and the quality of the

Our *Code of Ethics*

These simple phrases will guide the way we behave both inside and outside our organisation:

Obey the law   Be fair   Be honest   Respect others   Protect the environment

management plans being adopted throughout the company.

The move to International Accounting Standards is about adopting best practice

We have adopted International Accounting Standards (IAS) to ensure that we gain full leverage on the value we create by maximising the transparency of our financial reporting. International investors require clarity and consistency in standards of reporting and we believe that IAS meets that need.

E-commerce is now a routine feature of our landscape

During 2000, much emphasis has been placed on the practical application of e-commerce in the business segments. At the top level, all business unit websites have seen further development and are integrated into the Barloworld corporate site (www.Barloworld.com). Business-to-consumer sites have been established, notably for the Melles Griot laser and photonics brand (www.mellesgriot.com). I recommend that shareholders visit these and other Barloworld sites.

Another illustration is that our steel tube operations are applying e-commerce in supply chains integration. Initiatives are under way in every business segment and purchasing of goods via the web is taking place in many business units worldwide.

A Barloworld Code of Ethics is being adopted across all operations

Many of our people work in difficult business environments where ethical standards within the societies in which we operate are not always as high as in, for example, the United States. However, we are a global organisation and believe that we must maintain ethical standards that are acceptable everywhere. Accordingly we are adopting a code of practice on ethics which is summarised in the box above. This code sets ethical standards for dealing with all stakeholders and is in the process of being entrenched throughout the company.

We have an exciting future

The 2000 financial year was a watershed for Barloworld. The company has now left behind the legacy of the restructuring years as Barlow Limited and is focused on increasing the pace of global expansion and delivering growing value to all our stakeholders as the world's leading industrial brand management company.

Tony Phillips
Chief Executive Officer
15 November 2000

Barloworld *Leading brands*

The value of Barloworld shares traded each year continues to rise

shareholder value

Barloworld shares are listed on the stock exchanges in Johannesburg, London, Brussels, Antwerp, Frankfurt, Zurich and Namibia.

Shareholders with a beneficial interest in Barloworld Limited ordinary shares in excess of 5% at 30 September 2000 were: Ashtree Investments (Pty) Limited which is an Old Mutual subsidiary (11,3%), the South African Public Investment Commission (7,2%) and Old Mutual Life Assurance Company SA Limited (5,3%).

Ordinary shares – Johannesburg Stock Exchange	2000	1999	1998	1997	1996
Closing market prices per share (cents)					
– year-end (30 September)	4 450	2 940	2 200	5 325	4 400
– highest	5 200	3 990	5 450	6 075	5 950
– lowest	3 125	2 130	2 000	3 965	3 975
Number of shares in issue at 30 September (million)#	197	214	214	208	206
Volume of shares traded (million)	129	140	104	92	39
Value of shares traded (R'm)	5 372	4 103	4 049	4 594	1 874
Earnings yield, excluding exceptional items (%)*	8,5	9,7	14,6	7,3	7,5
Dividend yield (%)*	4,0	6,1	5,6	2,3	2,4
Price: Earnings ratio, excluding exceptional items*	11,7	10,3	6,8	13,7	1,5
Market capitalisation at 30 September (R'm)	9 537	6 301	4 708	11 087	9 048
Premium/(discount) over interest of shareholders of Barlow Limited (R'm)	1 639	(1 597)	(465)	6 855	5 010

** Based on earnings excluding exceptional items and dividends per share for the financial year and the closing market share price on the Johannesburg Stock Exchange at 30 September.*

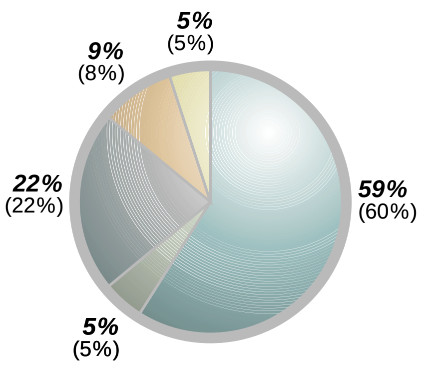
 # The number of shares in issue has been reduced by 16 978 600 shares purchased by a subsidiary company in terms of a programme to buy back the company's shares (see note 22).

Report of the Chief Executive Officer:
Segmental Analysis

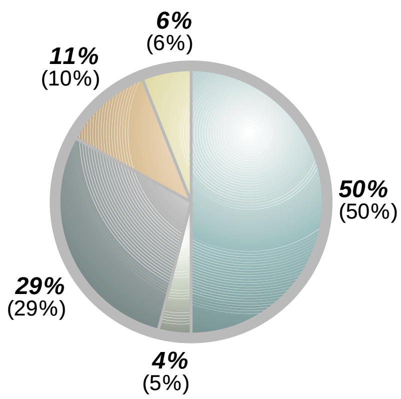
global

Geographic segmentation

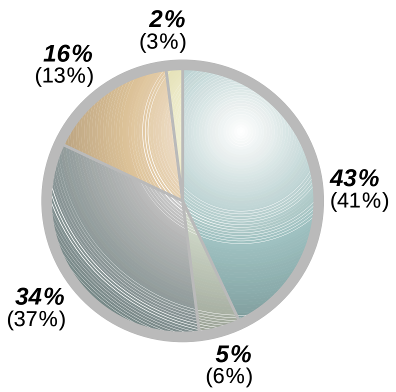
Employees



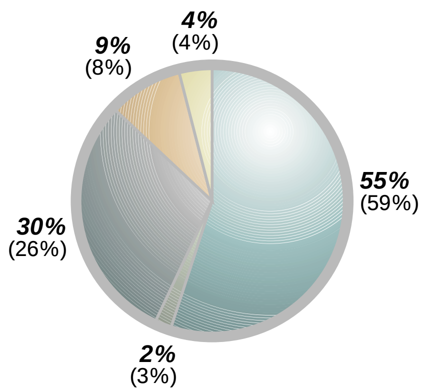
Revenue



Operating profit including share of associates



Net assets

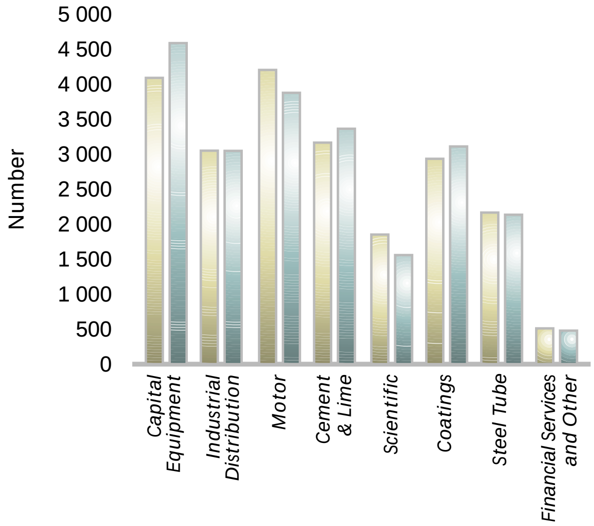


South Africa | Other Africa | Europe | North America | Australia and Asia

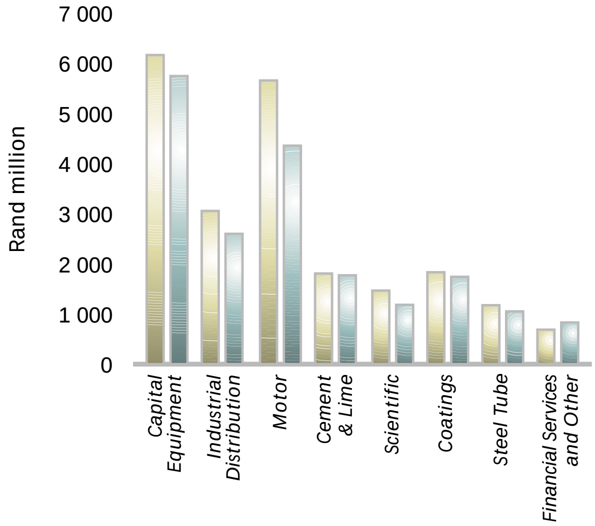
Figures in brackets are the percentages for 1999 growth

Line of business segmentation

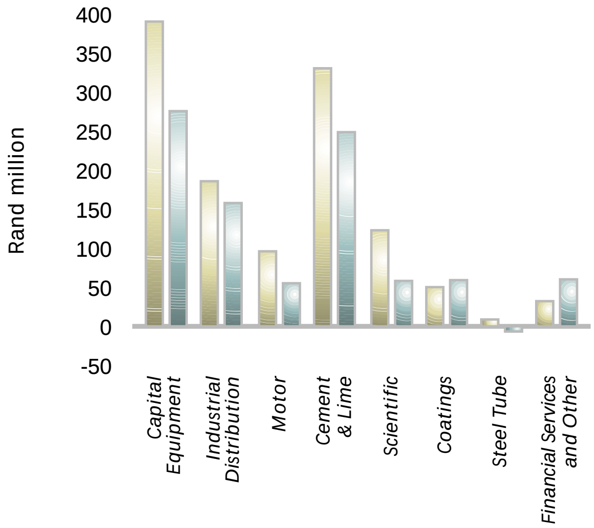
Employees
21 966 (1999: 22 148)



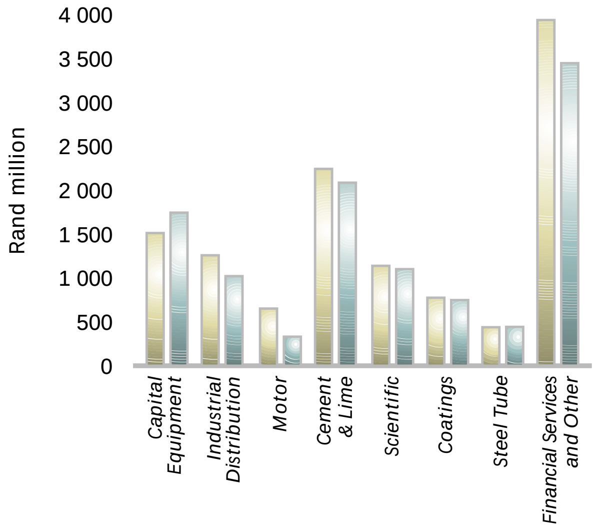
Revenue
R21 969 million (1999: R19 337 million)



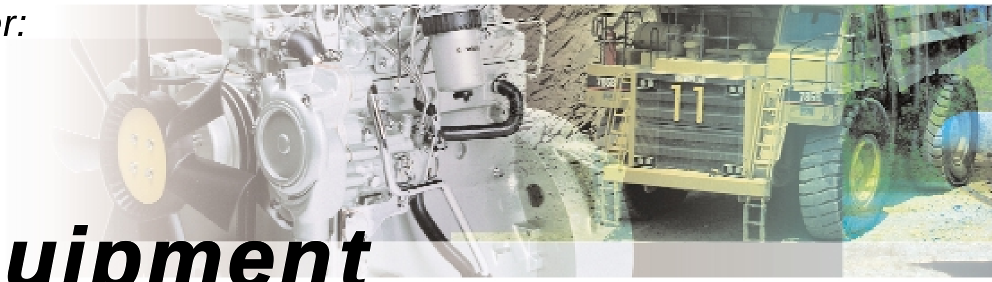
Operating profit including share of associates
R1 223 million (1999: R919 million)



Net assets
R12 241 million (1999: R11 187 million)



2000 ***1999***



Barloworld Equipment

Strong growth in Iberia

The Spanish and Portuguese operations produced another strong performance on the back of the continued strength of the Iberian economies. Revenues rose 22% in local currencies and margins were maintained through strong cost control.

The key factor in addition to GDP growth of 4% for Iberia, was the continuation of the European Community driven infrastructure investment programme. This programme, in Spain alone, involves a combined Spanish Government/EU investment of US$12,7 billion in road, rail, harbours and airports between 2000 and 2005 as well as a substantial investment in telecommunications. During the second half of the year there were signs that the economy was being affected by the adverse impact of the strength of the dollar against the euro and interest rate increases.

The market for construction equipment remained strong, and sales to this sector accounted for 68% of revenue. The power generation and lift truck businesses also grew. Market shares of new product sales rose in all sectors. The after-market (parts and service) business continued to benefit from the expanded fleets of equipment in operation, following strong sales growth of new and used units over the past few years, as well as an intensive marketing programme.

During the year, sales were boosted by several major deals for public works and mining machines, co-generation power units and materials handling equipment for ports.

As part of an ongoing review of the future positioning of the business, two properties were sold and the Bilbao branch was sold and rented back for a period of 10 years.

As a result of Caterpillar SARL's acquisition of Bitelli in May 2000, Barloworld will start with the distribution of Bitelli vibratory compactors, pavers and cold planers in Spain in the new year. The Iberian peninsula footprint was expanded during the year through the granting by Caterpillar of dealer rights to the company for the distribution of Caterpillar products in Andorra.

Siberia on track

The development of the greenfields operation in western Siberia continues to progress well. Operational sites have now been established in 10 centres and revenues rose to US$6 million for the year. Our strategy remains to manage risk and ensure adequate margin by focusing on high quality customers where hard currency payments are assured.

Southern Africa was challenging

Revenues from Caterpillar operations in South Africa were unchanged from the previous year. Notwithstanding difficult trading conditions, margins recovered benefiting from cost reductions in the previous year. The mining industry remained the dominant source of market opportunity in South Africa. It was encouraging to see commodity prices improve during the year, notably platinum, rhodium, copper and nickel, all of which are mined through open cast operations where our Caterpillar equipment is the market leader.

Although parts and service revenues improved throughout the year, the effect of the commodity cycle upturn only began to translate into increased demand for new equipment during the last quarter.

The market for underground mining equipment grew and sales of Caterpillar-Elphinstone and locally manufactured Wright products increased from a small base. The construction sector remains unexciting with demand depressed and contractors seeking work further north in Africa outside the territories we cover.

Operations in Botswana and Namibia benefited from strong demand for new machines, parts and service from the diamond mines and produced good results. In Zambia, following the privatisation of the copper mines and sales revenues have started rising off a low base. Angola, with civil unrest still an issue, continues to be challenging, and the market in Malawi and Mozambique remained depressed.

The Perkins diesel engine dealerships in southern Africa performed well. With effect from June 2000, we were granted the distribution franchise for Ingersoll Rand's surface mining drill rigs throughout southern Africa. This business has started well and shows promise. We were also granted the distribution franchise in southern Africa for South African made Dezzi articulated dump trucks and tow tractors. These products fill a gap in the existing Caterpillar product range. Orders have already been secured for delivery of 30 tow tractors to an aluminium smelter.

The materials handling business in South and southern Africa, now fully integrated with the earthmoving equipment operations, showed improved profitability on growing volumes and market share.

Rationalisation of facilities and staff reductions continued in southern Africa, albeit at a slower rate than the previous year.

Further progress in 2001

In Iberia, the order book was strong through the year closing at US$141 million, substantially up from the previous year. This fact, combined with a consensus view that the Spanish and Portuguese economies will continue to grow in excess of 3% and that infrastructure investment will continue at current levels, points to a positive outlook in that region for the year ahead.

The Siberian business unit is on track to become profitable in the next year, having made small profits in a number of months during the year under review.

The outlook for the year ahead in South and southern Africa is also positive. Revenues are projected to increase in the mining sector as a number of new mining projects begin ordering equipment. In addition, prospects for improved trading conditions in South Africa, public sector infrastructure investment should benefit from cash released through the privatisation programme. Cost reduction through rightsizing of physical facilities will also continue, impacting positively on margins.

Overall the segment is expected to make further progress for the 2001 financial year.

Barloworld *Leading brands*

Geographical analysis (R million)

	South Africa	Other Africa	Europe	Total
Revenue				
2000	***1 811***	***439***	***3 941***	***6 191***
1999	1 818	467	3 476	5 761
Operating profit				
2000	***50***	***21***	***321***	***392***
1999	(4)	20	261	277
Net assets				
2000	***595***	***113***	***807***	***1 515***
1999	650	170	928	1 748

Barloworld Industrial Distribution
(formerly Materials Handling)

Profits grow in the US

In the eight states of the south-east US where the materials handling business units operate, the economy remained healthy, but grew at a slower pace than prior years, as interest rates and fuel prices rose. The market for new lift truck units rose by 14% in the region to some 37 800 units. This compares with total US national figures of 203 000 units, up 5,2% on the previous year

Revenues grew by 9% in US dollars and this, combined with a renewed focus on performance following the completion of the implementation of an information technology system, resulted in an improvement in operating profits in the United States. At the same time, net assets remained stable with reductions in working capital offset by growth in rental fleets.

A key issue in the marketplace is the continued process of customer mergers and acquisitions, particularly in the key paper and forest products industry. This consolidation of lift truck users has been accompanied by a trend to outsourcing maintenance and service of lift truck fleets. As a consequence of the success of a strategy to capitalise on this trend, the company now has outsourced fleets totalling 3 600 units in the United States compared with 1 900 units in 1995. During the year under review, the company signed multiple year agreements to provide new machines and maintenance with a number of high profile customers in the paper, white goods, truck and tobacco industries.

New equipment sales accounted for some 40% of dollar revenues in the United States, but margins remained under pressure as competitors sought market share to gain entry into the profitable after-market business. Notwithstanding this pressure, the company's market share of new counterbalance unit sales in the south-east US rose to 15,2% from 14,6% the previous year. The market share in warehouse products remained at 4,1% for the territory.

The short-term rental business in the United States was strong in most markets and the company's rental fleets increased by 17,5% over the prior year to a total of 2 325 units.

The product offering in the United States was further strengthened during the year following agreement to distribute the Grove and JLG brands of aerial work platforms to the company's industrial customer base.

Ditch Witch of Georgia continued to grow. A change of product mix for the sales area resulted in a slight margin erosion and lower profits.

Difficult market conditions in the UK

Revenues from the materials handling operations in the United Kingdom and Belgium grew 5% in sterling.

In the UK, manufacturing which is a key customer base for materials handling products, remained depressed due to the strength of sterling. This strength also increased the price advantage enjoyed by competitors who manufacture within the euro currency area and sell into the UK market. The Hyster products we sell are manufactured in Scotland and in Northern Ireland.

By contrast with the UK, the Belgium operations benefited from a stronger European business environment.

Average market shares in the UK and Belgium in traditional counterbalance units rose to 13,7%, enhanced by the launch of a new Hyster 5-ton unit, is targeted at heavy industry applications. The Hyster warehouse product is a recent entry in Europe and our UK and Belgium market shares rose to an average of 5%.

During the year, the company won the United Kingdom's Ministry of Defence Tri-Service Contract to service, maintain and replace 2 600 lift trucks at over 500 military establishments worldwide. The contract, valued at £76 million, has a duration of 10 years and replaces the successful Pathfinder project which is coming to a close.

During the year a business restructure programme re-aligned operational and sales teams around customer groupings whilst reducing overall costs in administrative functions.

The small vacuum equipment business, DD Lamson, had a difficult year, also due to the depressed UK market and the strength of sterling.

The outlook for 2001 is positive

In the year ahead, further asset reductions and cost savings will be made in the United States through centralisation of inventories into two distribution centres, rather than the current 42 locations. Financing options for customers wishing to lease new trucks will also be introduced as part of a package of improved services that have been identified as key customer requirements. The relatively small scale of rental fleets in the United States compared with the United Kingdom presents a significant opportunity for growth in the medium term.

In the short term, the benefits of cost reductions will be tempered if the growth rate of the United States economy slows. Irrespective of this uncertainty, operations in the United States in the Industrial Distribution business segment will expand substantially following the acquisition of Barton Freightliner in early October 2000 (see page 15 for more detail).

The United Kingdom operation is expected to recover and Belgium operations make further progress albeit in this more difficult business environment where the currency dynamics between sterling and the euro will remain an important factor. The SAP system will provide improved management information allowing for better decision making, reducing inventories and consequently impacting positively on assets and costs.

Overall the Industrial Distribution operations are expected to do well in 2001, with an additional profit stream from Barton Freightliner significantly increasing the size of the segment.

Barloworld *Leading brands*

Geographical analysis (R million)

	North America	Europe	Total
Revenue			
2000	***1 897***	***1 167***	***3 064***
1999	1 550	1 056	2 606
Operating profit			
2000	***139***	***48***	***187***
1999	90	69	159
Net assets			
2000	***708***	***553***	***1 261***
1999	711	312	1 023

Report of the Chief Executive Officer:
Operations review

Barloworld Motor

South African operations accelerate

Lower interest rates and a more positive outlook early in the year saw increased activity in South African automotive markets.

Despite the improved trading conditions new vehicle unit sales remain well below the highs of 1995 and 1996. Total unit sales of all categories of new vehicles for the 2000 calendar year are estimated to be up 18,3% over 1999 at 350 000 units compared with 295 785 units in 1999. Our market share has increased and currently stands at 8,2% overall and 9,4% for passenger vehicles. This has been achieved despite a reduction in the number of the company's outlets in South Africa from 88 on 30 September 1999 to 76 on 30 September 2000.

Used vehicle trading improved significantly and units sold increased 14,3% to 22 135 units. Revenues in this category rose 33% to R1 443 million.

Parts and service have been a traditional strength of the company and this year was no exception, accounting for R1 053 million of revenues in South Africa compared with R942 million in the previous year.

The benefits flowing from action in prior years to reduce costs combined with improved volumes saw margins improve and operating profits more than double.

The medium to long-term trend in the motor industry is likely to see manufacturers adopt a more active role in the dealer network, a further consolidation of the dealer network and an increasing demand by consumers for a more professional service. Our strategy of fewer, bigger, better dealerships in the right location fits this trend. During the year, new facilities were opened in Woodmead and Sandton in Gauteng, and Claremont and Kuilsriver in Cape Town. A further five facilities are in the planning or building phase in South Africa.

Motor manufacture and distribution is a global industry and South Africa cannot be looked upon as a separate component. The realignment of manufacturing interests worldwide continues and progressed significantly during the period under review. This in turn will continue to impact on South African structures. For example, DaimlerChrysler franchises will add Mitsubishi and lose Honda, and Nissan dealerships may combine with Renault.

The acquisition of the Natal Ford dealerships of McCarthy Motor Holdings in November 1999 increased the company's overall share of Ford product sales in South Africa to in excess of 10%. New accounting and administration systems were introduced into the acquired dealerships and the structures rationalised. The business is now positioned to contribute strongly in the new financial year.

Revenues in Barloworld Logistics grew from R22 million to R49 million during the year as the fleet expanded to 366 units by year end. This growth has given Barloworld an established base. In addition to its own profit potential which has yet to be realised, Barloworld Logistics provides a strong

contribution to profits from the company's commercial retail outlets which provide their new vehicles as well as servicing and maintaining the fleet.

The process of developing the strategic alliance with Avis (see page 16) is working well.

Operations outside South Africa continue to create shareholder value

Despite the threat of a slower market as a result of the introduction of a Goods and Services Tax, the motor dealerships in Australia continued to perform well. Renovations to the Brighton Star Mercedes-Benz dealership are almost complete.

Operations in Botswana (principally VW/Audi and Ford) had another good year with activity levels holding up well and in Namibia (BMW and Landrover), the business made a pleasing turnaround to profit. An upgrade is planned during 2001 for the Ford and VW/Audi facilities in Gaborone.

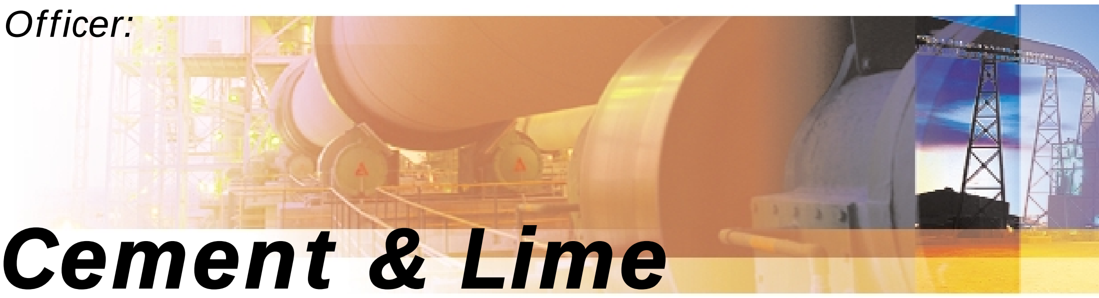
2001: building on the progress

The prospect of further growth in the automotive market in South Africa, increased activity in Australia, Namibia and Botswana augur well for growth in the contribution of this segment in 2001.

Barloworld *Leading brands*

Geographical analysis (R million)

	South Africa	Other Africa	Australia	Total
Revenue				
2000	***5 057***	***248***	***367***	***5 672***
1999	3 790	228	351	4 369
Operating profit				
2000	***71***	***9***	***17***	***97***
1999	30	7	19	56
Net assets				
2000	***593***	***12***	***48***	***653***
1999	296	15	21	332



Barloworld Cement & Lime

In spite of the stagnant economic environment in South Africa, Barloworld's only listed subsidiary, 68% owned Pretoria Portland Cement Limited, produced strong results for the year under review.

A strong performance in cement in the face of economic stagnation

High real interest rates, low gross fixed capital formation and floods in the first half delayed the recovery in the South African cement market. National cement demand declined by 0,2% for the 2000 financial year. PPC's domestic sales volumes declined by 2,6% during the year as a result of the strategy to improve the quality of the customer base, move out of less profitable markets and improve margins generally. The improved quality of the customer base was also seen in the sharp reduction in provisions for doubtful debts.

Blast furnace slag from Saldanha Steel was successfully introduced into the Western Cape markets during the year and the product has been well received by customers.

Ongoing structural cost reductions were achieved during the year. Stock level reductions in excess of 10% were achieved in raw materials, fuel, process stocks, finished goods and maintenance spares. More advantageous contracts for purchasing input materials and spares were also negotiated. Manufacturing improvements included the development and implementation of a neural-network control system for kiln control, resulting at the pilot project at the Dwaalboom factory, in greater output, better quality, improved refractory life and lower heat and electricity consumption.

The acquisition of a ready-mix business in Gaborone and a 50% share in the Kgale quarry has expanded PPC's presence in Botswana. These new businesses are generating returns in excess of the cost of capital.

The Loerie quarry near Port Elizabeth was closed during the year and a new quarry has been opened at Grassridge near Coega to supply limestone to the Port Elizabeth factory. This will result in a significant cost reduction for the Port Elizabeth factory in the future. The Pienaars River Quarry north of Pretoria was also closed.

Export volumes dropped during the year as clinker exports were reduced due to the increased competition in the clinker market from East Asian suppliers. However, exports of cement increased to a variety of existing and new clients. These exports were at better margins, resulting in increased profitability from these activities.

PPC Lime also make progress in difficult markets

The steel and gold industries continue to be the main drivers of South African lime demand. Demand from the steel industry rose early in the year due to improved international steel prices and higher steel output by Saldanha Steel. However, this was offset later in the year by operational problems and lower steel order levels in other steel plants. Gold demand remained depressed. However, despite a reduction in overall lime demand in South Africa, PPC Lime benefited from the improved output by Saldanha Steel, increasing lime volumes by 2%.

Long-term agreements with major customers that reached the end of their contract

term during the year were successfully renewed.

Energy saving projects include the installation of a second pre-heater at the Lime Acres factory and a three-year project to incinerate carbonaceous waste. A number of outsourcing projects to reduce involvement in non-core activities were completed during the year. One of these has seen the sale so far of 100 company houses to employees.

PPC Saldanha benefited from increased volumes due to the ramp-up of Saldanha Steel's output and moved to profit from a loss the previous year.

Other operations

PPC Logistics (formerly PPC Transport) continued to operate in a fiercely competitive market and Afripack also saw lower demand for paper sacks, particularly from industrial sectors such as cement.

Progress in 2001 will come from cost reductions and demand growth

The current year's results reflect the benefits from investments and improved operating efficiencies. Further improvements are targeted in all operations in the year ahead. Enhanced motivation, and the development and empowerment of our people, are expected to create further shareholder value.

Concerns regarding high real rates of interest may limit volume growth. It is anticipated, however, that the backlog in national and regional fixed investment will receive attention and that modest growth in volumes will materialise in 2001.

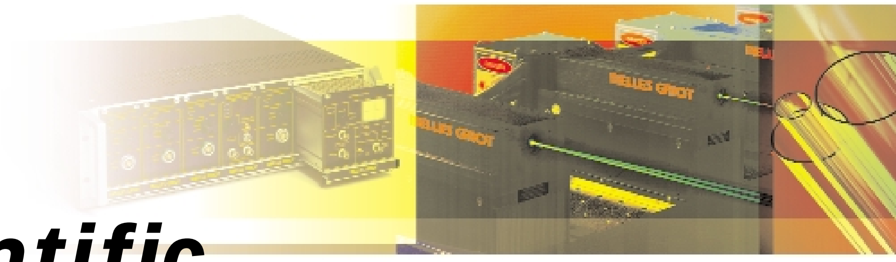
Overall, higher earnings and cash flows are expected and the business is well poised to benefit from any improvement in market conditions.

Barloworld *Leading brands*

Geographical analysis (R million)

	South Africa	Other Africa	Total
Revenue			
2000	***1 663***	***150***	***1 813***
1999	1 672	105	1 777
Operating profit			
2000	***305***	***27***	***332***
1999	229	21	250
Net assets			
2000	***2 188***	***59***	***2 247***
1999	2 060	30	2 090

Report of the Chief Executive Officer:
Operations review



Barloworld Scientific

For the year under review, Barloworld's scientific business segment grew strongly driven by an excellent performance from Melles Griot.

Record year for Melles Griot

The Melles Griot laser and photonics business unit produced its best ever performance. This was the result of the success of the strategy which has taken the business from a series of operations with a predominantly geographic focus, linked by a common brand, to a cohesive business unit operating effectively on a global scale. To achieve this, there has been a significant refocusing of the business strategy onto high growth sectors and a streamlining of operations and resources to support this new focus. In this context, the Technical Optics operation in the Isle of Man was sold to CVI Laser Corporation in May 2000.

Revenues have benefited from the buoyancy of the telecommunications and semi-conductor sectors worldwide with revenue growth in these sectors more than 100% and 40% respectively. The overall strength of the US economy has also been a key factor in the growth of the business.

During the year digital optics product development in Japan contributed to growth in Japanese sales revenues.

Melles Griot's gross sales margins improved reflecting both a better product quality mix and efficiency gains.

The acquisition of Laser Power Microlasers in December 1999 brought an exciting range of state-of-the-art, diode pump solid state (DPSS) lasers to the laser product range. DPSS lasers are smaller and more versatile in a number of applications than their traditional gas laser counterparts. The acquired business has been successfully integrated into Melles Griot and has showed growth ahead of the acquisition plan.

During the year the Carlsbad manufacturing facility in southern California was relocated. The new site is believed to be the largest laser production facility in the world. In February 2000 a new telecommunications products manufacturing facility was opened in Ely, Cambridgeshire, England.

Following its full roll-out across the photonics business, the BaaN ERP system has enabled Melles Griot to improve inventory and working capital efficiencies. It has also created an effective platform for global information flow to support improved service levels.

A Melles Griot e-commerce site was launched in July 2000 offering a wide range of optics products. The facility will be progressively extended to include a broader range of products and services to support the company's original equipment customer base.

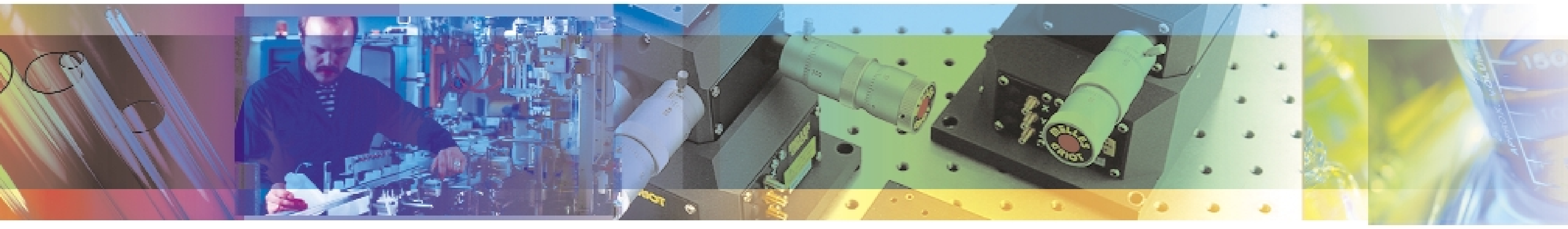
Worldwide employee numbers grew by 15% to 880 at the year-end and active recruitment programmes to increase capacity continues.

Laboratory

The Laboratory Group had a difficult year with margins continuing to be squeezed by the strength of sterling, sluggish volumes and increases in raw material, energy, packaging and transport costs. The price of plastics, for example, a key raw material, increased 65% over the previous year. Notwithstanding the difficult environment the laboratory business maintained a good level of profitability.

Market share gains were achieved in the UK and a major success was a new two-year contract for the exclusive supply of petri dishes to the Public Health Laboratory Service. Capital Investment during 2000 of £1,2 million in the plastics manufacturing plant in Aberbargoed, South Wales, will provide reduced manufacturing costs and product quality improvements.

Strong sales of plastic serological pipettes reflected new business with two new accounts in Europe. In the United States, Dynalab had a good year with increased sales and profits reflecting the continuing strength of the US economy.



Record sales were achieved in Spain as Afora consolidated its position as the leading laboratory distributor. Sales of Stuart benchtop equipment showed good growth, reflecting the successful impact of new products introduced at the beginning of the year. These products have been developed in-house. Funding of new product development has been further increased to exploit the potential in the equipment market.

Costs and working capital were well controlled in all Laboratory operations. The manufacture of Stuart Scientific products was successfully re-located from Redhill in Surrey to Stone, Staffordshire by the end of September 2000. This move will provide more capacity, improved productivity and expanded product development facilities.

2001: Strong growth in Melles Griot and progress in Laboratory Equipment

The outlook for 2001 in the laser and photonics business remains positive with orders continuing to run ahead of sales. Strong growth in demand for DPSS lasers and nano-positioning equipment underpins this outlook.

Prospects for the Laboratory Group are also more positive although the weakness of the euro remains a concern. Recognising this, proactive steps were taken by management this year and further cost savings are in the pipeline. The benefits of these actions will flow through in 2001.

Overall, Barloworld Scientific is expected to continue to make good progress in profit growth for the 2001 financial year.

Barloworld *Leading brands*

Geographical analysis (R million)

	North America	Europe	Asia and other	Total
Revenue				
2000	***547***	***746***	***179***	***1 472***
1999	412	646	129	1 187
Operating profit				
2000	***55***	***52***	***17***	***124***
1999	30	23	6	59
Net assets				
2000	***308***	***714***	***119***	***1 141***
1999	245	762	96	1 103

Barloworld Coatings

Progress in South and southern Africa

The stagnation of the South African economy saw decorative paint demand volumes unchanged from the previous year for the year under review. Despite the environment, Plascon Paints South Africa performed well with cost reductions flowing through to the bottom line. Market shares in the decorative sector were maintained, as was market leadership. Elsewhere in Africa, the decorative paint businesses did well with good profit contributions from Zambia, Botswana and Namibia.

Decorative product launches in South Africa during the year included Velvaglo Gloss, Bakkie and Trailer Liner and One Coat ceiling paint.

The Automotive Division, which is well positioned to supply the South African motor manufacturing industry, did well as its customers expanded their output of vehicles for export and local markets.

The joint venture in industrial coatings with Akzo performed well in Marine and powder coatings, but protective coating and furniture made a loss.

Manufacturing operations in South Africa continue to improve efficiencies and the reduction from 22 to 16 distribution depots has resulted in reduced working capital requirements and broader cost savings.

Australia underperforms

The Australian operation fell short of expectations despite higher revenues in a buoyant market. Action has been taken within the business to address this and a new management team has already begun to turn the business around by returning the focus towards improved margins. The impact of the BaaN ERP system implementation was also a factor in the 2000 results. This was successfully completed in August 2000.

Market share in decorative coatings has increased from 23% to 29% over the past two years and Taubmans is now firmly entrenched in the number two position in the marketplace. This is a firm foundation on which to build profitability.

The Bristol Banner franchised store concept has been extended during the year through the conversion of additional company owned stores into franchised outlets.

Expansion in China

Four franchised Bristol decorator centres opened in China during the year, adding to the six stores established last year. These

stores operate along similar lines to the Bristol Banner stores in Australia and source their entire product requirements from our Australian operation.

Growth in the United Kingdom

The speciality coatings operation in the United Kingdom did well. Margins were slightly reduced in sterling terms but this was more than offset by the increase in volumes.

Good prospects for 2001

In 2001, a modest recovery in the South African decorative market combined with further cost reductions should deliver an improved result. In Australia, the benefits from improved margin management are beginning to show.

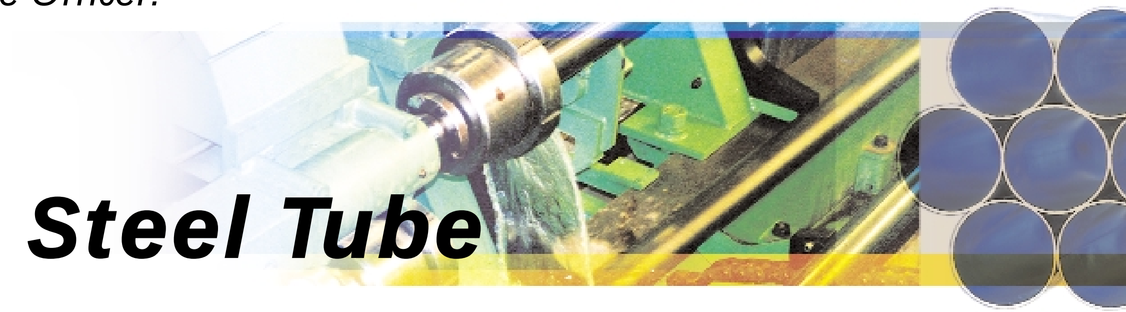
In China, where Australian brands carry a premium image, the number of franchised stores will continue to expand.

Overall, Barloworld Coatings is expected to make good progress in 2001.

Barloworld *Leading brands*

Geographical analysis (R million)

	South Africa	Other Africa	Europe	Australia and Asia	Total
Revenue					
2000	***873***	***68***	***84***	***863***	***1 888***
1999	865	37	76	769	1 747
Operating profit					
2000	***48***	***5***	***8***	***(10)***	***51***
1999	49	1	7	3	60
Net assets					
2000	***409***	***13***	***15***	***340***	***777***
1999	403	7	11	329	750



Barloworld Steel Tube

The rationalisation of manufacturing and distribution activities in recent years resulted in improved operating profits during 2000 despite a lacklustre market for most products.

Revenue rose 12% mainly due to price increases fuelled by rising raw material input costs. Sales volumes for both conveyance and structural applications, the principal markets for the tube sizes produced by the business, remained depressed. Market share in South Africa was unchanged despite increased competition in a reduced market.

The carbon steel manufacturing operations which account for 50% of revenue for the segment are profitable, albeit at low levels.

Stainless steel volumes doubled following a successful focus on volume manufacture of niche products for world markets. The success of this strategy is evidenced by the fact that during 2000, Salmac became the largest non-European union based seller of stainless conveyance pipe within the European Community. In November 1999 a new stainless mill was commissioned, increasing the total number of stainless mills to nine. These mills run at full capacity servicing primarily export markets. By contrast, the carbon steel mills which are focused on the domestic market in southern Africa, operated with substantial capacity.

The value added business performed well, particularly through the sale of mining props.

Losses in the distribution network declined significantly during the year following the rationalisation of branches over the past two years, improved focus, lower costs and better asset management.

In August 2000 the BROstruct 300 graded tube product was launched. Aimed at the structural steel market, the tube is painted in-line. It provides not only a guaranteed strength but also the convenience of a prime coat of environmentally friendly water based paint. Sales of Polypipe, a high density polyurethane-lined steel pipe, introduced to the market in 1999 to provide a solution in highly abrasive and corrosive applications, are growing. Both products have been well received by customers.

The BaaN ERP system, which had previously been implemented for the distribution

network, was rolled out into the factories, resulting in improved controls over raw material, work in progress and planning. Stock-outs are now maintained at less than 2% compared with 30% three years ago, and work in progress has declined to internationally competitive levels. Productivity improvements were made throughout the operations.

2001 will see a modest improvement from 2000

Conditions for the South African tube industry are expected to remain difficult in 2001. However, should there be any pick up in demand, the business is well-placed to take full advantage. Improvements in profitability as a result of operational efficiencies will continue.

Barloworld *Leading brands*

Geographical analysis (R million)

	South Africa	Other Africa	Total
Revenue			
2000	***1 160***	***19***	***1 179***
1999	1 047	9	1 056
Operating profit			
2000	***5***	***2***	***7***
1999	(3)	0	(3)
Net assets			
2000	***437***	***3***	***440***
1999	444	0	444

Financial Services and Other

The operating profit for financial services, treasury and other of R37 million (1999: R60 million) comprises the operating profit of the South African and United Kingdom leasing operations of R16 million (1999: R30 million) and net profits relating to treasury and miscellaneous other activities not reported elsewhere in the segmental analysis of R17 million (1999: R4 million loss). The 1999 results included the residual effect of the Comparex Holdings investment.

Net assets of R4 207 million (1999: R3 697 million) include the combined net assets of the leasing operations in South Africa and the United Kingdom totalling R2 848 million (1999: R2 647 million). The balance of net assets consists mainly of long-term investments, unallocated goodwill and cash.

Leasing operations

The group's leasing operations form the nucleus of a broad range of financial services which include long-term rental hires and instalment sales.

The South African leasing operations consist of two business units. BRL Leasing focuses on the provision of financial services to capital equipment and materials handling customers. Barlow Leasing concentrates on servicing the motor vehicle financing needs of corporate customers.

Balance sheet	2000 R'm	1999 R'm
Fixed assets	1 019	924
Non-current assets	993	934
Debtors	794	806
Cash	76	9
	2 882	2 673
Deferred tax	47	52
Creditors – short-term	34	26
Borrowings	2 595	2 398
Equity	206	197
	2 882	2 673

In difficult market conditions, the net leasing book in South Africa remained at R1,7 billion during the year. The decline in the building and construction industry continued to impact on the bad debt experience and this, together with lower margins as a result of the lower interest environment, resulted in a break-even situation compared with operating profits of R15 million last year.

Barlow International Finance Limited, which mainly finances sales of the United Kingdom Materials Handling division, increased its leasing fleet to R1,0 billion (1999: R0,9 billion). Operating profit increased to R16 million (1999: R15 million).

Set out in the previous column is the balance sheet of the South African and United Kingdom Leasing operations. This shows that the total assets of these operations is R2 882 million financed mainly by borrowings of R2 595 million and equity of R206 million. In terms of financial structure, these leasing operations are highly geared and in this respect are different from the rest of the group. For this reason, we publish the group's debt/equity ratio in two ways – including and excluding the leasing borrowings.

Treasury operations

The treasury operations of the company are managed on a co-ordinated basis in two centres, namely Johannesburg and London.

By managing the company's financial requirements centrally, critical mass is achieved, creating economies of scale in the marketplace. This enhances our interest rate yields on both borrowings and deposits. In addition, it allows us to employ specialised skills cost-effectively. The performance of treasury is benchmarked against generally accepted indicators for corporate treasury such as interbank lending rates.

The finance costs of the group decreased from R293 million to R244 million during 2000 and income from investments decreased from R296 million to R255 million. Strong operational cash flows were boosted in South Africa by the sale of the shares in Dimension Data which were unbundled by Comparex Holdings and the subsequent

sale of the remaining shares in Comparex Holdings. The proceeds of these two share transactions amounted to R935 million. R395 million was invested in a 26,3% share in Avis South Africa and the buy-back of 17 million of our own shares absorbed a further R768 million.

During 1995, Barloworld raised US$75 million by way of a ten-year convertible bond issue. The process of repurchasing the outstanding convertible bonds at below par was continued and US$3,2 million of these convertible bonds were repurchased during 2000. The outstanding balance at 30 September 2000 amounted to US$27,3 million which, should conversion occur, would require a further issue of 3 144 929 Barloworld shares.

Other activities

Other activities contained within this segment include risk and insurance management, corporate properties and the corporate head office services including legal and tax, company secretarial, economic forecasting, corporate finance, strategic development activities and investor relations.

Barloworld *Leading brands*

Segmental analysis (R million)

	Leasing	Comparex	Other	Total
Revenue				
2000	***591***	***–***	***99***	***690***
1999	650	–	184	834
Operating profit				
2000	***16***	***–***	***17***	***33***
1999	30	34	(3)	61
Net assets				
2000	***2 715***	***–***	***1 492***	***4 207***
1999	2 590	110	997	3 697

Corporate *Governance*

striving for

Sound corporate governance is viewed as a business imperative in Barloworld

Business is conducted mainly in Europe, South Africa, Australia and the United States. The company's primary listing is on the Johannesburg Stock Exchange and compliance is regulated by the Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance. Since 1995, considerable work has been done by the King Committee in conjunction with the Commonwealth Association of Corporate Governance and a further report is expected to be issued in 2001. This is likely to focus mainly on internal control and risk management (including recommendations of Turnbull and the requirements of the Combined Code in the United Kingdom). Barloworld is aware of the provisions of the Blue Ribbon Report in the United States

Accordingly, the company is making good progress towards compliance with relevant requirements in all of the countries in which it operates.

The board of directors

With operations in some 30 countries the board of Barloworld Limited has a clear understanding of its purpose. The key aspects are: vision, mission, business objectives, priorities, focus areas for monitoring achievement, and accountability of the executive team for performance. Value based management has been adopted by all the businesses in Barloworld. The directors are committed to the principles of fairness, accountability, responsibility and transparency.

One of the key aspects of our governance philosophy is the separation of responsibility for running the board and the executive responsibility for running the business, with no one individual having unfettered powers of decision-making. Accordingly the roles of chairman and chief executive officer are separated.

Nine non-executive and eight executive directors collectively determine major strategies and policies

They approve the group business plan and monitor overall performance against objectives appropriate to the current stage of the business cycle and the prospects in each business unit. Effective control is exercised through the executive directors. In a rapidly changing world, the present mix of experience and skill of the directorate meets the future requirements of the company.

At least five meetings of the board of directors and eleven meetings of the executive directors and senior executives are held each year. These meetings are held in Johannesburg. Where a director or executive, based in another country such as the United Kingdom, the United States, or Spain, is not able to attend personally, video conference facilities are used to include them in the relevant proceedings and permit participation in decisions and conclusions reached.

In certain circumstances it may become necessary for a non-executive director to obtain independent professional advice in order to act in the best interests of the company. Such director has unhindered access to the chairman, financial director and secretary. Where reasonable action is taken by a non-executive director and costs are incurred, these are borne by the company.

Each director is elected by members in a general meeting and must retire by rotation every three years

Executive directors retire from the board at 63 years of age, or earlier, while non-executive directors retire at the annual general meeting next succeeding the director's 70th birthday. Fees payable to non-executive directors are recommended by the board and fixed by the shareholders in general meeting.

Changes to the board

Having reached retirement age, Mr R M Mansell-Jones retires at the next

best practice

annual general meeting and is not available for re-election.

In addition, Messrs M D Coward, L S Day, A J Phillips, P M Surgey and Sir Andrew Hugh Smith retire at the forthcoming annual general meeting by rotation, in terms of the company's articles of association. Being eligible, all have offered themselves for re-election.

Contracts of service

There are no contracts of service between any directors and the company or any of its subsidiaries that are terminable at periods of notice exceeding one year and requiring payment of compensation except for Mr K Brown who has an agreement terminable by not less than three years' notice given by the employer or by not less than six months' notice given by the director.

Accounting and reporting

The board places strong emphasis on maintaining high levels of financial management, accounting and reporting to shareholders. The board is committed to leadership in accounting compliance in South Africa. In our last annual report, we recorded our intention to achieve full compliance with International Accounting Standards. Successful harmonisation with International Accounting Standards has been achieved while still maintaining full compliance with South African Generally Accepted Accounting Practice.

Board committees

The board has created audit, general purposes, remuneration and other appropriate subcommittees. The following information reflects the composition and activities of these committees:

Audit committee

R K J Chambers (Chairman)

D C Arnold	W A M Clewlow
P T W Curtis	M J Levett
A J Phillips	E P Theron

The audit committee comprises a majority of non-executive directors including its chairman. Its primary responsibility is to assist the board of Barloworld Limited in carrying out its duties relating to accounting policies, internal control, financial reporting practices, and identification of and exposure of significant risks.

It meets twice a year and reviews the adequacy and continuous improvement of the internal control systems and their audit. Parameters of the audit and of internal controls are discussed between the audit committee and the external auditors as part of the process of each audit. The external auditors have access to the audit committee and its chairman. The interim results are discussed with Barloworld's external auditors and the audit committee, prior to their submission to the board. The audit committee, with the auditors present, reviews the audited preliminary profit statement and its annual financial statements before they are submitted to the board. The audit committee has written terms of reference approved by the board.

General purposes committee

W A M Clewlow (Chairman)

Sir Andrew Hugh Smith

R K J Chambers	M J Levett
A J Phillips	E P Theron

The general purposes committee, comprising a majority of non-executive directors, discuss issues of significance to the company and usually meets four times each year. It is able to ensure that matters requiring the attention of the directorate are submitted timeously for proper deliberation.

Barloworld *Leading brands*

high

Remuneration committee
W A M Clewlow (Chairman)
Sir Andrew Hugh Smith
R K J Chambers M J Levett
A J Phillips E P Theron
Composed of a majority of non-executive directors this committee meets at least annually and decides the remuneration of executive directors and senior executives.

Remuneration levels are set at a realistic level in order to attract and retain the directors and executives needed to run the company successfully. A proportion of executive directors' remuneration is structured so as to link corporate and individual performance.

Other board and corporate governance issues

Internal audit is an important tool in good corporate governance. The directors are responsible for ensuring internal control systems exist that provide reasonable assurance regarding the safeguarding of assets and the prevention of their unauthorised use or disposition; and maintenance of proper accounting records and the reliability of financial and operational information used in business.

Internal audit

The group internal auditor co-ordinates the internal audit function throughout Barloworld. His duties include, inter alia, liaison with the relevant businesses and their external auditors in order to monitor the performance and recommend improvement of internal audit. He reports to the main audit committee on the effectiveness of internal audit throughout the group. Subordinate internal audit reports are submitted to the audit committees of the respective businesses. Any major issues arising are referred to the main audit committee.

Audit plans for each business segment are tabled annually to take account of changing business needs. Follow-up audits are carried out in areas where weaknesses are found.

The role of the secretary is clearly defined

Appointment and removal of the secretary are matters for the board as a whole.
The secretary ensures that, in accordance with the pertinent laws, the proceedings and affairs of the directorate and, where appropriate, members of the company are properly administered. Dealings in shares of the company by directors and officers are advised to him and a report is tabled at each board meeting. He also administers the affairs of the company's subsidiaries in South Africa.

There are no third-party management issues

No part of the company's business was managed during the year by any third party in which any director had an interest.

Insider trading

No employee may deal either directly or indirectly in Barloworld shares on the basis of unpublished price-sensitive information regarding its business or affairs. No director or officer (as defined in the Companies Act, 1973) may trade in Barloworld shares during the embargo periods determined by the board. These include the periods between the end of the interim and annual reporting periods and the announcement of financial and operating results for such periods.

Employment equity

The directors believe that economically viable and self-sustaining employment equity is an essential and integral part of corporate governance within any Barloworld business unit operating in South Africa. They have employment equity programmes, which receive regular management attention.
The Employment Equity and Skills Development Acts have provided a useful framework for formalising our approach.
The formal Employment Equity Plans comply with the objectives and requirements of the new Acts.

Employee participation is important

Having adopted Barloworld as the name by which the organisation will be known globally in future, a purposeful programme of collaborative employee participation has commenced. Apart from visual support standards

of the new image, this will involve implementing value based management and cost-effective synergies across Barloworld, as well as sharing skills in an integrated organisation. An inaugural global conference of some 250 senior managers was held during the year. Manuals and videos have been given to all employees. Senior managers have discussed the issues with their teams, and feedback is being received prior to carrying out the next phase of building Barloworld.

Barloworld subscribes to the belief that employee participation is in the interest of a business. The company's diverse nature, allied to its philosophy of operational decentralisation, makes it desirable that each business unit executes this in a manner best suited to its own circumstances in the context of overall Barloworld values and ethics.

Effective communication with all stakeholders is essential

The company subscribes to the principle of timeous, balanced, relevant and understandable communication, focused on substance over form and communicates regularly and systematically with all relevant parties.

Risk management

As the company expands into new markets it faces an ever changing environment characterised by increasing complexity and extent of exposures. An ongoing systematic, multi-tiered and enterprise-wide risk assessment process continues to ensure that the risks and opportunities are being adequately identified, evaluated and addressed at the appropriate organisational level.

As well as dealing with exposures in the traditional sense, it seeks to optimise the link between risk and opportunity, thereby enhancing competitive advantage, growth and employment of capital.

The risk management strategy committee on which all core businesses are represented, reviews the effectiveness of the risk management process twice each year.

Social investment

We are mindful of our social responsibilities towards the communities in which we operate. Our social investment programmes, which are focused on southern Africa, concentrate on support and contributions towards secondary and tertiary educational institutions with a bias toward institutions supporting our equity and societal objectives.

TM

Barloworld *Leading brands*

Global *Management*

Tony Phillips · *Des Arnold* · *Mike Barnett* · *Ken Brown* · *Mike Coward* · *Lester Day* · *Brandon Diamond* · *Mark Drewell*

Corporate

Tony Phillips 54, Chief Executive Officer
Des Arnold 60, Director, Finance and Administration
André Lamprecht 48, Director, Namibia, Botswana, Human Resources, Social Investment and Other
Paul Acott 55, Group Internal Auditor
Andrew Bannister 43, Finance Director, Barloworld Plc
Mike Barnett 58, Secretary
Gary Berndt 41, Group Legal Advisor
Terry Dearling 41, Head of Internal Communication
Liz Dougal 43, Group Taxation Manager
Mark Drewell 38, Head of Corporate Communication
Mike Fahy 46, Company Secretary, Barloworld plc
Pieter Haasbroek 57, Group Economist
Alan Knight 55, Managing Director, Barlow International Finance
Clive Manby 50, Head of Corporate Planning
Ivan Martin 59, Group Risk Manager
Craig McLeary 35, Group Financial Controller
Jim Murphy 47, Group Medical Advisor
Marshall Murton 59, Group General Manager, Administration
Dave Powell 54, Chief Information Officer
Brian Steele 57, Chief Group Financial Manager
Andrew Weight 54, Director, Barlow Australia

Barloworld Capital Equipment

Barloworld Equipment
(Southern Africa, Bulgaria and Siberia)

Lester Day 54, Chief Executive Officer, Southern Africa and Siberia
Peter Bulterman 45, Group Operations Director
Kenny Gaynor 42, Financial Director
Chris Gibb 51, Managing Director, Mining
Gordan Hall 59, General Manager and Director, Siberia
Jackie le Roux 43, Human Resources Director
John McCarthy 57, Financial Director, Barlows Tractor International
Charles Nell 42, Group IT Director
John Polykarpou 40, Director and General Manager
Des Shiel 62, Strategic Planning Director
Geoff Tucker 49, Manager Director, Handling
Henri van der Walt 61, Chairman, Barloworld Energy
Joc Wagner 55, Managing Director, Traditional
Rodney Wainwright 49, Managing Director, ZAMM/Service Director

Barloworld Finanzauro (Iberia)

Ramon Fernandez-Urrutia 62, Chief Executive Officer, Iberia
Alberto Garcia Perea 49, HR General Manager
Graeme Lewis 40, Financial Director
Alfonso Moraga 60, Development Director
Fernando Pastor 59, Power Systems Sales Director
Guillermo Romero 59, Large Machine Sales Director
Santiago Salazar Coronado 50, General Director, Portugal
Luis Salgado 62, General Machine Sales Director
Victor Salzmann 54, After Sales and Information Systems Director
Fabriciano Velasco 58, Materials Handling Sales Director

The CEO and Group Financial Director are members of all segmental boards.

capital

Ramón Fernandez-Urrutia | John Gomersall | André Lamprecht | Peter Maybury | Marshall Murton | Dave Powell | Peter Surgey | Brian Steele

Barloworld Industrial Distribution

Ken Brown 59, Chief Executive Officer
Larry Brown 57, Executive Vice-President, US materials handling
Keith Hay 52, Managing Director, UK and Belgium materials handling
Robert Russell 40, Director of Finance and IS
Stan Sewell 45, President, US materials handling
Scott Simmons 44, President, Barton Freightliner

Barloworld Motor

Brandon Diamond 49, Chief Executive Officer
Rocky Cloete 56, Financial Director
Neels du Preez 51, Divisional Director, Ford
Pam Grobler 56, Franchise Director, BMW
Barry Hastings 54, Franchise Director, Mercedes
Martin Laubscher 40, Franchise Director, VW/Audi
Bob Smith 51, Divisional Director, Toyota
John Smith 56, Director, Delta/BMW/Nissan
Willie van Zijl 47, HR Director

Barloworld Cement & Lime

John Gomersall 54, Chief Executive Officer
John Blackbeard 43, Managing Director, PPC Cement
Rod Burn 46, HR Director
Harley Dent 49, Director, Strategic Projects
Peter Nelson 46, Financial Director
Paul Stuiver 43, Managing Director, PPC Lime
Rob Tennant 43, IT Director

Barloworld Scientific

Peter Maybury 56, Chief Executive Officer
Mike Dorich 57, Chief Operations Officer, Lasers
Blake Fennell 36, Divisional President/General Manager, Photonics
Phil Horsfield 53, Finance Director
John Whitehouse 52, Managing Director, Laboratory
Ed Wynn 44, Sales and Marketing Director, Laboratory

Barloworld Coatings

Peter Surgey 45, Chief Executive Officer
Allan Carter 47, Managing Director, Plascon International
Mike Christie 44, Managing Director, Plascon Paints
Trudi Neill 37, Marketing Director
Garth Smart 43, Managing Director, Taubmans
Doug Swanson 48, Managing Director, Plascon Automotive
Clive Thomson 34, Financial Director

Barloworld Steel Tube

Mike Coward 46, Chief Executive Officer
Geoff Colloty 51, Managing Director, Robor Stewart & Lloyds
Ben de Klerk 45, Managing Director, New Business Development Division
Greg Heale 48, Marketing Director
Pieter Liebenberg 53, Chairman, Value Added Division
Geoff Pallister 57, Technical Projects Director
Alwyn Smith 34, Managing Director, Salmac
Ian Stevens 50, Financial Director
Hugh Theunissen 58, Manager Director, Robor Tube
Ian Walters 51, IS Director

Value added *statements*

as at 30 September 2000

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

	2000		1999	
	R'm	%	R'm	%
Revenue	21 969		19 337	
Paid to suppliers for materials and services	15 521		13 214	
Value added	6 448		6 123	
Income from investments*	179		210	
Total wealth created	6 627		6 333	
Wealth distribution				
Salaries, wages and other benefits (note 1)	3 746	57	3 443	54
Providers of capital	510	8	510	8
Interest paid on borrowings	128		146	
Dividends to Barlow Limited shareholders	334		277	
Dividends to outside shareholders in subsidiaries	48		87	
Government (see note 2)	423	6	307	5
Reinvested in the group to maintain and develop operations	1 948	29	2 073	33
Depreciation	876		855	
Retained profit – normal	1 058		1 187	
Deferred taxation	14		31	
	6 627	100	6 333	100
Value added ratios				
Number of employees (30 September)	21 966		22 148	
Turnover per employee# (Rand)	996 010		774 223	
Wealth created per employee*# (Rand)	300 449		253 563	

Notes

	2000 R'm	1999 R'm
1. Salaries, wages and other benefits		
Salaries, wages, overtime payments, commissions, bonuses and allowances	3 033	2 780
Employer contributions~	713	663
	3 746	3 443
2. Central and local government		
Current taxation	316	213
Regional Service Council levies	35	26
Rates and taxes paid to local authorities	41	43
Customs duties, import surcharges and excise taxes	31	25
Gross contribution to central and local government	423	307

* *Includes interest received, dividend income and share of associate companies' retained profit*

~ *In respect of pension funds, retirement annuities, provident funds, medical aid and insurance*

\# *Based on average number of employees*

Report of the *independent auditors*

for the year ended 30 September 2000

TO THE MEMBERS OF BARLOWORLD LIMITED
We have audited the annual financial statements and the group annual financial statements of Barloworld, set out on pages 46 to 101 for the year ended 30 September 2000. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope
We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.
An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion
In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and of the group at 30 September 2000 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards, and in the manner required by the Companies Act in South Africa.

Deloitte & Touche

Chartered Accountants (SA)
Registered Accountants and Auditors

Sandton
15 November 2000

Directors' *approval*

for the year ended 30 September 2000

The directors of the company are responsible for the integrity and objectivity of the annual financial statements, as well as for all other information contained therein. The financial statements have been prepared in accordance with International Accounting Standards (and they also comply with Statements of Generally Accepted Accounting Practice in South Africa).

In declaring the responsibility, the group maintains suitable internal control systems to provide reasonable assurance that all assets are safeguarded and that transactions are executed and recorded in accordance with group policies.

The group internal auditors independently evaluate the internal controls and the implementation of group policies. The internal audit coverage is co-ordinated with that of the external auditors.

The directors, supported by the audit committee which consists of a majority of non-executive directors, are satisfied that the controls, systems and procedures in place minimise the possibility of material loss or misstatement. The external auditors, who have unrestricted access to all records and information as well as the audit committee, concur with this statement.

The directors believe that the group has adequate resources to continue in operation for the foreseeable future and accordingly, the financial statements appearing on pages 46 to 101 have been prepared on a going concern basis. The group external auditors concur with this statement.

W A M Clewlow
Chairman

A J Phillips
Chief Executive

D C Arnold
Director, Finance and Administration
Sandton
15 November 2000

Certificate by *secretary*

for the year ended 30 September 2000

In terms of section 268G(d) of the Companies Act, 1973, as amended (Act), I certify that Barloworld Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.

M J Barnett
Secretary

Sandton
15 November 2000

Financial director's *review*

for the year ended 30 September 2000

ACCOUNTING POLICIES

In our last annual report we recorded our intention to become fully compliant with International Accounting Standards (IAS). These have been adopted in the current financial year. As we noted at the time, South African Generally Accepted Accounting Practice has rapidly come into line with IAS.

The most significant differences between South African and international standards relate to implementation dates. It is also a specific requirement of IAS that when IAS is applied for the first time, that the IAS standards and interpretations should be applied retrospectively. This has resulted in a number of accounting policies being applied at dates sooner than they are effective in South Africa.

Due consideration has also been given to specific South African disclosure requirements, which has enabled us to conclude on compliance in terms of IAS and South African Generally Accepted Accounting Practice.

Earnings per share and exceptional items

IAS 33 dealing with earnings per share does not deal with any exclusion other than exceptional items. In order to assist stakeholders in assessing the sustainability of earnings, we have elected to publish an additional earnings figure, which excludes exceptional items and discontinuing operations. We have defined exceptional items in our accounting policy note as "those amounts, which are not considered to be typical of ongoing business, and generally include profit and loss on disposal of property, investments, other non-current assets, and impairment losses."

We believe that the above measure is most appropriate for assessing sustainable earnings. Goodwill amortisation is separately disclosed on the face of the income statement for those users that wish to assess its impact. We have not excluded it from our sustainable earnings per share calculation because goodwill amortisation is an expense that is expected to continue into the future.

Effect of adopting IAS on reported results

Details of the new accounting policies adopted for the first time in the current financial year are recorded in note 32 to the accounts. In order to assist stakeholders in understanding the impact of these changes, the following table sets out a comparative of reported results including and excluding the effect of adopting the new accounting policies.

	As reported 2000	Excl. IAS 2000	As reported 1999	Excl. IAS 1999
Net profit	1 406	1 471	1 495	1 576
Net assets	8 454	7 666	7 798	6 990
Earnings per share (from continuing operations excluding exceptional items)	380	412	286	320

While the capitalisation and amortisation of goodwill has the most far-reaching impact on results, other issues that have had an impact on results include:

- A number of provisions were reversed as a prior year adjustment. This had a negative impact on reported earnings in 1999 and 2000 to the extent that the related charges affected income.
- The dividend liability was removed from the balance sheet as it does not satisfy the definition of a provision in terms of IAS 37. Given that PPC had a capitalisation award in 1998 they did not have an STC obligation in respect of that dividend. This resulted in an income statement benefit in 1999.
- Fluctuations in foreign exchange.

New policies

One of the most far-reaching new policies that has not been adopted in these financial statements is IAS 39 dealing with financial instruments. The objective of IAS 39 is to establish principles for recognising, measuring and disclosing information about financial instruments in the financial statements of business enterprises. It is a comprehensive standard – intended to bring about a substantial improvement in accounting for financial instruments. However, it is not seen as the International Accounting Standards Committee (IASC's) definitive standard on financial instruments. In co-operation with national standard-setters, the IASC continues to explore the possibility of fair valuing all financial assets and liabilities. It is anticipated that a further standard will be issued on the conclusion of those deliberations – possibly before the effective date of IAS 39, which is 1 January 2001.

FINANCIAL PERFORMANCE

Worldwide revenues grew 14% to R22,0 billion during the period under review. Revenue growth in North America, Europe, Asia and Australia contrasted with a small increase in activity levels in most African operations outside South Africa. Revenue growth in South Africa itself marginally exceeded inflation as many of the sectors of the economy in which we operate remain depressed. Against this background it is pleasing to be able to report a 38% growth in operating profit due partly to the implementation of a value-based management approach and good control over costs.

Income from investments of R255 million was slightly higher than finance costs of R244 million.

Goodwill amortisation increased to R47 million following further acquisitions made during the year.

The group overall tax rate after eliminating the effect of exceptional items increased from 24% to 27%. Last year had the benefit from the adjustment in deferred tax following the reduction of the South African corporate tax rate to 30%.

Income from associates declined as a result of the sale of shares in Comparex Holdings.

Earnings per share from continuing operations before exceptional items increased by 33% to 380 cents per share (1999: 286 cents).

If we had not adopted International Accounting Standards, the comparable number would have been an increase of 29% to 412 cents per share.

EXCEPTIONAL ITEMS

In the first half of the year we sold 12 million Dimension Data shares which had been distributed in specie by Comparex to all its shareholders. During the second half we completed the disposal of our non-managed information technology interests through the sale of our remaining holding in Comparex Holdings. These disposals totalling R936 million resulted in an exceptional profit of R698 million.

Other exceptional items comprised mainly losses of discontinuing operations of R51 million, impairment losses of R59 million and profits on sale of property and investments of R29 million.

Net profit per share (including exceptional profits) amounted to 684 cents (1999: 698 cents).

DIVIDEND

Dividends totalling 180 cents were declared in respect of the 2000 year. This gave a dividend cover of 2,1 times which falls within our policy range of between two times and two and a half times of fully diluted earnings per share excluding exceptional items.

SHARE BUY-BACKS

As a result of enabling legislation in South Africa, the company was able to embark upon a share buy-back programme for the first time this year. At 30 September 2000, 16 978 600 ordinary shares, representing 8% of the issued share capital at the start of the year, had been repurchased at a cost of R768 million. The effect on earnings per share in 2000 and net asset value per share was minimal.

Legislation now allows the annual buy back of up to 20% of outstanding shares. Accordingly we are approaching our shareholders at the forthcoming annual general meeting for the requisite approval. We will adopt a cautious approach to the buy back programme taking into account our cash requirements as well as the cost of capital. Circumstances will therefore dictate the extent of buybacks undertaken.

CASH FLOW

Cash flow from operations was strong, increasing from R1 610 million to R1 703 million. The proceeds from the disposal of property, plant, equipment and investments added a further R1 285 million to the cash flow. Investing activities included the acquisition of subsidiaries and investments of R696 million, the buy-back of Barloworld shares of R768 million, capital expenditure of R719 million and the investment in further rental assets totalling R795 million. The net cash used in investing activities was R1 693 million compared with a cash flow in the previous year of R455 million.

Overall, after deducting the net cash used in investing activities and dividends paid from the cash flow from operations, there was a net cash outflow of R651 million compared to the inflow last year of R1 576 million.

BALANCE SHEET

Following the change to IAS, the balance sheet now contains goodwill and intangible assets of R890 million (1999: R571 million).

Total borrowings increased to R3 694 million (1999: R3 281 million) making the debt-equity ratio 43,7% (1999: 42,1%). When the borrowings of our leasing operations are excluded, the debt-equity ratio is a modest 12,6% (1999: 11,6%).

The company's borrowings are limited by the articles of association to R8 179 million (1999: R7 521 million), which means that there is substantial unutilised borrowings capacity.

VALUE-BASED MANAGEMENT

Good progress was made on implementing value-based management throughout the company. The main financial criteria in this approach is cash flow return on investment and it was pleasing that this increased to 6,8% in 2000 from 5,3%. This is still a little below the real cost of capital of the group of 8%. We apply this hurdle rate to all proposed acquisitions as well as to all investment decisions throughout the world. It is important that the borrowing costs and country risk for South Africa drop so as to reduce the disparity between the real cost of capital in South Africa and the real cost in first world countries.

ACQUISITIONS AND DISPOSALS

It was another active year on the acquisition front both in South Africa and offshore and the disposal of both non-core and underperforming assets continued to be an important component of our strategy.

The more significant acquisitions included:

- 44 922 500 shares in Avis Southern Africa Limited for R395,9 million being 26% of the shares in issue.
- 1 139 400 shares in Pretoria Portland Cement Limited for R57,9 million increasing the group's holding to 68,1%.
- Four Ford/Mazda dealerships from McCarthy Motor Holdings in South Africa for R41,2 million.
- A diode pump solid state laser manufacturing company in California, Laser Power Microlasers, for R14,4 million.
- A 70% share in a network consulting business in South Africa, Lan Metrix (Pty) Limited, for R5,6 million.
- The remaining 50% of Sonnex Paints (Pty) Limited in Namibia for R1,6 million.
- Two cement operations in Botswana, Kgale quarry (50%) and Readymix, for R19,7 million.
- 50% of Circon (Pty) Limited, an integral part of our supply of standby power equipment, for R6,7 million.
- After the year-end, the shares in Barton Freightliner Inc. of Tennessee in the USA were acquired for R552,0 million (US$76 million). This price includes a US$15 million earn out component.

Major disposals included:

- 12 036 355 Dimension Data shares for R695 million being the group's entitlement to these shares following the sale by Comparex Holdings Limited of its international networking business to Dimension Data.
- The remaining investment in Comparex Holdings Limited, namely 24 071 418 shares for R240,9 million.
- Technical Optics in the Isle of Man, a non-core operation of Melles Griot, for R8,4 million.
- 50% of Logical Botswana (Pty) Limited to our joint venture partner for R1,7 million.

RISK MANAGEMENT

The extensive risk analysis and exposure profiling exercise initiated in the last financial year is being updated annually. The project formally and systematically identifies and records the exposures of the operations around the world, ranking them according to probability, impact and the degree of control that the company can exercise in dealing with risks. The top 20 risks of the group are reviewed by the board of directors, while the detailed divisional risk analyses are reviewed by the respective divisional boards. This exercise aims to facilitate the monitoring and management of risk, at all levels, throughout the organisation.

SOUTH AFRICAN TAX REFORMS

In line with the South African government's decision to move from a source-based system of taxation to a residence-based system, income tax on foreign dividends was introduced from 23 February 2000. Tax planning was affected by the uncertainty caused by various draft Income Tax Bills as well as the retrospective nature of the changes. This new system of taxation requires that Barloworld, which has extensive offshore structures, needs to create and hold detailed records on all offshore subsidiaries for South African taxation purposes. This is over and above the requirements of the companies concerned and adds significantly to the administrative burden of the group.

The government also appears determined to push through legislation on introducing a capital gains tax from April 2001. This tax will also substantially increase the administrative burden on a group like ours for little reward to the fiscus. Significantly it will also increase the cost of capital of all corporates operating in South Africa. This increases the hurdle rate for foreign expansion as well as making it more difficult to attract foreign investment.

POST-RETIREMENT BENEFITS

Our retirement benefit funds comprise a number of defined benefit and defined contribution funds throughout the world. All these funds are in a sound financial position.

The post-retirement medical aid obligations of the company are relatively few and have been fully provided for.

INFLATION ACCOUNTING

We do not believe it practical to prepare inflation-adjusted accounts. More than 50% of our revenues, assets and profits are generated in countries with very low inflation rates whilst the South African government is intent on reducing inflation in this country to a targeted range of 3% to 6%.

Where we have operations in hyper-inflationary economies, these are accounted for in terms of IAS 29.

In order to give an added appreciation of our financial statements the review is published for convenience in US dollars, euros and pounds using the exchange rate prevailing at each year-end.

D C Arnold
Director, Finance and Administration
15 November 2000

Seven-year *summary*

at 30 September 2000

	2000 R'm	1999* R'm	1998# R'm	1997# R'm	1996# R'm	1995# R'm	1994# R'm
CONSOLIDATED BALANCE SHEET							
Assets							
Non-current assets							
Property, plant and equipment	5 297	4 815	4 384	3 234	2 801	2 260	1 981
Goodwill and intangible assets	890	571					
Other non-current assets and investment in associates and joint ventures	1 811	1 674	1 697	1 623	1 413	1 116	720
Deferred taxation assets	188	169	221	117			
	8 186	7 229	6 302	4 974	4 214	3 376	2 701
Current assets	8 552	7 891	8 237	7 182	6 865	6 206	5 126
Total assets	16 738	15 120	14 539	12 156	11 079	9 582	7 827
Equity and liabilities							
Capital and reserves							
Share capital and premium	690	749	742	539	449	294	281
Reserves and retained surplus	7 208	6 495	4 431	3 835	3 506	3 204	2 807
Interest of shareholders of Barloworld Limited	7 898	7 244	5 173	4 374	3 955	3 498	3 088
Minority interest	556	554	555	510	680	570	496
Interest of all shareholders	8 454	7 798	5 728	4 884	4 635	4 068	3 584
Non-current liabilities	2 881	2 680	2 052	1 804	1 904	1 341	873
Deferred taxation liabilities	281	277	371	319	260	218	235
Non-current liabilities	2 600	2 403	1 681	1 485	1 644	1 123	638
Current liabilities	5 403	4 642	6 759	5 468	4 540	4 173	3 370
Total equity and liabilities	16 738	15 120	14 539	12 156	11 079	9 582	7 827

** Restated refer note 32*
 # Not restated for accounting policy changes

	2000 R'm	1999* R'm	1998# R'm	1997# R'm	1996# R'm	1995# R'm	1994# R'm
CONSOLIDATED INCOME STATEMENT							
Revenue	21 969	19 337	20 883	19 388	17 811	15 522	12 874
Operating profit	1 174	854	1 113	1 067	969	843	583
Net interest (paid)/received	(244)	(293)	(190)	(16)	47	68	34
Income from investments	255	296	52	40	40	32	19
Goodwill amortisation	(47)	(34)					
Profit from continuing operations before exceptional items	1 138	823	975	1 091	1 056	943	636
Trading loss from discontinuing operations	(51)	(85)					
Profit before exceptional items	1 087	738	975	1 091	1 056	943	636
Exceptional items	668	951	96	140	(14)	(24)	14
Profit before taxation	1 755	1 689	1 071	1 231	1 042	919	650
Taxation	302	182	198	327	260	301	219
Profit after taxation	1 453	1 507	873	904	782	618	431
Income from associates and joint ventures	40	61	39	29	10	4	1
Attributable net profit	1 493	1 568	912	933	792	622	432
– outside and preference shareholders in Barloworld Limited	87	73	94	124	125	94	60
– ordinary shareholders in Barloworld Limited	1 406	1 495	818	809	667	528	372
Attributable net profit excluding exceptional items and trading loss from discontinuing operations	782	613	655	685	648	519	338
CONSOLIDATED CASH FLOW							
Cash available from operations	1 423	1 445	1 220	957	564	938	369
Dividends paid (including outside shareholders)	(381)	(324)	(120)	(201)	(210)	(149)	(341)
Net cash flow from operating activities	1 042	1 121	1 100	756	354	789	28
Net cash flow (used in)/from investing activities	(1 693)	455	(1 314)	(1 601)	(1 408)	(783)	(106)
Net cash flow from/(used in) financing activities	411	(1 122)	(10)	993	769	172	(597)
Net (decrease)/increase in cash and cash equivalents	(240)	454	(224)	148	(285)	178	(675)

** Restated refer note 32*
 # Not restated for accounting policy changes

Seven-year *summary*

	2000	1999*	1998#	1997#	1996#	1995#	1994#
ORDINARY SHARE PERFORMANCE							
Weighted average number of ordinary shares in issue during the period (000)	205 594	214 234	211 497	206 557	202 231	200 071	198 571
Net profit per share (cents)	684,0	697,8	386,8	391,7	329,8	263,9	187,3
Earnings per share excluding exceptional items (cents)	380,4	285,8	309,7	331,7	320,3	259,6	170,4
Dividends per share (cents)	180,0	141,0	124,0	124,0	105,0	84,0	56,0
Dividend cover (times)	2,1	2,0	2,5	2,7	3,1	3,1	3,0
Net asset value per share (cents)	4 081	3 833	3 453	2 932	2 493	1 913	1 706
PROFITABILITY AND ASSET MANAGEMENT							
Operating margin (%)	5,3	4,4	5,3	5,5	5,4	5,4	4,5
Net asset turn (times)	1,9	1,8	2,3	2,4	2,7	2,8	2,4
Return on net assets (%)	12,1	10,7	17,6	19,3	20,2	20,9	15,8
Return on total assets (%)	9,0	7,8	12,2	13,3	13,1	13,2	10,2
Return on ordinary shareholders' funds (%)	18,6	24,7	17,1	19,4	17,9	16,0	12,7
Replacement capex to depreciation (%)	62,9	26,8	77,8	86,1	98,9	92,3	98,6
Effective rate of taxation (%)	20,1	12,0	21,2	27,4	28,3	34,4	36,9
LIQUIDITY AND LEVERAGE							
Total liabilities to total shareholders' funds (%)	94,7	90,3	147,3	142,4	133,4	130,2	111,8
Total borrowings to total shareholders' funds							
– gross, including leasing operations (%)	43,7	42,1	68,2	72,9	54,1	42,7	33,1
– gross, excluding leasing operations (%)	12,6	11,6	32,9	41,0	22,4	20,0	20,0
Current ratio	1,6	1,7	1,2	1,3	1,5	1,5	1,5
Quick ratio	0,9	1,1	0,7	0,8	0,9	0,9	1,0
Interest cover – including leasing operations (times)	3,3	2,3	2,9	3,9	4,9	5,6	4,6
– excluding leasing operations (times)	5,5	3,7	3,5	5,7	8,4	7,8	4,9
Number of years to repay interest-bearing debt – gross	2,6	2,3	3,2	3,7	4,5	1,9	3,2
Cash flow available from operations to total liabilities	18,3	21,1	14,5	13,8	9,1	17,7	9,2
VALUE ADDED							
Number of employees	21 966	22 148	27 804	29 681	30 740	30 660	30 351
Turnover per employee (R000's)	996,0	774,2	726,6	641,8	580,2	508,8	407,2
Wealth created per employee (R000's)	300,4	253,6	182,2	168,9	145,2	127,0	102,6
Employment cost per employee (R000's)	169,8	137,9	112,1	97,8	87,9	75,7	64,9

** Restated refer note 32*

 # Not restated

	2000	1999*	1998#	1997#	1996#	1995#	1994#
INFLATION ADJUSTED INFORMATION							
South African CPI index (base 1994 = 100)	145,6	138,2	136,1	124,5	115,4	106,4	100,0
Deflation factor (base 1994 = 100)	68,7	72,4	73,5	80,3	86,7	94,0	100,0
Earnings per share excluding exceptional items (cents)							
– Historical	380,4	285,8	309,7	331,7	320,3	259,6	170,4
– Deflated	261,3	206,8	206,9	241,6	252,1	221,5	154,7
Dividends per share (cents)							
– Historical	180,0	141,0	124,0	124,0	105,0	84,0	56,0
– Deflated	123,7	102,0	82,8	90,3	82,6	71,7	50,9
Total assets (R millions)							
– Historical	16 550	14 951	14 318	12 036	11 107	9 582	7 826
– Deflated	11 369	10 820	9 564	8 768	8 742	8 177	7 108

** Restated refer note 32*

 # Not restated

Definitions *for seven-year statistics*

NET ASSET VALUE PER SHARE
Interest of shareholders of Barloworld Limited, including investments at market value, divided by the total number of ordinary shares in issue.

OPERATING MARGIN
Operating profit expressed as a percentage of revenue.

NET ASSET TURN
Revenue divided by average net assets.

NET ASSETS
Total assets less non-interest-bearing liabilities, payables, provisions and shareholders for dividends.

TOTAL ASSETS
Property, plant and equipment, intangible assets, non-current assets and current assets.

RETURN ON NET ASSETS AND TOTAL ASSETS
Profit before interest paid and taxation (but including income from investments and share of associate companies' retained profits) expressed as a percentage of average net or average total assets.

RETURN ON ORDINARY SHAREHOLDERS' FUNDS
Net profit attributable to ordinary shareholders of Barloworld Limited expressed as a percentage of average interest of shareholders of Barloworld Limited.

EFFECTIVE RATE OF TAXATION
Taxation (excluding prior year taxation) expressed as a percentage of profit before taxation (excluding dividend income).

TOTAL LIABILITIES
Current liabilities and long-term liabilities. Deferred taxation is excluded.

TOTAL BORROWINGS
Total liabilities less non-interest-bearing liabilities, payables, provisions and shareholders for dividends.

INTEREST COVER
Profit before interest paid and taxation divided by interest paid including interest capitalised. (Profit includes income from investments, but excludes share of associate companies' retained profits).

NUMBER OF YEARS TO REPAY DEBT
The ratio of total borrowings to cash available from operations.

DIVIDEND COVER
Earnings per share excluding exceptional items divided by dividends per share.

AVERAGE RATE OF TAXATION
Taxation expressed as a percentage of profit before taxation (excluding exceptional items).

Summary *in other currencies*

	Dollars		Pounds		Euro	
	2000	1999	2000	1999	2000	1999
	R'm	R'm	R'm	R'm	R'm	R'm
CONSOLIDATED BALANCE SHEET						
Assets						
Non-current assets						
Property, plant and equipment	729	800	498	486	826	751
Goodwill and intangible assets	122	95	84	58	139	89
Other non-current assets, investments in associates and joint ventures	249	278	170	169	282	261
Deferred taxation assets	26	28	18	17	29	26
	1 126	1 201	770	730	1 276	1 127
Current assets	1 176	1 311	804	797	1 334	1 231
Total assets	2 302	2 512	1 574	1 527	2 610	2 358
Equity and liabilities						
Capital and reserves						
Share capital and premium	95	124	65	76	108	117
Reserves and retained surplus	972	1 075	673	655	1 124	1 020
Non-distributable reserves – foreign currency translation	19	4	4	1		(7)
Interest of shareholders of Barloworld Limited	1 086	1 203	742	732	1 232	1 130
Minority interest	76	92	52	56	87	86
Interest of all shareholders	1 162	1 295	794	788	1 319	1 216
Non-current liabilities	397	445	271	271	449	418
Deferred taxation liabilities	39	46	26	28	44	43
Non-current liabilities	358	399	245	243	405	375
Current liabilities	743	772	509	468	842	724
Total equity and liabilities	2 302	2 512	1 574	1 527	2 610	2 358

Income statement items have been translated at an average exchange rate for the year and balance sheet items have been translated at the closing rate.

	Dollars		Pounds		Euro	
	2000	1999	2000	1999	2000	1999
	R'm	R'm	R'm	R'm	R'm	R'm
CONSOLIDATED INCOME STATEMENT						
Revenue	3 307	3 252	2 139	1 945	3 429	2 944
Operating profit	177	144	114	86	183	130
Finance costs	(37)	(49)	(24)	(29)	(38)	(45)
Income from investments	38	50	25	30	40	45
Goodwill amortisation	(7)	(6)	(5)	(3)	(7)	(5)
Profit from continuing operations	171	139	110	84	178	125
Trading loss from discontinuing operations	(8)	(14)	(5)	(9)	(8)	(13)
Profit before exceptional items	163	125	105	75	170	112
Exceptional items	101	160	65	96	104	145
Profit before taxation	264	285	170	171	274	257
Taxation	45	31	29	18	47	28
Profit after taxation	219	254	141	153	227	229
Income from associates and joint ventures	6	10	4	6	6	9
Attributable net profit	225	264	145	159	233	238
– outside and 6% preference shareholders in Barloworld Limited	13	12	8	7	14	11
– ordinary shareholders in Barloworld Limited	212	252	137	152	219	227
Attributable net profit excluding exceptional items and trading loss from discontinuing operations	231	276	150	165	240	250
CONSOLIDATED CASH FLOW						
Cash available from operations	196	240	134	146	222	225
Dividends paid (including outside shareholders)	(52)	(54)	(36)	(33)	(59)	(51)
Net cash flow from operating activities	144	186	98	113	163	174
Net cash (used in)/from investing activities	(233)	90	(159)	55	(264)	84
Net cash from/(used in) financing activities	57	(201)	39	(122)	64	(189)
Net (decrease)/increase in cash and cash equivalents	(32)	75	(22)	46	(37)	69

Income *statements*

for the year ended 30 September 2000

	Notes	GROUP 2000 R'm	GROUP 1999* R'm	COMPANY 2000 R'm	COMPANY 1999* R'm
Revenue	3	21 969	19 337	24	22
Operating profit	5	1 174	854	529	177
Finance costs	6	(244)	(293)	(7)	(24)
Income from investments	7	255	296	3	4
Goodwill amortisation	16	(47)	(34)		
Profit from continuing operations		1 138	823	525	157
Trading loss from discontinuing operations	13	(51)	(85)		
Profit before exceptional items		1 087	738	525	157
Exceptional items	8	668	951	(28)	131
Profit before taxation		1 755	1 689	497	288
Taxation	9	302	182	(2)	(1)
Profit after taxation		1 453	1 507	499	289
Income from associates and joint ventures	17	40	61		
Minority interest and 6% preference shareholders in Barloworld Limited		(87)	(73)		
Net profit for the year		1 406	1 495	499	289
Net profit per share (cents)					
– basic	10.1	684,0	697,8		
– fully diluted	10.2	674,8	690,8		
Earnings per share from continuing operations excluding exceptional items (cents)					
– basic	10.3	380,4	285,8		
– fully diluted	10.4	377,6	285,7		
Dividends per share (cents)	11	180	141		

** Restated refer note 32*

Balance *sheets*

at 30 September 2000

	Notes	GROUP 2000 R'm	GROUP 1999* R'm	COMPANY 2000 R'm	COMPANY 1999* R'm
ASSETS					
Non-current assets		8 186	7 229	2 232	2 077
Property, plant and equipment	14	5 297	4 815	131	117
Other non-current assets	15	1 501	1 548	2 073	1 958
Goodwill and intangible assets	16	890	571	21	
Investment in associates and joint ventures	17	310	126		
Deferred tax assets	23	188	169	7	2
Current assets		8 552	7 891	17	27
Inventories	18	3 677	2 923		
Trade and other receivables	19	3 931	3 784	17	12
Cash and cash equivalents	21	944	1 184		15
Total assets		16 738	15 120	2 249	2 104
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and premium	22	690	749	749	749
Non-distributable reserves		1 240	978	63	63
Retained surplus		5 951	5 498	1 405	1 249
Equity portion of convertible bond	24	17	19		
Interest of shareholders of Barloworld Limited		7 898	7 244	2 217	2 061
Minority interest		556	554		
Interest of all shareholders		8 454	7 798	2 217	2 061
Non-current liabilities		2 881	2 680		
Interest-bearing	24	1 912	1 768		
Deferred tax liabilities	23	281	277		
Convertible bond	24	180	165		
Non-interest-bearing	24	508	470		
Current liabilities		5 403	4 642	32	43
Amounts due to bankers and short-term loans	25	1 602	1 348	8	
Taxation		214	189		
Trade and other payables	26	3 178	2 751	20	38
Provisions	27	409	354	4	5
Total equity and liabilities		16 738	15 120	2 249	2 104

** Restated: refer note 32*

Cash flow *statements*

for the year ended 30 September 2000

	Notes	GROUP 2000 R'm	GROUP 1999 R'm	COMPANY 2000 R'm	COMPANY 1999 R'm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(utilised by) operations	31.1	1 703	1 610	(42)	12
Finance costs		(244)	(293)	(7)	(24)
Dividends received		60	38	525	140
Interest received		195	258	17	44
Taxation paid	31.2	(291)	(168)		(20)
Cash available from operations		1 423	1 445	493	152
Dividends paid (including outside shareholders)		(381)	(324)	(343)	(276)
Net cash from/(used in) operating activities		1 042	1 121	150	(124)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries	31.3	(128)	(263)		(3)
Acquisition of property, plant and equipment		(1 514)	(966)	(43)	(4)
– replacement capital expenditure		(551)	(229)	(1)	(4)
– expansion capital expenditure		(168)	(297)	(42)	
– rental assets		(795)	(440)		
Acquisition of investments		(568)	(230)	(9)	(29)
Buy-back of shares in company		(768)			
Total proceeds		1 285	2 000	30	277
– proceeds from disposal of property, plant and equipment		350	252	14	12
– proceeds from disposals of investments and other movements		935	1 360	16	253
– proceeds from disposal of subsidiaries			388		12
(Increase)/decrease in net amounts owing by subsidiaries				(151)	94
Net cash (used in)/from investing activities		(1 693)	541	(173)	335
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of share capital			7		7
Proceeds from long-term borrowings		1 381	2 819		
Repayment of long-term borrowings		(1 380)	(3 393)		
Increase/(decrease) in interest-bearing liabilities		410	(641)	8	(203)
Net cash from/(used in) financing activities		411	(1 208)	8	(196)
Net (decrease)/increase in cash and cash equivalents		(240)	454	(15)	15

Statement of *changes in equity*

for the year ended 30 September 2000

	Notes	Share capital R'm	Share premium R'm	Non-distributable reserves: Attributable reserves of equity-accounted investments R'm	Non-distributable reserves: Foreign currency translation R'm	Non-distributable reserves: Other non-distributable reserves R'm	Retained income R'm	Convertible bond R'm	Total R'm
GROUP									
Balance at 1 October 1998									
– As previously reported		12	730	12	770	198	3 424	27	5 173
– Effect of changes in accounting policies					16	(4)	856		868
– As restated		12	730	12	786	194	4 280	27	6 041
Net movements not recognised through the income statement			7	(3)	17	(28)	(1)	(8)	(16)
– Increase in share capital	22		7						7
– Exchange losses on translation of the financial statements of foreign entities					(20)				(20)
– Other reserve movements				(3)	37	(28)	(1)	(8)	(3)
Net movements recognised through the income statement							1 219		1 219
– Net profit for the year							1 495		1 495
– Dividends on ordinary shares	11						(276)		(276)
Balance at 30 September 1999		12	737	9	803	166	5 498	19	7 244
Net movements not recognised through the income statement		(1)	(58)	(9)	266	5	(619)	(2)	(418)
– Buy-back of shares	22	(1)	(58)				(709)		(768)
– Exchange gains on translation of the financial statements of foreign entities					264				264
– Other reserve movements				(9)	2	5	90	(2)	86
Net movements recognised through the income statement							1 072		1 072
– Net profit for the year							1 406		1 406
– Dividends on ordinary shares	11						(334)		(334)
Balance at 30 September 2000		11	679	0	1 069	171	5 951	17	7 898

Statement of *changes in equity*

for the year ended 30 September 2000

	Notes	Share capital R'm	Share premium R'm	Non-distributable reserves: Attributable reserves of equity-accounted investments R'm	Non-distributable reserves: Foreign currency translation R'm	Non-distributable reserves: Other non-distributable reserves R'm	Retained income R'm	Convertible bond R'm	Total R'm
COMPANY									
Balance at 1 October 1998									
– As previously reported		12	730			63	1 051		1 856
– Effect of changes in accounting policies							185		185
– As restated		12	730			63	1 236		2 041
Net movements not recognised through the income statement			7						7
– Increase in share capital	22		7						7
Net movements recognised through the income statement							13		13
– Net profit for the year							289		289
– Dividends on ordinary shares	11						(276)		(276)
Balance at 30 September 1999		12	737			63	1 249		2 061
Net movements recognised through the income statement							156		156
– Net profit for the year							499		499
– Dividends on ordinary shares	11						(343)		(343)
Balance at 30 September 2000		12	737			63	1 405		2 217

Notes to the annual *financial statements*

for the year ended 30 September 2000

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in accordance with International Accounting Standards (IAS) and South African Statements of Generally Accepted Accounting Practice.

The principal accounting policies adopted are set out below.

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company up to 30 September each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

2.2 Investments in associates

An associate is an enterprise over which the group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

Where a group enterprise transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate.

2.3 Interests in joint ventures

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity which is subject to joint control.

The group's interests in joint ventures have been accounted for using the equity method.

2.4 Investments

Investments are stated at cost, less amounts written off.

Income from investments is brought to account only to the extent of dividends received or declared.

2.5 Partnership interests

Partnership interests are accounted for in the group accounts by consolidation of the financial position and results of the partnerships.

2.6 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and amortised on a systematic basis over its estimated useful life subject to a maximum of 20 years.

Any negative goodwill that arises where the fair value of the group's interest in the identifiable assets and liabilities of the subsidiary exceed the cost of acquisition is taken to profit. It is taken to profit immediately in the case of an expectation of future losses or in respect of monetary assets. To the extent that negative goodwill relates to depreciable assets, it is recognised as profit over the useful life of those assets.

Goodwill arising on the acquisition of subsidiaries, associates and jointly controlled entities is presented separately in the balance sheet.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

2.7 Revenue recognition

Included in revenue are net invoiced sales to customers for goods and services, rentals from leasing fixed and movable property, commission, hire purchase and finance lease income. Sales of goods are recognised when goods are delivered and title has passed. Revenue arising from services, commission, royalties and rebates is recognised on the accrual basis in accordance with the substance of the relevant agreements. Revenue excludes indirect taxes.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.8 Discontinuing operations

Discontinuing operations are significant, distinguishable components of an enterprise that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance.

Once an operation has been identified as discontinuing, comparative information is restated.

2.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is disclosed as a finance lease obligation. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. They are charged to the income statement over the term of the relevant lease and at interest rates applicable to the lease on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

2.10 Foreign currencies

Transactions in currencies other than South African rand are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

In order to hedge its exposure to foreign exchange risks, the group enters into forward contracts and options. Unrealised gains and losses arising on currency forward contracts and options designated as hedges of identified exposures are deferred and matched against gains and losses arising on the specified transactions.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

The financial statements of foreign entities that report in the currency of a hyperinflationary economy are restated in terms of United States dollars at the balance sheet date before they are translated into South African rand.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are dealt with in income in the period in which they are incurred.

2.12 Government grants

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense. Income is not recognised until there is reasonable assurance that it will be received.

2.13 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on a triennial basis with interim valuations also performed on an annual basis on a date which does not coincide with the balance sheet date. Consideration is given to any event that could impact the funds up to balance sheet date.

Actuarial gains and losses which exceed 10% of the greater of the present value of the group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past-service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past-service cost, and reduced by the fair value of plan assets. Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

To the extent that there is uncertainty as to the entitlement to the surplus, no asset is recorded.

2.14 Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill).

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

2.15 Exceptional items

Exceptional items cover those amounts which are not considered to be typical of the ongoing business, and generally include profit and loss on disposal of property, investments, other non-current assets and impairment losses.

2.16 Property, plant and equipment

Properties in the course of construction for production, rental or administrative purposes are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value.

Other items of property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged so as to write off the depreciable value of the assets, other than land, over their estimated useful lives, using the straight-line method, on the following basis:

Aircraft	5 years
Buildings	50 years
Plant	5 to 30 years
Vehicles	5 to 10 years
Furniture and equipment	3 to 6 years

Certain costs of development and installation of major information systems, including packaged software, are capitalised and amortised over a five-year period.

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease, where shorter.

The gain or loss arising on the disposal or scrapping of an asset is recognised in income.

2.17 Internally generated intangible assets – exploration, research and development expenditure

Exploration and research costs are expensed in the year in which they are incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. If a project is abandoned during the development stage, the total accumulated expenditure is then written off.

2.18 Patents and trademarks

Patents and trademarks are measured initially at cost and amortised on a straight-line basis over their estimated useful lives, which is on average ten years.

2.19 Impairment

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately and are treated as exceptional items.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income immediately and treated as an exceptional item.

2.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. However, in certain subsidiaries inventories are valued on the average method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.21 Financial instruments

Financial assets

The group's principal financial assets are bank balances and cash, trade receivables, finance lease receivables and equity investments.

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The accounting policy adopted for finance lease receivables is outlined in 2.9 above.

Marketable securities held for the short term are carried at market value at the balance sheet date. Increases or decreases in the carrying amount of marketable securities are recognised as income or expenses of the period.

Long-term investments, where the group is not in a position to exercise significant influence or joint control, are stated at cost less impairment losses recognised, where the investment's carrying amount exceeds its estimated recoverable amount.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Debt instruments issued, which carry a right to convert to equity that is dependent on the outcome of uncertainties beyond the control of both the group and the holder, are classified as liabilities except where the possibility of non-conversion is remote.

Significant financial liabilities include finance lease obligations, interest-bearing bank loans and overdrafts, convertible loan notes, and trade and other payables.

The accounting policy adopted for finance lease obligations is outlined in 2.9 above.

Interest-bearing bank loans and overdrafts and convertible loan notes are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are stated at their nominal value.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Off-balance sheet derivative instruments
Derivative financial instruments, comprising currency forward contracts and options and interest rate swap agreements, are not recognised in the financial statements on inception. The policy adopted for instruments designed to hedge foreign exchange risks is outlined under "foreign currencies" above. Net income or expense associated with interest rate swap agreements is recognised on an accrual basis over the life of the swap agreements as a component of interest.

2.22 Provisions
Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

2.23 Environment and rehabilitation
The cost of ongoing current programmes to prevent and control pollution and to rehabilitate the environment is charged against income as incurred. Where a present constructive or legal obligation for future rehabilitation exists, a provision is raised for the future cost, with the related charge being capitalised and depreciated over the life of the asset.

Annual contributions are made to the group's Environmental Rehabilitation Trust Fund, created in accordance with statutory requirements, to provide for the estimated cost of pollution control and rehabilitation during and to the end of the life of the related asset.

2.24 Comparative figures
When an accounting policy is altered, comparative figures are restated in accordance with the new policy where material.

	GROUP		COMPANY	
	2000 R'm	1999* R'm	2000 R'm	1999 R'm
3. REVENUE				
Sale of goods – continuing operations*	19 013	16 650		
Rendering of services	1 446	1 096		
Rentals received	891	905	24	22
Hire-purchase and finance lease income	617	682		
Other	2	4		
	21 969	19 337	24	22

Where companies act as agents and are remunerated on a commission basis, only the commission income, and not the value of the business handled, is included in revenue. Interest received and dividends are not included in revenue and are shown in note 7.

** Restated refer note 32*

Notes to the annual *financial statements*

for the year ended 30 September 2000

	Consolidated 2000	Consolidated 1999	Eliminations 2000	Eliminations 1999	Capital Equipment 2000	Capital Equipment 1999	Industrial Distribution 2000	Industrial Distribution 1999	Motor 2000	Motor 1999
4. BUSINESS AND GEOGRAPHICAL SEGMENTS										
Revenue										
South Africa	10 854	9 582			1 811	1 818			5 057	3 790
Other Africa	952	953			439	467			248	228
Europe	6 310	5 591			3 941	3 476	1 167	1 056		
North America	2 444	1 962					1 897	1 550		
Australia and Asia	1 409	1 249							367	351
	21 969	19 337			6 191	5 761	3 064	2 606	5 672	4 369
Inter-segmental revenue			(1 445)	(1 395)	442	316	389	478	61	135
	21 969	19 337	(1 445)	(1 395)	6 633	6 077	3 453	3 084	5 733	4 504
Segment result*										
South Africa	522	381			50	(4)			71	30
Other Africa	65	54			21	20			9	7
Europe	418	336			321	261	48	69		
North America	194	120					139	90		
Australia and Asia	24	28							17	19
	1 223	919			392	277	187	159	97	56
Profit from continuing operations	1 223	919								
Finance costs	(244)	(293)								
Income from investments	246	292								
Goodwill amortisation	(47)	(34)								
Trading loss from discontinuing operations	(51)	(85)								
Exceptional items	668	951								
	1 795	1 750								
Income tax expense	(302)	(182)								
Minority interest	(87)	(73)								
Net profit for the year	1 406	1 495								

** Segment result includes operating profit, share of associates' profit and dividends from associates*

Cement & Lime 2000	Cement & Lime 1999	Scientific Products 2000	Scientific Products 1999	Coatings 2000	Coatings 1999	Steel Tube 2000	Steel Tube 1999	Treasury & Other 2000	Treasury & Other 1999	Leasing 2000	Leasing 1999
1 663	1 672			873	865	1 160	1 047	71	77	219	313
150	105			68	37	19	9	28	107		
		746	646	84	76					372	337
		547	412								
		179	129	863	769						
1 813	1 777	1 472	1 187	1 888	1 747	1 179	1 056	99	184	591	650
1	1	333	217	179	206	3	3	11	7	26	32
1 814	1 778	1 805	1 404	2 067	1 953	1 182	1 059	110	191	617	682
305	229			48	49	5	(3)	43	65		15
27	21			5	1	2		1	5		
		52	23	8	7			(27)	(39)	16	15
		55	30								
		17	6	(10)	3						
332	250	124	59	51	60	7	(3)	17	31	16	30

Notes to the annual *financial statements*

for the year ended 30 September 2000

	Consolidated 2000	Consolidated 1999	Capital Equipment 2000	Capital Equipment 1999	Industrial Distribution 2000	Industrial Distribution 1999	Motor 2000	Motor 1999	Cement & Lime 2000	Cement & Lime 1999
4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*										
Capital additions										
South Africa	627	375	112	42			100	58	151	194
Other Africa	43	43	16	32					17	1
Europe	607	427	132	23	423	365				
North America	190	141			167	118				
Australia and Asia	47	66					5	17		
	1 514	1 052	260	97	590	483	105	75	168	195
Total assets										
South Africa	8 217	7 727	1 377	1 528			1 406	1 017	2 450	2 322
Other Africa	522	475	204	247			39	45	105	66
Europe	5 785	5 098	1 215	2 122	905	779				
North America	1 313	1 001			877	712				
Australia and Asia	713	650					96	90		
	16 550	14 951	2 796	3 897	1 782	1 491	1 541	1 152	2 555	2 388
Deferred tax asset	188	169								
Consolidated total assets	16 738	15 120								
Total liabilities										
South Africa	1 454	1 145	782	878			813	721	262	262
Other Africa	308	152	91	77			27	30	46	36
Europe	2 067	2 220	408	1 194	352	467				
North America	297	45			169	1				
Australia and Asia	183	202					48	69		
	4 309	3 764	1 281	2 149	521	468	888	820	308	298
Interest-bearing liabilities	3 694	3 281								
Deferred tax liability	281	277								
Consolidated total liabilities	8 284	7 322								

	Scientific Products		Coatings		Steel Tube		Treasury & Other		Leasing		Eliminations	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
			37	25	38	28	187	26	2	2		
			2	1			8	9				
	50	35	1	3			1	1				
	23	23										
	11	3	31	46								
	84	61	71	75	38	28	196	36	2	2		
			919	908	968	766	5 081	5 199	2 240	2 154	(6 224)	(6 167)
			29	18	4	1	141	106				(8)
	947	974	37	35			5 443	908	1 016	921	(3 778)	(641)
	436	289										
	181	145	436	415								
	1 564	1 408	1 421	1 376	972	767	10 665	6 213	3 256	3 075	(10 002)	(6 816)
			510	505	531	322	4 709	4 707	541	485	(6 694)	(6 735)
			16	11	1	1	159	13			(32)	(16)
	233	212	22	24			4 566	629			(3 514)	(306)
	128	44										
	62	49	96	86							(23)	(2)
	423	305	644	626	632	323	9 434	5 349	541	485	(10 263)	(7 059)

	GROUP 2000 R'm	GROUP 1999 R'm	COMPANY 2000 R'm	COMPANY 1999 R'm
5. OPERATING PROFIT				
Operating profit is arrived at after taking into account the items detailed below:				
Cost of sales*	18 017	15 499		
Interest paid by leasing operations				
– External	162	199		
– Group	116	147		
	278	346		
Income from subsidiaries:				
– Fees			43	43
– Interest			16	40
– Dividends			523	139
			582	222
Depreciation (note 14)	876	855	5	4
Amortisation of trademarks	2		2	
Operating lease charges:				
– Land and buildings	185	188		
– Plant, vehicles and equipment	54	280	2	2
	239	468	2	2
Exploration, research and development costs	17	32		
Administration, management and technical fees paid	73	42	10	4
Auditors' remuneration:				
– Audit fees	24	23	1	1
– Fees for other services	9	6		
– Expenses	1			
	34	29	1	1
Directors' emoluments paid by holding company and subsidiaries:				
– Executive directors				
Fees	0,2	0,2		
Salary	15,9	17,7		
Benefits	6,2	8,2		
Bonuses	5,0	3,2		
Share options exercised	2,9	0,7		
Other emoluments	0,5	0,4		
	30,7	30,4		

Benefits include company vehicles, housing and Share Purchase Trust loans, company contributions to retirement funds and medical aid. Bonuses are performance-related.

** Cost of sales include depreciation of R621 million (1999: R383 million).*

	GROUP		COMPANY	
	2000	1999	2000	1999
	R'm	R'm	R'm	R'm
5. OPERATING PROFIT *(continued)*				
– Non-executive directors				
Fees	1,9	0,7		
Other emoluments	0,9	0,3		
	2,8	1,0		
Total directors' emoluments	33,5	31,4		
Staff costs	2 291	2 229	28	24
Profit on disposal of plant and equipment	(46)	(3)	(12)	(5)
Exchange (gains)/losses	(8)	11		
Retirement benefit contribution#	183	187	3	2
Operating expenses by function				
Distribution costs	1 262	1 269		
Administrative costs	2 809	2 410	92	70
Other operating costs	450	617		
Other operating income	(321)	(303)	(597)	(225)
	4 200	3 993	(505)	(155)
6. FINANCE COSTS				
– Convertible bond	(15)	(14)		
– Other term borrowings	(34)	(97)		(18)
– Bank and other borrowings	(90)	(65)	(7)	(6)
– Finance lease interest	(108)	(122)		
– Amounts capitalised	3	5		
	(244)	(293)	(7)	(24)

Borrowing costs included in the cost of assets capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 11% to expenditure on such assets.

	GROUP		COMPANY	
	2000 R'm	1999 R'm	2000 R'm	1999 R'm
7. INCOME FROM INVESTMENTS				
Dividends				
– Listed investments	2	13	1	
– Unlisted investments	49	21	1	
– Associate companies	9	4		
Interest received	79	111	1	4
Group interest received from leasing operations*	116	147		
	255	296	3	4

 # After taking into account a contribution holiday of R16 million (1999: R17 million).

** Interest paid by leasing operations refer note 5.*

Notes to the annual *financial statements*

for the year ended 30 September 2000

	GROUP 2000 R'm	GROUP 1999 R'm	COMPANY 2000 R'm	COMPANY 1999 R'm
8. EXCEPTIONAL ITEMS				
During the year the group disposed of its remaining interest in Comparex Holdings Limited, including an in specie distribution of Dimension Data shares.				
Proceeds on disposal	936	1 378		
Carrying value of shares	238	335		
Net profit on disposal	698	1 043		
Profit/(loss) on sale of property and non-current assets	29	(6)		190
Impairment losses	(59)	(86)	(28)	(59)
	668	951	(28)	131
Attributable exceptional items of associates	–	1		
	668	952	(28)	131
Taxation – current	(2)	1		
– deferred	1	3		
	667	956	(28)	131
Minority interests	3	3		
Attributable to ordinary shareholders	670	959	(28)	131
9. TAXATION				
South African normal taxation				
– current year	113	52		
– prior year	(25)	(6)	2	(3)
	88	46	2	(3)
Foreign and withholding taxation				
– current year	217	170		
– prior year	(3)	(5)		
	214	165		

	GROUP 2000 R'm	GROUP 1999 R'm	COMPANY 2000 R'm	COMPANY 1999 R'm
9. TAXATION *(continued)*				
Deferred taxation				
– current year	(4)	4	(3)	1
– prior year	(12)	(3)	(1)	
– attributable to a change in the rate of income tax	2	(32)		
	(14)	(31)	(4)	1
Secondary taxation on companies	14	2		1
Taxation attributable to the company and its subsidiaries	302	182	(2)	(1)
Reconciliation of rate of taxation:				
Taxation as a percentage of profit before taxation (excluding prior year taxation)	19,5	11,6		
Adjustment due to inclusion of dividend income	0,6	0,4		
Effective rate of taxation	20,1	12,0		
Reduction in rate of taxation	14,6	24,5		
– exempt income	13,2	23,9		
– rate change adjustment	(0,1)	2,0		
– tax losses of prior periods	2,7			
– foreign tax differential	(1,2)	(1,4)		
Increase in rate of taxation	(4,7)	(6,5)		
– disallowable charges	(2,2)	(4,5)		
– current year's tax losses in subsidiaries available for allowance against their future taxable profits	(1,7)	(1,9)		
– secondary tax on companies	(0,8)	(0,1)		
Net decrease in rate of taxation for the year	9,9	18,0		
South African normal taxation rate	30,0	30,0		

	2000 R'm	1999 R'm
Group tax losses at the end of the year, arising primarily from operating losses, allowable for taxation		
South African	221	290
Foreign	47	47
	268	337

As at 30 September 2000, the group did not have any unutilised credits in respect of secondary tax on companies.

	GROUP 2000	1999
10. NET PROFIT AND EARNINGS PER SHARE		
10.1 Net profit per share (basic)		
Net profit for the year (R'm)	1 406	1 495
The weighted average number of ordinary shares	205 593 573	214 233 835
Net profit per share (basic) (cents)	684,0	697,8
Account is taken of the number of ordinary shares in issue for the period in which they are entitled to participate in the net profit of the group.		
10.2 Net profit per share (fully diluted)		
Net profit for the year (R'm)	1 406	1 495
Adjusted for:		
After-tax interest saving assuming conversion of convertible bond	11	10
	1 417	1 505
Fully converted weighted average number of shares	209 977 474	217 752 619
Net profit per share (fully diluted) (cents)	674,8	690,8
The number of shares in issue for this calculation has been increased by the number of unexercised options and full conversion of the convertible bond.		
10.3 Earnings per share from continuing operations, excluding exceptional items (basic)		
Net profit for the year (R'm)	1 406	1 495
Adjusted for:		
Exceptional items and trading loss from discontinuing operations	(624)	(882)
	782	613
Weighted average number of ordinary shares	205 593 573	214 233 835
Earnings per share from continuing operations, excluding exceptional items (basic) (cents)	380,4	285,8
10.4 Earnings per share from continuing operations, excluding exceptional items (fully diluted)		
Earnings as calculated in 10.3 above	782	613
Adjusted for:		
After-tax interest saving assuming conversion of convertible bond	11	10
	793	623
Fully converted weighted average number of shares as disclosed in 10.2 above	209 977 474	217 752 619
Earnings per share from continuing operations excluding exceptional items (fully diluted) (cents)	377,6	285,7

Barloworld Leading brands

	GROUP AND COMPANY 2000	1999*
11. DIVIDENDS		
Ordinary shares		
Final dividend No 140 paid on 17 January 2000		
100 cents per share (1999: 88 cents)	214	188
Interim dividend No 141 paid on 17 July 2000		
60 cents per share (1999: 41 cents)	129	88
	343	276
Dividend attributable to the share buy-back	(9)	
	334	276

6% cumulative preference shares

Preference dividends totalling R45 000 were declared on 10 September 1999 and 31 March 2000, paid on 29 October 1999 and 2 May 2000 respectively.

Dividends per share	Cents	Cents
Interim dividend No 141	60	41
Final dividend No 142	120	100
	180	141

On 15 November 2000 the directors declared dividend No 142 of 120 cents per share. This dividend will be paid to shareholders on 17 January 2001.

	COMPANY 2000	1999
12. ATTRIBUTABLE INTEREST IN SUBSIDIARIES		
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation, including associate companies:		
Profits	2 086	1 763
Losses	656	418

** Restated refer note 32*

Notes to the annual *financial statements*

for the year ended 30 September 2000

	GROUP 2000	GROUP 1999
13. DISCONTINUING OPERATIONS		
Carrying amount of total assets and liabilities to be disposed of	243	56
– Federated Blaikie	96	(69)
– Barlow Paper	147	147
– Bartons Steel Tube		(22)
Revenue	488	1 017
– Federated Blaikie	141	488
– Barlow Paper	315	431
– Bartons Steel Tube	32	98
Operating costs	532	1 084
– Federated Blaikie	149	488
– Barlow Paper	333	455
– Bartons Steel Tube	50	141
Finance costs	7	18
Trading loss from discontinuing operations	(51)	(85)
Income tax relief	(5)	(8)
– Federated Blaikie		28
– Barlow Paper	(5)	(36)
Net loss after tax	(46)	(77)

	2000 Cost R'm	2000 Accumulated depreciation or amounts written off R'm	2000 Net book value R'm	1999 Cost R'm	1999 Accumulated depreciation or amounts written off R'm	1999 Net book value R'm
14. PROPERTY, PLANT AND EQUIPMENT						
GROUP						
Freehold land and buildings	1 298	258	1 040	1 224	247	977
Leasehold land and buildings	124	36	88	93	26	67
Mining assets and mineral rights				28	14	14
Plant, equipment and furniture	3 725	2 017	1 708	3 437	1 794	1 643
Vehicles and aircraft	711	310	401	598	248	350
Capitalised leased plant and equipment	307	46	261	321	25	296
Capitalised leased vehicles and furniture	50	3	47	3	2	1
Environmental rehabilitation assets	26	1	25	28		28
Rental assets	3 496	1 769	1 727	2 786	1 347	1 439
	9 737	4 440	5 297	8 518	3 703	4 815
COMPANY						
Freehold land and buildings	128	12	116	117	10	107
Equipment, vehicles, furniture and aircraft	21	6	15	19	9	10
	149	18	131	136	19	117

Property, plant and equipment with a net book value of R1 107 million (1999: R1 141 million) are encumbered as reflected in note 24.

The registers of land and buildings are open for inspection at the registered offices of the companies.

The insurable value of the group's property, plant and equipment as at 30 September 2000 amounted to R18 376 million (1999: R18 534 million). This is based on the cost of replacement of such assets, except for motor vehicles and certain selected assets, which are included at estimated retail value.

Notes to the annual *financial statements*

for the year ended 30 September 2000

	Freehold and leasehold land and buildings R'm	Mining assets and mineral rights R'm	Plant, equipment and furniture R'm	Vehicles and aircraft R'm	Capitalised leased plant and equipment R'm	Capitalised leased vehicles and furniture R'm	Environmental rehabilitation assets R'm	Rental assets R'm	2000 Total R'm	1999 Total R'm
14. PROPERTY, PLANT AND EQUIPMENT *(continued)*										
GROUP										
Movement of group property, plant and equipment										
Net balance at beginning of year	1 044	14	1 643	350	296	1	28	1 439	4 815	5 215
Subsidiaries acquired			2	8					10	37
Other additions	73		372	240		47		759	1 491	1 052
Reclassification	55	(14)	(22)		(17)		(2)		0	
Impairment of assets	(15)								(15)	(44)
Translation differences (net)	22		39	4				111	176	(17)
	1 179	–	2 034	602	279	48	26	2 309	6 477	6 243
Other disposals	(21)		(31)	(119)				(133)	(304)	(573)
Depreciation	(30)		(295)	(82)	(18)	(1)	(1)	(449)	(876)	(855)
Net balance at end of year	1 128`	–	1 708	401	261	47	25	1 727	5 297	4 815

	GROUP		COMPANY	
	2000	1999	2000	1999
	R'm	R'm	R'm	R'm
15. OTHER NON-CURRENT ASSETS				
Interest in subsidiaries			2 052	1 924
Listed and unlisted investments	365	476	4	6
Bills and leases discounted with recourse and repurchase obligations	48			
Finance lease receivables (note 20)	1 007	939		
Other debtors	36	63		
Other non-current loans and deposits*	29	43	1	1
Barlows 1979 Share Purchase Trust #	16	27	16	27
	1 501	1 548	2 073	1 958
INTEREST IN SUBSIDIARIES				
Shares at cost (note 35)			371	372
Amounts written off			(85)	(460)
Amounts owing by subsidiaries (note 35)			2 823	3 087
			3 109	2 999
Amounts owing to subsidiaries (note 35)			1 057	1 075
			2 052	1 924
Shares at cost less amounts written off				
Listed investments	4	161	2	4
Unlisted investments	361	315	2	2
	365	476	4	6
Valuation of shares				
Market value – listed investments	10	999	3	4
Directors' valuation of unlisted investments	365	315	6	2
	375	1 314	9	6

***Other non-current loans and deposits**

Included in non-current loans and deposits are the following housing loans made to directors in terms of members' resolutions. These loans are secured by first mortgages over properties, bear interest at 12,5% (1999: 13%) per annum and are repayable in full no later than six months after retirement, retrenchment or death. Where loans exceed R100 000, the excess bears interest at 14,5% (1999: 23%) per annum.

	2000	1999
Director		
M D Coward	157 863	158 950
A J Lamprecht	99 625	100 000
	257 488	258 950

#Barlow 1979 Share Purchase Trust

Included are loans to executive directors for the purchase of shares amounting to R8,7 million (1999: R10,3 million). The loans are secured by pledge of the shares and are repayable within ten years of granting of the option or within nine months of death or immediately on ceasing to be an employee, except in the case of retirement. Interest rates vary in accordance with the terms and provisions of the trust deed and range from 3,17% to 6,37%.

	Goodwill	Patents and trademarks	Total
16. GOODWILL AND INTANGIBLE ASSETS			
2000			
Cost			
At 1 October 1999 as restated	666	18	684
Additions	260	23	283
Arising on acquisition of a subsidiary	71		71
Translation differences	24		24
Reduction in carrying amounts	(7)		(7)
At 30 September 2000	1 014	41	1 055
Accumulated amortisation			
At 1 October 1999 as restated	99	14	113
Charge for the year	47	2	49
Translation differences	3		3
At 30 September 2000	149	16	165
Carrying amount			
At 30 September 2000	865	25	890
1999			
Cost			
At 1 October 1998 as restated	543	18	561
Additions	123		123
At 30 September 1999	666	18	684
Accumulated amortisation			
At 1 October 1998 as restated	65	12	77
Charge for the year	34	2	36
At 30 September 1999	99	14	113
Carrying amount			
At 30 September 1999	567	4	571

	GROUP 2000 R'm	GROUP 1999 R'm
17. INVESTMENT IN ASSOCIATES AND JOINT VENTURES		
Cost of investment excluding goodwill	220	75
Share of retained earnings	63	39
– beginning of year	39	318
– transferred to investments		(308)
– increase for the year:	40	61
– normal and exceptional profit for the year	49	65
– dividends received	(9)	(4)
– other movements	(16)	(32)
Carrying value excluding amounts owing	283	114
Amounts owing	27	12
Carrying value including amounts owing	310	126
Carrying value by category		
Listed associates – shares at carrying value	143	
Unlisted associates and joint ventures – shares at carrying value	140	114
	283	114
Valuation of shares		
Market value – listed associate companies	357	
Directors' valuation of unlisted associate companies and joint ventures	328	247
	685	247
Aggregate of associate companies' and joint ventures' net assets, revenue and profit		
Property, plant and equipment, investments and cash	359	193
Total borrowings	83	96
Working capital	142	116
Revenue	1 440	1 239
Profit after tax	96	52

Notes to the annual *financial statements*

for the year ended 30 September 2000

	GROUP		COMPANY	
	2000	1999	2000	1999
	R'm	R'm	R'm	R'm
18. INVENTORIES				
Raw materials and components	312	356		
Work in progress	229	194		
Finished goods	1 818	1 271		
Merchandise	1 003	832		
Consumable stores	96	90		
Buy-back commitments	219	180		
	3 677	2 923		
The value of inventories has been determined on the following bases:				
First-in first-out	3 334	2 578		
Average	343	345		
	3 677	2 923		
Included above are raw materials of R153 million (1999: R295 million) carried at net realisable value.				
19. TRADE AND OTHER RECEIVABLES				
Trade receivables	2 543	2 429		
Finance lease receivables (refer note 20)	613	610		
Bills and leases discounted with recourse	64	48		
Other receivables, prepayments and taxation overpaid	711	697	13	10
Dividends accrued			4	2
	3 931	3 784	17	12

	GROUP		COMPANY	
	2000	1999	2000	1999
	R'm	R'm	R'm	R'm
20. FINANCE LEASE RECEIVABLES				
Amounts receivable under finance leases:				
Gross investment	1 976	1 924		
Less: Unearned finance income	(356)	(375)		
Present value of minimum lease payments receivable	1 620	1 549		
Receivable				
Within one year (refer note 19)	613	610		
In the second to fifth year inclusive (refer note 15)	1 002	929		
Over five years (refer note 15)	5	10		
	1 620	1 549		

The group enters into finance leasing arrangements for certain of its capital equipment. The average term of finance leases entered into is five years.

Unguaranteed residual values of assets leased under finance leases are estimated at R5 million (1999: R10 million).

The interest rate charged in the leases is linked to prime for the lease term. The weighted average interest rate on lease receivables at 30 September 2000 was 13,6% (1999: 15,7%).

The fair value of the group's finance lease receivables as at 30 September 2000 is R1 620 million (1999: R1 549 million).

	GROUP		COMPANY	
	2000	1999	2000	1999
	R'm	R'm	R'm	R'm
21. CASH AND CASH EQUIVALENTS				
Cash on deposit	824	1 088		
Other cash and cash equivalent balances	120	96		15
	944	1 184		15

	GROUP		COMPANY	
	2000	1999	2000	1999
	R'm	R'm	R'm	R'm
22. SHARE CAPITAL AND PREMIUM				
Authorised share capital				
500 000 6% cumulative preference shares of R2 each	1	1	1	1
300 000 000 ordinary shares of 5 cents each	15	15	15	15
	16	16	16	16
Issued share capital				
375 000 6% cumulative preference shares of R2 each	1	1	1	1
214 309 448 ordinary shares of 5 cents each (1999: 214 309 448)	11	11	11	11
Shares held by subsidiary in holding company (share buy-back)	(1)			
	11	12	12	12
Share premium	679	737	737	737
Balance at beginning of year	737	730	737	730
Premium on shares issued		7		7
Premium on shares held by subsidiary in holding company (share buy-back)	(58)			
Total issued share capital and premium	690	749	749	749

In terms of the Johannesburg Stock Exchange listing requirements, Barloworld Limited had a public shareholder spread, as defined in the regulations, of 30,8% at the year-end.

Buy-back of shares

At a general meeting held on 26 January 2000, members passed, and the Registrar of Companies has registered, special resolutions authorising, inter alia, the purchases of a maximum of 21 430 944 shares in Barloworld Limited. By 30 September 2000, when the company entered its closed period, a wholly-owned subsidiary had purchased 16 978 600 shares at a cost of R768 221 058, giving an average cost of R45,25 per share.

The directors have authority to the next annual general meeting to purchase a further 4 452 344 ordinary shares, equivalent to 2,07% of the total issued capital of that class.

As the shares were purchased by a subsidiary of Barloworld Limited, none will be cancelled nor will the stock exchange listings in respect of those shares be terminated.

Unissued shares

125 000	6% cumulative preference shares
16 073 209	ordinary shares reserved to meet the requirements of the Barlows 1985 Share Option Scheme
3 144 929	ordinary shares reserved to meet the requirements of the US$75 million convertible bond
66 472 414	ordinary shares
85 690 552	

The members in general meeting

– reserved ordinary shares for purposes of the Barlows 1985 Share Option Scheme, on 23 January 1995
– reserved ordinary shares for purposes of the company's US$75 million convertible bond 2004, on 28 October 1994
– placed the unissued cumulative preference shares and the remaining unissued ordinary shares under the control of the directors, on 26 January 2000, and this authority expires at the forthcoming annual general meeting.

Barloworld Leading brands

22. SHARE CAPITAL AND PREMIUM *(continued)*

The Barlows 1985 Share Option Scheme

In terms of a members' resolution dated 23 January 1995, the directors were authorised to allot and issue for purposes of the Barlows 1985 Share Option Scheme, ordinary shares equal to not more than 7,5% of the total issued ordinary shares of the company from time to time plus, in accordance with the provisions of that scheme and the Barlows 1979 Share Purchase Scheme, such number of ordinary shares as have, from time to time, been taken up and paid for in full by retired or former employees after expiry of one year from the date on which such employees ceased to be employed or retired and had paid for the shares in full.

The following options granted to directors and executives are unexercised:

Directors	Executives	Option price	Date from which exercisable	Expiry date
	131 687	1 237 cents	8 October 1993	8 October 2000
	102 800	1 979 cents	17 August 1995	17 August 2002
	78 338	1 948 cents	13 October 1995	13 October 2002
250 334	570 972	2 650 cents	14 January 1997	14 January 2004
155 000	1 679 566	4 300 cents	21 May 1999	21 May 2006
	50 000	4 600 cents	6 March 2000	6 March 2007
	601 600	4 765 cents	13 June 2000	13 June 2007
390 000	80 000	4 450 cents	16 February 2001	16 February 2008
35 000	2 597 500	4 100 cents	1 April 2001	1 April 2008
330 000	1 406 250	2 325 cents	1 September 2001	1 September 2008
	85 000	2 855 cents	1 March 2002	1 March 2009
280 000	1 932 000	3 670 cents	29 May 2003	29 May 2010
1 440 334	9 315 713			

	GROUP AND COMPANY 2000 R'm	1999 R'm
Movement for the year		
Options at the beginning of the year	9 167 820	9 609 936
Options granted	2 217 000	85 000
Options exercised or lapsed	(628 773)	(527 116)
Options unexercised at year-end	10 756 047	9 167 820

	GROUP 2000 R'm	GROUP 1999 R'm	COMPANY 2000 R'm	COMPANY 1999 R'm
23. DEFERRED TAXATION				
Movement of deferred taxation liabilities				
Balance at beginning of year	277	375		
Transferred this year	(12)	(28)		
Rate change adjustment	(1)	(43)		
Arising on acquisition and disposal of subsidiaries	(1)	(1)		
Other movements	18	(26)		
	281	277		
Analysis of deferred taxation liabilities				
Capital allowances	360	352		
Provisions	(131)	(126)		
Prepayments	25	21		
Effect of tax losses	(5)	(11)		
Other temporary differences	32	41		
	281	277		
Movement of deferred taxation assets				
Balance at beginning of year	169	216	2	4
Transferred this year	4	(38)	4	(1)
Rate change adjustment	(3)	(11)		(1)
Arising on acquisition and disposal of subsidiaries				
Other movements	18	2	1	
	188	169	7	2
Analysis of deferred taxation assets				
Capital allowances	5	4		(2)
Provisions	158	152		
Prepayments	(1)	(3)		(2)
Effect of tax losses	24		7	
Other temporary differences	2	16		6
	188	169	7	2

	GROUP 2000 R'm	GROUP 1999 R'm
24. NON-CURRENT LIABILITIES		
Total SA rand and foreign currency borrowings (note 33)	2 866	2 871
Less: Current portion redeemable and repayable within one year (note 25)	(954)	(1 103)
Interest-bearing	1 912	1 768
Liability portion of convertible bond	180	165
Convertible bond	197	184
Equity portion	(17)	(19)
Non-interest-bearing liabilities	508	470
Pension provisions	170	166
Other provisions	154	153
Non-current provisions (note 27)	324	319
Bills and leases discounted with recourse and repurchase obligations	149	109
Other creditors	35	42
Deferred tax liabilities (note 23)	281	277
Total non-current liabilities	2 881	2 680

	Debt secured 2000 R'm	Debt secured 1999 R'm	Net book value of property, plant and equipment encumbered 2000 R'm	Net book value of property, plant and equipment encumbered 1999 R'm
Secured debts				
Secured loans				
– Foreign currencies	25	18	45	38
Liabilities under capitalised finance leases				
– SA rand	282	270	264	297
– Foreign currencies	827	822	798	806
Total secured debts	1 134	1 110	1 107	1 141

	Total owing 2000	2001	2002	2003	2004	2005 and onwards
		Repayable during the year ending 30 September				
24. NON-CURRENT LIABILITIES *(continued)*						
Summary of group borrowings by currency and by year of redemption or repayment – excluding convertible bond						
R million						
Total SA rand	1 415	613	509	16	4	273
US dollars	115	7	108			
UK sterling	846	272	209	150	112	103
Japanese yen	96	2	3	3	86	2
Spanish peseta	202	54	1		147	
Portuguese escudo	57				57	
Euro	116				116	
Other	19	6	6	4	3	
Total foreign currencies	1 451	341	327	157	521	105
Total SA rand and foreign currency liabilities	2 866	954	836	173	525	378

US$75 million was raised in 1995 through Barlow International Investment PLC by way of a ten-year convertible bond issue guaranteed by Barloworld Limited. The bonds carry a coupon rate of 7% and are convertible into Barloworld Limited ordinary shares at a conversion price per share of R35,20. The bonds are convertible at the option of the holder between May 1995 and September 2004. The company, under certain circumstances, has a call option to convert the bonds into ordinary shares at any time from 20 September 1999 to maturity date. During the year no bonds were converted. However, US$3,245 million of the bonds were repurchased and accordingly, the outstanding balance at 30 September 2000 amounts to US$27,3 million, which would require the issue of 3 144 929 Barloworld shares.

	GROUP 2000 R'm	GROUP 1999 R'm	COMPANY 2000 R'm	COMPANY 1999 R'm
25. AMOUNTS DUE TO BANKERS AND SHORT-TERM LOANS				
Bank overdrafts and acceptances	230	125	8	
Short-term loans	418	120		
Current portion of long-term borrowings (note 24)	954	1 103		
	1 602	1 348	8	
26. TRADE AND OTHER PAYABLES				
Trade and other payables	3 022	2 612	20	38
Bills and leases discounted with recourse	156	139		
	3 178	2 751	20	38

	GROUP 2000 R'm	GROUP 1999 R'm	COMPANY 2000 R'm	COMPANY 1999 R'm
27. PROVISIONS				
Non-current (note 24)	324	319		
Current	409	354	4	5
	733	673	4	5

	Total 2000	Environ-mental rehabili-tation	Onerous contracts	Retirement benefits	Warranty provisions	Other*
GROUP						
Movement of provisions						
Balance at beginning of year as previously reported	668		157	264	66	181
Effects of adopting IAS 37	5	32	12			(39)
Restated balance	673	32	169	264	66	142
Amounts added	267	4	18	54	48	143
Amounts used	(187)		(36)	(28)	(52)	(71)
Amounts reversed unused	(37)		(2)	(9)	(19)	(7)
Arising on acquisitions	1				1	
Exchange adjustments	14			5	5	4
Other	2					2
Balance at end of year	733	36	149	286	49	213
Incurred						
Within one year	409		130	25	47	207
Between two to five years	90	2	19	61	2	6
More than five years	234	34		200		
	733	36	149	286	49	213
*Included in other provisions are						
Claim and premium provisions (insurance captive)						37
Future repair provisions for maintenance contracts						79

Notes to the annual *financial statements*

for the year ended 30 September 2000

	GROUP 2000 R'm	GROUP 1999 R'm
28. COMMITMENTS		
Capital expenditure commitments to be incurred		
– Contracted	914	268
– Approved	31	106
	945	374

Commitments will be spent substantially in 2000. Commitments for capital expenditure are stated in current values which together with expected price escalations will be financed from:

1. The undrawn portions of existing and arranged long-term liabilities within the accepted gearing capacity of the group.
2. Certain of the existing cash resources and cash generated from operations.

	2004 and thereafter R'm	2003 R'm	2002 R'm	2001 R'm	2000 Total R'm	1999 Total R'm
Operating lease commitments						
Land and buildings	691	150	169	189	1 199	1 098
Motor vehicles	11	13	18	25	67	381
Other	9	28	46	62	145	115
	711	191	233	276	1 411	1 594
Finance lease commitments						
Land and buildings	43	17	17	20	97	134

	GROUP 2000 R'm	GROUP 1999 R'm	COMPANY 2000 R'm	COMPANY 1999 R'm
29. CONTINGENT LIABILITIES				
Bills, lease and hire-purchase agreements discounted with recourse	3			
Guarantees for loans, overdrafts and liabilities of subsidiaries			1 093	1 175
Other guarantees and claims	363	160		

Secondary Taxation on Companies is payable on dividends paid at a rate of 12,5%.

Litigation, current or pending, is not considered likely to have a material adverse effect on the group.

30. RETIREMENT BENEFIT INFORMATION

It is the policy of the group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end the group's permanent employees are usually required to be members of either a pension or provident fund, depending on their preference and local legal requirements.

69% of employees belong to 16 defined benefit and 36 defined contribution retirement funds in which group employment is a prerequisite for membership. Of these, 13 defined benefit and 20 defined contribution funds are located outside of South Africa and accordingly are not subject to the provisions of the Pension Funds Act of 1956. A further 23% of employees belong to defined contribution funds associated with industries or employee organisations.

Defined contribution plans

The total cost charged to income of R137 million (1999: R115 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes.

Defined benefit plans

Principal assumptions expressed as weighted averages at 30 September 2000 were as follows:

	South Africa		UK and Europe	
	2000	1999	2000	1999
	%	%	%	%
Discount rate	12,0	5,0	6,5	8,0
Expected after-tax returns on fund assets	15,0	16,0	7,5	9,0
Future general and merit related salary increases	11,5	14,0	4,5	6,0

Funded status

The funded status of the defined benefit funds at 30 September 2000 were as follows:

	GROUP	
	2000	1999
	R'm	R'm
Fair value of plan assets	5 623	4 929
Present value of funded obligation	(4 702)	(4 426)
	921	503
Unrecognised actuarial losses	(138)	(15)
Past service cost not recognised	(231)	
Net asset	552	488
Surplus not recognised	(419)	(374)
Net asset per balance sheet	133	114

In Spain, accrued employees' retirement benefits remain a direct liability of Finanzauto SA. This company has made a provision of R170 million (1999: R166 million), to provide for this estimated liability at 30 September 2000. In all other instances, the accrued value of retirement benefits is represented by assets held in separate funds administered by trustees.

The pension plan assets consist primarily of equity (local and offshore), interest-bearing stock and property.

The actuarial return on the plan assets at 30 September 2000 amounted to R596 million (1999: R527 million).

	GROUP 2000 R'm	GROUP 1999 R'm	COMPANY 2000 R'm	COMPANY 1999 R'm
31. NOTES TO THE CASH FLOW STATEMENT				
31.1 Cash generated from operations is calculated as follows:				
Profit before taxation	1 755	1 689	497	288
Adjustments for:				
– Depreciation	876	855	5	4
– Amortisation	49	36		
– Profit on disposal of fixed assets	(46)	(3)	(12)	(195)
– Dividends received	(60)	(38)	(523)	(139)
– Profit on disposal of investment	(632)	(1 068)		
– Interest received	(195)	(258)		
– Finance costs	244	293	6	20
– Impairment losses	59	86	28	59
– Other non-cash flow items	4	(62)		
Operating cash flows before movements in working capital	2 054	1 530	1	37
(Increase)/decrease in inventories	(638)	438		
(Increase)/decrease in receivables	(101)	40	(5)	16
(Increase)/decrease in instalment sale and leasing accounts	(3)	139		
Increase/(decrease) in payables	391	(537)	(20)	
Cash generated from operations	1 703	1 610	(24)	53
31.2 Taxation paid is reconciled to the amounts disclosed in the income statement as follows:				
Amounts unpaid less overpaid at beginning of year	(189)	(156)	7	(15)
Per the income statement (excluding deferred taxation)	(316)	(213)	(2)	2
Adjustment in respect of subsidiaries acquired and sold including translation adjustments		12		
Amounts unpaid less overpaid at end of year	214	189	(5)	(7)
Cash amounts paid	(291)	(168)		(20)
31.3 Acquisition of subsidiaries				
Inventories	5	49		
Debtors	8	241		
Creditors, taxation and deferred taxation	(5)	(29)		
Borrowings and cash		(208)		
Property, plant and equipment, non-current assets, goodwill and outside shareholders	120	215		
Total consideration	128	268		(3)
Net cash outflow arising on acquisition				
Cash consideration	(128)	(268)		(3)
Bank balance and cash		5		
	(128)	(263)		(3)

32. CHANGES IN ACCOUNTING POLICY

The group adopted International Accounting Standards (IAS) for the first time during the current financial year. The financial statements have been prepared and presented as if they had always been prepared in accordance with the standards and interpretations effective for the period of first time application.

32.1 Property, plant and equipment: IAS 16 (1998)

In terms of IAS 16 (revised 1998) the cost of an asset includes estimated costs of dismantling and removing the asset and restoring the site. Accordingly provisions have been raised for rehabilitation costs in respect of Pretoria Portland Cement Limited quarries. The related assets are amortised over the expected lives at the quarries.

32.2 Leases: IAS 17 (1997)

The accounting policy in respect of accounting for leases has been altered to comply with IAS 17 (revised 1997). A number of assets leased by Barloworld's leasing company to other group companies were previously not capitalised, although the assets were included in group receivables. As a result of adopting IAS 17 there has been a reallocation of these assets from receivables to property, plant and equipment. There is also a difference between amounts previously expensed as lease charges and the amounts are now charged to depreciation and finance costs.

Another consequence of adopting IAS 17 from a lessor perspective has been an increase in the amount disclosed as an investment in finance leases and finance income.

32.3 Employee benefits: IAS 19 (1998)

IAS 19 (revised 1998) dealing with employee benefits has been adopted for the first time during the current financial year. This has resulted in an adjustment to the leave pay provision in some operations where it was not fully provided. A further consequence of adopting this standard has resulted in the surplus on defined benefit plans being brought on balance sheet. The income statement charge has also been adjusted to meet the requirements of IAS 19.

32.4 Foreign currencies: IAS 21 (1993)

During the year the group adopted IAS 21 (revised 1993), The Effects of Changes in Foreign Exchange Rates. Foreign currency denominated transactions are no longer accounted for at the forward rates as per forward exchange contracts.

Notes to the annual *financial statements*

for the year ended 30 September 2000

32. CHANGES IN ACCOUNTING POLICY ***(continued)***

32.5 Business combinations IAS 22 (1993) and intangible assets IAS 38 (1998)

The accounting for business combinations has been adjusted to comply with IAS 22 (revised 1993). In terms of this standard all goodwill arising in financial years beginning on or after 1 October 1995 is capitalised and amortised over its estimated life. Intangible assets have been restated at cost where appropriate and amortised on a straight-line basis over their estimated useful lives in accordance with IAS 38 (1998).

32.6 Elimination of intercompany profits: IAS 27 (1994)

During the year the company changed its policy in respect of intercompany transactions. In the past these were always included in turnover and operating profit because they were conducted on an arm's length basis. Revenue in respect of these transactions has been eliminated and disclosed separately in the segmental analysis. The margin in respect of these transactions has been eliminated and released to profit over the useful lives of the underlying assets.

32.7 Financial reporting in hyper-inflationary economies: IAS 29 (1994)

This standard was applied for the first time in respect of Siberian and certain African countries for the first time in the current financial year. In terms of this standard, a measuring unit was identified for these operations as the US dollar.

32.8 Accounting for provisions: IAS 37 (1998)

In terms of IAS 37 (1998) provisions should only be recognised where the enterprise has a present obligation (legal or constructive) arising as a result of a past event. This has resulted in a number of provisions that were raised in the past being reversed. The bulk of these provisions related to provisions for maintenance expenditure. A further consequence of adopting this standard was the reversal of the dividend liability reflected in the 1999 accounts.

The aggregate effect of the changes in accounting policies on the annual financial statements for the year ended 30 September 1999 is as follows:

	Previously stated	Adjustment	Restated 1999
Income statement			
Adjustment to closing earnings – 1998	3 424	856	4 280
1999 earnings – gross	1 785	(108)	1 677
– taxation	209	(27)	182
– net	1 576	(81)	1 495
Balance sheet			
Interest of all shareholders	(6 990)	(808)	(7 798)
Goodwill and intangible assets		571	571
Property, plant and equipment	4 257	558	4 815
Other assets	9 828	(94)	9 734
Total liabilities	(7 095)	(227)	(7 322)

33. FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries and bills, leases and hire-purchase agreements discounted with recourse. Details of the agreements discounted with recourse are provided in note 29 to the annual financial statements.

In respect of all other financial instruments mentioned above, book value approximates fair value.

Derivative instruments are used by the group for hedging purposes. Such instruments used by the group are forward exchange contracts and fixed interest rate agreements. The group does not speculate in the trading of derivative instruments.

Treasury risk management

A treasury committee consisting of senior executives of the group meets on a regular basis to analyse currency and interest rate exposure and to re-evaluate treasury management strategies against revised economic forecasts.

The group's various treasury operations provide the group with access to local money markets and provide group subsidiaries with the benefit of bulk financing and depositing.

Foreign currency management

Loans

In terms of group policy, all material foreign loans, other than the convertible bond, are covered under forward exchange contracts (except where a natural hedge against underlying assets exists).

Trade exposure

The group's policy is to cover forward all trade commitments. Each division manages its own trade exposure. In this regard the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the balance sheet, but were entered into to cover foreign commitments not yet due and proceeds not yet received. The risk of having to close out these contracts is considered to be low.

The amounts represent the net rand equivalents of commitments to purchase and sell foreign currencies. The contracts will be utilised during the next twelve months. Accordingly, the average rates shown include the cost of forward cover for periods up to twelve months. Details of these contracts are as follows:

		Foreign amount million		Average rate		Rand amount million	
		2000	1999	2000	1999	2000	1999
Foreign currency							
Bought:	US dollars	22	31	7,0455	6,2876	155	195
	German marks	4	4	3,2500	3,6310	13	15
	Pound sterling	3	4	12,000	10,1240	36	40
	Japanese yen	25	20	0,0800	0,0562	2	1
	Other currencies					20	9

33. FINANCIAL RISK MANAGEMENT *(continued)*

Interest rate management

As part of the process of managing the group's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. The interest rate profile of total borrowings is as follows:

Description	Currencies	Year of redemption/ repayment	Interest rate (%)	2000 R'm	1999 R'm
Liabilities in foreign currencies					
Secured loans	JPY	2001/2005	2,7	13	10
	Other	2001/2004	15,3	12	8
Unsecured debentures	GBP	2001	Libor – 0,05	19	21
Unsecured loans	USD	2000/2002	7,3	115	190
	GBP		7,9		11
	JPY	2003/2004	Libor + 0,65	83	70
	ESP	2000/2004	Libor + 0,65/ Mibor = 0,35/0,4	202	204
	Euro	2003/2004	Libor + 0,65	116	115
	Other	2000/2005	5,8 – 43,0	64	58
Liabilities under capitalised finance leases	GBP	2000/2005	6 – 8	827	822
Total foreign currency liabilities				1 451	1 509
SA rand liabilities					
Secured loans		2000/2001	15,5	1	
Unsecured loans		2000/2004	11,1 – 16,6	1 132	1 094
Liabilities under capitalised finance leases				282	268
Total SA rand liabilities				1 415	1 362
Total SA rand and foreign currency liabilities (note 24)				2 866	2 871
Interest rates					
Loans at fixed rates of interest				1 247	1 348
Loans linked to SA money market				1 199	1 113
Loans linked to Libor/Mibor				420	410
				2 866	2 871

	<1 year R'm	2 – 4 years R'm	>4 years R'm	Total R'm
33. FINANCIAL RISK MANAGEMENT *(continued)*				
Maturity profile of financial instruments				
The maturity profile of the financial instruments are summarised as follows:				
Financial assets				
Cash and cash equivalents	944			944
Trade and other receivables	3 931	1 086	5	5 022
Financial liabilities				
Interest-bearing liabilities	2 556	1 535	377	4 468
Trade and other payables	3 587	271	237	4 095

Fair value of financial assets and liabilities

Certain financial assets and liabilities which are accounted for at historical cost may differ from their fair value. The estimated fair values have been determined using available market information and appropriate valuation methodologies, as detailed below.

	Book value R'm	Fair value R'm
Financial assets		
Cash and cash equivalents	944	944
Trade and other receivables	5 022	5 022
Financial liabilities		
Non-current interest-bearing borrowings	1 912	1 912
Short-term borrowings and bank overdraft	2 556	2 556

The following methods and assumptions were used by the group in determining fair values:

Financial assets

The book value of cash and cash equivalents, trade and other receivables approximates the fair value.

Financial liabilities

The book value of short-term borrowings, trade and other payables approximates the fair value.

The carrying value of non-current borrowings is calculated using discounted cash flow analyses using the applicable yield curve for the duration of the borrowing.

Credit risk management

Potential areas of credit risk consist of trade accounts receivable and short-term cash investments.

Trade accounts receivable consist mainly of a large, widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for both specific and general bad debts and at the year-end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee or a bad debt provision.

It is group policy to deposit short-term cash investments with major banks.

	2000 R'm	1999 R'm
33. FINANCIAL RISK MANAGEMENT *(continued)*		
Liquidity risk management		
The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.		
The company's borrowings and guarantees are limited by its articles of association to the total of the interest of Barloworld Limited shareholders and the deferred tax liability	8 179	7 521
Total borrowings and guarantees given	3 694	3 281
Unutilised borrowings capacity	4 485	4 240

34. DIRECTORS' INTERESTS

Interest of directors in contracts

The directors have certified that they were not materially interested in any transaction of any significance with the company or any of its subsidiaries. Accordingly, a conflict of interest with regard to directors' interest in contracts does not exist.

Interest of directors of the company in share capital

The aggregate beneficial holdings as at 30 September 2000 of the directors of the company and their immediate families (none of which has a holding in excess of 1%) in the issued ordinary shares of the company are detailed below. There have been no material changes in these shareholdings since that date.

	2000		1999	
	Direct	Indirect	Direct	Indirect
Executive directors				
D C Arnold	100 364		110 364	
M D Coward	29 700		29 700	
L S Day	20 420		36 717	
J E Gomersall	80 000		80 000	
A J Lamprecht	40 000		40 000	
A J Phillips	49 406		39 406	
P M Surgey	31 384		31 384	
	351 274		367 571	
Non-executive directors				
P T W Curtis		2 083		2 083
R K J Chambers	10 000		30 000	
W A M Clewlow	365 334	16 592	365 334	16 592
Sir Andrew Hugh Smith	2 000		2 000	
M J Levett		15 454		15 630
	377 334	34 129	397 334	34 305
	728 608	34 129	764 905	34 305

A register detailing directors' and officers' interests in the company is available for inspection at the company's registered office.

Refer to note 22 for information regarding the unexercised options granted to directors and executives.

Name of company *Rand except where indicated*	Type			Issued capital	Effective percentage holdings 2000 %	1999 %
35. PRINCIPAL SUBSIDIARY COMPANIES						
Barlow Australia (Pty) Ltd[5]	H		AUD	51 525 504	100	100
Barlows Central Finance Corporation (Pty) Ltd	F			30 100 000	100	100
Barlow Global Management Services (Pty) Ltd	M			100	100	100
Barlow Handling (Pty) Ltd	O			400 000	100	100
Barlow International Investment PLC[1]	F		GBP	50 000	100	100
Barlow International PLC[1]	H	Ord.	GBP	99 963 487	100	100
Barlow Material Handling International Ltd[1]	O		GBP	2 125 000	100	100
Barlows Mining Holdings and Estates Ltd	O			1 700 000	100	100
Barlow Motor Investments (Pty) Ltd	O			600 000	100	100
Barlows Scientific Group Limited[1]	O		GBP	1 000 000	100	100
Barlows Tractor Company (Pty) Ltd	O			2	100	100
Barlow Tractor International Ltd[1]	O		GBP	4 500 000	100	100
Federated – Blaikie Ltd	D			12 500 000	100	100
Finanzauto SA[2]	O		ESP	7 402 340 400	99,7	99,7
Lanes Limited[5]	H		AUD	7 679 802	100	100
Barlow Botswana (Pty) Ltd[3]	H		BWP	35 329 536	100	100
Barlows Energy (Pty) Ltd	O			1 220 000	100	100
Plascon (Pty) Ltd	O	Ord.		2 197 295	100	100
		‘A’ Ord.		527 705	100	100
		‘B’ Ord.		1 952 509	100	100
Pretoria Portland Cement Co Ltd	O			50 006 312	68,1	65,8
RIH Investments (Pty) Ltd	F	Ord.		3 264 730	100	100
		‘A’ Ord.		587 651	100	100
Samantha Investments PLC[1]	F		GBP	50 000	100	100
Sociedade Technica De Equipamentos e Tractores[6]	O		PTE	800 000 000	98,8	98,8
Sonnex Investments (Pty) Ltd[4]	F		NAD	1 450 000	100	100
Taubmans (Pty) Ltd[5]	O		AUD	27 246 000	100	100
Other foreign subsidiaries*						
Other companies*						

Keys to type of subsidiary
D – Dormant companies
H – Holding companies
O – Operating companies
F – Finance companies
M – Management companies

	Interest of holding company					
	Shares		Indebtedness		Amounts owing to subs	
Name of company	2000	1999	2000	1999	2000	1999
Rand except where indicated	R'm	R'm	R'm	R'm	R'm	R'm
35. PRINCIPAL SUBSIDIARY COMPANIES *(continued)*						
Barlow Australia (Pty) Ltd[5]						
Barlows Central Finance Corporation (Pty) Ltd	30	30	1 204	1 558		
Barlow Global Management Services (Pty) Ltd					10	3
Barlow Handling (Pty) Ltd					3	3
Barlow International Investment PLC[1]						
Barlow International PLC[1]						
Barlow Material Handling International Ltd[1]						
Barlows Mining Holdings and Estates Ltd	16	16			29	31
Barlow Motor Investments (Pty) Ltd	1	1			5	5
Barlows Scientific Group Limited[1]						
Barlows Tractor Company (Pty) Ltd						
Barlow Tractor International Ltd[1]						
Federated – Blaikie Ltd			42	40		
Finanzauto SA[2]						
Lanes Limited[5]						
Barlow Botswana (Pty) Ltd[3]						
Barlows Energy (Pty) Ltd						
Plascon (Pty) Ltd	37	37			101	101
Pretoria Portland Cement Co Ltd	35	35	2	2		
RIH Investments (Pty) Ltd	131	131	180	30		
Samantha Investments PLC[1]						
Sociedade Technica De Equipamentos e Tractores[6]						
Sonnex Investments (Pty) Ltd[4]	4	4				
Taubmans (Pty) Ltd[5]						
Other foreign subsidiaries*	31	31	6	5	280	367
Other companies*	86	87	1 389	1 452	629	565
	371	372	2 823	3 087	1 057	1 075

** A full list of subsidiaries and a list of the special resolutions of those companies are available to the shareholders, on request, from the registered office of the company.*

All companies are incorporated in (or operate principally in) the Republic of South Africa except where otherwise indicated.

1. United Kingdom
2. Spain
3. Botswana
4. Namibia
5. Australia
6. Portugal

Any material changes which have taken place during the year are dealt with in the appropriate operational reviews.

36. SIGNIFICANT JOINT VENTURES AT 30 SEPTEMBER 2000

Investor company/joint venture	Principal products or activities	Percentage held by investors 2000	1999
Pretoria Portland Cement Co Ltd			
Ash Resources (Pty) Ltd	Ash distribution	25,0	25,0
Natal Portland Cement Co Ltd	Cement manufacture	33,3	33,3
Slagment (Pty) Ltd	Slag-based products	33,3	33,3

Capital commitments

There are no capital commitments in relation to the reporting companies' interests in joint ventures and their share of joint commitments.

37. LISTED AND UNLISTED INVESTMENTS AT 30 SEPTEMBER 2000

	Number of shares 2000	1999
Number of shares held by the holding company and by subsidiaries, where material, are as follows:		
Listed investments		
Comparex Holdings Ltd		24 071 418
CG Smith Ltd		488 749
* Nampak Ltd	148 242	
* Illovo Sugar Ltd	83 832	
* Tiger Brands Ltd	40 647	
Reunert Ltd	266 976	422 525
Inno Active Property Solutions Ltd (formerly RMP Properties Ltd)	23 820	24 092
Unlisted investments		
Business Partners Limited	2 209 594	2 209 594
BoE Bank Trust – preference shares	246 850 000	197 900 000
KWJ Investments – preference shares	100 000	100 000

** Shares were received as in specie dividend from CG Smith Ltd.*

38. INVESTMENT IN ASSOCIATE COMPANIES AT 30 SEPTEMBER 2000

Investor company/associate	Principal products or activities	Issued share capital R'000	Percentage held by investors 2000	1999
Plascon (Pty) Ltd				
International Paints (Pty) Ltd	Paint manufacturing	20	49	49
Dexter SA (Pty) Ltd	Can coatings	60	40	40
Herberts – Plascon (Pty) Ltd	Automotive coatings	21	49	49
Schenectady SA (Pty) Ltd	Paint manufacturing	8 536	49	49
Longridge (Pty) Ltd	Paint manufacturing	1	50	50
Barlow Australia (Pty) Ltd				
Mercedes-Benz of Melbourne (Pty) Ltd	Motor retailer	2 000	49	49
Chemcorp Australia (Pty) Ltd	Paint distributor	200	50	50
Robor Industrial (Pty) Ltd				
Mine Support Products (Pty) Ltd	Pit props	1	50	50
Stemcor SA (Pty) Ltd	Steel and metal traders	1	50	50
Barlow Investments (Pty) Ltd				
Avis Southern Africa Ltd	Transport	171 282	26	

Notice of *annual general meeting*

Notice is hereby given that the eighty fourth annual general meeting of the members of the company will be held in the Auditorium, Barlow Park, Katherine Street, Sandton on Wednesday, 31 January 2001 at 12:30 for the following purposes:

1. To receive and adopt the group annual financial statements for the year ended 30 September 2000.

2. To elect directors in accordance with the provisions of the company's articles of association.

3. To consider and, if deemed fit, to pass with or without modification the following ordinary resolution:

   "That in terms of article 96 of the company's articles of association, the fees payable to non-executive directors for their services be increased by R10 000 per annum to R55 000 per annum."

4. To consider and, if deemed fit, to pass with or without modification the following ordinary resolution:

   "Resolved that the directors referred to hereafter, having been granted options in terms of the Barlows 1985 Share Option Scheme as approved and adopted by the company on 1 July 1995, the company hereby approves in terms of section 222(1)(a) of the Companies Act, 1973, as amended, the allotment and issue to any director referred to, of the number of shares set out against his name in so far as he exercises his options:

D C Arnold	35 000
M D Coward	30 000
L S Day	30 000
J E Gomersall	35 000
A J Lamprecht	30 000
A J Phillips	50 000
P M Surgey	35 000
K Brown	35 000

5. To consider and, if deemed fit, to pass with or without modification the following special resolutions:

   That

   (a) The directors of the company be authorised from time to time to acquire issued shares in the ordinary share capital of the company on the Johannesburg Stock Exchange "open market" at a price no greater than 10% above the weighted average of the market value for the securities for the five previous business days immediately preceding the date on which the transaction was agreed or at a bid price no greater than the current trading price of the share; and
   the purchase by any of the company's subsidiaries of shares in the company in the manner contemplated by and in accordance with the provisions of section 89 of the Companies Act, 1973, and other provisions which may be applicable.

   (b) The authorisation granted in terms of (a) above shall remain in force from the date of registration of these special resolutions by the Registrar of Companies until the conclusion of the next annual general meeting of the company and, in any event, no later than 15 months from the date on which they were passed.

   (c) The repurchase by the company of its own securities in terms of (a) above may not exceed 20% of the company's issued ordinary share capital in the aggregate in any one financial year or in the case of acquisition by any of the company's subsidiaries, 10% of the issued ordinary share capital in the aggregate.

   (d) The company's intention regarding the utilisation of the authority which is sought in terms of (a) above is to continue with the share buy-back programme initiated with the sanction of shareholders on 26 January 2000.

   (e) In the event that the directors are granted general authority to buy back a maximum 20% of the issued share capital of Barloworld, or in the case of acquisition by any of the company's subsidiaries, 10% of the issued ordinary share capital in the aggregate, it is the opinion of the directors that following such maximum repurchase of shares:

- the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of notice issued in respect of the annual general meeting; and
- the assets of the company and the group will be in excess of the liabilities of the company and the group. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements; and
- The ordinary capital and reserves of the company and the group will be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting; and
- The working capital of the company and the group will be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting.

The reason for proposing the special resolutions is to permit and authorise Barloworld to acquire its own shares. The effect will be to authorise the directors to purchase shares in Barloworld.

6. To consider and, if deemed fit, to pass with or without modification the following ordinary resolution:

That, subject to the requirements of the JSE, the directors be and are hereby authorised to issue ordinary shares of five cents each in the capital of the company for cash as and when appropriate business requirements arise, subject to the following limitations:

(a) that this authority shall remain in force until the conclusion of the next annual general meeting of the company and in any event no later than 15 months from the date of the annual general meeting; and
(b) that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of shares in issue prior to the issues;
(c) that general issues for cash in the aggregate in any one financial year may not exceed 15% of the company's issued share capital of that class, aggregated with the securities that are compulsorily converted into securities of that class; and
(d) that in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price on the Johannesburg Stock Exchange of the shares of the relevant class, as determined over the 30 business days prior to the date that the price of the issue is determined.

7. To place the unissued cumulative preference shares and the balance of unissued ordinary shares in the capital of the company under the control of the directors.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and, on a poll, vote in his stead. The person so appointed need not be a member of the company. Proxy forms should be forwarded to reach the company's transfer secretaries or United Kingdom registrars by not later than 12:30 (South African time) on 29 January 2001.

By order of the board

M J Barnett
Secretary

Sandton
30 November 2000

Corporate *information*

SECRETARY
M J Barnett

BUSINESS ADDRESS AND REGISTERED OFFICE
Katherine Street
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Telefax +27 11 444 3643
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Banco Bilbao Vizcaya Argentaria
Banco Espirito Santo
Bank of America
Barclays Bank plc
Brown Shipley & Co Ltd
FirstRand Bank Limited
Lloyds Bank plc
National Westminster Bank plc
Nedbank Limited
The Standard Bank of South Africa Limited
Westdeutsche Landesbank Girozentrale

COMPANY REGISTRATION NUMBER
1918/000095/06

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Shareholders' *diary*

Financial year-end		30 September
Annual general meeting		January
REPORTS AND PROFIT STATEMENTS		PUBLISHED:
• Half-yearly interim report		May
• Preliminary report for the year		November
• Annual report		November
DIVIDENDS	DECLARED:	PAID:
• 6% cumulative preference shares	March	April
	September	October
• Ordinary shares – interim	May	July
– final	November	January
• 7% convertible bond interest		September

Barloworld *Leading brands*

G R A P H I C O R
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Proxy

BARLOWORLD LIMITED
(Incorporated in the Republic of South Africa)
Company registration number 1918/000095/06
("the company")

Barloworld *Leading brands*

If you are unable to attend the annual general meeting of members to be held in the auditorium, Barlow Park, Katherine Street, Sandton, on Wednesday, 31 January 2001, at 12:30 you should complete and return this form of proxy so as to be received by the transfer secretaries, Mercantile Registrars Limited, 11 Diagonal Street, PO Box 1053, Johannesburg, 2000, South Africa, or the United Kingdom Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA, England, by not later than 12:30 (South African time) on Monday, 29 January 2001.

I/We ________________________ of ________________________
being a holder(s) of ___________________________ ordinary shares
hereby appoint ____
of ____
or failing him, ____
of ____
or failing him, the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting to be held in the auditorium, Barlow Park, Katherine Street, Sandton, on Wednesday, 31 January 2001, at 12:30 and at every adjournment of that meeting.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in his/her place. A proxy so appointed need not be a member of the company.

*(Please indicate with an "X" or tick in the appropriate space below how you wish your votes to be cast.)

Agenda item	*Vote for	*Vote against	*Abstain
1. Adoption of annual financial statements			
2. Election of directors: M D Coward L S Day Sir Andrew Hugh Smith A J Phillips P M Surgey			
3. Remuneration of non-executive directors			
4. Authority to allot and issue shares under option to directors			
5. Acquisition of own shares			
6. Entitlement of directors to issue shares for cash			
7. Directors' control over unissued share capital			

Signed at ____________________ on ____________________
Signature(s) ____
Assisted by (if applicable) ______________________________
Date ____

Notes

Instructions on signing and lodging of the annual general meeting proxy form.

1. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alterations must be signed not initialled.

2. The chairman shall be entitled to decline to accept the authority of a signatory:
 (a) under a power of attorney; or
 (b) on behalf of a company;
 unless the power of attorney or authority is deposited with the transfer secretaries, Mercantile Registrars Limited, 11 Diagonal Street, PO Box 1053, Johannesburg, 2000, South Africa, or the United Kingdom Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA, England, by not later than 12:30 (South African time) on Monday, 29 January 2001.

2. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his proxy in the blank space/s provided for that purpose.

3. When there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name appears first in the register of members in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.

4. The completion and lodging of this form of proxy will not preclude the signatory from attending the annual general meeting and speaking and voting in person thereat should such person wish to do so, to the exclusion of any proxy appointed in terms hereof.

5. If, in the appropriate place on the face of the proxy, there is no indication of how to vote in respect of any resolution the proxy shall be entitled to vote as he/she deems fit in respect of that resolution.

6. The chairman of the annual general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that in the event of acceptance, he is satisfied as to the manner in which a member wishes to vote.

7. If the shareholding in not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total shareholding registered in the member's name.

The world’s leading industrial brand management company

The Barloworld corporate identity

The new Barloworld corporate identity has been designed to provide a consistent visual signature of the company as our geographic footprint expands around the world.

The world icon is both a statement of fact and a badge of pride.

The retention of the Barlow name reflects the equity that exists in that name. Its development into Barloworld delivers a uniqueness that will allow the company to stand out amongst the myriad of corporate brands that exist in every market.

www.barloworld.com

Barloworld *Leading brands*

Andorra, Angola, Australia, Belgium, Botswana, Bulgaria, Canada, Cape Verde, Denmark, France, Germany, Guinea Bissau, Italy, Japan, Lesotho, Malawi, Mozambique, Namibia, Netherlands, Portugal, Russia (Central Siberia), Saó Tome and Principé, Singapore, South Africa, Spain, Swaziland, Sweden, USA, United Kingdom, Zambia, Zimbabwe