Barloworld
Leading brands

an annual report about durability

1951 1971 1991 2011 2031

2001

Barloworld Limited
annual report

Barloworld
Leading brands

one hundred years of
doing things differently

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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.

Achieving durability in business through long-term value creation

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our enduring global company

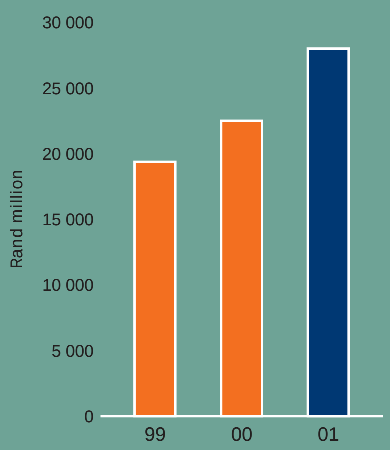
We are an international industrial brand management company

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

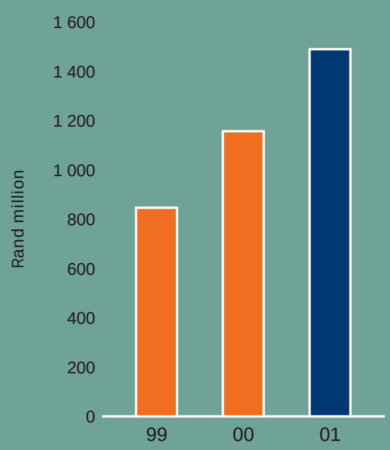
2001: Another year of progress

	2001 Rand	2000 Rand	% change	2001 US$	2000 US$	% change
Revenue (millions)	**27 945**	22 457	24	**3 499**	3 380	4
Operating profit (millions)	**1 487**	1 155	29	**186**	174	7
Earnings per ordinary share from continuing operations excluding exceptional items (cents) (Fully diluted)	**443,6**	369,9	20	**55,5**	55,7	–
Headline earnings per share (cents)	**499,0**	383,7	30	**62,5**	57,8	8
Dividends per ordinary share (cents)	**220,0**	180,0	22	**27**	27	
Net asset value per share including investments at market value (cents)	**4 700**	4 081	15	**522**	561	
Total assets (millions)	**21 946**	16 738	31	**2 436**	2 302	
Total borrowings to total shareholder funds – gross excluding leasing operations (%)	**31,1**	12,6		**31,1**	12,6	
Real cash flow return on investment (%)	**8,3**	6,7		**8,3**	6,7	

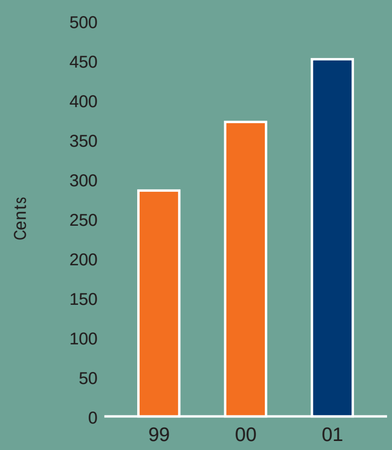
Revenue



Operating profit



Earnings per share
(excluding exceptional items)



We continue our expansion strategy by building our brands and extending our geographic footprint

Strong profit growth continues

The figures on the facing page confirm that we have continued to defy sluggish trading conditions to produce a strong financial performance.

Returns meet targeted cost of capital hurdle

Two years ago we set ourselves the target of achieving a cash flow return on investment equal to a real cost of capital hurdle rate of 8% by September 2001. We have done it.

Our success has been built on a relentless focus on Value Based Management throughout the company which is changing our business practices in countless numbers of ways, from macro strategic planning processes to micro outsourcing of non-strategic support services.

R1 billion (US$109 million) invested in acquisitions

We have continued our strategy to expand our geographic footprint and the brands we represent by making acquisitions. These acquisitions include: a Freightliner dealership in the south-east United States; four laboratory businesses in the United Kingdom and motor dealerships in Australia and South Africa. Since 30 September 2001 we have also launched a new business segment, Barloworld Logistics and, through listed subsidiary PPC, acquired the leading cement producer in Zimbabwe.

Firm action taken on underperforming businesses

We continue to restructure to ensure we deliver world-class performance and profitability. Major projects have included a significant rationalisation of our steel tube business and exiting unprofitable coatings joint ventures.

Building a powerful Barloworld brand

The rollout of the Barloworld brand into every business unit has been under way for one year and is on track for completion in 2002. The benefits of the new brand and the development of an integrated Barloworld are already being seen within the company and externally.

Barloworld is one of only four South African companies selected for the prestigious Dow Jones Global Sustainability Index in 2002. Visit www.sustainability-indexes.com.

This is Barloworld

Capital Equipment
(4 664 employees)

Caterpillar
We are amongst the world's leading Caterpillar dealers. We are also one of the longest standing, having originally been appointed a dealer in southern Africa in 1927. Caterpillar is the world's leading brand in earthmoving machines, power systems and related equipment. Caterpillar Inc. produces over 200 different products in 19 categories ranging for example from 191 ton operating weight wheel loaders to 4,5 ton compact versions, and from power plants which can provide electricity for whole towns to portable generator sets.

Where
Dealer for Andorra, Angola, Botswana, Bulgaria, Central Siberia, Guinea Bissau, Lesotho, Malawi, Mozambique, Namibia, Portugal, Principé Sao Tome, South Africa, Spain, Swaziland, Zambia and Zimbabwe.

Customers
Mining, construction, marine and electrical power generation industries

Hyster
Lift trucks

Where
Dealer for southern Africa

Customers
Manufacturing and distribution industries

Perkins
Diesel engines

Where
Distributor for southern Africa

Customers
Power generation in transport and agricultural industries

Ingersoll Rand
Rotary blasthole mining drills

Where
Dealer for southern Africa

Customers
Open-cast mines

Dezzi
Articulated dump trucks

Where
Dealer for southern Africa

Customers
Mining and construction industries

Bitelli
Vibratory compactors

Where
Dealer for southern Africa

Customers
Civil construction companies

Other brands
Circon – power systems in southern Africa
Flemingo – compressed air product rentals in southern Africa
Mak – engines in Spain and Portugal
Mitsubishi – lift truck dealer for Portugal

Industrial Distribution
(3 319 employees)

Hyster
Lift trucks

We are the world's largest independent lift truck dealer offering our customers a full range of lift trucks and related warehouse/handling equipment. We have represented the market leading Hyster 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.

Where
South-east United States, United Kingdom and Belgium

Customers
Manufacturing and distribution industries

Freightliner
Trucks

Where
12 dealer locations in Arkansas, Tennessee and Mississippi, USA

Customers
Transport and distribution industries

Ditch Witch
Trenching equipment

Where
Georgia, USA

Customers
Reticulation industries: telecommunications, power and water

Lamson
Vacuum conveyance systems and floor maintenance equipment

Where
UK-based manufacture of products for world markets.

Customers
Money and document conveyance markets, especially in the financial services sector

Motor
(4 730 employees)

Audi, BMW, Chrysler, Ford, Fiat, Holden, Isuzu, Kia, Land Rover, Lexus, Mazda, Mercedes, Mitsubishi, Nissan, Subaru, Toyota, Volvo, Volkswagen
We are a leading provider of comprehensive transport solutions representing the world's leading passenger, light, medium and heavy commercial vehicle brands.

Where
Dealerships in South Africa (56), Botswana and Namibia. Fleet management, panel shops and short-term truck hire.

Subaru distributor for southern Africa.

Five dealerships in Melbourne, Australia

Customers
Corporate and private sector clients

Avis Southern Africa (26% investment)
Vehicle rental, fleet management and financial services

Cement & Lime
(2 870 employees)

PPC*
Where
South Africa, Botswana, Zimbabwe operating primarily within domestic markets with some exports

PPC Cement Surebuild, Suremix, Unicem
Cementitious products, ready-mix and aggregates,

Customers
Construction companies, retail DIY/builders merchants and concrete product manufacturers

PPC Lime
Metallurgical grade lime, limestone, burnt dolomite and related products.

Customers
The pyro-metallurgical industries, mining and water treatment industries

Afripack
Paper and polyethelene sacks

Customers
Cement and food product manufacturers

** On 15 October Portland Holdings in Zimbabwe was acquired for the issue of cash and PPC shares, and the group's holding in PPC reduces to 63,4% from 68% at 30 September 2001.*

Barloworld has 8 business segments operating in 31 countries and selling products and services in over 90. We have 23 233 employees concentrated predominantly in southern Africa, the United States, the United Kingdom, Iberia and Australia.

Scientific Products
(2 022 employees)

Barloworld Scientific
Laboratory equipment including glass and plastic laboratory products as well as related scientific equipment.

Where
Manufacturing operations in the United Kingdom and Spain. Distribution in New York State, Italy and France.

Market leader in the United Kingdom and worldwide exports.

Customers
Educational organisations, pharmaceutical and biotechnology companies and quality control laboratories.

Melles Griot
A market leader in lasers, optics, opto-mechanical components including nano-positioning equipment, assemblies and related products.

Where
Worldwide sales from manufacturing bases in California, New York State, Colorado, Cambridgeshire, England and Japan.

Customers
Semi-conductor manufacturers, telecommunication, test and measurement, medical equipment, and reprographic industries.

Coatings
(2 688 employees)

Decorative coatings in a range of branded paints, coatings and related products.

Plascon
Manufacturing in Durban, Port Elizabeth, Cape Town and Johannesburg in South Africa.The market leader in decorative coatings in South Africa. Operations and sales in Botswana, Namibia and Zambia.

Taubmans
Manufacturing (3 factories) and sales in Australia, exports into China through 12 franchise outlets.

Customers
Consumers and trade through large retail chains, franchised outlets and owned stores.

International
Speciality decorative coatings.

Where
United Kingdom.

Customers
Consumers and trade through large retail chains.

Industrial coatings
Joint ventures with world technology leaders.

Where
South Africa

Customers
Motor manufacturers, packaging, heavy duty coatings, powder and marine industries.

Steel Tube
(1 932 employees)

Manufacturer of tube, steel, flanges and fittings, accessories, piping systems, galvanising and related products up to 200 mm in diameter in both mild and stainless steel.

Where
Three manufacturing sites in Gauteng, South Africa. The market leader in South Africa with regional and European (stainless steel) exports.

Customers
Building and construction, mining, automotive manufacture, agriculture, fluid handling and general engineering industries.

Financial Services and Other
(1 008 employees)

Financial Services
Including leasing and related products.

Where
South Africa, United Kingdom and United States.

Customers
Customers of our motor, lift truck and capital equipment businesses.

Corporate operations
Including finance, strategic planning, property management, treasury, IT, communication, legal, risk management, company administration and internal audit.

Where
South Africa, United Kingdom, Botswana and Namibia.

Logistics
Third and fourth party logistics operation providing outsourced services in logistics systems, warehousing and transport.

Where
South Africa and Iberia.

Customers
General manufacturing, automotive, oil and cement industries.

Speciality paper
Manufacturing facility producing speciality medical and other papers.

Where
United Kingdom based operation.

Customers
Filter, porous and absorbent paper markets worldwide.

Ethics and the environment

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

We are an ethical company

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

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

We have now adopted an environmental code which adds teeth and consistency to our ethical commitment to protect the environment.

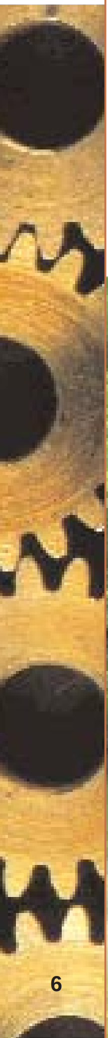
Environmental Management Systems will be implemented to guide and track progress in meeting objectives and targets.

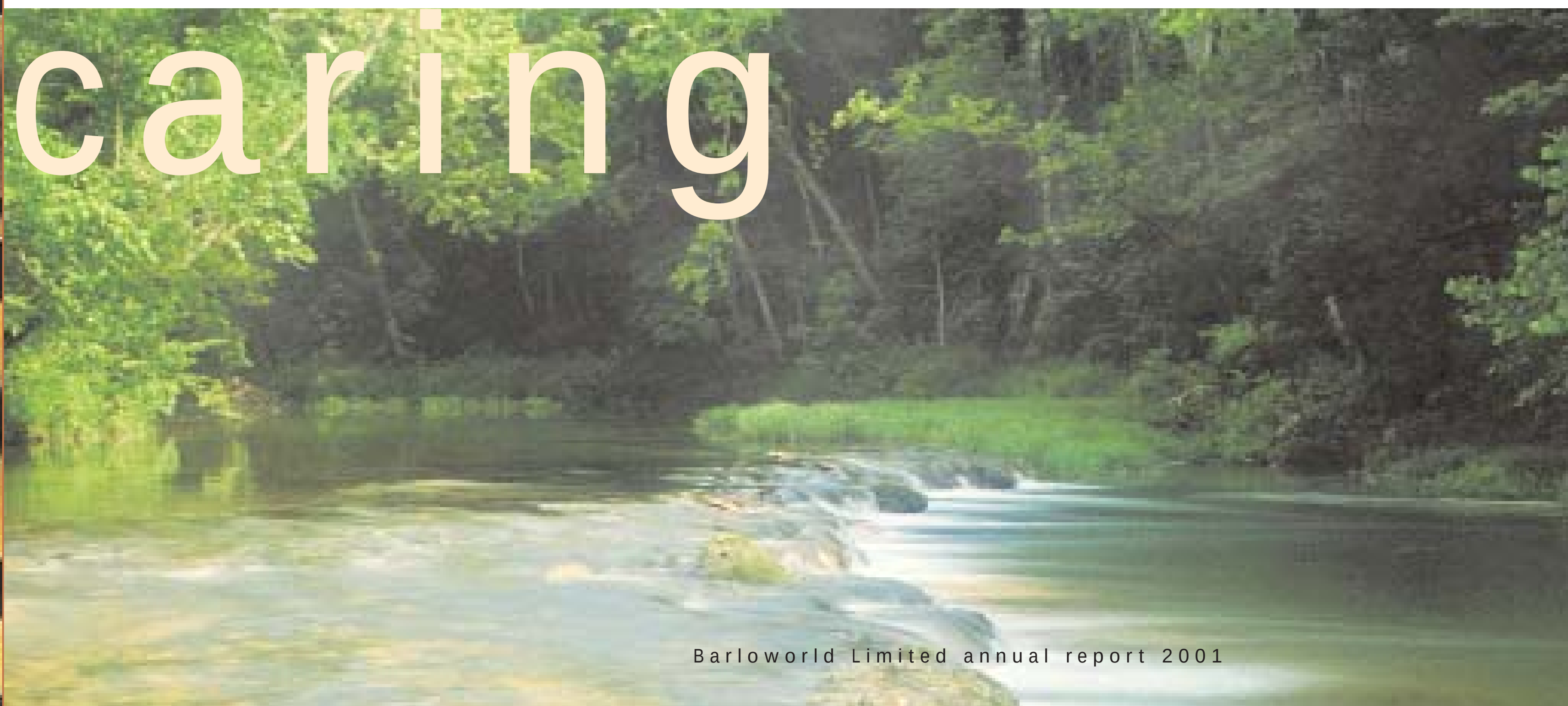
Environmental considerations will form an integral part of our daily business and we will be responsible and accountable at all levels of management, seeking continuous improvement through self-assessment and auditing.

We accept responsibility for all our products and services, raw material usage and the disposal after use of waste products used in our manufacturing processes. We will make sustainable use of renewable resources and, wherever practical, use renewable or recyclable materials in production processes.

The main features of our approach at an operational level are to:

- minimise the environmental impacts of our operations;
- establish clear environmental reporting structures in all our operations;
- carry out life-cycle assessments of our products and environmental risk assessments as an integral part of acquisitions, new projects and the planning phase for modifications to existing operations;
- maintain open dialogue with stakeholders on environmental issues;
- encourage suppliers and contractors to provide environmentally sound goods and services;
- raise the levels of environmental awareness in our company and ensure we have the skills and knowledge to comply with this policy; and
- regularly assess our environmental performance and code.





The board of directors

Non-executive directors

W A M (Warren) Clewlow (65)
OMSG CA(SA), DEcon (hc), Chairman

R K J (Russell) Chambers (62)
FCIS

P T W (Tim) Curtis (70)
CA(SA)

Sir Andrew Hugh Smith# (69)

M J (Mike) Levett (62)
BCom, DEcon Sc (hc), FIA, FFA, ASA

D B (Dumisa) Ntsebeza (52)
LLB, BProc, BA

S B (Steve) Pfeiffer* (54)
JD (Yale), MA (Oxon)

L A (Louise) Tager (65)
BA, LLB, HDip Tax Law, LLM (Harvard)

E P (Eddie) Theron (60)
BCom, LLB, FIBSA

Executive directors

A J (Tony) Phillips# (55)
BSc (Eng), Chief Executive Officer

D C (Des) Arnold (61)
CA(SA), FCMA, AMP (Wharton), Executive Director, Finance and Administration

K (Ken) Brown# (59)
Chief Executive Officer, Industrial Distribution

M D (Mike) Coward (48)
CA(SA), Chief Executive Officer, Steel Tube

L S (Lester) Day# (55)
CA(SA), Chief Executive Officer, Capital Equipment – Southern Africa and Siberia

J E (John) Gomersall# (55)
CA(SA), Chief Executive Officer, Cement and Lime, and Chairman, Logistics

A J (André) Lamprecht (49)
BCom, LLB, PED – IMD, Executive Director, Namibia, Botswana, Human Resources, Social Investment and Other

P M (Peter) Surgey (46)
BA, LLB, Chief Executive Officer, Coatings

 # British
** American*

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


Warren Clewlow


Russell Chambers


Tony Phillips


Tim Curtis


Des Arnold


Sir Andrew Hugh Smith


Ken Brown


Mike Levett


Mike Coward


Dumisa Ntsebeza


Lester Day


Steve Pfeiffer


John Gomersall


Louise Tager


André Lamprecht


Eddie Theron


Peter Surgey

Chairman's review

Warren Clewlow

We represent many of the world's greatest industrial brands in the market place, together with a suite of own brands which are market leaders in their own right

Barloworld continued to make progress and the satisfactory results achieved were in line with our expectations.

These results, prepared in terms of International Accounting Standards, showed revenues increasing by 24% to R27 945 million (2000: R22 457 million).

Operating profits, before any exceptional items, increased to R1 487 million which translates into a 30% increase in headline earnings per share to 499 cents (2000: 384 cents).

The balance sheet is strong. Group cash resources, which were augmented last year by the sale of our Information Technology investment, have been utilised to invest in acquisitions, capital expenditure and to continue to buy back our own shares. Since shareholder permission was given to proceed with this buy-back course of action, it has resulted in the purchase of 8,9% of the equity at an average price of R45,09 per share.

Your board is pleased to announce a final dividend of 145 cents making a total dividend for the year of 220 cents (2000: 180 cents). This dividend will be paid on 21 January 2002.

The last date to trade ordinary shares "cum" the dividend will be 11 January 2002.

Barloworld Limited is an international company now operating in 31 countries around the world. 61% of our operating profits are earned in hard currencies outside of South Africa.

The head office which provides leadership for the group remains in South Africa. This is the proven base from which to effectively direct our diverse operations.

Our corporate culture and way of doing business with its long-established pattern of "smart partnership" relationships with customers, employees, principals and suppliers, all compatible with delivery, acceptable and steadily increasing returns to our shareholders and enhancing shareholder value, is the basis wherever we operate. With the advance in information and communication technologies we are aware that we are accountable to a wider circle of stakeholders. Many of our customers are global leaders in their fields with an increasing number of South African customers now also operating internationally.

We represent many of the world's greatest industrial brands in the market place, together with a suite of own brands which are market leaders in their own right.

Barloworld's market capitalisation depends on our reputation for good corporate governance, straight and fair deals and having an open relationship with employees and all other stakeholders. This reputation also greatly assists in the recruitment of highly talented and visionary managers which we continue to need to be competitive and to be able to adapt to our customers' changing needs.

South Africa felt the effect of global economic hardship and, whilst the GDP growth rate this year of around 2,5% was in positive territory, it was below the levels forecast a year ago. Affecting Barloworld most was that fixed capital formation at 15% of gross domestic product again lagged well below what it should have been. On the plus side, however, with proven and competent macro-economic management, inflation kept on falling, the deficit on the current account remained manageable and interest rates were cut.

The Cement and Lime division produced a strong result benefiting mainly from gains generated from internal efficiencies and their strong export drive into African markets. Because of its good cash position the company was also able to declare a special dividend and Barloworld, being the majority shareholder, will benefit a great deal from this.

The Capital Equipment, Coatings, Motor and Steel Tube divisions all improved on last year's results.

Elsewhere in Africa impressive profit gains were made in spite of less than ideal political and trading conditions, especially in Zimbabwe.

On the international front the Capital Equipment division in Spain and Portugal again achieved an outstanding result. This well-managed division has taken full advantage of the economic strategies of the Spanish and Portuguese governments who continue to concentrate on the infrastructural development of their regions.

The Materials Handling and Laboratory businesses in the United Kingdom and Europe also did better than last year, but their counterparts in the USA, after a promising start to the year, tailed off sharply as the US economic downturn gained momentum even prior to the September 11 terrorist attack.

The new acquisition Barloworld (formerly Barton) Freightliner Inc., one of the largest Freightliner dealerships in the USA, was affected by the US recession more than had been anticipated. However, management has substantially reduced working capital and

upgraded systems. This will add to future profitability. I expect Barloworld Freightliner to make a meaningful contribution to group profits in the future.

Economic conditions in Australia also deteriorated and, whilst the Motor interests held their positions, the Coatings division battled in line with other Australian paint manufacturers. They also had to contend with an eight week labour strike and all of this resulted in a disappointing result for the year.

Our success in Africa north of South Africa, and Siberia – regions with economies which are traditionally difficult and unpredictable – underlies our advantage of having the right products together with adaptable strategies to fit the prevailing conditions.

The firm guidance from the Chief Executive, Tony Phillips, to drive down costs and his concentration on achieving returns in excess of cost of capital proved successful throughout the group.

During the year a number of acquisitions and developments took place. Practical capital expenditure programmes were implemented. In addition to Barton Freightliner, which was acquired at the beginning of this financial year, the Motor division acquired the major Holden dealership in Melbourne, Australia, which also has Volkswagen interests in its stable. The Scientific division made an acquisition in the UK which fits in well with their existing product range. The Capital Equipment division continues with a pioneering development strategy in Africa and Siberia building a strong base in areas with good future development potential. Subsequent to the financial year-end, the Cement and Lime division acquired Portland Holdings Limited, the major Zimbabwean cement producer, which has extended their interests in southern Africa. Barloworld has now focused all of its logistics interests into a newly formed division.

The way forward

Prior to the September 11 terror attacks on the USA, global economies had stalled across a broad front but since that event there have been further downgrades to US and global growth forecasts, especially in manufacturing, for this year and next with no major economy escaping these consequences. Consumer confidence has fallen as the outlook for employment worsens and worries about internal security grow. This leads to an increase in household savings that has a negative effect on demand.

It is too early to tell what the medium-term impact of the terrorist attacks will be, but there are signs that world growth at a projected rate of 3,2%, far below the high rate of 4,8% achieved in 2000, will fall short of its potential rate with a deeper and longer economic downturn, and any improvement is likely to be weaker and later than had been hoped. But while there is evidence to support a pessimistic view, there are now appearing some contrary signs. Although the collapse of the IT industry led the economic downturn, the major contributor to the decline has been falling inventories. Latest statistics from the US and Europe show that the rate of decline in manufacturing output is now starting to slow down and, once the inventory overhang has been worked off, an upturn in output should come about. Also, unlike in previous recessions, oil prices have fallen. Expansionary fiscal and monetary policies in the USA are expected to start turning the decline around in 2002 with their interest rates having been cut to the lowest levels in 40 years.

Taking these and other relevant factors into account, the otherwise positive prospects for next year of our Materials Handling, Freightliner and Scientific Products businesses in the US have been dampened. The counterpart of these businesses in Europe are also likely to be affected but perhaps to a lesser extent.

The order books for the Capital Equipment businesses in Spain and Portugal are strong, so good results from these regions can be expected to be maintained.

In Australia, economic activity remains subdued. The Motor business is steady and the new acquisitions will make a meaningful contribution to profits. There should also be a turnaround in the fortunes of the Coatings business where the benefits of this year's rationalisation programme will come into effect.

In South Africa we have strong and established market positions and we will take advantage of all opportunities available. However, we do remain hostage to the economic growth prospects and especially the low fixed investment spend in the South African economy.

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In spite of the vote of confidence given for the positive and effective economic policies, especially in controlling and reducing inflation, this confidence does not extend to the South African currency. In recent years the rand has been progressively undervalued and, since the September 11 events, has suffered further depreciation as investors switched from emerging market currencies to hard currencies.

Whilst the currency devaluation works in favour of Barloworld with its many offshore operations earning so-called hard currencies, the negative effect of this on the South African economy is severe. South Africa's assets are undervalued, commodities, agricultural and industrial goods and services are being exported cheaply and the cost of imports necessary for economic growth have become very expensive.

One needs to contemplate just how much the weakness of the rand and the lack-lustre performance of the economy can be directly attributed to negative foreign perceptions, and a vote of no confidence in South Africa stemming from the greed, corruption and low standards of corporate governance evident in both the public and private sector. One can add to this the universal fears of safety for our employees.

There are, of course, other factors affecting the value of the rand such as, for example, our close proximity to other African countries, many of whom are lagging in reform, accountability and human rights, but I believe until the public and private sectors effectively address and dispel the root causes of greed, corruption and poor corporate governance, all the attractive features of our economy – and there are many – will not succeed in attracting the capital and confidence needed to take South Africa forward.

South Africa can ill afford a corrupt reputation and it is not difficult to understand as to why workers, customers and the broader community have stopped listening to the public and private sector.

Board

Since Barloworld diversified its interests into the wider world we have had a strong international board overseeing our international investments reporting through to the Barloworld Limited board.

Looking ahead and taking into account international corporate governance practices, it has been decided that the Barloworld Limited board be extended by inviting Messrs Brandon Diamond, Peter Maybury and Ramon Fernandez-Urrutia to become executive directors and Messrs Robert Tomkinson and Graham Ross-Russell to become non-executive directors. In addition to these appointments, all of which will be put to shareholders for approval at the annual general meeting in January 2002, Mr Steven Pfeiffer, an American citizen, joined the Barloworld Limited board in August 2001.

All of the new non-executive directors are well acquainted with Barloworld's activities, all that it stands for and wants to achieve. They will bring their knowledge and experience, not only in the affairs of the group but from many outside establishments as well.

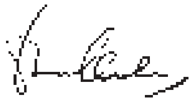
Sir Andrew Hugh Smith and Mr Tim Curtis have reached the mandatory retirement age and will retire from the board at the forthcoming annual general meeting.

I wish to thank them on behalf of us all for the valued contributions they have made to the affairs and enhancement of the Barloworld group over the years and especially for the advice and assistance they have given to me personally.

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

Prospects

Under the prevailing circumstances there is reason for concern. It is difficult to make predictions for the coming year. However we are cautiously optimistic in our outlook as the company continues to take measures in order to permanently reduce the cost of doing business whilst assessing new opportunities for investment and expansion.



W A M Clewlow
Chairman

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Tony Phillips

Report of the Chief Executive Officer

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

We have now completed two years of implementing a value based management (VBM) programme throughout Barloworld. 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.

In 1999, 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 on the aspect of creating value for shareholders, we have achieved our initial goal of generating returns in excess of our real cost of capital hurdle rate of 8%. We have done so with little assistance from a sluggish South African economy from which nearly half of our business revenue stream is sourced.

This performance is the visible aspect of VBM. What is not visible, but is essential for the long-term durability of the company, is the way in which VBM is driving an ongoing review of the way we do things in every part of the company right down to the everyday interaction of supervisors with their teams. VBM is a never-ending journey; a quiet revolution that is sweeping through our company and will continue to do so into the foreseeable future. As a result, our operating performance and the quality of the management plans we adopt will continue to improve. We have made good progress on increasing our value creation for shareholders but still have further to go in creating value for our employees. The third corner of the VBM triangle relates to our customers with whom we continue to strengthen our relationships as we add value to their businesses.

Building the Barloworld brand

On 2 October 2000 we officially launched the new Barloworld corporate identity and set ourselves the goal of implementing it throughout the company over two years. We are on track to achieve this objective. The new identity complements our VBM initiative and signals change to all our stakeholders. Already the majority of our business units have adopted the Barloworld name and our "world icon" is rapidly becoming a recognised symbol of durability in many of the markets in which our products and services are found. Internal acceptance of the new identity has been extremely high.

Progress in expanding the company

In last year's annual report, we reported on the acquisition of then Barton Freightliner Inc (now renamed Barloworld Freightliner) during October 2001. The purchase included a US$15 million earnout. The rapid downturn in the US truck market during the last quarter of the 2000 calendar year, which trading pattern continued throughout the 2001 financial year, virtually ensures the final cost of the deal is unlikely to include this earnout component that was built in to protect us against just such a downturn. As a result, our acquisition cost will be US$61 million. Despite difficult market conditions, we are confident that the business presents an exciting growth opportunity. It embraces the disciplines with which we are familiar in equipment sales, parts, servicing and leasing in a territory (the south-east United States) which is also familiar.

Choosing our expansion targets with care

Having concluded that the Australian motor industry was an attractive environment in which to grow, we have more than doubled our footprint through the acquisition, late in the financial year, of three dealerships in the Melbourne area. We now have a critical mass on which to build a significant national presence in our Australian motor dealerships.

A number of other deals were rejected as the price of the transactions would not allow us to achieve our cost of capital hurdle rates.

Proving patience really can be a virtue

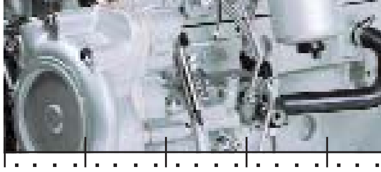
In the Scientific business, we acquired the Protean group of companies from Vivendi Environement. These were a group of businesses that we had identified for acquisition some years ago. Circumstances prevented us from acquiring the businesses until this year, when our patience finally paid off.

Creating a significant new business segment from within

The merging of our two logistics businesses in South Africa to form Barloworld Logistics (see page 33 for details), was achieved at year-end and signals the beginning of what will become a major new business for the company. We have nurtured two logistics businesses in South Africa – one in PPC, our listed cement and lime subsidiary, and the other under the wing of Barloworld Motor. We now believe that the time is right, with the management resources in place and our confidence level in this business sufficiently high, to combine them to achieve critical mass. We have done so with a business that starts the new year with an annualised turnover of some R300 million, employing 730 people and a management team that possesses the necessary skills to capture a significant share of an exciting high growth market. The South African business is mirrored in the northern hemisphere by an expanding logistics business in Spain, which we have developed quietly within our Caterpillar dealership operation. This business was also expanded this year by way of acquisition and is poised for further growth.

Facing difficult challenges, creating innovative solutions and taking opportunities when they arise

Our decision to purchase the cement operations of Anglo American in Zimbabwe through PPC, was a good example of our willingness to make difficult decisions in challenging conditions. The business (Portland Holdings) was only going to come up for sale once and, had it been acquired by another cement player, would have been locked up for the foreseeable future. Our innovation in listing PPC shares on the Zimbabwe stock exchange



was a unique solution to resolve the problem of blocked funds for shareholders of Portland Holdings. It gave us the edge over competing bidders and gave the Porthold shareholders a hard currency (Rand) asset and dividend flow for the future. While the business will not achieve our financial hurdles in the short term, once Zimbabwe returns to a semblance of normality, we are confident Portland Holdings will make a significant contribution to value creation on a sustained basis.

Further expansion of our dealer networks remains a major opportunity

We are a large dealer organisation in the United States, Europe and Africa. As the demand on dealer organisations to provide more sophisticated services to customers increases, the capital requirements and skills needed become more difficult for family-owned businesses to supply. This places us in a good position to take advantage of acquisition opportunities as they arise.

Restructuring to create value

As part of the ongoing restructuring of our businesses, we have found a solution to address the underperformance of our Steel Tube business by exiting the distribution component of its activities. We will now focus on the manufacturing business in which we have already made rapid progress in the last quarter of the 2001 financial year in achieving our financial targets. It is worth reflecting on the fact that the steel tube business has the same productive capacity it had in 1996 but now employs less than half of the four thousand people it did then.

We have also made progress on raising the profitability of our coatings business by embarking on an exit programme from the loss-making inks, protective coating and wood finishes businesses in South Africa.

Looking across our whole organisation, we estimate that the total non-recurring cost of restructuring for the past year at R36 million (2000: R35 million).

Achieving synergies in our alliance with Avis

Our strategic alliance with Avis of Southern Africa is delivering the benefits we had identified when we acquired a 26,3% stake in the company in the 2000 financial year. From a Barloworld perspective, we have seen the impact of volume synergies in our motor operations through pre-delivery services to a large percentage of the new vehicles for the Avis rental fleet and a supply of quality used vehicles from the fleet into our retail vehicle network; the supply of new vehicles from Barloworld Motor into the Avis full maintenance leasing fleet; and the maintenance of that fleet and, an additional source to us of used vehicles at the end of their life as leased units. We have also acquired Avis's panel shops and merged them with our own. We have been able to achieve what we understand to be a world first in placing more than 100 Subaru four-wheel-drive cars into their rental fleet.

Building Barloworld through our people

During the year we have made good progress on building the concept of an integrated Barloworld through extensive internal communication programmes reaching all our 23 233 people.

We have made good progress in aligning reward and incentive systems to value creation. Business unit level initiatives are complemented by a company-wide recognition programme, the CEO's Atlas Award. This award recognises and rewards value creation by individuals throughout the company.

The "Barloworld University" programme of executive education for all our senior managers, which we operate in conjunction with the Gordon Institute of Business Science in Johannesburg, South Africa, is in its second year and working well.

In South Africa, we are on track with the Employment Equity plans required of all business units 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 correct.

Within our risk management programmes, we have recognised HIV/Aids as a significant potential risk to our businesses in southern Africa. Across all our operations in the region we have extensive programmes in place to address the challenge this creates. They range from increased intake of trainees to extensive education programmes and, where appropriate, the administration of retroviral drugs as part of medical benefit programmes.

Market leadership

We have continued our focus on striving to be the market leader in every niche in which we operate. Evidence of our success in this endeavour is found in almost every part of our business. In this context, our processes to create value for customers have always been highly effective. We continue to ensure that we systematically analyse key customer needs and establish objective measures and monitoring systems focused on better service.

Smart Partnerships™

A key component of our success is our ability to create long-term relationships in our businesses. In the context of our customers, this year we have begun to move some of these relationships onto a new level with the implementation of Smart Partnerships™. Examples of this strategy include the Maintenance and Repair Contracts (MARC) with our mining customers in the capital equipment business (see page 18) and the Tri-services contract with the Ministry of Defence in the United Kingdom through our industrial distribution business (see page 21). Smart Partnerships™ will be a growth component of our business activities in the future as they take us well beyond, for example, the "lowest unit price wins" scenario of equipment distribution into an arena where our combination of financial strength, skills, products and services creates a unique value-adding package for our customers which our competitors struggle to match.

Margin enhancement

As mentioned last year, the VBM process has led us to place a greater emphasis on the quality of business we do and, as a result, we have improved our margins in many areas. The roll-out of activity-based costing (ABC) across the business units is assisting in our identification of the true costs associated with each aspect of our business.

E-commerce

E-commerce is now an integral and relatively routine component of every part of our business. Its impacts vary tremendously, but at present it is not high on the agenda as an all-embracing wave which will sweep established businesses such as ours onto the proverbial rocks. We do, however, continue to watch closely for, and rapidly adopt, new developments which can enhance what we do.

The Barloworld Environmental Code

Historically we have managed our approach to environmental issues through business unit specific policies under an umbrella of our commitment through our values to "protect the environment". We have now adopted a more formal Environmental Code which encompasses all our businesses and is set out in summary form on page 6. We look forward to reporting on our progress in its implementation next year.

An exciting future in turbulent times

2002 is our centenary year. Like people, companies that live for a century have something special within them. In our case, it is encapsulated in a single word: durability. We are a company that endures. We do so because we adapt and change as the environment in which we operate changes.

As we face an increasingly turbulent and uncertain world, the people of Barloworld stand ready to meet every challenge that confronts us and make our contribution to shaping a better future.

A J Phillips
Chief Executive Officer

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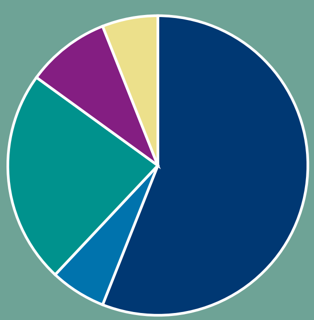
Employees by geography (%)



South Africa	**56%**
Rest of Africa	**6%**
Europe	**23%**
North America	**9%**
Australia and Asia	**6%**

Value based management

What it is, how it works and what we aim to achieve

What is VBM?

Creating value for our shareholders, our customers and our people is our goal. In order to do this we have adopted a process called Value Based Management (VBM). This is an integrated approach that aligns everything we do to ensure that value is continually created and enhanced.

VBM has seen the people of Barloworld passionately seeking new and better ways of doing things and using their talents in their day-to-day activities to create value for all stakeholders. It has also established the basis for human resources management in the company.

How does VBM work from a financial perspective?

Sustainable value creation occurs when the cash generated from investments is greater than the cost of funds invested in a business. We measure the Cash Flow Return On Investment (CFROI) achieved in our various businesses against our worldwide cost of capital hurdle rate, which is inflation adjusted (real terms).

The very least we expect is for each of our businesses to demonstrate that its CFROI will on average exceed our cost of capital hurdle through a business cycle. The CFROI test is not limited to our existing businesses, but is also applied to capital expenditure and to every acquisition.

Why CFROI and not some other financial measure?

We selected the methodology developed by the Holt organisation (which uses CFROI) based on overwhelming evidence of its fundamental link to share price. This approach ensures that our management systems are directly aligned with the interests of our shareholders.

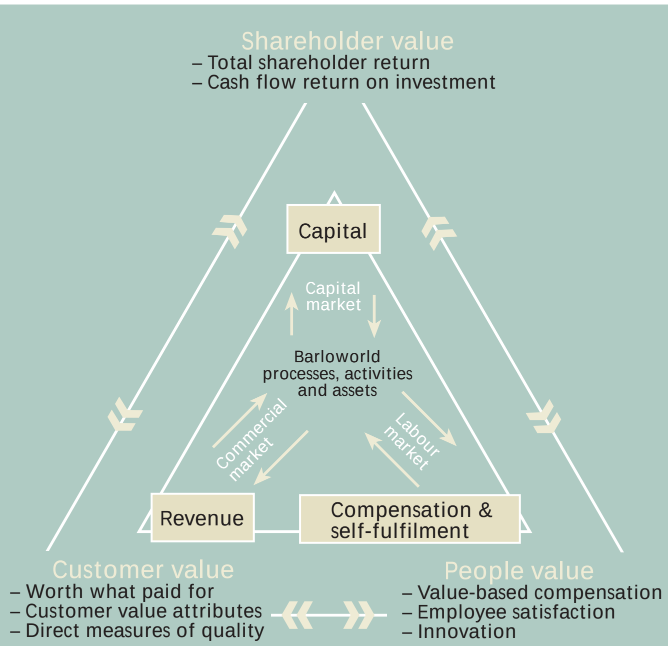
When will VBM finish delivering benefits?

In 1999 we gave ourselves an initial two-year time frame within which to achieve significant progress in implementing VBM across the company. This goal has largely been achieved. However, VBM is not a passing fad for Barloworld. It is an ongoing philosophy and culture that is a never-ending journey. This means that we will continue to reap the benefits of our VBM approach into the future.

What are we doing with VBM?

Through VBM we are ensuring that our energies are focused on creating and sustaining superior value for all stakeholders. Our financial goal is to grow and deliver returns above our cost of capital hurdle. By applying VBM principles to every facet of our business – from strategic decision-making to decisions about how we allocate capital – we are able to create value ‘blueprints’ that tell us which businesses to fix, grow, exit or acquire.

VBM has expanded our vision to one that is working towards achieving customer value, not simply customer service. It is the process by which we are building a dynamic, innovative and forward-looking organisation capable of attracting people of the highest calibre – people, indeed, who will continue on the path towards creating a value enterprise with a global footprint.



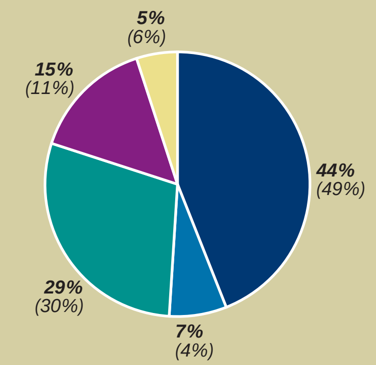
The essence of value based management is not the measurement of value, but aligning the organisation to create value through new ways of thinking and new ways of acting

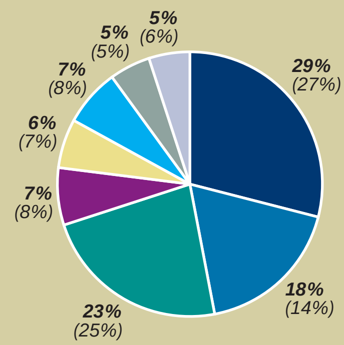
Segmental overview

By geography

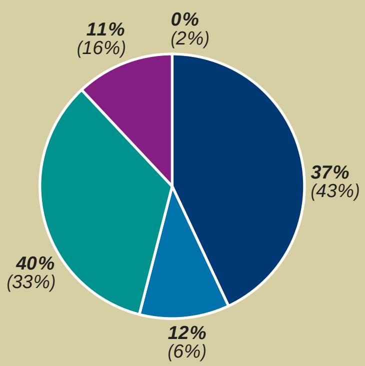
By business segment

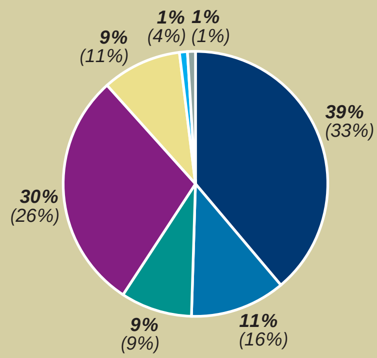
Revenue



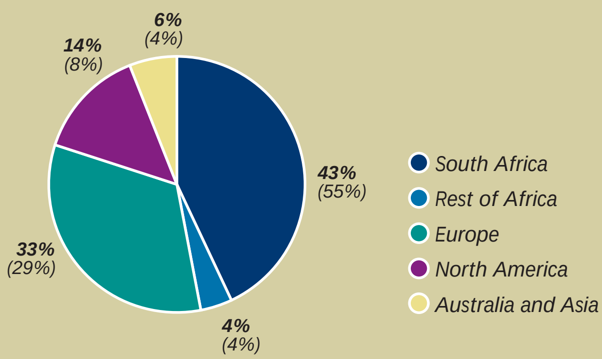


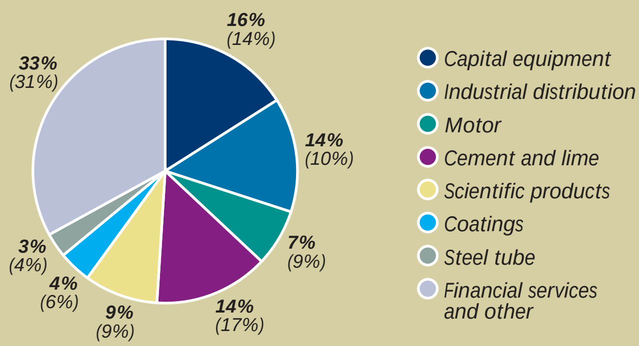
*Operating profit including share of associates**





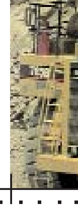
Net assets





Figures in brackets are comparative percentages for the 2000 financial year.

**Geographic analysis of operating profit excludes Australia and Asia. Business segment analysis excludes financial services and other. In both cases they accounted for a loss.*



Capital Equipment

Ramon Fernandez-Urrutia, CEO, Iberia and
Lester Day, CEO, Southern Africa, Siberia and Bulgaria

Geographical analysis (R million)

	Europe	South Africa	Rest of Africa	Total
Revenue				
2001	***4 629***	***2 065***	***1 266***	***7 960***
2000	3 912	1 811	439	6 162
Operating profit				
2001	***418***	***74***	***130***	***622***
2000	317	49	16	382
Net assets				
2001	***1 518***	***749***	***377***	***2 644***
2000	967	626	200	1 793

Continued strong growth in Iberia

The Spanish and Portuguese operations produced another record performance on the back of the continued strength of the Iberian economies. Revenues rose 17% in local currencies and margins improved through a continued focus on cost control.

Despite a progressive slowdown during the year in the rate of economic growth, the key factor for the business remained the public sector infrastructure investment programme. This programme involves substantial investment from the EU and Spanish and Portuguese governments in roads, airports, a high-speed rail network, harbours and telecommunications through to 2005. It generated strong demand for large construction equipment, a sector of the market where the Caterpillar product is especially strong. Major equipment deals were secured with a number of contracting companies. These companies included Victorino Alonso and Epsa in Spain and the Mota Group in Portugal.

In all other market sectors (medium and small machines, engines and lift trucks) demand was either static or declined. Across the entire market, our overall market share rose by 1,4%.

During the year, our success in increased market penetration was recognised by Caterpillar. This included European dealer of the year in both dump trucks and excavators.

Despite the substantial increase in business volumes, employee levels only rose marginally. Wage increases were in line with inflation, averaging approximately 2,3%. In response to new legislation in Spain, the majority of the Spanish pension fund was externalised in December 2000.

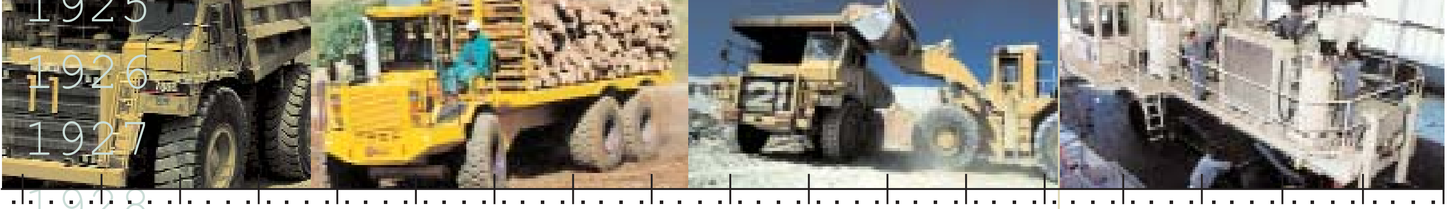
Siberia on track

The Siberian operation made good progress during the year. After only three years as a greenfields start-up, the business continued to show strong revenue growth to US$15 million (2000: US$6 million) and was just below break-even at operating profit level. Our strategy remains to manage risk and ensure adequate margin. As a result, we have forgone significant volume growth opportunities by focusing on high quality customers where hard currency payments are available. In this context it was especially pleasing to achieve our first equipment sales to mining giant, Norilsk Nickel.

Southern Africa – strong mining but little infrastructural demand

In South Africa, profitability improved primarily owing to strong demand in the mining sector. The continued growth in long-term Maintenance and Repair Contracts (MARC) through which we provide an outsourced total service to mining customers is a

Smart Partnerships™ – delivering customer value



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growing competitive advantage. By the end of the year, the total value of equipment under management in the MARC programmes had risen to some R1,4 billion (2000: R0,9 billion). Many of the initial contracts are developing into *Smart Partnerships*™ where additional opportunities have been identified to leverage additional value for both our customers and ourselves.

Mining demand has been especially strong in the diamond and platinum sectors. The coal sector has enjoyed a significant upturn in activity as a result of improved demand and stronger prices during the past year.

During 2000, we were appointed as the southern African dealer for Ingersoll Rand rotary blast-hole mining drills. The first full year of operation has seen growing customer acceptance and demand.

General construction demand remains weak across sectors associated with infrastructural development and other non-mining activity. This continues to impact demand for small and medium-sized equipment, diesel engines and lift trucks. Given the strength of the US dollar and the UK pound, price-competitiveness has been a key challenge. With support from our principals we have been able to reverse a decline in market share. Simultaneously insolvencies amongst construction contractors were at their highest ever levels, resulting in extensive focus on managing bad debts.

The operations outside South Africa (primarily Namibia, Botswana, Zambia, Angola, Mozambique and Malawi) saw an excellent turnaround in 2001, making a significant contribution to operating profit.

Several new products and business initiatives have been introduced during the year. These include the successful introduction of the Bitelli range of paving products to the market, the intensive development of the franchise to distribute the locally-made Dezzi brand of articulated dump trucks and tow-tractors, the acquisition of the Flemingo compressed air equipment rental business and the franchise to distribute Claas combine harvesters and Massey Ferguson agricultural machinery in South Africa.

Our materials handling business in southern Africa, which is the dealer for Hyster forklift trucks, has grown market share in a declining market. The lift truck rental fleet grew by 7% to 2 267 units.

The energy business, which includes the dealership for Caterpillar and Perkins diesel engines in southern Africa remained relatively small. Our 50% share in Circon (which was increased to 100% in October 2001), who are specialists in the design, manufacture and installation of power generation business, helped grow market share. Sales of Caterpillar engines fitted to North American on-highway trucks gained momentum.

Development work on implementing an SAP information technology platform is under way. Its phased introduction will commence during 2002 and will facilitate significant business benefits in future years.

Internal drive for profits in 2002

Demand in Iberia has been at unprecedented levels for the past two years. In the medium term, the continuing public sector infrastructure investment programme, is expected to provide a significant cushion against the effects of an economic downturn.

In South Africa little expansion is expected in the mining business in 2002. By contrast, building and construction contracting demand should improve.

Stable business volumes are anticipated in the region outside South Africa.

Continuing extension of the range of products and services offered will also create new profit streams in 2002. These include the development of rental outlets and MaK engines (a Caterpillar-owned brand) in Spain and the new businesses in southern Africa identified above.

Ken Brown, CEO, Industrial Distribution

Operations review:

Industrial Distribution

Geographical analysis (R million)

	North America	Europe	Total
Revenue			
2001	***3 367***	***1 684***	***5 051***
2000	1 897	1 167	3 064
Operating profit			
2001	***109***	***75***	***184***
2000	139	48	187
Net assets			
2001	***1 527***	***728***	***2 255***
2000	703	582	1 285

US materials handling: a market in recession

The lift truck market in the United States fell by over 30% in 2001. This decline was caused primarily by a manufacturing slowdown as the general slowing of the US economy impacted all sectors of the business. The worst affected area was the short-term rental market where demand and margins came under the most intense pressure. Despite these conditions, our market share, measured in terms of new equipment delivered, rose 1% over prior year.

Market penetration successes included a five-year agreement with a Dow and Fortune 500 company. This agreement provides for maintenance on over 600 pieces of handling equipment ranging from lift trucks and high density wire-guided trucks, to aerial work platforms, personnel carriers, dock levellers and attachments. Technicians provide coverage on site at Philip Morris, 24 hours a day, seven days a week. In addition to maintenance support, we provide a range of value-added services which assist the customer in managing and reducing fleet costs as part of a quality partnership.

Numerous actions were taken to further rationalise the business and these included closing two branches, scaling back five others and consolidating back-office functions. The management structure was reorganised and the total number of employees reduced.

Steps were taken to reduce parts inventories through the establishment of a centralised Logistics Support Centre in Atlanta, Georgia. This project will also bring the benefits of economies of scale through centralised procurement.

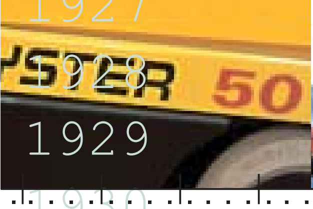
To support the US materials handling business, Barloworld Fleet Leasing was launched during the year. It allows us to provide customers with a one stop finance and service lease contract under the Barloworld brand name and is a base from which to grow the service contract business.

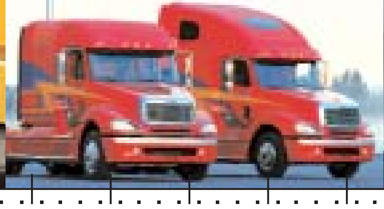
Freightliner: a baptism of fire

Our Memphis-based Freightliner truck dealership, Barloworld Freightliner was acquired in October 2000. During the year under review, the US truck market declined to less than half of that in 1999.

Once the worst of the slowdown in underlying demand had passed during the first calendar quarter of 2001, market conditions remained depressed by restrictions on finance availability as lending institutions became more risk averse. Market prices were also depressed by industry-wide inventory surpluses in both new and used equipment and excess capacity amongst manufacturers.

Facing difficult conditions – and winning





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Despite these challenges, we achieved inventory reductions of US$25 million and finished the year with an operating profit. The inventory reduction placed us in a strong position to move forward by year-end.

The parts and service business performed well.

To reduce costs, the West Memphis sales outlet was closed during the year reducing the number of locations from 13 to 12.

An important development was the introduction by DaimlerChrysler of the Mercedes Sprinter van to the United States under the Freightliner badge. Initial trials with Federal Express were a success and the company has subsequently placed an order for some 6 000 units over three years. DaimlerChrysler is expanding Sprinter production for the US market and establishing a US dealer network, adding a major new product line to our Freightliner dealership.

Ditch Witch of Georgia

The slowdown in the telecommunications industry resulted in a significant downturn in demand for Ditch Witch trenching products, however, our market share was maintained. Cost reductions were implemented and the business remained profitable.

UK and Belgian materials handling: customer focus in tough conditions pays off

The strength of sterling relative to the Euro remained a key factor in the UK lift truck operations and we did well to maintain our market share in an aggressive market-place where capacity issues continue to drive consolidation amongst manufacturing customers as they seek economies of scale.

The improved financial performance was due to a focus on value improvement through best practice benchmarking, better customer knowledge through effective use of information technology and a full year of restructure.

Following two years of implementing an information technology platform which required extensive management time on internal issues, 2001 was characterised by an intense external focus on customers and in particular, the after-market (parts and service) business. The launch of the 2001 materials handling catalogue (a comprehensive source book for materials handling equipment) was accompanied by an on-line e-business web-based version. A number of new products were introduced including a new range of 8 – 16 ton capacity Hyster lift trucks.

Our continuing programme to upgrade and rationalise facilities resulted in the opening of two new purpose-built facilities in Warrington and West Thurrock. These replaced a total of five separate sites in the northwest and southeast of England respectively. One further benefit of the technology platform in the business is that we have been able to reduce the number of full parts stocking points from 30 to 5 during the year.

The ten-year Tri-service contract with the UK Ministry of Defence commenced successfully in January 2001. This contract involves the service, maintenance and replacement of some 2 600 lift trucks at over 500 British military establishments worldwide.

The UK-based Lamson vacuum conveyance business performed satisfactorily despite a depressed manufacturing customer base.

Our business in Belgium continued to make progress in a business environment which slowed down significantly during the year compared with the previous year.

2002: profitability levels improve

In the lift truck business in both the United States and the United Kingdom and Belgium, further internal rationalisation and market focused programmes will be implemented during 2002 to improve the underlying profitability of the business, irrespective of market conditions. As our expertise grows in managing large public sector contracts, we anticipate further growth in this area.

In the Freightliner dealership in the US, a continued profit recovery is anticipated as well as the prospect of growth through the acquisition of additional dealerships. An improved outlook for Ditch Witch remains linked to an upturn in the telecommunication industry in the United States.

Brandon Diamond, CEO, Motor

Operations review:

Motor

Geographical analysis (R million)

	South Africa	Rest of Africa	Australia	Total
Revenue				
2001	***5 805***	***281***	***460***	***6 546***
2000	5 008	248	367	5 623
Operating profit				
2001	***99***	***7***	***8***	***114***
2000	72	9	13	94
Net assets				
2001	***735***	***30***	***414***	***1 179***
2000	990	19	81	1 090

South Africa: distribution channels evolve in uncertain markets

At the end of 2000, the outlook for 2001 in the South African motor dealership business was for a year of strong growth based on general economic recovery as interest rates declined. This did not happen and in the second half of the year especially, there was a marked slowdown in dealer sales. Industry volumes of new unit sales for the first nine months of calendar 2001 were 273 345 units, a growth of 7,3% over the previous year. Overall, the market is anticipated to grow 5,4% to 359 000 units for the full year. Of this, direct sales by manufacturers (primarily to government and rental companies) are estimated at 20% (2000: 18,3%). This leaves dealer sales only 3,2% above the previous year at 287 200 units.

Against this background, our market share of the dealer sales remained constant at 8,3% for the financial year. Improving margins saw operating profits increase 37,5% while revenues only rose 16%. The margin rise was due to a combination of factors, which included the success of our large flagship dealer to outlets and the balance of our brand exposure.

The South African dealer landscape is undergoing great change. The acquisition by DaimlerChrysler SA of Sandown Motors Group follows the trend we highlighted last year of greater manufacturer involvement in the retail dealer network.

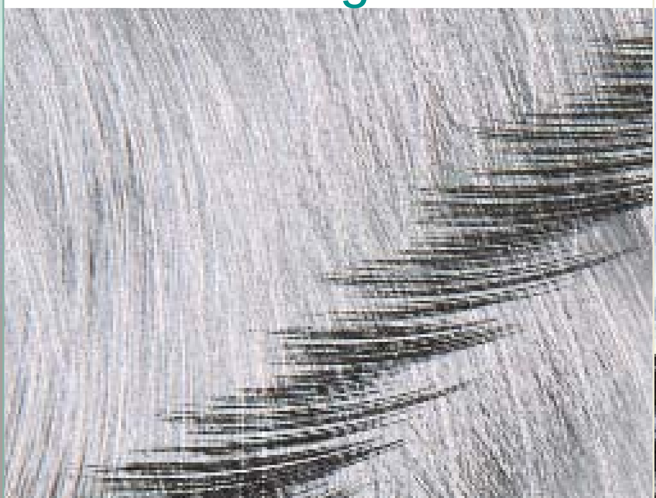
Within the market, customers are showing an increasing willingness to experiment with new brands and as a consequence, there is an increasing trend towards the purchase of fully imported, non-South African manufactured product.

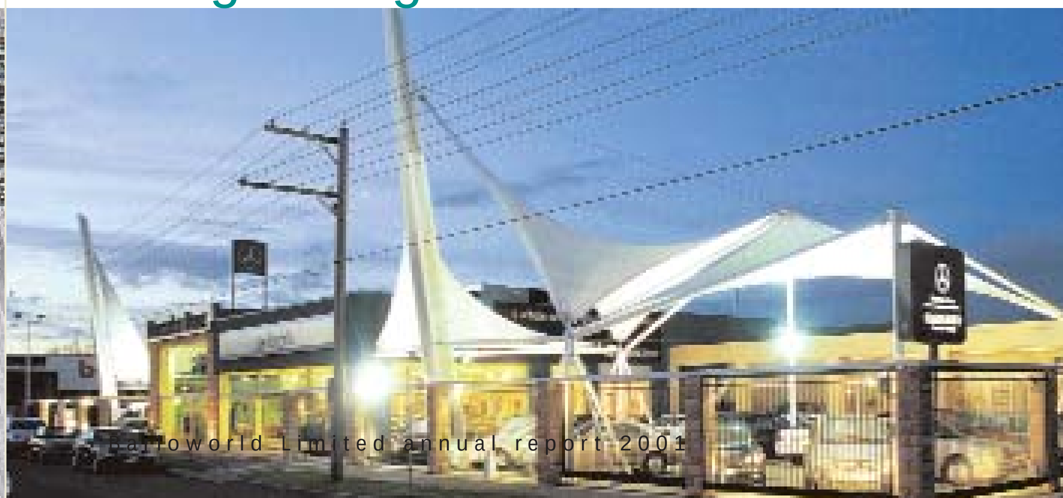
Within this landscape we have maintained sound relationships with all manufacturers while managing the balance of our brand exposure.

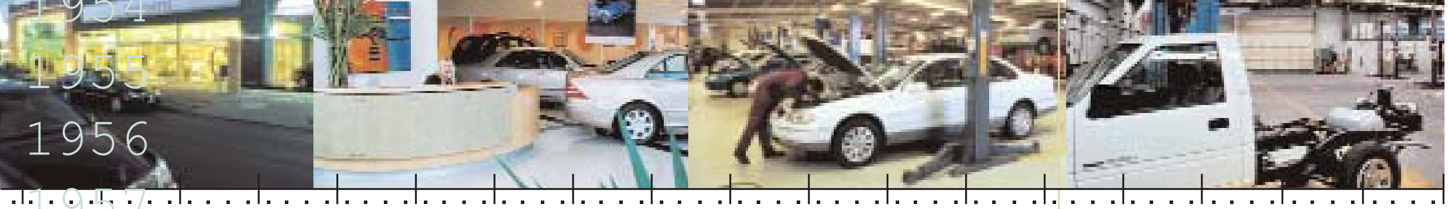
As a consequence of the international sale by BMW of the Landrover brand to Ford, joint BMW/Landrover dealership arrangements are being separated throughout the country. This was a key factor underlying a number of disposals and acquisitions during the year.

Acquisitions included Delta Pretoria North and Delta Connection (Johannesburg) consolidating our position in Pretoria and the central Johannesburg/Bruma area respectively, Auto Mall (Ford) in Umhlanga which rationalised the Durban Central/Durban North operating territories and Land Rover in Pinetown (KwaZulu-Natal).

Consolidating in South Africa – growing in Australia







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The Land Rover and Volvo dealerships in East London were sold to Eastern Cape Motors, Uncle Charlie's Toyota (Johannesburg) was closed as part of Toyota SA's reorganisation of territories and the closure of the Toyota heavy commercials outlet at Linbro Park, Johannesburg was completed.

The strategic alliance with Avis Southern Africa started to deliver the desired results during the year (see page 14 for details).

Following the buy-out of the remaining 50% of the Subaru distributorship for southern Africa, an expanded market development programme is now being pursued. A notable success was the sale of a fleet of Subarus to Avis's rental operations – a world first.

The rollout of the Barloworld name has commenced and will continue until September 2002 though there remain constraints with some manufacturers over the use of the name at dealership level.

Stock levels showed major fluctuations during the year. At the start, local manufacturers had forecast a stronger year and produced accordingly with a resultant increase in new vehicle stock. Used vehicle stocks also increased as demand slowed, however strike action against manufacturers in August brought about a significant reduction in stocks at both retail and wholesale levels.

People retention remains a key issue in an industry where employee turnover is high. Wage negotiations at the retail level in the motor industry were smooth despite the disruption of the strike in the manufacturing sector.

Rest of Africa: satisfactory result

Trading conditions in Namibia remained strong while there was a market slowdown in Botswana compared with the previous year. In Botswana a Volvo franchise has been added to the market offering and in Namibia, the Landrover dealership has been relinquished as part of the Ford/Landrover realignment.

Australia: doubling our footprint

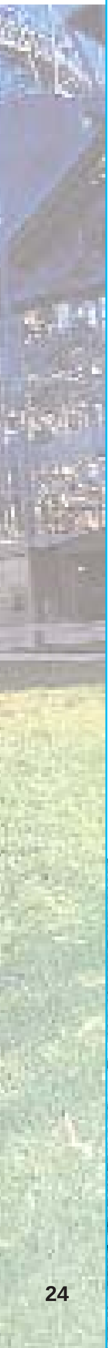
The existing Australian motor dealerships experienced a post-Olympic and introduction of GST downturn. Notwithstanding the environment, Australia remains an attractive territory to expand our motor interests, with dealerships capable of comfortably exceeding our cost of capital hurdle rate. In this context, in the last quarter of the year, we more than doubled our existing dealer presence in the Melbourne area through three acquisitions, Kew Mitsubishi, Fern Tree Gully (Holden) and Geoff Brady (Holden, Volkswagen, Mitsubishi and Kia). These acquisitions give us the critical mass to become a significant player in the Australian market and mark our entry into the volume brand market, as Holden (a General Motors brand) is the market leader in Australia.

2002: reaping the rewards of expansion

In southern Africa (South Africa, Namibia and Botswana), the potential for further profit growth is dependant on interest rate cuts and a boost to consumer confidence driving demand. The doubling of the motor business in Australia will provide a platform for revenue and profit growth in 2002.

John Gomersall, CEO, Cement and Lime

Cement and Lime



Geographical analysis (R million)

	South Africa	Rest of Africa	Total
Revenue			
2001	***1 771***	***199***	***1 970***
2000	1 537	150	1 687
Operating profit			
2001	***406***	***39***	***445***
2000	271	27	298
Net assets			
2001	***2 106***	***117***	***2 223***
2000	2 016	87	2 103

A strong performance in PPC Cement

2001 saw another impressive performance in our cement business with strong revenue growth and even stronger margin improvements.

National cement demand in South Africa grew by only 2,3 % in the year under review. Our sales volumes grew by 0,7% as modest growth in several provinces was largely negated by reduced demand in the Western Cape owing to the excessive rains in the last quarter.

Margins improved as a result of our focus on improving the quality of our customer base, the continued strategy to exit high cost-to-serve markets and products, the acquisition of the Mooiplaas quarry and an improvement in aggregate and ready-mix operations performance.

Suremix, a dry mortar mix product, was launched in September 2001 and is a first in South Africa. Suremix is essentially the combination of dried sand, cement and special chemicals supplied into the high-end construction market. Customer acceptance was high and the market for this product is set for promising growth.

Significant cost reductions in excess of our expectations have once again been achieved throughout the business. The Kambuku process has fostered a culture of continuous improvement and resulted in numerous innovative cost-reduction projects and improved service levels to customers.

The new Grassridge quarry at Port Elizabeth is now fully operational and the rehabilitation of the Pienaars River quarry north of Pretoria is almost complete making it ready for closure.

PPC Lime also made good progress

South African lime demand held up well and our volumes and market share grew slightly through increased sales of burnt dolomite to the steel industry and improved demand from Saldanha Steel. The bulk of our business continues to be conducted under long-term supply agreements and a number of these agreements were renegotiated at increased prices during the year.

Operational highlights included a further reduction in coal energy costs, higher mining equipment utilisation and improved productivity with reduced manning levels.

Footprint expanding – profits growing strongly

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PPC Saldanha is starting to generate the returns anticipated in the project plan.

Packaging boosts profits

The benefit of prior year restructuring, increased sales of self-opening bags and improvements in productivity, quality and working capital management resulted in a significantly improved performance.

Acquisition of Porthold

The acquisition of 100% of Zimbabwe cement producer Portland Holdings in October 2001 represents a significant expansion in the geographic footprint of our cement business. The company is the market leader in Zimbabwe with clinker capacity of some 0,9 million tons and milling capacity of 1,2 million tons. The plant and equipment are modern and limestone reserves extensive. In addition to serving the Zimbabwe market, there are opportunities to expand exports into neighbouring countries. While the short-term outlook in Zimbabwe remains challenging, the longer-term prospects for the business are promising.

Internally driven improvements to continue in 2002

Residential building demand for cement should continue to grow, however demand from the non-residential building sector is expected to remain muted due to the surplus capacity that already exists in office space and industrial manufacturing capacity. The civil engineering sector remains weak in the face of low levels of public sector-led infrastructure investment. While we therefore expect little to no cement demand growth in 2002, further operating margin improvements should lead to growth in operating profit.

The lime business should also show progress on higher revenues and improved margins.

Peter Maybury, CEO, Scientific

Operations review:

Scientific

Geographical analysis (R million)

	North America	Europe	Asia and other	Total
Revenue				
2001	***724***	***903***	***178***	***1 805***
2000	547	746	179	1 472
Operating profit				
2001	***62***	***80***	***8***	***150***
2000	55	52	17	124
Net assets				
2001	***450***	***819***	***127***	***1 396***
2000	315	620	120	1 055

Barloworld's scientific business showed good revenue and profit growth in both Melles Griot (lasers and optics) and laboratory equipment, in spite of a slowdown in volumes during the second half, as the dramatic fall in demand from technology impacted the business.

Melles Griot: a record year

Notwithstanding a weaker second half than the first, our predominantly United States-based Melles Griot laser and photonics business established a new performance record for the year, as we made continued progress in growing the Melles Griot brand in a number of niche global technology markets.

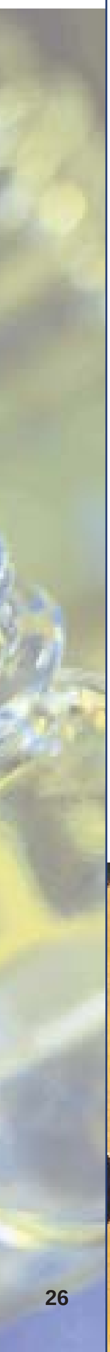
A restructuring programme, which has progressively been implemented over the last two years, and in May 2001 a single chief executive was appointed to manage both the Laser and Photonics divisions. This has enabled us to reduce management levels and streamline our operations. In future years it will facilitate an optimum service level to key users and original equipment manufacturers worldwide and enable us to fully leverage the breadth of our extensive product range, whilst also providing opportunities for further internal operational efficiencies.

Revenue growth was again driven by specialised products for the telecommunications, semiconductor and biotech markets, and record sales were achieved in these sectors in the first half of the year. The development of an advanced range of nano-positioning products at the Ely facility in the United Kingdom was recognised by the prestigious Queen's Award for Technological Innovation. Substantial sales of these automated fibre alignment systems were made in North America and Europe. Sales of diode pump solid state (DPSS) lasers showed significant growth as we continued leveraging our established presence in gas laser markets, where we are a global leader with a market share in excess of 30% in both the Helium Cadmium and Helium Neon sectors.

Market conditions in the worldwide telecommunications and semiconductor sectors deteriorated sharply through the second half owing to adverse economic trends in both the USA and Japan. These trends were already having a major impact prior to the 11 September attacks which have negatively impacted customer confidence levels in all markets, particularly North America, which accounts for 60% of our Melles Griot sales.

The Melles Griot e-commerce site continued to attract a steadily increasing number of visits. The product offering was extended to include laser products and in addition to offering the facility for

Doing things differently – leveraging our diversity



order placement, the site has become an important source of technical information to customers.

Short-term cost cutting measures included a 10% reduction in employee numbers in July 2001 and a further 10% reduction in October 2001. We have also reduced discretionary spend to minimum levels and focused on maximising cash generation.

Laboratory operations also performed well

The Laboratory business which is primarily based in the United Kingdom contributed an improved performance, reflecting sales growth and better margins, resulting from improved operational efficiencies. In all product sectors (laboratory glassware, disposable plastics and in science equipment) we grew our leading market positions in the UK and expanded a high market share in Europe and made progress in developing our business elsewhere, especially in the United States.

Markets remained firm throughout the year and good levels of activity were seen in the UK and the other major European markets, which constitute the core of the Laboratory business – Spain, France, Italy and Germany all showed progress as the trading relationships with our major distributor partners were expanded. Further afield, Asian and Middle East markets showed continuing growth, reflecting increased distributor business and success in a number of educational tenders. Sales in the USA were slightly lower due to distributor destocking in the face of a weaker economy.

Following the relocation of the manufacture of Stuart equipment to a purpose-built facility in the manufacturing plant at Stone, Staffordshire, record sales were achieved of an expanded product range. The resulting operational efficiency improvements contributed to enhanced margins.

Gains in productivity were also achieved in the Aberbargoed plastics operation following the successful commissioning of a £1,2 million (R15,9 million) investment in high output injection moulding equipment. Our already high quality levels have been further enhanced to industry leading standards.

The acquisition in July 2001 of the Protean group of companies was a major strategic development for the laboratory business. The acquired businesses were Jenway (PH and spectrophotometry); Techne (molecular biology); Carbolite (laboratory furnaces and ovens); and LIP (disposable plastics). These businesses bring products with major brand recognition in international markets and enhance our range. The balance of the business has now swung towards a higher proportion of scientific equipment, which has better growth and margin opportunities than some of the mature markets for glass and plastics. Significant leverage opportunities for the broader portfolio exist with our distributor partners who have given a positive endorsement of the acquisition.

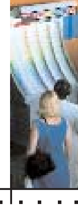
2002: uncertain prospects for Melles Griot but growth in the expanded Laboratory business

The breadth of Melles Griot's product range and its wide geographic spread makes us more resilient in the downturn than most of our competitors who have a greater exposure to the telecom and semiconductor markets. However, market conditions remain weak and uncertain and this will impact results, especially in the first half of the 2002 financial year.

In the Laboratory business, synergies flowing from the Protean acquisition will be pursued. The LIP plastics operation will be moved into the much larger Aberbargoed facility to provide economies of scale and improved operational efficiencies. New computer systems and manufacturing controls in a number of the acquired businesses will enhance productivity. We will also leverage the skilled product development capabilities which we have acquired in the deal.

Overall, the outlook for the Scientific business remains positive as we grow and improve the business notwithstanding the uncertainty surrounding the prospects for the markets in which we operate.

Peter Surgey, CEO, Coatings



Coatings

Geographical analysis (R million)

	South Africa*	Rest of Africa	Europe	Australia and Asia	Total
Revenue					
2001	***911***	***85***	***98***	***796***	***1 890***
2000	873	68	84	863	1 888
Operating profit					
2001	***43***	***8***	***4***	***(43)***	***12***
2000	36	5	8	(11)	38
Net assets					
2001	***395***	***22***	***21***	***293***	***731***
2000	412	14	17	310	753

**Included in the results for South Africa are the inks, protective coatings and wood finishes businesses prior to their disposal/closure. These businesses incurred R6 million (2000: R1 million) trading losses.*

South Africa: demand remains at low levels

Paint demand grew by 1% in the South African market during the year under review while margins were under continued pressure owing to the impact of the weakness of the rand on dollar-denominated raw material prices.

We remained the market leader in decorative coatings with a market share in excess of 30%. Market share was lost in the lower quality ranges but increased in the premium quality area. A number of new products were launched during the year, including Cashmere and Surecoat, as well as the introduction of a seven-year guarantee on flagship products.

Further rationalisation of distribution infrastructure resulted in the number of depots reducing from 12 to 8. This factor, combined with better management of work in progress, resulted in a reduction in working capital.

In automotive coatings we continued to benefit from the strategic alliance with technology partner Dupont and gained further market share to become the market leader.

The 50% joint venture with Akzo Nobel was slimmed down with the absorption of the loss-making protective coatings and furniture coatings sections into our decorative business. The remaining business in marine and powder coatings continued to perform well. The inks business, which was loss making, has been closed.

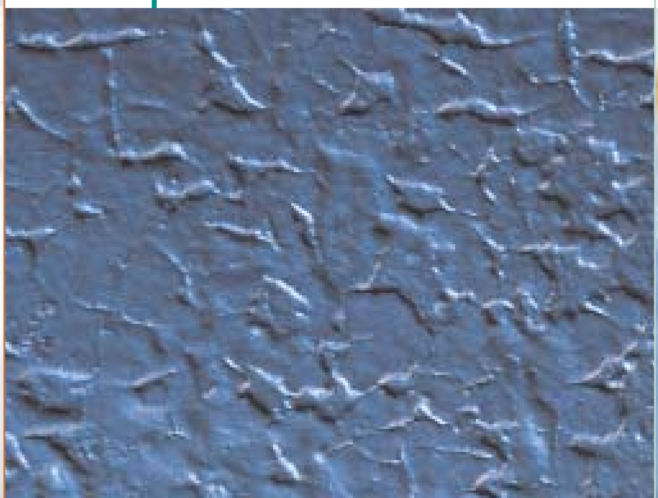
Rest of Africa: business was robust

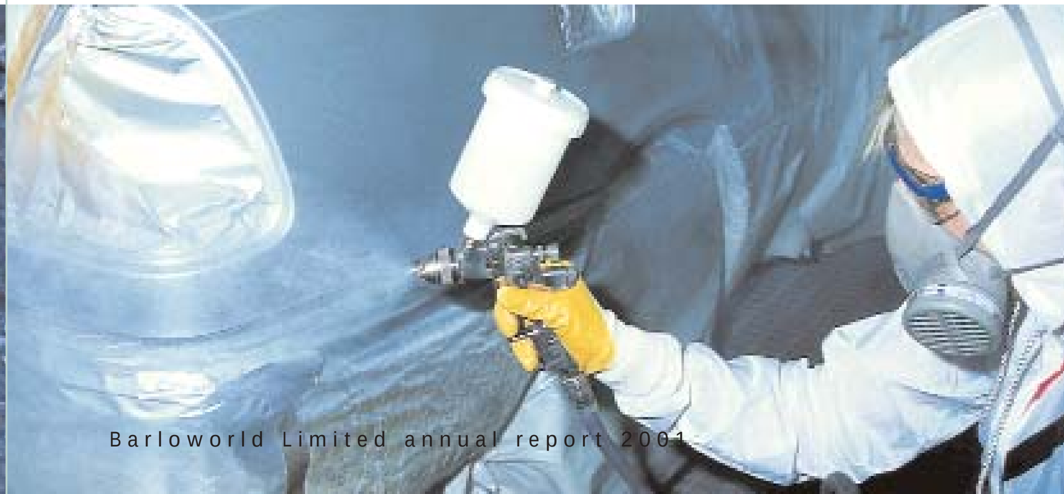
In Namibia, Botswana and Zambia all businesses were well up on last year, with market share gains and improved efficiencies contributing to the good result.

United Kingdom: volume growth augurs well for future profitability

In the UK volume growth was significant, but exceptional rebate pressure reduced operating profit considerably. The business has grown by over 40% in volume terms since our entry into the UK in 1995.

New products – innovative solutions





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Australia: post-Olympic downturn

The Australian business posted a disappointing loss. The economy declined rapidly after the September 2000 Sydney Olympic games and the following introduction of a general sales tax in July 2000, new housing construction dropped in excess of 40%. Our revenues were 13,5% down on the prior year despite a slight market share gain of 1% to 25%. A notable achievement was that of being granted major supplier status at the two largest Australian retail chains, Bunnings and Mitre 10. In addition to the sharp fall in volumes, margins came under extreme pressure. This was exacerbated by the weakness of the Australian dollar which affected raw material prices, which could not be passed on to the consumer. In addition, a two-month strike at our Sydney factory during August and September 2001 significantly impacted our results.

Export sales to China increased following the opening of an additional four franchise stores, bringing the total to 15 stores at the end of the year.

An improved outlook for 2002

Higher volumes in South Africa are dependent on an upturn in the economy. In the UK, growth prospects are positive and we have become preferred suppliers to key customers, which augurs well for the year ahead. In Australia, a stronger economic environment combined with further cost reductions should lead to an improved performance.

Mike Coward, CEO, Steel Tube

Operations review:

Steel Tube

Geographical analysis (R million)

	South Africa*	Rest of Africa	Total
Revenue			
2001	***1 343***		***1 343***
2000	1 192	19	1 211
Operating profit			
2001	***9***	***–***	***9***
2000	1	2	3
Net assets			
2001	***419***	***–***	***419***
2000	440	–	440

**The trading loss of R11 million (2000: R16 million) incurred in Robor Stewarts & Lloyds is included in the results.*

In the second half of calendar 2000, the international steel industry slid into the worst recession experienced for many years, with prices and volumes reducing to very low levels.

This exacerbated the difficulties facing the South African steel tube industry, which has been in recession since 1998, with declining volumes as infrastructure-led demand remained at extremely low levels.

Our leading market shares have been retained and improved market segmentation management has resulted in a stronger focus on more profitable product lines.

Despite the adverse trading conditions, further productivity improvements combined with stable steel prices in the second half of the year contributed to increased operating profits in the year under review.

The steel pipe manufacturing and value added divisions performed well

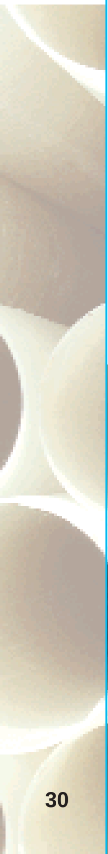
The pipe systems business thrived by offering a complete service with fittings, coated product and linings. Demand for high density polyurethane-lined polypipe continued to grow and confidence in the product increased in the mining and processing industries. The new coupling manufacturing business acquired early in the year proved a success.

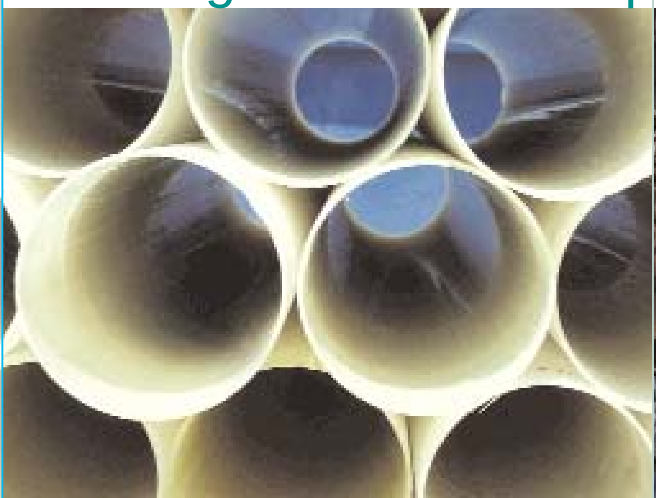
The stainless steel tube and pipe operations continued to prosper. Benefits flowed from a widening geographic base of export customers following sales successes in Europe and the East. The business continues to operate at full capacity in contrast to the carbon steel market where considerable surplus capacity remains.

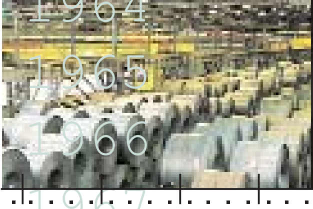
Restructuring for value creation: Sale of RSL

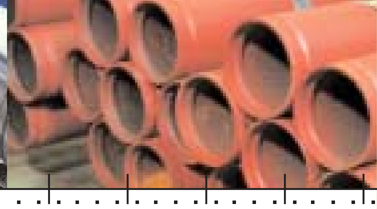
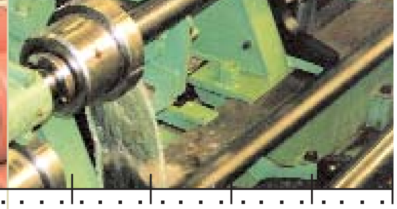
The loss making distribution business, Robor Stewarts & Lloyds (RSL) is being sold and the future focus will be on manufacturing only. The 17 RSL branches are being sold to independent stockists.

Focusing on value – disposing of non-performers







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They will remain customers of the tube mills and volumes will therefore be retained.

Rationalisation continues

The workforce in the carbon steel manufacturing facilities was restructured during the year into a leaner, more flexible and highly trained team. The benefits accrued in the second half of the year and were a key contributor to the improved profitability. Total employee numbers reduced to 1 932 at year-end (2000: 2 165) and productivity has risen from under 25 tons per employee per month to nearly 60 tons.

Shared services lower costs

During the year we developed shared services facilities encompassing accounting, human resources and information technology for the component operations of the business. This process is already yielding productivity improvements.

2002: further progress on a solid base

Rationalisation is an ongoing process throughout the South African steel industry. It is occurring at every point in the value chain, starting at the steel mills and including the tube makers, processors and stockists. Once complete, the prospects are for a more profitable and stable industry when prices and volumes recover.

Whilst international steel prices are not expected to improve in the short term it is unlikely that they will drop much further. In addition the recently weakened rand is already providing a boost to exports. Stable steel prices, the benefits of cost reduction programmes already implemented and the sale of Robor Stewarts & Lloyds should result in increased profitability in 2002.

Des Arnold, Director, Finance and Administration

Operations review:

Financial Services and Other

Segmental analysis (R million)

	Leasing	Other	Total
Revenue			
2001	***629***	***751***	***1 380***
2000	591	759	1 350
Operating profit			
2001	***(2)***	***(47)***	***(49)***
2000	16	13	29
Net assets			
2001	***3 455***	***2 005***	***5 460***
2000	2 725	1 112	3 837

The operating profit for financial services comprises the leasing operations both in South Africa and offshore, the corporate office, treasury, insurance and miscellaneous other activities not reported elsewhere in the segmental analysis.

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.

Barloworld Finance, the offshore leasing arm, extended its sphere of operations to the USA with financing of customers of materials handling and Freightliner products. Further progress was made in building a leasing and instalment sales book which had an initial capital value of approximately R265 million. US interest rates have declined to a historic low and hopefully will stimulate more leasing activity in due course.

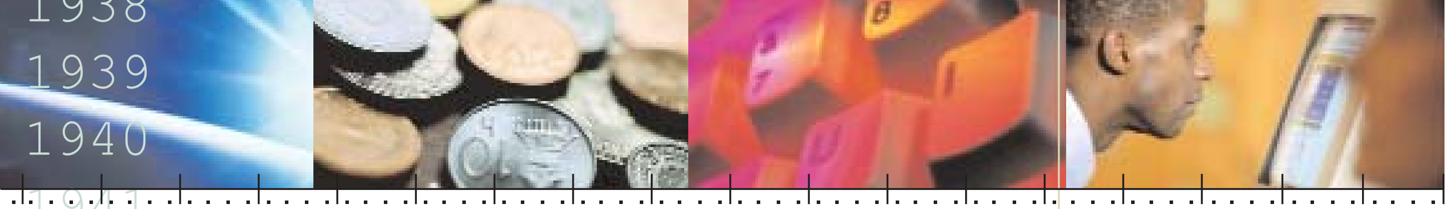
The UK business had a strong performance in traditional operating and finance leases of materials handling equipment. The fleet expanded by R625 million including a major transaction with the UK Ministry of Defence. For the first time, a securitisation arrangement was used to provide funding for this business.

The Barloworld Equipment Finance business in South Africa was plagued by company failures in the construction industry, and the resultant bad debts led to an unsatisfactory loss. Due to this situation and the decline in the industry, total advances declined for the second year.

Barloworld Leasing, which concentrates on servicing the motor vehicle financing needs of corporate customers, operated in an overtraded and competitive market. Nevertheless, a satisfactory result was achieved with advances growing from R806 million to R912 million. Bad debts and overheads were well controlled.

In view of the nature of the leasing business, these operations are highly geared and in this respect are different from the rest of the group. For this reason the group's debt-equity ratio is shown in two ways – including and excluding the leasing borrowings. The income received on the net assets (leasing and rental income) and the interest

Strategy pursued – continued progress – costs driven down



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paid on the borrowings are regarded as operational items and are included in operating profits.

A summary of the group's balance sheet and income statement showing the trading and leasing operations separately is set out on pages 52 and 53.

Treasury operations

The treasury operations are managed on a co-ordinated basis in two centres, namely Johannesburg and London. The South African operation accesses the money market to provide funds to our South African operating companies at, or better than, market rates. Our International operations are financed at keen rates out of a five-year bilateral facility which has a further three years to run. No trading in financial instruments is undertaken but derivative instruments are used to manage the currency and interest rate risk arising from the group's operations.

The launch of Barloworld Logistics in South Africa

Over the past few years, we have been steadily building three logistics operations in Barloworld. Two of these are based in South Africa and the third in Spain. With effect from 1 October 2001 the two South African operations were merged following the purchase of PPC Logistics from listed subsidiary Pretoria Portland Cement. The combined company employs 730 people and has a solid customer base from which to grow into a market that is calculated to be worth in excess of R40 billion annually.

Our technical expertise in logistics is built on the fact that all our operations have significant logistical components and in South Africa alone, we have more than R1 billion of logistics "turnover" inside our operations.

Logistics in Spain

PROESA, our logistics operation in Spain, was established in 1995. Based in Madrid and employing 42 people, its main business has been a contract to distribute packaged oil throughout Iberia on behalf of BP. Following the acquisition of Miguel Saenz Distribuciones, another small logistics company during the year, the business has been placed on an expansion path and has already succeeded in winning the contract to distribute all DaimlerChrysler passenger and truck parts in Spain and Portugal.

Good prospects for organic growth in logistics in 2002

The logistics businesses in both Spain and South Africa have been structured with management capacity to handle significant growth. Having made a small combined profit in 2001, good progress in profitability is anticipated for the year ahead.

Other activities

Other activities contained within this segment include information technology, the UK speciality paper business, properties and corporate office services (legal and tax, company secretarial, economic forecasting, corporate finance, strategic development activities and investor relations, risk and insurance management).

André Lamprecht, Executive Director, Namibia, Botswana, Human Resources, Social Investment and Other

Barloworld in the community

We are a responsible corporate citizen, and an absolute prerequisite is that we behave in a manner consistent with our code of ethics (see page 6).

We are also committed to playing a role in the development of civil society in the less developed parts of the world in which we operate, notably southern Africa. Our funding of social investment programmes in South Africa includes:

- The Business Trust – we are a major contributor to this national business initiative on Job Creation and Human Capital Development.
- The University of South Africa – a computer laboratory and information technology centre project which is located in areas of South Africa accessible to disadvantaged students.
- The Business Development Fund – aimed at assisting the development of entrepreneurs in previously disadvantaged communities.
- Nelson Mandela's Children Fund – which supports a large number of child-related initiatives.
- National Industrial Chamber of Commerce – focused on the development of black entrepreneurs.
- Mandela Modjadjii Agricultural Technical School – a school development project in the Northern Province.
- Stutterheim Development Foundation – a Barloworld initiative in the Eastern Cape that has been recognised throughout the Commonwealth as a reference point for socio-economic development.
- Other programmes to which Barloworld is a significant contributor include:
  - Western Cape Education Trust
  - Business Against Crime
  - The Institute for Race Relations
  - The Joint Education Trust
  - The National Business Initiative

In addition to these projects in South Africa, we make charitable donations to numerous organisations internationally.

Barloworld people commit many hours of personal and corporate time to playing a role in shaping the societies of which we are part.

We build long-term relationships with the communities in which we operate

Corporate governance

Embracing conformance and performance in all our business activities is viewed as sound corporate governance in Barloworld

With operations mainly in Europe (including the United Kingdom), the United States and southern Africa, and 31 countries worldwide, Barloworld Limited is a multinational company. Its primary listing is on the JSE Securities Exchange. Compliance is regulated by the Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance issued in 1994.

The company has a secondary listing on the London Stock Exchange which, in 1998, adopted the Combined Code – Principles of Good Governance and Code of Best Practice. This blended the guidelines and codes shaped by the Cadbury, Greenbury and Hempel committees and was recently augmented by the recommendations of the Turnbull Report on Internal Control. The company is also aware of the provisions of the Blue Ribbon Report in the United States.

Since 1995, the King Committee has been working, in conjunction with the Commonwealth Association of Corporate Governance and other international bodies, to formulate recommendations for the maintenance and improvement of the standards of corporate governance in South African companies and their associates in accordance with international best practice. The second King Report was issued in July 2001 for public comment. Although the recommendations contained in this report are not expected to affect the company until 2003, action has already been taken to align its practices with these recommendations, where appropriate.

The company is substantially compliant with the relevant requirements of all of the countries in which it operates. A philosophy of balancing disclosures to achieve the most meaningful overall understanding of the company's corporate governance structures and best practices has been adopted. Where there are issues of special importance in certain countries, such as South Africa, these are discussed in the relevant context.

The board of directors

The Barloworld board of directors maintains full and effective control over the affairs of the company. In addition to those powers conferred on it by the articles of association, the board has reserved to itself the following matters:

- strategic objectives of the group;
- identification of key risks and performance areas;
- appointment of the chief executive officer and a succession plan;
- determination of levels of materiality;
- balancing performance against governance constraints; and
- monitoring the implementation by management of board plans and strategies.

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. Accordingly the roles of chairman and chief executive officer are separated.

The board has delegated to the chief executive officer and other executive directors authority to run the day-to-day affairs of the company.

The board of Barloworld Limited has a clear understanding of the key aspects: 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.

Eight executive and nine non-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 current and future requirements of the company.

Six meetings of the board of directors and 11 meetings of the executive directors and senior executives are scheduled for the forthcoming calendar year. These meetings will be held in Johannesburg and internationally. Where directors or executives are based in another country other than the one in which a meeting is scheduled and are not able to attend personally, videoconference facilities will be 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 a non-executive director takes reasonable action 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 normally retire from the board at 63 years of age or earlier whilst non-executive directors retire at the next annual general meeting following 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

On 31 January 2001, Mr R M Mansell-Jones retired. Having reached retirement age, Mr P T W Curtis and Sir Andrew Hugh Smith retire at the next annual general meeting and are not eligible for re-election.

Mr S B Pfeiffer was appointed a non-executive director with effect from 27 August 2001 and subsequent to the year-end, Messrs B P Diamond, P J Maybury and R F Urrutia have been appointed as executive directors and Messrs G Ross-Russell and R C Tomkinson as non-executive directors. All retire at the forthcoming annual general meeting. In addition, Messrs D C Arnold, W A M Clewlow, J E Gomersall and E P Theron retire by rotation in terms of the company's articles of association. Being eligible, all have offered themselves for re-election.

An induction programme for newly appointed directors is arranged by the secretary including visits to the divisions and discussions with management to facilitate their understanding of the group.

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 achieving the highest level of financial management, accounting and reporting to shareholders. The board is committed to leadership in accounting compliance in South Africa. Successful harmonisation with

The quality of our corporate governance has been recognised through awards presented by various business and professional organisations over many years

International Accounting Standards has been achieved, whilst maintaining full compliance with South African Generally Accepted Accounting Practice.

Board committees

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

Audit committee

R K J Chambers (Chairman)	W A M Clewlow
P T W Curtis	M J Levett
Sir Andrew Hugh Smith	E P Theron

Following the resignation from the audit committee of A J Phillips and D C Arnold during the year under review, it comprises only 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 to significant risks.

It meets three times 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 interim results, the audited preliminary profit statement and the annual financial statements. The audit committee has written terms of reference approved by the board.

General purposes committee

W A M Clewlow (Chairman)	R K J Chambers
A J Phillips	M J Levett
Sir Andrew Hugh Smith	E P Theron

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

Remuneration committee

W A M Clewlow (Chairman)	R K J Chambers
A J Phillips	M J Levett
Sir Andrew Hugh Smith	E P Theron

Composed of a majority of non-executive directors this committee meets twice 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 that 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.

The group internal auditor co-ordinates the internal audit function throughout Barloworld. His duties include, inter alia, liaison with the relevant businesses and their internal auditors in order to monitor the performance and recommend improvements in the internal audit process. 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 are drawn up from time to time to take account of changing business needs. Follow-up audits are planned 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. 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 ensures compliance with the rules of the JSE Securities Exchange South Africa in this regard. The secretary administers the statutory requirements of the company's subsidiaries in South Africa. All directors have direct access to the secretary at all times.

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 of the company may trade in Barloworld shares during the embargo period determined by the board. A list of persons regarded as officers for this purpose has been approved by the board and is revised from time to time. Periods of embargo are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods. A register of Directors and Officers of Barloworld is available for inspection at the company's registered office in Sandton, South Africa.

Employee participation is important

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. All business units in South Africa 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 Employment Equity Plans comply with the objectives and requirements of the new acts.

Good progress has been made with the "Building Barloworld" programme introduced in the previous financial year. Under the supervision of senior managers, a process of improved communication throughout the group has increased employee awareness of worldwide business activities and their counterparts at various operations. Employees in the programme have generated a wide range of searching questions and concerns and executive directors have addressed these issues timeously where appropriate.

Employee participation is in the interest of our 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.

Effective communication with all stakeholders is essential

The company subscribes to the principle of timeous, balanced, relevant and understandable communication, focused on substance not form and communicates regularly and systematically with all relevant parties.

Dematerialisation of shares

In October 2001, Barloworld commenced non-certificated dealings under the STRATE programme on the JSE Securities Exchange South

Africa. All shareholders were assisted with the implementation processes of the new system. In line with our vision to constantly improve our service to all our stakeholders, Barloworld would introduce, subject to shareholder approval, on-line receipt of electronic shareholder communication for the first time in 2002.

Risk management

The ongoing systematic, multi-tiered and enterprise-wide risk assessment process is the foundation of the group's risk management philosophy. The process continues to ensure that risks and opportunities are not only being adequately identified, evaluated and managed at the appropriate level in the organisation, but that their individual and joint impact on the group as a whole is also considered.

Risk management remains a viable tool as the group expands into new markets and is faced with increasingly complex and changing environments. The risk management process optimises the risk-return trade-off by focusing on threats to the group and enhancing competitive advantage, growth and the employment of capital.

The risk management strategy committee, on which all core divisions are represented, reviews the effectiveness of the risk management process each year. All divisional boards and senior managers have carried out an annual self-assessment of risk. This has identified the risks most important to the group (business, operational, financial and compliance), considered the financial implications and assessed the adequacy and effectiveness of their control. The audit committee has reviewed the process and the audit committee and the board have reviewed the top 20 risks of the group.

An additional audit committee meeting was constituted during the current financial year. The main purpose was to address issues relating to risk management. Matters considered by the meeting included:

- crisis management plan;
- the draft report of the King Committee on Corporate Governance;
- the Turnbull Report;
- identification of and strategy towards major risks;
- risk based internal audit;
- disaster recovery/business continuity plans.

The Barloworld Environmental Code

Historically the company has managed its approach to environmental issues through business unit specific policies under an umbrella of commitment through values to "protect the environment". A more formal Environmental Code has now been adopted which encompasses all business units and is set out in summary on page 6.

Social responsibilities

The group social responsibility and investment programme is committed to serving the communities in which the respective businesses operate. In South Africa a considerable contribution is made towards primary, secondary and tertiary education as well as to sporting and cultural activities. The group also plays an active role in business organisations and so contributes towards a more conducive environment for our business activities.

HIV/Aids

Barloworld implemented various initiatives during the past 12 years to minimise the impact of HIV/Aids on its employees and businesses. It is seen as a strategic business issue that has the attention of the chief executive officer and CEOs of all relevant divisions in the group.

Anonymous testing with the employee's and unions' consent was conducted at some of the Barloworld operating companies and revealed that the prevalence rate is lower than the general rate for the South African adult population. Eighty peer educators were trained during the year and provide updated information on HIV/AIDS to co-workers and local communities.

Employee members of the Barloworld Medical Scheme have access to antiretroviral treatment that improves their quality and duration of life.

Global management

The Barloworld management team has strength and depth across all key facets of the business

Capital Equipment

SOUTHERN AFRICA, BULGARIA AND SIBERIA

Peter Bulterman (46), Group Operations Director
Anton Fourie (42), General Parts Manager
Kenny Gaynor (43), Financial Director
Chris Gibb (52), Managing Director, Mining
Gordon Hall (60), General Manager and Director, Siberia
Jackie le Roux (44), HR Director
John McCarthy (58), Financial Director, Barloworld Equipment UK
Charles Nell (43), Group IT Manager
Geoff Tucker (50), MD, Handling
Henri van der Walt (62), Chairman, Barloworld Energy
Rodney Wainwright (50), MD, Zambia, Angola, Malawi, Mozambique and Service Director

IBERIA

Ramon Fernandez-Urrutia (63), Chief Executive Officer, Iberia
Alberto Garcia Perea (50), HR General Manager, Spain
Graeme Lewis (41), Financial Director, Iberia
Alfonso Moraga (61), Development Director, Spain
Fernando Pastor (60), Power Systems Sales Director, Spain
Guillermo Romero (60), Large Machine Sales Director, Spain
Santiago Salazar Coronado (51), General Director, Portugal
Luis Salgado (63), General Machine Sales Director, Spain
Victor Salzmann (55), After Sales and IS Director, Spain
Fabriciano Velasco (59), Materials Handling Sales Director, Spain

Industrial Distribution

Mike Brougham (50), Director and General Manager, Barloworld Handling UK, Northern Division
Mike Corbett (46), Managing Director, Barloworld Lamson
Keith Hay (53), MD, Barloworld Handling UK
James Holmes (41), Vice-President, Corporate Services
Graham Jones (36), Marketing/Advertising Director, Barloworld Handling
Gary Newell (43), Director and General Manager, Barloworld Handling UK, Southern Division
Robert Russell (41), Group Director of Finance
Stan Sewell (46), President, Barloworld Inc., USA
Scott Simmons (45), President, Barloworld Freightliner
Rob Tennant (44), Chief Information Officer

Motor

Brandon Diamond (50), Chief Executive Officer
Rocky Cloete (57), Financial Director
Orlando de Almeida (39), Group HR Manager
Neels du Preez (52), Franchise Director – Ford
Pam Grobler (57), Franchise Director – Delta
Martin Laubscher (41), Director – Franchise Operations
Rowan Michael (51), Franchise Director – BMW
James Nair (38), Franchise Director – DaimlerChrysler Commercial
Tony Parry (41), Group IT Manager
Chris Prinsloo (38), Franchise Director – VW/Audi
William Skinner (41), Franchise Director – DaimlerChrysler Passenger
Bob Smith (52), Franchise Director – Toyota
John Smith (57), Director – Non-franchise operations
Roy Summerton (41), Financial Services and Insurance Manager
Andrew Weight (55), Managing Director – Motor Australia
Chris Whitaker (44), Director – Strategy

Executive leadership continued

Cement and Lime

John Blackbeard (44), Managing Director, PPC Cement
Rod Burn (47), Group Human Resources Director
Harley Dent (50), Director, Strategic Projects
Peter Esterhuysen (44), Finance Director, PPC Cement
Orrie Fenn (47), Operations Director, PPC Cement
Deon Heyns (45), Managing Director, PPC Lime
Colin Jones (48), Sales and Marketing Director, PPC Cement
Peter Nelson (47), Director, Finance and Administration
Mark Tarlton (42), Cement IT and Logistics Director
Pieter van Dam (45), Technical Director, PPC Cement
Arnie Vermaak (42), Managing Director, Afripack

Scientific Products

Martin Davies (40), CEO, Barloworld Dynalab
Blake Fennell (37), CEO, Melles Griot
Phil Horsfield (54), Finance Director
Bernard Leguillon (44), MD, Barloworld Scientific, France
Peter Maybury (57), Chief Executive Officer
Jaime Sala (56), Managing Director, Barloworld Afora
Eugene Smith (40), Chief Financial Officer, Melles Griot
John Whitehouse (53), Managing Director, Barloworld Scientific
Ed Wynn (45), Sales and Marketing Director, Barloworld Scientific

Coatings

Ross Baxter (44), Marketing Director, Taubmans
John Bremner (39), Manufacturing Director, Taubmans
Allan Carter (48), MD, Plascon International (UK)
Mike Christie (45), Managing Director, Plascon Paints SA
Boyd Cooray (53), Technical Director, Plascon Paints SA
Ebrahim Mohamed (46), Director, Plascon Africa Operations
Trudi Neill (38), Marketing Director, Plascon Paints SA
Kendal Shand (44), HR Director, Plascon Paints SA
Garth Smart (43), Managing Director, Taubmans
Doug Swanson (49), MD, Plascon Automotive SA
Douglas Thomas (42), Financial Director, Taubmans
Clive Thomson (35), Financial Director
Robert Whiten (40), Sales Director, Taubmans

Steel Tube

Charles Bester (45), Human Resources Director
Geoff Colloty (52), Executive Director
Ben de Klerk (46), Managing Director, Robor Hot Rolled
Pieter Liebenberg (54), MD, Value Added Division
Geoff Pallister (58), Technical Projects Director
Bill Skillicorn (51), Managing Director, Robor Precision Tube
Alwyn Smith (35), Managing Director, Salmac
Ian Stevens (51), Group Financial Director
Ian Walters (52), Group Information Systems Director

Corporate Operations, Financial Services and Other

Paul Acott (56), Group Internal Auditor
Ray Andrews (58), Chief Operating Officer, Logistics
Andrew Bannister (44), Finance Director, Barloworld Plc
Tim Bird (55), Managing Director, Paper
Charles Barnard (37), Executive, Corporate Social Investment
Mike Barnett (59), Company Secretary
Gary Berndt (42), Group Legal Adviser
Arthur Christie (60), Group Retirement Benefits Manager
Terry Dearling (43), Head of Internal Communication
Liz Dougall (44), Group Taxation Manager
Mark Drewell (39), Head of Corporate Communication
Mike Fahy (47), Company Secretary, Barloworld PLC
Ron Franklin (61), Director Barloworld Leasing
Brian Graumann (37), Finance Director, Barloworld Leasing
Pieter Haasbroek (58), Group Economist
Anthony Hardwick (50), Acting MD, Barloworld Namibia
Alan Knight (55), Director, Barloworld Handling UK
Terry Knight (54), Managing Director, Barloworld Finance
Clive Manby (51), Head of Corporate Planning
Ivan Martin (60), Group Risk and Insurance Manager
Jim Murphy (48), Occupational Health Manager
Marshall Murton (60), Group General Manager, Administration
Dave Powell (55), Chief Information Officer
Frank Pretorius (47), Managing Director, Barloworld Leasing
Brian Steele (58), Chief Group Financial Manager
Peter Stevenson (49), Managing Director, Barloworld Botswana
Paul Stuiver (44), Chief Executive Officer, Logistics
Johan van Wyk (38), Group Financial Controller
Willie van Zijl (48), Executive: Employment Law

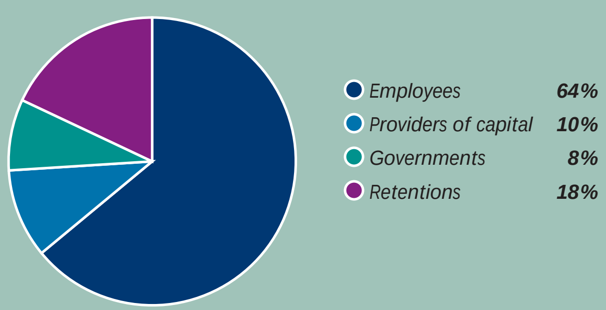
Value creation and distribution

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.

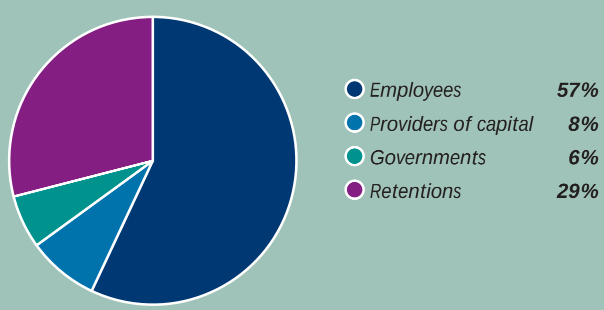
	2001 Rm	%	2000 Rm	%
Revenue	**27 945**		22 457	
Paid to suppliers for materials and services	**21 341**		16 004	
Value added	**6 604**		6 453	
Income from investments	**196**		180	
Total wealth created	**6 800**		6 633	
Wealth distribution				
Salaries, wages and other benefits	**4 366**	**64**	3 746	57
Providers of capital:	**654**	**10**	516	8
Interest paid on borrowings	**218**		134	
Dividends to Barloworld Limited shareholders	**381**		334	
Dividends to outside shareholders in subsidiaries	**55**		48	
Government	**521**	**8**	423	6
Reinvested in the group to maintain and develop operations	**1 259**	**18**	1 948	29
Depreciation	**1 023**		876	
Retained profit – normal	**223**		1 058	
Deferred taxation	**13**		14	
	6 800	**100**	6 633	100

Distribution of wealth created

2001



2000



Our shareholders

Building long-term relationships with our shareholders

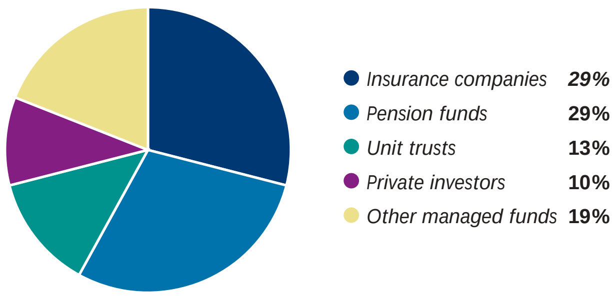
Barloworld shares have their primary listing on the JSE Securities Exchange South Africa. There are secondary listings in Brussels, Frankfurt, London, Namibia and Switzerland. The company's JSE code is BAW.

Who are the major shareholders?
Over 80% of the issued shares of Barloworld are held in the portfolios of institutional investment companies in South Africa and internationally.

As of 30 September 2001, shareholders with a beneficial interest in Barloworld Limited ordinary shares in excess of 5% were:

• Ashtree Investments (Pty) Limited, an Old Mutual subsidiary	11,1%
• The Public Investment Commission of South Africa	8,6%
• Old Mutual Life Assurance Company SA Limited	7,8%

Types of investors in Barloworld shares



Ordinary share statistics

	2001	2000
Closing market prices per share (cents)		
– year-end (30 September)	**4 910**	4 450
– highest	**6 200**	5 200
– lowest	**3 550**	3 125
Number of shares in issue at 30 September (million)[#]	**195**	197
Volume of shares traded (million)	**97**	129
Value of shares traded (R million)	**4 931**	5 372
Market capitalisation at 30 September (R million)	**10 523**	9 537
Public shareholder spread at 30 September (%)	**29,0**	30,8

[#]The number of shares in issue has been reduced by 19 025 200 shares purchased by a subsidiary company in terms of a programme to buy back the company's shares (see note 12).

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Report of the independent auditors

for the year ended 30 September 2001

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 103 for the year ended 30 September 2001. 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 2001 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 2001

Directors' report and approval

for the year ended 30 September 2001

A separate directors' report has not been prepared as full details of Barloworld group operations are contained in the Chairman's review, Report of the Chief Executive Officer and the Financial Director's review.

All other statutory requirements and disclosures are reflected in the aforementioned reports, the annual financial statements, the notes thereto and the statement of corporate governance.

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 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 103 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 Officer

D C Arnold
Director, Finance and Administration

Sandton
15 November 2001

Certificate by secretary

for the year ended 30 September 2001

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 2001

Financial director's review

for the year ended 30 September 2001

GROUP OPERATING PERFORMANCE

Worldwide revenues grew 24% to R27,9 billion assisted by acquisitions and good growth in Europe particularly in Spain and Portugal. Market conditions in the USA and Australia worsened in the second half whereas South Africa fared somewhat better. The rest of Africa continued its good progress.

Operating profit rose 29%, the slight increase in margins being mainly due to the continued implementation of value-based management initiatives in all divisions with favourable effects on costs, productivity and margins.

Finance costs of R305 million increased over the prior year's R247 million due to the higher level of borrowings. Finance costs excluding leasing operations were well covered at 5,4 times (prior year 5,4 times) by operating income.

Income from investments of R254 million was in line with the previous year.

Amortisation of goodwill increased from R47 million to R88 million due mainly to the acquisition of Barloworld (Barton) Freightliner.

The Paper operations in the United Kingdom which were previously regarded as discontinuing have been reclassified as continuing operations due to the inability to find an appropriate buyer. It is still our intention to dispose of the business when appropriate.

The current year's effective tax rate before exceptional items increased to 33,5% from 32,0%. This was due mainly to higher secondary tax on companies (STC) as a consequence of fewer foreign dividends qualifying for the STC credit since the introduction of a resident-based system of income tax in South Africa and the higher rate of company tax in Spain.

Income from associates declined from R40 million to R31 million. A better performance from Natal Portland Cement Limited and Avis Southern Africa Limited was offset by the closure of the Coatings joint ventures and losses in Selec Trucks, the Materials Handling joint venture in the USA.

The minority interests comprise mainly the PPC minorities, increased from R87 million to R101 million.

Net profit for the year declined from R1 406 million (which included the exceptional profit on the sale of Dimension Data Holdings Limited and Comparex Holdings Limited shares) to R617 million.

Earnings from continuing operations excluding exceptional items increased by 15% from R766 million to R884 million. Headline earnings increased by 24% from R789 million to R976 million.

EXCEPTIONAL ITEMS

The impairment losses of R207 million relate mainly to the writedown of the investment in Avis Southern Africa to current market value and the closure of the Coatings division's ink, protective coatings and wood finishes businesses and the impairment of the assets of Robor Stewarts and Lloyds which is in the process of being sold.

International Accounting Standards (IAS) were adopted in full for the first time last year. A further comprehensive review was conducted of all our policies which brought to light the need for certain additional provisions to fully comply with IAS. These included the present value of future rehabilitation costs on factory premises, deferred tax on defined benefit fund surpluses which were brought on balance sheet last year and the present value of gratuities paid on retirement. To the extent that these provisions relate to prior years, namely R93 million, they have been treated as an exceptional item.

EARNINGS PER SHARE

Earnings per share excluding exceptional items increased 21% from 373 cents to 452 cents and headline earnings per share increased 30% from 384 cents to 499 cents. The weighted average number of shares in issue for the year was 195,6 million down from last year's 205,6 million due to the full year impact of the share buy-backs.

DIVIDENDS

Dividends totalling 220 cents per share were declared in respect of the 2001 year. This gives a dividend cover of 2,1 times based on earnings per share excluding exceptional items which is within our policy range of between two, and two and a half times.

SHARE BUY-BACKS

As mentioned last year, a cautious approach was adopted in regard to the buy-back programme and 2 046 600 shares representing only 1,0% of issued share capital at the start of the year were acquired.

Authority from shareholders to re-commence buy-backs depending on circumstances will be renewed at the forthcoming annual general meeting.

CASH FLOW

Cash flow from operations continues to be strong, increasing from R1 423 million to R1 652 million. Investing activities included the acquisition of subsidiaries and investments of R1 018 million, capital expenditure of R669 million, the investment in offshore rental assets of R654 million and the buy-back of Barloworld shares of R90 million.

Overall there was a net cash outflow before financing activities of R788 million compared with an outflow of R651 million last year, (R654 million of this is due to the increase in the offshore rental assets – 2000: R795 million)).

BALANCE SHEET

Total assets increased from R16 738 million to R21 946 million which includes goodwill and other intangible assets of R1 530 million (2000: R890 million).

Total interest-bearing borrowings increased to R6 222 million from R3 694 million last year making the debt-equity ratio including leasing operations 64,1% (2000: 43,7%). When the borrowings of our leasing operations are excluded, the debt-equity ratio is only 31,1% (2000: 12,6%).

VALUE-BASED MANAGEMENT

In focusing on the value-based management approach, the key indicator of annual performance is cash flow return on investment (CFROI). Each operating division is required to demonstrate it can achieve a CFROI in excess of the real cost of capital hurdle rate of the group over a business cycle. The group achieved a real CFROI of 8,3% in 2001 which was above the previous year's 6,7% and also above the real cost of capital hurdle rate for the group of 8,0%.

Proposed acquisitions and major capital expenditure projects are also evaluated on a CFROI basis. Some new investments impact negatively on CFROI in the short term but their longer term prospects are taken into account in the evaluations.

ACQUISITIONS AND DISPOSALS

The more significant acquisitions during the year included:

- Barloworld (formerly Barton) Freightliner Inc head-quartered in Tennessee in the USA for R478 million.
- The Protean Laboratory business in the UK for R267 million.
- Three motor dealerships in Melbourne, Australia, for R207 million.
- Mooiplaas Dolomite (Pty) Limited in South Africa through our listed subsidiary Pretoria Portland Cement Company Limited (PPC) for R25 million.
- The vehicle accident repair operations of Avis Southern Africa Limited.
- Several motor dealerships in South Africa.

No significant disposals took place.

POST-BALANCE SHEET EVENT

After the year-end, PPC acquired Portland Holdings Limited in Zimbabwe for R432 million settled by a combination of cash and PPC shares. As a consequence of the issue of PPC shares, Barloworld's interest in PPC has declined from 68,1% to 63,4%.

POST-RETIREMENT BENEFITS

The group's 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. In South Africa the group's defined benefit funds have been closed to new members with new employees having the ability to join provident/defined contribution funds.

INFLATION ACCOUNTING

Where the group has operations in hyper-inflationary economies, these are accounted for in terms of IAS 29. The effect of inflation elsewhere in the group is monitored by analysing cash flows and results with the emphasis on achieving positive cash flow returns in real terms.

In order to give an added appreciation of our financial statements a review is published for convenience in US Dollars, Euros and Pounds.

Seven-year summary

for the year ended 30 September

	2001 Rm	2000* Rm	1999 Rm	1998# Rm	1997# Rm	1996# Rm	1995# Rm
CONSOLIDATED BALANCE SHEETS							
Assets							
Non-current assets							
Property, plant and equipment	**6 053**	5 297	4 815	4 384	3 234	2 801	2 260
Goodwill and intangible assets	**1 530**	890	571				
Other non-current assets and investment in associates and joint ventures	**2 874**	1 944	1 674	1 697	1 623	1 413	1 116
Deferred taxation assets	**257**	188	169	221	117		
	10 714	8 319	7 229	6 302	4 974	4 214	3 376
Current assets	**11 232**	8 419	7 891	8 237	7 182	6 865	6 206
Total assets	**21 946**	16 738	15 120	14 539	12 156	11 079	9 582
Equity and liabilities							
Capital and reserves							
Share capital and premium##	**682**	690	749	742	539	449	294
Reserves and retained surplus	**8 395**	7 208	6 495	4 431	3 835	3 506	3 204
Interest of shareholders of Barloworld Limited	**9 077**	7 898	7 244	5 173	4 374	3 955	3 498
Minority interests	**625**	556	554	555	510	680	570
Interest of all shareholders	**9 702**	8 454	7 798	5 728	4 884	4 635	4 068
Non-current liabilities	**3 845**	2 881	2 680	2 052	1 804	1 904	1 341
Deferred taxation liabilities	**318**	281	277	371	319	260	218
Other non-current liabilities	**3 527**	2 600	2 403	1 681	1 485	1 644	1 123
Current liabilities	**8 399**	5 403	4 642	6 759	5 468	4 540	4 173
Total equity and liabilities	**21 946**	16 738	15 120	14 539	12 156	11 079	9 582

#Not restated for accounting policy changes.

##Refer note 12 regarding shares buy-backs.

**Restated, refer note 31.*

	2001 Rm	2000* Rm	1999 Rm	1998# Rm	1997# Rm	1996# Rm	1995# Rm
CONSOLIDATED INCOME STATEMENTS							
Revenue	**27 945**	22 457	19 337	20 883	19 388	17 811	15 522
Operating profit	**1 487**	1 155	854	1 113	1 067	969	843
Finance costs	**(305)**	(247)	(293)	(190)	(16)	47	68
Income from investments	**254**	256	296	52	40	40	32
Goodwill amortisation	**(88)**	(47)	(34)				
Profit from continuing operations before exceptional items	**1 348**	1 117	823	975	1 091	1 056	943
Loss from discontinuing operations		(30)	(85)				
Profit before exceptional items	**1 348**	1 087	738	975	1 091	1 056	943
Exceptional items	**(278)**	668	951	96	140	(14)	(24)
Profit before taxation	**1 070**	1 755	1 689	1 071	1 231	1 042	919
Taxation	**383**	302	182	198	327	260	301
Profit after taxation	**687**	1 453	1 507	873	904	782	618
Income from associates and joint ventures	**31**	40	61	39	29	10	4
Attributable net profit	**718**	1 493	1 568	912	933	792	622
– outside and 6% preference shareholders in Barloworld Limited	**101**	87	73	94	124	125	94
– ordinary shareholders in Barloworld Limited	**617**	1 406	1 495	818	809	667	528
Attributable net profit excluding exceptional items and losses from discontinuing operations	**884**	766	613	655	685	648	519
CONSOLIDATED CASH FLOW STATEMENTS							
Cash available from operations	**1 652**	1 423	1 445	1 220	957	564	938
Dividends paid (including outside shareholders)	**(436)**	(381)	(324)	(120)	(201)	(210)	(149)
Net cash from operating activities	**1 216**	1 042	1 121	1 100	756	354	789
Net cash (used in)/from investing activities	**(2 004)**	(1 693)	455	(1 314)	(1 601)	(1 408)	(783)
Net cash from/(used in) financing activities	**1 625**	411	(1 122)	(10)	993	769	172
Net increase/(decrease) in cash and cash equivalents	**837**	(240)	454	(224)	148	(285)	178

Seven-year summary

for the year ended 30 September

	2001	2000*	1999	1998#	1997#	1996#	1995#
ORDINARY SHARE PERFORMANCE							
Weighted average number of ordinary shares in issue after share buy-backs during the period (000)	**195 613**	205 594	214 234	211 497	206 557	202 231	200 071
Net profit per share (cents)	**315,7**	684,0	697,8	386,8	391,7	329,8	263,9
Earnings per share excluding exceptional items (cents)	**452,0**	372,6	285,8	309,7	331,7	320,3	259,6
Dividends per share (cents)	**220,0**	180,0	141,0	124,0	124,0	105,0	84,0
Dividend cover (times)	**2,1**	2,1	2,0	2,5	2,7	3,1	3,1
Net asset value per share (cents)	**4 774**	4 081	3 833	3 453	2 932	2 493	1 913
PROFITABILITY AND ASSET MANAGEMENT							
EBITDA (Rm)	**2 514**	2 033	1 745	1 615	1 446	1 271	1 128
EBITDA (%)	**9,0**	9,1	9,0	7,7	7,5	7,1	7,3
Operating margin (%)	**5,3**	5,1	4,4	5,3	5,5	5,4	5,4
Net asset turn (times)	**2,0**	1,9	1,8	2,3	2,4	2,7	2,8
Return on net assets (%)	**11,8**	12,2	10,7	17,6	19,3	20,2	20,9
Return on total assets (%)	**8,7**	8,9	7,8	12,2	13,3	13,1	13,2
Return on ordinary shareholders' funds (%)	**7,3**	18,6	24,7	17,1	19,4	17,9	16,0
Replacement capex to depreciation (%)	**59,9**	62,9	26,8	77,8	86,1	98,9	92,3
Effective rate of taxation (%)	**38,8**	20,1	12,0	21,2	27,4	28,3	34,4
LIQUIDITY AND LEVERAGE							
Total liabilities to total shareholders' funds (%)	**122,9**	94,7	90,3	147,3	142,4	133,4	130,2
Total borrowings to total shareholders' funds							
– gross, including leasing operations (%)	**64,1**	43,7	42,1	68,2	72,9	54,1	42,7
– gross, excluding leasing operations (%)	**31,1**	12,6	11,6	32,9	41,0	22,4	20,0
Current ratio	**1,3**	1,6	1,7	1,2	1,3	1,5	1,5
Quick ratio	**0,8**	0,9	1,1	0,7	0,8	0,9	0,9
Interest cover – including leasing operations (times)	**3,3**	3,3	2,3	2,9	3,9	4,9	5,6
– excluding leasing operations (times)	**5,4**	5,4	3,7	3,5	5,7	8,4	7,8
Number of years to repay interest-bearing debt – gross	**3,8**	2,6	2,3	3,2	3,7	4,5	1,9
Cash flow available from operations to total liabilities	**13,9**	17,8	21,1	14,5	13,8	9,1	17,7

	2001	2000*	1999	1998#	1997#	1996#	1995#
VALUE ADDED							
Number of employees	**23 233**	21 966	22 148	27 804	29 681	30 740	30 660
Turnover per employee (R000's)	**1 236,4**	1 018,1	774,2	726,6	641,8	580,2	508,8
Wealth created per employee (R000's)	**300,9**	300,6	253,6	182,2	168,9	145,2	127,0
Employment cost per employee (R000's)	**193,2**	169,8	137,9	112,1	97,8	87,9	75,7

**Restated, refer note 31.*

#Not restated.

Definitions

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.

Consolidated financial statements

at 30 September 2001

Segmental analysis between Leasing and Trading businesses	Total group 2001 Rm	Total group 2000 Rm	Trading 2001 Rm	Trading 2000 Rm	Leasing* 2001 Rm	Leasing* 2000 Rm
CONSOLIDATED BALANCE SHEETS						
Assets						
Non-current assets						
Property, plant and equipment – cost	**11 700**	9 737	**9 585**	7 843	**2 115**	1 894
Property, plant and equipment – accumulated depreciation	**5 647**	4 440	**4 583**	3 565	**1 064**	875
Property, plant and equipment – net book value	**6 053**	5 297	**5 002**	4 278	**1 051**	1 019
Goodwill and intangible assets	**1 530**	890	**1 530**	890		
Other non-current assets, investment in associates and joint ventures	**2 874**	1 944	**1 780**	951	**1 094**	993
Deferred taxation assets	**257**	188	**257**	188		
	10 714	8 319	**8 569**	6 307	**2 145**	2 012
Current assets	**11 232**	8 419	**9 753**	7 549	**1 479**	870
Total assets	**21 946**	16 738	**18 322**	13 856	**3 624**	2 882
Equity and liabilities						
Interest of shareholders of Barloworld Limited	**9 077**	7 898	**8 829**	7 692	**248**	206
Minority interest	**625**	556	**625**	556		
Interest of all shareholders	**9 702**	8 454	**9 454**	8 248	**248**	206
Non-current liabilities	**3 845**	2 881	**1 614**	239	**2 231**	2 642
Deferred taxation liabilities	**318**	281	**245**	234	**73**	47
Other non-current liabilities	**3 527**	2 600	**1 369**	5	**2 158**	2 595
Current liabilities	**8 399**	5 403	**7 254**	5 369	**1 145**	34
Total equity and liabilities	**21 946**	16 738	**18 322**	13 856	**3 624**	2 882

**Leasing results are stated excluding consolidation adjustments and intergroup eliminations.*

	Total group		Trading		Leasing*	
	2001	2000	**2001**	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm	**Rm**	Rm
CONSOLIDATED INCOME STATEMENTS						
Revenue	**27 945**	22 457	**27 280**	21 840	**665**	617
Operating profit, before depreciation	**2 510**	2 031	**2 244**	1 735	**266**	296
Depreciation	**(1 023)**	(876)	**(755)**	(596)	**(268)**	(280)
Finance costs	**(305)**	(247)	**(305)**	(247)		
Income from investments	**254**	256	**254**	256		
Goodwill amortisation	**(88)**	(47)	**(88)**	(47)		
Profit from continuing operations	**1 348**	1 117	**1 350**	1 101	**(2)**	16
Loss from discontinuing operations		(30)		(30)		
Profit before exceptional items	**1 348**	1 087	**1 350**	1 071	**(2)**	16
Exceptional items	**(278)**	668	**(278)**	668		
Profit before taxation	**1 070**	1 755	**1 072**	1 739	**(2)**	16
Taxation	**383**	302	**384**	299	**(1)**	3
Profit after taxation	**687**	1 453	**688**	1 440	**(1)**	13
Income from associates and joint ventures	**31**	40	**31**	40		
Attributable net profit	**718**	1 493	**719**	1 480	**(1)**	13
– outside and 6% preference shareholders in Barloworld Limited	**101**	87	**101**	87		
– ordinary shareholders in Barloworld Limited	**617**	1 406	**618**	1 393	**(1)**	13
CONSOLIDATED CASH FLOW STATEMENTS						
Cash available from operations	**1 652**	1 423	**2 132**	1 174	**(480)**	249
Dividends paid (including outside shareholders)	**(436)**	(381)	**(436)**	(381)		
Net cash from operating activities	**1 216**	1 042	**1 696**	793	**(480)**	249
Net cash used in investing activities	**(2 004)**	(1 693)	**(1 718)**	(1 318)	**(286)**	(375)
Net cash from financing activities	**1 625**	411	**921**	218	**704**	193
Net increase/(decrease) in cash and cash equivalents	**837**	(240)	**899**	(307)	**(62)**	67

**Leasing results are stated excluding consolidation adjustments and inter group eliminations.*

Summary in other currencies

at 30 September 2001

	US Dollars		Pounds		Euro	
	2001	2000	**2001**	2000	**2001**	2000
	$m	$m	**£m**	£m	**€ m**	€ m
CONSOLIDATED BALANCE SHEETS						
Assets						
Non-current assets						
Property, plant and equipment	**672**	729	**457**	498	**733**	826
Goodwill and intangible assets	**170**	122	**116**	84	**185**	139
Other non-current assets, investment in associates and joint ventures	**319**	267	**217**	183	**348**	303
Deferred taxation assets	**29**	26	**19**	18	**31**	29
	1 190	1 144	**809**	783	**1 297**	1 297
Current assets	**1 246**	1 158	**849**	790	**1 362**	1 313
Total assets	**2 436**	2 302	**1 658**	1 573	**2 659**	2 610
Equity and liabilities						
Capital and reserves						
Share capital and premium	**76**	95	**52**	65	**83**	108
Reserves and retained surplus	**932**	990	**634**	676	**1 016**	1 123
Non-distributable reserves – foreign currency translation	**2**	2	**1**	2	**2**	3
Interest of shareholders of Barloworld Limited	**1 010**	1 087	**687**	743	**1 101**	1 234
Minority interest	**68**	76	**47**	52	**75**	86
Interest of all shareholders	**1 078**	1 163	**734**	795	**1 176**	1 320
Non-current liabilities	**427**	397	**290**	271	**466**	449
Deferred taxation liabilities	**35**	39	**24**	26	**39**	44
Other non-current liabilities	**392**	358	**266**	244	**427**	405
Current liabilities	**931**	742	**634**	507	**1 017**	841
Total equity and liabilities	**2 436**	2 302	**1 658**	1 573	**2 659**	2 610

	US Dollars		Pounds		Euro	
	2001	2000	**2001**	2000	**2001**	2000
	$m	$m	**£m**	£m	**€ m**	€ m
CONSOLIDATED INCOME STATEMENTS						
Revenue	**3 499**	3 381	**2 424**	2 186	**3 921**	3 505
Operating profit	**186**	174	**129**	112	**209**	180
Finance costs	**(38)**	(37)	**(26)**	(24)	**(43)**	(39)
Income from investments	**32**	38	**21**	25	**35**	40
Goodwill amortisation	**(11)**	(7)	**(8)**	(5)	**(12)**	(7)
Profit from continuing operations	**169**	168	**116**	108	**189**	174
Loss from discontinuing operations		(5)		(3)		(4)
Profit before exceptional items	**169**	163	**116**	105	**189**	170
Exceptional items	**(35)**	101	**(24)**	65	**(39)**	104
Profit before taxation	**134**	264	**92**	170	**150**	274
Taxation	**48**	45	**33**	29	**54**	47
Profit after taxation	**86**	219	**59**	141	**96**	227
Income from associates and joint ventures	**4**	6	**3**	4	**4**	6
Attributable net profit	**90**	225	**62**	145	**100**	233
– outside and 6% preference shareholders in Barloworld Limited	**13**	13	**9**	8	**14**	14
– ordinary shareholders in Barloworld Limited	**77**	212	**53**	137	**86**	219
Attributable net profit excluding exceptional items and losses from discontinuing operations	**111**	115	**77**	75	**124**	119
CONSOLIDATED CASH FLOW STATEMENTS						
Cash available from operations	**207**	214	**143**	139	**232**	222
Dividends paid (including outside shareholders)	**(55)**	(57)	**(38)**	(37)	**(61)**	(59)
Net cash flow from operating activities	**152**	157	**105**	102	**171**	163
Net cash used in investing activities	**(251)**	(255)	**(174)**	(165)	**(281)**	(264)
Net cash from financing activities	**203**	62	**141**	40	**228**	64
Net increase/(decrease) in cash and cash equivalents	**104**	(36)	**72**	(23)	**118**	(37)

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

Balance sheets

at 30 September 2001

	Notes	GROUP 2001 Rm	GROUP 2000 Rm	COMPANY 2001 Rm	COMPANY 2000 Rm
ASSETS					
Non-current assets		**10 714**	8 319	**1 873**	2 232
Property, plant and equipment	4	**6 053**	5 297	**113**	131
Other non-current assets	5	**819**	627	**1 712**	2 073
Goodwill and intangible assets	6	**1 530**	890	**35**	21
Investment in associates and joint ventures	7	**332**	310		
Finance lease receivables	8	**1 723**	1 007		
Deferred taxation assets	13	**257**	188	**13**	7
Current assets		**11 232**	8 419	**34**	17
Inventories	9	**4 771**	3 677		
Taxation		**39**	99	**5**	5
Trade and other receivables	10	**4 641**	3 699	**24**	12
Cash and cash equivalents	11	**1 781**	944	**5**	
Total assets		**21 946**	16 738	**1 907**	2 249
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and premium	12	**682**	690	**749**	749
Non-distributable reserves		**2 319**	1 240	**63**	63
Retained surplus		**6 059**	5 951	**1 072**	1 405
Equity portion of convertible bond	14	**17**	17		
Interest of shareholders of Barloworld Limited		**9 077**	7 898	**1 884**	2 217
Minority interest		**625**	556		
Interest of all shareholders		**9 702**	8 454	**1 884**	2 217
Non-current liabilities		**3 845**	2 881		
Interest-bearing	14	**2 411**	1 912		
Deferred taxation liabilities	13	**318**	281		
Convertible bond	14	**225**	180		
Non-interest bearing	14	**891**	508		
Current liabilities		**8 399**	5 403	**23**	32
Amounts due to bankers and short-term loans	15	**3 586**	1 602		8
Taxation		**361**	214		
Trade and other payables	16	**4 113**	3 178	**16**	20
Provisions	17	**339**	409	**7**	4
Total equity and liabilities		**21 946**	16 738	**1 907**	2 249

Income statements

for the year ended 30 September 2001

Barloworld
Leading brands

		GROUP		COMPANY	
		2001	2000*	**2001**	2000
	Notes	**Rm**	Rm	**Rm**	Rm
Revenue	18	**27 945**	22 457	**19**	24
Operating profit	19	**1 487**	1 155	**186**	529
Finance costs	20	**(305)**	(247)	**(9)**	(7)
Income from investments	21	**254**	256	**2**	3
Goodwill amortisation	6	**(88)**	(47)		
Profit from continuing operations		**1 348**	1 117	**179**	525
Loss from discontinuing operations	22		(30)		
Profit before exceptional items		**1 348**	1 087	**179**	525
Exceptional items	23	**(278)**	668	**(74)**	(28)
Profit before taxation		**1 070**	1 755	**105**	497
Taxation	24	**383**	302	**20**	(2)
Profit after taxation		**687**	1 453	**85**	499
Income from associates and joint ventures	7	**31**	40		
Minority interest and 6% preference shareholders in Barloworld Limited		**(101)**	(87)		
Net profit for the year		**617**	1 406	**85**	499
Net profit per share (cents)					
– basic	25.1	**315,7**	684,0		
– fully diluted	25.2	**310,5**	674,8		
Earnings per share from continuing operations excluding exceptional items (cents)					
– basic	25.3	**452,0**	372,6		
– fully diluted	25.4	**443,6**	369,9		
Headline earnings per share	25.5	**499,0**	383,7		
Dividends per share (cents)	26	**220**	180		

**Restated, refer note 31.*

Cash flow statements

for the year ended 30 September 2001

	Notes	GROUP 2001 Rm	GROUP 2000* Rm	COMPANY 2001 Rm	COMPANY 2000 Rm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(utilised by) operations	A	**2 059**	1 705	**(32)**	(40)
Finance costs		**(305)**	(247)	**(9)**	(7)
Dividends received		**60**	60	**199**	523
Interest received		**194**	196	**17**	17
Taxation paid	B	**(356)**	(291)	**(26)**	
Cash available from operations		**1 652**	1 423	**149**	493
Dividends paid (including outside shareholders)		**(436)**	(381)	**(418)**	(343)
Net cash from/(used in) operating activities		**1 216**	1 042	**(269)**	150
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries	C	**(982)**	(128)		
Acquisition of property, plant, equipment and intangibles		**(1 323)**	(1 514)	**(29)**	(43)
– replacement capital expenditure		**(629)**	(551)	**(13)**	(1)
– expansion capital expenditure		**(40)**	(168)	**(16)**	(42)
– rental assets		**(654)**	(795)		
Acquisition of investments		**(36)**	(568)	**(7)**	(9)
Buy-back of shares in company		**(90)**	(768)		
Total proceeds		**427**	1 285	**33**	30
– Proceeds from disposal of property, plant and equipment		**303**	350	**22**	14
– Proceeds from disposals of investments and other movements		**124**	935	**11**	16
Decrease/(increase) in net amounts owing by subsidiaries				**285**	(151)
Net cash (used in)/from investing activities		**(2 004)**	(1 693)	**282**	(173)
Net cash (outflow)/inflow before financing activities		**(788)**	(651)	**13**	(23)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from long-term borrowings		**1 486**	1 381		
Repayment of long-term borrowings		**(1 057)**	(1 380)		
Increase/(decrease) in short-term interest-bearing liabilities		**1 196**	410	**(8)**	8
Net cash from/(used in) financing activities		**1 625**	411	**(8)**	8
Net increase/(decrease) in cash and cash equivalents		**837**	(240)	**5**	(15)
Cash and cash equivalents at beginning of year		**944**	1 184		15
Cash and cash equivalents at end of year		**1 781**	944	**5**	

Amount of cash not available for use amounted to nil (2000: nil)

**Restated, refer note 31.*

Notes to the cash flow statements

for the year ended 30 September 2001

		GROUP		COMPANY	
		2001	2000*	**2001**	2000
		Rm	Rm	**Rm**	Rm
A.	**Cash generated from/(utilised by) operations is calculated as follows:**				
	Profit before taxation	**1 070**	1 755	**105**	497
	Adjustments for:				
	– Depreciation	**1 023**	876	**7**	5
	– Amortisation	**92**	49	**2**	
	– Profit on disposal of plant and equipment	**(26)**	(46)		(12)
	– Dividends received	**(60)**	(60)	**(199)**	(523)
	– Loss/(profit) on disposal of investment	**4**	(632)		
	– Interest received	**(194)**	(196)	**(17)**	(17)
	– Finance costs	**305**	247	**9**	7
	– Impairment losses	**207**	59	**72**	28
	– Other non-cash flow items	**6**	4	**2**	
	Operating cash flows before movements in working capital	**2 427**	2 056	**(19)**	(15)
	Decrease/(increase) in inventories	**62**	(638)		
	Increase in receivables	**(252)**	(101)	**(12)**	(5)
	Increase in instalment sale and leasing accounts	**(583)**	(3)		
	Increase/(decrease) in payables	**405**	391	**(1)**	(20)
	Cash generated from/(utilised by) operations	**2 059**	1 705	**(32)**	(40)
B.	**Taxation paid is reconciled to the amounts disclosed in the income statement as follows:**				
	Amounts unpaid less overpaid at beginning of year	**(214)**	(189)	**5**	7
	Per the income statement (excluding deferred taxation)	**(396)**	(316)	**(26)**	(2)
	Adjustment in respect of subsidiaries acquired and sold including translation adjustments	**(69)**			
	Amounts unpaid less overpaid at end of year	**323**	214	**(5)**	(5)
	Cash amounts paid	**(356)**	(291)	**(26)**	0
C.	**Acquisition of subsidiaries**				
	Inventories	**493**	5		
	Receivables	**253**	8		
	Payables, taxation and deferred taxation	**(210)**	(5)		
	Borrowings net of cash	**(580)**			
	Property, plant and equipment, non-current assets, goodwill and outside shareholders	**1 026**	120		
	Total consideration	**982**	128		
	Net cash outflow arising on acquisition				
	Cash consideration	**(1 020)**	(128)		
	Bank balance and cash	**38**			
		(982)	(128)		

Statement of changes in equity

for the year ended 30 September 2001

	Notes	Share capital Rm	Share premium Rm	Non-distributable reserves: Attributable reserves of equity-accounted invest-ments Rm	Foreign currency trans-lation Rm	Hedge reserves Rm	Other non-distri-butable reserves Rm	Retained surplus Rm	Con-vertible bond Rm	Total Rm
GROUP										
Balance at 1 October 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	12	(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	26							(334)		**(334)**
Balance at 30 September 2000		11	679		1 069		171	5 951	17	**7 898**
Net movements not recognised through the income statement		(1)	(7)		990	41	48	(128)		**943**
– Buy-back of shares	12	(1)	(7)					(82)		**(90)**
– Exchange gains on translation of the financial statements of foreign entities					993					**993**
– Other reserve movements					(3)	41	48	(46)		**40**
Net movements recognised through the income statement								236		**236**
– Net profit for the year								617		**617**
– Dividends on ordinary shares	26							(381)		**(381)**
Balance at 30 September 2001		**10**	**672**	**0**	**2 059**	**41**	**219**	**6 059**	**17**	**9 077**

	Notes	Share capital Rm	Share premium Rm	Non-distributable reserves Rm	Retained surplus Rm	Total Rm
COMPANY						
Balance at 1 October 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	26				(343)	**(343)**
Balance at 30 September 2000		12	737	63	1 405	**2 217**
Net movements recognised through the income statement					(333)	**(333)**
– Net profit for the year					85	**85**
– Dividends on ordinary shares	26				(418)	**(418)**
Balance at 30 September 2001		**12**	**737**	**63**	**1 072**	**1 884**

Notes to the annual financial statements

for the year ended 30 September 2001

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 with South African Statements of Generally Accepted Accounting Practice.

The principal accounting policies adopted are set out below.

2. PRINCIPAL ACCOUNTING POLICIES

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.

On acquisition of a subsidiary, minorities' interest is measured at the proportion of the pre-acquisition carrying amounts of the identifiable assets and liabilities.

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, which exclude those that are accounted for as subsidiaries, joint ventures and associates, are stated at cost, less amounts written off.

Income from investments is brought to account only to the extent of dividends received or declared. Interest income is recognised on an accrual basis.

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 exceeds the cost of acquisition is taken to profit immediately:

- where there is no expectation of future losses;
- in respect of non-monetary assets to the extent whereby the negative goodwill exceeds the fair value of acquired identifiable assets;
- 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, or reclassified as continuing, the 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 translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt within 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.

In the case of foreign entities the financial statements of the group's overseas operations are translated as follows on consolidation: assets and liabilities, at exchange rates ruling on the balance sheet date, income and expense items at the average exchange rates for the period and goodwill arising on acquisition at exchange rates ruling on the dates of the transactions. 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 overseas operations that are integral to the operations of the holding company are translated as if the transactions had been those of the holding company itself.

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 they 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 necessarily 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 ten per cent 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 taxation rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation 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 taxation liabilities are recognised for all taxable temporary differences and deferred taxation 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, negative goodwill nor from the acquisition of an asset, which does not affect either taxable or accounting income.

Deferred taxation 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 taxation 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 taxation 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 on a straight-line basis.

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. Capitalised development costs are amortised on a straight-line basis over the estimated useful life.

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 (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 the ruling 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 expenses 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 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 Equity compensation plans
Executive directors and senior executives have been granted share options in terms of the Barloworld Share Option Scheme. After the date on which the options are exercisable and before the expiry date they can either be:
- purchased for cash or through a loan from the Barloworld Share Purchase Trust in which event they are accounted for in share capital and share premium at the amount of the option price, or
- ceded to an approved financial institution in which event there is no increase in share capital or share premium until the option is exercised by the financial institution.

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

Notes to the annual financial statements

for the year ended 30 September 2001

R million	Consolidated 2001	Consolidated 2000	Eliminations 2001	Eliminations 2000	Capital Equipment 2001	Capital Equipment 2000	Industrial Distribution 2001	Industrial Distribution 2000	Motor 2001	Motor 2000
3. BUSINESS AND GEOGRAPHICAL SEGMENTS*										
Revenue										
South Africa	**11 854**	10 571			**2 065**	1 811			**5 805**	5 008
Rest of Africa	**1 863**	952			**1 266**	439			**281**	248
Europe	**8 059**	6 625			**4 629**	3 912	**1 684**	1 167		
North America	**4 105**	2 444					**3 367**	1 897		
Australia and Asia	**1 557**	1 409							**460**	367
Continuing businesses	**27 438**	22 001			**7 960**	6 162	**5 051**	3 064	**6 546**	5 623
Business units closed	**507**	456								
Inter-segment revenue			**(1 211)**	(1 445)	**402**	442	**92**	389	**62**	61
	27 945	22 457	**(1 211)**	(1 445)	**8 362**	6 604	**5 143**	3 453	**6 608**	5 684
Segment result										
Operating profit										
South Africa	**560**	500			**74**	49			**99**	72
Rest of Africa	**185**	60			**130**	16			**7**	9
Europe	**616**	399			**418**	317	**75**	48		
North America	**173**	194					**109**	139		
Australia and Asia	**(30)**	19							**8**	13
	1 504	1 172			**622**	382	**184**	187	**114**	94
Share of associates' profit and dividends from associates	**56**	49			**(3)**	7	**(8)**		**29**	10
Continuing businesses	**1 560**	1 221			**619**	389	**176**	187	**143**	104
Business units closed	**(17)**	(17)								
	1 543	1 204			**619**	389	**176**	187	**143**	104
Profit from continuing operations	**1 543**	1 204								
Finance costs	**(305)**	(247)								
Income from investments	**229**	247								
Goodwill amortisation	**(88)**	(47)								
Loss from discontinuing operations		(30)								
Exceptional items	**(278)**	668								
	1 101	1 795								
Taxation	**(383)**	(302)								
Minority interest	**(101)**	(87)								
Net profit for the year	**617**	1 406								
Non-cash expenses per segment										
Depreciation	**1 023**	876			**153**	108	**218**	147	**38**	26
Amortisation of intangible assets	**4**	2							**1**	2

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

#The following reallocations were made to the 2000 figures: Paper division has been reallocated to Treasury and Other due to being reclassified as a continuing operation. The Logistic businesses previously included under Capital Equipment Spain, Cement and Lime South Africa and Motor South Africa have been included under Treasury and Other.

Cement and Lime		Scientific Products		Coatings		Steel Tube		Treasury and Other		Leasing	
2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
1 771	1 537			**845**	802	**902**	807	**266**	387	**200**	219
199	150			**85**	68		19	**32**	28		
		903	746	**98**	84			**453**	344	**415**	372
		724	547							**14**	
		178	179	**796**	863						
1 970	1 687	**1 805**	1 472	**1 824**	1 817	**902**	826	**751**	759	**629**	591
				66	71	**441**	385				
1	1	**444**	333	**146**	179	**4**	3	**24**	11	**36**	26
1 971	1 688	**2 249**	1 805	**2 036**	2 067	**1 347**	1 214	**775**	770	**665**	617
406	271			**49**	37	**20**	17	(60)	54	**(28)**	
39	27			**8**	5		2	1	1		
		80	52	**4**	8			12	(42)	**24**	16
		62	55							**2**	
		8	17	**(43)**	(11)						
445	298	**150**	124	**18**	39	**20**	19	(47)	13	**(2)**	16
24	15			**7**	13	**7**	4				
469	313	**150**	124	**25**	52	**27**	23	(47)	13	**(2)**	16
				(6)	(1)	**(11)**	(16)				
469	313	**150**	124	**19**	51	**16**	7	**(47)**	13	**(2)**	16
166	152	**55**	62	**57**	56	**30**	28	**38**	17	**268**	280
1								**2**			

Notes to the annual financial statements

for the year ended 30 September 2001

R million	Consolidated 2001	Consolidated 2000	Capital Equipment 2001	Capital Equipment 2000	Industrial Distribution 2001	Industrial Distribution 2000	Motor 2001	Motor 2000
3. BUSINESS AND GEOGRAPHICAL SEGMENTS* (continued)								
Capital additions								
South Africa	**569**	627	**264**	112			**111**	100
Rest of Africa	**34**	43	**15**	16			**2**	
Europe	**430**	607	**225**	132	**52**	185		
North America	**241**	190			**164**	167		
Australia and Asia	**33**	47					**5**	5
	1 307	1 514	**504**	260	**216**	352	**118**	105
Total assets								
South Africa	**8 953**	8 397	**1 047**	842			**1 218**	1 426
Rest of Africa	**975**	703	**591**	394			**53**	39
Europe	**7 739**	5 332	**3 064**	2 106	**1 163**	910		
North America	**2 778**	1 306			**1 941**	871		
Australia and Asia	**1 205**	713					**453**	96
	21 650	16 451	**4 702**	3 342	**3 104**	1 781	**1 724**	1 561
Taxation	**39**	99						
Deferred taxation assets	**257**	188						
Consolidated total assets	**21 946**	16 738						
Total liabilities								
South Africa	**1 948**	1 579	**298**	216			**483**	436
Rest of Africa	**291**	257	**214**	194			**23**	20
Europe	**2 288**	1 769	**1 493**	1 139	**435**	328		
North America	**540**	288			**414**	168		
Australia and Asia	**276**	202	**53**				**39**	15
	5 343	4 095	**2 058**	1 549	**849**	496	**545**	471
Interest-bearing liabilities	**6 222**	3 694						
Deferred taxation liabilities	**318**	281						
Taxation	**361**	214						
Consolidated total liabilities	**12 244**	8 284						

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

	Cement and Lime		Scientific Products		Coatings		Steel Tube		Treasury and Other		Leasing	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
	89	151			**28**	37	**28**	38	**47**	187	**2**	2
	6	17			**2**	2			**9**	8		
			42	50	**1**	1			**5**	1	**105**	238
			31	23							**46**	
			8	11	**20**	31						
	95	168	**81**	84	**51**	71	**28**	38	**61**	196	**153**	240
	2 482	2 270			**641**	624	**702**	692	**1 239**	812	**1 624**	1 731
	142	105			**33**	24			**156**	141		
			1 140	796	**55**	37			**877**	466	**1 588**	1 017
			576	435							**261**	
			196	181	**408**	436						
	2 624	2 375	**1 912**	1 412	**1 137**	1 121	**702**	692	**2 272**	1 419	**3 473**	2 748
	376	254			**246**	212	**283**	252	**244**	186	**18**	23
	25	18			**11**	10			**18**	15		
			211	176	**34**	20			**115**	106		
			126	120								
			69	61	**115**	126						
	401	272	**406**	357	**406**	368	**283**	252	**377**	307	**18**	23

Notes to the annual financial statements

for the year ended 30 September 2001

	2001 Cost Rm	2001 Accumulated depreciation or amounts written off Rm	2001 Net book value Rm	2000 Cost Rm	2000 Accumulated depreciation or amounts written off Rm	2000 Net book value Rm
4. PROPERTY, PLANT AND EQUIPMENT						
Group						
Freehold land and buildings	**1 673**	**331**	**1 342**	1 298	258	1 040
Leasehold land and buildings	**166**	**57**	**109**	124	36	88
Plant, equipment and furniture	**4 449**	**2 640**	**1 809**	3 725	2 017	1 708
Vehicles and aircraft	**780**	**364**	**416**	711	310	401
Capitalised leased plant and equipment, vehicles and furniture	**351**	**64**	**287**	357	49	308
Environmental rehabilitation asset	**40**	**14**	**26**	26	1	25
Rental assets	**4 241**	**2 177**	**2 064**	3 496	1 769	1 727
	11 700	**5 647**	**6 053**	9 737	4 440	5 297
Company						
Freehold land and buildings	**107**	**13**	**94**	128	12	116
Equipment, vehicles and furniture	**30**	**11**	**19**	21	6	15
	137	**24**	**113**	149	18	131

Property, plant and equipment with a net book value of R1 904 million (2000: R1 107 million) is encumbered as reflected in note 14.

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 2001 amounted to R21 439 million (2000: R18 376 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.

	Freehold and leasehold land and buildings Rm	Plant equip-ment and furniture Rm	Vehicles and aircraft Rm	Capitalised leased plant and equip-ment, vehicles and furniture Rm	Environ-mental rehabili-tation assets Rm	Rental assets Rm	**2001 Total Rm**	2000 Total Rm
4. PROPERTY, PLANT AND EQUIPMENT (continued)								
Movement of group property, plant and equipment								
Net balance at beginning of year	1 128	1 708	401	308	25	1 727	**5 297**	4 815
Subsidiaries acquired	236	70	4				**310**	10
Other additions	75	389	188	(1)	14	654	**1 319**	1 491
Reallocation*	(1)	(100)	(3)				**(104)**	
Impairment of assets								(15)
Translation differences (net)#	124	110	1			307	**542**	176
	1 562	2 177	591	307	39	2 688	**7 364**	6 477
Other disposals	(67)	(30)	(81)		(12)	(98)	**(288)**	(304)
Depreciation	(44)	(338)	(94)	(20)	(1)	(526)	**(1 023)**	(876)
Net balance at end of year	1 451	1 809	416	287	26	2 064	**6 053**	5 297
#The translation difference is made up as follows:								
Cost							***1 372***	*383*
Accumulated depreciation							***(830)***	*(207)*
							542	*176*

**Included is an amount of R87 million relating to reallocation from the impairment provision for the Paper division.*

Notes to the annual financial statements

for the year ended 30 September 2001

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
5. OTHER NON-CURRENT ASSETS				
Interest in subsidiaries			**1 699**	2 052
Listed and unlisted investments	**264**	365	**4**	4
Bills and leases discounted with recourse and repurchase obligations	**214**	48		
Pension fund prepayment (note 30)	**186**	133		
Other receivables	**90**	36		
Other non-current loans and deposits*	**56**	29	**1**	1
Barloworld Share Purchase Scheme#	**9**	16	**8**	16
	819	627	**1 712**	2 073
Interest in subsidiaries				
Shares at cost (note 34)			**371**	371
Amounts written off			**(85)**	(85)
Amounts owing by subsidiaries (note 34)			**2 718**	2 823
			3 004	3 109
Amounts owing to subsidiaries (note 34)			**1 305**	1 057
			1 699	2 052
Shares at cost less amounts written off (note 36)				
Listed investments	**12**	4	**2**	2
Unlisted investments	**252**	361	**2**	2
	264	365	**4**	4
Valuation of shares				
Market value – listed investments	**19**	10	**3**	3
Directors' valuation of unlisted investments	**265**	365	**6**	6
	284	375	**9**	9

* ***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 13% (2000: 12,5%) 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% (2000: 14,5%) per annum.

Director	**2001**	2000
	R	R
M D Coward	**144 250**	157 863
A J Lamprecht	**100 000**	99 625
	244 250	257 488

\# ***Barloworld Share Purchase Scheme***

Included are loans to executive directors for the purchase of shares amounting to R7 million (2000: R8,7 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 7,74%.

	GROUP			COMPANY
	Goodwill	Patents and trademarks	Total	Patents and trademarks
	Rm	Rm	Rm	Rm
6. GOODWILL AND INTANGIBLE ASSETS				
2001				
Cost				
At I October 2000	**1 014**	**41**	**1 055**	**21**
Additions	**761**	**16**	**777**	**16**
Translation differences	**118**		**118**	
Impairment	**(148)**		**(148)**	
At 30 September 2001	**1 745**	**57**	**1 802**	**37**
Accumulated amortisation				
At I October 2000	**149**	**16**	**165**	
Charge for the year	**88**	**4**	**92**	**2**
Translation differences	**15**		**15**	
At 30 September 2001	**252**	**20**	**272**	**2**
Carrying amount				
At 30 September 2001	1 493	37	1 530	35
2000				
Cost				
At I October 1999	666	18	684	
Additions	331	23	354	21
Translation differences	24		24	
Impairment	(7)		(7)	
At 30 September 2000	1 014	41	1 055	21
Accumulated amortisation				
At I October 1999	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	21

	GROUP 2001 Rm	GROUP 2000 Rm
7. INVESTMENT IN ASSOCIATES AND JOINT VENTURES*		
Cost of investment excluding goodwill	**225**	220
Share of retained earnings	**85**	63
– beginning of year	**63**	39
– increase for the year:	**31**	40
– normal profit for the year	**56**	49
– dividends received (note 21)	**(25)**	(9)
– other movements	**(9)**	(16)
Carrying value excluding amounts owing	**310**	283
Amounts owing	**22**	27
Carrying value including amounts owing	**332**	310
Carrying value by category		
Listed associates	**157**	143
Unlisted associates and joint ventures	**153**	140
	310	283
Valuation of shares		
Market value – listed associate companies	**233**	357
Directors' valuation of unlisted associate companies and joint ventures	**401**	328
	634	685
Aggregate of associate companies' and joint ventures' net assets, revenue and profit		
Property, plant and equipment, investments and cash	**2 233**	1 906
Total borrowings	**1 746**	1 750
Working capital	**475**	349
Revenue	**1 972**	1 786
Profit after tax	**146**	85

** Refer note 35 and 37 for a detailed list of joint venture and associate companies.*

	GROUP 2001 Rm	GROUP 2000 Rm
8. FINANCE LEASE RECEIVABLES		
Amounts receivable under finance leases:		
Gross investment	**2 748**	1 976
Less: Unearned finance income	**(591)**	(356)
Present value of minimum lease payments receivable	**2 157**	1 620
Receivable		
Within one year (note 10)	**434**	613
In the second to fifth year inclusive	**1 714**	1 002
Over five years	**9**	5
	2 157	1 620

Unguaranteed residual values of assets leased under finance leases are estimated at R3 million (2000: R5 million) for South Africa and R119 million (2000: R64 million) for non-South African leasing operations.

The interest rate charged in South Africa on the leases is linked to prime for the lease term. The weighted average interest rate on lease receivables at 30 September 2001 was 11,8% (2000: 13,6%).

The interest charged in the UK and USA on the leases is fixed at inception for the duration of the lease term, which is typically between four and five years. The weighted average interest rate on lease receivables at 30 September 2001 was 9,6%.

The fair value of the group's finance lease receivables as at 30 September 2001 is R2 157 million (2000: R1 620 million).

Notes to the annual financial statements

for the year ended 30 September 2001

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
9. INVENTORIES				
Raw materials and components	**373**	312		
Work in progress	**290**	229		
Finished goods	**2 338**	1 818		
Merchandise	**1 296**	1 003		
Consumable stores	**91**	96		
Buy-back commitments	**360**	219		
Other inventories	**23**	–		
	4 771	3 677		
The value of inventories has been determined on the following bases:				
First-in first-out	**4 411**	3 334		
Average	**360**	343		
	4 771	3 677		
Included above is inventory of R146 million (2000: R153 million) carried at net realisable value.				
Inventory pledged as security for liabilities amounts to nil (2000: R1 million).				
Reversal of previous inventory write-down amounts to R0,3 million (2000: R2 million).				
10. TRADE AND OTHER RECEIVABLES				
Trade receivables	**3 525**	2 543		
Finance lease receivables (note 8)	**434**	613		
Bills and leases discounted with recourse	**127**	64		
Other receivables and prepayments	**555**	479	**20**	8
Dividends accrued			**4**	4
	4 641	3 699	**24**	12
Trade receivables pledged as security for liabilities amounts to R11,4 million (2000: nil).				
11. CASH AND CASH EQUIVALENTS				
Cash on deposit	**1 649**	824		
Other cash and cash equivalent balances	**132**	120	**5**	
	1 781	944	**5**	

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
12. 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 (2000: 214 309 448)	**11**	11	**11**	11
Shares held by subsidiary in holding company (Share buy-back)	**(2)**	(1)		
	10	11	**12**	12
Share premium	**672**	679	**737**	737
Balance at beginning of year	**679**	737	**737**	737
Premium on shares held by subsidiary in holding company (share buy-back)	**(7)**	(58)		
Total issued share capital and premium	**682**	690	**749**	749

Buy-back of shares

In terms of the authority received from its shareholders at previous annual general meetings, a wholly-owned subsidiary of Barloworld Limited has purchased 2 046 600 (2000: 16 978 600) shares for R89 632 851 (2000: R768 221 058) at an average cost of R43,80 (2000: R45,25) per share resulting in a total average cost to date of R45,09 per share. Authority was granted by the shareholders at the Annual General Meeting on 31 January 2001 to buy-back a further 20% of the company's issued ordinary share capital in the aggregate.

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

	2001	2000
Total number of shares (net of share buy-back) in issue at beginning of year	**197 330 848**	214 309 448
Number of shares bought back during the year	**(2 046 600)**	(16 978 600)
Total number of shares (net of share buy-back) in issue at end of year	**195 284 248**	197 330 848

Unissued shares

16 073 209 Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme
3 086 754 Ordinary shares reserved to meet the requirements of the US$75 million convertible bond
66 530 589 Ordinary shares

85 690 552

125 000 6% Cumulative preference shares

The members in general meeting:

– reserved ordinary shares for purposes of the Barloworld 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

Notes to the annual financial statements

for the year ended 30 September 2001

12. SHARE CAPITAL AND PREMIUM (continued)

The Barloworld 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 Barloworld 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 Barloworld 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	Ceded*	Options unexercised	Option price	Date from which exercisable	Expiry date
		102 800	102 800	1 979 cents	17 August 1995	17 August 2002
	34 316	44 022	78 338	1 948 cents	13 October 1995	13 October 2002
70 000	199 528	520 110	789 638	2 650 cents	14 January 1997	14 January 2004
20 000	595 506	1 107 627	1 723 133	4 300 cents	21 May 1999	21 May 2006
	30 000	20 000	50 000	4 600 cents	6 March 2000	16 March 2007
	479 002	119 264	598 266	4 765 cents	13 June 2000	13 June 2007
253 067	126 668	73 665	453 400	4 450 cents	16 February 2001	16 February 2008
23 400	2 176 079	390 588	2 590 067	4 100 cents	1 April 2001	1 April 2008
216 700	1 381 685	87 965	1 686 350	2 325 cents	1 September 2001	1 September 2008
	85 000		85 000	2 855 cents	1 March 2002	1 March 2009
280 000	1 862 500	27 500	2 170 000	3 670 cents	29 May 2003	29 May 2010
225 000	1 919 500		2 144 500	4 570 cents	25 September 2004	25 September 2011
1 088 167	8 889 784	2 493 541	12 471 492			

	GROUP AND COMPANY 2001	2000
Movement for the year		
Options at the beginning of the year	**10 756 047**	9 167 820
Options granted	**2 144 500**	2 217 000
Options exercised, lapsed or ceded	**(429 055)**	(628 773)
Options unexercised at year-end	**12 471 492**	10 756 047
Held by:		
Directors and executives	**9 977 951**	10 170 255
Financial institutions	**2 493 541**	585 792
	12 471 492	10 756 047

**In terms of the rules of the Barloworld Share Option Scheme, options may be ceded to an approved financial institution.*

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
13. DEFERRED TAXATION				
Movement of deferred taxation liabilities:				
Balance at beginning of year	**281**	277		
Transferred this year	**(13)**	(12)		
Rate change adjustment	**(2)**	(1)		
Arising on acquisition and disposal of subsidiaries	**6**	(1)		
Translation differences	**(21)**			
Accounted for directly in equity	**1**			
Other movements	**66**	18		
	318	281		
Analysis of deferred taxation liabilities:				
Capital allowances	**464**	360		
Provisions	**(177)**	(131)		
Prepayments	**29**	25		
Effect of tax losses	**(1)**	(5)		
Other temporary differences	**3**	32		
	318	281		
Movement of deferred taxation assets:				
Balance at beginning of year	**188**	169	**7**	2
Transferred this year		4	**6**	4
Rate change adjustment	**(2)**	(3)		
Arising on acquisition and disposal of subsidiaries	**1**			
Translation differences	**4**			
Other movements	**66**	18		1
	257	188	**13**	7
Analysis of deferred taxation assets:				
Capital allowances	**(74)**	5		
Provisions	**273**	158	**1**	
Prepayments	**(2)**	(1)		
Effect of tax losses	**48**	24	**12**	7
Other temporary differences	**12**	2		
	257	188	**13**	7

Notes to the annual financial statements

for the year ended 30 September 2001

	GROUP	
	2001	2000
	Rm	Rm
14. NON-CURRENT LIABILITIES		
Total South African rand and foreign currency borrowings (note 32)	**3 612**	2 866
Less: Current portion redeemable and repayable within one year (note 15)	**(1 201)**	(954)
Interest-bearing	**2 411**	1 912
Liability portion of convertible bond*	**225**	180
Convertible bond	**242**	197
Equity portion	**(17)**	(17)
Non-interest-bearing liabilities	**891**	508
Pension provisions	**156**	170
Other provisions	**163**	154
Non-current provisions (note 17)	**319**	324
Bills and leases discounted with recourse and repurchase obligations	**263**	149
Other payables	**309**	35
Deferred taxation liabilities (note 13)	**318**	281
Total non-current liabilities	**3 845**	2 881

	Debt secured		Net book value of property, plant and equipment encumbered	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
Secured loans				
– South African rand	**21**	1	**19**	
– Foreign currencies	**401**	25	**529**	45
Liabilities under capitalised finance leases				
– South African rand	**302**	282	**255**	264
– Foreign currencies	**1 135**	827	**1 101**	798
	1 859	1 135	**1 904**	1 107

	Total owing 2001	Repayable during the year ending 30 September 2002	2003	2004	2005	2006 and onwards	Total owing 2000
14. NON-CURRENT LIABILITIES (continued)							
Summary of group borrowings by currency and by year of redemption or repayment – excluding convertible bond							
R million							
Total South African rand	1 098	495	226	114	14	249	1 415
US dollars	176	23		153			115
UK sterling	1 508	382	383	354	181	208	846
Japanese yen	106	3	3	98	2		96
Spanish peseta	266	266					202
Portuguese escudo	22	22					57
Euro	414			414			116
Other	22	10	8	4			19
Total foreign currencies	**2 514**	**706**	**394**	**1 023**	**183**	**208**	**1 451**
Total South African rand and foreign currency liabilities	**3 612**	**1 201**	**620**	**1 137**	**197**	**457**	**2 866**

*US$75 million was raised in 1995 through Barloworld 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 current year no bonds were converted. However US$505 000 of the bonds were repurchased and, accordingly, the outstanding balance at 30 September 2001 amounts to US$26,8 million, which would require the issue of 3 086 754 Barloworld shares.

	GROUP 2001 Rm	GROUP 2000 Rm	COMPANY 2001 Rm	COMPANY 2000 Rm
15. AMOUNTS DUE TO BANKERS AND SHORT-TERM LOANS				
Bank overdrafts and acceptances	**1 623**	230		8
Short-term loans	**762**	418		
Current portion of long-term borrowings (note 14)	**1 201**	954		
	3 586	1 602		8
16. TRADE AND OTHER PAYABLES				
Trade and other payables	**3 982**	3 022	**16**	20
Bills and leases discounted with recourse	**131**	156		
	4 113	3 178	**16**	20

Notes to the annual financial statements

for the year ended 30 September 2001

	Notes	GROUP 2001 Rm	GROUP 2000 Rm	COMPANY 2001 Rm	COMPANY 2000 Rm
17. PROVISIONS					
Non-current (note 14)		**319**	324		
Current		**339**	409	**7**	4
		658	733	**7**	4

	Total 2001 Rm	Environmental rehabilitation Rm	Onerous contracts Rm	Insurance claim provision Rm	Maintenance contracts Rm	Retirement benefits Rm	Warranty provisions Rm	Other* Rm
GROUP								
Movement of provisions								
Balance at beginning of year	**733**	36	149	37	93	286	49	83
Amounts added	**360**	55	11		18	54	44	178
Amounts used	**(451)**		(38)		(32)	(203)	(22)	(156)
Amounts reversed unused	**(17)**						(5)	(12)
Arising on acquisitions	**7**	5	1			1		
Exchange adjustments	**90**		9			54	6	21
Other	**(64)**		(39)	7			(8)	(24)
Balance at end of year	**658**	96	93	44	79	192	64	90
Incurred:								
Within one year	**339**		81	44	51	35	63	65
Between two to five years	**184**		12		28	124	1	19
More than five years	**135**	96				33		6
	658	96	93	44	79	192	64	90

**Included in other provisions is a transfer to property, plant and equipment for impairments of assets of R87 million relating to the Paper division (note 4).*

	GROUP		COMPANY	
	2001	2000*	**2001**	2000
	Rm	Rm	**Rm**	Rm
18. REVENUE				
Sale of goods – continuing operations	**24 372**	19 328		
Rendering of services	**1 743**	1 446		
Rentals received	**1 100**	891	**19**	24
Hire-purchase and finance lease income	**667**	617		
Other	**63**	2		
	27 945	22 284	**19**	24
Discontinuing operations		173		
	27 945	22 457	**19**	24

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 21.

**Restated, refer note 31.*

	GROUP 2001 Rm	GROUP 2000* Rm	COMPANY 2001 Rm	COMPANY 2000 Rm
19. OPERATING PROFIT				
Operating profit is arrived at after taking into account the items detailed below:				
Cost of sales#	**21 236**	18 246		
Interest paid by leasing operations				
– External	**183**	162		
– Group	**89**	116		
	272	278		
Income from subsidiaries:				
– Fees			**48**	43
– Interest			**16**	16
– Dividends			**199**	523
			263	582
Depreciation (note 4)	**1 023**	876	**7**	5
Amortisation of patents and trademarks	**4**	2	**2**	
Operating lease charges:				
– Land and buildings	**207**	185		
– Plant, vehicles and equipment	**22**	54	**2**	2
	229	239	**2**	2
Exploration, research and development costs	**30**	17		
Administration, management and technical fees paid	**72**	73	**4**	10
Auditors' remuneration:				
– Audit fees	**28**	24	**2**	1
– Fees for other services	**6**	9		
– Expenses	**1**	1		
	35	34	**2**	1
Directors' emoluments paid by holding company and subsidiaries (note 33):				
– Executive directors				
Fees		0,2		
Salary	**13,3**	15,9		
Benefits	**4,1**	6,2		
Bonuses	**6,3**	5,0		
Share options exercised	**6,3**	2,9		
Other emoluments		0,5		
	30,0	30,7		

#Cost of sales includes depreciation of R759 million (2000: R621 million), but excludes discontinued operations.

**Restated refer note 31.*

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
19. OPERATING PROFIT (continued)				
– Non-executive directors				
Fees	**1,5**	1,9		
Other emoluments	**2,3**	0,9		
	3,8	2,8		
Total directors' emoluments	**33,8**	33,5		
Staff costs	**2 749**	2 291		
Profit on disposal of rental assets	**(30)**	(22)		
Loss/(profit) on disposal of other assets	**4**	(24)		(12)
Exchange losses/(gains)	**6**	(8)		
Retirement benefit contribution#	**146**	141		
Operating expenses by function				
Distribution costs	**1 408**	1 262		
Administrative costs	**3 390**	2 809	**97**	92
Other operating costs	**830**	450		
	5 628	4 521	**97**	92
20. FINANCE COSTS				
– Convertible bond	**(16)**	(15)		
– Other term borrowings	**(50)**	(34)		
– Bank and other borrowings	**(170)**	(93)	**(9)**	(7)
– Finance lease interest	**(71)**	(108)		
– Amounts capitalised	**2**	3		
	(305)	(247)	**(9)**	(7)

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 between 10% and 11% (2000: 11%) to expenditure on such assets.

#After taking into account a contribution holiday of R21 million (2000: R16 million).

Notes to the annual financial statements

for the year ended 30 September 2001

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
21. INCOME FROM INVESTMENTS				
Dividends				
– Listed investments	**1**	2		1
– Unlisted investments	**34**	49	**1**	1
– Associate companies (note 7)	**25**	9		
Interest received	**105**	80	**1**	1
Group interest received from leasing operations*	**89**	116		
	254	256	**2**	3
22. DISCONTINUING OPERATIONS				
Carrying amount of total assets and liabilities to be disposed of		96		
– Federated Blaikie		96		
Revenue		173		
– Federated Blaikie		141		
– Bartons Steel Tube		32		
Operating costs		199		
– Federated Blaikie		149		
– Bartons Steel Tube		50		
Finance costs		4		
Loss from discontinuing operations		(30)		
23. EXCEPTIONAL ITEMS				
Net profit on disposal of listed shares		698		
Profit/(loss) on sale of property and non-current assets	**6**	29	**(2)**	
Provision for closure costs no longer required	**29**			
Additional obligations under IAS	**(93)**			
Impairment losses	**(207)**	(59)	**(72)**	(28)
	(265)	668	**(74)**	(28)
Attributable exceptional items of associates	**(13)**			
	(278)	668	**(74)**	(28)
Taxation	**(3)**	(1)		
	(281)	667	**(74)**	(28)
Minority interests	**14**	3		
Attributable to ordinary shareholders	**(267)**	670	**(74)**	(28)

**Interest paid by leasing operations refer note 19.*

	GROUP		COMPANY	
	2001	2000	**2001**	2000
	Rm	Rm	**Rm**	Rm
24. TAXATION				
South African normal taxation				
– current year	**80**	113		
– prior year	**2**	(25)		2
	82	88		2
Foreign and withholding taxation				
– current year	**274**	217		
– prior year	**(3)**	(3)		
	271	214		
Deferred taxation				
– current year	**(5)**	(4)	**(6)**	(3)
– prior year	**(8)**	(12)		(1)
– attributable to a change in the rate of income tax		2		
	(13)	(14)	**(6)**	(4)
Secondary taxation on companies	**43**	14	**26**	
Taxation attributable to the company and its subsidiaries	**383**	302	**20**	(2)

	GROUP 2001	GROUP 2000
24. TAXATION (continued)		
	%	%
Reconciliation of rate of taxation:		
Taxation as a percentage of profit before taxation (excluding prior year taxation)	**36,6**	19,5
Adjustment due to inclusion of dividend income	**2,2**	0,6
Effective rate of taxation	**38,8**	20,1
Reduction in rate of taxation	**6,4**	14,6
– exempt income	**0,9**	13,2
– rate change adjustment		(0,1)
– tax losses of prior periods	**8,7**	2,7
– foreign tax differential	**(3,2)**	(1,2)
Increase in rate of taxation	**(15,2)**	(4,7)
– disallowable charges	**(9,4)**	(2,2)
– current year's tax losses in subsidiaries available for allowance against their future taxable profits	**(1,6)**	(1,7)
– secondary tax on companies	**(4,2)**	(0,8)
Net decrease in rate of taxation for the year	**(8,8)**	9,9
South African normal taxation rate	**30,0**	30,0
Taxation as a percentage of profit before taxation and exceptional items (excluding prior year taxation)	**33,5**	32,0
	Rm	Rm
Group tax losses at the end of the year, arising primarily from operating losses, allowable for taxation		
South African	**86**	49
Foreign	**76**	47
	162	96
Less: Utilised to reduce deferred taxation or create deferred taxation assets	**162**	96
Available to reduce future taxable income	**0**	0

At 30 September 2001 the group had R4,5 million worth of credits in respect of secondary tax on companies (2000: nil).

	GROUP 2001	GROUP 2000
25. NET PROFIT AND EARNINGS PER SHARE		
25.1 Net profit per share (basic)		
Net profit for the year (Rm)	**617**	1 406
The weighted average number of ordinary shares	**195 613 384**	205 593 573
Net profit per share (basic) (cents)	**315,7**	684,0
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.		
25.2 Net profit per share (fully diluted)		
Net profit for the year (Rm)	**617**	1 406
Adjusted for:		
After-tax interest saving assuming conversion of convertible bond where effect is dilutive		11
	617	1 417
Fully converted weighted average number of shares	**198 859 116**	209 977 474
Net profit per share (fully diluted) (cents)	**310,5**	674,8
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.		
25.3 Earnings per share from continuing operations, excluding exceptional items (basic)		
Net profit for the year (Rm)	**617**	1 406
Adjusted for:		
Exceptional items and trading loss from discontinuing operations	**267**	(640)
	884	766
Weighted average number of ordinary shares	**195 613 384**	205 593 573
Earnings per share from continuing operations, excluding exceptional items (basic) (cents)	**452,0**	372,6
25.4 Earnings per share from continuing operations, excluding exceptional items (fully diluted)		
Earnings as calculated in 25.3 above	**884**	766
Adjusted for:		
After-tax interest saving assuming conversion of convertible bond	**12**	11
	896	777
Fully converted weighted average number of shares	**201 945 869**	209 977 474
Earnings per share from continuing operations excluding exceptional items (fully diluted) (cents)	**443,6**	369,9
25.5 Headline earnings		
Net profit from continuing operations	**884**	766
Goodwill amortisation	**88**	47
Loss/(profit) on sale of plant and equipment	**4**	(24)
	976	789
The weighted average number of ordinary shares	**195 613 384**	205 593 573
Headline earnings (cents)	**499,0**	383,7

Notes to the annual financial statements

for the year ended 30 September 2001

	GROUP AND COMPANY 2001	2000
26. DIVIDENDS		
Ordinary shares		
Final dividend No 142 paid on 15 January 2001		
120 cents per share (2000: 100 cents)	**257**	214
Interim dividend No 143 paid on 8 June 2001		
75 cents per share (2000: 60 cents)	**161**	129
	418	343
Dividend attributable to the share buy-back	**(37)**	(9)
	381	334
6% Cumulative preference shares		
Preference dividends totalling R45 000 were declared on 13 October 2000 and 2 April 2001, paid on 27 October 2000 and 20 April 2001 respectively.		
Dividends per share	**Cents**	Cents
Interim dividend No 143	**75**	60
Final dividend No 144	**145**	120
	220	180

On 14 November 2001 the directors declared dividend No 144 of 145 cents per share. This dividend will be paid to shareholders on 21 January 2002.

	GROUP 2001 Rm	2000 Rm
27. ATTRIBUTABLE INTEREST IN SUBSIDIARIES		
Holding company	**85**	499
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation, including associate companies:		
Profits	**1 329**	1 817
Losses	**(797)**	(910)
Profit per income statement	**617**	1 406

	GROUP 2001 Rm	GROUP 2000 Rm
28. COMMITMENTS		
Capital expenditure commitments to be incurred		
– Contracted	**537**	914
– Approved	**186**	31
	723	945

Commitments will be spent substantially in 2002. 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.

	2006 and thereafter Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	Total 2001 Rm	Total 2000 Rm
Operating lease commitments							
Land and buildings	651	157	179	207	240	**1 434**	1 199
Motor vehicles	3	11	27	46	64	**151**	67
Other	2	3	13	23	32	**73**	145
	656	171	219	276	336	**1 658**	1 411
Finance lease commitments							
Land and buildings		25	18	17	16	**76**	97
Motor vehicles					1	**1**	
Other					12	**12**	
		25	18	17	29	**89**	97

	GROUP 2001 Rm	GROUP 2000 Rm	COMPANY 2001 Rm	COMPANY 2000 Rm
29. CONTINGENT LIABILITIES				
Bills, lease and hire-purchase agreements discounted with recourse		3		
Guarantees for loans, overdrafts and liabilities of subsidiaries			**742**	1 093
Other guarantees and claims	**300**	363		

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.

72% of employees belong to 11 defined benefit and 45 defined contribution retirement funds in which group employment is a prerequisite for membership. Of these, 9 defined benefit and 29 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 28% of employees belong to defined contribution funds associated with industries or employee organisations.

Defined contribution plans

The total cost charged to income of R141 million (2000: R137 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes.

Defined benefit plans

Amounts recognised in income in respect of these schemes are as follows:

	GROUP	
	2001	2000
	Rm	Rm
Current service cost	**93**	73
Interest costs	**221**	160
Expected return on plan assets	**(268)**	(202)
The charge for the United Kingdom and European defined benefit funds for the year included in staff costs	**46**	31
The charge for the South African defined funds for the year	**5**	4
	51	35

The actuarial return on plan was R669 million (2000: R568 million).

All defined benefit funds are valued by independent actuaries as follows:

	Valuation interval	Latest valuation
Barlows Pension Fund	Triennial	31 March 1998*
Barloworld UK Pension Fund	Triennial	1 April 2000
Bibby Pension Scheme	Triennial	1 April 2000
PPC Pension Fund	Annual	28 February 2001

At the last statutory valuation of the funds within the group and again at the interim valuations during September 2001 the actuaries were of the opinion that the funds were in a sound financial position.

The pension plan assets consists primarily of equity (local and off shore), interest-bearing stock and property.

**The Barlows Pension Fund valuation at 31 March 2001 is currently being finalised by the actuaries.*

	GROUP 2001 Rm	GROUP 2000 Rm
30. RETIREMENT BENEFIT INFORMATION (continued)		
The amount included in the balance sheet arising from the group's obligation in respect of defined benefit retirement plans is as follows:		
Present value of funded obligation	**(5 689)**	(4 899)
Unrecognised actuarial gains/(losses)	**157**	(277)
Unrecognised transitional assets		(231)
Other	**(8)**	(5)
Fair value of plan assets	**6 046**	5 758
Net asset	**506**	346
Less: Amount not recognised on balance sheet	**320**	213
Net asset per balance sheet (note 5)	**186**	133
Movement in the net asset in the current year was as follows:		
At beginning of year	**133**	114
Exchange differences	**38**	6
Contributions	**61**	44
Expenses	**(46)**	(31)
At the end of year	**186**	133

	SOUTH AFRICA 2001 %	SOUTH AFRICA 2000 %	UK AND EUROPE 2001 %	UK AND EUROPE 2000 %
Key assumptions used:				
Discount rate	**12,0**	12,0	**6,1**	6,5
Expected return on plan assets	**15,0**	15,0	**7,5**	7,0
Expected rate of salary increases	**11,5**	11,5	**3,6**	4,5
Future pension increases	**6,7**	7,0	**2,1**	3,0

The assets in respect of the South African defined benefit funds are not recognised on the balance sheet because of the uncertainty in South Africa as to the entitlement to the surplus.

In Spain, accrued employee retirement benefits remain a direct liability of Finanzauto SA. During the year this company externalised most of this liability. This company has a provision of R13 million (2000: R170 million) to provide for this estimated liability at 30 September 2001. In all other instances, the accrued value of retirement benefits is represented by assets held in separate funds administered by trustees.

31. CHANGES IN ACCOUNTING POLICY

The group adopted International Accounting Standards for the first time during the previous 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.

There have been no changes in accounting policies during the year. The increase in further constructive obligations in respect of plant closure costs and employee related costs at or after retirement required under IAS have been treated as an exceptional item to the extent they relate to prior years.

The paper operations in the United Kingdom which were previously regarded as discontinuing have been reclassified as continuing under "Treasury and Other". The Logistics operations included previously in the Cement, Motor and Capital Equipment divisions have also been reclassified under "Treasury and Other". Prior year results have been restated accordingly.

32. 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 2001	Foreign amount million 2000	Average rate 2001	Average rate 2000	Rand amount million 2001	Rand amount million 2000
32. FINANCIAL RISK MANAGEMENT (continued)						
Foreign currency						
Bought: US dollars	**69**	22	**8,2684**	7,0455	**571**	155
German marks		4		3,2500		13
Pound sterling	**2**	3	**12,6832**	12,0000	**29**	36
Japanese yen	**96**	25	**0,0692**	0,0800	**7**	2
Euro	**5**	2	**8,2000**	5,5000	**41**	11
Other currencies					**5**	9

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 %	2001 Rm	2000 Rm
Liabilities in foreign currencies					
Secured loans	JPY	2005	2,0	**11**	13
	Other	2002/2005	15,5 – 15,8	**390**	12
Unsecured debentures	GBP	2001	Libor – 0,05		19
Unsecured loans	USD	2002/2004	Libor + 0,65	**174**	115
	JPY	2002/2004	Libor + 0,65	**95**	83
	ESP	2002/2004	Mibor + 0,35	**266**	202
	Euro	2002/2004	Libor + 0,65	**414**	116
	Other	2002/2004	Libor + 0,65	**28**	64
Liabilities under capitalised finance leases	GBP	2001/2006	6 – 8	**1 135**	827
Total foreign currency liabilities				**2 513**	1 451
South African rand liabilities					
Secured loans		2002/2003	16,0	**21**	1
Unsecured loans		2002/2004	10,7	**776**	1 132
Liabilities under capitalised finance leases			14,85 – 20,27	**302**	282
Total South African rand liabilities				**1 099**	1 415
Total South African rand and foreign currency liabilities (note 14)				**3 612**	2 866
Interest rates					
Loans at fixed rates of interest				**1 830**	1 247
Loans linked to South African money market				**805**	1 199
Loans linked to Libor*/Mibor#				**977**	420
				3 612	2 866

**Libor – London inter-bank offered rate.*

#Mibor – Madrid inter-bank offered rate.

32. FINANCIAL RISK MANAGEMENT (continued)

Maturity profile of financial instruments

The maturity profile of the financial instruments are summarised as follows:

	<1 year Rm	2 – 4 years Rm	>4 years Rm	Total Rm
Financial assets				
Cash and cash equivalents	1 781			1 781
Trade and other receivables	4 641	1 998	29	6 668
Financial liabilities				
Interest-bearing liabilities	3 586	2 179	457	6 222
Trade and other payables	4 452	184	135	4 771

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 Rm	Fair value Rm
Financial assets		
Cash and cash equivalents	1 781	1 781
Trade and other receivables	6 668	7 207
Financial liabilities		
Non-current interest-bearing borrowings	2 636	2 618
Short-term borrowings and bank overdraft	3 586	3 581
Trade and other payables	4 771	4 766

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.

32. FINANCIAL RISK MANAGEMENT (continued)

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.

Liquidity risk management

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

	2001 Rm	2000 Rm
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 taxation liability	**9 395**	8 179
Total borrowings and guarantees given	**6 522**	4 057
Unutilised borrowings capacity	**2 873**	4 122

33. DIRECTORS' REMUNERATION AND INTERESTS

Directors' remuneration

The directors' remuneration for the year ended 30 September 2001 was as follows:

Name	Salary R'000	Bonus R'000	Retirement and medical contributions R'000	Share options exercised R'000	Other benefits R'000	Total R'000
Executive directors						
D C Arnold	1 496	675	256	1 207	299	3 933
K Brown	3 812	2 213	698		170	6 893
M D Coward	1 108	524	171	1 062	246	3 111
L S Day	1 068	501	191	531	222	2 513
J E Gomersall	1 372	652	254	1 784	265	4 327
A J Lamprecht	1 176	558	189	713	241	2 877
A J Phillips	2 043	954	343	312	272	3 924
P M Surgey	1 185	248	171	728	158	2 490
	13 260	6 325	2 273	6 337	1 873	30 068

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

Notes to the annual financial statements

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Name	Fees R'000	Other R'000	Total R'000
33. DIRECTORS' REMUNERATION AND INTERESTS (continued)			
Non-executive directors			
W A M Clewlow	922	445	1 367
R K J Chambers	102	452	554
P T W Curtis	70		70
Sir Andrew Hugh Smith	53	1 333	1 386
M J Levett	88		88
R M Mansell-Jones	76		76
D B Ntsebeza	52		52
L A Tager	52		52
E P Theron	88	30	118
S B Pfeiffer	5		5
	1 508	2 260	3 768
Total			33 836

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 2001 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.

	2001 Direct shares	**2001** Indirect shares	2000 Direct shares	2000 Indirect shares
Executive directors				
D C Arnold	**50 364**		100 364	
K Brown	**2 000**			
M D Coward	**24 415**		29 700	
L S Day	**41 467**		20 420	
J E Gomersall	**80 000**		80 000	
A J Lamprecht	**15 000**		40 000	
A J Phillips	**66 700**		49 406	
P M Surgey	**17 278**		31 384	
	297 224		351 274	

	2001 Direct shares	2001 Indirect shares	2000 Direct shares	2000 Indirect shares
33. DIRECTORS' REMUNERATION AND INTERESTS (continued)				
Non-executive directors				
P T W Curtis		**2 083**		2 083
R K J Chambers	**10 000**		10 000	
W A M Clewlow	**365 334**	**16 592**	365 334	16 592
Sir Andrew Hugh Smith	**2 000**		2 000	
M J Levett	**25 630**			15 454
	402 964	**18 675**	377 334	34 129
	700 188	**18 675**	728 608	34 129

Interest of directors of the company in share options

The Barloworld Share Option Scheme

The interest of the executive directors in shares of the company provided in the form of options are shown in the table below:

Name	Number of options as at 30 Sept 2000	Number of options granted during the year	Number of options exercised/ ceded during the year	**Number of options as at 30 Sept 2001**	Option price	Date from which exercisable	Expiry date
D C Arnold	20 000		20 000		4 300	21/05/99	21/05/06
	40 000		10 000	**30 000**	4 450	16/02/01	16/02/08
	30 000		10 000	**20 000**	2 325	01/09/01	01/09/08
	35 000			**35 000**	3 670	29/05/03	29/05/10
		30 000		**30 000**	4 570	25/09/04	25/09/11
K Brown	40 000			**40 000**	4 450	16/02/01	16/02/08
	30 000			**30 000**	2 325	01/09/01	01/09/08
	35 000			**35 000**	3 670	29/05/03	29/05/10
		25 000		**25 000**	4 570	25/09/04	25/09/11
M D Coward	27 000		27 000		2 650	14/01/97	14/01/04
	30 000		10 000	**20 000**	4 300	21/05/99	21/05/06
	40 000			**40 000**	4 450	16/02/01	16/02/08
	30 000			**30 000**	2 325	01/09/01	01/09/08
	30 000			**30 000**	3 670	29/05/03	29/05/10
		25 000		**25 000**	4 570	25/09/04	25/09/11

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for the year ended 30 September 2001

Name	Number of options as at 30 Sept 2000	Number of options granted during the year	Number of options exercised/ ceded during the year	**Number of options as at 30 Sept 2001**	Option price	Date from which exercisable	Expiry date
33. DIRECTORS' REMUNERATION AND INTERESTS (continued)							
L S Day					2 650	14/01/97	14/01/04
	25 000		25 000		4 300	21/05/99	21/05/06
	35 000		11 600	**23 400**	4 100	01/04/01	01/04/08
	30 000		10 000	**20 000**	2 325	01/09/01	01/09/08
	30 000			**30 000**	3 670	29/05/03	29/05/10
		25 000		**25 000**	4 570	25/09/04	25/09/11
J E Gomersall	40 000		40 000		2 650	14/01/97	14/01/04
	30 000		30 000		4 300	21/05/99	21/05/06
	50 000			**50 000**	4 450	16/02/01	16/02/08
	40 000			**40 000**	2 325	01/09/01	01/09/08
	35 000			**35 000**	3 670	29/05/03	29/05/10
		30 000		**30 000**	4 570	25/09/04	25/09/11
A J Lamprecht					2 650	14/01/97	14/01/04
	10 000		10 000		4 300	21/05/99	21/05/06
	40 000		13 333	**26 667**	4 450	16/02/01	16/02/08
	30 000		10 000	**20 000**	2 325	01/09/01	01/09/08
	30 000			**30 000**	3 670	29/05/03	29/05/10
		25 000		**25 000**	4 570	25/09/04	25/09/11
A J Phillips					2 650	14/01/97	14/01/04
	20 000		20 000		4 300	21/05/99	21/05/06
	50 000		16 600	**33 400**	4 450	16/02/01	16/02/08
	40 000		13 300	**26 700**	2 325	01/09/01	01/09/08
	50 000			**50 000**	3 670	29/05/03	29/05/10
		40 000		**40 000**	4 570	25/09/04	25/09/11
P M Surgey	70 000			**70 000**	2 650	14/01/97	14/01/04
	40 000		7 000	**33 000**	4 450	16/02/01	16/02/08
	30 000			**30 000**	2 325	01/09/01	01/09/08
	35 000			**35 000**	3 670	29/05/03	29/05/10
		25 000		**25 000**	4 570	25/09/04	25/09/11

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

Name of company Rand except where indicated	Type			Issued capital	Effective percentage holdings 2001 %	2000 %	Interest of holding company: Shares 2001 Rm	Shares 2000 Rm	Indebtedness 2001 Rm	Indebtedness 2000 Rm	Amounts owing to subsidiaries 2001 Rm	2000 Rm
34. PRINCIPAL SUBSIDIARY COMPANIES												
Barloworld Australia (Pty) Limited[5]	H		AUD	51 525 504	**100**	100						
Barloworld Capital (Pty) Limited	F			30 100 000	**100**	100	**30**	30	**567**	1 204		
Barloworld International Investment PLC[1]	F		GBP	50 000	**100**	100						
Barloworld PLC[1]	H	Ord	GBP	109 200 117	**100**	100						
Barloworld Industrial Distribution Limited[1]	O		GBP	2 125 000	**100**	100						
Barloworld Motor (Pty) Limited	O			600 000	**100**	100	**1**	1			**5**	5
Barloworld Scientific Group Limited[1]			GBP	17 000 000	**100**	100						
Barloworld Equipment (Pty) Limited	O			2	**100**	100						
Barloworld Equipment UK Limited	O		GBP	4 500 000	**100**	100					**5**	5
Finanzauto SA[2]	O		ESP	7 402 340 400	**99,7**	99,7						
Barloworld Botswana (Pty) Limited[3]	H		BWP	35 329 536	**100**	100						
Barloworld Coatings (Pty) Limited	O	Ord		2 197 295	**100**	100	**37**	37			**101**	101
		'A' Ord		527 705	**100**	100						
		'B' Ord		1 952 509	**100**	100						
Pretoria Portland Cement Co Limited	O			50 006 312	**68,1**	68,1	**35**	35		2	**167**	
RIH Investments (Pty) Limited	F	Ord		3 264 730	**100**	100	**131**	131	**180**	180		
		'A' Ord		587 651	**100**	100						
Sociedade Technica De Equipamentos e Tractores SA[6]	O		PTE	800 000 000	**98,8**	98,8						
Barloworld Namibia (Pty) Limited[4]	F		NAD	1 450 000	**100**	100	**4**	4				
Barloworld Coatings (Australia) (Pty) Limited[5]	O		AUD	27 246 000	**100**	100						
Other foreign subsidiaries*							**31**	31		6	**343**	280
Other companies*							**102**	102	**1 971**	1 431	**684**	666
							371	371	**2 718**	2 823	**1 305**	1 057

**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

Keys to type of subsidiary

H – Holding companies
O – Operating companies
F – Finance companies

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

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	Investor company/joint venture	Principal products or activities	Percentage held by investor 2001	2000
35.	**SIGNIFICANT JOINT VENTURES AT 30 SEPTEMBER 2001**			
	Pretoria Portland Cement Company Limited			
	Ash Resources (Pty) Limited	Ash distribution	**25,0**	25,0
	Natal Portland Cement Company Limited	Cement manufacture	**32,8**	33,3
	Slagment (Pty) Limited	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.

		Securities exchange	Number of shares 2001	2000
36.	**LISTED AND UNLISTED INVESTMENTS AT 30 SEPTEMBER 2001**			
	Number of shares held by the holding company and by subsidiaries, where material, are as follows:			
	Listed investments			
	Astral Foods Limited	South Africa	**9 324**	
	Nampak Limited	South Africa	**97 645**	148 242
	Illovo Sugar Limited	South Africa	**53 666**	83 832
	Tiger Brands Limited	South Africa	**26 776**	40 647
	Reunert Limited	South Africa	**174 733**	266 976
	Inno Active Property Solutions Limited (formerly RMP Properties Limited)	South Africa	**23 820**	23 820
	Astra Industries Limited	Zimbabwe	**15 311 155**	
	Tractive Power Holdings Limited	Zimbabwe	**15 311 155**	
	Cairns Holdings Limited	Zimbabwe	**15 311 155**	
	Unlisted investments			
	Business Partners Limited		**2 209 594**	2 209 594
	BOE Bank Trust – preference shares		**246 850 000**	246 850 000
	KWJ Investments – preference shares			100 000

Investor company/joint venture	Principal products or activities	Issued share capital R000	Percentage held by investor 2001	2000
37. INVESTMENTS IN ASSOCIATE COMPANIES AT 30 SEPTEMBER 2001				
Pretoria Portland Cement Company Limited				
Amanzi Lime Services (Pty) Limited	Lime services	4	**50**	50
Kgale Quarries	Cement manufacture	378	**50**	50
Barloworld Coatings (Pty) Limited				
International Paints (Pty) Limited	Paint manufacturing	20	**49**	49
Dexter SA (Pty) Limited	Can coatings	60		40
Herberts-Plascon (Pty) Limited	Automotive coatings	21	**49**	49
Schenectady SA (Pty) Limited	Paint manufacturing	8 536	**49**	49
Longridge (Pty) Limited	Paint manufacturing	1	**50**	50
Valspar (SA) (Pty) Limited	Can coatings	17	**20**	
Sizwe Venture	Decorative distribution		**30**	30
Barloworld Australia (Pty) Limited				
Mercedes-Benz of Melbourne (Pty) Limited	Motor retailer	2 000	**49**	49
Chemcorp Australia (Pty) Limited	Paint distributor	200	**50**	50
Barloworld Robor (Pty) Limited				
Mine Support Products (Pty) Limited	Pit props	1	**50**	50
Stemcor SA (Pty) Limited	Steel and metal traders	1	**50**	50
Shosholoza (Pty) Limited	Steel and metal traders		**30**	30
Barloworld Investments (Pty) Limited				
Avis Southern Africa Limited	Transport	171 282	**26**	26
Barloworld PLC				
Barzem	Caterpillar dealer	48	**35**	35
Select Trucks LLC	Used truck dealer		**50**	
Barloworld Equipment Company				
Surcotec (Pty) Limited	Metal spraying and general engineering		**40**	

Notice of annual general meeting

Notice is hereby given that the eighty fifth annual general meeting of the members of the company will be held in the Auditorium, Barloworld Corporate Headquarters, 180 Katherine Street, Sandton, on Monday, 28 January 2002, at 12:30 for the following purposes:

1. To receive and adopt the group annual financial statements for the year ended 30 September 2001.

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 to R100 000 per person 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 Barloworld Share Option Scheme, as approved and adopted by the company on 1 July 1985, 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	30 000
K Brown	25 000
M D Coward	25 000
L S Day	25 000
J E Gomersall	30 000
A J Lamprecht	25 000
A J Phillips	40 000
P M Surgey	25 000

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 JSE Securities Exchange South Africa "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 Limited.

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/her 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 Thursday, 24 January 2002.

By order of the board

M J Barnett
Secretary

Sandton
30 November 2001

Corporate information

for the year ended 30 September 2001

SECRETARY

M J Barnett

BUSINESS ADDRESS AND REGISTERED OFFICE

180 Katherine Street
PO Box 782248, Sandton, 2146
South Africa
Telephone +27 11 445 1000
Telefax +27 11 444 3643
Website www.barloworld.com

AUDITORS

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Deloitte & Touche Place
The Woodlands
Corner Woodlands and Kelvin Drives
Woodmead, 2199
South Africa
Telephone +27 11 806 5000
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ATTORNEYS

Bowman Gilfillan Inc
Ninth Floor
Twin Towers West
Sandton City
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Telephone +27 11 881 9800
Telefax +27 11 883 4505

TRANSFER SECRETARIES

Mercantile Registrars Ltd
11 Diagonal Street
PO Box 1053
Johannesburg, 2000
South Africa
Telephone +27 11 370 5000
Telefax +27 11 370 5271

UNITED KINGDOM REGISTRAR

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA
England
Telephone +44 190 350 2541
Telefax +44 190 385 4031

PRINCIPAL BANKERS

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

SPONSOR

Cazenove

(London)

12 Tokenhouse Yard
London EC2R 7AN
England
Telephone +44 207 588 2828
Telefax +44 207 606 9205

(Johannesburg)

First Floor, Moorgate
Dunkeld Park
6 North Road
Dunkeld West
PO Box 412468, Craighall, 2024
Johannesburg, South Africa
Telephone +27 11 280 7900
Telefax +27 11 325 8040

Proxy form

Barloworld
Leading brands

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

If you are unable to attend the annual general meeting of members to be held in the Auditorium, Barloworld Corporate Headquarters,180 Katherine Street, Sandton, on Monday, 28 January 2002, at 12:30 (South African time) 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 Thursday, 24 January 2002.

I/We ______________________________ of ______________________________

being a holder(s) of ______________________________ ordinary shares

hereby appoint ______________________________

of ______________________________

or failing him/her, ______________________________

of ______________________________

or failing him/her, 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, Barloworld Corporate Headquarters,180 Katherine Street, Sandton, on Monday, 28 January 2002, at 12:30 (South African time) 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:			
D C Arnold			
B P Diamond			
W A M Clewlow			
J E Gomersall			
P J Maybury			
S B Pfeiffer			
G Ross-Russell			
E P Theron			
R C Tomkinson			
R F Urrutia			
3. Remuneration of non-executive directors			
4. Authority to allot and issue shares under option to directors			
5. Acquisition of own shares			

Signed at ______________________________ on ______________________________

Signature(s) ______________________________

Assisted by (if applicable) ______________________________

Date ______________________________

Notes to the proxy

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 Thursday, 24 January 2002.

2. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his/her 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 is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total shareholder registered in the member's name.

Shareholders' diary

Barloworld
Leading brands

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

GRAPHICOR 24415

Barloworld
Leading brands

2071 2101 1901 1931

www.barloworld.com

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