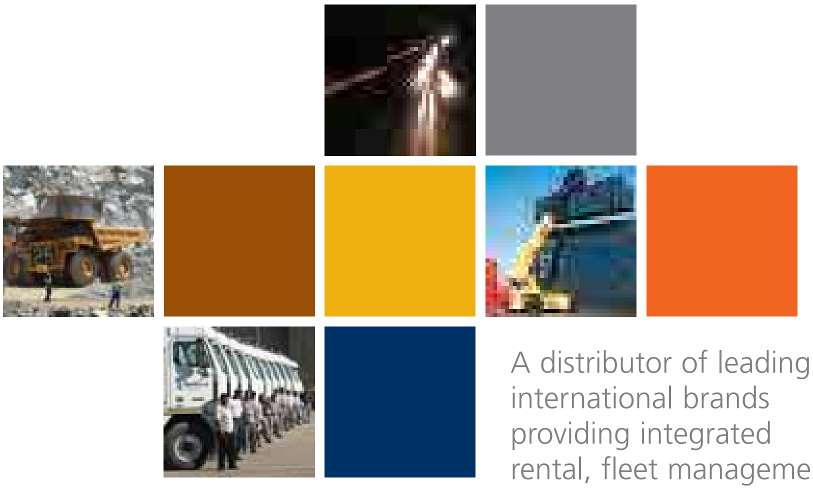
Barloworld
Leading brands



A distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions

ANNUAL REPORT 2007

Barloworld
Leading brands

OUR BUSINESS PHILOSOPHY

The Barloworld group will comprise businesses that fit a common strategic profile, meet strict performance criteria and demonstrate good growth prospects

STRATEGIC PROFILE

The future Barloworld organisation will incorporate the following defining characteristics and competencies:

- Provision of flexible, value adding, integrated customer solutions in the following business segments:
  - – Earthmoving and power systems (equipment)
  - – Vehicle usage (automotive)
  - – Materials handling (handling)
  - – Logistics management and supply chain optimisation (logistics)
- Representation of leading global brands supported by Barloworld service excellence
- Effective management of long-term relationships with global principals and customers
- Ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects
- Ability to leverage core competencies, systems and best practices across chosen business segments
- Commitment to lead in empowerment and transformation

Barloworld
Leading brands

CONTENTS

VISION

To be a recognised global market leader in the provision of integrated solutions in distribution, rental, fleet management, product support and logistics to customers in our chosen business segments.

CODE OF ETHICS

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

Barloworld today is a focused multinational corporation with revenues exceeding R43 billion. It comprises operations with a common strategic profile that collectively meet exacting performance standards. Barloworld is driven by the maxim of creating sustainable value for all its stakeholders. The group offers its global customer base integrated business solutions backed by leading international brands.

FINANCIAL HIGHLIGHTS

Revenue from continuing operations up 23% to R43 238 million

Trading profit up 33%

Operating profit from continuing operations up 24% to R2 741 million

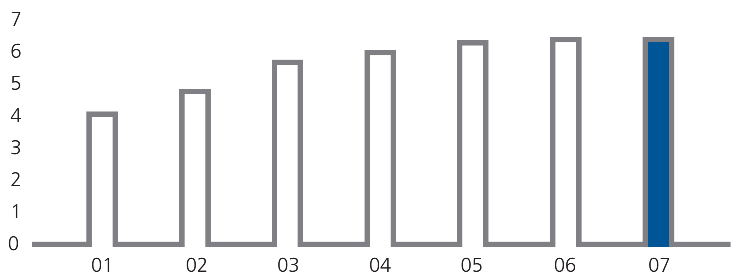
Headline earnings per share
– from continuing operations up 13%
– from continuing operations up 21% *(excluding STC on special dividend)*

Strategic actions completed ahead of schedule

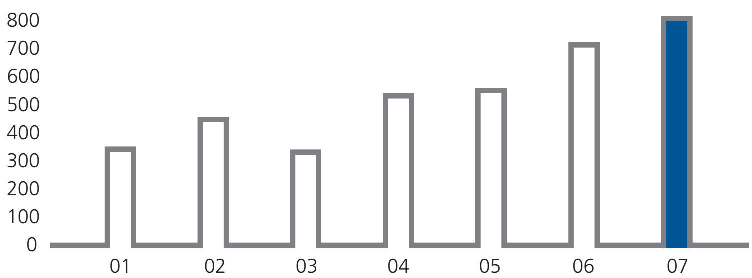
Significant shareholder value unlocked
– Special dividend of R1 billion (R5 per share) paid
– R19,3 billion distribution of PPC shares to shareholders

Total shareholder return in 2007 at 79%

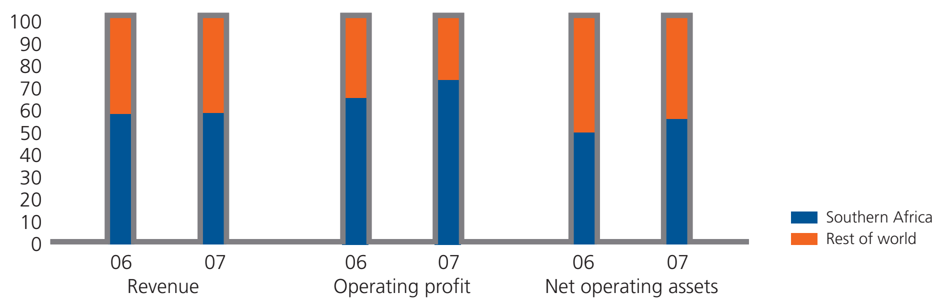
OPERATING MARGIN – continuing operations (%)



HEADLINE EARNINGS PER SHARE – continuing operations (cents)

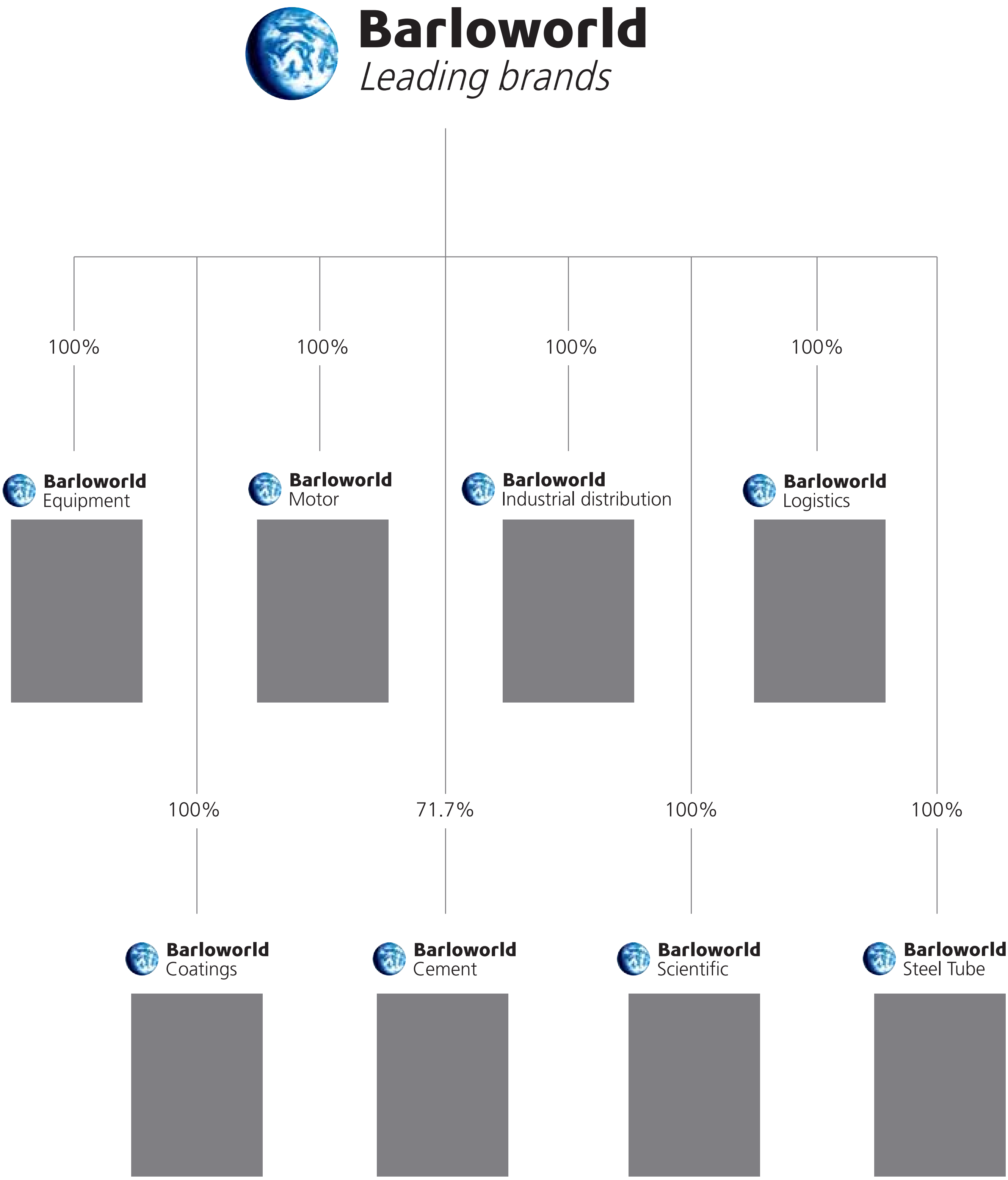


GEOGRAPHICAL ANALYSIS (%)



COMPANY STRUCTURE

(Prior to restructuring)



COMPANY STRUCTURE

(Post restructuring)

Barloworld
Leading brands

Barloworld Equipment	Barloworld Automotive	Barloworld Handling	Barloworld Logistics
100%	100%	100%	100%
...refer to page **26** for operational review	...refer to page **40** for operational review	...refer to page **52** for operational review	...refer to page **60** for operational review

Motor division name changed to **automotive** with effect from 1 October 2007.
Industrial distribution division name changed to **handling** with effect from 1 November 2007.

BARLOWORLD TODAY

CORE BUSINESSES

DESCRIPTION OF BUSINESS

Barloworld Equipment

Barloworld Equipment celebrated 80 years in partnership with Caterpillar in 2007. We supply Caterpillar equipment and support to customers in 11 countries in southern Africa (South Africa, Namibia, Botswana, Angola, Zambia, Zimbabwe, Malawi, Mozambique, the DRC, Lesotho and Swaziland) and in Siberia, Spain and Portugal, Andorra, Sao Tomé and Principé. Complementary brands also represented by the equipment division include, among others, MaK (Spain) and Perkins engines (both Caterpillar subsidiaries), Mitsubishi lift trucks (Portugal), rotary blasthole drilling equipment from Atlas Copco, and Metso mobile crushing and screening plants (southern Africa). Barloworld Equipment provides customers in mining, construction, marine, electrical power generation and other industries with integrated solutions that include new, used and rental equipment options, linked to equipment management plans designed to improve productivity and lower operating costs. Facilities throughout the division's territories offer world-class customer support, and in-house skills development produces focused and dedicated staff.

Barloworld Automotive

Barloworld Automotive provides a range of integrated motor vehicle usage solutions through the successful operation of complementary business units.

Motor retail operates leading motor vehicle franchise dealerships in South Africa representing passenger, light, medium and heavy commercial brands. Also included are coachwork repair centres, motor vehicle finance, insurance and related products and services. In Botswana and Australia passenger and light commercial brands are represented and motor vehicle finance, insurance and related products and services are provided. Botswana and South Africa operations also represent tractor brands.

We are the sole importer and distributor of Subaru vehicles in southern Africa.

Car rental operates Avis short-term car rental throughout southern Africa, and Avis and Budget short-term car rental in Denmark, Norway and Sweden.

Fleet services provides long-term rental and value-added services to operators of passenger and commercial vehicles in South Africa, Botswana, Mozambique, Namibia, Lesotho and Swaziland under the Avis brand.

Barloworld Handling

Barloworld Handling is the world's largest independent Hyster lift truck dealer offering our customers a full range of lift trucks and warehouse/handling equipment in the south-east United States of America, United Kingdom, including Northern Ireland, the Netherlands, Belgium and South Africa. We have represented the market-leading Hyster brand for 78 years and have leveraged the strength of the brand by leading the market in the introduction of innovative solutions for our manufacturing and distribution industry customers' materials handling needs. From 1 October 2007 the division will include the group's agriculture business distributing the Massey Ferguson, Claas and Geringhoff brands in South Africa.

Barloworld Logistics

Formed by the combination of logistics operations in PPC and Barloworld Automotive during 2002, Barloworld Logistics has grown into one of the leading logistics and supply chain management businesses in southern Africa with complementary operations in Iberia, the United Kingdom, United States of America and United Arab Emirates. The division has a staff complement of 1 700 and approximately R5 billion annual logistics activity under management.

The combined effects of globalisation and technology have made the logistics industry one of the most exciting and dynamic industries. Technology has enabled the integration of previously independent logistics functions leading to increased productivity and the concept of managing a chain of interrelated logistics activities, ie supply chain management.

Whilst Barloworld Logistics offers traditional logistics services such as transportation, warehousing and freight forwarding, we create unique value for our clients through a more holistic approach to supply chain management and skilful integration of the various logistics components in a typical supply chain. The ultimate benefit for our clients is that we help them deliver better service to their customers at lower cost.

NON-CORE BUSINESSES*

Coatings . . . refer to page **70** for operational review
Cement . . . refer to page **74** for operational review
Scientific . . . refer to page **76** for operational review
Steel tube (sold effective November 2006)

** These have been or are in the process of being unbundled from the group or sold.*

OPERATIONAL HIGHLIGHTS

Equipment

R million	Revenue Year ended 30 Sept 2007	2006	Operating profit Year ended 30 Sept 2007	2006	Net operating assets 30 Sept 2007	2006
Southern Africa	**9 333**	6 212	**972**	504	**2 740**	2 304
Europe	**7 422**	5 415	**612**	474	**3 738**	3 368
	16 755	11 627	**1 584**	978	**6 478**	5 672
Share of associate income			**36**	27		

Automotive

R million	Revenue Year ended 30 Sept 2007	2006	Operating profit Year ended 30 Sept 2007	2006	Net operating assets 30 Sept 2007	2006
Southern Africa	**1 209**	1 108	**325**	250	**2 820**	2 400
Europe	**1 134**	805	**81**	69	**2 427**	2 536
Car rental	**2 343**	1 913	**406**	319	**5 247**	4 936
Southern Africa	**9 948**	9 307	**184**	210	**1 363**	1 020
Australia	**2 448**	1 719	**48**	23	**743**	666
Trading	**12 396**	11 026	**232**	233	**2 106**	1 686
Leasing Southern Africa*	**701**	631	**76**	63	**346**	276
	15 440	13 570	**714**	615	**7 699**	6 898
Share of associate income			**17**	27		

Net operating assets after deducting interest-bearing borrowings

Handling

R million	Revenue Year ended 30 Sept 2007	2006	Operating profit Year ended 30 Sept 2007	2006	Net operating assets 30 Sept 2007	2006
Europe	**2 690**	1 995	**55**	23	**687**	670
North America	**4 330**	4 697	**72**	115	**579**	1 180
Trading	**7 020**	6 692	**127**	138	**1 266**	1 850
Leasing*	**164**	353	**6**	8	**107**	292
	7 184	7 045	**133**	146	**1 373**	2 142

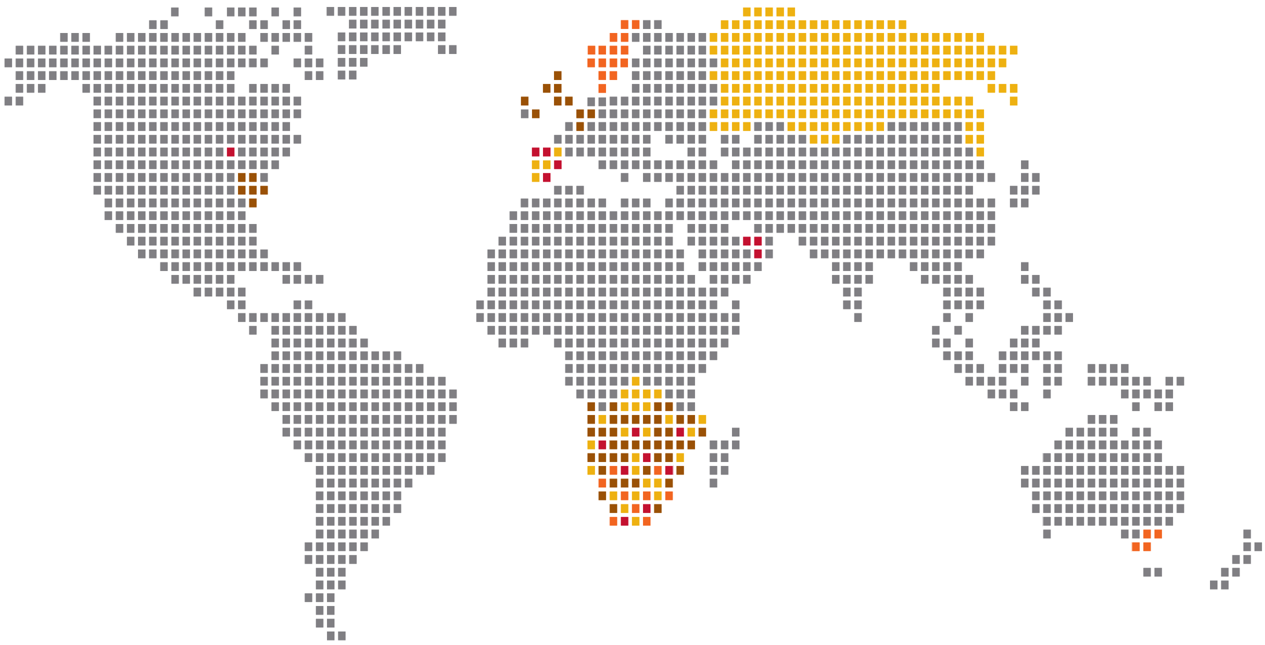
Net operating assets after deducting interest-bearing borrowings

Logistics

R million	Revenue Year ended 30 Sept 2007	2006	Operating profit Year ended 30 Sept 2007	2006	Net operating assets 30 Sept 2007	2006
Southern Africa	**1 088**	683	**76**	37	**400**	433
Europe	**371**	280	**19**	28	**67**	50
Trading	**1 459**	963	**95**	65	**467**	483

Excludes intergroup revenue of R747 million (2006: R666 million)

Geographic diversity with approximately 19 000* employees in 26 countries



Barloworld Equipment

Barloworld Automotive

Barloworld Handling

Barloworld Logistics

** Core businesses only*

STRATEGIC FRAMEWORK

The strategic framework of Barloworld is represented diagrammatically below. It has been developed in order to assist in communicating the new vision and strategic profile for the repositioned Barloworld group. The strategic profile identifies the key desired characteristics and competencies of the organisation (refer CEO to report for more details).

The framework also includes five strategic focus areas which the executive team will give priority attention to in order to ensure sustainable value creation for all stakeholders over the five-year plan period. A number of critical success factors have also been identified which represent the few key things that must be done well in support of the strategic focus areas.

The 10 Pillars of Sustainability represent the bedrock of foundation for our future success and are covered in more detail on page 105 of the sustainability report.

STRATEGIC FOCUS AREAS

Integrated customer solutions
Accelerate evolution of business model from pure distribution to flexible, value adding, integrated customer solutions.

People
Attract, develop and retain the globally competitive people necessary to implement our integrated customer solutions strategy and meet our growth targets.

Empowerment and transformation
Position the group as a leader in empowerment and transformation in South Africa with a target to achieve level 5 black economic empowerment (BEE) rating by end 2008 and level 4 by end 2009*.

Financial returns
Achieve top quintile financial returns as measured against peer groups in each of our chosen business segments.

Profitable growth
Achieve 20% compound annual growth in headline earnings per share (HEPS) and cash value added (CVA) in the five years to September 2012*.

** Excluding financial impact of BEE transaction.*

Refer page 129 in sustainability report for explanation of BEE ratings.

An attractive investment proposition

Clear vision and strategy

To be a recognised global market leader in the provision of integrated solutions in distribution, rental, fleet management, product support and logistics to customers in chosen business segments

Focus

Four core divisions: Equipment, Automotive, Handling and Logistics

Representation of leading international brands

Caterpillar, Hyster, Avis and leading automotive brands

Market leadership

Leading positions in most business segments in southern Africa and strong positions in international markets

Exposed to fixed investment in fast-growing economies

South Africa, Angola, Democratic Republic of Congo (DRC) and Siberia

Strong demand drivers and order books

International commodities boom driving mining investment, infrastructure spending in South Africa and Spain, car rental and logistics growth in South Africa

Resilient to economic downturns

Counter-cyclicality of parts and services operations, which represent an increasing share of revenues

Cash generative

Strong cash flows and efficient working capital management

Strong balance sheet

Optimal capital structure and gearing within company targets

Experienced management team

Proven competencies in chosen business segments at all levels driven by delivery of integrated customer solutions

Good track record

Headline earnings from continuing operations have grown by 19.5% per annum compound over the last five years

CHAIRMAN'S REVIEW

DB Ntsebeza

Barloworld has made significant progress during the year under review. Not only have we completed a major restructuring which has unlocked considerable value for shareholders but our trading performance has also been very good.

SHAREHOLDER VALUE UNLOCKED

Barloworld has made significant progress during the year under review. Not only have we completed a major restructuring which has unlocked considerable value for shareholders but our trading performance has also been very good.

Revenues from our continuing operations were up 23% to R43.2 billion and operating profits were also up 24% to R2.7 billion. The trading profit increased 33% which is before the once-off pension fund gain in 2006. Headline earnings per share (HEPS) were up 13% but if the secondary taxation on companies (STC) on the R5 per share special distribution paid during the year is excluded, HEPS would have been up 21%. These are commendable results indeed, assisted by favourable trading conditions in most of our businesses and notably strong growth in the southern African equipment business.

The total return to shareholders for the financial year was an exceptional 79%. This takes into account the higher Barloworld share price and the value of the PPC shares distributed to shareholders on the unbundling of the company in July. It also includes the dividends declared or paid to shareholders for the year including the special distribution. The ordinary dividends of 175 cents (interim) and 200 cents (final) declared in respect of the current year's earnings, plus the final dividend of 166 cents declared by PPC (equivalent to 308 cents per Barloworld share) represent, in total, an improvement of 14% over the dividends paid to shareholders last year.

The major restructuring announced at our January 2007 annual general meeting to reposition the group in line with our new strategic profile as a distributor of leading international brands has largely been completed. PPC was unbundled in July and the coatings division in December. There have been a number of disposals of other businesses that either do not fit the new strategic profile of the group or were not meeting our required hurdle rates of return including the scientific and steel tube divisions as well as parts of the industrial distribution division. All these strategic actions were implemented in line with our stated timelines. The value unlocked for shareholders bears testament to the strategic actions we have undertaken in that regard.

Growing in emerging markets

Barloworld Equipment, which supplies and services Caterpillar earthmoving equipment and power systems in the developing markets of South Africa, southern Africa and Siberia, is benefiting from the commodities boom that is driving mining expansion in those regions.

Barloworld is also benefiting from large-scale infrastructure and construction investment on the African subcontinent. In South Africa, government is facilitating infrastructure and related investment of R370 billion by 2010 as part of the first phase of its Accelerated and Shared Growth Initiative (Asgisa) that aims to halve poverty and unemployment by 2014. The Angolan government is mobilising investment of an estimated US$30 billion over the next 10 years in national post-civil war reconstruction projects.

In Angola, Barloworld Equipment maintained a small Caterpillar dealership through the civil war years and is now perfectly placed to support the country's mining and infrastructure investment boom. Double-digit economic growth is set to continue for some time in Angola where production of both oil and diamonds is increasing rapidly.

Barloworld's strong presence in Africa and Siberia underlines some of the company's enduring strengths – its ability to grow in emerging markets and to build long-term relationships.

Barloworld Equipment has extended its footprint most recently into the Democratic Republic of Congo (DRC). In the DRC we have entered into a joint venture with Tractafric, to service the Caterpillar earthmoving equipment needs of the country's minerals-rich Katanga province. The joint venture, known as Congo Equipment, relies on Barloworld Equipment's expertise in the southern African mining industry and its strong presence in the adjacent Zambian Copperbelt, from which access to Katanga's mining territory is relatively easy.

Barloworld Automotive plays a leading role in its southern African markets. Significantly we have established a number of long-term relationships in the form of broad-based black economic empowerment (BBBEE) joint ventures in the region. These include NMI-DSM, a DaimlerChrysler operation and one of the leading BBBEE joint ventures in the South African motor retail industry with some 890 employees and annual turnover of R2.6 billion; as well as PhakisaWorld Fleet Solutions, a joint venture with Avis Fleet Services, which holds the tender for the outsourcing of fleet and related value-added services within the South African National Department of Transport.

Barloworld Logistics' business in South Africa has grown phenomenally over the past five years. The formation of Barloworld Logistics

Africa in 2005 has added more focus to the African operations which are expanding in the region.

The Africa team's strategy is to assist clients and multinationals who already have a presence in Africa to develop their businesses by providing them with strategic supply chain planning and management skills. Barloworld Logistics will also follow and support existing clients as they move into other African territories.

Well positioned in developed economies

Our equipment business in Iberia continues to perform well. The Spanish economy has been solid for many years and is growing at a rate faster than the EU average.This trend is set to continue and we expect continued growth next year. Public works expenditure is expected to remain strong with significant rail and port expansions planned.

Our handling division is based in Maidenhead in the United Kingdom, having recently moved its headquarters from Charlotte in the United States. This business is the largest independent Hyster dealer in the world. Mixed fortunes were enjoyed with a recovery in the United Kingdom and a decline in the United States being reflective of the respective economies. The Netherlands and Belgium dealership performed well.The business is well set for the future in terms of settled operating systems and a focused business model.

Our logistics business with operations in Iberia, the Middle East, the United Kingdom and the United States of America, is ideally positioned to bridge the gap between developed and emerging markets. It has a good understanding of the needs of clients in developed markets and of the challenges in emerging markets. We expect further strong growth in this business in the years ahead.

Our motor retail operations in Australia performed well and we expect a continuing turnaround in Avis Scandinavia.

Capacity building

Barloworld, as a company, is exceptionally well placed to support economic development on our continent. We are also able to contribute to the New Partnership for Africa's Development in which political leaders are striving to mobilise development of infrastructure and to create a climate conducive to private sector investment. Barloworld is ready to partner with governments and investors in the development of our continent.

An important initiative which we are already supporting is the Africa Leadership Initiative (ALI). Inspired and facilitated by the Aspen Institute's Henry Crown Fellowship Program, ALI is a fellowship that is building the capacity of and strong networks among the next generation of African leaders from business, government and civil society. It aims to assist them to meet the demands of globalisation within the context of local values in order to ensure social and economic progress for all. As a group, we recognise that ALI fellows are a powerful force for good in Africa. Isaac Shongwe, Barloworld executive director: Transformation and CSI, and CEO Barloworld Logistics Africa, is the founder and chairman of ALI SA. Barloworld supports ALI by contributing funding of core costs, providing office space for ALI SA and hosting ALI events.

Empowerment and transformation

The Truth and Reconciliation Commission (TRC) investigated the role of business in apartheid South Africa, and in my capacity as head of the investigative unit and as a commissioner, I became aware of the role the company played in its relationships with the political powers of the day. Mr Mike Rosholt, a former chief executive of the then Barlow Rand, testified at the TRC hearings on the business sector.

I would like to acknowledge with appreciation the positive role that this company, under the leadership of Mike Rosholt, played in those dark

Barloworld has a holistic approach to BEE – it must be broad-based and should benefit significant numbers of people

days of apartheid. Rosholt showed great courage and foresight on an issue of fundamental human rights. Back then, the company broke ranks with the corporate establishment and challenged the government by recognising black trade unions that had refused to register under the discriminatory labour dispensation of the day.

Barlows was also a pioneer in corporate social investment in those days and then, during the early 1990s, the company gave measurable support behind the scenes to the negotiation process that led to our transition from apartheid to democracy.

Barloworld is making rapid progress in transformation and meeting its commitments to broad-based black economic empowerment (BBBEE). I have reservations as to whether national legislation has gone far enough in realistically empowering previously disadvantaged people – particularly black African people, given the history of their dispossession and the denial of their fundamental rights. However, I am pleased to say that Barloworld has a comprehensive and holistic approach founded on the fundamental principle that empowerment must be broad-based and benefit significant numbers of people.

Barloworld is implementing BBBEE in the letter and spirit of parliament's intentions. It is doing so not simply because it is legally bound, but because it is in the best interests of our country and of the company and its employees, customers, suppliers and the communities in which we operate. The only way we can ensure a sustainable future is by enabling as many South Africans as possible to have a real stake in the economy.

The company therefore places emphasis on meeting each of the objectives of BBBEE – direct empowerment through ownership; management at senior level; human resource development and employment equity; and indirect empowerment through preferential procurement, enterprise development and corporate social investment.

Our chief executive officer deals with our pending BEE equity transaction in creating broader ownership of Barloworld in his report, and other empowerment initiatives are described elsewhere in this annual report.

However, a particularly noteworthy development is the recent launch of Barloworld Siyakhula, which will manage an enterprise development fund with initial seed capital of R20 million. Barloworld Siyakhula, a wholly owned subsidiary of Barloworld Limited, will provide financial and non-financial support primarily to small and medium suppliers, contractors and enterprises and also assist in the exploration and development of greenfield business opportunities within the Barloworld value chain.

On another level, Barloworld's corporate social investment programme supports initiatives ranging from conservation of biodiversity and the environment to education, leadership development, poverty reduction, skills development, arts and culture, combating crime, regenerating communities, fighting HIV/Aids, empowerment of women, youth and the disabled, and sports.

Corporate governance

This topic is taking centre stage in the boardrooms of listed companies. Barloworld has continued to develop its proud tradition of sound corporate governance. In this regard, the board has a good and improved balance of executive and non-executive directors. The various board committees which are detailed in this report function efficiently and are essential for the smooth running of the organisation. These committees provide an essential link to the day-to-day management of the business, and the board to ensure good governance in every sense. The board is cohesive, works well together and has been supportive of all the initiatives which have been undertaken during the year.

Sustainability

Our reporting is based on the G3 or third generation guidelines of the Global Reporting Initiative (GRI), which has become the world's *de facto* standard in sustainability reporting. The GRI's mission is to make sustainability reporting as routine as financial reporting by placing emphasis not only on companies' economic performance, but on their environmental and social contribution – the so-called triple bottomline.

Barloworld formalised this approach as long ago as 1999 when the company adopted a broader stakeholder philosophy in managing its businesses. This requires us to move beyond the traditional approach of making trade-offs between stakeholders. We need to create value for all of them – shareholders, principals, suppliers, customers, employees, and the communities and the environment in which we operate. Our latest initiatives to ensure long-term sustainability are well documented in this annual report.

Team Barloworld

Who can forget the remarkable exploits of Team Barloworld in the Tour de France? Team Barloworld embodied the values of the organisation through its combination of passion, teamwork and individual excellence. Team Barloworld accomplished mission impossible. Simply being invited to participate in arguably the toughest test of human endurance seemed an impossibility. But there they were – Team Barloworld winning the King of the Mountains competition and two stages of the race. The team made South Africa very proud and raised Barloworld's standing worldwide.

Changes to the board of directors

My appointment as chairman of Barloworld Limited during the year under review places me in the fortunate position of being able to make a further contribution to our country's development. I have had the privilege of being able to play a role in the political transformation of our country and then, as a member of the Truth and Reconciliation Commission (TRC), in enabling us to go forward by coming to terms with the past. Now, I am able to make a contribution to South Africa's economic transformation as a member of a corporation which is committed to making a difference.

Several people who have played key roles in the development of Barloworld retired from the company during the year. I wish to express on behalf of the board our sincerest appreciation for their huge contribution. The most prominent among them is Warren Clewlow who served as chairman of the board from 1991 to 2006 and as chief executive officer from 1983 to 1991. He led the unbundling of the then Barlow Rand Group in 1993/1994 and leaves a lasting legacy for the organisation. He served on the boards of numerous other leading South African companies and was a veritable giant in corporate South Africa.

Tony Phillips led Barloworld with distinction as chief executive officer from 1998 to 2006. He introduced our management philosophy based on delivering value to all stakeholders and ensuring sustainability in all that we do. John Gomersall resigned from the board following the unbundling from Barloworld of Pretoria Portland Cement, and Edward Theron retired from the Barloworld board after the completion of the PPC unbundling.

Lester Day retired from the board in November 2006. Mike Coward retired from the board in December 2006 following the sale of the steel tube division to a management and empowerment consortium. All these men have given distinguished service and made valuable contributions to the board over the years.

Composition of board committees

Numerous changes have been made to board committees. Mike Levett has stepped down as chairman of the nomination and remuneration committees but remains a member of both committees. Trevor Munday has been appointed chairman of the remuneration committee and a member of the audit committee. Gordon Hamilton has been appointed a member of the general purposes committee and will succeed Robert Tomkinson as chairman of the audit committee when Robert retires from the board following the January 2008 annual general meeting. Selby Baqwa and Sibongile Mkhabela have been appointed as members of the nomination committee.

Executive leadership

Clive Thomson was appointed as chief executive officer on 18 December 2006. He has led the group's restructuring and the process has been implemented ahead of schedule. He has also made a number of changes in key executive positions. The board has every confidence that the executive team under Clive's leadership has the skills, experience and drive necessary to successfully implement our strategy.

Outlook

This has been a significant year in the history of Barloworld as we have announced and completed the second major unbundling of the company. We have effectively transformed from a conglomerate with eight divisions to a focused business with four divisions.

In many ways, Barloworld has moved with the times, and it continues to do so. Following the restructuring of the company during the year, our core divisions are well positioned in key growth sectors. Transformation of the company is proceeding apace and a healthy balance exists between operations in developed and developing countries.

Approximately 35% of group profits are generated in countries outside of southern Africa including Spain, Portugal, Australia, Belgium, the Netherlands, Scandinavia, the United Kingdom and the United States of America.

I am grateful to my colleagues and the board, both executive and non-executive directors, for their support, hard work and dedication this year. With the new business focus in place we look forward to a year of further good progress in 2008.

DB Ntsebeza
Chairman

CHIEF EXECUTIVE'S REPORT

CB Thomson

"We made good progress in executing the strategic actions announced at our AGM on 25 January 2007 to achieve our new strategic positioning. PPC has been unbundled, the coatings division is being separately listed on the JSE Limited in early December and the scientific division and Freightliner truck business have been sold. These actions have unlocked significant value for our shareholders. The group delivered a strong trading performance during the year, driven by our equipment division together with good performances from both automotive and logistics. We have made significant progress on the transformation front and our broad-based BEE transaction is on track for implementation in the first half of 2008."

19 November 2007

FUTURE STRATEGIC PROFILE

Barloworld embarked on an exciting new course during 2007. The group has been repositioned as a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions.

Following this strategic repositioning, the Barloworld group will consist of the following core divisions:

- Equipment (earthmoving and power systems)
- Automotive (car rental, fleet services and motor trading)
- Handling (forklift truck distribution and fleet management)
- Logistics (logistics and supply chain management)

The group will comprise businesses that fit the above strategic profile, meet strict performance criteria, and demonstrate good growth potential.

DEFINING CHARACTERISTICS AND COMPETENCIES

In defining our new strategic profile we identified the following desired characteristics and competencies of the Barloworld group:

Provision of integrated customer solutions

The Barloworld business model will accelerate its evolution from pure distribution to flexible, value-adding, integrated customer solutions. This will see reduced emphasis on the product as the primary differentiator and will involve shifting increasingly to a higher order value proposition where we provide customers with business solutions including:

- long-term maintenance and repair contracts (MARCs) lowering owning and operating costs;
- integrated rental, used and new alternatives to provide fleet flexibility and optimise customer capital utilisation;
- long-term fleet management contracts with integrated maintenance, finance and residual value offerings; and
- long-term outsourced supply chain management and integrated logistics contracts.

Representation of leading international brands supported by Barloworld service excellence

The key brands we represent include Caterpillar, Hyster, Avis and many of the world's leading automotive brands.

Effective management of long-term relationships with global principals and customers

This has been a demonstrated competence of the group with an 80-year relationship with Caterpillar, 78 years with Hyster and nearly 50 years with some of the leading motor manufacturers.

Ability to grow businesses in multiple geographies including challenging territories with high growth prospects

The restructured Barloworld will operate in some 26 countries and will build on its successful track record in establishing greenfields operations in challenging territories. These include the likes of Angola, Mozambique, Siberia, Zambia and a new venture established in the Democratic Republic of the Congo (DRC).

Ability to leverage core competencies, systems and best practices

Our operations have a number of institutionalised best practices and processes that will be more easily leveraged across businesses and territories given the more focused nature and consistent strategic profile of the group going forward.

Commitment to lead in empowerment and transformation

A significant black economic empowerment transaction will be implemented at holding company level in the first half of 2008. All aspects of the broad-based black economic empowerment codes will be addressed. Transformation in

Barloworld is in a strong position to capitalise on favourable trading conditions across most of our chosen business segments

South Africa will be accelerated with more appointments of black people to higher-level positions within our businesses.

STRATEGIC ACTIONS TO REPOSITION THE GROUP AND UNLOCK SHAREHOLDER VALUE

Repositioning the group in line with our new strategic profile resulted in the implementation of a number of significant strategic actions. These involved the unbundling or disposal of certain divisions or businesses which are no longer core to the future of the group or which were not meeting our required hurdle rates of return.

It is pleasing to report that we have made very good progress in implementing the following transactions in line with our stated timeframes:

Unbundling of PPC and Coatings

The unbundling of Pretoria Portland Cement Company Limited (PPC) was completed on 16 July 2007. This represented a distribution to shareholders of shares in PPC with a market value of R19,3 billion.

A decision was also taken to list the coatings division as Freeworld Coatings Limited on the JSE Limited and unbundle its shares to Barloworld shareholders. The shareholder general meeting to approve this transaction was held on 23 November 2007. The company will be listed on 3 December 2007 and its shares distributed to shareholders on 10 December 2007.

PPC and coatings will have successful futures as independent listed companies and we wish the companies, their respective boards and management teams well for the future.

Disposal of businesses

The sale of the steel tube division to a management and BEE consortium was finalised in November 2006 as was the sale of the major part of our United Kingdom leasing book in the handling division. As stated at the half year, a decision was taken to exit the Finaltair biomass energy joint venture in Spain.

Within the handling division, we sold DitchWitch of Georgia in April 2007 and Barloworld Vacuum Technology and the Freightliner Truck Center operations in July 2007.

A substantial part of the coatings Australia assets were sold at net asset value to PPG Industries in July 2007.

The decision to dispose of the scientific division is being implemented in line with our stated timeframes. Melles Griot was sold in July 2007 for a consideration around tangible net asset value. The laboratory business has been sold for approximately £75 million, subject to certain regulatory requirements being met. The transaction is expected to be concluded before the end of December 2007.

Where applicable, impairment provisions have been made to write down goodwill or assets to their estimated recoverable amounts.

Corporate office restructure

A significant downsizing of the corporate office is substantially complete. Estimated annualised savings from this initiative amount to approximately R100 million, certain of which has already been realised in 2007.

BEE AND TRANSFORMATION

The process to finalise the details of the group's broad-based black economic empowerment (BEE) transaction is on track. Whilst the transaction will lead to approximately 10% empowerment at holding company level, it is anticipated that it will result in an effective 25% empowerment of our South African operations.

Participants in the transaction will include employees, current and future black management, community-based corporate social investment (CSI) partners, black non-executive directors, as well as a number of strategic equity and black business partners. The transaction is expected to be implemented in the first half of 2008.

We have made good progress on the transformation of our South African businesses during the year. We have appointed black CEOs within equipment (Dominic Sewela), motor retail (Litha Nkombisa) and logistics (Isaac Shongwe).

Isaac Shongwe, Dominic Sewela and Sibani Mngomezulu (executive – governance and corporate affairs) were appointed to the group executive committee during the year.

OPERATIONAL REVIEW

Core businesses

Equipment

Global demand for commodities has triggered a mining boom in southern Africa, resulting in expansion of existing mining projects and development of new mines. Coupled to this is accelerated infrastructure spend across the region and, consequently, a buoyant construction industry. The provision of energy solutions to fuel the needs of industry is also providing significant opportunities.

The key to sustained profitability will be the quality of our after-sales service and our ability to provide value-adding solutions. The greatest risk to success remains skills development and a comprehensive, high-level plan is in place to attract, retain and develop skills to support our growing customer base across southern Africa.

Our future strategy includes expanding on our current capabilities to provide solutions to the total value chain from inception to completion in both mining and construction projects. This dovetails with our successful integrated solutions strategy incorporating new, used and rental solutions accompanied by comprehensive after-sales offerings.

In Iberia, revenue increased above expectation, driven by industry growth and some recovery of market share in the public works and mining segments. Order books are strong, particularly in engines, but availability constraints have restrained growth.

Several changes have been made to operational and line of business management positions to strengthen leadership, improve succession planning and optimise growth.

The next year will see a €24 million facility expansion and modernisation plan come to fruition to take full advantage of continued high activity levels.

Automotive

The automotive division's operations are realising the benefits of their integrated motor vehicle usage solutions strategy with the motor retail, car rental and fleet services business units actively pursuing synergies to efficiently and effectively deliver benefits to customers.

In South Africa, the motor retail business delivered a solid result on the back of strong unit sales which slowed towards the end of the financial year, particularly over the last six months. Our Avis car rental operation delivered another good result and is benefiting from a number of focused strategic initiatives aimed at entrenching the business unit's competitive position into the future. Our fleet services business continues to secure significant tenders and grow its vehicles under management. Despite an increase in Subaru units sold, a depreciation of the rand against the yen placed pressure on margins which negatively affected our importation and distribution business.

Car rental operations in Scandinavia are improving and we expect this trend to continue, supported by the relocation of additional senior executive resources to the region.

The Australian motor retail operations continue to make good progress and delivered a strong result in the midst of significant investment into developing their dealership network.

Handling

In line with the group's future strategic profile, it was decided to streamline and focus the division. In the United States of America, DitchWitch and the Freightliner dealership businesses and in the United Kingdom, Vacuum Technology were all sold during the second half of the year. The sale of the United Kingdom leasing business was completed at the half year. The remaining businesses, all Hyster material handling related, performed well in the United Kingdom and Europe, but felt the slowdown in the economy in the United States of America.

Logistics

During the last six years, Barloworld Logistics has grown into a leading supply chain management and logistics business in southern Africa with complementary operations in Spain, Portugal, United Kingdom, the United States of America and the United Arab Emirates (UAE).

What was particularly pleasing this year was the coming of age of Barloworld Logistics Africa with profits increasing by over 100% through strong organic growth including a number of blue-chip clients. We look forward to continued growth, not only in southern Africa but also in other parts of the African continent during the next few years.

Our logistics operations in Spain and Portugal have had to digest the introduction of new systems and procedures to bring them more in line with the southern African logistics business model.

We expect logistics to continue as one of the world's most dynamic industries for the foreseeable future, which presents significant global growth opportunities for the division.

Non-core and discontinued businesses

Coatings

Coatings has been disclosed as a continuing operation in the current year as the listing and unbundling is taking place in December 2007. It produced a good trading performance in its decorative and automotive businesses in southern Africa.

Cement (PPC)

The results of cement are included in discontinued operations for the nine months until unbundling on 16 July 2007.

The company produced another strong performance on the back of continuing growth in cement volumes. Buoyant market conditions necessitated the regular import of cement to meet customer demand. The Batsweledi capacity expansion project is progressing within budget and on time.

Scientific

The results of the laboratory and Melles Griot operations are included as part of discontinued operations. Laboratory continued to show good improvement in profit mainly due to fixed cost savings. Melles Griot traded ahead of the prior year until its sale in July 2007.

NEWLY CONSTITUTED LEADERSHIP TEAM

A number of changes to the Barloworld executive committee have been made in the year under review. Some of the key appointments include:

- Isaac Shongwe as CEO of Barloworld Logistics Africa;
- John Blackbeard as CEO of the handling division effective 1 October 2007;
- Peter Bulterman as CEO of equipment southern Africa and to the board of equipment Siberia;
- Dominic Sewela as chief executive of the equipment South Africa business;

The outlook for the refocused group is positive and, based on the currently prevailing economic climate, we expect continued growth in all of our operations in the year ahead

- Sibani Mngomezulu as group executive: governance and corporate affairs; and
- Viktor Salzmann as the managing director of equipment Iberia.

I would like to thank the executive team and senior management for the hard work in executing our announced strategic actions ahead of schedule and, at the same time, delivering a strong operating performance from our core businesses.

OUTLOOK

Within our equipment division in southern Africa, growth in the mining and construction sectors is expected to result in a further increase in activity. We have entered into a joint venture in the mineral-rich Katanga province of the Democratic Republic of Congo, which will provide us with further growth opportunities. In Angola, we expect increasing demand with a number of significant infrastructure projects under way.

In Iberia, we are seeing steady demand for equipment in Spain and expect conditions to remain stable for the short to medium term. Conditions in Portugal, however, are expected to remain weak in the short term.

In the automotive division we expect sustained growth in the car rental business, however increased interest rates and the National Credit Act are impacting the sales of passenger vehicles within motor retail. In the fleet services business, we are delivering vehicles into new fleet contracts and are in a good position to further grow our fleet under management.

Our handling business in Europe is benefiting from the streamlining of its operating structure. In the United States of America, slowing economic conditions will carry through to the business. Overall we expect to show good profit improvement next year as a result of the restructuring undertaken.

Growth in the logistics division is expected to continue at a rapid pace in southern Africa and various international expansion opportunities are being explored.

The implementation of our BEE transaction in the first half of 2008 is an exciting development which is expected to deliver significant benefits to the group.

We are in a strong position to capitalise on favourable trading conditions across most of our chosen business segments. The outlook for the refocused group is very positive and, based on the currently prevailing economic climate, we expect continued growth in all of our businesses in the year ahead.

Clive Thomson
Chief executive officer

FINANCE DIRECTOR'S REVIEW

DG Wilson

Revenue from continuing operations increased by 23% to R43 238 million. Good growth was delivered in the equipment division, particularly in southern Africa where demand was bolstered by infrastructural and mining projects.

Operating profit rose by 24% to R2 741 million and the operating margin was maintained at 6.3%. The margin, and operating profit, benefited in 2006 from a R149 million gain arising from the reduction in United Kingdom pension obligations. The trading profit, excluding the pension fund gain, rose by 33%.

Pro forma headline earnings per share for restructured group up by 16%

GROUP OPERATING PERFORMANCE

Included in favourable fair value adjustments on financial instruments of R287 million (2006: R233 million) is a gain of R312 million arising from the marking to market of PPC shares. The shares are held as a hedge against the company's liability to share option holders arising from the unbundling of PPC in July 2007. Prior year fair value adjustments include R141 million gains in equipment southern Africa which mainly arose prior to the implementation of hedge accounting as well as a currency gain of R54 million.

Finance costs increased by R274 million to R816 million. This was mainly due to higher interest rates and increased working capital required to support the growth in revenue.

Income from investments increased to R272 million (2006: R202 million) largely as a result of the financing of growth in the Avis Fleet Services business by the central treasury.

Taxation rose by 4% to R658 million (2006: R633 million). Secondary taxation on companies (STC) increased to R151 million (2006: R27 million) mainly due to the charge of R125 million incurred on the special R5 per share dividend paid in April 2007. The effective taxation rate (excluding exceptional items, STC and prior year taxation) was 29.0% (2006: 28.7%).

Income from associates and joint ventures declined to R68 million (2006: R72 million) as a result of slightly lower earnings from the automotive joint ventures.

Exceptional charges of R160 million includes the impairments of the investment in Finaltair (R140 million), goodwill in Avis Scandinavia (R101 million) and Truck Center (R59 million), less the release of R197 million from the foreign currency translation reserve following the disposal of offshore assets and businesses in the handling division.

Headline earnings per share (HEPS) from continuing operations increased by 13% to 812 cents (2006: 720 cents).

DISCONTINUED OPERATIONS

Discontinued operations comprise the results of:

- the cement division for nine months until the unbundling in July 2007;
- the steel tube division for two months until its disposal in November 2006;
- the Melles Griot business for nine months until its disposal in July 2007;
- the laboratory business for 12 months pending its disposal which is expected before the end of December 2007; and
- the Australian coatings business for nine months until its disposal in July 2007.

Earnings from these operations for the current financial year total R976 million (2006: R1 118 million) and comprise the following:

R million	2007	2006
Headline earnings	1 024	1 277
Exceptional charges, after taxation	(48)	(159)
Net earnings	976	1 118

The headline earnings from discontinued operations for 2007 amount to 370 cents per share (2006: 451 cents per share).

RESTRUCTURED BARLOWORLD

The following pro forma represents the unaudited results of the Barloworld group for 2007 and 2006 excluding the results of cement, steel tube, coatings, scientific, the United Kingdom lease book, and the Freightliner, DitchWitch, Vacuum Technology and Finaltair businesses. All these divisions and businesses have either been unbundled or sold this year or are in the process of being unbundled or sold. This analysis is prepared to assist readers to better understand the current year's operating performance of the businesses that will comprise the 'future' Barloworld group. (See pages 144 and 145 for a detailed reconciliation to reported results).

Restructured Barloworld

R million	Year ended 30 September 2007	2006	% change
Revenue	**38 378**	30 312	27
Trading profit	**2 446**	1 710	43
Pension fund gain		149	
Corporate office redundancies and closure costs	**(92)**		
Operating profit	**2 354**	1 859	27
Fair value adjustments on financial instruments	**295**	224	
	2 649	2 083	
Net finance costs	**(522)**	(322)	
Profit before exceptional items	**2 127**	1 761	21
Exceptional items	**(115)**	117	
Profit before taxation	**2 012**	1 878	
Taxation	**(657)**	(529)	24
Secondary taxation on companies	**(149)**	(26)	
Profit after taxation	**1 206**	1 323	
Income from associates and joint ventures	**53**	53	
Net profit	**1 259**	1 376	
Headline earnings	**1 388**	1 220	14
Headline earnings per share (cents)	**685**	589	16
Headline earnings per share excluding STC on special dividend (cents)	**747**	589	27

Revenue increased by 27% to R38 378 million mainly due to strong growth in the equipment division. Growth of 44% in the division's revenue was driven by the southern African region where demand was bolstered by mining and infrastructural projects.

Trading profit rose by 43% to R2 446 million. Profit grew strongly in the equipment division on the back of higher revenue and in logistics which has grown rapidly since its formation in 2002.

The corporate office redundancies and closure costs of R92 million in 2007 relate to the downsizing of the South African and United Kingdom corporate offices and the closure of the Botswana and Namibia corporate offices.

Operating profit increased by 27% to R2 354 million (2006: R1 859 million).

Favourable fair value adjustments on financial instruments of R295 million (2006: R224 million) relate mainly to the marking to market of PPC shares. In 2006, gains of R141 million related to foreign currency transactions in the southern African equipment business. Most of these gains were incurred prior to the adoption of hedge accounting which had the effect of reducing earnings volatility arising from foreign currency fluctuations.

Finance costs net of investment income increased by R200 million to R522 million mainly due to higher interest rates and increased working capital requirements. The coatings division will be unbundled with approximately R900 million of debt which will favourably impact the future group finance costs. No benefit has been reflected in the year-end 2007 pro forma figures.

Exceptional items of R115 million (loss) include R101 million relating to the impairment of goodwill in Avis Scandinavia.

Taxation increased by 24% to R657 million. STC increased to R149 million (2006: R26 million) due to R125 million being incurred on the special dividend paid in April 2007.

Headline earnings increased by 14% to R1 388 million (2006: R1 220 million) and HEPS increased by 16% to 685 cents.

CASH FLOW

The consolidated cash flow statement for 2007 includes the cash flows of all divisions and businesses while they were subsidiaries of the Barloworld group.

Cash flow from operations decreased to R3 888 million (2006: R4 931 million). This was mainly due to the absence of cash flows from the cement division for the last three months after unbundling. Cash flow from continuing operations increased by 4% to R2 636 million (2006: R2 533 million).

Dividends paid rose to R2 629 million (2006: R1 295 million) and includes the special dividend of R1 017 million paid in April 2007.

Net cash used in investing activities amounted to R880 million (2006: R2 938 million) and is made up as follows:

R million	2007	2006
Net (disposals) acquisitions of subsidiaries and investments	**(1 083)**	770
Net additions to property, plant and equipment	**1 364**	624
Net investment in fleet leasing and rental assets	**2 283**	2 108
Proceeds on disposal of leasing assets	**(1 684)**	(564)
	880	2 938

Net cash inflow before financing activities amounted to R379 million (2006: R698 million).

BALANCE SHEET

Total assets declined by 14% to R30 655 million. The unbundling of the cement division and the disposals referred to earlier resulted in a reduction of R7 984 million in total assets.

The currency effect on translation of offshore net assets resulted in a decrease of R229 million following the appreciation of the rand at 30 September 2007 compared with 30 September 2006.

The vehicle rental fleet increased to R3 902 million (2006: R3 441 million).

Assets classified as held for sale amounted to R1 447 million (2006: R2 840 million).

R million	2007	2006
Handling leasing assets		1 717
Steel tube		715
Scientific	**972**	
Vehicles and equipment rental fleets and other assets	**475**	408
	1 447	2 840

Liabilities directly associated with these assets amounted to R210 million (2006: R1 061 million).

Interest of all shareholders declined by R3 139 million in 2007 as follows:

R million	
Profit for the year	2 559
Dividends for the year	
– Interim and final	(1 612)
– Special	(1 017)
Distribution of PPC shares to shareholders	(2 504)
Movement on foreign currency translation reserve	(507)
Other	(58)
	(3 139)

BORROWINGS

Total interest-bearing borrowings of R9 066 million reduced by R1 460 million in the year. The reduction was mainly attributable to the unbundling of PPC and the disposals referred to above.

Borrowings in the three segments utilised in the group for gearing purposes are all within the defined target ranges as follows:

Total debt to equity (%)	Trading	Leasing	Car rental	Total group
Target range	30 – 50	600 – 800	200 – 300	
Ratio at 30 September 2007	38	646	216	81
Ratio at 30 September 2006	32	689	233	73

The maturity profile of the group's borrowings is weighted in favour of the short-term component (52%). The group is planning to implement a BEE transaction in first half of 2008 and it is expected that this will result in the replacement of some of the short-term debt with longer-term borrowings.

Borrowings profile R million	Borrowings September 2007	Redemption 2008	2009	2010	2011 onwards
South Africa	**6 647**	**3 957**	**30**	**529**	**2 131**
Offshore	**2 419**	**730**	**171**	**347**	**1 171**
Total	**9 066**	**4 687**	**201**	**876**	**3 302**

Following the announcement of the proposed unbundling of PPC in December 2006, Fitch Ratings placed the company's credit rating on 'Negative Watch'. The company's national scale AA – (zaf) was reaffirmed in May 2007, the 'Negative Watch' was removed and the outlook was changed from stable to negative.

Cash and cash equivalents totalled R1 201 million (2006: R2 134 million). Reserving requirements in the company's captive insurance operations restrict the use of cash balances of R235 million (2006: R405 million).

FINANCIAL TARGETS

	Previous target	New target	Actual 2007	Actual 2006
CFROI (%)	>8	>8	**12.2**	12.3
Operating margin (%)	>10	>6	**6.3**	6.3
Return on net assets – Group (%)	>20	>18	**20.6**	19.8
– Trading (%)	>25	>20	**28.9**	27.8
Return on equity (excluding exceptional items) (%)	>20	>20	**18.9**	18.0
Interest cover – Group (times)	>3	>3	**3.4**	3.7
– Trading (times)	>5	>4	**5.1**	6.6
– Leasing (times)	>1	>1	**1.4**	1.3
– Car rental (times)	>1.25	>1.25	**1.6**	1.7
Dividend cover (times)	2 – 2.5	2 – 3	**3.1**	2.0
Net debt/EBITDA (times)	<2.5	<2.5	**1.2**	1.5
Working capital days	<35	<35	**24**	34

FINANCIAL TARGETS

The company's targets were reviewed in light of the material changes to the nature and strategic objectives of the business. New targets were set and approved by the board this year. (See page 24).

Cash flow return on investment (CFROI) continues to be our key measure of real financial returns earned by the group. It is supplemented by cash value added (CVA) which measures the financial value created by a business unit in excess of the group's cost of capital or selected hurdle rate. CFROI and CVA are calculated at segment level and down to individual business units within each segment.

The operating margin target has been revised downward to >6% (from >10%) to reflect the nature of the business as a focused distribution company. The dividend cover target range has been changed to 2 – 3 times (previously 2 – 2.5 times) in order to provide increased flexibility for growth.

ACCOUNTING POLICIES

After a period of material changes to international accounting standards, the next set of material amendments are only due for adoption by the company in 2010.

The company's practice, however, is to adopt accounting changes early, wherever possible.

New accounting standards and interpretations adopted this year include IAS 23 Borrowing Costs Amendment and IFRIC Interpretation 4 Determining Whether an Arrangement Contains a Lease. In addition, the South African Institute of Chartered Accountants issued Circular 8/2007 on headline earnings.

None of these changes had a material effect on current or prior results of the company.

ACQUISITIONS AND DISPOSALS

There were no significant acquisitions during the year.

The more significant disposals during the year included:

- the steel tube division;
- the United Kingdom leasing assets;
- the Melles Griot business;
- the majority of the coatings Australian business; and
- the United States of America Freightliner dealerships.

Proceeds from the disposal of these assets and businesses, received in the current year, totalled R3 104 million.

We announced before year-end the disposal of the laboratory business. The transaction is subject to the fulfilment of conditions precedent, but is expected to be completed before the end of the calender year. Following shareholder approval on 23 November 2007, the coatings division is scheduled to be unbundled and separately listed in early December 2007.

SHAREHOLDER INFORMATION

A total of 3 127 831 ordinary shares were issued to satisfy the requirements of the company's share option scheme.

DIVIDENDS

Dividends totalling 375 cents per share were declared in respect of this year's earnings (2006: 600 cents per share).

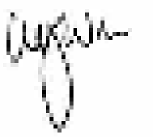
In addition, the company paid a special 500 cents per share dividend on 2 April 2007.

THE YEAR AHEAD

The company's balance sheet remains strong and further reduction in debt will result from the expected disposal of the laboratory business and the repayment of intercompany debt on the unbundling of coatings.

The group has committed €55 million (R773 million) to address the funding deficit in the United Kingdom defined-benefit pension funds.

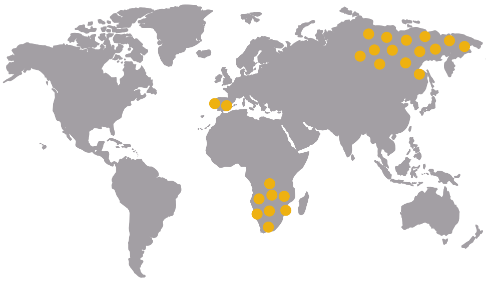
The focus in 2008 will be on concluding the unbundling of coatings, the disposal of the laboratory business, implementing the proposed BEE transaction and increasing the long-term component of our debt. In terms of International Financial Reporting Standards the BEE transaction will lead to a once-off, non-cash charge to the income statement.



DG Wilson
Finance director

REVIEW OF OPERATIONS: EQUIPMENT

AREAS OF OPERATION



Peter Bulterman (51)
Chief executive officer
Southern Africa and
director Equipment
Siberia
HND Mech Eng
32 years' service

Dominic Sewela (42)
Chief executive officer:
South Africa
BSc Chemical Engineering

Viktor Salzmann (61)
Managing director
Iberia (Spain and
Portugal)
Eidg Dipl Kaufman
Institute Jeventus
38 years' service

equipment

AREAS OF OPERATION

South Africa	Other African territories	Iberia	Russia
South Africa	Angola Botswana Democratic Republic of Congo (joint venture) Malawi Mozambique Namibia, Swaziland, Lesotho Zambia, Zimbabwe	Spain Portugal	Siberia (joint venture)

SOUTHERN AFRICA AND SIBERIA LEADERSHIP TEAM

Peter Bulterman* (51)
Chief executive officer
Southern Africa and director
Equipment Siberia
HND Mech Eng
32

Tony Diggeden (53)
General director
Siberia – Vostochnaya Technica
31

Shane Fitzpatrick (45)
Marketing director
BSc Mech Eng
3

Kenny Gaynor (49)
Executive director
CA(SA), Elec Eng
15

Chris Gibb (57)
Executive director
37

Jackie le Roux (50)
Executive director
BCom
14

Fergus Macleod* (55)
Financial director
Southern Africa
CA(SA)
27

Rickson Mboweni (42)
Human Resources director
MA
1

Quinton McGeer (43)
Financial director
Siberia
CA(SA)
15

Charles Nell (50)
Chief information officer
MBA
27

John Polykarpou (47)
Product support director
CA(SA)
22

Dominic Sewela (42)
Chief executive officer
South Africa
BSc Chemical Engineering

IBERIA LEADERSHIP TEAM

Viktor Salzmann* (61)
Managing director
Iberia (Spain and Portugal)
Eidg Dipl Kaufman Institute Jeventus
38

Victor Arnold (44)
Managing director
Portugal
MBA
38

Jorge Beltran (38)
Power systems sales director
Electronics engineer
11

Ignacio Bregante (40)
Used machines director
Agricultural engineer
15

Maria Jose Caravaca (36)
Human Resources director
Degree in Law
5

Francisco Carrillo (48)
Machines sales director
Bachelor Chemistry
32

Alberto Garcia (56)
Marketing and purchasing director
Bachelor Marketing/Degree in Law
35

Francisco Herrándiz (42)
Rental director
Mining engineer
6

Graeme Lewis (47)
Financial director
Master of Arts
12

Carlos Morales (38)
Product support director
Industrial engineer
11

Ildefonso Villar (46)
IT director
Degree in History
31

Bernardo Villazan* (48)
Operational director
Industrial engineer

**Appointed with effect from 1 October 2007*

Note: The first figure after each name (in brackets) is their age at date of publication of this report. The second figure in blue is the number of years' service they have with Barloworld or businesses we have acquired.

Barloworld Equipment celebrated 80 years in partnership with Caterpillar in 2007. We supply Caterpillar equipment and support to customers in 11 countries in southern Africa (South Africa, Namibia, Botswana, Angola, Zambia, Zimbabwe, Malawi, Mozambique, the DRC, Lesotho and Swaziland) and in Siberia, Spain and Portugal, Andorra, São Tomé and Principé. Complementary brands also represented by the equipment division include, among others, MaK (Spain) and Perkins engines, (both Caterpillar subsidiaries), Mitsubishi lift trucks (Portugal), rotary blasthole drilling equipment from Atlas Copco, and Metso mobile crushing and screening plants (southern Africa). Barloworld Equipment provides customers in mining, construction, marine, electrical power generation and other industries with integrated solutions that include new, used and rental equipment options, linked to equipment management plans designed to improve productivity and lower operating costs. Facilities throughout the division's territories offer world-class customer support, and in-house skills development produces focused and dedicated employees.

OPERATING PERFORMANCE

	Revenue Year ended 30 Sept		Operating profit Year ended 30 Sept		Net operating assets 30 Sept	
R million	**2007**	2006	**2007**	2006	**2007**	2006
Southern Africa	**9 333**	6 212	**972**	504	**2 740**	2 304
Europe	**7 422**	5 415	**612**	474	**3 738**	3 368
	16 755	11 627	**1 584**	978	**6 478**	5 672
Share of associate income			**36**	27		

OVERVIEW

Barloworld Equipment celebrated its 80th year as a Caterpillar dealer in 2007, a clear indication of the strength and endurance of this partnership.

Through our formal Common Goals approach, we continue to ensure alignment with Caterpillar on all key strategies. Areas receiving attention in the past year have included skills attraction, retention and development, product quality, availability and lead times, and solutions to enable customers to reduce operating costs.

The foundation of Barloworld Equipment's business is our integrated solutions model, incorporating new, used and rental machine options with varying degrees of support to suit customer needs. The success of this model is reflected in the growth in sales of new, used and rental equipment.

The most advanced form of support is our well developed and increasingly respected maintenance and repair contracts (MARC) offering where fleet maintenance expenses and availability are guaranteed over the life of each machine. The benefits to our customers of this offering have been highlighted in the past year, with many new mining projects requiring this level of support, particularly in southern Africa.

Limited availability due to unprecedented world-wide demand continued to restrict growth in some Caterpillar product lines. This challenge, along with efforts at maintaining high quality levels across all ranges, has received Caterpillar's close attention and improvements are expected in the year ahead.

Record commodity prices have resulted from demand related to growth in China and India.

Consequently many new mining projects have been launched and existing mines are expanding. This has impacted positively on Barloworld Equipment's southern African business, while in Siberia we are starting to capitalise on a more even spread of business across mining commodities including not only coal but also diamonds, gold and nickel.

Construction remains strong in all our territories, due to high levels of infrastructure spend in southern Africa, Spain and Siberia.

Exciting prospects lie ahead for the power systems business in southern Africa, where we are taking steps to ensure our involvement in the supply of power to keep pace with rapid urban development. The supply of energy solutions into the oil and gas sector holds great promise in Angola. The privatisation of public shipyards in Iberia has increased opportunities for the supply of MaK engines for big vessels and we have also successfully commissioned several turnkey power generation systems in Spain and Portugal. The power systems business in Siberia is expanding rapidly from a low base.

SOUTHERN AFRICA

Barloworld Equipment is well on track to achieving and, in the current economic climate, exceeding its vision statement set in 2005: "*Through market leadership and empowered people deliver customer solutions that will double our active machine population by 2010.*"

The region improved its operating profit by 93% and revenue grew by 50% to R9 333 million.

South Africa

Barloworld Equipment has retained overall market leadership in mining and construction markets and converted three more key Caterpillar product families, large wheel loaders, medium-sized hydraulic excavators and off highway trucks, to market leadership in the past year.

Good GDP growth and accelerated infrastructure spend ahead of the 2010 FIFA Soccer World Cup in South Africa has resulted in strong growth in the construction industry. The provision of prime and standby power has also presented a great opportunity in the past year as a result of Eskom's capacity problems.

Taken together with renewed expansion across the mining sector, the prospects for South Africa are extremely positive for the foreseeable future. Our executive team has been restructured to create separate focus on South Africa and the expanding growth opportunities in the rest of southern Africa.

This led to the appointment of Dominic Sewela as the CEO of Equipment South Africa. Reporting to him on the newly constituted South African board are directors Rajiv Maharaj (finance), Maki Ndlovu (HR), Zanele Nyoka (IT), Muzi Kubeka (energy), Gerhard Vorster (mining) and Charl Groenewald (rental and construction).

We are now effectively positioned to take full advantage of growth opportunities anticipated over the next five years and to ensure effective service to our rapidly growing customer base and machine populations.

Our customer-centric approach has been reinforced by the construction of a customer centre to integrate our sales, after sales and marketing teams offering new, used and rental solutions at our Isando flagship facility.

Other African territories

Angola remains our fastest growing territory based on a major infrastructure development drive by government, along with continued expansion in the oil and gas industry and improved prospects in diamond mining as roads are rebuilt to improve access to more remote areas.

In the year under review, our southern African footprint expanded into the DRC's Katanga province, which is considered to be one of the world's richest remaining untapped sources of copper and cobalt. The Caterpillar dealership in Katanga takes the form of a joint venture between Barloworld Equipment and the existing DRC dealer Tractafric.

The expansion into Katanga dovetails well with our strong presence on the adjoining Zambian copper belt, where we have experienced further growth and taken steps to correct problems experienced with underground machines. Upcoming elections are prompting infrastructure growth, which is ensuring growth in our Lusaka-based construction and rental operations.

In Botswana we are well placed to capitalise on diversification from diamonds into coal, copper and nickel mining and focused on ensuring that our after sales support to the mines keeps us ahead of the competition. While our long-standing partnerships with the Namibian diamond mines remain firm, the Namibian uranium fields are also providing new focus. We have secured an early foothold in Mozambique's emerging coal mining ventures and future opportunities are promising.

In all our southern African territories we are dealing with the challenge of balancing severe skills shortages with the drive for localisation.

Mining

Demand continued to outstrip world supply of diamonds, iron ore, copper, cobalt and uranium, resulting in high commodity prices and a resurgence of mining exploration and development. This has kept Barloworld Equipment Mining buoyant throughout its southern African territories and the outlook is positive for the foreseeable future.

The mining industry has been characterised by the opening up of new opportunities that were previously not considered viable, increased exploration, more junior mining companies entering the industry and an upsurge in potential new customers. Barloworld Equipment Mining's key focus on achieving lowest cost per ton for customers is of significant value to many players in this changing climate.

Our total solutions strategy, coupled with unparalleled product support and logistics capability in the industry, has made us the supplier of choice on the Zambian Copper Belt and for the new Moatize coal mining operation in Mozambique. Nikanor placed the biggest new equipment order ever received by Barloworld Equipment, worth almost R1 billion, with the Katanga joint venture for its KOV project.

In South Africa we have received several major orders from new mines, while also playing a leading role in the growth strategies of others.

We delivered a Caterpillar fleet with a MARC contract to De Beers' new Voorspoed Mine in the Free State. Venetia's expansion project is

Equipment southern Africa improved its operating profit by 93% and revenue grew by 50% to R9 333 million

now complete, following the delivery of sixteen 793 – 240 ton off-highway trucks in the past year.

We received orders from Anglo Coal for its new MacWest operation and Mafube mine in Middelburg. The MacWest order involved the first Caterpillar trucks ordered by Anglo Coal in 30 years.

We are supplying a total fleet, including Atlas Copco drills, into the new Amplats expansion at Potgietersrus Platinum and have been awarded the earthmoving equipment order for Extrata's Goedgevonden mine.

In the Northern Cape, Assmang's greenfields Khumani mine has started production and Caterpillar machine deliveries are well under way.

The absence of a large shovel in Caterpillar's mining range has proved problematic on Caterpillar-only sites in the past.

Construction

In South Africa Barloworld Equipment's construction business closely reflects the current construction supercycle, which has yet to reach its peak. Our market leadership in heavy construction machines increased, while we remained constant in under-20 ton size class despite some ongoing availability issues with backhoe loader deliveries from Caterpillar, which have now been resolved.

The Metso crushing and screening product has been integrated successfully into our equipment offering. This business doubled in size in the past year and is expected to double again in the coming year, on the back of strong interest in the construction industry coupled with the recently announced addition of mining crushers to our Metso portfolio.

Construction activity is also strong in our other southern African territories, Lesotho, Swaziland, Namibia, Botswana, Malawi, Mozambique, Zambia, Angola and now the DRC, mainly due to infrastructure development. Activity to rebuild urban and rural infrastructure destroyed by civil war in Angola and the DRC is particularly strong and the rental machine business is booming in Angola.

Rental and used

The Barloworld Equipment Cat Rental Store in southern Africa is now producing satisfactory returns after several difficult years and the signs for future growth are excellent. We have moved away from our competitive plant hire model of the past to focus on long-term high utilisation rentals, particularly in remote regions in all of our territories. Our logistical expertise ensures that we are unmatched in this capability and this gives us the opportunity for differentiation and improved margins.

Our short-term rental business in under-20 ton class, standby power generation and air compressors remains strong.

The Used Equipment Company, a joint venture between Barloworld Equipment and BLC Plant Company operating throughout southern Africa, increased operating profit by 20% and continued to provide an appealing option to buyers who prefer to invest in high value used Caterpillar machines sourced from our rental fleet rather than new competitive brand machines.

Power systems

Barloworld Equipment Energy continues to capitalise on exceptional growth opportunities across our dealership territories.

Demand for standby and prime power is increasing exponentially both in South Africa, where Eskom is experiencing capacity problems, and in the rest of southern Africa, where growth is hampered by poor power supply and distribution.

Engine sales for the on-highway trucking industry remained flat in 2006/2007, but a steady increase is expected in the build-up to 2010.

Barloworld Equipment is currently negotiating to acquire the MaK dealership in southern Africa.

Handling and agriculture

The handling business produced an improved result in southern Africa, despite a difficult period as a result of the strong pound. Agriculture continued to show consistent growth and has successfully expanded into Angola. The focus in the year ahead will be on expansion into Zambia, Mozambique and Malawi. This segment will be managed by and reported as part of Barloworld Handling effective 1 October 2007.

Skills development

Additional skills are required to ensure our commitment to after sales support for growing customer fleets and to this end our major focus in the past year has been the attraction, retention and development of skills.

Demand for skills far outweighs availability in all our territories and Barloworld Equipment's long-held philosophy, that empowered people deliver customer solutions, has stood us in good stead to meet our own needs. In-house training has always played a significant role in our business and we have introduced several initiatives to build on this foundation.

Executive focus on this critical issue has been increased in southern Africa by dividing the human resources function into the traditional HR role and the key strategic area of skills attraction, retention and development.

We are liaising closely with Caterpillar's headquarters in Peoria to develop appropriate training programmes to fast track skills for equipment southern Africa.

As a result of this research, two programmes developed by Caterpillar have been modified to suit our requirements and conditions and launched within Barloworld Equipment.

'Accelerated Basic Classes (ABC)' is focused, fast tracked, basic technical training that allows a school leaver to add immediate value to the organisation. 'Think Big' is a similar concept aimed at technikon and university graduates who are selected to undergo accelerated training with a view to future selection for management posts.

A dedicated Barloworld Equipment educational facility is to be established at a cost of approximately R80 million in Johannesburg in the next year to accommodate these programmes, together with skills development across the broad spectrum required to sustain the organisation.

Our pioneering learnership programme in South Africa is being constantly expanded to ensure future sustainability. Learners at all levels increased to 250 individuals in the past year, and we are now training learners from our other southern African territories both in the relevant facilities (such as in Angola) or in our Isando, Johannesburg, programme, where an intake from Mozambique has commenced training.

We have also reached an agreement with Caterpillar dealer, Monarch Equipment, of the Philippines to second experienced technicians to Barloworld Equipment for periods of two to three years.

In terms of this agreement, 30 technicians will be joining Barloworld Equipment South Africa early in 2008 and 15 will be seconded to our Angolan operation.

An international drive is also under way to bring skilled individuals back to all our southern African dealership territories and skills retention has been addressed through various focused projects.

The Barloworld Equipment Operator Academy has certified all the Barloworld Equipment Cat Rental Store's operators, doubled the number of certified operator trainers within the company and trained significant numbers of customer staff. This facility has also achieved recognition for its training from the Mining Qualifications Authority in the past year.

Barloworld Equipment was one of only three companies in South Africa to receive a special award from the Minister of Labour in recognition of its efforts in skills development.

A programme to train unemployed individuals as Caterpillar operators has also expanded in the past year, helping to create sustainability within the industry.

Closely aligned to our empowerment strategy is transformation in South Africa and the past year has seen strong foundations laid for ongoing sustainable transformation at all levels in the organisation. Barloworld Equipment achieved Level 6, equating to 60% recognition of spend, on the DTI's BBBEE scorecard at financial year-end. Our target for 2008 is at least Level 4 and a major improvement in our employment equity scores, in particular, is expected.

This empowerment focus has also been prioritised at top management level with Dominic Sewela, CEO for South Africa, taking responsibility as transformation champion for the business.

The need for localisation is also being addressed through focused recruitment programmes to attract higher calibre local employees in all our southern African territories, stepped-up training of local individuals, succession planning and, in Angola, an international project to attract qualified Angolan nationals residing overseas back to the country.

IBERIA

The strong increase in the revenue was driven by industry growth and some recovery of market share in the public works segment. Order books are at high levels, particularly in engines, but availability constraints have restrained growth.

Several changes have been made to operational and line of business management positions in Iberia, including the appointment of a new managing director, to strengthen leadership and improve succession planning.

Alignment and focus of employees on our Common Goals strategy with Caterpillar has been improved.

Construction

While residential construction is slowing in Spain, government spending on infrastructure development remains strong and Barloworld Finanzauto continues to grow on a solid economic base. Construction activity has been

Barloworld Equipment was one of only three companies in South Africa to receive a special award from the Minister of Labour in recognition of its efforts in skills development

slow in Portugal as infrastructure investment is postponed to lower the government deficit. As a result large construction companies are internationalising their operations to weather the declining domestic demand.

The Iberian construction machine market has increased by 54% in total units and 97% in small machines in the past five years. This indicates a significant broadening of the market to include new types of Caterpillar customers, resulting in a need for different market approaches.

Steps have been taken to improve coverage and to adapt our approach to the changing market. Sales strategy has been adjusted and a core traditional customer base identified for specialised attention. This includes the establishment of new senior management positions specifically to ensure that our large traditional customers receive the best professional attention.

Many additional customers are now reached via telemarketing, with leads channelled electronically to the sales force by means of integrated software. Marketing activities have been aligned to the new market segmented profile and customer awareness is being enhanced with intensive direct mail campaigns, machine demonstrations, open-house activities and specialised advertising.

A new commission scheme for the sales employees has been designed and implemented to support the new territory coverage strategy.

Rental and used

Rental remains a major growth opportunity in Iberia. Our commitment to this business is evident in our cash investment this year being equivalent to almost the entire operating profit for the year.

Our short-term rental business achieved strong growth in revenue. This business has been growing annually at a fast rate and we have met expectations on operating profit and CFROI®.

The competition in this sector remains aggressive and we have plans in place to extend our coverage in the coming year through additional facilities. With the help of an internationally respected consultant, a plan is being implemented to expand volumes by focusing on the potentially lucrative short-term rental business. This includes targeting more diverse user segments which we have not reached in the past.

Our rental fleet turnover has provided excellent quality used machines that are well accepted in the marketplace and we plan to increase this trade significantly in the coming year, particularly in smaller machines where opportunities exist to improve our market share.

We are also implementing new ERP software for the rental business to upgrade our back office to the new business model.

Power systems

The Barloworld Finanzauto power systems business continues to benefit from ongoing opportunities in most market segments. The shipyards have full order books, creating continued demand for prime engine power and auxiliary engines. The co-generation business maintains growth as national power supply lags demand.

The MaK dealership is growing apace and orders are in place for deliveries as far ahead as 2010.

In Portugal, Barloworld STET has secured some important turnkey power systems projects as far afield as the Cape Verde islands. The MaK marine business has also done well and we have repaired some MaK units in ocean going vessels in South America, opening the door for ongoing international business at good returns.

Revenue in the Russian territory increased by 50% to US$183 million

Pleasure craft remains an important sector in this territory and the new series Caterpillar engines are well accepted in many shipyards, with concomitant opportunities for replacement engines and maintenance.

Barloworld Equipment Iberia has its best power systems order book ever and the success and growth of this business will depend on Caterpillar's ability to supply inventory, an issue that is receiving ongoing attention.

Handling

Spain produced good revenue growth and some market share gains, while results were depressed in Portugal. The total Iberian market increased by about 4%.

Lift truck rental achieved acceptable growth in this segment, while product support and service produced the highest increase in activity. We closed the year with an excellent order book, which will support good progress in achieving our targets for the next year.

Product support

Iberia gained after sales market share in both parts and service. Ongoing customer surveys assisted in improving customer service and adjusting processes to produce faster response times.

Our image in the marketplace has been substantially improved by the fact that 86% of our service centres now have Caterpillar star ratings. We plan to have all centres certified by the end of next year.

A specialised repair centre for hydraulic cylinders has been opened, together with 11 mobile hydraulic workshops capable of servicing all brands of machines we represent.

Our 360º customer solutions programme has been successfully launched and 43% of our machines are now sold with product support packages. Customer surveys confirm that these contracts improve loyalty to our products and services.

The repair options programme has been revised and a campaign launched to educate customers on the importance of before failure repairs, thereby dramatically reducing machine operating costs.

Skills development

Our service business requires the recruitment and training of more than 100 new mechanics every year. In order to fill this need, we have established a new training centre with a staff complement of 40 people involved in theoretical and practical service training. We adopted Caterpillar's Think Big learning concept and, with the help of Caterpillar Peoria and Barloworld Equipment South Africa, opened the learning centre within the year.

Special programmes are in place with the official government schools to expose students to our industry. A recruitment agent has been appointed in Romania to seek experienced mechanics specifically for Barloworld Finanzauto and Barloworld STET.

A top-down intellectual capital review process with individual development action plans has been launched and will be fully implemented by the end of next year.

The employment value creation process has been adopted throughout the Iberian operation, resulting in improved employee morale and motivation. In the year under review Barloworld Finanzauto was also the leading European dealer in Caterpillar sales effectiveness training for sales employees.

RUSSIA

Vostochnaya Technica (VT), the Siberian joint venture partnership between Caterpillar dealers Barloworld Equipment and Wagner International, has completed another excellent year.

VT's Caterpillar dealership includes western and eastern Siberia, Yakutia and the northern part of the Russian far east. It covers 9.8 million square kilometres, larger than the United States of America, and is the largest geographic Caterpillar dealership territory in the world.

Siberia produces the bulk of Russia's natural resources including coal, tin, platinum, nickel, copper, silver and gold. The oil and gas sector dominates the local economy and Siberia produces 77% of Russia's oil and 20% of its gas.

The earthmoving equipment market in Siberia has been growing at 20% annually and this is expected to continue based on the global commodities boom. Whilst Caterpillar product is considerably higher priced than the locally manufactured alternatives, experience is showing that it lasts five to six times longer than local equivalents. Furthermore, in the tough operating environments encountered, the Caterpillar machines suffer considerably less downtime due to higher product quality and the after sales support offered by VT.

VT is performing beyond expectation in all regions and significant mining and power generation orders have been highlights of the year.

Revenue increased by 50% to US$183 million (2006: US$123 million). Although the mining sector is still the largest contributor of new sales at US$107 million, significant inroads were made in diversifying the source of revenue. Mining revenue increased by 20% with coal being the largest segment, although there are encouraging signs of diversification into diamond, gold and nickel mining. Our top five mining customers represent 24% of Russia's total coal production.

A joint mining strategy initiative with Caterpillar that aims to capitalise on the massive opportunity in Siberia's fledgling mining industry has progressed well and benefits are expected in the next year.

Siberia has the second largest gold deposits in the world, of which 73% are located in VT territory. While the longer term prospects are excellent, growth in this sector is expected to remain slow in the short term.

VT's after sales market has performed well, growing 46% over the 2006 result to US$45 million in a difficult and logistically complex geographical area. Siberia suffers an acute shortage of skills and plans are being put in place to accelerate in-house training to help provide the increased number of technicians needed to sustain our growth across this expansive territory.

Vastly improved revenues are expected from the construction market in Siberia in the coming year, including new focus on the quarry and aggregates sector and on infrastructure development. A rental fleet will be established in Siberia in 2008.

The energy segment in Siberia grew from a low base of US$2 million in 2006 to US$28 million in 2007. We expect this trend to continue.

Operating profit is not growing at the same rate as revenue as a result of significant people and facilities investments made in order to position the business for ongoing growth throughout the dealership territory. Labour and training costs are also escalating as the shortage of skilled employees becomes more prevalent. VT employed 305 people at the end of September 2007, compared with 235 in September 2006.

OUTLOOK

The steady progress towards achieving Barloworld Equipment's vision of doubling its active machine population in southern Africa by 2010 will ensure sustainability of the business well into the future as demand for after sales offerings grows to support the dramatically increased working population of Caterpillar machines.

Revenues from after sales services are not cyclical, have higher margins and are frequently based on long-term contracts, therefore providing a hedge against construction and mining industry downturns.

The key to sustained profitability will be the quality of our after sales service and our ability to provide value adding solutions. The greatest risk to success remains skills development and a comprehensive plan is in place to attract, retain and develop skills to support our growing customer base across southern Africa. Localisation of skills forms part of this plan.

Technology solutions, such as SAP, will assist greatly in our integrated solutions approach and Barloworld Equipment today boasts some of the best in-house SAP skills in the world. The SAP rollout into the rest of southern Africa is in progress.

We will continue to leverage technologies from Caterpillar and other sources such as remote monitoring of fleets for maintenance purposes, machine automation systems for more efficient operation, and systems for more efficient mining, in every case with the aim of reducing costs for customers in all territories and to help alleviate skills shortages.

Our future strategy includes expanding our current capabilities to provide solutions to the total value chain from inception to completion in both mining and construction projects.

In line with the Barloworld group's solutions-based strategy, the next year will see a continued drive to increase support agreements with customers, ranging from basic servicing and parts to full MARC agreements involving total support of fleets in the mining and construction industries.

To ensure the success of our strategy of providing efficient support to all our customers into the future, we will be investing at least R250 million in new facilities across our southern African territories in the next two years. The next year will also see a €24 million facility expansion and modernisation plan come to fruition in Iberia.

There is little question that economic activity will remain buoyant in South Africa beyond 2010, if at a lower rate than at present, based in part on longer term mining projects in the pipeline and Eskom's infrastructure planning to ramp up power supply to South Africa and other parts of the subcontinent. Zambia and Angola will continue to benefit from strong world demand for copper and diamonds, while the oil and gas industry in Angola is likely to fuel growth far beyond what is being experienced at present.

The power systems business offers the most significant potential for growth in all our territories and a comprehensive study is currently under way to ensure we maximise this opportunity in the years ahead.

Used equipment has great potential and will be expanded to meet anticipated demand. Major investments in new rental units will create economies of scale in our rental fleets and more long-term rental opportunities, at the same time increasing our source of used equipment.

The Spanish economy is expected to grow at a slightly slower rate in the next year with stable inflation, employment growth and good industrial production.

Prospects for 2008 have improved in Portugal as projects including the new Lisbon airport, a high speed train and the recently announced new hydroelectric dams come on stream. Cape Verde remains a small but high growth area on the back of tourism infrastructure growth. A new branch has been opened in Cape Verde to capitalise on this opportunity.

Opportunities for VT in Siberia that will be prioritised in the next year include power, oil and gas and infrastructure development, all of which are growing rapidly. Alignment with Caterpillar is critical and will remain a strategic focus.

REVIEW OF OPERATIONS: AUTOMOTIVE

AREAS OF OPERATION

Martin Laubscher (47)
Chief executive officer
BAcc, BCompt (Hons) CTA, MCom (Business Management)
20 years' service

automotive

AREAS OF OPERATION

Motor retail	Importation and distribution	Car rental	Fleet services
Southern Africa	Southern Africa	Southern Africa	Southern Africa
Australia		Scandinavia	

LEADERSHIP TEAM

Martin Laubscher (47)
Chief executive officer
BAcc, BCompt (Hons) CTA, MCom (Business Management)
20

Allan Carter (54)
Chief executive: Motor Retail Australia
27

Mike Christie† (51)
Chief executive: Motor Retail Southern Africa, Vehicle Importation and Distribution
National Diploma Cost Accounting
18

Dag André Johansen (42)
Managing director: Car Rental Scandinavia
BA (Norwegian School of Management)
20

Litha Nkombisa* (40)
Chief executive: Motor Retail Southern Africa
BCom, MDP

Keith Rankin (37)
Chief executive: Car rental
BCom (Hons)
9

Andy Richardson (46)
Financial director
CA(SA)
2

Laurence Savage (43)
Managing director: Avis Fleet Services
Reg Eng T, MBA
8

Bob Smith†† (59)
Commercial director
BEcon, CA(SA)
14

Ciko Thomas* (38)
Marketing director
BSc, MBA

Ian Walters (58)
Chief information officer
BCom, MBA
26

Christopher Whitaker (50)
Director: human resources, organisational performance, strategy
BCom, LLB
19

* *Appointed with effect from 1 October 2007.*
† *To retire November 2007.*
†† *To retire February 2008.*

Note: The first figure after each name (in brackets) is their age at date of publication of this report. The second figure in blue is the number of years' service they have with Barloworld or businesses we have acquired.

Barloworld Automotive provides a range of integrated motor vehicle usage solutions through the successful operation of complementary business units.

Motor retail operates leading motor vehicle franchise dealerships in South Africa representing passenger, light, medium and heavy commercial brands. Also included are coachwork repair centres, motor vehicle finance, insurance and related products and services. In Botswana and Australia passenger and light commercial brands are represented and motor vehicle finance, insurance and related products and services are provided. Botswana and South Africa operations also represent tractor brands.

We are the sole importer and distributor of Subaru vehicles in southern Africa.

Car rental operates Avis short-term car rental throughout southern Africa, and Avis and Budget short-term car rental in Denmark, Norway and Sweden.

Fleet services provides long-term rental and value-added services to operators of passenger and commercial vehicles in South Africa, Botswana, Mozambique, Namibia, Lesotho and Swaziland under the Avis brand.

OPERATING PERFORMANCE

	Revenue Year ended 30 Sept		Operating profit Year ended 30 Sept		Net operating assets 30 Sept	
R million	**2007**	2006	**2007**	2006	**2007**	2006
Southern Africa	**1 209**	1 108	**325**	250	**2 820**	2 400
Europe	**1 134**	805	**81**	69	**2 427**	2 536
Car rental	**2 343**	1 913	**406**	319	**5 247**	4 936
Southern Africa	**9 948**	9 307	**184**	210	**1 363**	1 020
Australia	**2 448**	1 719	**48**	23	**743**	666
Trading	**12 396**	11 026	**232**	233	**2 106**	1 686
Leasing Southern Africa*	**701**	631	**76**	63	**346**	276
	15 440	13 570	**714**	615	**7 699**	6 898
Share of associate income			**17**	27		

** Net operating assets after deducting interest-bearing borrowings*

OVERVIEW

Aligned with the group's focus areas, the division continued to create stakeholder value through five strategic themes.

Providing customers with a range of integrated motor vehicle usage solutions to fulfil their specific requirements remains the cornerstone of the division's offering. Such solutions include the products and services of our individual business units, namely motor retail, car rental and fleet services, as well as the unique combination of these products and services for customers who require aspects from our various business units in a seamless combination, effectively and efficiently provided by a single supplier.

Focus on business unit performance includes maximising both inter- and intra-business unit synergies as well as the implementation of tight performance targets and objectives. By working closely together, our South African business units optimise the opportunities for internal value creation through sourcing, service, repair and maintenance as well as maximising the commercial benefits arising from the significant number of quality used vehicles that are a consequence of the automotive division's activities. Synergies for the Australian and Scandinavian operations are achieved through skills and business practice transfer between the motor retail and car rental operations respectively.

Organic expansion by the business units, which included securing key new dealerships and expanding the Avis car rental network in southern Africa, ensured steady growth for the division and achieved predetermined objectives in this regard.

Complementing the group's commitment to BEE, the division aggressively pursued various initiatives, including the appointment of two directors to its board. Other external initiatives are in place to complement the group's anticipated empowerment transaction in the new financial year. Internal objectives are aimed at improving the division's rating in terms of the Department of Trade and Industry's relevant scorecard.

An ongoing commitment and focus on employees through the implementation of Employee Value Creation continues to enhance value creation across all business units in the division. Specific focus areas cover talent attraction and retention and, include an extensive commitment to training, development and attractive employment conditions.

The above strategic themes are cascaded into all business units and their collective efforts in this regard aggregate to the overall success of the division.

Comprehensive structures exist throughout the division and its business units in terms of which business risks are regularly reviewed and appropriate measures adopted to address or mitigate such risks. Significant potential risks include the ongoing viability of principals and their products, lack of transformation in the southern African operations and, a shortage of skills. These risks are comprehensively covered in the division's strategic initiatives. Specifically, the provision of solutions reduces dependence on individual products and principals, focused initiatives address all aspects of BBBEE and, as an integral part of the ongoing focus on training and development in the division, Motor Retail Southern Africa opened a technical training centre and Avis Rent a Car Southern Africa established a comprehensive management development programme.

We achieved new and used vehicle retail sales of 91 603 units, up on the previous year's figure of 88 538 units. Corporate operations grew car rental days to a total of 7.3 million compared with the previous year's 6.6 million. At year-end a total of 101 910 vehicles were under finance and maintenance contracts compared to 60 494 units last year. A significant portion of this increase was the Avis Rent a Car South Africa fleet.

Revenue and operating profit reached R15.4 billion and R714 million respectively. Operating profit margin improved to 4.6%.

If we proportionally consolidate our joint ventures, our revenue and operating profit would be R16.8 billion and R757 million respectively.

The motor retail businesses in southern Africa have performed well although new vehicle sales growth slowed significantly. Used vehicles and after-market opportunities continue to receive focus.

We achieved new and used vehicle retail sales of 91 603 units. Corporate operations grew car rental days to a total of 7.3 million

Our Avis car rental operation in southern Africa delivered another solid performance with improvements in both rental days and rates. Our Scandinavian car rental business continued its consolidation phase, restructuring for future growth.

Avis Fleet Services did well in securing new business opportunities and in growing its fleets, assisted by a higher interest rate environment. A subdued used car segment for the high mileage ex-fleet vehicles continued to impact profitability.

The Subaru importation and distribution business performance, while showing new vehicle unit sales growth, was adversely affected by a weaker rand.

MOTOR RETAIL

Southern Africa

The record growth in new vehicle sales over the past three years has slowed. Contributory factors are increases in the prime lending rate and the price of vehicles. The stricter lending criteria contained in the new National Credit Act also had a negative impact on sales. In spite of this the dealership network (including associate operations) increased new and used retail unit sales to 62 411 units from last year's figure of 61 881. The positive trend in used vehicle values noted in last year's report has been maintained, aided by focused internal initiatives.

During our financial year the NAAMSA southern African new vehicle market was 631 074 units of which 83.8% were dealer sales. The South African operation, including associates, showed a marginal improvement over last year. Botswana had a significantly improved performance, despite the continued influx of cheap 'grey imports'.

In accordance with our dealership strategy of 'Fewer, Bigger, Better' we continued to make substantial investments in well located, world-class facilities. Major new and renovated facilities were completed for Ford Pinetown, Auto Atlantic V&A, John Williams Motors (DaimlerChrysler) Welkom and Audi N1 City, while building operations were commenced for John Williams Motors, Bloemfontein and Toyota Centurion. We disposed of our interest in the BMW Claremont joint venture while we acquired the Toyota Pretoria East dealership. Focus areas in the year ahead include customer service, significant progress on transformation and Employee Value Creation initiatives, particularly skills development and retention.

Avis Rent a Car Southern Africa has improved profitability through firmer rates, increased rental days and improved used vehicle performance

Our joint ventures delivered positive results for the period. A total of nine dealerships fall into our joint venture arrangements which principally cover DaimlerChrysler, but also includes the Subaru brand.

Australia

Motor Retail Australia operates eight dealerships in Melbourne and Sydney retailing new and used vehicles in the passenger and light commercial segments, the supply of parts and servicing of vehicles as well as motor vehicle finance, insurance and related products and services. Brands represented are Holden, Mercedes-Benz, Suzuki and Volkswagen.

Although the Australian new vehicle market showed some 6.4% growth over the prior year, the Australian operations delivered a significantly improved financial result. Strong contributions from both Mercedes-Benz and Volkswagen operations compensated for slower growth at Holden. During the year the Australian group acquired Five Dock Volkswagen in Sydney's inner west and added Suzuki to its franchise portfolio. Volkswagen and Suzuki are two of the fastest growing brands in Australia.

The dealership network for the year increased new and used retail vehicle sales to 9 544 units from last year's figure of 8 337.

Material events during the year under review were:

- A significant improvement in trading performance for Barloworld Mercedes-Benz in Melbourne and Barloworld Volkswagen dealerships in Melbourne and Sydney, as well as the contribution from the Suzuki passenger vehicle operation at Ferntree Gully, Melbourne.
- The acquisition of a Volkswagen dealership in Five Dock, Sydney.
- The completion of the new Volkswagen passenger showroom at Mascot and the commencement of building two new dealerships – Mercedes-Benz and Volkswagen in Melbourne. Construction is expected to be completed in July 2008 and trading to commence in August 2008.

Barloworld is the largest Volkswagen dealer in Australia, the largest non-manufacturer owned Mercedes-Benz dealer in Australia and the largest Holden dealer in Victoria, Australia.

Our focus remains on continuing to grow the strong base we have developed in Australia.

IMPORTATION AND DISTRIBUTION

The Subaru network increased deliveries to 1 885 units. Currency volatility undermined the contribution from this business unit. Further investment in improved systems, training and parts facilities took place during the year. The Subaru car parc in southern Africa continues to grow and provides long-term sustainability and strength to the dealer network.

CAR RENTAL

Southern Africa

Avis Rent a Car Southern Africa operates short-term car rental from over 110 customer service centres throughout southern Africa, and is focused on the tourism, corporate, local and replacement market segments. A peak fleet of some 18 300 vehicles is operated. The operations in South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland are owned, while the balance of the operations are sublicensed. Avis Point-to-Point is a chauffeur-driven inner-city transfer service.

Avis Van Rental operates a sublicensee network in South Africa.

Zeda Car Sales disposes of ex-rental vehicles into the trade and to retail customers.

Avis Rent a Car Southern Africa has improved profitability through firmer rates, increased rental days and improved used vehicle performance. Rental volumes grew by 13% to 4.8 million rental days. Productivity was supported by a 16% growth in rental transactions, utilisation remained high and the fleet grew by 12%. Market share of rental days in the region was maintained. Higher vehicle holding and damage costs, and increased interest payments, softened the result.

The Point-to-Point business improved significantly on last year's performance.

Similar to Motor Retail Southern Africa, focus areas in the year ahead include customer service, driving transformation and progressing Employee Value Creation initiatives with emphasis on skills development and retention.

Scandinavia

We operate Avis and Budget short-term car rental from more than 350 customer service centres in Denmark, Norway and Sweden. Avis is positioned as a full service car rental business, while our Budget operations are positioned with a more streamlined product range focused on a more youthful, web-enabled travel market. Most of the service centres at major airports and downtown locations are owned while, due to geographical conditions and demographics, there is an extensive network of sublicensees. The peak regional fleet of some 15 140 vehicles includes 4 750 vehicles owned by sublicensees. The majority of our vehicles are purchased with guaranteed buy-backs and we only operate used vehicle sales outlets in Denmark.

Scandinavian operations grew total rental days by 8.6% to nearly 3.5 million off an increase of 2.5% in rental transactions. Several corporate stations have been converted to licensees to optimise the opportunities in the marketplace. Strategic changes in the mix of corporate owned and licensee operations enhance performance. Market leadership was maintained by our Avis operations.

Profitability in the region was mixed with the Norwegian operation producing good results, the Danish operations performed adequately with a strong high season performance. The Swedish operations recovered from last year's setback due to changes in the vehicle pricing strategy by a major supplier. Significant attention has been paid to re-aligning the Swedish operations to deal with the new cost structure and progress was reflected in results achieved. Costs incurred on expanding the Budget network across all three countries also continues to impact on the results from the region.

Operational focus, work on a number of strategic value-enhancing projects as well as the allocation and relocation of key executives to this business unit are expected to improve this region's contribution in the next period.

Ongoing value creation for all our stakeholders remains central to all business units' activities

FLEET SERVICES

Avis Fleet Services provides long-term rental and value-added services to operators of passenger and commercial vehicles. Products and services include the administration of vehicle licensing, maintenance and fuel costs, the acceptance of maintenance and residual value risks, and vehicle sourcing and disposal services.

Operations are in all major metropolitan centres in South Africa and regional operations in Botswana, Mozambique, Namibia, Lesotho and Swaziland. In South Africa, a tender for the outsourcing of fleet within the National Department of Transport umbrella was implemented in a BEE joint venture. This contract also incorporates the value-added services of accident, fuel and driver management, as well as car rental and chauffeur drive services. Car Mall vehicle sales dispose of ex-fleet vehicles into the trade and to retail customers.

Avis Fleet Services grew its fleet under finance and maintenance contracts to a total of 101 910 vehicles. Profitability was up on last year's level, attributable to interest rate margin growth, but a subdued used vehicle segment limited profit growth. With interest rates having increased and a tightening of the consumer environment, the demand for the business's products and services grew. In a slowing economy companies are seeking improvements in fleet efficiency and cost control is starting to regain focus. The benefits of these fleet size increases take some time to translate into improved profitability. Consistent with a subdued used car segment for the business unit, the used car contribution was below the 2006 level. The focus in this entity is on the continued growth of value drivers and specific attention to offering customers total fleet solutions, while progressing transformation and Employee Value Creation initiatives, particularly skills development and retention.

MANAGEMENT PHILOSOPHY

Ongoing value creation for all our stakeholders remains central to all business units' activities. The emphasis is on sustained improvement in value creation for all stakeholders driven by all employees through an integrated set of programmes and initiatives continually monitored and assessed against implemented standards and measures.

Key indicators reflect significant value created for our shareholders.

We continue to create value for our principals and suppliers through investment in infrastructure and business systems, addressing brand exposure as well as market shares and improving business performance. Their confidence in our ability is reflected in the new opportunities offered to represent their brands and their ongoing commitment to the division.

Customer value remains central to the division's success. Success in this regard is evidenced by our improved financial performance and independent monitoring. We continue to monitor and focus on customer satisfaction ratings as we believe it is through exceeding customer expectations at every interface that we will achieve a sustainable competitive advantage and create superior value for our customers.

Employee Value Creation recognises the important role of every employee and institutionalises initiatives and structures aimed at developing, harnessing and directing collective employee wisdom towards our value creation objectives. It also ensures that employees benefit from the value created. The Avis Brand Ambassador philosophy continues to empower employees and leaders emphasising the crucial role of personal behaviour in our customers' perception of the organisation and improving its value creation performance.

Our value creation for the communities in which we operate is a combination of indirect benefits from employment opportunities, rates and taxes paid, development and the direct benefits arising from the corporate social investment initiatives of the business units which include contributions of skills, resources and finance.

BLACK ECONOMIC EMPOWERMENT

We have a number of significant empowerment joint ventures. These include our joint ventures for the DaimlerChrysler operations in the greater Durban and Pietermaritzburg metropolitan areas in KwaZulu-Natal. Our NMI-DSM operation remains one of the leading empowerment initiatives in the industry. Avis Fleet Services has two joint ventures, each of which specialise in specific markets, with PhakisaWorld Fleet Solutions having secured the outsourcing of fleet within the South African National Department of Transport umbrella. Our Avis car rental operation in South Africa also has an empowerment joint venture as do our Avis car rental and fleet services operations in Namibia.

We continue to be committed to a broad-based empowerment approach and fully support the group's intent to be a leader in empowerment and transformation. Apart from ongoing internal focus in this regard, we are confident that several external initiatives will be realised early in the new financial year which will significantly enhance our progress in this area. Our rating objective mirrors that of the group.

OUTLOOK

We anticipate that some of our business units will be negatively affected by tougher trading conditions in 2008. Motor retail operations in South Africa will inevitably be affected by the softening markets on the back of reduced demand due to rising interest rates and the introduction of the National Credit Act. The Australian operations should continue to perform well. Our southern African car rental business stands to benefit from market growth and improved rental rates. We anticipate growth and an improved performance from our fleet services business as a consequence of product development and fleet growth. The Subaru importation and distribution business remains sensitive to currency fluctuations. Our Scandinavian car rental businesses should settle and benefit from initiatives taken during the past year to address car pricing issues, regional structures and efficiencies as well as additional executive support and expertise. Overall, our South African businesses will benefit from the synergies arising from offering a range of integrated motor vehicle usage solutions for our customers and the overall attractiveness of the division’s products.

Value creation for all stakeholders remains a core philosophy and benefits will continue to flow from ongoing emphasis and focus on our Employee Value Creation initiatives.

AWARDS AND RECOGNITION

External recognition for the value we create for our stakeholders includes:

Avis Rent a Car Southern Africa
- The Association of South African Travel Agents (ASATA) Award: Best Car Rental Company in southern Africa for five consecutive years
- Sunday Times Brands and Branding independent survey: Best Car Rental Brand in South Africa

Avis Rent a Car Norway
- Grand Travel Award for 12 consecutive years

Avis Rent a Car Sweden
- Grand Travel Award for 15 consecutive years

NMI-DSM (DaimlerChrysler Black Economic Empowerment Joint Venture)
- Brand Centre Award: Mercedes-Benz, Car Group, for the third consecutive year
- Brand Centre Award: Chrysler/Jeep, for the third consecutive year
- Brand Centre Award: Mitsubishi Motors, for the third consecutive year

Subaru Southern Africa
- Runner-up NADA Dealer Satisfaction Index Award (fourth consecutive year in the top three)

Motor Retail Southern Africa
- Ford Alberton: Runner-up Dealer of the Year in category and winner of Merit Club Service Department of the Year in category
- Ford Pietermaritzburg: Winner of Merit Club Service Department of the Year in category
- Ford Pietermaritzburg: Winner of FMCO Business Man of the Year
- VW Southfleet and Tokai: Club of Excellence Award
- Audi Culemborg: Audi Awards of Distinction
- BMW Randburg: After Sales National Metro winner
- BMW Pretoria Approved Repair Centre: After Sales National Approved Repair Centre winner
- GM Hatfield: GM Honours Programme
- Subaru Bruma: Top Service Department – 2006 – Subaru SA MD Awards
- Barloworld Fleet Marketing: Toyota SA Status Club – Platinum Award

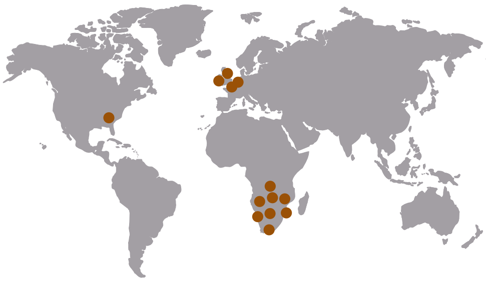
Motor Retail Botswana
- Professional Management Review (PMR): Gold Arrow Award

Motor Retail Australia
- Barloworld Holden Glen Waverley: The Grand Master Award Holden for three consecutive years
- Barloworld Motor Mercedes-Benz: Southern Region Dealer of the Year

Avis Fleet Services
- Professional Management Review (PMR): Diamond Arrow Award
- Toyota SA Status Club: Platinum Award

REVIEW OF OPERATIONS: HANDLING

AREAS OF OPERATION



Brandon Diamond (56)
Chief executive officer
ACIS, MBA
37 years' service
Outgoing Chief Executive Officer – retiring December 2007

John Blackbeard (50)
Chief executive officer
BSc Eng (Hons) Dip Bus M
11 years' service
Incoming Chief Executive Officer – appointed 1 October 2007

handling

handling

AREAS OF OPERATION

Handling United States of America	Handling Europe	Handling southern Africa
Hyster dealerships: South Eastern United States	Hyster dealerships: United Kingdom (including Northern Ireland) Belgium The Netherlands	Hyster dealerships: South Africa, Angola, Botswana, Malawi, Mozambique, Namibia, Zambia, Zimbabwe *Agricultural distribution –* Massey Ferguson, Claas (Southern Africa)

LEADERSHIP TEAM

Brandon Diamond† (56)
Chief executive officer
ACIS, MBA
37

John Blackbeard‡ (50)
Chief executive officer
BSc Eng (Hons) Dip Bus M
11

Lex Knol (52)
Managing director: Barloworld Handling Europe
BEng
7

Robert Russell† (47)
Group director of finance
BSc Accounting, CPA
20

Stan Sewell (51)
President: Barloworld Handling United States of America
BA Political Science
22

Scott Simmons (50)
Director group human resources and risk management
BSc Accounting, CPA
27

Eugene Smith* (46)
Finance director
MA (Cantab), ACMA
24

Rob Tennant (50)
Chief information officer
BSc, MSc, CPIM
27

Geoff Tucker (56)
Managing director: Barloworld Handling United Kingdom
CA (Zim)
26

† *To retire end December 2007.*
‡ *Appointed with effect from 1 October 2007.*
* *Appointed effective 1 December 2007.*

Note: The first figure after each name (in brackets) is their age at date of publication of this report. The second figure in blue is the number of years' service they have with Barloworld or businesses we have acquired.

Barloworld Handling is the world's largest independent Hyster lift truck dealer offering our customers a full range of lift trucks and warehouse/handling equipment in the southeast United States, United Kingdom, including Northern Ireland, the Netherlands, Belgium and southern Africa. We have represented the market-leading Hyster brand for 78 years and have leveraged the strength of the brand by leading the market in the introduction of innovative solutions for our manufacturing and distribution industry customers' materials handling needs. From 1 October 2007, the division will include the group's agriculture business distributing the Massey Ferguson, Claas and Geringhoff brands to southern Africa.

OPERATING PERFORMANCE

R million	Revenue Year ended 30 Sept 2007	2006	Operating profit Year ended 30 Sept 2007	2006	Net operating assets 30 Sept 2007	2006
Europe	**2 690**	1 995	**55**	23	**687**	670
North America	**4 330**	4 697	**72**	115	**579**	1 180
Trading	**7 020**	6 692	**127**	138	**1 266**	1 850
Leasing*	**164**	353	**6**	8	**107**	292
	7 184	7 045	**133**	146	**1 373**	2 142

** Net operating assets after deducting interest-bearing borrowings*

handling

OVERVIEW

Bringing about focus

The strategic announcements at the January 2007 annual general meeting of the group's decision to substantially restructure, in order to bring about a more focused business entity, had far reaching effects on the handling division.

It was decided to focus activities within the division on its core material handling business, that being Hyster lift trucks and related products. All other businesses were to be exited. After completion of this process, the division was renamed Barloworld Handling.

Businesses disposed

Towards the end of last financial year, the decision to align ourselves with an external financier allowed an early exit from the United States finance company when the receivables book was sold to GE Capital. The sale of the major portion of the much larger United Kingdom finance company to GE Capital was concluded in November 2006 and finalised in February 2007. This excluded assets in the order of £40 million, being the Ministry of Defence (MOD) (£20 million) and other contracts for £20 million, not purchased by GE for various reasons. These included customer non-assignment due to conflicting interests with GE and also contracts with under a year to termination where take-on costs were considered too high.

The overall impact of these transactions was to reduce the low return investment in leasing by R1.7 billion to R0.9 billion by September 2007.

In the United States of America, the DitchWitch operations in Atlanta and Savannah were sold to the principal, The Charles Machine Works, at the end of April 2007. Although the business was earning acceptable returns, its prospects for growth were limited and it did not fall within the planned future vision of the group.

It was further decided that the Freightliner operations, despite being a major contributor to revenue in the group, were in an industry that was too volatile and was likely to remain so for at least the next four to five years. The business was sold to a consortium of private enterprise and internal management and split into three separate operating units in their different geographic regions.

In the United Kingdom, the small Vacuum Technology business, which produced a solid return but did not fit with the core business, was sold to another industry player with compatible products resulting in the new combined company being a stronger market force.

All these transactions were completed ahead of schedule within a timeframe of eight months.

MATERIALS HANDLING OPERATIONS

United Kingdom

The stronger operating contribution which started in the second half of last year following the restructure continued and was reflected in

> The total United Kingdom market showed good growth of 8% despite the manufacturing sector declining in line with the strong currency position

the 2007 results. Overall progress was, however, impaired by the process change required in new equipment contract financing as a result of the sale of the finance business. This took longer than anticipated to settle down. Northern Ireland again produced very acceptable results.

The total United Kingdom market showed good growth of 8% despite the manufacturing sector declining significantly in line with the strong currency position. Counterbalanced units grew at 7% compared to warehousing unit growth of 8.9%, in line with increased activity in logistics, transport and distribution sectors. The total market ended above 31 000 units for the first time and is forecast to remain in a growth phase during 2008.

Our share of the counterbalanced market remained at 11.8% and was a reflection of the acceptance by the market of the new Hyster Fortens product. Unfortunately, our warehousing market share remained modest and is to be addressed jointly with Hyster in the year ahead.

The open order book, however, remains very strong with 1 289 units at a value of £28.3 million compared to last year of 1 192 units at a value of £25 million.

Netherlands and Belgium

Consolidating operations of the United Kingdom and Belgium will bring about synergies.

The initial benefits of separating these two businesses out of the United Kingdom sphere of control were seen in 2007. However, the full impact of consolidating the two countries and the benefit of the synergies will only be felt once both businesses are running off a single management operating system. This will be achieved in 2009. During the year the senior administration team in Belgium was restructured following the retirement of the managing director.

The combined delivered market grew 7.5% to 24 414 units, following strong growth of 9.4% in 2006. Our growth in both countries exceeded the market and counterbalance share in the Netherlands grew by 2% to 6.8% while Belgium was even stronger, growing 3% to 15.6%. In the higher volume warehouse arena, where both Hyster and Barloworld have modest market shares, we experienced a steady improvement. The order book carry forward into the new year stands at 545 units reflecting a 276 unit, 100% increase over last year.

During the year, new contracts were negotiated with Voest Alpine Group and GE Energy and major contract renewals took place with Desso, TNT and Picanol. Paccar (DAF), a national account placed an initial order of 40 warehousing units. The solid relationship with major rental companies Cuypers and Vitesse, who operate in the Ports of Antwerp and Rotterdam respectively, were further consolidated. Customer service showed increased activity levels in both countries.

Short-term rentals grew more than 30% following an increase of 60 units in the fleet. The fleet numbering 530 units had a strong 80% utilisation.

Used equipment also reflected increased activity levels and an improvement in the retail to wholesale mix saw a considerable improvement in margin.

United States of America

There was a marked slowdown in the United States economy during the year and this carried through to our business. The south eastern United States declined by 20% while our sales

Our long-standing 78-year partnership with Hyster remains strong

decreased by 10%. However, despite the reduced market we finished the year strongly and the order book grew by 239 trucks over last year to 1 078 units at a value of $39 million.

During the year there was increased focus on the warehousing sector and bringing the new reach truck series to market. Joint product shows with Hyster in Memphis and Charlotte were very successful and a 120 truck order was secured with Flextronics. In the counterbalance market significant orders were secured with Savannah River site, Mohawk Carpet, Michelin Tire, Tyson Foods and WSI – formerly TNT.

Overall revenue fell 7% with the major decline being in new equipment. Used equipment slowed in line with the drop in new sales – 2 100 units were sold with 1 100 being retailed. Continued focus on the short-term rental fleet saw a further reduction of the fleet by 163 units to 1 790 units. Simultaneously, old trucks were replaced with new units, assisting in bringing down the overall maintenance cost and improving utilisation.

During the year five branches were closed and operations consolidated into adjacent businesses allowing both customer and management focus as well as cost control. Three businesses moved into new facilities in growing markets. These were Savannah, Springdale and Charlotte.

INTEGRATED CUSTOMER SOLUTIONS

Today more so than ever, the product which we take to market competes with performing and price sensitive competitors from around the globe. The real differentiator is the service and support which we can provide and how that adds value to our customer base. Through the powerful SAP operating systems platform we continue to introduce value-adding enhancements tailored to specific customer needs. During the past year further development took place on the United Kingdom mobile service facility and the platform was laid for introduction in the United States. In addition, service vehicle tracking tied to technician specific skills was introduced in the United Kingdom and will follow in the United States in 2008. Good progress was made on our 'Black Box' technology which will enable remote hour meter reading and fault diagnoses both of which enhance value for customers and reduce operating costs. In the United States the first customer based remote direct parts ordering system with tailored pricing was introduced and will be rolled out to major parts users in all of our territories over the next two years.

During 2008, the SAP operating system will undergo a version upgrade and there will be ongoing improvements to business process flows in order to further improve ease of use and functionality for employees.

HYSTER – OUR PRINCIPAL

Our long-standing 78-year partnership with Hyster remains strong and we meet at regular intervals to share thoughts on how to improve both market penetration and value creation for our stakeholders. During 2007, Hyster continued the rollout of new product lines which commenced two years ago.

In the United States, the N35-45AC warehouse narrow aisle range, as well as the B60AC Rider Pallet truck enhanced the overall warehouse range. In addition, in the heavy truck arena the H400-450 range was brought to market. The Fortis range was extended with the H/S 80-120 series and the H135-155 series. In the United Kingdom and Europe new Reach Stackers and

Empty Container Handlers were introduced together with the H18 heavy truck and Ergo Electric truck which is a major improvement over previous product.

EMPLOYEES AND EVC

Since we believe that value creation through specific customer solutions is the way forward, our people are critical to our future success. The exit from non-core businesses during the year resulted in a reduction of the employee complement by 914 to 2 602 people. In excess of 95% of employees in these businesses were retained by the acquiring companies. Despite this, it was an unsettled period for remaining employees and a further reduction was seen in the core businesses. The United States complement reduced by 69 to 1 067 people; the United Kingdom by 36 to 1 217 people and the European businesses by 16 to 278 people. Aside from Europe, employee turnover and more particularly technician turnover remained stubbornly high and we saw little improvement over the previous years; United States experienced employee turnover of more than 20% and United Kingdom more than 17%. Management is constantly engaged in seeking means to reduce avoidable exits.

The drive to improve stakeholder value through Employee Value Creation (EVC) continues and our senior management teams remain committed to bring about the total involvement of all our people. Performance improvement teams (PIT) – continued to put forward suggestions for the overall improvement of daily operating issues. This ongoing philosophy will be further reinforced during 2008.

OUTLOOK

The economies in the United Kingdom and Europe are expected to remain stable with moderate growth in 2008. However, the slowdown in the United States could well continue through the next financial year.

As a result of the restructure of Barloworld, it was decided that the Hyster materials handling operations in southern Africa would be split out of the Caterpillar operations and consolidated under the handling division, thereby ensuring greater specific focus on that business.

With the division unit now focused only on its core materials handling activities, there will be a strong drive to consolidate relationships with customers and to ensure that maximum value creation is achieved through ongoing tailoring of specific solutions to individual major customer needs and at the same time finding more cost-effective means to service the very large sector of single and small fleet owners.

REVIEW OF OPERATIONS: LOGISTICS

AREAS OF OPERATION

Paul Stuiver (50)
Chief executive officer
BEng
24 years' service

Isaac Shongwe (45)
Chief executive officer: Africa
MPhil (Oxon)
2 years' service

logistics

AREAS OF OPERATION

Supply chain management	Dedicated transport services	Clearing and freight forwarding	Warehousing and distribution	Software solutions
Southern Africa, United Arab Emirates	Southern Africa	Southern Africa	Southern Africa and Spain	Southern Africa, North America, United Kingdom, United Arab Emirates

LEADERSHIP TEAM

Paul Stuiver (50)
Chief executive officer
BEng
24

Frank Courtney (42)
Chief executive officer, Barloworld Logística, Iberia
BTech Transport
12

Warren Erfmann (38)
Barloworld Logistics
Middle East
13

Richard Forrest (45)
Chief executive officer, Barloworld Optimus
United Kingdom
BCom
6

Isaac Shongwe (45)
Chief executive officer
Barloworld Logistics Africa
BA (Hons), MPhil (Oxon)
2

Alwyn Smith (42)
Financial director
MPhil (Oxon)
12

Mark Tarlton (48)
Director: Knowledge and Technology
BSc Eng, MBL
20

Note: *The first figure after each name (in brackets) is their age at date of publication of this report. The second figure in blue is the number of years' service they have with Barloworld or businesses we have acquired.*

Formed by the combination of logistics operations in PPC and Barloworld Automotive during 2002, Barloworld Logistics has grown into one of the leading logistics and supply chain management businesses in southern Africa with complementary operations in Iberia, the United Kingdom, the United States of America and the United Arab Emirates, a staff complement of 1 700 and approximately R5 billion annual logistics activity under management.

The combined effects of globalisation and technology have made the logistics industry one of the most exciting and dynamic industries to be in. Technology has enabled the integration of previously independent logistics functions leading to increased productivity and the concept of managing a chain of interrelated logistics activities, ie supply chain management.

While Barloworld Logistics offers traditional logistics services such as transportation, warehousing and freight forwarding, we create unique value for our clients through a more holistic approach to supply chain management and skillful integration of the various logistics components in a typical supply chain. The ultimate benefit for our clients is that we help them deliver better service to their customers at lower cost.

OPERATING PERFORMANCE

	Revenue* Year ended 30 Sept		Operating profit Year ended 30 Sept		Net operating assets 30 Sept	
R million	**2007**	2006	**2007**	2006	**2007**	2006
Southern Africa	**1 088**	683	**76**	37	**400**	433
Europe	**371**	280	**19**	28	**67**	50
	1 459	963	**95**	65	**467**	483

** Excludes intergroup revenue of R747 million (2006: R666 million)*

logistics

OVERVIEW

Our objective is to build a significant and international logistics division for Barloworld.

We have developed skills across the full spectrum of supply chain management but tend to focus on the more 'intellectual' aspects of logistics planning, management and integration, followed by excellent execution.

Barloworld Logistics was formed during 2002 by combining PPC Logistics and logistics operations in Barloworld Automotive. The company began as a road transportation company with annual revenue of R250 million and 700 employees.

Today, Barloworld Logistics is one of southern Africa's leading logistics and supply chain management companies, with complementary operations in Iberia, the United Kingdom, the United States and the United Arab Emirates, a staff complement of approximately 1 700 and approximately R5 billion annual logistics activity under management.

The combined effects of globalisation and technology have made the logistics industry one of the most exciting and dynamic industries to be in. As companies react to globalisation by offshore manufacturing, low-cost country sourcing, sales in emerging markets, sales by

Our strength lies in our ability to add an 'intellectual' component to the 'classic' logistics services

internet, etc, they increasingly look to 'blue-chip' service providers like Barloworld Logistics to plan, manage and execute the supply chain implications of their strategies. To date, our results have reflected the dynamic and growing nature of the industry.

Our strength lies in our ability to add an 'intellectual' component to the 'classic' logistics services for example by aligning supply chain strategy to business strategy, modelling 'what-if' scenarios, re-engineering whole supply chains, improving forecasting and planning, and interfacing with client IT systems. We add value to our clients by building integrated solutions based on doing things 'differently' rather simply than doing things 'better'.

Our expertise and more holistic approach allows us to offer broader solutions rather than individual products and to engage with clients at board level in more strategic and longer-term relationships.

What was particularly pleasing this year was the coming of age of Barloworld Logistics Africa which continued to lead the local industry through strong organic growth and BEE transformation. Barloworld Logistics Africa contributed 80% of the division's operating profit. The contribution from our business in Iberia reduced as a result of the loss of a major client whilst at the same time implementing new systems and procedures to bring them more in line with the southern African logistics business model.

BUSINESS UNIT REVIEW

Supply chain management

Supply chain management is an interactive process of conceptualising, designing, implementing, managing and operating activities across the full spectrum of a supply chain from raw materials supply through finished goods distribution. Activity is initially focused at the clients' board level but eventually evolves into day-to-day management of the activities in the supply chain. The functions that make up the supply chain are managed in an integrated fashion, to deliver the best overall result, rather than 'point-optimisation'.

A key advantage of this approach is the ability to exert significant influence over the productivity and day-to-day operation of supply chains without having to own the assets involved. For instance, our transportation management unit manages more than R1 billion per annum of transportation activity on behalf of clients without owning any transportation equipment.

Major clients in southern Africa include Altron, Barloworld Equipment, Corobrik, Eskom, Illovo, Kumba, Nissan, Pep, PPC, Sasol, Transnamib, Toyota and Unilever.

Dedicated Transport Services (DTS)

DTS is a road transportation business operating in South Africa. Our business model differs from most 'classic' transporters in that vehicles are dedicated to a specific contract for a fixed period. If a transportation contract ends without being renewed, the trucks and associated infrastructure can be disposed of per pre-arrangements and the employees redeployed.

The fleet consists mainly of truck-trailer combinations that carry full truck loads with payloads of 25 tons or more over relatively long distances. We currently own approximately 240 vehicles and manage a further 100 that are operated on an owner-driver basis, a model which lends itself to small business development and BEE procurement that we are increasingly moving into.

Major clients in southern Africa include Corobrik, PPC, Illovo and Toyota.

Clearing and freight forwarding

Headquartered in South Africa and a member of a global network with agents in 130 countries. This unit manages clients' total requirements relating to inbound and outbound sea and airfreight. Typical activities include making arrangements for the collections, consolidation, packing, documentation, customs clearing and the loading and unloading of clients' freight consignments.

Increased global trade should see this division continue to grow in line with global trends (ie container traffic growth) at more than 10% per annum in the medium term.

Major clients include Barloworld Equipment, Alstom, Freddie Hirsch and Naspers.

Warehousing and distribution

Operating in Iberia, Barloworld Logística also started off as a 'classic' logistics company. In Barloworld Logística's case they initially concentrated on warehousing and distribution.

This business is currently implementing new systems and procedures to bring them more in line with the southern African logistics business model. We are in the process of introducing broader service offerings and will be adding a more 'intellectual' component to the historical operations.

Approximately 50% of the current operations are related to the import and distribution of Caterpillar equipment and related materials throughout Iberia. The remaining 50% relates to running warehouses and managing distribution for large and small 'external' clients across Iberia.

Major clients include Barloworld Finanzauto, Mobil, BP, DaimlerChrysler, BBVA (Bank).

Software solutions

Our software solutions are considered world-class and can operate in all ERP environments. The majority of our clients use SAP. Our tools are typically deployed when clients need to analyse their information to make tactical or strategic business decisions.

Our two flagship products are Optimiza (inventory management) and CAST (network modelling) but we have also developed products and competencies in other areas such as demand planning and forecasting and supply chain carbon emissions modelling.

Both Optimiza and CAST have sold more than 200 licences worldwide. Optimiza typically results in inventory reductions of 20%. CAST is typically used to answer 'what-if' strategic questions such as 'How many warehouses, in which locations, will we need to service 95% of our clients in China within a 24-hour time frame?'

Continual research and development is key in this division and we are continually improving and updating existing software solutions, as well as developing new tools to enhance our capabilities. A new product CINO (Combined Inventory and Network Optimisation) was launched during July 2007.

Our expert industry knowledge, combined with specialists in many aspects of supply chain management and our understanding of the underlying technologies and software, makes us the ideal consulting partner for supply chain modelling and re-engineering assignments.

Major clients in the United Kingdom are: SAB, Augusta-Westland Helicopters, Tesco, NHS and Diageo.

Major clients in the United States are: Goodyear, Bombardier, Federal Mogul and Caterpillar.

Major clients in South Africa are: Avis, Sasol, Anglo American, PPC and BMW.

Major clients in the United Arab Emirates are: Axiom and Al Tayer.

Major clients in Asia are: HP China, McDonalds China, COSCO and BAT Malaysia.

TRANSFORMATION

Our strategic intent is to maintain a position as the leader in transformation in the logistics industry in South Africa.

We expect the logistics industry to continue as one of the world's most dynamic and exciting industries for the foreseeable future

Our current status and future plans are as follows:

- Ownership: 25% BEE shareholding by Letsema Holdings.
- Management: Plans to be more inclusive of all genders at management level.
- Employment equity: Junior levels have met and exceeded employment equity targets. More work is still required at senior management level.
- Skills development: Significant improvement expected due to the owner-driver initiative
- Preferential procurement: Preferential procurement continues to improve, with most suppliers getting accredited and furnishing their accreditation credentials as part of our tender process. This will also be enhanced by owner-driver procurement services.
- Enterprise development: Enterprise development rating will improve significantly as a result of the enhanced owner-driver scheme. This trend should continue as we have plans to increase the current owner-driver fleet by 50%.
- Residual: Our voluntary CSI programme continues to do well. All employees spend at least one day per annum on CSI.

From the above it is clear that our main challenges and our main focus with regard to BEE transformation are employment/gender equity at senior management level.

OUTLOOK

We expect the logistics industry to continue as one of the world's most dynamic and exciting industries for the foreseeable future. During next year this should translate into continued, strong organic growth in Africa, especially southern Africa.

We are confident that the momentum in Barloworld Logistics' southern African operations will allow us to to expand into the rest of the African continent.

From a more global perspective it is clear that in order to become more relevant in the global logistics industry we will require a more significant presence and involvement in the logistics industry outside of the African continent.

The mainstream of global logistics activity currently occurs in south-east Asia, Western Europe and the United States. During 2008 we will be exploring a number of international growth opportunities for Barloworld Logistics in those regions.

REVIEW OF OPERATIONS: CORPORATE AND OTHER

P Surgey (53)
Executive director
BA, LLB
24 years' service

Corporate primarily comprises the operations of the headquarters in Johannesburg, the treasury in Maidenhead, United Kingdom, and the captive insurance company. The group has a decentralised management philosophy, however, a limited range of corporate activities and services are provided including internal audit, company secretarial, investor relations, corporate finance, risk and legal.

OPERATING PERFORMANCE

R million	Revenue Year ended 30 Sept		Operating profit Year ended 30 Sept		Net operating assets 30 Sept	
	2007	2006	**2007**	2006	**2007**	2006
Southern Africa	**53**	52	**(111)**	(57)	**633**	491
Europe	**0**	0	**(57)**	129	**(807)**	(669)
	53	52	**(168)**	72	**(174)**	(178)

LEADERSHIP TEAM

Paul Acott (62)
Group retirement benefits manager
BA (Hons), FACA
26

Andrew Bannister (50)
Finance director: Barloworld Holdings Plc
BBusSci, CA(SA), ACA
22

Sibani Mngomezulu (35)
Group executive: Governance and corporate affairs
LLM, HDip Co Law, HDip Tax Law
3

Liz Dougall (50)
Group taxation manager
CA(SA), PG Dip Tax (Natal)
9

Tamra Saayman (35)
Head of internal audit
CA(SA), BCom Acc (Hons)
5

Ian Stevens (57)
Group general manager: Finance
BCom, CA(SA)
23

Johan van Wyk (44)
Group financial controller
CA(SA), BCom Acc (Hons)
17

Hilary Wilton (52)
Head of risk services
ACII, CIP
5

Maurice Pin (56)
Corporate services and administration manager
37

Bruce Lange (49)
General counsel
BA, LLB
17

Terry Dearling (49)
Group human resources manager
13

Norman van Rensburg (40)
Group strategy manager
CA(SA)
8

Matthew Govender (43)
Enterprise development manager
PG Dip Business Administration
7

Note: The first figure after each name (in brackets) is their age at date of publication of this report. The second figure in blue is the number of years' service they have with Barloworld or businesses we have acquired.

OVERVIEW

Restructuring of corporate office

Following the Barloworld group restructuring announced at the January 2007 annual general meeting, a decision was taken to reduce the range of services offered from the corporate centre and to devolve more autonomy to the operating units of the business.

Where appropriate, in certain functions such as information services, our employees were deployed back into the business units and where this was not possible, a number of positions became redundant. Consequently the corporate office was reduced in size from 220 to 68 employees. As a listed company we have to offer a number of essential central services or group functions and these have been retained. The three largest of these are internal audit, company secretarial and investor relations. They account for more than half of the corporate office employees.

The independent internal audit function reports to the chairman of the audit committee and provides essential services in its field, which is complemented by the work done by our external auditors.

The secretarial function has had one of its busiest years since 1992 with the reshaping of the business and all of the extensive work that has been required to facilitate all of the corporate activities associated with disposals and unbundlings.

Finance and treasury consolidate the group results, prepare management accounts on a monthly basis, and are responsible for the accurate calculation and recording of group performance.

Additional services are provided in areas of risk and legal, taxation, corporate social investment, marketing, human resources and transformation. All of these are advisory functions where services are provided to ensure a common group approach in such matters, providing synergy and reducing costs.

The corporate office is now modest in size for a company of our scale and diversity, and the reduced range of services continues to be cost-effective.

Operating performance

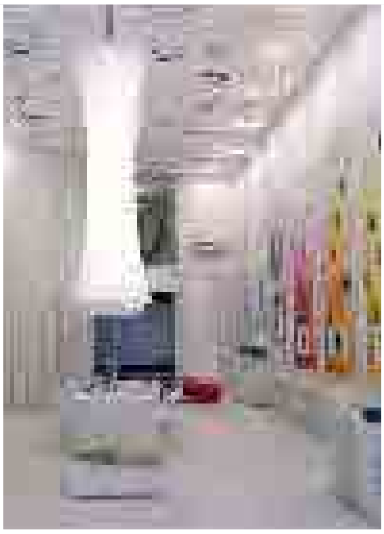
In southern Africa, results were adversely affected by redundancy and related costs of R81 million associated with the downsizing of the South African corporate office and the closure of the Botswana and Namibia corporate offices.

In Europe, the downsizing and relocation of the London office to Maidenhead incurred costs of R11 million (£0.8 million). In 2006 a pre-tax gain of R149 million (£10.5 million) arose due to a reduction in the defined-benefit pension liabilities in the United Kingdom.

Net operating assets increased in southern Africa mainly due to the PPC shares held to cover the company's liability to share option holders. The PPC shares are carried at market value.

As a result of the downsizing initiatives, annualised cost savings of approximately R100 million are expected to be achieved, some of which have already been realised in 2007.

REVIEW OF OPERATIONS: Coatings



AJ (André) Lamprecht (55)
Chief executive officer, Barloworld Coatings
BCom, LLB, PED-IMD
26 years' service

Barloworld Coatings is the market leader in architectural, industrial and automotive coatings in South Africa and in Botswana, Malawi, Namibia, Swaziland and Zambia. It is the 31st largest coatings company in the world and also has operations in China and Australia, as well as exporting to many other countries. In addition to Plascon, the iconic brand on which coatings was originally founded in 1970, our brands include Midas Earthcote, Bristol (decorative coatings), Du Pont (automotive coatings), complemented by ICC colourant systems and Hamilton Brush. The coatings operation continues to introduce new and exciting products, such as the Plascon Concept Store and the Visiculated Beads Project, into all its markets and receives frequent accolades for its innovation.

OPERATING PERFORMANCE

R million	Revenue Year ended 30 Sept 2007	2006	Operating profit Year ended 30 Sept 2007	2006	Net operating assets 30 Sept 2007	2006
Southern Africa	**2 347**	2 024	**383**	331	817	752
Share of associate income			**15**	18		

OVERVIEW

The decision to unbundle and separately list the coatings division was arrived at in early August. As this process will only be completed in December, the coatings division was treated as a continuing operation for accounting purposes for the 2007 financial year.

During the year the substantial majority of the coatings assets in Australia were sold to PPG and some 750 employees were transferred with the sale.

Despite this and all the uncertainties created, the team pulled together and delivered a sterling performance.

We reported last year that 2007 would be a year of consolidation post the strategic acquisitions made in the previous two years. These acquisitions have now been fully integrated into the division and made pleasing contributions to its results.

The year was characterised by further strong performances from the African-based operations. We also reported last year that the investment in the Australian operations would be reviewed. In line with this, the division sold the majority of the Australian assets, which resulted in a significantly lower asset intensive presence in Australia but left the potential to take up future opportunities in the Asia Pacific region.

We were also pleased to implement our first BEE transaction in the automotive sector with our partners Izingwe Holdings taking a stake in the Prostart business.

Barloworld Plascon

Plascon returned another solid performance in 2007, although it was a much tougher year in many respects. Overall, the market was good and, despite a run of interest rate increases, volumes continued to improve as we neared the end of the year. Margins were continuously under pressure, on the back of strong commodity and oil prices and a weaker rand which necessitated two price increases during the year. The business was still able to deliver another record performance, with profit growth above sales growth.

Architectural sales grew by 13%, reflecting ongoing investment by consumers in their homes. The building industry continues to perform well, particularly with regard to commercial development and refurbishment. We saw satisfactory performance from the flagship brands and excellent growth in our economy brands.

The industrial business had a great year, growing 24% on the back of strong demand from the mobile machinery and protective coatings segments, with roadmarking paint levelling out after very strong growth last year. We have made some progress in new business opportunities that will underpin further growth in the coming years.

The five African operations posted another very strong performance, growing sales by 18% in value with particularly pleasing results from Botswana and Zambia. Direct exports from South Africa increased by 28%. The integration of these businesses into Plascon South Africa has progressed well and the improved results reflect the synergistic opportunities that are being exploited.

Innovation remains a key platform of our strategy. We were delighted to receive a number of awards during the year recognising this, including a repeat award of 'Gauteng Retailer of the Year' for the living concepts showroom.

The exciting news was recognition of Barloworld Coatings as a leading industrial innovator in South Africa for its vesiculated beads invention with the 2007 DTI SPII Award for Large Companies from the Minister of Trade and Industry. Plascon developed a unique polymer that reduces the use of titanium dioxide in certain paint formulations. This has already led to the development of several new specialist products.

We were also proud to jump 30 places in the Deloitte best company to work for survey, achieving third place in the manufacturing sector.

Capital investment was focused on upgrading mixing and filling equipment in manufacturing, our IT network and our distribution infrastructure.

We were also accredited with OHSAS 18001 for all three manufacturing sites, resulting in a full house of ISO 9000, 14000 and OHSAS 18001 in line with the division's strategy of being both socially and environmentally responsible.

The outlook for 2008 is market growth in line with GDP, driven by strong investment in infrastructure. However, recent upward movements in interest rates and the oil price (leading to higher inflation) may impact on the quantum of growth. We do expect, though, that the run up to the 2010 Soccer World Cup will start taking effect towards the end of 2008 and this should provide an upside to volume growth in the market.

Automotive coatings

2007 saw a satisfactory level of performance by the automotive coatings group of businesses overall, with mixed performance by the underlying units.

The refinish sector, the local market leader in supplying distributors who in turn supply the commercial vehicle and vehicle repair markets, had a successful year marked by volume growth across the product range, the introduction of new products and technologies to the market (with more planned for the 2008 year), and the completion of a development laboratory in Alberton.

The OEM sector experienced a difficult year due to the general slowdown in vehicle sales, the component supply industry strike and the slower than planned completion of the waterborne technology paint shops at Toyota and Volkswagen.

The Prostart distribution business, acquired during 2006, is included for a full year for the first time. The results from this unit continue to more than meet expectations as a result of continuous broadening of the product base supplied to the body shop industry. The BEE transaction whereby Izingwe Holdings acquired a stake in Prostart was successfully concluded this year and is expected to strengthen Prostart in identified sectors of the market.

In both the OEM and refinish sectors our partnership with Du Pont remains strong. This relationship is vital to the continued growth of the automotive group at the premium end of the refinish market and in the OEM sector, where Du Pont has a 51% shareholding in the Du Pont Barloworld joint venture.

Colourants

The 2007 financial year proved to be another good year for the colourant business, with profits almost 16% ahead of the previous best. This was largely driven by the improved margin achieved with export customers due to the restructured Australian colourant business, a favourable currency and the successful introduction of the new 'zero VOC' products. Export customers contributed more than 47% of the volumes, with product exported to Australia, China, Malaysia, Turkey, Russia, Portugal, Spain, Mauritius and a number of countries on the African continent. In the South African market, margins also improved through the launch of new products.

Prospects for 2008 are positive. Consistent with our innovation theme, the recently developed 'zero VOC' European 2010 environmentally compliant products have moved beyond the development phase and achieved successful customer launches.

Complementary products

The complementary products businesses, Hamilton Brush and Midas Earthcote, were acquired in 2005 and 2006 respectively. Notwithstanding additional planned investment and challenging market conditions, both posted solid returns for the year ended September 2007.

Hamilton Brush invested much needed capital in pursuit of long-term operational efficiencies, some of which are already evident in savings achieved.

Midas Earthcote, a strong player in the trade paint market and leader in the specialist coatings decorative market, is well positioned to benefit from construction projects reaching painting stage. Growth in our franchise network (54 outlets in South Africa, four in Europe and one in Mauritius), is expected to drive good profit forecasts in the coming year.

As part of the division's philosophy of social responsibility, The Coatings Paint Academy has trained and certified 30 previously unemployed painters, most of whom have been placed with major contractors to complete practical training. A similar number of trainees is planned for the new year.

China

Our major focus for the Shanghai Trade Centre is now on the completion of the commercial testing phase. This pilot phase is critical to the future China business model and coatings

> Coatings has more than doubled its value and profits over the past four financial years to 2006

has committed senior management resource to its resolution.

Throughout the year the business continued to forge closer working alliances with Chinese enterprises that are pivotal to the anticipated rollout of the new business model and further paint assembly operations throughout China in 2008.

The ability to source locally produced quality product to complement our products has increased the portfolio and allowed a small texture offer to be included.

Barloworld Coatings continues to investigate growth opportunities in the Chinese coatings market.

Reduction in Australian investment

Efforts to find a sustainable strategic solution to the suboptimal market structure in Australia resulted in an offer being made in 2006 to acquire Wattyl Limited, which was made with the full support of the Wattyl board of directors.

Despite various proposals from Barloworld, the Australian Competition and Consumer Commission (ACCC) decided not to approve the transaction in a form acceptable to us. We therefore allowed the bid to lapse.

In July 2007 we announced that agreement had been reached for the sale of a significant part of the assets of the Barloworld Coatings Australia business, including the Villawood factory, to PPG for net asset value. Coatings retained a strategic interest in Australia by retaining the Glen Waverley manufacturing facility in Melbourne, which will continue to manufacture the Bristol range of products for PPG. Coatings will also continue to supply colourants to PPG.

OUTLOOK

Coatings is optimistic about the opportunities and growth prospects in South Africa and internationally. Coatings' strategy is to be a world-class, commercially sensible and socially responsible company with a presence in selected high-growth multinational geographies in which all the products and solutions offered can become leaders in their respective markets.

Coatings, currently the 31st largest coatings company in the world with the majority of its assets in southern Africa, intends to significantly grow its size and international presence to position itself as one of the leading global paint competitors.

Expansion opportunities in Africa are limited by the size of the market, which makes up only 2% of global coating sales. Therefore, it is imperative for coatings to not only maintain its current relative global position, but to grow significantly through strategically suitable acquisitions abroad.

Coatings has more than doubled its value and profits over the past four financial years to 2006. From a shareholder's perspective, the business has been achieving returns well in excess of the cost of capital, placing it in the top quintile of performers in the global coatings industry.

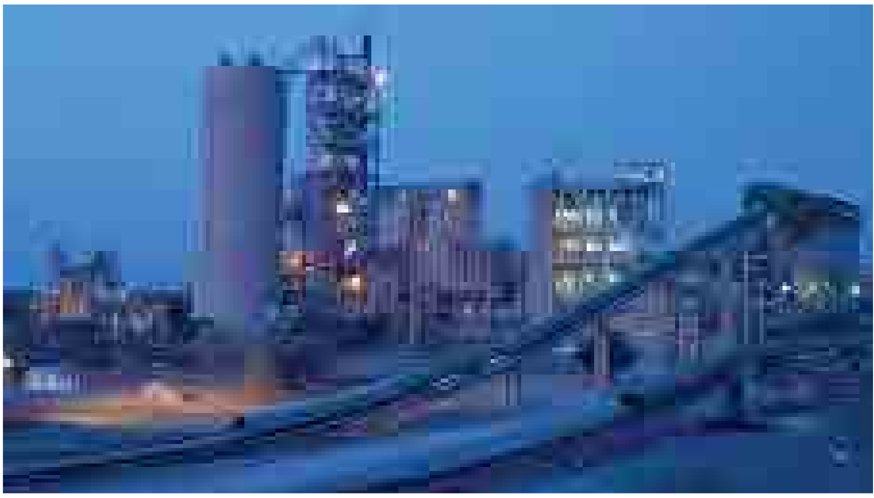
Coatings has established an effective distribution structure that is strategically placed to serve the needs of the rapidly growing black middle class in South Africa.

Growth into Africa is being assisted by our entry into Mozambique, Angola and Ghana, using the successful model adopted in greenfield manufacturing operations in Zambia and Malawi. Presently, coatings only has distributors in these regions.

Additional growth is also expected through global partnerships to provide access to the textured coating sector in regions where coatings currently has a presence.

After the listing of Freeworld Coatings Limited on the JSE in December 2007, the process of concluding a broad-based BEE equity ownership transaction will be accelerated. The company has, in terms of an unbundling agreement, committed to Barloworld to complete this process by the end of 2008.

REVIEW OF OPERATIONS: CEMENT (PPC)



PPC manufactures and distributes cementitious products and aggregates in South Africa, Botswana and Zimbabwe for construction companies, retail DIY/builders merchants and concrete product manufacturers. The eight cement factories can produce in excess of six million tons of cement per annum. In South Africa, PPC is also the market leader in metallurgical grade lime, limestone, burnt dolomite and related products which it manufactures in the Northern Cape. Our lime customers are the pyro-metallurgical industries, as well as mining and water treatment industries.

OPERATING PERFORMANCE

	Revenue Year ended 30 Sept		Operating profit Year ended 30 Sept		Net operating assets 30 Sept	
R million	**2007**	2006	**2007**	2006	**2007**	2006
Southern Africa	**4 016**	4 863	**1 527**	1 903		2 565
Share of associate income			**5**			

OVERVIEW

PPC was unbundled from the Barloworld group on 16 July 2007. Its results are consolidated as part of discontinued operations for the nine months until the unbundling date.

PPC delivered another solid performance on the back of continued growth in cement volumes. Regional cement sales volumes grew by 10% for the year with the operations running at high utilisation. Buoyant market conditions necessitated the import of cement to meet customer demand. The imported cement was produced abroad to PPC Surebuild specifications and sold at little or no margin. Focus was on maximising efficiencies, though this was not without its challenges due to increased energy, logistics and maintenance costs.

The PPC board approved the principles of an empowerment scheme which was announced at the annual general meeting in January 2007. The scheme is broad-based incorporating strategic business partners and employees, communities, and education and industry association trusts. Ownership will be 15% of equity as a first step. Shareholder approval of the scheme is anticipated to be sought early next year.

EXPANSION PROJECTS – INVESTING FOR GROWTH

The Batsweledi (Dwaalboom) capacity expansion project is progressing within budget and on time. Plant commissioning is expected in April 2008 bringing 1.25 million tons per year additional inland capacity. At the Hercules plant near Pretoria, construction on a new mill is progressing well and in accordance with schedule. The upgraded milling facilities are expected to come on stream mid-2009, adding 330 000 tons per year additional milling capacity.

Cement

Regional cement sales volumes grew 10% over last year with the residential and non-residential construction sectors performing strongly. The inland market experienced particularly strong growth, and, to meet the market shortage, supply was supplemented by the Zimbabwean and Western Cape factories. Coastal cement supply was supplemented by imported cement.

While there has been some relaxation to the harsh pricing measures introduced in Zimbabwe, ongoing shortages of production inputs, declining domestic demand and a selling price which is insufficient to cover production costs required the company to focus increasingly on exports to sustain operations. A R90 million project for a new cooler was commenced to de-bottleneck the Collen Bawn kiln for the future. Utilising the company's Zimbabwean cash resources, the necessary foreign exchange was obtained to pay for the equipment being imported.

Botswana cement volumes grew by about 28% compared with the same period last year, following three years of decline in demand.

Lime

Higher plant maintenance activity at major customers impacted local demand, which was down on last year. Notwithstanding, there was a significant increase in operating profit largely due to the impact of renegotiated long-term supply agreements.

Aggregates

There was a strong increase in operating profit. A mobile crushing plant was relocated to the Mooiplaas quarry and added 400 000 tons per year capacity.

PEOPLE AND 'TEAM PPC'

PPC launched the 'Cement Operations Qualifications' leg of the PPC Technical and Apprentice Academy with the first 21 learners during the first half of the year. These candidates embarked on the first and only accredited cement manufacturing qualification in South Africa. In addition, a Sales and Marketing academy was launched by PPC in conjunction with Barloworld Plascon to provide learners with the opportunity to obtain nationally accredited qualifications in areas of sales and customer relationship management as formal recognition.

The company was also awarded the Deloitte 'Best manufacturing company to work for' award for the fifth consecutive year and was placed eighth overall.

REVIEW OF OPERATIONS: Scientific




Barloworld Scientific laboratory designs, manufactures and distributes products for use in scientific and technical applications. The products are used for research, teaching, clinical, quality assurance and industrial processing applications and are sold worldwide in more than 100 countries through a network of distributors and sales subsidiaries in France, Italy, Spain, Germany and the United States of America. Manufacturing is located in six sites in the United Kingdom, Spain and the United States of America. Industries served include pharmaceutical/ biotechnology research, secondary and tertiary science education, clinical bacteriology, food and drink quality assurance (QA), environmental monitoring and high-temperature industrial processing.

OPERATING PERFORMANCE

	Revenue Year ended 30 Sept		Operating profit Year ended 30 Sept		Net operating assets 30 Sept	
R million	**2007**	2006	**2007**	2006	**2007**	2006
Europe	**1 191**	1 027	**104**	62	**683**	834
North America	**388**	429	**(4)**	10	**71**	316
Asia	**121**	146	**4**	8	**8**	109
	1 700	1 602	**104**	80	**762**	1 259

OVERVIEW

Melles Griot

Melles Griot started the year strongly with recoveries in Japan and Europe. While overall sales in the first half were flat compared to the previous year, reduced costs produced good growth in profits. Orders and sales dropped off in the second half with laser products being the worst affected as signs started to emerge of another downturn in the semi-conductor industry. Some OEM customers also cancelled or delayed orders as a result of the uncertainty surrounding the future of the business before it was announced that CVI Laser would acquire the business.

While the sales run rate was lower than the previous year, the operating profit run rate for the 10 months of the financial year to July 2007 was 11% higher.

The Melles Griot business was sold to CVI Laser during the year with completion of the sale taking place in July 2007.

Laboratory

The laboratory group has continued to show good improvement and has increased operating profit by 12.5% and cash value added by £0.5 million in the past year. This has been achieved through better control of the cost base and growth in the higher-margin scientific equipment businesses. Although sales overall were flat for the year, demand grew significantly increasing the order book by nearly 50%. The sales and orders trend line finished the year positive, providing a strong final quarter and a good starting position for 2008. This was achieved through renewed focus on sales and marketing activities throughout the year.

The decision to sell the laboratory group was announced in January 2007. Therefore this financial performance is especially positive having been achieved alongside a continuing disposal process for most of the year.

2007 has been a turnaround year for several of the non-United Kingdom markets. Improvements in Spain, France, Germany and the United States of America have helped grow demand. The United Kingdom has shown encouraging improvements across the scientific equipment and laboratory glassware businesses, but those have been offset by the continuing issues in the disposable plastics market where National Health Service funding and increasing competition trends have continued. This resulted in United Kingdom trading being weaker than expected.

The scientific equipment businesses have all performed well. Carbolite has experienced significant growth in demand for laboratory furnace and oven products and has engineered and delivered significant industrial furnace projects that will be commissioned early in the new financial year. Techne and Stuart Laboratory Equipment products have both experienced growth across most markets. Jenway successfully launched an exciting new range of Spectrophotometers that has been received positively by all markets and will produce a flying start in 2008.

Progress on establishing Barloworld Scientific China near Shanghai in Suzhou has continued and the business is now fully operational. The first range of Stuart Scientific Equipment products has been transferred from the United Kingdom and manufactured successfully. A local sales and marketing operation has been established to grow the existing business and service the needs of local distributors across China. Various components are being sourced by the business for use in its own manufacturing operations as well as for manufacturing in the United Kingdom.

OUTLOOK

Laboratory

The market outlook for 2008 is positive. The encouraging performance in Germany, France, Spain, the United States of America, the Middle East and the Far East export markets is expected to continue. Overall performance in the United Kingdom will remain stable with the performance of growth businesses offsetting issues in disposable plastics. Continued investment in the Chinese market will deliver growth in sales as well as lower cost products for other markets in that region.

The sale of the laboratory group is expected to be completed by the end of December 2007.

CORPORATE GOVERNANCE REPORT

The company's corporate governance systems are continually evolving to meet the needs and expectations of stakeholders

S Mngomezulu

The company, since its foundation in 1902, has carried out its business based on high ethical standards and principles of outstanding corporate governance.

Our company's corporate governance system is a keystone of the company's primary objective to create value for all its stakeholders.

Regulatory compliance

Barloworld is incorporated in South Africa under the provisions of the Companies Act, 1973, as amended (Companies Act). It is listed on the JSE Limited, and subscribes to the principles contained in the Code of Corporate Practices and Conduct recommended by the King II Report on Corporate Governance for South Africa published in March 2002. The company complies fully with the spirit and form of the continuing obligations of the Listings Requirements of the JSE Limited.

The company maintains a secondary listing on the London Stock Exchange, Swiss Stock Exchange, Frankfurt Stock Exchange, Euronext Brussels and the Namibia Stock Exchange. The company takes cognisance of international best practice and where practicable it applies relevant principles. For reasons including a lack of liquidity and the cost of maintaining the listings while the company's shares on the JSE remain easily accessible to offshore investors, the board has approved delisting from the Swiss Stock Exchange, Frankfurt Stock Exchange and Euronext Brussels, which will take place in the 2008 financial year.

Barloworld is not registered with the Securities and Exchange Commission in the United States and has unsponsored American Depositary Receipts. Accordingly, the Sarbanes-Oxley Act of 2002 does not apply to the company.

The board of directors (the board) places strong emphasis on achieving the highest standards of financial management, accounting and reporting.

The financial statements are prepared in accordance with International Financial Reporting Standards. Regarding non-financial aspects, the company has adopted the Global Reporting Initiative's (GRI) Sustainability Reporting guidelines on economic, environmental and social performance.

The company's corporate governance systems are continually evolving to meet the needs and expectations of stakeholders.

In the year under review:
- a new chairman was appointed;
- a new chief executive was appointed;
- the board committees have been strengthened with additional appointments; and
- three independent non-executive directors were appointed.

Award-winning reporting

Our 2006 annual report was ranked second out of the Top 100 South African companies in the Ernst & Young "Excellence in Corporate Reporting" Awards. Barloworld also received an award for consistently having being placed in the "Excellent" category throughout the 10-year history of this survey (the last three years of which the group was placed in the top five positions). The company also received a merit award in the Top 40 category in the SA Annual Reports Awards sponsored by the JSE Limited and the SA Institute of Chartered Secretaries and Administrators, and was placed eighth in the Accountability Rating: South Africa.

BOARD AND DIRECTORS

Duties of the board

Whilst all directors have equal responsibility for managing the company's affairs, it is the role of the group chief executive and the executive management team to run the business within the parameters laid down by the board and to produce clear, accurate and timely reports to enable the board to make informed decisions.

Board structure and composition

The company is led and controlled by the board of directors. Considerable thought has been given to board balance and composition. Collectively the board believes that the current mix of knowledge, skill and experience meets the present requirements to lead the company effectively. The selection and nomination of directors takes place according to well-defined procedures to ensure professional qualification and business experience required to meet the company's objectives. In keeping with the recommendations of the 2002 King II Report, the Barloworld board comprises a majority of independent non-executive directors. The non-executive directors are considered to have the skill and experience to bring balanced and independent judgement to bear on company business.

To provide diversity and complement existing non-executive strengths and experience, additional directors were appointed to replace those retiring.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

CB (Clive) Thomson
(41)
Chief executive officer: Barloworld Limited
BCom (Hons), CA(SA), MPhil (Cantab)
Clive joined Barloworld in 1997 and was appointed to the Barloworld board in 2003 as finance director. He was subsequently appointed as chief executive officer of the equipment division and then as chief executive officer of Barloworld Limited on 18 December 2006.

PJ (John) Blackbeard
(50)
Chief executive officer: Barloworld Scientific
BSc Eng (Hons), Dip Bus M
John joined Barloworld in 1996 and was appointed to the Barloworld board in 2004. He was appointed chief executive officer of the scientific division in 2004. Previously he was chief operating officer of PPC. As from 1 October 2007, John was appointed as chief executive officer of Barloworld Handling.

BP (Brandon) Diamond
(53)
Chief executive officer: Barloworld Handling
ACIS, MBA
Brandon joined Barloworld in 1970 and was appointed to the Barloworld board in November 2001. He was appointed chief executive officer of the handling division in 2003. Previously he was chief executive officer of the Barloworld Motor division.

AJ (André) Lamprecht
(55)
Chief executive officer: Barloworld Coatings
BCom, LLB, PED-IMD
André joined Barloworld in 1981 and was appointed to the Barloworld board in December 1993. He was appointed chief executive officer of the coatings division in 2003. Previously he was an advocate of the High Court of South Africa.

M (Martin) Laubscher
(47)
Chief executive officer: Barloworld Automotive
BAcc, BCompt (Hons), CTA, MCom (Business Management)
Martin joined Barloworld in 1980 and was appointed to the Barloworld board in May 2005. He was appointed chief executive officer of the motor division in 2003. Previously he was the director of the Motor group franchise operations.

OI (Isaac) Shongwe
(45)
Chief executive officer: Barloworld Logistics Africa
BA (Hons) US, MPhil (Oxon)
Isaac joined Barloworld Logistics Africa as executive director for Business Development and Transformation in 2005. He was appointed to the Barloworld board as chief executive officer of Barloworld Logistics Africa in January 2007.

PM (Peter) Surgey
(53)
Executive Director
BA, LLB
Peter joined Barloworld in 1983 and was appointed to the Barloworld board in August 1995. Previously he was chief executive officer of the coatings division. He was appointed HR director in 2003.

DG (Donald) Wilson
(50)
Finance Director
BCom CTA, CA(SA)
Don rejoined Barloworld as finance director in 2006 and was appointed to the Barloworld board in September 2006. Previously he was executive director – Finance at Sappi Limited.

NON-EXECUTIVE DIRECTORS

DB (Dumisa) Ntsebeza
(58)
Chairman
LLB, BProc, BA, Master's Law degree – LLM (International Law)
Dumisa was appointed to the Barloworld board in May 1999 and became chairman in June 2007. Previously he acted as an advocate of the High Court of South Africa and was the first African advocate in the Cape Bar to be conferred the status of silk. He served as a commissioner on the Truth and Reconciliation Commission and was appointed as acting judge of the High Court of South Africa until 2000.

SAM (Selby) Baqwa
(56)
BJuris, LLB, MBA, DTech (hc)
Selby was appointed to the Barloworld board in January 2005. He is group executive: head of governance and compliance at Nedbank Limited and a member of the executive committee of Nedbank Limited. He was appointed Public Protector of the Republic of South Africa in 1995.

AGK (Gordon) Hamilton*
(62)
MA (Cantab), FCA
Gordon was appointed to the Barloworld board in January 2007. He retired in 2006 after a career of more than 30 years as a partner of the United Kingdom practice of Deloitte & Touche LLP. He is a non-executive director of the United Kingdom listed Lloyds underwriter Beazley Group plc, and is a member of the United Kingdom Financial Reporting Review Panel.

MJ (Mike) Levett
(68)
BCom, DEcon Sc (hc), FIA, FFA, FASSA
Mike was appointed to the Barloworld board in November 1985. He was chairman and chief executive of Old Mutual, chairman of Mutual & Federal Insurance, and director of Nedbank Limited, SABMiller and Sasol Limited.

SS (Bongi) Mkhabela
(51)
Dip Business Management (WITS)
Bongi was appointed to the Barloworld board in January 2006. She sits on the Stanlib board and on the Deloitte's Best Company to Work for programme. She served as director for programmes and projects at the office of then Deputy President, Thabo Mbeki.

TS (Trevor) Munday
(58)
BCom
Trevor was appointed to the Barloworld board in January 2007. He retired from his executive responsibilities at Sasol Limited in 2006 after a career of 37 years. Trevor was chief financial officer and deputy chief executive of Sasol Limited at the time of his retirement. Trevor was a director of most of Sasol's major subsidiary companies and chairman of various forums and committees responsible for the smooth running of the Sasol Group. Trevor was appointed as a non-executive director of ABSA in 2007.

TH (Hixonia) Nyasulu
(53)
BA (Hons) Psychology
Hixonia was appointed to the Barloworld board in January 2007. She is the executive chairman of Ayavuna Women's Investments (Pty) Limited and a director of Defy (Pty) Limited, the Tongaat-Hulett Group Limited, Sasol Limited and Unilever PLC/NV.

SB (Steve) Pfeiffer^
(60)
BA, MA (Oxon), JD (Yale)
Steve was appointed to the Barloworld board in August 2001. He is the elected chair of the executive committee of Fulbright and Jaworski LLP, a US legal firm. He is a non-executive director of Iridium Holdings LLC, chairman emeritus of Wesleyan University in Middletown, Connecticut, USA, a trustee of the Africa-America Institute in New York, a director of Project HOPE in Washington DC and a director of the NAACP Legal Defense Fund in New York.

G (Gonzalo) Rodriguez de Castro Garcia de los Rios†
(65)
Gonzalo was appointed to the Barloworld board in January 2004. He was appointed as a non-executive director of Barloworld's Spanish equipment business in 1995 and was appointed chairman in 2007. He was chief executive officer of the Madrid Stock Exchange and chairman of Euroquote in Brussels.

RC (Robert) Tomkinson*
(66)
MA, FCA, FCT
Robert was appointed to the Barloworld board in November 2001. He is a non-executive director of UGC Limited. He was group finance director of Electrocomponents plc, and since his retirement in 1997 he has been on the board of a number of companies.

* British ^ American † Spanish

The board at a glance

	Year appointed	Age	Audit	General purposes	Nomination	Remuneration	Risk and sustainability	Empowerment and transformation
			Board committees					
Independent directors								
DB Ntsebeza (Chairman)	1999	58		Chairman	Chairman	Member		Member
SAM Baqwa	2005	56			Member			Member
AGK Hamilton	2007	62	Member	Member				
MJ Levett	1985	68	Member	Member	Member	Member		Member
SS Mkhabela	2006	51			Member			Member
TS Munday	2007	58	Member			Chairman		
TH Nyasulu	2007	53						
SB Pfeiffer	2001	60		Member	Member	Member		
G Rodriguez de Castro	2004	65						
RC Tomkinson	2001	66	Chairman	Member	Member	Member		
Executive directors								
CB Thomson (CEO)	2003	41		Member			Member	
PJ Blackbeard	2004	50					Member	
BP Diamond	2001	56					Member	
AJ Lamprecht	1993	55					Member	
M Laubscher	2005	47					Member	
OI Shongwe	2007	45						
PM Surgey	1995	53					Member	Chairman
DG Wilson	2006	50					Chairman	

A summary of their biographical details is shown on pages 80 to 81

Appointments to the board

To ensure a rigorous and transparent procedure, any new appointment of a director is considered by the board as a whole, on the recommendation of the nomination committee. The selection process involves consideration of the existing balance of skills and experience and a continuous process of assessing the needs of the company. Other significant personal and/or business attributes of potential candidates for appointment are considered by the nomination committee as part of the selection process and are disclosed to the board.

Non-executive directors are required to devote sufficient time to the company's affairs and our success in this regard is evidenced by the exemplary attendance at board and committee meetings. There is recognition of the benefit that can flow from non-executive directors holding other appointments and although there is no formal limitation on the number of other appointments they can hold, approval from the chairman must be obtained prior to acceptance of additional commitments that may affect the time that they can devote to the company. Non-executive directors are also required to advise the board of any subsequent changes to or additional commitments from time to time as approved by the chairman.

Executive directors may accept appointments to the board of other companies subject to due consideration being given to the time commitments involved.

Messrs AGK Hamilton, TS Munday and Ms TH Nyasulu were appointed to the board as independent non-executive directors on 26 January 2007. Mr OI Shongwe was appointed to the board as an executive director on 26 January 2007. Mr DB Ntsebeza, an independent non-executive director, was appointed chairman on 6 June 2007.

Independence of non-executive directors

The board considers all the non-executive directors to be independent. The board believes that as long as non-executive directors remain independent of management and are of the right calibre and integrity, they can perform the required function of looking after the company's interests. The non-executive directors demonstrate complete independence in character, judgement and action in fulfilling their duties.

Mr SB Pfeiffer is considered as independent notwithstanding the fact that he is a partner of a law firm in the United States that provides advice to the company from time to time. After due consideration, the board has concluded that the extent of the services provided by Mr Pfeiffer to the company is not material. Mr Pfeiffer's law firm has confirmed that fees received from the company for services rendered are not material. Upon evaluation of all relevant factors, the board considers Mr Pfeiffer to be independent.

Mr G Rodriguez de Castro was appointed as non-executive chairman of Barloworld Finanzauto in Spain during the year. Notwithstanding his chairmanship of the company, the board considers Mr Rodriguez de Castro to be independent.

Mr TS Munday was appointed as chairman of a board committee formed to oversee the unbundling of the coatings division. The board considered it appropriate that an independent director chair the committee in order to minimise the risk of any potential conflicts arising between the interest of Barloworld and the unbundled coatings company. The committee is now *functus officio* and the board considers Mr Munday to be independent.

The nomination committee reviews regularly the independent status of all non-executive directors.

Retirement of directors

Executive directors, in accordance with the articles of association of the company, retire from the board at 63 years of age, whilst non-executive directors by convention retire at the annual general meeting immediately following the director's 70th birthday.

In January 2007 the chairman, Mr WAM Clewlow, having reached retirement age, duly retired and Mr DB Ntsebeza was appointed interim chairman. Mr Ntsebeza was subsequently confirmed as chairman in June 2007. During the year under review the chief executive, Mr AJ Phillips and directors, Messrs MD Coward and LS Day, retired from the board.

Messrs JE Gomersall and EP Theron retired from the board following the unbundling of PPC on 16 July 2007.

All directors had given valuable and distinguished service to the company over many years.

Mr AJ Lamprecht will retire from the board once the coatings division is unbundled in December 2007. Mr BP Diamond retires from the board at the end of December 2007 and Mr RC Tomkinson has indicated that he intends to retire following the annual general meeting in January 2008.

In terms of the company's articles of association, at every annual general meeting, at least one-third of the directors retire from the board by rotation. According to the Companies Act, a director appointed by the board to fill a vacant seat must retire from that office at the next annual general meeting. Directors retiring in this manner may offer themselves for re-election, subject to recommendation by the board on the advice of the nomination committee.

Chairman and chief executive officer

No individual has unfettered powers of decision-making. Responsibility for running the board and executive responsibility for conduct of the business are differentiated. Accordingly, the roles of the chairman of the board and of the chief executive officer are separate.

The chairman is responsible for leadership of the board, ensuring its effectiveness on all aspects of its role and setting its agenda. The chairman is also responsible for ensuring that the directors receive accurate, timely and clear information. The chairman also ensures effective communication with shareholders and facilitates the effective contribution of non-executive directors in particular and ensures constructive relations between executive and non-executive directors.

The chief executive provides leadership to the executive team in running the business and coordinates proposals developed by the executive committee for consideration by the board.

Board charter

The general powers of the directors are set out in the company's articles of association. They have further unspecified powers and authority in respect of matters which may be exercised and dealt with by the company, which are not expressly reserved to the members of the company in general meeting.

The main responsibilities of the board as set out in the board charter are as follows:

- Approval of the strategic plan and the annual business plan, the setting of objectives and the review of key risks and performance areas
- Monitoring the implementation of board plans and strategies against a background of economic, environmental and social issues relevant to the company and international political and economic conditions, as well as the mitigation of risks by management
- Appointment of the chief executive officer and maintenance of a succession plan
- Appointment of directors, subject to election by the members in general meeting
- Determination of overall policies and processes to ensure the integrity of the company's management of risk and internal control

The charter expresses the board's philosophy regarding customer satisfaction, quality and safety of products and services; optimising the use of assets and maximising employees' productivity; respect for human dignity and observance of fundamental human rights; national and international corporate citizenship, including sound relationships with regulatory authorities.

Whilst retaining overall accountability and subject to matters reserved to itself, the board has delegated to the chief executive officer and other executive directors authority to run the day-to-day affairs of the company.

Strategy

The board, on the advice and recommendation of the executive committee, is responsible to the shareholders and other stakeholders for setting the strategic direction of the company. In the year under review, following completion of the strategic review by the board, the executive committee met to consider which businesses would fit the strategic profile of the "new Barloworld" subsequent to the decision taken by the board to unbundle or dispose the manufacturing businesses, namely PPC, scientific and coatings. The criteria applied by the executive committee in assessing the future core businesses that should comprise the group included whether the business fits the new strategic profile, whether the business meets the stipulated performance criteria and whether the business demonstrates solid growth prospects. The results of the exercise were presented to the board with a recommendation that the automotive division be retained while those that did not fit the strategic profile would be disposed of. The strategic actions that were announced have substantially been completed with the unbundling and separate listing of the coatings business scheduled for early December 2007.

Senior management of the divisions are periodically given the opportunity to present their business unit's strategy to the board where a significant transaction will be proposed.

Board meetings

Board meetings are convened by formal notice incorporating a detailed agenda together with relevant written proposals and reports. Information is distributed in a timely manner prior to board meetings, to facilitate adequate preparation for thorough discussion at these meetings. A number of decisions were taken between board meetings by written resolution in accordance with the company's articles of association.

Where directors are travelling in countries other than where a meeting is held and are not able to attend in person, video and teleconferencing facilities allow them to participate in the debate and conclusions reached or resolutions taken.

Board attendance

During the year under review, six meetings were held in South Africa. Attendance at these meetings was as shown below. An additional three meetings were held in South Africa on 14 December 2006, 5 June 2007 and 22 June 2007 to address important issues that had arisen and were required to be addressed in advance of the next scheduled meeting.

Name of director	16/11/06	25/1/07	16/3/07	10/5/07	13/7/07	5/10/07
SAM Baqwa	√	√	√	√	√	√
PJ Blackbeard	√	√	√	√	√	√
WAM Clewlow	√	√	n/a	n/a	n/a	n/a
MD Coward	√	n/a	n/a	n/a	n/a	n/a
LS Day	√	n/a	n/a	n/a	n/a	n/a
BP Diamond	√	√	√	√	√	√
JE Gomersall	√	√	√	√	√	n/a
AGK Hamilton	n/a	n/a	√	√	√	√
M Laubscher	√	√	√	√	√	√
AJ Lamprecht	√	√	√	√	√	√
MJ Levett	√	√	√	√	√	√
SS Mkhabela	√	√	√	√	√	√
TS Munday	n/a	n/a	√	√	√	√
DB Ntsebeza *(chairman)*	√	√	√	√	√	√
TH Nyasulu	n/a	n/a	√	√	√	√
SB Pfeiffer	√	√	√	√	√	√
AJ Phillips	√	√	n/a	n/a	n/a	n/a
G Rodriguez de Castro	√	√	√	√	√	√
OI Shongwe	n/a	n/a	√	√	√	√
PM Surgey	√	√	√	√	√	√
EP Theron	√	√	√	√	√	n/a
CB Thomson	√	√	√	√	√	√
RC Tomkinson	√	√	√	√	√	√
DG Wilson	√	√	√	√	√	√

Assessing the performance of board members

Annually, the performance of the chairman of the board, the chief executive officer and the board as a whole is appraised. The chairman and the chief executive officer do not participate in discussions regarding their own performance.

Board effectiveness and evaluation

In October 2007, the board conducted a self-assessment exercise to evaluate the effectiveness of its procedures for the financial year ended September 2007. The company secretary prepared a questionnaire that was completed individually by each member of the board. All responses were treated confidentially. The company secretary collated the results and reported the findings to the chairman. The chairman advised the board of the outcome of the exercise.

Overall, the board was found to operate effectively and certain areas for improvement were identified. The chairman would lead initiatives to address the action items.

Induction and training

The company secretary arranges an appropriate induction programme for new directors. This includes an explanation of their fiduciary duties and responsibilities and arranging visits to operations, where discussions with management facilitate an understanding of the company's affairs and operations.

Directors are apprised, wherever relevant, of any new legislation and changing commercial risks that may affect the affairs of the company.

The board supports the development of all its employees, including its directors, by availing them the opportunity to attend external courses and seminars. The form in which this development takes place varies depending upon each director's requirements and the quality and relevance of the training available. The board received an update on changes to the JSE Listings Requirements. In addition, senior management received a training session on the proposed amendments to the South African Companies Amendment Act.

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

Company secretary

The company secretary provides the board as a whole and directors individually with guidance on the discharge of their responsibilities. He is also a central source of information and advice to the board and within the company on matters of ethics and good corporate governance. Appointment and removal of the company secretary are matters for the board as a whole. The company secretary maintains and regularly updates a corporate governance manual, copies of which are distributed to all newly appointed directors and divisional senior managers.

The company secretary ensures that, in accordance with the pertinent laws, the proceedings and affairs of the board and its members, the company itself and, where appropriate, the owners of securities in the company are properly administered.

The company secretary ensures compliance with the rules and Listings Requirements of the JSE Limited and, where appropriate, other stock exchanges on which the company's securities are listed. The company secretary also assists in developing the annual board plan, administers the share option scheme and complies with the statutory requirements of the company and its subsidiaries in South Africa. All directors have access to the advice and services of the company secretary relative to the affairs of the company and their roles and responsibilities.

Together with the chairman, the company secretary is involved in ensuring that good information flows within the board and its committees and between senior management and the non-executive directors.

Directors and officers of the company keep the company secretary advised of all their dealings in securities of the company according to well-defined rules and procedures, and a report is tabled at the board meeting following any such dealings.

BOARD COMMITTEES

The board has seven committees which have been established to assist the board in discharging its responsibilities. These committees listed hereunder play an important role in enhancing good corporate governance, improving internal controls and, thus, the performance of the company:

- Executive
- Audit
- Empowerment and transformation
- General purposes
- Nomination
- Remuneration
- Risk and sustainability

Each board committee acts according to their written terms of reference approved by the board. They set out its purpose, membership requirements, duties and reporting procedures. Board committees may take independent professional advice at the company's expense. The committees are subject to evaluation by the board in regard to performance and effectiveness.

Chairmen of the board committees and the lead client service partner of the external auditors of the company are required to attend annual general meetings to answer any questions raised by shareholders.

Executive committee

The executive committee (executive) comprises eight executive directors (including Mr OI Shongwe, chief executive officer of Barloworld Logistics Africa, who was appointed in January 2007) and an additional three executive members, who were appointed this year; these include Messrs PJ Bulterman (chief executive officer of Barloworld Equipment Southern Africa), D Sewela (chief executive officer of Barloworld Equipment South Africa) and S Mngomezulu (group executive).

Following these changes the committee now comprises:
CB Thomson
PJ Blackbeard
PJ Bulterman
BP Diamond
AJ Lamprecht
M Laubscher
S Mngomezulu
D Sewela
OI Shongwe
PM Surgey
DG Wilson

The board has delegated a wide range of matters relating to the company's management to the executive, including:

- financial, strategic, operational, governance, risk and functional issues
- formulation of the group strategy and policy
- alignment of group initiatives

A total of 15 meetings of the executive directors and senior management were held during the period under review in order to assist the chief executive officer to guide and control the overall direction of the business of the company, monitor business performance and to act as a medium of communication and coordination between business units, group companies and the board.

Executive committee attendance

	19/10/06	13/11/06	6/12/06	19/1/07	8/2/07	22/2/07	14/3/07	4/4/07	8/5/07	21/5/07	26/6/07	19/7/07	1/8/07	16/8/07	19/9/07
CB Thomson *(chairman)*	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
PJ Blackbeard	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
PJ Bulterman	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√
LS Day	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BP Diamond	√	√	X	√	√	√	√	√	√	√	X	√	√	√	√
JE Gomersall	√	√	√	√	√	√	X	√	√	√	X	n/a	n/a	n/a	n/a
AJ Lamprecht	√	√	X	X	√	√	√	√	√	√	X	√	√	√	√
M Laubscher	√	√	X	√	√	√	√	√	√	√	√	√	√	X	√
S Mngomezulu	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√	√
AJ Phillips	√	√	√	X	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
D Sewela	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√
OI Shongwe	n/a	n/a	n/a	n/a	n/a	√	√	√	√	√	√	√	√	√	X
PM Surgey	√	√	√	√	√	√	√	√	√	√	√	√	√	X	√
DG Wilson	√	√	X	√	√	√	√	√	√	√	√	√	√	√	√

Messrs V Salzmann (managing director of Barloworld Finanzauto), P Stuiver (chief executive officer of Barloworld Logistics) and IG Stevens (group general manager: finance) attend meetings by invitation

The board has determined that the executive committee has satisfied its responsibilities for the year under review.

AUDIT COMMITTEE

The audit committee, which is required to have a minimum of three members, comprises Messrs RC Tomkinson (chairman), AGK Hamilton, MJ Levett and TS Munday, all of whom are independent, non-executive directors. The quorum for a meeting is two members, personally present throughout the meeting. A member of the committee has one vote. The chairman has no casting vote. The chairman of the company is not a member of the committee.

The audit committee's terms of reference include *inter alia:*

- Considering the independence of the external auditors and making recommendations to the board on the appointment or dismissal of the external auditors
- Being responsible for recommending to the board the engagement of the external auditors and the determination of the terms, nature, objectives and scope of the audit
- Evaluating the independence, effectiveness and performance of the external auditors and considering any non-audit services rendered by those auditors, including satisfying themselves as to the validity of the non-audit services and defining any limits in this regard
- Considering and reviewing the reliability and accuracy of financial information and appropriateness of accounting policies and disclosure practices
- Examining and reviewing the interim report, final profit statement, annual financial statements, prospectus or any other documentation to be published by the company
- Reviewing compliance with applicable laws, best corporate governance practices, accounting standards and regulatory requirements
- Reviewing the effectiveness of the group risk assessment process, adequacy of accounting records and internal control systems
- Monitoring and supervising the functioning and performance of internal audit

The board places strong emphasis on maintaining appropriate systems of internal control. An internal control scoreboard is tabled and reported to the audit committee for each business operation bi-annually. All significant deviations from laid out internal control policies and procedures are also reported. The audit committee assists the board in its deliberations regarding the company's continuing viability as a going concern.

The chairman of the committee reports to the board on the activities and recommendations made by the committee.

The finance director, head of internal audit and the external audit partner attend all meetings. They have, *inter alia,* unrestricted access to the chairman and other members of the committee. Any other executives may, at the discretion of the chairman of the committee, be invited to attend and be heard. No attendee has voting rights.

Audit committee attendance

	15/11/06	9/5/07	4/10/07
RC Tomkinson *(chairman)*	√	√	√
MJ Levett	√	√	√
EP Theron	√	√	n/a
AGK Hamilton	n/a	√	√
TS Munday	n/a	n/a	√

Each year the committee makes an assessment of the qualifications, expertise, resources and independence of the company's auditors. This assessment is based upon reports produced by the auditors, the committee's own dealings with the auditors and feedback from the executive team.

The independence and objectivity of the auditors is regularly considered by the committee.

The terms of reference of the committee were reviewed during the year.

The board has determined that the audit committee has fulfilled its responsibilities for the year under review in compliance with its terms of reference.

GENERAL PURPOSES COMMITTEE

The general purposes committee is required to have a minimum number of three members, the majority of whom must be independent. A quorum for a meeting is two members present in person throughout the meeting, one of whom must be independent. Each member has one vote and the chairman has no casting vote.

The chief executive officer is currently the only executive member of the committee, which comprises Messrs DB Ntsebeza (chairman), AGK Hamilton, MJ Levett, SB Pfeiffer, CB Thomson and RC Tomkinson.

The committee's role is to consider issues of significance to the company. It advises the board on matters having local and international political, economic and social implications regarding the affairs and business of the company. Progress in regard to the strategic plan is reviewed and recommendations regarding any adjustments to it are submitted to the board for approval. The committee ensures that material matters such as acquisitions and disposals, which require the attention of the board, are timeously submitted for consideration.

General purposes committee attendance

	15/11/06	24/1/07	15/3/07	9/5/07	12/7/07	4/10/07
WAM Clewlow	√	√	n/a	n/a	n/a	n/a
AGK Hamilton	n/a	n/a	n/a	n/a	n/a	√
MJ Levett	√	√	√	√	√	√
DB Ntsebeza *(chairman)*	#	√	√	√	√	√
SB Pfeiffer	√	√	√	√	√	√
AJ Phillips	√	X	n/a	n/a	n/a	n/a
EP Theron	√	√	√	√	√	n/a
CB Thomson	n/a	√	√	√	√	√
RC Tomkinson	√	√	√	√	√	√

By invitation

The terms of reference of the committee were reviewed during the year.

The board has determined that the general purposes committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

NOMINATION COMMITTEE

The nomination committee, which must have a minimum of three members, consists exclusively of independent directors and comprises Messrs DB Ntsebeza (chairman), SAM Baqwa, MJ Levett, SB Pfeiffer, RC Tomkinson and Ms SS Mkhabela. A quorum for a meeting is two members present in person throughout the meeting. Each member has one vote and the chairman has no casting vote. The chief executive officer is invited to attend meetings, but has no voting powers.

The committee makes recommendations to the board on the composition of the board and the balance between executive, non-executive and independent directors. Skill, experience and diversity are taken into account in this process.

The committee is responsible for identifying and nominating candidates for the approval of the board as additional directors or to fill any board vacancies when they arise. It also advises the board on succession planning, particularly in respect of the chairman of the board and chief executive officer. Proposals for renewing the board's composition are proactively managed by the committee to ensure that timely changes take place.

In addition, the committee recommends to the board, directors who retire in terms of the company's articles of association, for re-election.

Messrs AGK Hamilton, TS Munday and OI Shongwe and Ms TH Nyasulu, having been appointed during the financial year, are required to retire and have offered themselves as available for election. Messrs SAM Baqwa, M Laubscher, DB Ntsebeza, PM Surgey, CB Thomson and RC Tomkinson are required to retire by rotation and all, apart from Mr RC Tomkinson, have offered themselves as available for re-election.

At its meeting in November 2007, the board considered the candidates who are standing for election or re-election at the forthcoming annual general meeting (as referred to in Ordinary Resolutions 2 to 10 in the notice of annual general meeting on pages 272 to 274 of this annual report). In accordance with its findings, the board recommends to shareholders the election of each of the above-mentioned directors, apart from Mr RC Tomkinson who will retire following the annual general meeting.

Nomination committee attendance

	15/11/06	24/1/07	15/3/07	9/5/07	12/7/07	4/10/07
SAM Baqwa	n/a	n/a	n/a	n/a	n/a	X
WAM Clewlow	√	√	n/a	n/a	n/a	n/a
MJ Levett	√	√	√	√	√	√
SS Mkhabela	n/a	n/a	n/a	n/a	n/a	X
DB Ntsebeza *(chairman)*	√	√	√	√	√	√
SB Pfeiffer	√	√	√	√	√	√
EP Theron	√	√	√	√	√	n/a
RC Tomkinson	√	√	√	√	√	√

The terms of reference of the committee were reviewed during the year.

The board has determined that the nomination committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

EMPOWERMENT AND TRANSFORMATION COMMITTEE

The empowerment and transformation committee comprises Mr PM Surgey (chairman) and four independent non-executive directors, namely Messrs SAM Baqwa, MJ Levett, DB Ntsebeza and Ms SS Mkhabela.

A quorum for a meeting is three members, two of whom must be independent. The committee will assist the board by recommending a black economic empowerment equity transaction, including participating partners. An advanced stage has been reached in this regard and the details of the structure, funding mechanisms and timetable to completion will be announced early in 2008. Completion of the equity transaction and continued progress in enterprise development and our current social initiatives will position the company as a leader in empowerment and transformation.

The committee also has oversight on implementation of the principles of transformation beyond the equity transaction in the divisions and broader matters relating to the creation of a framework that will enable advancement of previously disadvantaged South Africans at the workplace and the formation of partnerships for the development of communities in which the company operates. In fulfilling their duties and responsibilities, the committee members may consult, whenever appropriate, with any other member of the board or expert on any subject matter to be dealt with by the committee.

Empowerment and transformation committee attendance

	13/11/06	15/12/06	24/1/07	15/3/07	7/5/07	5/6/07	12/7/07	4/10/07
PM Surgey *(chairman)*	√	√	√	√	√	√	√	√
SAM Baqwa	√	√	X	√	√	√	X	X
MJ Levett	√	√	√	√	√	√	√	√
SS Mkhabela	√	√	√	X	X	√	√	X
DB Ntsebeza	X	√	√	√	√	√	√	√
AJ Phillips	√	√	X	n/a	n/a	n/a	n/a	n/a

The terms of reference of the committee were reviewed during the year.

The board has determined that the empowerment and transformation committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

REMUNERATION REPORT

This report sets out the company's remuneration policy and practice for executive directors. The report provides details of the remuneration and interests in shares and share options for executive and non-executive directors for the financial year ended 30 September 2007.

Key remuneration highlights and developments

In the year under review, Barloworld followed a more formalised approach to manage and reward intellectual capital. The global grading system of Watson Wyatt (a global consulting firm focused on human capital and employee benefits) was adopted and implemented.

The benefits derived from the implementation of the global grading system at executive and senior management level are as follows:

- Internal equity and transparency
- Consistency across business units/countries
- Easier lateral and vertical movements within the group supporting key talent mobility
- A consistent basis to benchmark roles against local and international pay markets
- Ability to determine fair and consistent executive reward levels across business units since it is based on the scope of responsibility and individual contribution made
- Clear hierarchy of roles to be used in the support of succession and development planning

The remuneration committee retained PricewaterhouseCoopers (PwC) as its independent advisor throughout the period under review.

A new long-term incentive scheme, the Barloworld Limited Cash-Settled Share Appreciation Right Scheme (SARs), was implemented.

The committee received external advice from the following:

Advisors	Services provided to the committee	Other services provided to the company
Watson Wyatt	Appointed by the company to provide a new global grading system to harmonise remuneration benchmarking practices for employees worldwide	None
PwC	Appointed by the company as lead advisor on all remuneration-related proposals that were brought before the committee	Developed and recommended the Share Appreciation Right Scheme to the committee
LMO Executive Services	Appointed by the company to advise on the global grading system implementation and provide remuneration benchmarking data for executives and senior management in the various group companies	None
Deloitte	None	Confirmed that share option holders were not prejudiced on the unbundling of PPC and affirmed the calculations of the repriced share options

REMUNERATION PHILOSOPHY

Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve Barloworld's objectives. Rewards are set at responsible and competitive levels in relation to both local and relevant overseas markets. Barloworld's philosophy aims to establish a level of guaranteed remuneration that is competitive, short-term incentives that reward individuals for achieving targets and for exceptional performance, and a long-term share incentive scheme that supports retention and motivation of key people. A significant proportion of rewards, including short- and long-term incentive schemes, are explicitly linked to the performance of the business, the individual business units and executives. Barloworld's total reward philosophy is aligned with the strategic direction and specific value drivers of the business as well as with the interests of shareholders.

GOVERNANCE STRUCTURE

Remuneration committee

The remuneration committee, which must have a minimum of three members, consists exclusively of independent directors and comprises Messrs TS Munday (chairman), MJ Levett, DB Ntsebeza, SB Pfeiffer and RC Tomkinson. A quorum for a meeting is two members present in person throughout the meeting. Each member has one vote and the chairman has no casting vote. The chief executive may be invited to attend meetings of the committee, but may not participate in discussion of his own remuneration.

The committee makes recommendations to the board on the structure and development of policy on executive and senior management remuneration, taking into account market conditions. It determines the criteria necessary to measure the performance of the executive directors in discharging their functions and responsibilities. It determines specific remuneration packages for the chief executive and executive directors of the company, including basic salary, benefits in kind, any annual bonuses, performance-based incentives, share-based incentives, pensions and other benefits.

It also makes recommendations to the board in respect of fees to be paid to each independent non-executive director for their services as a member of the board or on a board subcommittee. Once these fees have been adopted by the board, they are submitted to the shareholders in general meeting for approval prior to implementation and payment. Details of fees paid to independent non-executive directors are fully set out below.

Wherever appropriate, the committee consults with the chief executive or other executive or non-executive directors in fulfilling their duties under the committee's terms of reference.

Remuneration committee attendance

	15/11/06	24/1/07	15/3/07	9/5/07	12/7/07	4/10/07
WAM Clewlow	√	√	n/a	n/a	n/a	n/a
MJ Levett	√	√	√	√	√	√
TS Munday *(chairman)*	n/a	n/a	n/a	n/a	n/a	√
DB Ntsebeza	#	#	#	√	√	√
SB Pfeiffer	√	√	√	√	√	√
EP Theron	√	√	√	√	√	n/a
RC Tomkinson	√	√	√	√	√	√

By invitation

The current chairman of the committee is Mr TS Munday. He replaced Mr MJ Levett who had been appointed chairman following the retirement of Mr WAM Clewlow in January 2007. Mr Levett remains a member of the committee.

Mr EP Theron is no longer a member of the committee having retired from the board in July 2007.

The chief executive officer and the director responsible for human resources and remuneration matters attend committee meetings by invitation. Meetings are held six times a year. In addition, special meetings are called to deal with urgent matters. No executive director is present when his or her own remuneration or performance evaluation is discussed.

The terms of reference of the committee were reviewed during the year.

The board has determined that the remuneration committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

Non-executive directors' emoluments

Standard fees

Fees payable to non-executive directors are recommended to the board by the remuneration committee and fixed by the shareholders in general meeting.

At the annual general meeting held on 25 January 2007 shareholders resolved that in terms of article 61 of the company's articles of association, the fees payable to the chairman and non-executive directors for their services to the board, audit committee and the other board committees be fixed as follows:

Chairman of the board, inclusive of fees payable as chairman of board committees	R1 437 500
Non-executive directors (resident)	R150 000
Non-executive directors (non-resident)	£47 500
Chairman of the audit committee	£22 000
Members of the audit committee (resident)	R35 000
Members of the audit committee (non-resident)	£2 750
Members of each of the other board committees (resident)*	R28 000
Members of each of the other board committees (non-resident)*	£2 750
Members of the empowerment and transformation committee (resident)†	R5 000
Members of the empowerment and transformation committee (non-resident)†	£2 000

* *Excluding the risk and sustainability committee*
† *Per meeting*

Fees for additional services

In the period under review, the committee approved an appropriate fee structure for any additional services to be provided by non-executive directors, such as chairing board subcommittees.

An hourly rate in the region of 60% of professional fees (eg typical fees charged by audit firms) was adopted. This formula was applied with due regard to the fact that the non-executive directors are rendering professional services on par with those of partners of large professional firms, but do not incur the professional indemnity insurance and overheads of those firms.

Details of remuneration, fees and other benefits earned by non-executive directors in the past year are given on pages 244 to 246.

Executive directors' remuneration

Levels of remuneration have been designed to attract, retain and motivate the executive directors in line with market conditions. A significant proportion of the executive directors' remuneration has been structured so as to link corporate performance with individual reward.

The company embarked on a benchmarking process during the year under review to ensure that the packages awarded to executive directors were competitive, without being excessive. The benchmarking was conducted independently by PwC, the lead advisor to the remuneration committee and by LMO, the company's remuneration advisor. Remuneration data from the comparator group of companies' most recent published accounts was reviewed and analysed and, where necessary, an appropriate adjustment to the compensation of the executive directors was applied.

As part of this review, the committee, with assistance from its advisors, assessed the appropriateness of the quantum of, and balance between, guaranteed and variable remuneration.

The committee reviews the elements of the reward packages of executive directors annually. It is assessed relative to the market median of companies of comparable size, market sector, business complexity and international scope.

Reward levels are targeted to be commercially competitive, on the following basis:

- Guaranteed remuneration is based on the role complexity and scope of responsibility as measured by the Watson Wyatt global grading system.
- Although the company's guaranteed remuneration policy guideline recommends competitiveness at market median levels, the most relevant market competitive position for total reward levels also takes into account individual performance.
- Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year.
- In order to avoid disproportionate packages across divisions and business units of the group and between executives, adjustments are made as deemed necessary to ensure broad internal consistency. Adjustments may also be made to the reward levels for individuals to facilitate cross business unit mobility to either grow a business unit or enter new markets.

The elements of the reward package are detailed below and the components for each director are reflected in the tables accompanying this report.

In the year under review, the remuneration package of executive directors comprised the following elements:

- Base pay

  The executive directors' base salary is revised annually and is set to be competitive at the median level in the appropriate competitive labour market. Individual and company performance and changes in responsibilities are also taken into account when determining base pay annually.

- Benefits

  – Retirement funding
  – Medical cover
  – Personal accident cover
  – Vehicle scheme

- Variable pay

  This consists of short-term and long-term incentives.

  Short-term incentives (bonuses) are provided to increase shareholder value through increasing CFROI/CVA and to achieve group, divisional and personal scorecard objectives. Stretch objectives are set, linked to value drivers. A combination of financial, individual scorecard or personal objectives and other business unit specific strategic performance targets make up the components of the CFROI/CVA scheme.

The directors' annual bonus scheme has been developed in line with best practice. Following advice received from PwC, the company has:

- set the stretch targets to a level which represents a significant and meaningful level of stretch in the context of the current business environment; and
- implemented threshold targets which represent minimum acceptable performance for the businesses.

The company has used the "Plan 1" targets as a basis for the on-target financial performance.

The target percentages vary between individual business units and directors depending upon their different circumstances.

Long-term incentive scheme

- Share option scheme

  Executive directors and selected key executives participate in the Barloworld share option scheme. One-third of each allocation made becomes exercisable by the employee after three years have elapsed from the date of allocation. A maximum of two-thirds of the original allocation is exercisable after four years, and the full allocation after five years. All options must be exercised in full by the employee or ceded by the employee to a family company or trust, or sold to an approved financial institution within 10 years of grant or six years for options granted after 29 January 2004. An employee must be in the employ of, or have retired from, the Barloworld group at the time of exercise or cession of any share options.

  It is the company's policy that neither the chairman nor any of the other non-executive directors participate in the share option scheme.

  No share options were granted during the year to executive directors nor to any other executives and there are no plans to issue further share options at this stage as a result of the introduction of the Share Appreciation Right Scheme.

  Share options granted previously have been adjusted in accordance with shareholder approvals following the unbundling of PPC.

  Details of the options previously granted to executive directors are given on pages 248 to 249.

- Share Appreciation Right Scheme

  The Barloworld cash-settled Share Appreciation Right Scheme (SARs) has been developed with the purpose of providing employees an opportunity to benefit from growth in the value of the ordinary shares of the company in the medium and long term.

  Share appreciation rights were awarded in 2007 to executive directors and other senior executives participating in the scheme. Performance conditions have been introduced such that vesting of the SARs is subject to the achievement of real growth in headline earnings per share. The 2007 awards will vest in three tranches, one-third on each of the third, fourth and fifth anniversaries of the grant dates respectively. All SARs will lapse if not exercised within six years from date of grant.

The following share appreciation rights were granted to the executive directors in November 2006 and July 2007:

Date of SARs grant	14 Nov 2006	13 Jul 2007
Grant/strike price	R140.00*	R123.88#

Director	Number of SARs*	Number of SARs
AJ Phillips	50 000	–
CB Thomson	35 000	137 870
PJ Blackbeard	35 000	46 627
BP Diamond	35 000	–
JE Gomersall	35 000	–
AJ Lamprecht	35 000	–
M Laubscher	40 000	42 091
OI Shongwe	–	37 229
PM Surgey	35 000	44 354
DG Wilson	35 000	64 797
Total	**335 000**	**372 968**

* *Following the unbundling of PPC, the adjusted grant price is R75.05. The adjusted number of SARs is indicated in the table of unexercised SARs on page 241*

The grant price will be adjusted following the unbundling of the coatings division

The executive directors' salaries, bonuses, share option costs, retirement and medical contributions and other benefits, as well as gains from share options exercised or ceded, are provided on pages 244 to 246. The details of company shares owned and unexercised share options held by each director can be found on pages 247 to 249.

Termination periods for executive directors

There are no directors with service contracts with termination benefits exceeding one year's salary and notice periods in excess of one year.

Retirement and pensions

The retirement age for executive directors is 63. All executive directors participate in a defined-contribution retirement fund designed to enable them to make appropriate financial provision for their retirement. Company contributions to the fund are up to 14% of pensionable earnings and include the cost of premiums for insured death and disability benefits. Death in service cover is provided to a maximum of six times pensionable earnings, including fund credit for a fund member with dependants.

RISK AND SUSTAINABILITY COMMITTEE

The management of risk and sustainability issues is inherently an operational function. Accordingly, the risk and sustainability committee comprises the chief executive officer, other executive directors of the company and divisional chief executive officers. The group risk services manager attends all meetings of the committee.

The chairman of the committee is an executive director and is required to report to the board on the recommendations made by the committee. The current chairman of the committee is Mr DG Wilson who replaced Mr PM Surgey with effect from February 2007. Each member of the committee has one vote.

Members of the risk and sustainability committee and their attendance record at meetings are shown below.

The committee assists the board in recognising all material risks and sustainability issues to which the group is exposed and ensuring that the requisite risk management culture, practices, policies and systems are progressively implemented and functioning effectively.

These include, among others, business continuity management, occupational health and safety, environmental management and ethical commercial behaviour.

The functions of the committee, *inter alia,* include:
- setting out a formal policy for the management of risks;
- reviewing and assessing the integrity and effectiveness of the risk management process each year;
- considering annually the consolidated risk assessment results and determining trends, common areas of concern, emerging risks, and the most significant risks for reporting to the board;
- monitoring and reviewing changes in stakeholder expectations, corporate governance codes and best practice guidelines relating to risk issues;
- receiving reports covering matters relating to substantive environmental and health and safety risks;
- reviewing and approving the insurance renewal programme; and
- reviewing and approving the sustainability report.

Risk and sustainability committee attendance

	17/11/06	11/5/07	13/8/07
PM Surgey	√	√	√
PJ Blackbeard	√	√	√
LS Day	√	n/a	n/a
BP Diamond	√	X	√
JE Gomersall	√	X	n/a
AJ Lamprecht	√	√	X
M Laubscher	√	√	X
AJ Phillips	√	n/a	n/a
CB Thomson	√	√	√
DG Wilson *(chairman)*	√	√	√

The audit committee carries out an independent oversight role of the risk management process.

The terms of reference of the committee were reviewed during the year.

The board has determined that the risk and sustainability committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

Risk management process

In terms of a written risk management philosophy statement issued by the chief executive officer and endorsed by the directorate, the company is committed to managing its risks and opportunities in the interests of all stakeholders. Every employee has a responsibility to act in this manner.

An ongoing systematic, enterprise-wide risk assessment process supports the group's risk management philosophy. This ensures that risks and opportunities are not only adequately identified, evaluated and managed at the appropriate level in each division, but also that their individual and joint impact on the group as a whole is taken into consideration.

Divisional boards and senior managers carry out an annual self-assessment of risk. This process identifies critical business, operational, financial and compliance exposures facing the group and the adequacy and effectiveness of control factors at all levels. The assessment methodology takes into account severity and probability of occurrence and applies a rating based on the quality of control, thereby ranking risks and setting priorities. The top risks, elevated to group level, are addressed through action plans put in place with responsibilities assigned.

The group risk department oversees the process from the perspective of strategic direction, ongoing improvement in methodology and process, and technical assistance. The internal auditors check the process for thoroughness and report to the audit committee in respect of their assessment of the risk management process.

As the group develops new business and expands into new markets and territories, it is faced with increasingly complex and changing environments. By integrating the risk management process with the group's strategic direction, the risk-return trade-off is optimised. This enhances competitive advantage, growth and the employment of capital. In the case of joint ventures and associates, the company encourages adherence to the same risk management philosophy and policies.

The directors and officers of the company are not protected, in their personal capacities, against claims arising from environmental degradation caused by the business activities of the company. Such cover is excluded from the company's directors and officers' insurance, and is not generally available in the insurance market. Consequently, the company has indemnified its directors and officers against such claims, provided that at all times such directors and officers were acting in good faith and in accordance with the law.

INTERNAL AUDIT

With its responsibilities clearly defined and approved by the audit committee, internal audit continued to function throughout the group during the past year.

Internal audit focused on the following main areas:

- Appraising and advising on systems, procedures and management controls
- Assessing the effectiveness of risk management processes
- Evaluating the reliability and integrity of management and financial information
- Assessing the control over assets and verifying their existence
- Reviewing compliance with policies and procedures
- Recommending improvements in procedures and systems to enhance efficiencies and prevent fraud.

Risk focused audit plans for the year under review, with input from divisional management, were approved in November 2006. Audit findings were formally reported to divisional audit committees in May and again at financial year-end. These divisional committees are chaired by officers who are non-executive to the respective divisions.

The head of internal audit coordinates the internal audit function worldwide and reports to the chairman of the audit committee regularly throughout the year, providing details of audit coverage and any significant findings.

The internal audit process did not highlight any breakdowns in internal control that were known to have had a material impact on the reported financial information.

Internal audit undertook a high-level review of the risk management processes across the group and reported at the special risk-focused meeting of the audit committee in October 2007.

Although not reliant on external auditors for any resource support, the head of internal audit continues to liaise with them with a view to maximising efficiencies of audit coverage where possible. During the year, internal audit utilised the services of independent external firms to supplement its internal resources to enable the department to complete its planned audit coverage for the year.

INSIDER TRADING

No employee, his/her nominee or members of their immediate family may deal either directly or indirectly, at any time, in the securities of the company on the basis of unpublished price-sensitive information regarding the company's business or affairs. No director or officer may deal in the securities of the company during the embargo period determined by the board in terms of a formal policy implemented by the company secretary. Periods of embargo are from the end of the interim and annual reporting periods to 24 hours after the announcement of financial and operating results for the respective periods. A list of persons who are restricted for this purpose has been approved by the board and is revised from time to time. A register of directors and officers is available for inspection at the company's registered office in Sandton, South Africa.

The rules of the JSE Limited extend obligations regarding transactions in the securities of the company to include those of any major subsidiary. Those officers whose trading transactions have to be disclosed to the market within 48 hours specifically include the directors and the company secretary, but now also embrace any associate of the directors or company secretary or any independent entity or investment managers through which the directors or company secretary may derive a present or future beneficial or non-beneficial interest.

The directors or officers of the company's major subsidiaries, whether wholly or partially owned, are also included in the list of directors, company secretary and other officers.

Trading in the company's shares and any cessions of options over such shares is conducted on completion of an application form, in the case of securities subject to the Barloworld Share Option Scheme, or a letter in any other case. Authorisation for the transaction is given in writing by the chairman of the board, the chief executive officer or a divisional chief executive officer, as appropriate. The written authority is kept by the company secretary with the record of the particular transaction. In the event that the chairman wishes to trade, permission to do so is obtained from the board.

ETHICS

Barloworld is committed to the highest ethical and legal standards and expects all its stakeholders to act in accordance with the highest levels of personal and professional integrity in all aspects of their occupation and activity, and to comply with all applicable laws, regulations and policies of the company.

Barloworld's commitment is stated in its Code of Ethics. We have a policy of zero tolerance on bribery and corruption. The company has developed measures to combat fraud with the intention to promote the established culture of high personal standards within which all business dealings are conducted.

Our Code of Ethics has the following elements:
- Obey the law
- Respect others
- Be fair
- Be honest
- Protect the environment

The company maintains an ethics hotline where employees and other stakeholders can report non-compliance with company policies and fraud. All incidents reported are investigated and, where appropriate, action is taken.

The Barloworld Ethics Line was introduced in South Africa in 2002. It is an independent and confidential system by which employees or others can report unethical or risky behaviour. Such reports can be submitted to:

Postal address:
Barloworld Ethics Line, c/o Tip-offs Anonymous, Free Post KZN 138, Umhlanga Rocks, KwaZulu-Natal, 4320, South Africa

South Africa:
Telephone: 0800 003 248
Telefax: 0800 007 788

Outside South Africa:
Telephone +27 31 571 5633
Telefax +27 31 560 7395

Barloworld Ethics Line is outsourced to Tip-offs Anonymous, which is an independent body within Deloitte, our external auditors. This provides an opportunity to anyone wishing to report unethical activities or dishonest behaviour that affects the Barloworld group. Total anonymity, if desired, is assured.

An ethics line has also been implemented in most of our international businesses.

The Code of Ethics is enforced with appropriate discipline on a consistent basis.

Barloworld Ethics Line – call statistics

	2007	2006	2005
Total number of calls	**549**	393	304
Total number of reports	**168**	129	70

RELATIONSHIP WITH SHAREHOLDERS

The company is a strong believer in transparency, best practice disclosure, consistency of communication and equal and timely dissemination of information to its shareholders. It encourages an active participation of shareholders at general meetings and maintains an investor relations programme which, *inter alia,* organises for corporate and divisional executives to attend regular meetings with shareholders and potential investors.

The company has regular dialogue with institutional shareholders, where it believes this to be in the interests of shareholders generally. Feedback from these visits is shared with the board. The chairman routinely offers key shareholders the opportunity of meeting with him to discuss governance, strategy or other matters. The interests of private shareholders remain paramount and in recognition of their needs, the company's website contains a range of investor relations and materials, including an update on the group's activities, copies of all presentation materials given to institutional investors and further explanation of the matters contained in the annual report.

The annual general meeting is normally attended by all the directors, and shareholders are encouraged to be present and to ask questions during the meeting and they have the opportunity to meet with directors after the formal proceedings have ended.

The notice of the annual general meeting, detailing all proposed resolutions, is on pages 272 to 274 of this annual report.

SHAREHOLDER PROFILES

Register date: 30 September 2007
Issued share capital: 203 843 388 ordinary shares

Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public shareholders	13	0.05	376 244	0.18
Directors and associates of the company holdings	13	0.05	376 244	0.18
Public shareholders	24 920	99.95	203 467 144	99.82
	24 933	**100.00**	**203 843 388**	**100.00**

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	19 134	76.75	7 230 283	3.55
1 001 – 10 000 shares	4 979	19.97	14 352 879	7.04
10 001 – 100 001 shares	627	2.51	19 173 483	9.41
100 001 – 1 000 000 shares	155	0.62	48 092 752	23.59
1 000 000 shares and above	38	0.15	114 993 991	56.41
	24 933	**100.00**	**203 843 388**	**100.00**

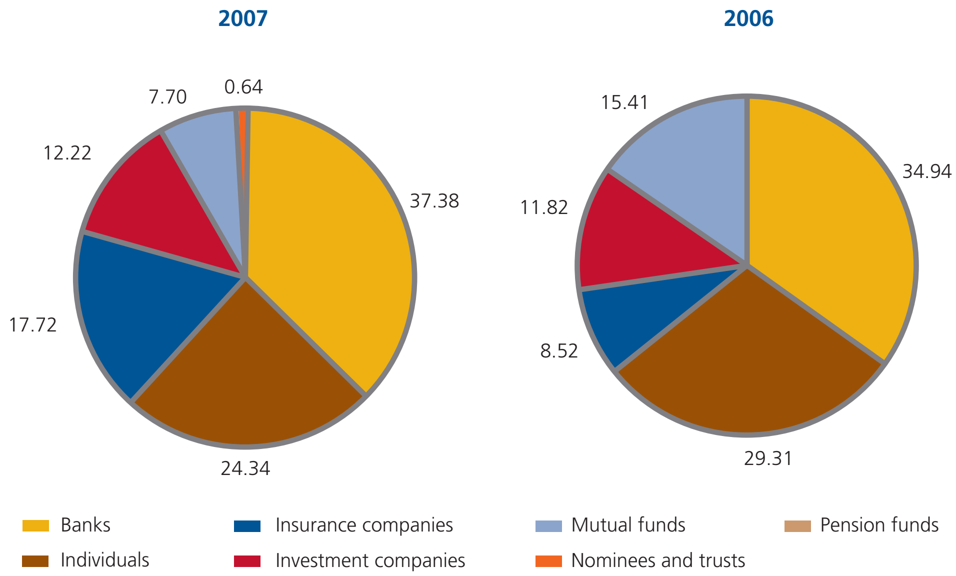
Beneficial shareholders holding 3% or more	Number of shares	%
Public Investment Corporation	31 897 831	15.65
Sanlam	13 282 928	6.52
Liberty Group	9 660 886	4.74
Namibian Government Institutions Pension Fund	7 608 506	3.73
Old Mutual Group	7 621 369	3.74

Fund managers holding 5% or more	Number of shares	%
Sanlam Investment Management	21 088 095	10.35
STANLIB Asset Management	19 597 015	9.61
Public Investment Corporation	19 355 479	9.50
Investec Asset Management	11 670 042	5.73
Old Mutual Investment Group	10 242 909	5.02

Foreign custodian shareholdings exceeding 5% in aggregate	Number of shares	%
State Street Bank & Trust Co (Custodian)	10 670 953	5.23

SHAREHOLDER ANALYSIS

Beneficial ownership by fund type (%)

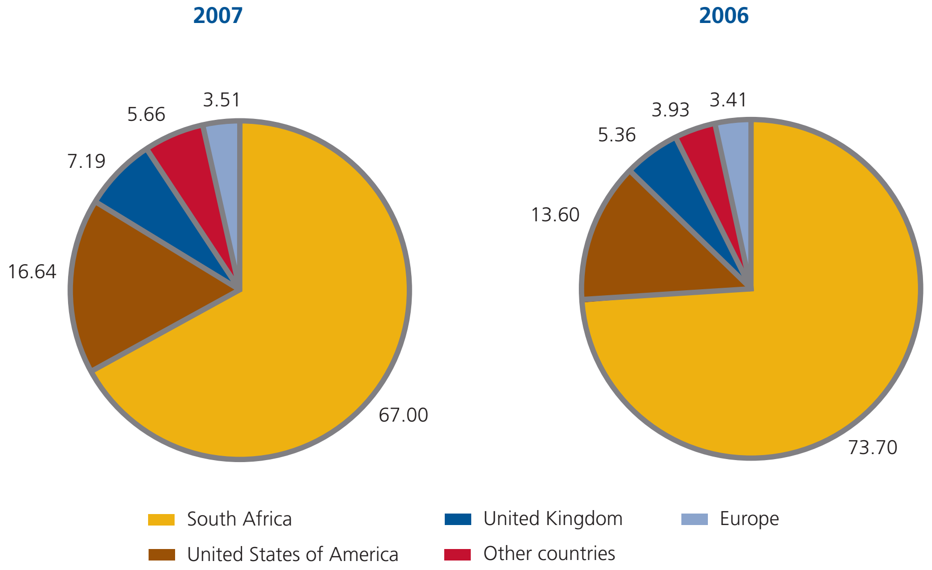


Beneficial ownership by fund type (%) 2007	Number of shareholders	%	Number of shares	%
Managed and investment funds	**5 410**	**21.70**	**76 200 766**	**37.38**
Pension and provident funds	**291**	**1.17**	**49 613 217**	**24.34**
Growth funds and unit trusts	**531**	**2.13**	**36 125 009**	**17.72**
Private investors	**18 641**	**74.76**	**24 901 284**	**12.22**
Insurance companies	**59**	**0.24**	**15 697 173**	**7.70**
American depositary receipts*	**1**	**0.00**	**1 305 939**	**0.64**
	24 933	**100.00**	**203 843 388**	**100.00**

Beneficial ownership by fund type (%) 2006	Number of shareholders	%	Number of shares	%
Managed and investment funds	4 268	20.61	70 130 818	34.94
Pension and provident funds	330	1.59	58 820 546	29.31
Insurance companies	46	0.22	17 098 650	8.52
Private investors	15 602	75.33	23 722 998	11.82
Growth funds and unit trusts	466	2.25	30 933 018	15.41
American depositary receipts*	1	0.00	9 527	0.00
	20 713	**100.00**	**200 715 557**	**100.00**

**Held by the Bank of New York as depositary bank and listed on the New York Stock Exchange*

Beneficial ownership by geographic region (%)



Geographic analysis of shareholders – 2007	Number of shareholdings	%	Number of shares	%
South Africa	**24 196**	**97.05**	**136 559 671**	**67.00**
United States of America	**130**	**0.52**	**33 927 918**	**16.64**
United Kingdom	**122**	**0.49**	**14 652 636**	**7.19**
Other countries	**282**	**1.13**	**11 539 213**	**5.66**
Europe	**203**	**0.81**	**7 163 950**	**3.51**
	24 933	**100.00**	**203 843 388**	**100.00**

Geographic analysis of shareholders – 2006	Number of shareholdings	%	Number of shares	%
South Africa	20 159	97.33	147 929 580	73.70
United States of America	91	0.44	27 293 104	13.60
United Kingdom	86	0.42	10 758 051	5.36
Europe	184	0.88	7 885 695	3.93
Other countries	193	0.93	6 849 127	3.41
	20 713	**100.00**	**200 715 557**	**100.00**

passion

leadership

teamwork

sustainability

OVERVIEW

Value Based Management (VBM) was introduced to Barloworld in 1999, as a philosophy for running the business. It was enhanced in 2006 with the adoption of the 10 Pillars of Sustainability. The adoption of this stakeholder approach has allowed us to formalise what has essentially been the 'Barloworld Way' of doing business. Its essence is to align our business processes and activities to ensure the continual creation of value for our shareholders, customers, principals and suppliers, employees and the broader communities within which we operate. We view sustainability holistically: a set of principles that integrates financial and non-financial strategies to ensure sustainable value creation for our stakeholders.

During the past year, Barloworld has gone through significant changes: we have a new CEO and chairman, and we have unbundled or disposed of several businesses in line with our new strategic profile. These changes have not impacted on our core commitment to sustainability and have in fact enhanced our value proposition.

A stakeholder approach

Barloworld's stakeholders are represented by shareholders, customers, employees, principals, suppliers and communities. We function in direct relation to societies and the physical environment. Being stakeholder-centric in our business conduct facilitates:

- the sustainable growth of the company and its earnings; and
- the creation of sustainable relationships with our stakeholders.

Our value added statement (page 142) summarises, at a gross level, the value we created and how it is distributed.

Sustainability reporting and the GRI

This report is guided by the third-generation sustainability reporting framework developed by the Global Reporting Initiative (GRI) and referred to as the G3.

Our intention is to give users of this report a clearer understanding of our operations, the principles that drive them and the impact that they have on the economic, social and physical environments where we conduct our business.

The G3, which guides the company's sustainability reporting, addresses measurement of both financial and non-financial aspects of business. At a strategic level, the board, through its risk and sustainability committee, is responsible for assessing non-financial performance and approving all policies relating to sustainability. Quality and environmental performance is managed as far as possible across the group by the ISO 9001 and ISO 14001 management systems respectively.

Employee issues are monitored primarily through communication forums and an annual employee perception survey.

Community issues are South African-focused and include the management of country-specific issues such as employment equity (EE) and black economic empowerment (BEE), as well as a focused Corporate Social Investment (CSI) strategy.

For this report, key social, environmental and economic aspects were determined through consultation at business and corporate office level. We recognise that the suite of non-financial issues faced is different across the group. This report contains key non-financial data from each of the divisions, thereby permitting the reader to understand these issues at a divisional level, as well as at a group level.

A G3-compatible questionnaire is completed by each division on an annual basis. The quantitative and qualitative data collected is key for planning the annual report.

We have obtained independent verification by Deloitte of selected performance indicators published herein. A copy of their report is included on page 141.

OUR 10 PILLARS OF SUSTAINABILITY

1 Clear vision and strategy

a. Develop a vision that inspires our employees
b. Clearly communicate the vision so that it is understood
c. Develop a clear strategy that delivers top quintile returns
d. Develop a geographic expansion strategy that optimises global growth opportunities

2 Focus on the core

a. Limit the number of core businesses
b. Regularly review which businesses should remain core
c. Only grow areas that are aligned to the core
d. Critically review all potential new core businesses

3 Market leadership

a. Develop strategies to achieve market or sector leadership in each of our core businesses
b. Plan to exit from businesses where we cannot attain market or sector leadership
c. Plan to exit from businesses where there is insufficient Return On Management Effort (ROME)

4 Integrated customer solutions

a. Focus on the customer
b. Strategically segment customers and determine their fundamental needs
c. Provide flexible value-creating solutions to those needs
d. Commit to exceeding customer expectations and continuously growing value for the customer

5 Globally competitive employees

a. Attract and retain the best employees
b. Develop our people to globally competitive standards
c. Recognise and reward good performance and rectify poor performance
d. Ensure succession plans at all critical levels
e. Inculcate the Barloworld leadership philosophy
f. Celebrate successes and have fun

6 Decisive management

a. Strive to deliver clear, decisive and inspiring leadership
b. Implement decisions rapidly
c. Acknowledge mistakes and take corrective action
d. Intervene where business performance is unsatisfactory
e. Exit businesses where corrective action fails

7 Environmental and social legitimacy

a. Accept that we are custodians for future generations and proactively engage in global sustainability issues
b. Ensure that business strategies are legitimate in the eyes of the communities and governments where we operate
c. Commit to leading in empowerment and transformation (BEE)
d. Adopt a caring approach towards the socio-economic issues of the communities in which we operate
e. Strive towards reducing the environmental impacts of our business activities

8 Values and ethics

a. Focus on doing what is right
b. Behave in line with our Code of Conduct
c. Act in accordance with our Code of Ethics:
   - Be fair
   - Obey the law
   - Be honest
   - Respect others
   - Protect the environment
d. Always remember: "Our word is our bond"

9 Corporate governance

a. Manage business risks to enhance and protect shareholder value rather than to eradicate all risk
b. Comply with all relevant regulations and standards
c. Ensure that investor and public communication is beyond reproach
d. Ensure financial prudence in all dealings
e. Comply with the group risk philosophy
f. Implement effective controls that protect stakeholder value

10 Learning organisation

Constantly look at re-inventing ourselves through:
- exploration
- innovation
- learning – especially from mistakes
- sharing – best practices and successes

The business case

The business case for sustainability is founded on the importance of:

- The role of the corporate citizen and the widely accepted notion that business is not only about financial returns, but also about the wider contributions businesses make;
- The growing role of stakeholders, over and above shareholders and authorities, as a very important constituency of any business; and
- The management of risk and non-financial issues that present opportunities for growth.

An ongoing systematic and business-wide risk assessment process supports Barloworld's risk management philosophy. This ensures that risks and opportunities are not only adequately identified, evaluated and managed at the appropriate level in each division, but also that their individual and joint impact on the group as a whole is taken into consideration.

Each division has identified its key risks. These are consolidated at group level by the risk and sustainability committee and synthesised into the key risks facing the group.

BARLOWORLD GROUP TOP RISKS – 2007

Key risks	Category of risk and management response
Acquisition underperformance The risk of future net cash flows from acquisitions failing to realise the projections upon which the initial purchase consideration was based may lead to value destruction for shareholders and a need to impair the related goodwill or assets.	**Acquisition risk** • A business acquisition policy and procedure is in place that sets out a structured approach and framework to be used when acquisitions are being made. This includes a pre-acquisition phase that includes the requirement to conduct a comprehensive strategic analysis of intended targets, development of acquisition criteria, both strategic and financial, and quantification of risk-adjusted value-creation potential for the respective business unit and the group. • The CEOs and CFOs of each business unit are responsible for ensuring that the policy and procedures are adhered to. • Following acquisitions, planning and task teams are established to focus on the realisation of possible synergies.
Competitor actions The risk that competitors will take individual actions, through pricing or other activities, that will erode our competitive position and have a significant impact on the value we create for shareholders.	**Competitor risk** • Continually reduce costs by focusing on operational efficiencies and staff training. • Continually improve service and the provision of innovative solutions to customers.
Currency volatility Movement of currencies against one another, mainly the movement of other currencies against the rand which creates risks relative to the translation of non-rand profits, the marking-to-market of financial instruments taken out to hedge currency exposures and the cost of imports into South Africa.	**Financial risk** • The responsibility for monitoring and managing these risks is that of line management. A group treasury policy is in place which clearly sets out the philosophy of hedging, guideline parameters within which to operate and, permissible financial instruments. • Preventative measures are implemented around determination of pricing mechanisms and structuring of commercial contracts to negate the impact of any adverse currency fluctuations.

Key risks	Category of risk and management response
Defined-benefit scheme exposure The key risk for the United Kingdom's two defined-benefit schemes is a downward movement in the yield on AA-rated corporate bonds against which the liabilities are valued. In addition, market volatility and increased life expectancy of members may have an adverse impact on the schemes' funding positions requiring additional company contributions over and above the schemes' current normal contribution rates. The current combined deficits for the two defined-benefit schemes in the United Kingdom amounts to £48.5 million, which has been based on conservative assumptions including updated mortality statistics.	**Market risk** • Suitably qualified representative boards of trustees exist which, together with separate investment sub-committees, are responsible for regularly evaluating the effectiveness of investment decisions. They use professional investment advisors to assist them in the management of the investment portfolios with a view to conservatively preserving and enhancing fund valuations. Complex investment risk models are run by the investment managers and actuaries to assess optimum risk balance. The actuaries also conduct regular valuations. • Funding shortfalls are planned to be made up within sensible timeframes via increased contributions, together with an adjustment to future benefits where appropriate. Subsequent to the year-end, the company has committed £55 million to address the funding deficits in the United Kingdom defined-benefit schemes. • Existing defined-benefit schemes in the United Kingdom have been closed to new members since 2002 to assist in managing future liabilities. All new employees in the United Kingdom are automatically enrolled in the United Kingdom's defined contribution scheme.
Dependence on principals and suppliers Some of the businesses in the group are dependent on a small number of principals and/or suppliers. Our success is therefore linked to their ongoing financial stability and the competitiveness of their products and services. In order to ensure sustainable value creation, we depend on suppliers of infrastructure in the countries in which we operate. Most of our businesses are dependent, inter alia, on reliable power and water supply and appropriate transport networks.	**Strategic risk** • Add value to our principals by giving constant feedback on market movements and product competitiveness. • Continually improve/build our relationship with our principals and major suppliers and ensure that we are the preferred dealer/customer. • Provide excellent customer service and lead in our markets. • Build smart partnerships with customers. • Enter into longer-term contracts with customers. • Build relationships with local authorities.

Key risks	Category of risk and management response
Exposure to equipment and motor vehicle buy-backs and residual values Some of the group's businesses could be exposed to losses due to contractual obligations to buy back equipment or motor vehicles previously sold or rented out, at prices above market or replacement cost at the time of being compelled to repurchase. This risk could arise, inter alia, through inadequate valuation skills at the time of determining the buy-back amount, poor condition of equipment and motor vehicles repurchased or significant shifts in the economic environment adversely impacting used values.	**Financial risk** • This is managed by ensuring adequate valuation competencies, managing inventory levels, optimally structuring contracts, modelling transactions to ensure adequate economic return, continually scanning market conditions, hedging currency risks and monitoring the use and condition of equipment and motor vehicles in respect of which obligations exist.
Exposure to political risks, terrorism and crime in the countries in which we operate The group's people and assets are spread through numerous countries around the world while our activities are conducted in many more. The possibility exists that our people and assets, and the viability of the businesses are exposed through acts of terrorism, political turmoil or crime in some of the regions in which the group operates as well as in those that may be the subject of expansion. Business growth initiatives require that new markets and territories are the focus of our business expansion. These opportunities come with their own distinct risk exposures.	**Political risk** • Minimise exposure in high-risk countries through thorough and in-depth risk assessments coupled with the application of preventative and corrective risk management activities. • Maintain flexible business models. • Maintain business continuity plans that incorporate emergency response actions, crisis management and business recovery plans specific to the business and the respective territories in which the businesses operate.
Exposure to significant customers and dependence on channels to market The risk that we are exposed to certain large customers and/or industries and that well-established distribution channels may change or consolidate.	**Market risk** • Build smart partnerships with customers. • Develop customer solutions which differentiate and expand our offering from product-based businesses. • Establish long-term contracts with key customers. • Diversify customer base.
Regulatory environment Many of the group's activities are governed, one way or another, by regulations. Due to the complexity and changing nature of these regulations across the industries and geographical spectrum of the group's activities, there are challenges in staying abreast of all developments and maintaining full compliance.	**Regulatory risk** • Management is responsible for the ongoing monitoring of all pending and actual changes to the group's regulatory environment. Due to the large number of jurisdictions which govern the group's activities, this monitoring occurs in each relevant country of operation. • Where feasible, the group will comment on proposed changes to the regulatory environment that may adversely affect the group in a particular jurisdiction.

Key risks	Category of risk and management response
Strategic employees skills Barloworld's key asset is the intellectual capacity and skills of its employees. This necessitates ongoing management of the challenges regarding recruitment, succession planning, skills retention and development.	Employee risk • Employee Value Creation (EVC) is the technique that Barloworld has introduced globally to align employees with the strategy of the organisation. • This process identifies and aligns all employee elements of a value-creating organisation to ensure sustainable intellectual capacity. • Through performance management systems, employees' purpose, role, function and accountabilities are defined, and using competency-based assessments, employees are regularly reviewed to ensure the appropriate skill sets are available to enable performance at optimum levels. Extensive training resources and facilities are in place to assist and encourage employees to enhance their levels of competence and performance. • An appropriate suite of reward and incentive schemes has been implemented to ensure recognition and retention of high-performing employees.

OUR STAKEHOLDERS

We believe that the existence of our business and continued success depends on the relationships we have with our stakeholders. Our stakeholders are our customers, employees, trade unions, principals and suppliers, shareholders, as well as communities and community-based organisations, various media and non-governmental organisations (NGOs). It is vital that we continuously evaluate our relationships and effectively engage with all stakeholders.

Employees

Our employees are one of the most important of our stakeholder groups. There are many meetings and employee participation structures throughout Barloworld that encourage and enable employees to contribute individually and collectively to our business. Employee Value Creation (EVC), our people management framework, addresses the alignment of all employees with our strategic objectives in terms of specific outputs and reward systems. All employment practices are legal and have as their objective the creation of an organisation that is recognised as an employer of choice. Employee training and development is key to our sustainability and continues to receive increasing focus to ensure that we maintain the requisite skills.

Employee numbers

Our employee base has reduced from 25 716 in 31 countries to 18 615 (core businesses only) in 26 countries. Included in these changes are the unbundling of PPC and the restructuring of the corporate offices. The Botswana and Namibia corporate offices were closed, leaving the South African and United Kingdom corporate offices. Our United Kingdom corporate office moved from London to Maidenhead.

Employee movement

During the reporting year, significant changes took place within our business resulting in a reduction in the number of employees in the group.

In the handling division (previously industrial distribution), DitchWitch, Vacuum Technology and Freightliner were sold. In the scientific division, Melles Griot was sold and the sale of laboratory is almost complete. In the coatings division, Coatings Australia was sold.

Within our core business, avoidable labour turnover (resignations) increased by 1% in 2007 as a result of supply and demand particularly in the South African businesses. In unavoidable turnover, deaths remain steady over the past three years at 0.37%. The percentage of dismissals has also been consistent over the 2006/2007 period.

At the corporate office in South Africa, employee numbers were reduced. As part of this downsizing process, employees close to retirement age were offered early retirement packages. Where positions became redundant and the employees were not close to retirement age, they were given favourable packages based on the number of years they had been with Barloworld. In addition, an out-placement agency was appointed to assist employees in finding new jobs. Throughout the process, Barloworld communicated openly and all employees were notified of developments in good time.

Number of employees as at end September 2007

	2007	2006
Core businesses		
Equipment	**6 752**	6 170
Automotive	**7 183**	6 128
Handling	**2 602**	3 516
Logistics	**1 727**	1 793
Corporate and other	**351**	467
Total	**18 615**	18 074
Non-core businesses		
Cement	**–**	3 026
Coatings	**2 377**	3 144
Scientific	**968**	1 472
Total	**3 345**	7 642
Grand total	**21 960**	25 716

Employee turnover – 2007

Divisions	Resignations	Transfers	Retrenchments/ redundancies	Retirements[1]	Dismissals	Deaths[2]	Other[3]
Core businesses							
Equipment	524	29	15	28	100	17	99
Automotive	1 254	4	3	57	115	28	185
Handling	471	9	55	43	154	9	629
Logistics	212	8	79	3	51	8	55
Corporate and other	20	10	39	4	3	–	–
Non-core businesses							
Cement	172	17	–	7	11	9	6
Coatings	347	18	25	39	56	25	38
Scientific	157	4	4	16	55	–	4
Grand total	3 082	96	220	197	633	96	1 015

1 *Including ill-health retirements due to HIV/Aids-related illnesses*
2 *Including deaths due to HIV/Aids-related illnesses and work-related fatalities*
3 *Reflects sales of businesses, termination of fixed-term contracts, permanent and temporary disabilities*

Diversity and opportunity

In our quest to be an employer of choice, we strive to create opportunities for the advancement of our employees. Where applicable, we offer benefits that exceed the legal minimum. These include medical assistance, subsidised canteens, employee assistance programmes (EAPs) and a range of other benefits which vary by country and business.

Employment equity

At Barloworld we are committed to the South African Employment Equity Act that advocates fair representation of historically disadvantaged South Africans (HDSAs). In our South African businesses we have a broad transformation agenda that includes employment equity. This is part of our commitment to establishing and maintaining a workforce that reflects the South African demographic, particularly in regard to the representation of HDSAs at senior levels of management.

The following executive appointments have been made:

- Isaac Shongwe appointed as an executive director of Barloworld Limited as well as chief executive officer of Barloworld Logistics Africa. His responsibilities include driving the Barloworld transformation programme (our target is to achieve a Level 5 BBBEE rating by the end of 2008 and Level 4 by the end of 2009).
- Dominic Sewela appointed as chief executive officer of Barloworld Equipment South Africa.
- Litha Nkombisa appointed as chief executive of Barloworld Motor Retail Southern Africa.
- Ciko Thomas appointed as marketing director for Barloworld Automotive.
- Sibani Mngomezulu appointed head of governance and corporate affairs for Barloworld Limited and appointed to the executive committee.

Barloworld increased its HDSAs (excluding white women) by an overall average of 8.2%.

African, Indian, Coloured (AIC) vs white employees

	2007		2006	
	AIC	White	AIC	White
Core businesses				
Board	**1**	**4**	–	9
Executive management	**7**	**60**	4	60
Middle management	**377**	**986**	276	914
Skilled upper/technical	**2 849**	**2 617**	1 829	2 169
Semi-skilled/apprentices/trainee	**2 631**	**439**	3 114	760
Labourers/unskilled	**563**	**9**	548	26
Total	**6 428**	**4 115**	5 771	3 938

In our South African core businesses, we increased our headcount of the African, Indian and Coloured (AIC) group by 656 people representing an 11.36% increase in the number of AIC employees. White employees increased by 178 employees, an increase of 4.5%. Good progress was made in the AIC categories of middle management and skilled upper/technical occupational levels.

With the increase in headcount within the core businesses of South Africa of 834 there was also an increase in the number of females within the businesses of 11.3% (280 females), while the male headcount increased by 7.6% (553 employees). The greatest areas of increase in the female headcount was in the middle management and skilled upper levels, boding well for future female leadership positions.

With the focus on improving gender equality, we employed 139 women outside of South Africa within the core businesses. They were recruited to senior management, middle management and skilled upper occupational levels.

Male and female employees – South Africa

	2007			2006		
	Male	Female	Total	Male	Female	Total
Core businesses						
Board	**5**	**–**	**5**	9	–	9
Executive management	**60**	**7**	**67**	58	7	65
Middle management	**951**	**412**	**1 363**	899	291	1 190
Skilled upper/technical	**3 829**	**1 637**	**5 466**	2 928	1 070	3 998
Semi-skilled/apprentices/trainee	**2 485**	**585**	**3 070**	2 894	980	3 874
Labourers/unskilled	**453**	**119**	**572**	442	132	574
Total	**7 783**	**2 760**	**10 543**	7 230	2 480	9 710

Employee attraction and retention

Attracting and retaining the necessary skills and talent that is required to create and sustain value for our stakeholders is important to us.

Performance management and reward

We can confidently say that we have dedicated and competent employees. Incentive schemes within our businesses reward employees for their discretionary contribution. Performance measures are linked to both financial and non-financial criteria. Our annual CEO Award programme recognises extraordinary performers in every business.

Transfer opportunities within Barloworld

Barloworld continued its international assignment programme with the aim of developing leaders and interchanging its culture in businesses across countries. In 2007, 134 employees were involved in the cross-country assignment programme.

One of our key objectives is to integrate the skills and talents of our employees. One of the tools we have to facilitate this is the Barloworld Career Opportunities site on the Barloworld intranet which is accessible to our employees. It offers our business units an internal recruitment tool which reduces costs and lives up to our communication promise.

Organisation and Employee Value Creation

For the success of organisational and Employee Value Creation (EVC), continuous engagement is a requirement and this is achieved through regular, structured employee meetings and team forums. Employee performance and development is achieved through balanced scorecards and individual development plans directly aligned to the implementation of business goals and the growth of the employee.

EVC is the methodology used to align our employees with our strategic objectives. The development of our employees is an intrinsic and necessary element of our journey towards achieving Barloworld's strategic goals.

EVC has now been rolled out virtually throughout all our businesses.

Human resources development

We believe that the future success of Barloworld is clearly linked to developing its people to meet future challenges. We therefore need our employees to learn and develop new capabilities.

Intellectual capital retention and development

As we like to grow leaders from within our businesses, we also aim to ensure that the leadership talent pool is effectively managed. To this end our Intellectual Capital Review (ICR) process assists the Barloworld executives to effectively manage and develop senior managers by identifying high-potential employees with leadership ability, and through benchmarking, opportunities are provided to identify, evaluate and develop future training and development plans. Managing this assists us to retain our key talent. The ICR system tracks data on these key 120 senior employees within Barloworld in order for them to be nurtured as key leaders.

On an annual basis, the CEO and executive directors responsible for each business, meet to discuss in detail the progress and development requirements of these senior employees.

Skills Development Award

Barloworld Equipment received a silver award in the recent Skills Development Awards in the category:

Employers Committed to the National Skills Development Strategy

The awards from the Department of Labour were given in recognition of companies committed to skills development, learning and development, and especially efforts in terms of learnerships. Barloworld was recognised for its contribution to the number of learners trained over the past few years. The company was also singled out for its foresight, especially in regard to the planned artisan training college. Barloworld was the only company from the earthmoving industry that is accredited by MERSETA to train artisans in both construction and mining.

We are the only company to receive this award in our industry.

Minister of Labour, Membathisi Mdladlana (left) hands a certificate to Barloworld Equipment HR director, Rickson Mboweni in recognition of the company's skills development efforts

Leadership development

Barloworld requires managers who can work in complex, multi-cultural situations; leaders who can manage the balance between delivering for today and investing for tomorrow. We place a high value on leadership development offering programmes aimed at developing the skills and knowledge of managers and leaders at different stages of their careers.

Barloworld's desired leadership philosophy and culture has been adopted by all of our businesses, and many leadership initiatives are aligned.

Barloworld's leadership initiatives include the Leadership Development Programme (LDP) and the Executive Development Programme (EDP), which are Barloworld specific, exposing delegates to the strategic intent of our business, global best practice and action-learning projects. They have become programmes which our managers aspire to. Delegates are drawn from all our businesses around the world. These leadership initiatives are the meeting ground for the identified future talent of our business. It is critical not only that the organisation's leadership development process is properly targeted, but that succession planning is carefully managed. To date, 363 managers and leaders (289 LDP delegates and 74 EDP delegates) have benefited since inception in 2000. This programme was deferred during the current year due to a change in the group's strategic direction. Programmes for 2008 have been fully subscribed.

Employee training and development

Barloworld recognises the strategic importance of employee training and development and comprehensive reviews are held throughout the company to assist in the development of our employees to achieve their full potential. Development action plans are put in place and monitored to ensure individual development.

Altogether 49.85% (5 256 employees) of our 10 543 South African employees within the Barloworld core businesses have development action plans; 34% (2 742 employees) in our core businesses outside South Africa have development action plans which are linked to growth and future opportunities.

An average of 1.6% of total payroll is spent on training. This is in addition to the 1% payroll levy paid to the relevant SETAs for our South African businesses. A broad range of technical and behavioural skills development is provided within the businesses. The key focus, however, is on the occupational levels of skilled upper/technical and semi-skilled/apprentices/trainee employees.

Excellent work continues in the area of technical training in many of the Barloworld businesses. A total of 81% of our training is conducted at the technical level within the South African core Barloworld business units.

Learnership programmes continue within our Barloworld Equipment and Barloworld Automotive businesses.

The Barloworld Equipment Operator Academy

Skills shortage is a challenge that is affecting both the Barloworld group and South Africa at large. In addressing this challenge, the Barloworld Equipment Operator Academy recruited and trained 66 unemployed people as earthmoving equipment operators between June and September 2006. This project was aimed at assisting individuals to find jobs and providing customers with much needed equipment operator skills.

Initially, Barloworld Equipment spent R600 000 on this initiative, and a further R1.5 million was spent in the 2006/2007 financial year to train a further 200 unemployed people.

According to the Operator Academy supervisor and chief training officer, Paul Sethusa, the project's objectives of providing jobs and skills have been achieved, as most of the recruited individuals are now employed in one of Barloworld's major market segments, namely construction, mining and plant hire.

Recruiting

"Because recruits are trained towards a national qualification, the Operator Academy strictly applies the entry standards set by the Sectoral Education Training Authority (SETA)," Paul explains.

Due to the stringent entry requirements, the national standard requires that entrants have a Grade 10 with English and Mathematics. In addition, applicants must be healthy enough to comply with the 'red ticket' standards of the mining industry and pass standard psychometric tests that ensure they have the required aptitude and personal attributes to do the job.

On successful completion of the programme, the graduate leaves the Barloworld Equipment Operator Academy with a professional CV, psychometric test results, a health report and a CETA (Construction Education and Training Authority) certificate of competency in the operation of particular earthmoving machines.

Training

Since most of the trainees have no or minimal work experience, Barloworld offers a World of Work course to prepare them for employment by providing them with skills in personal finances and wellness. Another programme offered is the Plant Operation NQF Level 2, which involves both theoretical and practical training. This is offered on the operation of selected earthmoving equipment at the Operator Academy in Isando.

Caterpillar machines hired from the Barloworld Equipment Cat Rental Store are used for practical training. These machines have been selected specifically because of their high utilisation in the relevant market segments. According to Paul, this gives the graduates a better chance of employment, due to their qualification on this popular range of equipment, for which skills are in high demand.

Caterpillar machines being used at the moment for the programme are graders, hydraulic excavators, wheel loaders and articulated trucks. Other machines will be added at a later stage based on demand.

Graduates completing the Plant Operation NQF Level 2 course receive an interim certificate of competence from Barloworld Equipment, which is valid until the national certificate is received from the CETA.

Thabiso Makae gets to grips with a Caterpillar 140H grader under the guidance of instructor Peter Rasebopye.

Adult-Based Education Training (ABET)

There are a number of learners participating in ABET programmes within our South African operations. Empowered by the EVC process and our commitment to uplifting the skills of our employees, we encourage a culture of self-development and learning.

Labour relations

We have an ongoing focus on maintaining positive and open industrial relations.

The involvement of employees in decision-making is extensive throughout Barloworld through various forums including unions. Employees who are not unionised are engaged through structured team forums – these take place in virtually all Barloworld divisions.

In South Africa, stay-away action and disruption to transport systems occurred as a result of non-work-related issues in the form of socio-economic protest action, mainly against poor service delivery. However, none of our stakeholders were materially affected by these protest actions.

During the reporting period the Barloworld businesses continued to have good relationships with the unions that represent our employees. The motor industry did have their national negotiations and these were concluded with minimal disruption to our businesses.

Employee communication

Transparency and openness are essential. Through the integrated EVC approach, regular, structured employee meetings are encouraged within our operations between employees and management. The rule of communication is that there are no taboo subjects.

With varying frequency, most employee communications are conducted through personal contact, supported by newsletters, committees, briefings and employee participation forums.

Another communication initiative is through formal induction programmes. These facilitated sessions share group initiatives and strategies with new employees.

Our quarterly newsletter, *Building Barloworld*, was replaced during the year with an electronic newsletter called *Briefing Barloworld* which is sent to all employees worldwide as and when information needs to be shared with our employees. During the financial year 12 editions were published.

Additionally, every business has its own dedicated internal publication that focuses on issues that are unique to that business.

Perception surveys

As we attempt to create value for our employees, it is essential that employees' perceptions of the organisation are measured. The process used to measure perceptions is called the Individual Perception Monitor (IPM) and is carried out annually. Through the survey, we are able to benchmark annual progress, monitor areas for improvement and note areas where additional focus is required.

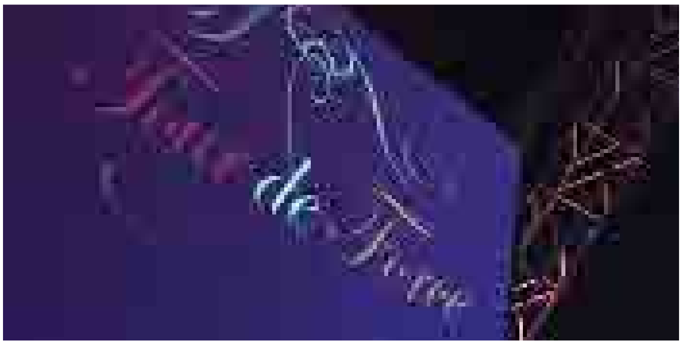
The IPM feedback is analysed by company, location, department and work area, which allows in-depth understanding at business level.

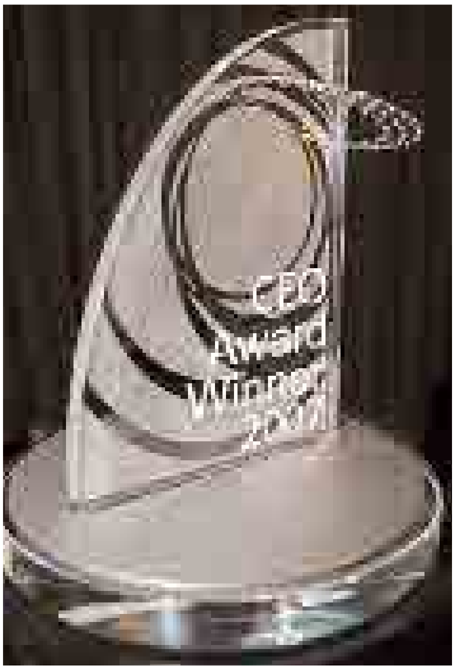
The IPM has been running for three years and has shown consistent improvements each year.

Global grading system

A need was identified to have a more formal approach to the management of human resources in Barloworld. A consistent approach was required for the management of reward at executive and senior management levels. A global grading system has been implemented at executive and senior management level, which has enabled us to focus on internal equity, consistency across businesses and/or countries, and to determine fair and consistent executive reward levels.

CEO AWARDS





excellence

BARLOWORLD CEO'S AWARD NOMINEES

Overall winner

Ottair Rambau

Operations supervisor – Luxury Collection and Point-to-Point (National Department of Transport account)

Avis Rent a Car Southern Africa

Pretoria, South Africa

Ottair Rambau joined Avis in September 2002. From the outset he was recognised as someone with extraordinary abilities.

One of Avis Point-to-Point's strategically important accounts is managed as a broad-based black economic empowerment joint venture. The customer is the National Department of Transport (NDoT) and the South African President's office is a key component.

The size and complexity of the account created logistical challenges with service delivery. In response, a satellite branch, headed by Ottair, was set up in Pretoria in September 2006. Ottair's sole focus was to provide solutions to the customer's requirements, a challenge which he met by developing a specific 'Vision' for the NDoT account.

Immersing himself in this task, within a period of 10 months Ottair and his team were directly responsible for tripling the value of the account.

Ottair's management style is decisive and he holds the trust and respect of his staff. His ability to communicate and energise his fellow employees has seen him develop a team that is willing and able to deal with the unexpected and still provide a superior service.

The foundation of Ottair's success is his constant focus on team building, coaching and customer-centric behaviour. This has resulted in a team of Luxury Collection chauffeurs who operate at a very high level of customer satisfaction.

Paul Bowers

IT project development manager

Barloworld Logistics

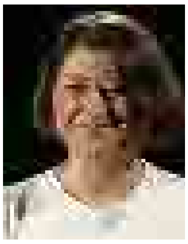
Johannesburg, South Africa

American educator, Booker T Washington, once said: "Few things can help an individual more than to place responsibility on him, and to let him know that you trust him".

No one illustrates this more clearly than Paul Bowers who in moving from a technical to a management role succeeded in enhancing the reputation of Barloworld Logistics as a leading integrator of innovative supply chain solutions. At the same time, the way in which he interacts with his team has seen him develop into someone who is admired and respected by management, colleagues and customers alike.

Paul, who started his career as a motor mechanic, has worked himself up to being among the most competent software developers in the Barloworld group. He has studied for the past five years and is currently in his final year of a BSc (Hons) degree. His passion for staying abreast of technology and trends led to him developing an in-house warehouse management system that saved the company a significant sum of money, as well as earning income from sales to customers.

An important facet of Paul's success is his ability to influence the people he works with. His impact on the people in his team has resulted in a steady flow of innovative ideas. He has also empowered a number of his people and their output and confidence has grown beyond measure. Paul lives his personal belief that knowledge should be shared and has developed a team of people who, by constantly looking for new and innovative solutions, are adding value to themselves and to Barloworld.



Anna Chisholm

National Response Centre (NRC) manager

Barloworld Handling

Maidenhead, United Kingdom

When it comes to products and service, excellence is what customers want. And excellence is what Anna Chisholm delivers. Since taking over the management of Barloworld Handling's National Response Centre (NRC), Anna has not only been instrumental in growing a high-value and often exceptionally demanding customer base, but has also created a stable call centre team with an exceptionally low staff turnover rate.

When Barloworld Handling decided to centralise all service calls for the United Kingdom through its NRC in Maidenhead, there was scepticism from external and internal customers alike.

Anna met the challenge head on. Internally she concentrated on settling her young team by hand-picking members to champion a new set of standard operating procedures. Within a relatively short space of time she had successfully created a 'can do' environment. Simultaneously, she worked with great determination to deliver service excellence to her customers.

Anna has achieved success on several levels. Not only has the work done by the NRC contributed to improving market share, service and contract margins for Barloworld Handling, but Anna has successfully doubled the call centre team in under three years while keeping staff turnover at half that of the national average.

Added to this is the way that Anna has embraced the concept of Employee Value Creation (EVC). As a result, each team member takes ownership of achieving the team objectives and is a willing participant in ensuring the ongoing success of the NRC.

Santiago Galera Garriga

Service technician

Barloworld Finanzauto

Valencia, Spain

Santiago Garriga joined Barloworld Finanzauto as a ferry specialist to work as a member of the team servicing the Federico Garcia Lorca, a fast ferry moored in Palma de Mallorca. Owned by Balearia, the ferry works seven days a week transporting people and goods between the Balearic Islands and Spain. These vessels carry some 900 passengers and 250 cars on each trip and delays or breakdowns are simply not acceptable.

When Santiago joined the team, the customer maintained its own fleet of ferries. Its workshop personnel resisted assistance from Barloworld Finanzauto and all repairs were carried out with pirate parts. At this point, Barloworld Finanzauto had a market share of less than 50% in this sector.

Using his training and excellent personal skills, Santiago gradually gained the confidence of the company. Today the relationship between Barloworld Finanzauto and Balearia is built on respect and trust, with the customer seeing Santiago as an asset to its business rather than simply a product and service supplier.

As a result, this account is the 11th largest in Barloworld Finanzauto.

Santiago has also had the foresight to share best practices with the rest of the Customer Service Agreement (CSA) team, which means that the customer is not dependent on him as an individual, but is able to look for and receive support from every member of the team.

Santiago is an excellent example of the potential that our servicemen, and mechanics have to secure and grow the Barloworld business.

Matthew Govender

Managing director, Barloworld Siyakhula

Corporate Office

Sandton, South Africa

Matthew has been responsible for the establishment of Barloworld Siyakhula, a company created specifically to boost Barloworld's efforts to improve its enterprise development initiatives and organisational reputation in the marketplace.

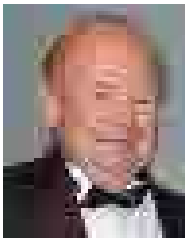
Apart from the normal challenges associated with a project of this nature, Matthew was forced initially to work in a very fluid context because the appropriate black economic empowerment (BEE) legislation had not yet been finalised.

Furthermore, the general level of understanding of BEE was low in the group as well as in many of the departments with which Matthew had dealings. Despite this, Matthew concluded five investments within a period of 12 months and ensured that the Barloworld group achieved full marks for this category in the BEE scorecard, the grouping generally recognised as the most difficult with which to comply.

Indicative of the strategic importance of this initiative is that when the project launched this year, government officials, top management and shareholders of the Barloworld group were in attendance.

Matthew demonstrates an agile and incisive mind and is very comfortable operating in a complex and ambiguous context. He is quick to see ways around challenges and also demonstrates knowledge of financial management issues.

The recipient of the Barloworld Spirit Award in 2005, Matthew coaches the SA Women's Volleyball Team and also coaches volleyball at the Oprah Winfrey Leadership Academy.



Peter Malley

Operations manager

Barloworld Equipment

Lubumbashi, Democratic Republic of Congo

In a 2005 World Bank survey, the Democratic Republic of Congo was judged the most difficult place in the world to do business. Corruption is rife, infrastructure non-existent, and yet Barloworld Equipment veteran Peter Malley could see the business potential presented by this country.

Peter's grasp and understanding of the opportunities and challenges inherent in Africa are without parallel. Based in Zambia at the time, the resurgence of the copper price was enough to convince him of the opportunity for growth not only in Zambia, but in the Katanga province of the neighbouring Democratic Republic of Congo (DRC).

Driven by the need to create solutions for customers, Peter thoroughly researched the opportunities in Katanga province from every angle. He tabled a business case for the province with the management committee in Zambia a full year before the various parties agreed to explore the possibilities.

Subsequently nominated as project leader for the formation of Congo Equipment, the joint venture that resulted from the successful negotiations, Peter went on to head the JV's bids for the supply and support of equipment in the new territory.

He also volunteered to move to Katanga province to facilitate the establishment of a base for the company so that business could be successfully conducted.

Despite language difficulties, harsh weather conditions and widespread disease, Peter has more than succeeded. His work on one project alone resulted in Barloworld Equipment's biggest single order ever, worth some R1 billion in new equipment. As a direct result of Peter's actions, prominent South African mining industry figure Patrice Motsepe has publicly lauded Barloworld for its courage and foresight in establishing a presence in the DRC while everyone else was 'still thinking about it'.

Health and safety

The health and safety of our employees is critically important. The management of occupational health and safety (OH&S) is an integral part of employee value creation. The implementation and rollout of OH&S strategies is the direct responsibility of business unit CEOs.

As a company operating in different parts of the world, we apply the principles contained in the ILO Guidelines on Occupational Safety and Health management systems that include:

- the identification, elimination or control of work-related hazards or risks;
- instruction or training of line managers to take responsibility for health and safety, and engage employees through workplace forums and health and safety committees;
- setting targets for continuous improvement; and
- complying with the relevant national laws and regulations.

We have established formal joint health and safety committees comprising management and worker representatives. In accordance with the Occupational Health and Safety Act, these cover all staff in South African operations. Elsewhere in the world, operations comply with local legislation. Furthermore, adherence to the OHSAS 18001 Standards for Health and Safety management ensures consultation with all relevant stakeholders regarding all matters relating to health and safety in the workplace.

The current OH&S management system is structured to ensure that legal compliance is achieved in all our operations. Our handling (United Kingdom), coatings and equipment (Middelburg) operations maintained their OHSAS 18001 certification and the rest complied with internal OH&S structures.

There are systems in place to promote and monitor our approach towards OH&S within our operations, including the monitoring of OH&S risks. OH&S hazards and risks are identified through the Barloworld OH&S management system, which is in line with OHSAS 18001 standards and ILO guidelines. In addition, risks are identified through the joint health and safety committees. Once every two years all dealerships in the automotive business unit are audited and scored on a Trend Tracker Risk Audit programme covering OH&S issues. Other OH&S risk management programmes are implemented at divisional level and these include elimination or substitution of hazardous substances or processes and engineering practices such as the use of local exhaust ventilation.

The recording and notification of occupational accidents and diseases across the group comply with the group's best practice and local and international legislative requirements.

Regular audits of the OH&S management systems and the set key performance indicators are conducted by Marsh (SA) Limited.

During the reporting period, no material fines or instances of non-compliance with regulations were recorded.

OH&S training

To ensure that OH&S issues are comprehensive, training and communication are considered part and parcel of the OH&S management system.

Safety

During the reporting period, our average lost-time injury frequency rate (LTIFR) showed a 20% improvement compared to 2006, in the core operations. LTIFR is a calculation of the number of occupational injuries which resulted in an employee being unable to perform his or her duties for one full shift or more on the day following the day on which the injury occurred, whether it is a scheduled workday or not.

There were regrettably two workplace-related fatalities as a result of motor vehicle accidents – one within Barloworld Equipment South Africa and one within Avis Rent a Car Southern Africa.

As part of our safety management strategy, we ensure that all accidents and incidents are monitored and trends analysed to prevent reoccurrences. We continue to enforce stringent safety rules within all operations.

Health and safety statistics

Divisions	Lost-time injury frequency rate (LTIFR)		Fatalities		Occupational diseases	
	2007	2006	2007	2006	2007	2006
Equipment	**3.73**	3.92	**1**	1	**4**	–
Automotive	**0.36**	0.99	**1**	–	**–**	–
Handling	**1.70**	4.71	**–**	–	**5**	–
Logistics*	**1.77**		**–**	–	**–**	–
Corporate and other	**1.19**	1.97	**–**	–	**–**	–
Coatings	**2.23**	1.68	**–**	–	**4**	2
Barloworld total	**2.03**	2.32	**2**	1	**13**	2

** LTIFR for 2006 included in corporate*

Note: A lost-time injury (LTI) is defined as any workplace injury where an employee or a contractor is injured and is unable to resume his/her duty for more than one shift or one day. The lost-time injury frequency rate (LTIFR) is the number of lost-time injuries X 200 000 hours divided by the total hours worked.

Occupational health and wellness

The health of our workforce is an important component of sustainability. There are stringent occupational health requirement expectations within our operations. These include the wearing of personal protection equipment (PPE) and vigilance in the workplace. During the reporting year, 13 individuals were compensated for occupational diseases such as noise-induced hearing loss.

At Barloworld we have a proactive and comprehensive range of wellness programmes including the provision of medical aid and employee assistance programmes. In addition to HIV/Aids management, other diseases are covered by our wellness programme.

Our four on-site clinics in southern Africa provide occupational health programmes and primary healthcare to approximately 2 000 employees. Occupational health cover will be extended to all Barloworld Equipment employees in South Africa in the coming year.

HIV/Aids

In recognition of our responsibility towards managing HIV/Aids, we have various programmes in place consisting of interventions in the following key areas: prevention, education, voluntary counselling and testing (VCT) and disease management.

Prevention programmes include poster campaigns, ongoing awareness programmes, provision of free reading materials, condom dispensers with free condoms at all workplaces and high-profile initiatives for World Aids Day. Education initiatives include seminars available for all employees at their workplaces on relevant topics. Training is also provided to managers on managing HIV/Aids in the workplace. Our employees in southern Africa are encouraged to know their HIV status through confidential VCT.

Over the past five years we have been involved in an initiative to promote knowledge of employee HIV status. In this regard, a campaign labelled "Know your Status" was implemented in South Africa in 2005 and it is envisaged to be repeated at least every three years. Approximately 8 060 employees have participated in the voluntary counselling and testing campaign since its inception. This campaign was conducted in all Barloworld southern African sites during the past three and a half years, with a 60% response rate. Of the participants, 5.3% were found to be HIV positive.

It is envisaged that Barloworld will spend R1.5 million for the next "Know your Status" campaign in 2008.

All employees have access to counselling, medical advice and appropriate treatment. In some instances treatment is covered by medical aid schemes, but in most cases assistance is provided through a company-sponsored disease management and treatment programme. Barloworld runs an antiretroviral medication programme which currently benefits 30 employees. There are at least 56 employees and their dependants on antiretroviral medication via medical aid schemes and two via state facilities. The company programme is reviewed annually in line with national and industry developments.

HIV/Aids statistics in Barloworld Southern Africa*

Divisions	Employees	Employees who know their status	% who know their status	Number HIV positive	% HIV$^{\Delta}$ positive
Equipment	3 188	2 684	84	104	3.9
Automotive	5 645	3 141	56	132	4.2
Logistics	1 475	394	27	68	17.3
Corporate	235	163	70	5	3.1
Coatings	2 144	1 256	59	92	7.3
Barloworld total	12 687	7 638	60	401	5.3

* *HIV/Aids statistics for handling division are not reported as testing has not been done*

Δ *The percentage of HIV positive employees is calculated using the number of employees who know their status*

Absenteeism

Absenteeism due to ill health across all our business units, as an indicator of productivity, is relatively low. During the past five years the sick absenteeism rate in our southern African businesses has remained at between 1.5 and 2.0%.

HIV/Aids in Barloworld Automotive

Barloworld Automotive has a proud record of making a concerted effort to sensitise its southern Africa employees to the HIV/Aids pandemic. To this end a long-term commitment has been made and a programme established to provide affected employees with sponsored counselling and antiretroviral treatment.

Motor Retail South Africa *("Know your status")*

A series of three interactive workshops by Free to Grow took place at 61 sites in Motor Retail South Africa in 2003/2004. This programme focused on lifestyle choices and prevention. Motor Retail SA then partnered with People Management and embarked on a country-wide programme of voluntary counselling and testing in 2005. The "Know your Status" campaign was exceptionally well received by our employees as shown by the participation statistics.

Avis Rent a Car Southern Africa and Avis Fleet Services *("Know your Status")*

As part of the Barloworld Automotive family, the South African Avis Rent a Car and Avis Fleet Services operations implemented the Barloworld Motor Retail Southern Africa "Know your Status" campaign in 2007. This campaign introduced free access to anonymous counselling and treatment for all Avis employees in South Africa. The extensive programme took place across 20 sites and was well supported as evidenced by the attendance statistics.

Benefits at Barloworld Automotive

The principal benefit of these interventions is that employees know their status and are able to look after themselves and others accordingly. This creates significant value for employees.

Other benefits include Barloworld Automotive's understanding of the extent and prevalence of the disease among its employees, thus being able to identify the associated risks and react appropriately.

Antiretroviral treatment in Barloworld Automotive

In line with Barloworld Automotive's approach to its social responsibilities, a programme was set in place in August 2005 whereby all employees have been offered free access to a managed treatment programme. This is done on a completely anonymous basis. Where the employee does not have medical aid cover, the company has committed to sponsor the cost of the treatment. To this end "Aid for Aids", a certified service provider, has been appointed to place affected employees under the care of a country-wide network of doctors who are familiar with the HIV/Aids counselling and treatment protocols.

Aids-related volunteer work and sponsorships with Barloworld Automotive

Each business unit allocates its resources identified for corporate social investment in a manner that is most pertinent to the communities in which they operate.

Motor Retail Southern Africa has over the years 'adopted' various Aids orphanages in the major centres. On a regular basis Motor Retail Southern Africa employees visit these orphanages and provide company- and employee-sponsored items including clothing, curtains, bedding and school materials. Employees have also given of their free time to plant vegetables and fruit trees. Christmas functions have been held on an annual basis at all these orphanages. Gifts and toys are handed over to make Christmas time special for these children and to give them a sense of belonging.

Avis Rent a Car Southern Africa sponsors a broad spectrum of organisations but in particular the St. Francis Hospice and the Witwatersrand Hospice. A more structured sponsorship programme is now under way with the Starfish Foundation. Avis Fleet Services has close links with the Hamlet Foundation, and staff volunteer to visit orphans and provide them with gifts and toys.

HUMAN RIGHTS

Barloworld has policies and structures in place to ensure that such rights are not violated and, in the event of such occurrence, internal processes are in place to address such contraventions. All the countries in which we operate are member states of the United Nations and therefore comply with the Universal Declaration of Human Rights.

The International Labour Organisation (ILO) identified certain conventions that are fundamental to the rights of workers:

- Freedom of association;
- The abolition of forced labour;
- Equality; and
- The elimination of child labour.

At Barloworld we apply the principles contained in the ILO Guidelines on human rights and all conventions. These guidelines are framed within our Code of Ethics. For the year under review, no incidents involving child, compulsory or forced labour involving Barloworld were reported.

Legal protection of human rights varies in the countries in which Barloworld operates. Where gaps exist between the company's policy or guidelines and the law of the relevant country, the approach adopted is to follow fairness in principle and implementation, with applicable law as the minimum requirement.

All employees are engaged on terms which conform to the labour standards of the relevant country. In South Africa, conditions of employment are closely regulated by a body of legislation which includes stringent employment equity and labour laws. Various industry charters stipulate employment measures designed to rectify historic human rights prejudices suffered by large numbers of the population.

Policies preventing discrimination

The Barloworld code of conduct declares that "we do not discriminate, for any reason whatsoever, and treat everyone with dignity and complete respect". An equal-opportunity framework is in force throughout the company. We utilise affirmative action and black economic empowerment measures in terms of the Employment Equity and Black Economic Empowerment Acts in South Africa. We are alert to unfair discrimination through our ethics line and grievance procedures. Appropriate actions are taken to address unfair discrimination, including disciplinary procedures which may result in dismissals.

Freedom of association and collective bargaining

Entrenched in our history is the right to freedom of association. We recognise trade unions and associations that have a significant representation among our employees, and they participate in collective bargaining forums with company management. The degree of unionisation of our businesses is consistent with the norm of the countries in which we operate and provides evidence that we promote freedom of association and collective bargaining.

Disciplinary appeal practices

All businesses have well-established disciplinary and grievance procedures in place. These are formal, documented and easily accessible to all employees. The formal disciplinary procedures provide a framework for fair, systematic and uniform exercise of discipline in the workplace. The aim is to ensure an educational, corrective and valuable outcome.

Accountability and responsibility for disciplinary action is vested in line management. To promote transparency and fair treatment of our employees, an employee who receives a formal hearing may typically elect to be assisted by another employee.

In the case of dismissal, a formal appeal may be lodged. Such an appeal will be heard by the senior manager on site. If this is successful, the employee will be reinstated retrospectively with no loss of basic employment benefits. Should an appeal fail, the dismissal will become effective in terms of the original notification. Should an employee wish to take the matter further, he or she is entitled to process it in terms of the South African Labour Relations Act or any other applicable legal avenue. South African labour legislation provides for a quasi-legal system for appeal through the Commission for Conciliation, Mediation and Arbitration (CCMA) or the dispute resolution structure set-up in specific industries.

Grievance procedures are intended to create environments conducive to good employee relations by taking prompt and fair action when employees have legitimate complaints. These grievance procedures consist of formal channels for resolving problems as early as possible. Responsibility for settlement of grievances vests with line management. In presenting a grievance, an employee may not be placed at a disadvantage through lack of knowledge or skill. There is a facility for representation by any other permanent employee. An interpreter would not be classified as such a representative.

Barloworld guarantees employees and their representatives, if any, that use of the company's grievance procedure will not jeopardise either their respective positions or the merits of the case. This acts as a non-retaliation policy.

EXTERNAL STAKEHOLDERS

Our external stakeholders are a diverse group consisting of communities, non-governmental organisations, customers, investors, regulators, suppliers and contractors. In conducting our business, we also endeavour to find win-win solutions that deliver on our shareholders' economic mandate without harming the environment and communities. In the following sections, we provide details of our approach, performance and future challenges as far as socio-economic involvement is concerned.

Team Barloworld

Five years ago Barloworld made a decision to sponsor a cycling team as part of its strategy to make Barloworld a global household name. Today, Team Barloworld is a highly successful and internationally respected team of professional cyclists.

To achieve our brand objective, we aimed for Team Barloworld to become the first South African-sponsored team to ride in the Tour de France within five years. This goal was met in 2007, when Team Barloworld not only competed in the Tour de France, but enjoyed a truly successful season with 21 wins and 26 second-place finishes overall.

The Tour de France is the third most watched sporting event in the world after the Soccer World Cup and the Olympics, with 4.5 billion viewers. Our team won two stages of the Tour through Robert Hunter and Maurico Soler as well as the second most coveted jersey in the Tour de France, the Maillot Pois Rouge (King of the Mountains jersey). Overall we were the third most successful team in the Tour de France. Team Barloworld achieved its objective of making Barloworld a global household name. In the month of July alone, global media impact measured R1 billion, a phenomenal return on investment.

Team Barloworld's success is based on the values it shares with Barloworld – leadership, passion, honesty and integrity. We also share the same brand philosophy, winning through a combination of teamwork and individual excellence.

The team members are captain Robert Hunter, King of the Mountains Maurico Soler, Alex Efimkin, Fabrizio Guidi, Giosue Bonomi, Enrico Degano, Paolo Longo Borghini and Kanstantsin Siutsou, to name a few of the 17 riders.

The team is supported by internationally respected Italian team manager Claudio Corti and 13 employees.

Black economic empowerment (BEE) in South Africa

Barloworld's BEE policy has been in place for four years. This policy is translated into shorter-term objectives aligned to Barloworld's five-year strategic planning horizon.

Barloworld's operations in South Africa comply with the letter and spirit of broad-based black economic empowerment through the implementation of its BEE policy.

Direct empowerment

Black employees and previously disadvantaged communities should have an equity stake in our South African business interests. Our target for historically disadvantaged South Africans (HDSAs) ownership is an effective 25.1% over the value of South African assets. We do, and will continue to participate in joint ventures and other commercial arrangements with black enterprises.

In South Africa Barloworld will:

- finalise an appropriate BEE structure for the Barloworld group that recognises the leadership role that Barloworld needs to assume, in terms of transformation of the South African economy, ensuring BEE delivers long-term shareholder benefits;
- promote initiatives aimed at progressing broad-based black economic empowerment (BBBEE);
- identify and pursue BEE opportunities at all levels to either unlock value for the business or preserve current value into the future;
- choose BEE partners, where possible, who have both a broad-based ownership structure and can play an appropriate value-adding role in our businesses;
- promote the productive and sustainable participation of black enterprises and black people in Barloworld; and
- ensure that joint ventures or partnership arrangements are meaningfully structured with equitable division of the risks and rewards to each party.

Indirect empowerment

Through our South African operations' procurement initiatives (Barloworld black economic empowerment through preferential procurement) Barloworld aims to:

- set affirmative procurement targets;
- increase its procurement from enterprises that have made significant progress in the area of BEE and are rated as good or satisfactory contributors to BEE, based on the South African Department of Trade and Industry (DTI) balanced scorecard;
- reduce the cost of goods and services we purchase; and
- monitor and report on our procurement performance.

In conjunction with company-wide procurement initiatives, each business is required to actively pursue BEE procurement initiatives. Barloworld uses DTI approved, independent rating agencies to rate Barloworld's key suppliers' empowerment status.

We focus on enterprise development as a means of increasing our HDSA supplier and customer base. As evidence of this commitment we launched Barloworld Siyakhula and other initiatives.

Strategic objective

It is our intention to ensure our South African business units achieve a Level 5 rating by end 2008 and Level 4 rating by end 2009 in terms of the BBBEE codes of best practice. BBBEE compliance is expressed in terms of eight recognition levels. These are:

- Level 1 contributor (BEE recognition level: 135%)
- Level 2 contributor (BEE recognition level: 125%)
- Level 3 contributor (BEE recognition level: 110%)
- Level 4 contributor (BEE recognition level: 100%)
- Level 5 contributor (BEE recognition level: 80%)
- Level 6 contributor (BEE recognition level: 60%)
- Level 7 contributor (BEE recognition level: 50%)
- Level 8 contributor (BEE recognition level: 10%)
- Non-compliant contributor (BEE recognition level: 0%).

Level 4 is considered fully compliant with the codes on BBBEE.

Being at Level 4 allows companies that procure from you to claim 100% of the procurement spend, thus assisting them with the procurement elements of the scorecard.

Barloworld Siyakhula

On 3 October 2007, Barloworld launched its Enterprise Development Fund – Barloworld Siyakhula – as part of its ongoing commitment to enterprise development and sustainable BBBEE.

Barloworld Siyakhula is a wholly owned subsidiary of Barloworld and provides financial and non-financial support primarily to small and medium suppliers, contractors and enterprises as well as assisting in the exploration and development of greenfield business opportunities within the Barloworld value chain.

It also provides affordable, accessible knowledge and funding to potential black investors as well as to existing companies seeking to achieve sustainable transformation.

Barloworld Siyakhula houses an investment fund with an initial capitalisation of R20 million and aims to make a considerable contribution to the process of transformation, job creation and skills transfer in South Africa through partnerships and investments in emerging small and medium enterprises (SMEs).

The fund's slogan is 'Growing Together', underpinning its philosophy for empowerment, development and growth.

The Barloworld Siyakhula initiative stems from the fundamental belief that the development of small enterprises will be advantageous to the economy. Siyakhula works closely with all Barloworld divisions and complements Barloworld's established BEE strategies.

To date, the fund has committed a collective R18.7 million in equity and loans in five businesses: Avis Van Rental Pretoria; Avis Van Rental Western Cape; Moe & Company Owner-Drivers; Nathi Africa; and Rubber Lay.

These enterprises generate combined annual revenue in excess of R82 million and collectively employ 152 people, 64 of whom are new employees appointed since Siyakhula's investment.

The Siyakhula board of directors comprises Peter Surgey (chairman); Ian Stevens (group general manager: finance); Sibani Mngomezulu (group executive: governance and corporate affairs); and Matthew Govender, who has been appointed as managing director of the fund.

Membership of organisations

At Barloworld, participation in industry and business associations has allowed us to learn about and improve our good practices. Through such participation we have also been able to positively influence our business partners, particularly those along our value chain. We also value dialogue that emanates from our involvement in, and engagement with, advocacy organisations.

Investor relations

As Barloworld is an international company we understand the importance of keeping investors, financial analysts and brokers informed about our business strategies and objectives, including the sustainability of our operations. We regard transparency and disclosure as vital elements of our governance practices.

We have a responsibility to our shareholders and other providers of capital to deliver sound economic performance in line with their expectations. We also take it upon ourselves to ensure that we communicate the need to balance economic performance with responsible governance, and good environmental and social performance.

Barloworld has a simple shareholder structure with over 87% of our shares held by institutional investors. Approximately 67% of these are based in South Africa with the balance being mostly in the United States and Europe. The company borrows from a range of South African and multinational banks.

As of September 2007, the four top shareholders were the Public Investment Corporation (PIC) (15.65%), Sanlam Investment Management (8.24%), Stanlib Asset Management (7.23%) and Investec Asset Management (5.57%). Holdings by Sanlam and Stanlib exclude shares held and managed on behalf of the PIC.

Customers

Customer satisfaction

The value of customer satisfaction is not underestimated as we believe that satisfied customers are likely to be loyal customers.

Most of our divisions have stringent systems for the evaluation of customer satisfaction. In the automotive division, customer satisfaction is seen as paramount. Manufacturers conduct customer satisfaction surveys in all aspects of operations, and dealerships have their own ongoing customer satisfaction monitoring systems in place. The car rental business conducts monthly independent customer satisfaction surveys. The results of these are reported on and reviewed monthly at group executive level and quarterly at board level. Overall, the business unit is highly rated by customers, and in South Africa, Avis Rent a Car is consistently voted the best car rental company.

In all our businesses, customer and consumer health and safety is a top priority. Where we are the distributor of a product, we investigate concerns in conjunction with the manufacturer. Where we supply equipment to customers, various training programmes are in place to ensure that the customer is provided with the required knowledge of safe operation of the equipment.

During the reporting year there were no instances of non-compliance with any regulation concerning customer health and safety, nor were any penalties or fines for any breaches recorded.

Principals and suppliers

The nature of our value chain has led to the nurturing of close relationships with a number of manufacturers and organisations for whom we license brands and technology, for example Caterpillar, Avis and Hyster.

Ongoing and regular meetings with other suppliers are held by our management teams. Our automotive division executives attend dealer council meetings and have high-level and regular engagement with Avis Europe plc. Travel agents, airline and tour operators through which customers book car rentals, as well as providers of supportive systems, are also important to Barloworld Automotive.

Our Agents Policy requires providers of materials and services to maintain policies and procedures within their own organisations that ensure responsible safety, health, environmental and community (SHEC) management, and promote the protection of human rights of their employees and customers. Where we contract services from outside parties, such parties must comply with responsible SHEC standards and the human rights regulations of the relevant country.

A high proportion of payments for goods provided and services rendered are made in accordance with agreed terms across all divisions in the group. Caterpillar Inc accounted for some US$1.4 billion (2006: US$850 million) of the purchases of the equipment business.

Advertising

Barloworld complies with the advertising codes in the countries in which its companies operate and with societal norms and expectations. Advertising in South Africa is governed by the policies as set out by the Advertising Standards Authority of South Africa (ASA), an independent body that promotes self-regulation within the communications and advertising industry. No breaches of advertising and marketing regulations were reported during the year under review.

Product information and labelling

Product information and labelling requirements are mostly relevant to the coatings division. The policy of the division in South Africa is to supply a Material Safety Data Sheet (MSDS) in SABS approved format, with each finished product supplied. No finished product may be launched without the generation of an approved MSDS.

No instances of non-compliance with any regulation concerning product information and labelling, nor any penalties or fines for any breaches, were recorded in the year.

Government relations

Governments not only legislate and regulate our operations, but they are also important stakeholders for all our businesses. We maintain regular interactions between our senior management and key members of government departments and portfolios in South Africa in order to stay abreast of government thinking and initiatives.

Political lobbying and political donations

We regularly engage lawmakers on matters affecting our businesses around the world. We do not retain professional lobbyists anywhere and our approach is always transparent and constructive. We do not fund political parties or their candidates.

Community engagement

The communities and societies in which our businesses operate are stakeholders in the business and, as such, the divisions are mindful of the value they create for such communities. Aspects of this value creation include providing employment, paying rates and taxes, raising the profile of the community and direct assistance in terms of contributions of both financial and other resources. Principally, engagement is through local councils, but in many instances community structures are engaged and employees are encouraged to participate in charities, schools and similar institutions and structures. Our business units and individuals are encouraged to contribute time, skills, resources and funds to communities.

Corporate Social Investment

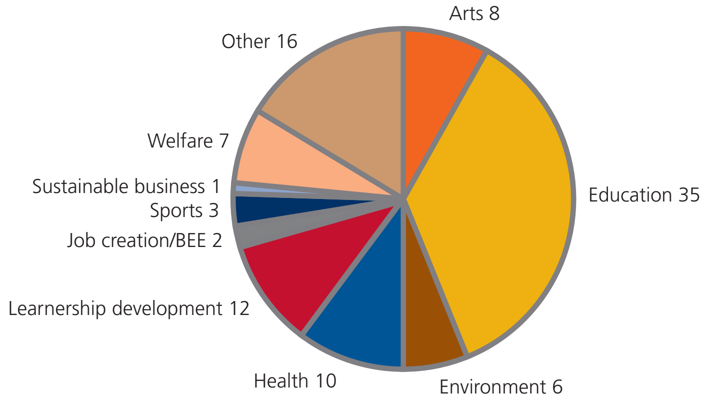
Corporate Social Investment (CSI) has been institutionalised in Barloworld since the mid-1970s. Our CSI activity reflects our ethos and the group's commitment to adding value. Barloworld has co-founded a number of multi-sector partnerships to channel efforts to benefit society, the scale and purpose of the partnerships being what has made them successful. The Business Trust, the National Business Initiative (NBI) and Business Against Crime are more recent manifestations of these efforts.

Our CSI programme, which is focused on South Africa, is managed by the CSI department in our corporate office in Johannesburg, and includes both direct expenditure by the company and disbursements from the Barloworld Foundation. As responsible corporate citizens, Barloworld's leadership remains both engaged on the key issues in society and responsive to the interests and concerns of a diverse group of stakeholders. Strategic direction and guidance are provided through quarterly CSI committee meetings and include the CEO, four executive directors and three executives from the corporate office.

CSI programmes are developed through the Barloworld Trust and the Barloworld Foundation and grants of various sizes are directed to effective organisations working across a wide spectrum of social need, always taking into account the need for empowerment of previously disadvantaged communities, broadening the ownership base of the economy and promoting transformation in South African society.

At Barloworld, we have a target to allocate 1% of the company's global profit after tax to CSI activities. In 2007, R16 million (2006: R17 million) was spent by the group.

2007 CSI group spend R16 million (%)



Many of our employees volunteer in a variety of ways, offering time and talents to assist a range of organisations working to improve quality of life and develop communities. Employees can use one day of work time per annum to participate in volunteering activities. This is intended to ensure that time donated by the company to support volunteering can be accounted for.

Barloworld supports a number of developmental solutions which facilitate:

- the development of strong, responsible leaders in business, government and civil society;
- upgrading the quality of and improving access to education to provide the skills critical to economic growth and sustainable development;
- impacting on HIV/Aids infection rates;
- supporting orphaned and vulnerable children;
- empowering disabled people to operate in the mainstream of society; and
- protecting the environment.

The key initiatives that we support include:

- Working with Wits Business School to establish a programme in transformation and socio-economic empowerment in its centre for entrepreneurship.
- Barloworld and the Aspen Institute are founding sponsors of the Africa Leadership Initiative (ALI) in South Africa. ALI is a fellowship to build capacity and strong networks in next generations of African leaders from business, government and civil society.
- The President's Award for Youth Empowerment works to instil the values of self-reliance, perseverance, responsibility and service to the community in young people at schools and state-run residential and correctional facilities.
- Through the NBI, Barloworld has co-funded a three-year collaboration to enhance capacity in the Eastern Cape province. A pool of coaches and mentors is assisting provincial administration officials to improve expenditure in order to increase investor confidence in the province.
- Barloworld Artworks, in partnership with Business and Arts South Africa, is a programme which provides opportunities for individuals to volunteer their business skills and experience to work with arts organisations to introduce a stronger business orientation into the sector.
- CIDA, South Africa's first "virtually free to student" university, is a good example of how Barloworld supports innovative approaches to development challenges. Students at CIDA are selected on the basis of academic excellence, leadership ability and their willingness to participate actively in the transformation of South African society.
- Penryn College's Penreach, the largest whole school development outreach programme in Africa, serves as an excellent example. Barloworld's original seed funding for Penryn College in Mpumalanga in the early 1990s and its ongoing support for Penreach is having an impact in over 900 disadvantaged schools in the vicinity.
- Barloworld partnered with Mindset Network to deliver learning and teaching content directly into classrooms, using innovative technology platforms.
- To help reduce the incidence of HIV among teenagers, Barloworld has partnered with LoveLife. LoveLife's programmes address the underlying factors that fuel the pandemic and, although its messages are uncompromising, they are optimistic and couched in language that young people can relate to.
- Barloworld supports Nurturing Orphans of Aids for Humanity (Noah) to mobilise communities in South Africa to care for children affected and infected by HIV/Aids, to assist and encourage each one to become a functional and responsible member of society. Noah is currently taking care of more than 33 000 children through the establishment of Arks to support extended families within communities.

ENVIRONMENT

Barloworld's approach to the environment

We are committed to sound environmental management. Environmental responsibility is one of our business drivers and an integral part of our 10 Pillars of Sustainability. As a group we attempt to minimise our impact on the natural environment and utilise natural resources responsibly.

From 2006, we started reporting according to the G3 reporting standard. In doing so we are aiming towards transparency and comprehensiveness in our reporting.

Management systems and processes

Energy consumption, greenhouse gas emissions and the use and disposal of chemicals, batteries, oil and tyres are the sources of our environmental impacts. Our operations have environmental management systems in place to ensure that environmental risks are managed and, where impacts occur, these are mitigated. Our business units operate in an environment of increasingly strict compliance requirements, particularly in the European Union, and a growing customer demand for ISO 14001 certification. The environmental management systems that our operations have in place are in line with ISO 14001 requirements.

Certified management systems

An increasing number of our operations have elected to have their environmental management systems certified to ISO 14001.

ISO 14001 certification

Divisions	Certified operations
Equipment	Barloworld Equipment Middelburg SA
Automotive	Avis Rent a Car Sweden and Avis Rent a Car Norway
Coatings	Barloworld Plascon South Africa (3 sites) Barloworld Automotive Coatings (1 site) International Chemical Corporation (1 site)

Minimising our environmental impact

Each operation is responsible for its own environmental management, taking full cognisance of the requirements of the broader organisation and ISO 14001 requirements. Our divisions have different strategies in place to mitigate their negative environmental impacts.

The coatings division has converted, where possible, to water-based formulations for its products and is investing in a water treatment capability.

The automotive division offsets carbon emissions through a tree-planting programme. Equipment undertakes regular risk audits, performed by Marsh SA.

Product and service stewardship

In our commitment to the environment we ensure that product and service stewardship is a priority. We make a continuous effort to improve product design so as to minimise negative impacts associated with the manufacturing process and with the use and disposal of materials.

Where we represent other companies' brands, they are of high international reputation and comply with leading international standards and norms.

In logistics, we assess and manage our supply chain in respect of outsourcing and supplier sustainability performance, applying key performance indicators and implementing supplier accreditation policies, which entail environmentally friendly supplying.

We strive to reduce environmental impacts during the distribution of our products by using our own well-maintained and managed fleet, as well as reputable transport companies who are required to meet defined standards set by ourselves.

During the reporting year, we did not record any incidents of non-compliance with regulations concerning product and service stewardship.

Environmental performance

Materials

The broad range of products and services offered by Barloworld implies usage of a diverse range of materials.

Our resources include waste products, minerals and manufactured materials. As part of the supply chain process, we ensure that all of our resources are sourced from credible suppliers who practise sound environmental and quality principles.

A table showing the consumption of major materials for 2006 and 2007 is included below.

Materials used

Major material	Unit	2007	2006	Business unit*
Acids	kℓ	**6.54**	62	Equipment
Additives and colourants	kℓ	**18 671**	12 207	Coatings
Cardboard	tons	**1 253**	892	Equipment and handling
Emulsions and alkyd resins	tons	**41 493**	33 938	Coatings
Extenders and fillers	tons	**45 514**	758 576	Coatings
Lubricants	kℓ	**3 748**	12 971	Coatings, logistics, handling, automotive and equipment
Paints and oils	kℓ	**1 680**	1 049	Handling, automotive, equipment and coatings
Paper	tons	**640**	347	Equipment, automotive, handling and coatings
Solvents	tons	**24 844**	19 705	Handling and coatings
Tyres	units	**41 903**	21 424	Coatings, logistics, automotive, handling and equipment

* *2006 figures are inclusive of cement and scientific division consumables. In 2007, these divisions are no longer included due to unbundling/disposal*

Energy

Barloworld recognises that energy derived from non-renewable resources is a diminishing and valuable resource. All of our operations strive to find more efficient and responsible ways of using energy. The automotive, equipment, handling and logistics divisions all operate fleets of vehicles which run on petroleum products.

Energy usage

Divisions	Electricity used (MWh) 2007	2006	Fuel usage (million litres) 2007	2006
Equipment	**19 200**	15 692	**8.08**	7.37
Automotive*	**56 166**	53 788	**12.50**	11.27
Handling	**8 588**	16 110	**4.80**	5.30
Logistics	**nr**	nr	**9.60**	14.00
Corporate	**5 116**	5 653	**nr**	nr
Coatings#	**17 815**	22 625	**1.98**	2.89
Cement	**UB**	650 000	**UB**	12.23
Scientific	**UB**	21 482	**UB**	nr
Barloworld total	**106 884**	785 349	**36.96**	53.06

* *The current usage is based on the business units' internal consumption and not that of the customer base*
\# *Electricity data for coatings has changed for 2006 due to a change in reporting methodology*
nr not recorded
UB unbundled/sold

The substantial overall decrease in energy usage is due to the unbundling of two of our divisions, of which cement accounted for over 80% of the total electricity consumption in the group in 2006. In addition, the coatings division sold off some Australian operations which resulted in a 27% reduction in electricity usage compared to 2006. Our handling division also sold Truck Center, DitchWitch and Vacuum Technology, which resulted in a substantial reduction in energy consumption. Energy consumption across the board has increased in the equipment division due to growth in activity levels. There has also been an increase in the number of maintenance and repair contract sites – these are workshops on mines run by the equipment division, and a new site was opened in the Democratic Republic of Congo. The automotive division also increased its energy consumption across the board due to increased levels of activity plus the addition of new facilities.

Energy efficiency programmes

For our logistics, fleet management and vehicle hire operations, we use modern technology vehicles, which improves the consumption of fuel. We also ensure that all our vehicles undergo regular maintenance.

The largest contribution in terms of energy efficiency comes through the lifetime use of the products that we sell. Where relevant, we will engage with our suppliers to encourage them to develop more energy-efficient products.

Some of our principals are making strides in developing energy efficient products. For example, both Hyster and Caterpillar have major research and development programmes focused on continuously improving the energy efficiency of their products.

Water

Barloworld's operations obtain most of their water from municipal and local government water supply systems.

Water consumption (million litres)

Divisions	2007	2006
Equipment	**115.3**	141.0
Automotive	**541.6**	501.0
Handling	**43.2**	39.0
Logistics	**0.2**	nr
Corporate	**9.8**	10.9
Coatings	**174.0**	206.0
Cement	**UB**	2 848.0
Scientific	**UB**	nr
Barloworld total	**884.0**	3 745.9

nr not recorded
UB unbundled/sold

In 2007, water consumption reduced drastically due to the unbundling of the cement division, which was the largest water consumer in the group. In addition, the coatings business unit sold off some Australian assets.

The most water utilised in the logistics division is that used to wash vehicles. Due to the increased outsourcing of vehicles to owner drivers, the amount of water used has decreased.

Discharges
For all of our operations, water is sourced from municipal systems and is disposed of in municipal sewerage systems. The quality of effluent is dictated and controlled by municipal by-laws and standards. In coatings, all effluent water is treated and sampled prior to being discharged into the municipal water systems at all factories. Systems are not yet in place to monitor the quantity of water released into the municipal sewerage system. We recognise that our systems are not always foolproof and that the equipment division received one fine and one notice for effluent quality.

As no water is released into the natural system, no water sources, related ecosystems or habitats are significantly affected by discharges of water or runoff from our operations.

Recycling and re-use of water
Where possible, operations in the automotive division are in the process of installing automatic vehicle washing machines capable of recycling.

The water used to wash vehicles in the logistics division is re-used in order to water the gardens which surround our depots.

In addition, some of the operations treat and re-use sewage effluents discharged from offices to water gardens.

Emissions

Due to the unbundling of PPC, which was the largest emitter of CO_2, Barloworld's emissions have reduced significantly in 2007. Barloworld recognises that it still has work to do in order to compile an accurate and comprehensive emissions baseline. Some of Barloworld's principals have taken measures to address their emissions. Automotive's car rental operations have introduced environmentally friendly vehicles in their car rental fleets where commercially feasible. There are some 40 Toyota Prius vehicles in South Africa, 500 Saab BioPower vehicles in Sweden, 10 Toyota Prius and 20 Smart vehicles in Norway. In an attempt to offset the impact of the division's contribution to climate change, tree-planting initiatives have been undertaken.

In 2006, some divisions reported their own carbon dioxide equivalent emissions, and where these were not provided, they were calculated. However, in order to ensure consistency between the divisions, it was decided to calculate the emissions of all the divisions using energy consumption for this year's report. Therefore, in order to ensure comparability between years, the CO_2 equivalent emissions for the active Barloworld divisions were also calculated for 2006 and are restated in this report accordingly.

Emissions^

Divisions	CO_2 (tons) 2007	2006
Equipment	**37 462**	31 233
Automotive	**79 346**	74 269
Handling	**18 880**	26 593
Logistics	**22 869**	33 351
Corporate	**4 435**	4 901
Coatings	**24 265**	29 273
Cement	**UB**	5 415 497
Scientific	**UB**	4 968
Barloworld total	**187 257**	5 620 087

^ *These emissions were calculated using the calculation tools of the greenhouse gas protocol initiative (www.ghgprotocol.org)*
UB *unbundled/sold*

ACERT™ Technology from Caterpillar

Barloworld Equipment's 80-year partnership with Caterpillar has not just been about the supply of Caterpillar equipment. It has also been about the successful introduction of environmentally responsible technologies into southern Africa based on many years of research and development by Caterpillar.

Caterpillar's latest diesel engines produce dramatically fewer oxides of nitrogen and near-zero particulate matter while maintaining durability, fuel efficiency and performance. ACERT Technology enables Caterpillar engines to meet current and future emissions regulations and provides a long-term solution for the global engine market.

Through ACERT, dramatic reductions in regulated emissions have been achieved around the world. Today Caterpillar's on-highway engines produce virtually zero particulate matter, and by 2014, its off-road engines will produce 95% less particulate matter than a decade ago.

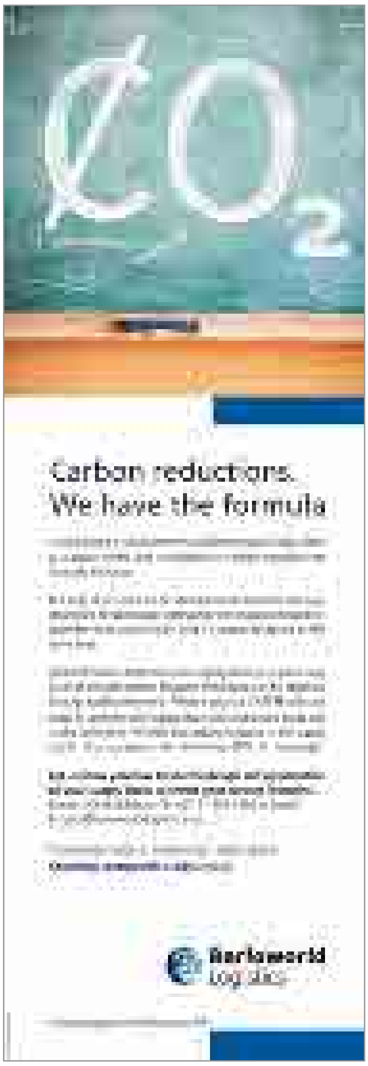
Since 2003, Caterpillar has shipped about half a million on-highway diesel engines with ACERT Technology. By the end of 2007, some 95% of new earthmoving machines between 175 and 750 horsepower will feature this clean-diesel technology.

Engines with ACERT Technology meet current emissions regulations in the United States of America and Europe and engines in Caterpillar's test labs already meet 2010 on-highway and 2011 off-road regulations.

All Cat marine engines are certified to the International Maritime Organisation's regulations for oxides of nitrogen emissions.

Painting the logistics supply chain green

"Carbon footprint refers to the expression of our impact on the environment in terms of kilograms of greenhouse gas. Your carbon footprint is greatly dependent on your lifestyle and, in the case of companies, on the way in which you conduct your business. The way in which a company manages its logistics therefore also has an extremely significant impact on its carbon footprint, for example, if a company purchases from far away, whether they transport their goods via air, road or rail, or whether they make use of electricity or diesel, all affects their carbon footprint," says Paul Stuiver, CEO of Barloworld Logistics.



As consumers become increasingly environmentally selective, companies are recognising that they need to optimise their supply chains, not only in terms of the traditional levers of cost and service level, but also in terms of carbon emissions.

In addressing climate change challenges, many companies are setting carbon emission reduction targets at board level, and logistics managers need to ensure that their supply chains are aligned to contribute to the reduction targets.

The supply chain is an important area where companies can reduce their carbon footprint. In order to gain the maximum benefit, carbon reductions should be incorporated into the supply chain at the design stage.

The technology to measure carbon footprint and implement necessary changes has been developed by our team in the United Kingdom to help clients measure their footprint in the supply chain. CAST-FE is an optional module of our leading supply chain design system CAST that calculates the environmental impact of any supply chain modelled in CAST. Barloworld Optimus has worked with a number of companies on projects designed to analyse and reduce carbon emissions.

Starting from a CAST results database, CAST-FE incorporates industry standard data together with user input to estimate the carbon footprint of a distribution network. The carbon footprint is defined as the CO_2 emissions produced as a result of operating the supply chain concerned, taking account of both transport and storage facilities.

This comprehensive approach, at the design stage, enables companies to look at a range of supply chain strategies and configurations for minimising carbon emissions. Implementing the system has shown savings of 9% in supply chain costs with a 28% reduction in carbon emissions.

Waste

All waste produced is disposed of responsibly through re-use, recycling, incineration or to landfills. Waste generated includes: acids, batteries, glass, lubricants, steel, packaging, pallets, paper, plastic, solvents, tyres and water. Presently there is no comprehensive system in place to keep a record of the quantity of waste generated across the divisions.

Waste handling and removal is outsourced to certified waste contractors, who dispose of the waste at licensed disposal sites. Hazardous waste is disposed of at permitted hazardous waste sites, and certificates of safe disposal are issued to Barloworld.

Each coatings site has a dedicated full-time Safety, Health and Environmental Risk (SHER) team. The SHER teams manage waste using the waste reduction, segregation, re-use and recycle principles, and ensure that waste sent off-site for disposal, re-use or recycling is managed responsibly by doing routine 'Duty of Care' audits on waste contractors. The coatings division has made significant waste reduction progress by:

- recycling solvents back into batches;
- recycling wash water back into products;
- engineering improvements which have reduced the amount of wash water required;
- treatment of residual wash water for re-use;
- compaction of sludge to minimise landfill; and
- re-use of sludge in a high solid industrial sealer.

The packaging team ensures that waste is reduced at source through minimising packaging material and, where possible, using packaging that is recyclable or made from recycled materials.

For the most part, with the exception of coatings, Barloworld represents other companies' brands. The disposal of the products is at the end of the life of their use, when they are with our customers. Presently we do not have the systems in place to follow the products we sell from cradle to grave.

Biodiversity

Our operations are conducted in industrialised and urbanised areas and therefore have minimal direct impacts on terrestrial, fresh water and marine environments, or biodiversity-rich areas. Barloworld's impact on biodiversity would be indirectly through sourcing of raw materials, emissions, discharges and waste production, which can affect the quality of the environment as well as through carbon emissions, which contribute to climate change. Due to the indirect nature of our impacts on biodiversity, we do not see the necessity of having a biodiversity policy and action plan, but will rather focus on managing our direct impacts.

However, in our role as a good corporate citizen we are involved with the Endangered Wildlife Trust through various initiatives that ensure conservation of the environment.

Hand-in-hand with the Endangered Wildlife Trust

To demonstrate its commitment to conservation, Barloworld became the first patron of the Endangered Wildlife Trust (EWT) in September 2005. Barloworld continues with its commitment and is still one of the EWT's most committed partners.

Barloworld also serves the EWT in other ways. Among other things, Barloworld contributes to the EWT's core costs, which support a variety of projects that raise awareness about the importance of maintaining the integrity of essential ecosystems.

Through various projects, Barloworld has assisted the EWT in achieving its vision of "A healthy planet and an equitable world that values and sustains the diversity of all life".

Conservation Leadership Training Programme with students out in the field.
Photographer – Graeme Wilson.

Legal non-compliance

During 2007, Barloworld's automotive division received two non-monetary sanctions in the South African motor retail business unit and one in Sweden. The equipment division received one fine for non-compliance with municipal by-laws in regard to effluent quality and one non-financial notice of poor effluent quality.

Performance of suppliers

Barloworld requires suppliers to adhere to all relevant environmental legislation. However, for most of our businesses, there are no standard programmes in place across business units to measure supplier performance in this regard. Should specific matters arise, these are taken up with suppliers on a case-by-case basis. We encourage suppliers and contractors to provide environmentally sound goods and services.

LIMITED ASSURANCE REPORT ON SPECIFIC PROCEDURES IN THE SUSTAINABILITY REPORT

29 November 2007

The Directors
Barloworld Limited
PO Box 782248
Sandton
2146

Dear Sirs

REPORT OF THE INDEPENDENT AUDITORS TO THE DIRECTORS OF BARLOWORLD LIMITED ON LIMITED ASSURANCE PROCEDURES REGARDING SELECTED PERFORMANCE INDICATORS PUBLISHED IN THE SUSTAINABILITY REPORT IN BARLOWORLD'S ANNUAL REPORT FOR THE PERIOD 1 OCTOBER 2006 TO 30 SEPTEMBER 2007.

Scope

You have requested that we perform limited assurance procedures for selected performance indicators to be published in the sustainability report in Barloworld's annual report for the year ended 30 September 2007. Our limited assurance procedures were conducted with the objective of expressing a conclusion on whether anything came to our attention that causes us to believe the selected performance indicators are not presented fairly. Limited assurance procedures include examining, on a test basis, evidence supporting the selected performance indicators.

The selected performance indicators are as follows:

- Value added statement;
- Group CSI spend 2007;
- Employee profile, limited to: number of employees; employee breakdown by race; and male and female employee breakdown;
- Lost-time injuries and fatalities; and
- Certified management systems.

Methodology

We conducted our audit in accordance with International Standards for Assurance Engagements 3000 (Revised), "Assurance Engagements other than audits or reviews of historical financial information" ("ISAE 3000"). This standard requires that we plan and perform the procedures to obtain limited assurance that the selected performance indicators are presented fairly in accordance with the criteria set out in the sustainability report.

Considerations and limitations

Non-financial data are subject to more inherent limitations than financial data, given both their nature and the methods used for determining, calculating or estimating such data. We have not undertaken work to confirm that all relevant issues are included, nor have we carried out any work on data reported in respect of future projections and targets.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the selected performance indicators listed above are not presented fairly.

Deloitte & Touche
Registered Auditors

Per Andrew Waller
Partner
29 November 2007

Buildings 1 and 2, Deloitte Place
The Woodlands Office Park
Woodlands Drive
Sandton

National executive: GG Gelink, chief executive, AE Swiegers, chief operating officer, GM Pinnock, audit, DL Kennedy, tax, L Geeringh, consulting, L Bam, strategy, CR Beukman, finance, TJ Brown, clients and markets, NT Mtoba, chairman of the board, J Rhynes, deputy chairman of the board.

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

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER

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

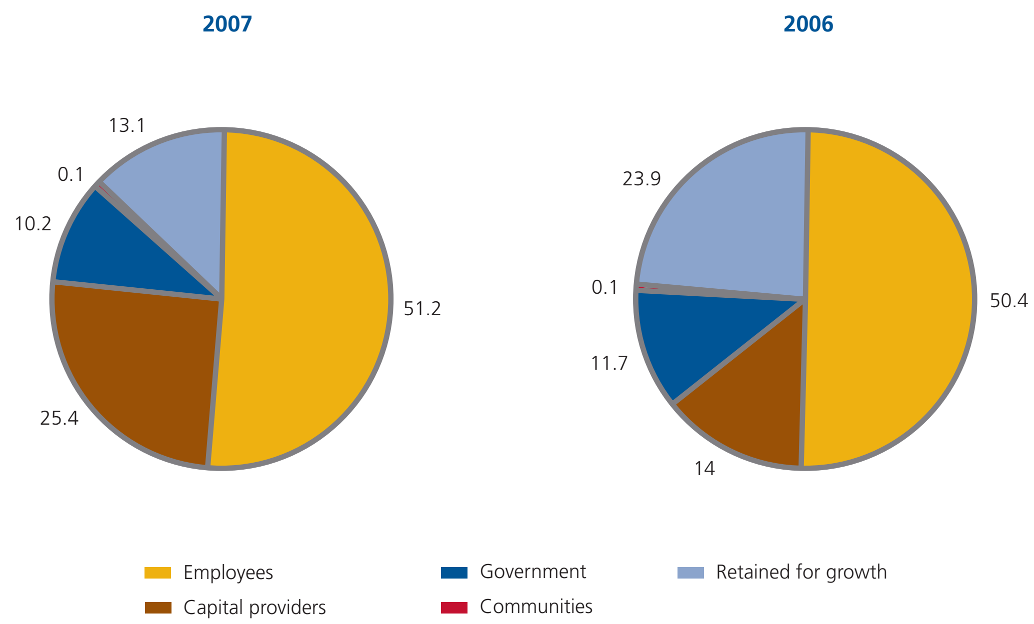
	2007 Rm	2007 %	2006 Rm	2006 %	2005 Rm	2005 %
Revenue from continuing operations	**43 238**		35 281		31 247	
Revenue from discontinued operations	**7 021**		9 187		8 039	
Paid to suppliers for materials and services	**34 268**		30 977		27 377	
Value added	**15 991**		13 491		11 909	
Income from investments^	**340**		294		247	
Total value created*	**16 331**		13 785		12 156	
Value distribution						
Employees (note 1)	**8 362**	**51**	6 941	50	6 450	53
Capital providers	**4 144**	**25**	1 925	14	1 663	14
Finance costs	**902**		630		466	
Dividends to Barloworld Limited shareholders	**2 285**		995		823	
Dividends to minority shareholders in subsidiaries	**344**		300		374	
Unbundling of cement	**613**					
Government (note 2)	**1 667**	**10**	1 610	12	1 161	10
Communities (Corporate Social Investment)	**16**		17		21	
Reinvested in the group to maintain and develop operations	**2 142**	**13**	3 292	24	2 861	23
Depreciation	**2 157**		1 930		1 826	
Retained profit	**(144)**		1 307		951	
Deferred taxation	**129**		55		84	
	16 331	**100**	13 785	100	12 156	100
Value added ratios						
Number of employees (30 September)Δ	**21 960**		25 716		25 963	
Revenue per employee (Rand)#	**2 088 959**		1 717 608		1 534 729	
Value created per employee (Rand)#	**685 081**		532 455		474 881	
Corporate Social Investment – % of profit after taxation	**0.6**		0.6		1.0	

Notes

	2007 Rm	2006 Rm	2005 Rm
1. Employees			
Salaries, wages, overtime payments, commissions, bonuses and allowances**	**7 114**	6 068	5 486
Employer contributions+	**1 248**	873	964
	8 362	6 941	6 450
2. Central and local government			
Current taxation	**1 412**	1 345	961
Regional Service Council levies	**36**	63	54
Rates and taxes paid to local authorities	**86**	77	67
Customs duties, import surcharges and excise taxes	**118**	111	63
Skills development levy	**18**	16	18
Cash grants and cash subsidies granted by the government	**(3)**	(2)	(2)
	1 667	1 610	1 161

^ *Includes interest received, dividend income and share of associate companies' and joint ventures' retained profit.*
* *In addition, PPC shares with a market value of R19.3 billion were distributed to shareholders in 2007.*
\# *Based on average number of employees.*
** *Represents the gross amounts paid to employees including taxes payable by the employees.*
\+ *In respect of pension funds, retirement annuities, provident funds, medical aid and insurance.*
Δ *Includes the coatings and scientific divisions in 2007.*

Value distribution (%)



PRO FORMA RESULTS FOR RESTRUCTURED BARLOWORLD

The following unaudited pro forma financial information represents the results of the Barloworld group for 2007 and 2006 excluding the results of cement, steel tube, coatings, scientific, the United Kingdom lease book, and the Freightliner, DitchWitch, Vacuum Technology and Finaltair businesses. All these divisions and businesses have either been unbundled or sold this year or are in the process of being unbundled or sold. The material assumptions are set out in the notes following the table. Due to the nature of the pro forma financial effects, they may not fairly present the Barloworld group's financial position after the unbundling/sale, nor the effect on the Barloworld group's future earnings. The pro forma financial effects are the responsibility of the Barloworld board and are provided for illustrative purposes only.

GROUP INCOME STATEMENTS ADJUSTED FOR DISCONTINUED OPERATIONS AND OTHER DISPOSALS

	Year ended 30 September 2007								
		Deduct discontinued operations and other disposals							
R million	**Reported**	Cement	Scientific	Steel tube	Finaltair	Foreign currency translation reserve	Coatings	Handling	**Barloworld Restructured**
	A	B	C	D	E	F	G	H	**I**
Revenue	**43 238**						2 347	2 513	**38 378**
Operating profit	**2 741**						381	6	**2 354**
Fair value adjustments on financial instruments	**287**						(8)		**295**
Finance costs	**(816)**						(17)	(15)	**(784)**
Income from investments	**272**						8	2	**262**
Profit before exceptional items	**2 484**						364	(7)	**2 127**
Exceptional items	**(160)**				(140)	197		(102)	**(115)**
Profit before taxation	**2 324**				(140)	197	364	(109)	**2 012**
Taxation	**(658)**				45		(109)	63	**(657)**
Secondary taxation on companies	**(151)**						(2)		**(149)**
Profit after taxation	**1 515**				(95)	197	253	(46)	**1 206**
Income from associates and joint ventures	**68**						15		**53**
Net profit from continuing operations	**1 583**				(95)	197	268	(46)	**1 259**
Discontinued operations									
Profit from discontinued operations	**976**	972	98	6			(100)		
Net profit	**2 559**	972	98	6	(95)	197	168	(46)	**1 259**
Attributable to:									
Minority shareholders	**289**	275					5		**9**
Barloworld Limited shareholders	**2 270**	697	98	6	(95)	197	163	(46)	**1 250**
	2 559	972	98	6	(95)	197	168	(46)	**1 259**
Earnings per share (cents)	**1 120**	344	48	3	(47)	97	81	(23)	**617**
Headline earnings per share (cents)	**1 181**	339	36	10			129	(19)	**685**
Weighted average number shares in issue (thousands)	**202 673**								**202 673**

		Year ended 30 September 2006					
		Deduct discontinued operations and other disposals					
R million	**Reported**	Cement	Scientific	Steel tube	Coatings	Handling	**Barloworld Restruc-tured**
	A	B	C	D	G	H	**I**
Revenue	**35 281**				2 023	2 946	**30 312**
Operating profit	**2 207**				313	35	**1 859**
Fair value adjustments on financial instruments	**233**				9		**224**
Finance costs	**(542)**				(14)	(13)	**(515)**
Income from Investments	**202**				9		**193**
Profit before exceptional items	**2 100**				317	22	**1 761**
Exceptional items	**116**				(1)		**117**
Profit before taxation	**2 216**				316	22	**1 878**
Taxation	**(633)**				(95)	(9)	**(529)**
Secondary taxation on companies	**(27)**				(1)		**(26)**
Profit after taxation	**1 556**				220	13	**1 323**
Income from associates and joint ventures	**72**				19		**53**
Net profit from continuing operations	**1 628**				239	13	**1 376**
Discontinued operations							
Profit from discontinued operations	**1 118**	1 238	54	(112)	(62)		
Net profit	**2 746**	1 238	54	(112)	177	13	**1 376**
Attributable to:							
Minority shareholders	**389**	344			3		**42**
Barloworld Limited shareholders	**2 357**	894	54	(112)	174	13	**1 334**
	2 746	1 238	54	(112)	177	13	**1 376**
Earnings per share (cents)	**1 139**	432	26	(54)	84	7	**644**
Headline earnings per share (cents)	**1 171**	432	24	24	95	7	**589**
Weighted average No shares in issue (thousands)	**206 959**						**206 959**

Explanatory notes:

1. Column A is the published income statement as reported.
2. Discontinued operations' results for the period ended 30 September are disclosed per columns B,C and D.
3. Column G represents the results for the period ended 30 September of the Coatings segment which is to be unbundled in December 2007.
4. Column H represents results for the period ended 30 September of the Freightliner, DitchWitch and Vacuum Technology businesses that were sold during 2007.
5 Column E relates to the Finaltair investment (associate) and represents impairment losses and closure costs deemed to be non-recurring.
6. Column F represents the release of the foreign currency translation reserve on disposal of Freightliner and the United Kingdom Leasing book also deemed non-recurring as related to disposals.
7. Column I represents the result for Barloworld excluding the amounts specified in columns B to H.

LIMITED ASSURANCE REPORT ON PRO FORMA FINANCIAL INFORMATION

29 November 2007

The Directors
Barloworld Limited
PO Box 782248
Sandton
2146

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF BARLOWORLD LIMITED FOR THE PERIOD 1 OCTOBER 2006 TO 30 SEPTEMBER 2007

We have performed our limited assurance engagement in respect of the pro forma financial information included in the annual report, regarding the pro forma results of the restructured Barloworld, issued to assist readers to better understand the current year's operating performance of the core businesses that will comprise the "future" Barloworld group. The pro forma financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the restructurings have affected the reported financial information presented.

Directors' responsibility

The directors are responsible for the compilation, contents and presentation of the pro forma financial information contained in the annual report and for the financial information from which it has been prepared. Their responsibility includes determining that: the pro forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Barloworld Limited; and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountant's responsibility

Our responsibility is to express our limited assurance conclusion on the pro forma financial information included in the annual report to Barloworld Limited shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on Pro Forma Financial Information issued by SAICA.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the pro forma adjustments in light of the accounting policies of Barloworld Limited, considering the evidence supporting the pro forma adjustments and discussing the adjusted pro forma financial information with the directors of the company. In arriving at our conclusion, we have relied upon financial information prepared by the directors of Barloworld Limited. While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the pro forma financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the issuer; and
- the adjustments are not appropriate for the purposes of the pro forma financial information as disclosed in terms of the sections 8.17 and 8.30 of the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the annual report, to be issued on or about 24 December 2007, in the form and context in which it will appear.

Deloitte & Touche
Registered Auditors

Per AG Waller
Partner

28 November 2007

Buildings 1 and 2, Deloitte Place
The Woodlands Office Park
Woodlands Drive
Sandton

National Executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Tax, L Geeringh Consulting, L Bam Strategy, CR Beukman Finance, TJ Brown Clients & Markets, NT Mtoba Chairman of the Board, J Rhynes Deputy Chairman of the Board

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

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

DIRECTORS' RESPONSIBILITIES AND APPROVAL

FOR THE YEAR ENDED 30 SEPTEMBER 2007

The directors of Barloworld Limited have pleasure in presenting the annual financial statements for the year ended 30 September 2007.

In terms of the South African Companies Act, 1973, as amended, the directors are required to prepare annual financial statements that fairly present the state of affairs and business of the company and of the group at the end of the financial year and of the profit or loss for that year. To achieve the highest standards of financial reporting, these annual financial statements have been drawn up to comply with International Financial Reporting Standards.

The annual financial statements comprise:

- the balance sheets;
- the income statements;
- the cash flow statements;
- a seven-year summary of balance sheets, income statements, cash flow statements, as well as statistics in respect of ordinary share performance, profitability and asset management, liquidity and leverage, and value added;
- a summary in other currencies; and
- segmental analyses.

The reviews by the chairman, the chief executive officer, the finance director and the detailed operational reports discuss the results of operations for the year and those matters which are material for an appreciation of the state of affairs and business of the company and of the Barloworld group.

Supported by the audit committee, the directors are satisfied that the internal controls, systems and procedures in operation provide reasonable assurance that all assets are safeguarded, that transactions are properly executed and recorded, and that the possibility of material loss or misstatement is minimised. The directors have reviewed the appropriateness of the accounting policies, and concluded that estimates and judgements are prudent. They are of the opinion that the annual financial statements fairly present the state of affairs and business of the company at 30 September 2007 and of the profit for the year to that date. The external auditors, who have unrestricted access to all records and information, as well as to the audit committee, concur with this statement.

In addition, the directors have also reviewed the cash flow forecast for the year to 30 September 2008 and believe that the Barloworld group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going-concern basis and the external auditors concur.

The annual financial statements were approved by the board of directors and were signed on their behalf by:

DB Ntsebeza
Chairman

CB Thomson
Chief executive officer

DG Wilson
Finance director

Sandton
16 November 2007

CERTIFICATE BY SECRETARY

FOR THE YEAR ENDED 30 SEPTEMBER 2007

In terms of section 268G(d) of the South African Companies Act, 1973, as amended (the 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.

S Mngomezulu
Secretary

Sandton
16 November 2007

REPORT OF THE INDEPENDENT AUDITORS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

We have audited the annual financial statements and group annual financial statements of Barloworld Limited, which comprise directors' report, the balance sheet and consolidated balance sheet as at 30 September 2007, the income statement and consolidated income statement, the statement of recognised income and expense and consolidated statement of recognised income and expense and cash flow statement and consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 150 to 268.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group as of 30 September 2007 and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per AG Waller
Partner

16 November 2007

Buildings 1 and 2, Deloitte Place
The Woodlands Office Park
Woodlands Drive
Sandton

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2007

NATURE OF BUSINESS

Barloworld Limited ("Barloworld" or "the company") is a registered holding company that has been repositioned as a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. Barloworld now comprises businesses that fit the strategic profile above, meet strict performance criteria and demonstrate good growth potential.

Barloworld maintains a primary listing on the main board of the JSE Limited. The company also has secondary listings on the Brussels, Frankfurt, London, Namibia and Swiss stock exchanges.

In the year under review, the board conducted an assessment of the impact of unbundling the motor division and concluded that it is in the best long-term interests of the company and its shareholders for the division to remain as an integral part of Barloworld.

Following the unbundling of Pretoria Portland Cement Company Limited ("PPC") and disposals of non-core businesses, the company comprises the following core divisions:

- Equipment (earthmoving and power systems).
- Automotive (car rental, fleet services and motor retail).
- Handling (forklift truck distribution and fleet management).
- Logistics (logistics and supply chain management).

The unbundling of the coatings division has been announced and will, subject to shareholder approval, be completed by the end of the calendar year.

FINANCIAL RESULTS

The financial results for the year ended 30 September 2007 are set out in detail on pages 150 to 268 of these annual financial statements.

YEAR UNDER REVIEW

The year under review is fully covered in the chairman's, the chief executive's and the finance director's reviews.

SHARE CAPITAL

Details of the authorised and issued share capital, together with details of shares issued during the year, appear in note 13 to the annual financial statements.

UNBUNDLING OF PPC SHARES

In July 2007, all shares held by the company in PPC, save for the shares held by a subsidiary of the company for the purposes of funding the company's commitment to share option holders, were distributed to the company's ordinary shareholders, in the entitlement ratio disclosed in the circular posted to shareholders dated 17 May 2007.

UNBUNDLING OF COATINGS DIVISION

A board subcommittee chaired by Mr TS Munday, an independent non-executive director, was constituted to oversee the unbundling of the coatings division. The subcommittee made a recommendation to the board that the business should be unbundled and listed on the JSE instead of a disposal. The board accepted the recommendation and the process is expected to be completed by the end of the calendar year.

DIVIDENDS

Details of the dividends and distributions declared and paid are shown in note 28 to the annual financial statements on page 230.

DIRECTORS

Biographical notes of the current directors are given on pages 80 to 81. Details of directors' remuneration, share appreciation rights and share options appear on pages 244 to 249.

CHANGES IN DIRECTORATE

During the financial year under review, Ms TH Nyasulu and Messrs AGK Hamilton and TS Munday were appointed to the board as independent non-executive directors. Mr OI Shongwe was appointed to the board as an executive director, and Messrs WAM Clewlow, MD Coward, LS Day, JE Gomersall, AJ Phillips and EP Theron retired from the board.

According to the company's articles of association, at the forthcoming annual general meeting, Ms TH Nyasulu and Messrs AGK Hamilton, TS Munday and OI Shongwe, being the directors appointed during the financial year under review, retire and Messrs SAM Baqwa, M Laubscher, DB Ntsebeza, PM Surgey, CB Thomson and RC Tomkinson retire by rotation. All are eligible and have offered themselves for re-election, with the exception of Mr RC Tomkinson, who plans to retire following the annual general meeting.

COMPANY SECRETARY AND REGISTERED OFFICE

The company secretary is Mr S Mngomezulu and his address and that of the registered office are as follows:

Business address
180 Katherine Street
Sandton
South Africa

Postal address
PO Box 782248
Sandton 2146
South Africa

INSURANCE

The group has placed cover in the London and South African traditional insurance markets up to R2 billion in excess of R15 million. The group captive insurer provides cover for losses that may occur below the R15 million level, retaining R30 million in the aggregate. These arrangements are unchanged from those in 2006.

INTERESTS IN TRANSACTIONS

Barloworld disposed of its steel tube business in November 2006 to a management and empowerment consortium. Mr MD Coward, an executive director of Barloworld from 21 August 1995 to 4 December 2006, was the CEO of the steel tube division and was therefore beneficially interested in the acquisition of the steel tube division via his management position.

In July 2005, the company sold a 25% stake in its logistics business to an empowerment consortium led by Mr OI Shongwe who was subsequently appointed as an executive director in January 2007.

None of the directors as a consequence of the unbundling of PPC have acquired additional shares other than as shareholders in the company. Executive directors received additional share options granted to all option holders in terms of the entitlement ratio for the PPC unbundling.

SUBSIDIARY COMPANIES

Details of principal subsidiary companies appear on pages 250 to 251 of the annual financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The company's and group's financial statements are prepared in terms of International Financial Reporting Standards.

GOING CONCERN

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going-concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

MAJOR SHAREHOLDERS

Shareholders holding beneficially, directly or indirectly, in excess of 5% of the issued share capital of the company are detailed on page 102 of the annual report.

BEE AND TRANSFORMATION

Significant progress has been made in the transformation front during the year and our broad-based black economic empowerment ("BBBEE") transaction is on track for implementation in the first half of 2008.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Events subsequent to the balance sheet date are set out in note 42 on page 255 of the annual financial statements.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2007

DEFINITIONS

Refer to page 163 for a list of financial terms used in the annual financial statements of Barloworld Limited (the company) and consolidated financial statements.

BASIS OF PREPARATION

1. Accounting framework

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) using the historical-cost convention except for certain financial instruments that are stated at fair value and adjustments, where applicable, in respect of hyperinflation accounting.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted per note 33 to the financial statements.

2. Underlying concepts

The financial statements are prepared on the going-concern basis using accrual accounting.

Assets and liabilities, and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standards. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

3. Recognition of assets and liabilities

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the group and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the entity and the cost or fair value can be measured reliably.

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

Regular way purchases and sales are recognised using trade date accounting.

4. Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

5. Foreign currencies

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the balance sheet date.

Gains and losses arising on exchange differences are recognised in profit or loss.

The financial statements of entities within the group whose functional currencies are different to the group's presentation currency, which is South African rand, are translated as follows:

- Assets, including goodwill and liabilities at exchange rates ruling on the balance sheet date.
- Income items, expense items and cash flows at the average exchange rates for the period.
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised directly in equity. On disposal of such a business unit, this reserve is recognised in profit or loss.

6. Hyperinflationary currencies

The financial statements of foreign entities that report in the currency of a hyperinflationary economy are restated for the decrease in general purchasing power of the currency at the balance sheet date before they are translated into the group's presentation currency.

7. Segmental reporting

Segment accounting policies are consistent with those adopted for the preparation of the group financial statements. The primary basis for reporting segment information is business segments and the secondary basis is by significant geographical region, which is based on the location of assets. The basis is consistent with internal reporting for management purposes as well as the source and nature of business risks and returns. All intra-segment transactions are eliminated on consolidation.

8. Post-balance sheet events

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

9. Comparative figures

Comparative figures are restated in the event of a change in accounting policy or prior period error.

COMPANY FINANCIAL STATEMENTS

10. Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate financial statements presented by the company are recognised at cost.

CONSOLIDATED FINANCIAL STATEMENTS

11. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the company and all entities controlled by the company as if they are a single economic entity. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Intercompany transactions and balances between group entities are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are shown separately from the group equity therein. It consists of the amount of those interests at acquisition plus the minorities' subsequent share of changes in equity of the subsidiary. On acquisition, the minorities' interest is measured at the proportion of the preacquisition fair values of the identifiable assets and liabilities acquired. Losses applicable to minorities in excess of its interest in the subsidiaries' equity are allocated against the group's interest except to the extent that the minorities have a binding obligation and the financial ability to cover losses.

12. Interests in associates

The consolidated financial statements incorporate the assets, liabilities, income and expenses of associates using the equity method of accounting, applying the group's accounting policies from the acquisition date to the disposal date (except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale (see accounting policy note 20 below)). The most recent audited annual financial statements of associates are used, which are all within three months of the year-end of the group. Adjustments are made to the associate's financial results for material transactions and events in the intervening period. Losses of associates in excess of the group's interest are not recognised unless there is a binding obligation to contribute to the losses.

Goodwill arising on the acquisition of associates is included in the carrying amount of the associate and accounted for in accordance with the accounting policy for goodwill as set out in note 18 below with the exception of impairment testing which is done in accordance with note 36 below and not done separately from the investment.

Where a group entity 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.

13. Interests in joint ventures

The consolidated financial statements incorporate the assets, liabilities, income and expenses of joint ventures using the equity method, applying the group's accounting policies (except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale (see accounting policy note 20 below)). The most recent audited annual financial statements of joint ventures are used, which are all within three months of the year-end of the group. Adjustments are made to the joint venture's financial results for material transactions and events in the intervening period. Losses of joint ventures in excess of the group's interest are not recognised unless there is a binding obligation to contribute to the losses.

Goodwill arising on the acquisition of the group's interest in jointly controlled entities is included in the carrying amount of the joint venture and accounted for in accordance with the accounting policy for goodwill as set out in note 18 below, with the exception of impairment testing which is done in accordance with note 36 below and not done separately from the investment.

Where a group entity transacts with a jointly controlled entity of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the jointly controlled entity.

FINANCIAL STATEMENT ITEMS

Balance sheet

14. Property, plant and equipment

Property, plant and equipment represent tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the estimated cost of dismantling and removing the assets.

Owner-occupied properties and investment properties in the course of construction are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees and, for qualifying assets, borrowings costs capitalised in accordance with the group's accounting policy. Depreciation commences, on the same basis as other property assets, when the assets are ready for their intended use.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives to estimated residual values, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives.

The methods of depreciation, useful lives and residual values are reviewed annually.

The following methods and rates were used during the year to depreciate property, plant and equipment to estimated residual values:

Aircraft	Straight line	5 years
Buildings	Straight line	20 to 50 years
Plant	Straight line	5 to 35 years
Vehicles	Straight line	5 to 10 years
Equipment	Straight line	5 to 10 years
Furniture	Straight line	3 to 15 years

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 property, plant and equipment is recognised in profit or loss.

Vehicle rental fleets are accounted for as part of property, plant and equipment but due to the short-term nature of the assets, the net book value is reflected under current assets on the balance sheet.

15. Decommissioning and rehabilitation assets

Group companies are generally required to restore mine and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the group's environmental policies.

The expected cost of any committed decommissioning or restoration programme, discounted to its net present value, is provided and capitalised at the beginning of each project. The capitalised cost is depreciated over the expected life of the asset and the increase in the net present value of the provision for the expected cost is included with finance costs. Subsequent changes in the initial estimates of rehabilitation and decommissioning costs are capitalised as part of the cost of the item and depreciated prospectively over the remaining life of the item to which they relate.

The cost of ongoing programmes to prevent and control pollution and to rehabilitate the environment is taken to profit or loss as incurred.

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 to the end of the life of the related asset. The financial statements of the trust fund are incorporated with the consolidated financial statements.

16. Investment property

An investment property is either land or a building or part of a building held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both.

The cost model is applied in accounting for investment property, ie the investment property is recorded at cost less any accumulated depreciation and impairment losses.

17. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It includes patents, trademarks, capitalised development cost and certain costs of purchase and installation of major information systems (including packaged software).

Intangible assets are initially recognised at cost if acquired separately or internally generated or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, the intangible asset is not amortised but tested for impairment annually and impaired if necessary. If assessed as having a finite useful life, it is amortised over their useful lives (generally three to seven years) using a straight-line basis and tested for impairment if there is an indication that they may be impaired.

Research costs are recognised in profit or loss when incurred.

Development costs are capitalised only when and if it results in an asset that can be identified, it is probable that the asset will generate future economic benefits and the development cost can be reliably measured. Otherwise it is recognised in profit or loss.

Patents and trademarks are measured initially at cost and amortised on a straight-line basis over their estimated useful lives, which is on average 10 years.

18. Goodwill

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or joint venture recognised at the date of acquisition.

Goodwill is recognised as an asset, is stated at cost less impairment losses and is not amortised.

Goodwill acquired in a business combination for which the agreement date was before 31 March 2004 was previously amortised on a systematic basis over its estimated useful life. The accumulated amortisation previously raised has been netted against the cost on 1 October 2004.

If, on a business combination, the fair value of the group's interest in the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, this excess is recognised in profit or loss immediately. For business combinations for which the agreement date was before 31 March 2004, this was called negative goodwill and presented as a negative asset. This amount has since been transferred to retained income on 1 October 2004.

On disposal of a subsidiary, associate, jointly controlled entity or business unit to which goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss on disposal.

19. Deferred taxation assets and liabilities

Deferred taxation is recognised using the balance sheet liability method for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the balance sheet date.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits (including unused credits for secondary taxation on companies) (STC). Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

A deferred taxation liability represents the amount of income taxation payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit.

Deferred taxation arising on investments in subsidiaries, associates and joint ventures is recognised 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 assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

20. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets (or disposal groups) are available for immediate sale in its present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Immediately prior to being classified as held for sale the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale it is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Rental assets that become available for sale after being removed from rental fleets are classified as held for sale.

21. Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, net of discount and rebates received. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion, distribution and selling.

The specific identification basis is used to arrive at the cost of items that are not interchangeable. Otherwise the first-in first-out method or weighted average method for certain classes of inventory is used to arrive at the cost of items that are interchangeable.

22. Financial assets

A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets classified as at fair value through profit or loss are expensed.

Investments classified as held-to-maturity financial assets are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Held-for-trading investments are classified as financial assets at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost less provision for doubtful debts, which is determined as set out under impairment of assets below (see accounting policy note 36). Items with extended terms are initially recorded at the present value of future cash flows and interest received is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised directly in equity. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Derivatives that are assets are measured at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges.

Cash and cash equivalents are measured at fair value, with changes in fair value being included in profit or loss.

Embedded derivatives in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not classified as at fair value through profit or loss.

23. Financial liabilities

A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liabilities are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial liabilities classified as at fair value through profit or loss are expensed.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss (including interest-bearing loans and bank overdrafts) are measured at amortised cost. Items with extended terms are initially recorded at the present value of future cash flows. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs (see accounting policy note 32 below).

Non-derivative financial liabilities that are classified on initial recognition as financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being included in net profit or loss.

Derivatives that are liabilities are measured at fair value, with changes in fair value being included in net profit or loss other than derivatives designated as cash flow hedges.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not classified as at fair value through profit or loss.

24. Post-employment benefit obligations

Payments to defined contribution plans are recognised 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.

The cost of providing defined benefits is determined using the projected unit credit method. Valuations are conducted every three years and interim adjustments to those valuations are made annually.

Actuarial gains and losses are recognised immediately in the statement of recognised income and expense.

Gains or losses on the curtailment or settlement of a defined-benefit plan are recognised in profit or loss when the group is demonstrably committed to the curtailment or settlement.

Past-service costs are recognised immediately to the extent that the benefits are already vested. Otherwise they are 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 the unrecognised past-service costs and reduced by the fair value of plan assets. Any asset is limited to the 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 recognised.

25. Shareholders for equity dividends

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity. Secondary taxation on companies in respect of such dividends are recognised as a liability when the dividends are recognised as a liability and are included in the taxation charge in profit or loss.

26. Provisions

Provisions represent liabilities of uncertain timing or amount.

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.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. A onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructuring

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the estimated expenditure required to settle the group's obligation.

27. Equity

All transactions relating to the acquisition and sale of shares in the company, together with their associated incremental costs, are accounted for in equity.

Income statement

28. Revenue

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants. 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.

Revenue is measured at the amount received or receivable. Cash and settlement discounts, rebates, VAT and other indirect taxes are excluded from revenue. Where extended terms are granted, interest received is accounted for over the term until payment is received.

Revenue from the rendering of services is measured using the stage of completion method based on the services performed to date as a percentage of the total services to be performed.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured.

Revenue from the rendering of services is recognised when the amount of the revenue, the related costs and the stage of completion can be measured reliably.

Revenue from royalties is recognised on the accrual basis in accordance with the substance of the relevant agreements.

Rental income is accounted for in accordance with section 37 below.

Where the group acts as agent and is remunerated on a commission basis, only the commission is included in revenue. Where the group acts as principal, the total value of business handled is included in revenue.

29. Cost of sales

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

30. Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

31. Income from investments

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' right to receive payment has been established.

32. Borrowing costs

Borrowing costs (net of investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets) 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 expensed in the period in which they are incurred.

33. Exceptional items

Exceptional items cover those amounts, which are not considered to be of an operating/trading nature, and generally include remeasurements due to:

- impairments of goodwill and non-current assets;
- gains and losses on the measurement to fair value less costs to sell (or on the disposal) of assets or disposal groups constituting discontinued operations;
- gains and losses on the measurement to fair value less costs to sell of non-current assets or disposal groups classified as held for sale;
- gains and losses on the disposal of fixed property;
- recycling through profit or loss of foreign currency translation reserves upon disposal of entities whose functional currencies are different to the group's presentation currency;
- recycling through profit or loss of fair value gains and losses previously recognised directly in equity upon the disposal of available-for-sale financial assets and realisation of hedges of a net investment in a foreign operation; and
- the group's proportionate share of exceptional items (determined on the same basis) of associates and joint ventures.

Remeasurements to fair value of other financial instruments (including amounts recycled through profit or loss under cash flow hedges that were previously recognised directly in equity) are not included in exceptional items.

34. Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Secondary taxation on companies (STC) is recognised as part of the current taxation charge when the related dividend is declared. Deferred taxation is recognised if dividends received in the current year can be offset against future dividend payments to the extent of the reduction of future STC.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

TRANSACTIONS AND EVENTS

35. Hedge accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognised in profit or loss.

If a cash flow hedge meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognised in equity are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If a hedge of a net investment in a foreign entity meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss. On disposal of a foreign entity, the gain or loss recognised in equity is transferred to profit or loss.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, when, for cash flow hedges, the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in equity until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

36. Impairment of assets

At each reporting date the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may 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. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use, included in the calculation of the recoverable amount, is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

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 the higher of its recoverable amount and zero. The impairment loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on held-to-maturity financial assets as well as trade and other receivables are determined based on specific and objective evidence that assets are impaired and is measured as the difference between the carrying amount of assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to 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 in profit or loss.

Goodwill and intangible assets with indefinite useful lives or not available for use and the cash-generating units to which these assets have been allocated are tested for impairment even if there is no indication of impairment. For the purpose of impairment testing goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination at inception of the combination. Impairment losses recognised on goodwill are not subsequently reversed. The attributable amount of goodwill is included in the profit or loss on disposal when the associated business is sold.

37. Leasing

Classification

Leases are classified as finance leases or operating leases at the inception of the lease.

In the capacity of a lessor

Amounts due from a lessee under a finance lease are recognised as receivables at the amount of the net investment in the lease, which includes initial direct costs. Where assets are leased by a manufacturer or dealer, the initial direct costs are expensed. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the 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 or another basis if more representative of the time pattern of the user's benefit. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight-line basis over the term of the lease.

37. Leasing (continued)

In the capacity of a lessee

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the obligations.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the lease.

38. Government grants and assistance

Government grants are assistance by government in the form of transfers of resources in return for compliance with conditions related to operating activities. Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. Government includes government agencies and similar bodies whether local, national or international.

When the conditions attaching to government grants have been complied with and they will be received, they are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs. When they are for expenses or losses already incurred, they are recognised in profit or loss immediately. The unrecognised portion at the balance sheet date is presented as deferred income. No value is recognised for government assistance.

39. Discontinued operations

The results of discontinued operations are presented separately in the income statement and the assets and liabilities associated with these operations are included with non-current assets held for sale in the balance sheet.

40. Share-based payments

Equity-settled share options

Executive directors and senior executives have been granted equity-settled share options in terms of the Barloworld Share Option Scheme. After the date on which the options are exercisable and before the expiry date:

- the options can be exercised to purchase shares for cash or through a loan from the Barloworld Share Purchase Trust in which event the shares issued are accounted for in share capital and share premium at the amount of the exercise price; or
- the options can be 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, at which time they are accounted for at the amount of the option price.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model.

Cash-settled share appreciation rights

Share appreciation rights granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is measured annually until settled and any changes in value are recognised in profit or loss.

Fair value is measured using a binomial pricing model.

Black economic empowerment ("BEE")

In a BEE transaction, the share-based payment is measured as the difference between the fair value of the equity instruments granted and the fair value of the cash and other assets received (eg the BEE equity credentials) and are recognised as follows:

- In profit or loss at the grant date unless there are service conditions in which case it is recognised over the relevant period of the service conditions.
- As part of goodwill where the BEE equity credentials are obtained as part of the net assets acquired in a business combination.

41. Treasury shares

Treasury shares are equity instruments of the company, held by the company or other members of the consolidated group.

All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity.

42. Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Certain transactions are entered into by the group as insurer and which falls within this definition. Significant items included are maintenance contracts, guaranteed residual values on sold equipment/vehicles as well as credit life and warranty products sold.

Maintenance contracts
Revenue on maintenance contracts is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment.

Guaranteed residual values
Guaranteed residual values are periodically given on repurchase commitments with customers. The likelihood of the repurchase commitments being exercised is assessed at the inception of the contract to determine whether significant risks and rewards have been transferred to the customer and if revenue should be recognised. If significant risks and rewards have not been transferred, revenue is not recognised and the transaction is accounted for as a prepaid operating lease. Where the initial assessment was made that significant risks and rewards were transferred and revenue was recognised, but subsequent market conditions are considered to change the likelihood of the exercise of the buy-back to become probable, the present value of the net expected future outflow is provided for, after taking into consideration any proceeds on subsequent disposal of the equipment. All repurchase commitments as well as the related asset's expected values are disclosed under contingent liabilities.

Credit life and warranty products
Premiums are recognised as revenue proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is recognised as an unearned premium liability. Premiums are reflected before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to profit and loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. These include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if it has not yet been reported to the company. Liabilities for unpaid claims are not discounted and are estimated using the input of assessments for individual cases reported to the group and statistical analyses for claims incurred but not reported as well as the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Acquisition costs, which include commission and other related expenses, are recognised in the period in which they are incurred.

43. Financial guarantee contracts
The group regards financial guarantee contracts as insurance contracts and uses accounting applicable to insurance contracts. Details regarding financial guarantees issued are disclosed under contingent liabilities.

44. Judgements made by management
Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

- *Derecognition of finance lease receivables*
  The finance lease receivables book in the United Kingdom materials handling business was sold during the year. Management assessed that the significant risks and rewards of the book were transferred to the purchaser and the asset was derecognised.
- *Asset lives and residual values*
  Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Deferred taxation assets*
  Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Five-year business plans are prepared annually and approved by the boards of the company and its major operating subsidiaries. These plans include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

  The plans contain profit forecasts and cash flows and these are utilised in the assessment of the recoverability of deferred tax assets. Deferred tax assets are also recognised on STC credits to the extent it is probable that future dividends will utilise these credits.

  Management also exercises judgement in assessing the likelihood that business plans will be achieved and that the deferred tax assets are recoverable.

- *Post-employment benefit obligations*
  Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

  Judgement is exercised by management, assisted by advisors, in adjusting mortality rates to take account of actual mortality rates within the schemes.

- *Warranty claims*
  Warranties are provided on certain equipment, spare parts and service supplied to customers. Management exercises judgement in establishing provisions required on the basis of claims notified and past experience.

- *Revenue recognition*
  The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

  In addition, management exercises judgement in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

  In cases where there is a buy-back, management considers whether the buy-back is set at a level which makes the buy-back substantive. If so, management uses the guidance from IAS 18 with regard to the transfer of risks and rewards for the purposes of revenue recognition. If the buy-back is not considered to be substantive, then it is ignored for the purposes of revenue recognition. If revenue is recognised on a transaction which includes a buy-back, then provision is made on the basis set out in repurchase commitments below as and when such provision is required.

- *Impairment of assets*
  Goodwill is considered for impairment at least annually. Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that an impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

  Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

  Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The company utilises the CFROI® valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by discounted cash flow and other valuation techniques.

- *Repurchase commitments*
  Buy-back (repurchase) arrangements with customers are periodically concluded. The likelihood of the repurchase commitments being exercised and quantification of the possible loss, if any, on resale of the equipment is assessed at the inception of the contract and at each reporting period. Significant assumptions are made in estimating residual values. These are assessed based on past experience and take into account expected future market conditions and projected disposal values.

45. Sources of estimation uncertainty

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that has been identified as giving rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

DEFINITIONS

Below is a list of key definitions of financial terms used in the annual report of Barloworld Limited (the company) and the group:

Accounting policies
The specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements.

Accrual accounting
The effects of transactions and other events are recognised when they occur rather than when the cash is received.

Actuarial gains and losses
The effects of differences between the previous actuarial assumptions and what has actually occurred as well as changes in actuarial assumptions.

Amortised cost
The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Asset
A resource controlled by the entity as a result of a past event from which future economic benefits are expected to flow.

Associate
An entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

Available-for-sale financial assets
Those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Borrowing costs
Interest and other costs incurred in connection with the borrowing of funds.

Business combination
A business is an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to participants.

A business combination is the bringing together of separate entities or businesses into one reporting entity.

Carrying amount
The amount at which an asset is recognised after deducting any accumulated depreciation or amortisation and accumulated impairment losses.

Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash flow hedge
A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset, or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss.

Cash flow return on investment (CFROI®)
CFROI represents an internal rate of return calculation for the business as a whole using the following components:

- Gross cash flow (the after-tax cash flow from the company's operations consisting of accounting operating profit before depreciation, amortisation and other non-cash items adjusted for the add back of lease costs) (Pmt)
- Recurring annually over the estimated harmonic economic asset life of the asset base (n)
- Working capital and other non-depreciating assets (eg land and estimated residuals on rental assets) realised at the end of the life (Fv)
- Expressed as a return on current inflation adjusted gross assets (both depreciating and non-depreciating and including operating leases capitalised at today's real interest rate) (Pv)

The above definition does not contain all the adjustments processed in the CFROI® calculation. For further authoritative reading please refer to the book *'CFROI VALUATION' a Total System Approach to Valuing the Firm* by Bartley J Madden published by Butterworth – Heinemann Finance (ISBN 0 7506 3865 6).

Cost of capital
In terms of the Credit Suisse HOLT methodology, cost of capital is an empirically market derived real discount rate which is company-specific with adjustments for size (proxy for liquidity) and financial leverage (proxy for financial risk) differentials. The HOLT calculated rate is used for valuation purposes.

For performance management purposes the group's CFROI® returns are measured against an internal minimum hurdle rate of 8% real which may be different from the HOLT calculated rate at a point in time.

CFROI® is a registered trademark in the United States of Credit Suisse or its subsidiaries or affiliates.

Cash-generating unit
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash-settled share-based payment transaction
A share-based payment transaction in which the entity acquires goods or services by incurring a liability to

transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments of the entity.

Change in accounting estimate
An adjustment to the carrying amount of an asset, liability or the amount of the periodic consumption of an asset that results from new information or new developments.

Constructive obligation
An obligation that derives from an established pattern of past practice, published policies or a sufficiently specific current statement such that it created a valid expectation on the part of other parties that the obligation will be met.

Consolidated financial statements
The financial statements of a group presented as those of a single economic entity.

Contingent asset
A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Costs to sell
The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

Date of transaction
The date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards.

Depreciation (or amortisation)
The systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset, or other amount substituted for cost, less its residual value.

Derecognition
The removal of a previously recognised asset or liability from the balance sheet.

Derivative
A financial instrument whose value changes in response to an underlying item, requires no initial or little net investment in relation to other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

Development
The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before starting commercial production or use.

Diluted earnings per share
Profit or loss attributable to ordinary equity holders of the parent entity divided by the weighted average number of ordinary shares outstanding during the period, both adjusted for the effects of all dilutive potential ordinary shares.

Dilution
A reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

Discontinued operation
A component that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, or a subsidiary acquired exclusively with a view to resale.

Employee benefits
All forms of consideration (excluding share options granted to employees) given in exchange for services rendered by employees.

Equity instrument
A contract or certificate that evidences a residual interest in the total assets after deducting the total liabilities.

Equity method
A method in which the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the share of net assets of the investee. Profit or loss includes the share of the profit or loss of the investee.

Equity-settled share-based payment transaction
A share-based payment transaction in which the entity receives goods or services as consideration for equity instruments of the entity (including shares or share options).

Expenses
The decreases in economic benefits in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair value
The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties at an arm's length transaction.

Fair value hedge
A hedge of exposure to changes in fair value of a recognised asset, liability or firm commitment.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Financial asset or liability at fair value through profit or loss
A financial asset or financial liability that is classified as held for trading or is designated as such on initial recognition other than investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Financial instrument
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial risk
The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Firm commitment
A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Forecast transaction
An uncommitted but anticipated future transaction.

Going-concern basis
The assumption that the entity will continue in operation for the foreseeable future.

Gross investment in lease
The aggregate of the minimum lease payments receivable by the lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

Hedged item
An asset, liability, firm commitment, highly probable forecast transaction or net investment in a foreign operation that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

Hedging instrument
A designated derivative or non-derivative financial asset or non-derivative financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Hedge effectiveness
The degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

Held-for-trading financial asset or financial liability
One that is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative (except for a derivative that is a designated and effective hedging instrument).

Held-to-maturity investment
A non-derivative financial asset with fixed or determinable payments and fixed maturity where there is a positive intention and ability to hold it to maturity.

Immaterial
If individually or collectively it would not influence the economic decisions of the users of the financial statements.

Impairment loss
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Impracticable
Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

Income
Increase in economic benefits in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.

Insurance asset
An insurer's net contractual rights under an insurance contract.

Insurance liability
An insurer's net contractual obligations under an insurance contract.

Insurance risk
Risk, other than financial risk, transferred from the holder of a contract to the issuer.

Insured event
An uncertain future event that is covered by an insurance contract and creates insurance risk.

Insurer
The party that has an obligation under an insurance contract to compensate a policyholder if an insured event occurs.

Joint control
The contractually agreed sharing of control over an economic activity.

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Key management personnel
Those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

In terms of this definition, the members of the board of directors of Barloworld Limited qualify as key management personnel of the group.

Legal obligation
An obligation that derives from a contract, legislation or other operation of law.

Liability
A present obligation of the entity arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Minimum lease payments
Payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor including, in the case of a lessee, any amounts guaranteed by the lessee or by a party related to the lessee or in the case of a lessor, any residual value guaranteed to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

Net assets
Net operating assets plus cash and cash equivalents.

Net investment in the lease
The gross investment in the lease discounted at the interest rate implicit in the lease.

Net operating assets
Segment assets less segment liabilities (excluding interest-bearing liabilities of leasing businesses).

Operating lease
A lease other than a finance lease.

Owner-occupied property
Property held by the owner or by the lessee under a finance lease for use in the production or supply of goods or services or for administrative purposes.

Past-service cost
The increase or decrease in the present value of the defined-benefit obligation for employee service in prior periods resulting from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Policyholder
A party that has a right to compensation under an insurance contract if an insured event occurs.

Post-employment benefits
Employee benefits (other than termination benefits) that are payable after the completion of employment.

Post-employment benefit plans
Formal or informal arrangements under which an entity provides post-employment benefits to employees. Defined-contribution benefit plans are where there are no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

Presentation currency
The currency in which the financial statements are presented.

Present value
A current estimate of the present discounted value of the future net cash flows in the normal course of business.

Prior period error
An omission from or misstatement in the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation of those financial statements.

Projected unit credit method
An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Prospective application
Applying a new accounting policy to transactions, other events and conditions occurring after the date the policy changed or recognising the effect of the change in an accounting estimate in the current and future periods.

Recoverable amount
The higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

Regular way purchase or sale
A purchase or sale of a financial asset under a contract, the terms of which require delivery of the asset within the time frame established by regulation or convention in the marketplace concerned.

Research
The original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Residual value
The estimated amount which an entity would currently obtain from disposal of the asset, after deducting the

estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Restructuring
A programme that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

Retrospective application
Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

Retrospective restatement
Correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

Segment assets
Total assets less cash on hand, deferred and current taxation assets.

Segment liabilities
Non-interest-bearing current and non-current liabilities, (excluding deferred and current taxation liabilities) as well as interest-bearing liabilities of leasing businesses.

Segment result
Segment result represents operating profit plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations.

Share-based payment transactions
A cash-settled share-based payment transaction is the acquisition of goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments.

An equity-settled share-based payment transaction is a share-based payment transaction where goods or services are received and settled in equity instruments of the entity (including shares or share options).

Tax base
The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or is the carrying amount of the asset if the economic benefits are not taxable.

The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods.

The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Temporary differences
The differences between the carrying amount of an asset or liability and its tax base.

Transaction costs
Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, ie those that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Treasury shares
An entity's own equity instruments, held by the entity or other members of the consolidated group.

Unearned finance income
The difference between the gross investment in the lease and the net investment in the lease.

Useful life
The period over which an asset is expected to be available for use or the number of production or similar units expected to be obtained from the asset.

Value in use
The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Vest
To become an entitlement. Under a share-based payment arrangement, a counterparty's rights to receive cash, other assets, or equity instruments of the entity vests upon satisfaction of any specified vesting condition.

Vesting conditions
The conditions that must be satisfied for the counterparty to become entitled to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement. Vesting conditions include service conditions, which require the other party to complete a specified period of service, and performance conditions, which require specific performance targets to be met (such as a specified increase in the entity's profit over a specified period of time).

Vesting period
The period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

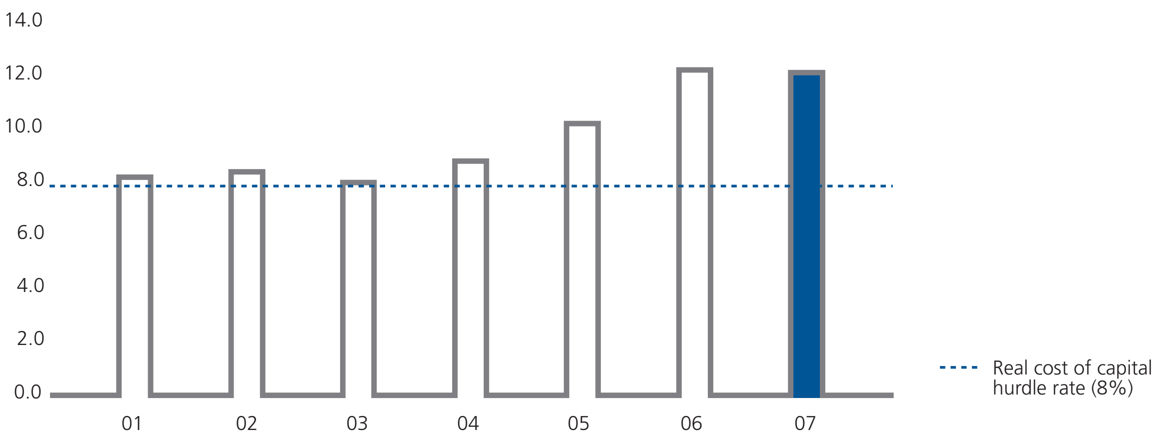
CONSOLIDATED SEVEN-YEAR SUMMARY

FOR THE YEAR ENDED 30 SEPTEMBER

	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003* Rm	2002* Rm	2001* Rm
Balance sheet							
Assets							
Property, plant and equipment	**6 847**	8 299	7 922	7 706	6 655	7 565	6 053
Goodwill and intangible assets	**2 320**	3 328	2 745	2 675	1 580	1 903	1 530
Investments in associates and joint ventures and other non-current assets	**2 233**	1 912	2 668	2 843	3 503	4 019	2 874
Deferred taxation assets	**619**	750	823	766	472	385	257
Non-current assets	**12 019**	14 289	14 158	13 990	12 210	13 872	10 714
Current assets	**18 636**	21 365	14 465	13 831	11 548	13 225	11 232
Total assets	**30 655**	35 654	28 623	27 821	23 758	27 097	21 946
Equity and liabilities							
Capital and reserves							
Share capital and premium	**223**	327	1 397	1 209	712	682	682
Reserves and retained income	**10 918**	13 342	10 089	9 308	8 972	10 552	8 395
Interest of shareholders of Barloworld Limited	**11 141**	13 669	11 486	10 517	9 684	11 234	9 077
Minority interest	**80**	691	644	718	706	791	625
Interest of all shareholders	**11 221**	14 360	12 130	11 235	10 390	12 025	9 702
Non-current liabilities	**6 638**	7 920	7 761	7 540	4 916	5 195	3 845
Deferred taxation liabilities	**610**	870	905	795	617	617	318
Non-current liabilities	**6 028**	7 050	6 856	6 745	4 299	4 578	3 527
Current liabilities	**12 796**	13 374	8 732	9 046	8 452	9 877	8 399
Total equity and liabilities	**30 655**	35 654	28 623	27 821	23 758	27 097	21 946
Cash flow statement							
Cash flow from operations	**3 888**	4 931	3 576	3 153	2 419	3 037	2 317
Dividends paid (including minority shareholders)	**(2 629)**	(1 295)	(1 197)	(871)	(940)	(649)	(436)
Net cash flow from operating activities	**1 259**	3 636	2 379	2 282	1 479	2 388	1 881
Net cash flow used in investing activities	**(880)**	(2 938)	(2 980)	(2 124)	(1 812)	(2 621)	(2 834)
Net cash flow (used in)/from financing activities	**(988)**	(224)	601	(258)	487	(24)	1 625
Net (decrease)/increase in cash and cash equivalents	**(609)**	474	–	(100)	154	(257)	672

* *Not restated for accounting policy changes due to practical constraints.*

CASH FLOW RETURN ON INVESTMENT – CFROI® (%)

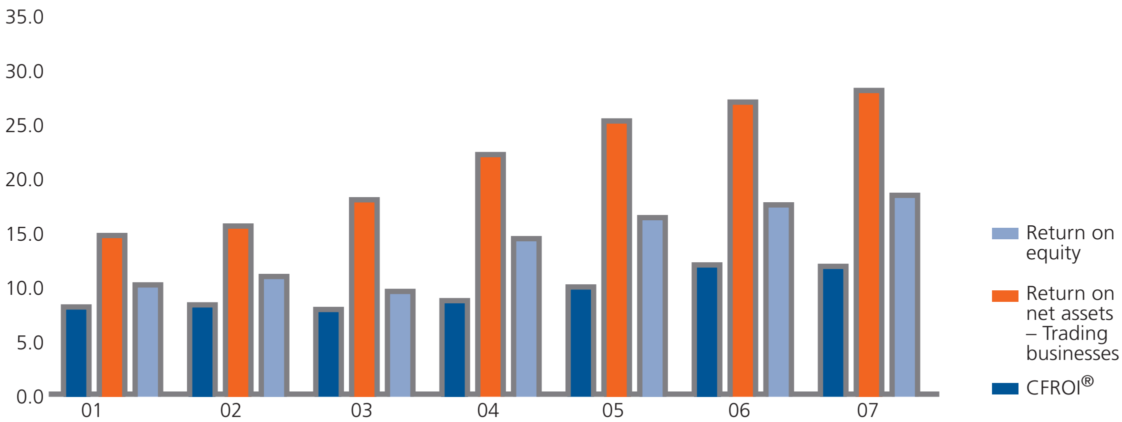


	Compound annual growth %	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003* Rm	2002* Rm	2001* Rm
Income statement#								
Continuing operations								
Revenue	12.0	**43 238**	35 281	31 247	28 590	26 423	27 363	21 896
Trading profit	21.0	**2 741**	2 058	1 922	1 687	1 472	1 273	873
Goodwill amortisation					(128)	(91)	(87)	(85)
Pension fund gain			149					
Operating profit	23.1	**2 741**	2 207	1 922	1 559	1 381	1 186	788
Fair value adjustments on financial instruments		**287**	233	(50)	(113)	(370)	37	
Finance costs	28.8	**(816)**	(542)	(365)	(378)	(415)	(264)	(179)
Income from investments		**272**	202	107	155	144	155	160
Profit before exceptional items	21.6	**2 484**	2 100	1 614	1 223	740	1 114	769
Exceptional items		**(160)**	116	(6)	(62)	20	218	(315)
Profit before taxation		**2 324**	2 216	1 608	1 161	760	1 332	454
Taxation		**(809)**	(660)	(464)	(431)	(231)	(383)	(218)
Profit after taxation		**1 515**	1 556	1 144	730	529	949	236
Income from associates and joint ventures		**68**	72	51	88	100	79	5
Net profit from continuing operations		**1 583**	1 628	1 195	818	629	1 028	241
Discontinued operations								
Profit from discontinued operations		**976**	1 118	968	950	704	682	477
Net profit		**2 559**	2 746	2 163	1 768	1 333	1 710	718
Attributable to:								
Minority shareholders		**289**	389	314	258	211	207	101
Barloworld Limited shareholders		**2 270**	2 357	1 849	1 510	1 122	1 503	617
		2 559	2 746	2 163	1 768	1 333	1 710	718
Headline earnings from continuing operations	16.0	**1 645**	1 489	1 148	1 057	661	874	676

* *Not restated for accounting policy changes due to practical constraints.*

\# *All years have been reclassified for the treatment of the cement, scientific, Coatings Australia and steel tube segments as discontinued operations.*

FINANCIAL RETURNS (%)



Performance per ordinary share^		
Weighted average number of ordinary shares in issue during the year, net of buy-back		(000)
Earnings per share	Net profit attributable to ordinary shareholders of Barloworld Limited / Weighted average number of ordinary shares in issue, net of buy-back	SA cents US cents
Earnings per share – continuing operations	As above but using results from continuing operations only	SA cents US cents
Headline earnings per share	Net profit attributable to ordinary shareholders of Barloworld Limited + goodwill amortisation -/(+) non-trading profits/(losses) net of tax and minority interest thereof / Weighted average number of ordinary shares in issue, net of buy-back	SA cents US cents
Headline earnings per share – continuing operations	As above but using results from continuing operations only	SA cents US cents
Dividends per share**	Interim and final dividends declared out of current year's earnings	SA cents US cents
Dividend cover	Headline earnings per share / Dividends per share	times
Net asset value per share	Interest of shareholders of Barloworld Limited, including investments at market value / Number of ordinary shares in issue, net of buy-back	SA cents US cents
Profitability and asset management^		
Operating margin – group	Operating profit before goodwill amortisation / Revenue – group operations	%
Operating margin – continuing operations	Operating profit from continuing operations before goodwill amortisation / Revenue – continuing operations	%
Net asset turn	Revenue – group operations / Average net assets	times
Return on net assets – group	Operating profit (after goodwill amortisation) + investment income + income from associates and joint ventures / Average net assets	%
Return on net assets – Trading businesses	As per above group calculation but excluding leasing and car rental businesses	%
Return on ordinary shareholders' funds – excluding exceptional items	Net profit attributable to ordinary shareholders of Barloworld Limited – net exceptional items / Average interest of shareholders of Barloworld Limited	%
Cash flow return on investment (CFROI®)	Refer page 163 for definition	%
Replacement capex to depreciation	Replacement capital expenditure / Depreciation charge	%
Effective rate of taxation – continuing operations	Tax charge from continuing operations – prior year tax – exceptional tax secondary tax on companies / Profit before tax from continuing operations -/(+) exceptional items + goodwill amortisation	%

^ *All years have been reclassified for the treatment of the cement, scientific, Coatings Australia and steel tube segments as discontinued operations.*
** *Excludes special centenary dividend of 100 cents declared in November 2002 and special dividend of 500 cents paid in April 2007.*

Targets	2007	2006	2005	2004	2003*	2002*	2001*
	202 673	206 959	207 367	199 375	196 028	195 284	195 613
	1 120.0	1 138.9	891.7	757.4	572.4	769.6	315.7
	155.9	173.4	143.6	114.2	71.2	72.3	39.5
	773.8	764.4	554.6	280.9	213.3	420.4	71.9
	107.7	116.4	89.3	42.3	26.5	39.5	9.0
	1 181.3	1 170.8	887.8	853.7	588.7	621.7	499.0
	164.4	178.2	143.0	128.7	73.2	58.4	62.5
	811.7	719.5	553.6	530.2	337.0	447.4	345.5
	113.0	109.5	89.1	79.9	41.9	42.0	43.2
	375	600	455	380	290	275	220
	52.2	91.3	73.3	57.3	36.1	25.8	27.5
	3.2	2.0	2.0	2.2	2.0	2.3	2.3
	5 714	6 973	5 620	5 263	5 100	5 872	4 774
	828	898	884	814	725	558	530
Targets							
	8.7	9.7	9.1	8.4	7.1	5.7	5.3
>6	**6.3**	6.3	6.2	5.9	5.6	4.7	4.0
>2.5	**2.2**	1.9	2.0	2.0	2.0	2.0	1.9
>18	**20.6**	19.8	18.6	17.5	14.7	12.8	11.8
>20	**28.9**	27.8	26.0	22.8	18.5	16.0	15.1
>20	**18.9**	18.0	16.8	14.8	9.9	11.2	10.4
>8	**12.2**	12.3	10.3	8.9	8.1	8.5	8.3
	23.0	26.3	43.1	36.6	183.7	66.7	61.5
	29.0	28.7	30.2	25.9	32.5	27.8	21.4

* *Not restated for accounting policy changes due to practical constraints.*

Liquidity and leverage^		
Total liabilities to total shareholders' funds	Non-current liabilities – deferred tax liabilities + current liabilities / Interest of all shareholders	%
Total borrowings to total shareholders' funds	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond / Interest of all shareholders	
– Total group		%
– Trading businesses		%
– Leasing businesses		%
– Car rental businesses		%
Net borrowings/EBITDA	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond – cash and cash equivalents / Operating profit + amortisation of goodwill and intangible assets + depreciation charge	times
Number of years to repay interest-bearing debt	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond / Cash flow from operations	years
Current ratio	Current assets / Current liabilities	
Quick ratio	Current assets – inventories / Current liabilities	
Interest cover – continuing operations	Profit before exceptional items from continuing operations + goodwill amortisation + interest paid (including interest capitalised and interest included in cost of sales) / Interest paid from continuing operations (including interest capitalised and interest included in cost of sales)	
– Group		times
– Trading businesses		times
– Leasing businesses		times
– Car rental businesses		times

Value added		
Number of employees		
Revenue per employee	Revenue / Average number of employees	R000
Value created per employee	Total value created per value added statement / Average number of employees	R000
Employment cost per employee	Salaries, wages and other benefits paid to employees / Average number of employees	R000

^ *All years have been reclassified for the treatment of the cement, scientific, Coatings Australia and steel tube segments as discontinued operations.*

Targets	**2007**	2006	2005	2004	2003*	2002*	2001*
<150	**167.8**	142.2	128.5	140.6	122.7	120.2	122.9
	80.8	73.3	66.3	68.6	59.1	59.8	64.1
30 – 50	**38.2**	31.7	20.9	41.4	29.2	23.3	31.1
600 – 800	**646.3**	689.5	633.8	598.2	814.6	947.2	1 325.8
200 – 300	**216.3**	233.5	259.2	299.5			
<2.5	**1.2**	1.5	1.3	1.4	1.2	1.6	1.8
<5	**2.3**	2.1	2.2	2.4	2.5	2.4	4.2
>1	**1.5**	1.6	1.7	1.5	1.4	1.3	1.3
>0.5	**1.0**	1.2	1.1	1.0	0.8	0.7	0.8
>3	**3.4**	3.7	3.9	3.0	2.2	3.0	2.9
>4	**5.1**	6.6	7.7	4.2	2.8	5.3	5.8
>1	**1.4**	1.3	1.6	1.5	1.3	1.2	1.0
>1.25	**1.6**	1.7	1.9	1.7			
	21 960	25 716	25 963	25 233	22 749	23 192	23 233
	2 108.4	1 720.9	1 472.6	1 452.2	1 506.4	1 550.8	1 236.4
	685.1	533.5	474.9	452.2	407.3	430.6	304.9
	350.8	268.6	252.0	250.5	237.3	251.3	193.2

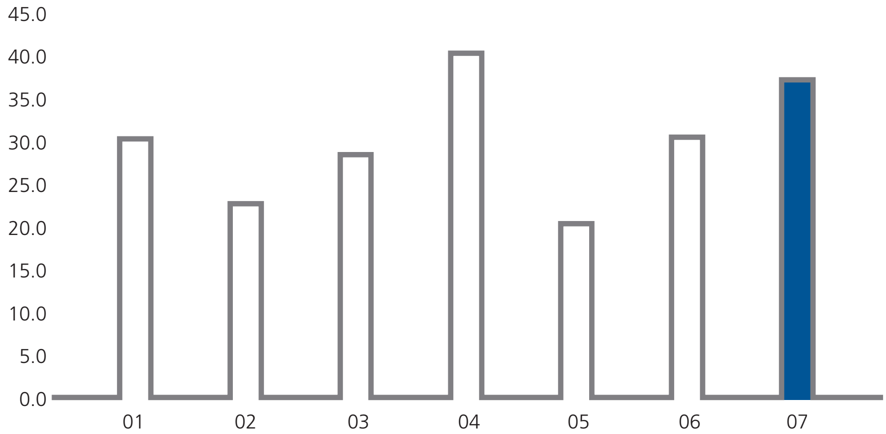
* *Not restated for accounting policy changes due to practical constraints.*

Ordinary shares – JSE Limited performance		
Closing market prices per share		
– year-end (30 September)		SA cents
		US cents
– highest		SA cents
– lowest		SA cents
Number of shares in issue at 30 September##		million
Volume of shares traded		million
Value of shares traded		Rm
Earnings yield	Headline earnings per share / Closing market price per share	%
Dividend yield	Dividends per share / Closing market price per share	%
Total shareholder return – Barloworld Limited		
– Annual share price gain†		%
– Total shareholder return	Annual share price gain + dividend yield	%
Total shareholder return – JSE all share (Alsi) index		
– Alsi index (30 September)		
– Gain in Alsi index – year to 30 September		%
– Dividend yield		%
– Total shareholder return		%
Price: Earnings ratio	Closing market price per share / Headline earnings per share	times
Price: Earnings ratio – JSE Alsi index		
Market capitalisation at 30 September†	Closing market price per share X number of shares in issue at 30 September	Rm
Premium over interest of shareholders of Barloworld Limited	Market capitalisation – Interest of shareholders of Barloworld Limited	Rm

The number of shares in issue has been reduced in 2005, 2004 and 2003 by 19 million shares purchased by a subsidiary company in terms of a programme to buy back the company's shares (refer note 13).

† *The group's shareholding in Pretoria Portland Cement Company Ltd with a market value of R19,3 billion was distributed to shareholders in the current year.*

TOTAL BORROWINGS TO SHAREHOLDERS' FUNDS
(trading businesses) – %

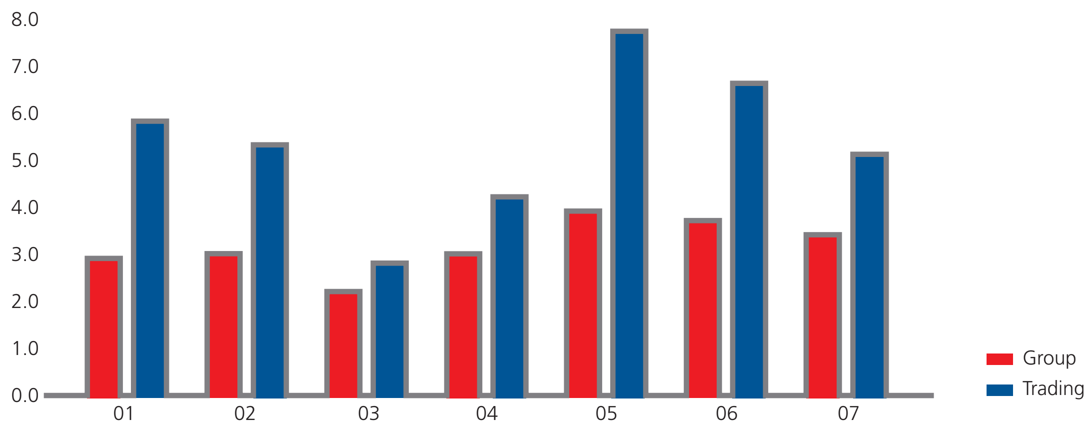


2007	2006	2005	2004	2003*	2002*	2001*
12 960	12 950	11 629	7 800	5 675	5 900	4 910
1 879	1 667	1 829	1 205	807	560	545
21 750	14 050	11 730	7 979	6 359	7 300	6 200
10 651	10 010	7 790	5 610	4 750	4 850	3 550
204	201	209	204	196	195	195
204	234	187	147	147	106	97
32 111	27 465	18 230	9 902	8 196	6 414	4 931
9.1	9.0	7.6	10.9	10.4	10.5	10.2
2.9	4.6	3.9	4.9	5.1	4.7	4.5
0.1	11.4	49.1	37.4	(3.8)	20.2	10.3
78.6#	16.0	53.0	42.3	1.3	24.9	14.8
29 959	22 375	16 875	11 761	8 926	9 465	8 126
33.9	32.6	43.5	31.8	(5.7)	16.5	(1.8)
2.4	2.4	2.5	2.7	3.6	3.8	3.4
36.3	35.0	46.0	34.5	(2.1)	20.3	1.6
11.0	11.1	13.1	9.1	9.6	9.5	9.8
16.4	16.1	15.2	14.6	9.7	12.5	12.3
26 418	25 993	24 260	15 897	11 142	11 522	9 588
15 277	12 324	12 774	5 380	1 458	288	511

* *Not restated for accounting policy changes due to practical constraints.*

\# *Calculated taking into account the growth in the Barloworld share price, the value of PPC shares distributed to shareholders per the unbundling entitlement ratio, the Barloworld interim, final and special dividends and the PPC final and special dividends.*

INTEREST COVER continuing operations (times)



CONSOLIDATED SUMMARY IN OTHER CURRENCIES#

FOR THE YEAR ENDED 30 SEPTEMBER

	US dollar			Pound sterling			Euro		
	2007 $m	2006* $m	2005* $m	**2007 £m**	2006* £m	2005* £m	**2007 €m**	2006* €m	2005* €m
Balance sheet									
Assets									
Property, plant and equipment	**993**	1 068	1 246	**487**	572	704	**698**	843	1 033
Goodwill and intangible assets	**336**	429	432	**165**	229	244	**236**	338	358
Investment in associates and joint ventures and other non-current assets	**324**	246	419	**159**	132	237	**228**	195	348
Deferred taxation assets	**90**	97	129	**44**	52	73	**63**	76	107
Non-current assets	**1 743**	1 840	2 226	**855**	985	1 258	**1 225**	1 452	1 846
Current assets	**2 702**	2 750	2 275	**1 327**	1 472	1 285	**1 900**	2 172	1 886
Total assets	**4 445**	4 590	4 501	**2 182**	2 457	2 543	**3 125**	3 624	3 732
Equity and liabilities									
Capital and reserves									
Share capital and premium	**32**	42	220	**16**	23	124	**23**	33	182
Reserves and retained income	**1 241**	1 349	1 424	**609**	722	805	**872**	1 064	1 182
Non-distributable reserves – foreign currency translation	**343**	369	163	**168**	197	90	**241**	294	131
Interest of shareholders of Barloworld Limited	**1 616**	1 760	1 807	**793**	942	1 019	**1 136**	1 391	1 495
Minority interest	**12**	89	101	**6**	48	57	**8**	70	84
Interest of all shareholders	**1 628**	1 849	1 908	**799**	990	1 076	**1 144**	1 461	1 579
Non-current liabilities	**962**	1 020	1 220	**472**	545	690	**677**	804	1 013
Deferred taxation liabilities	**88**	112	142	**43**	60	80	**62**	88	118
Non-current liabilities	**874**	908	1 078	**429**	485	610	**615**	716	895
Current liabilities	**1 855**	1 721	1 373	**911**	922	777	**1 304**	1 359	1 140
Total equity and liabilities	**4 445**	4 590	4 501	**2 182**	2 457	2 543	**3 125**	3 624	3 732
Cash flow statement									
Cash flow from operations	**541**	751	576	**274**	417	312	**406**	609	453
Dividends paid (including minority shareholders)	**(366)**	(197)	(193)	**(185)**	(110)	(104)	**(274)**	(160)	(152)
Net cash flow from operating activities	**175**	554	383	**89**	307	208	**132**	449	301
Net cash used in investing activities	**(122)**	(447)	(480)	**(62)**	(248)	(260)	**(92)**	(363)	(377)
Net cash flow (used in)/from financing activities	**(138)**	(35)	97	**(70)**	(19)	52	**(103)**	(28)	76
Net (decrease)/increase in cash and cash equivalents	**(85)**	72	–	**(43)**	40	–	**(63)**	58	–
Exchange rates used:									
Balance sheet – closing rate (rand)	**6.90**	7.77	6.36	**14.05**	14.51	11.25	**9.81**	9.84	7.67
Income statement and cash flow statement – average rate (rand)	**7.18**	6.57	6.21	**14.18**	11.83	11.47	**9.58**	8.10	7.90

These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African rand.

* *Reclassified – refer note 33.*

	US dollar 2007 $m	2006* $m	2005* $m	Pound sterling 2007 £m	2006* £m	2005* £m	Euro 2007 €m	2006* €m	2005* €m
Income statement									
Continuing operations									
Revenue	**6 020**	5 370	5 032	**3 049**	2 983	2 724	**4 514**	4 356	3 955
Trading profit	**382**	313	310	**193**	174	168	**286**	254	243
Pension fund gain		23			13			18	
Operating profit	**382**	336	310	**193**	187	168	**286**	272	243
Fair value adjustments on financial instruments	**40**	35	(8)	**20**	20	(4)	**30**	29	(6)
Finance costs	**(114)**	(82)	(59)	**(58)**	(46)	(32)	**(85)**	(67)	(46)
Income from investments	**38**	31	17	**19**	17	9	**28**	25	14
Profit before exceptional items	**346**	320	260	**174**	178	141	**259**	259	205
Exceptional items	**(22)**	18	(1)	**(11)**	10	(1)	**(17)**	14	(1)
Profit before taxation	**324**	338	259	**163**	188	140	**242**	273	204
Taxation	**(92)**	(96)	(77)	**(46)**	(54)	(41)	**(69)**	(78)	(60)
Secondary taxation on companies	**(21)**	(4)	2	**(11)**	(2)	1	**(16)**	(3)	2
Profit after taxation	**211**	238	184	**106**	132	100	**157**	192	146
Income from associates and joint ventures	**9**	11	8	**5**	6	4	**7**	9	6
Net profit from continuing operations	**220**	249	192	**111**	138	104	**164**	201	152
Discontinued operations									
Profit from discontinued operations	**136**	170	156	**69**	95	84	**102**	138	123
Net profit	**356**	419	348	**180**	233	188	**266**	339	275
Attributable to:									
Minority shareholders	**40**	59	51	**20**	33	27	**30**	48	40
Barloworld Limited shareholders	**316**	360	297	**160**	200	161	**236**	291	235
	356	419	348	**180**	233	188	**266**	339	275
Headline earnings from continuing operations	**229**	227	185	**116**	126	100	**172**	184	145
Earnings per share from continuing operations (cents)	**107.7**	116.4	89.3	**54.6**	64.6	48.3	**80.8**	94.4	70.2
Headline earnings per share from continuing operations (cents)	**113.0**	109.5	89.1	**57.2**	60.8	48.3	**84.7**	88.8	70.1
Ordinary dividends per share (cents)	**121.8**	91.3	73.3	**61.7**	50.7	39.7	**91.3**	74.1	57.6

* *Reclassified – refer note 33.*

CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER

	Notes	2007 Rm	2006 Rm	2005 Rm
Assets				
Non-current assets		**12 019**	14 289	14 158
Property, plant and equipment	2	**6 847**	8 299	7 922
Goodwill	3	**2 046**	3 005	2 485
Intangible assets	4	**274**	323	260
Investment in associates and joint ventures	5	**928**	749	518
Finance lease receivables	6	**619**	566	1 495
Long-term financial assets	7	**686**	597	655
Deferred taxation assets	8	**619**	750	823
Current assets		**18 636**	21 365	14 465
Vehicle rental fleet	2	**3 902**	3 441	2 196
Inventories	9	**5 869**	5 907	4 793
Trade and other receivables	10	**6 185**	7 026	5 859
Taxation		**32**	17	38
Cash and cash equivalents	11	**1 201**	2 134	1 399
Assets classified as held for sale	12	**1 447**	2 840	180
Total assets		**30 655**	35 654	28 623
Equity and liabilities				
Capital and reserves				
Share capital and premium	13	**223**	327	1 397
Other reserves	14	**2 584**	3 461	1 462
Retained income	14	**8 334**	9 881	8 627
Interest of shareholders of Barloworld Limited		**11 141**	13 669	11 486
Minority interest	14	**80**	691	644
Interest of all shareholders		**11 221**	14 360	12 130
Non-current liabilities		**6 638**	7 920	7 761
Interest-bearing	15	**4 379**	5 475	5 410
Deferred taxation liabilities	8	**610**	870	905
Provisions	16	**344**	468	383
Other non-interest-bearing	17	**1 305**	1 107	1 063
Current liabilities		**12 796**	13 374	8 732
Trade and other payables	18	**6 854**	6 663	5 163
Provisions	16	**600**	536	480
Taxation		**445**	705	457
Amounts due to bankers and short-term loans	19	**4 687**	4 409	2 632
Liabilities directly associated with assets classified as held for sale	12	**210**	1 061	
Total equity and liabilities		**30 655**	35 654	28 623

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2007 Rm	2006* Rm	2005* Rm
Continuing operations				
Revenue	20	**43 238**	35 281	31 247
Trading profit		**2 741**	2 058	1 922
Pension fund gain	17		149	
Operating profit	21	**2 741**	2 207	1 922
Fair value adjustments on financial instruments	22	**287**	233	(50)
Finance costs	23	**(816)**	(542)	(365)
Income from investments	24	**272**	202	107
Profit before exceptional items		**2 484**	2 100	1 614
Exceptional items	25	**(160)**	116	(6)
Profit before taxation		**2 324**	2 216	1 608
Taxation	26	**(658)**	(633)	(476)
Secondary taxation on companies	26	**(151)**	(27)	12
Profit after taxation		**1 515**	1 556	1 144
Income from associates and joint ventures	5	**68**	72	51
Net profit from continuing operations		**1 583**	1 628	1 195
Discontinued operations				
Profit from discontinued operations	12	**976**	1 118	968
Net profit		**2 559**	2 746	2 163
Attributable to:				
Minority shareholders		**289**	389	314
Barloworld Limited shareholders	29	**2 270**	2 357	1 849
		2 559	2 746	2 163
Earnings per share (cents)				
– basic	27	**1 120.0**	1 138.9	891.7
– diluted	27	**1 099.6**	1 117.1	871.7
Earnings per share from continuing operations (cents)				
– basic	27	**773.7**	764.4	554.6
– diluted	27	**759.6**	749.8	542.2
Earnings per share from discontinued operations (cents)				
– basic	27	**346.3**	374.5	337.1
– diluted	27	**340.0**	367.3	329.5

* *Reclassified – refer note 33.*

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2007 Rm	2006 Rm	2005 Rm
Cash flows from operating activities				
Cash receipts from customers		**49 697**	42 840	38 702
Cash paid to employees and suppliers		**(43 858)**	(36 773)	(33 902)
Cash generated from operations	A	**5 839**	6 067	4 800
Finance costs		**(902)**	(630)	(463)
Realised fair value adjustments on financial instruments		**(16)**	136	(18)
Dividends received from investments and associates		**41**	104	76
Interest received		**338**	261	156
Taxation paid	B	**(1 412)**	(1 007)	(975)
Cash flow from operations		**3 888**	4 931	3 576
Cash flow from operations – continuing operations		**2 636**	2 533	1 538
Cash flow from operations – discontinued operations		**1 252**	2 398	2 038
Dividends paid (including minority shareholders)		**(2 629)**	(1 295)	(1 197)
Cash retained from operating activities		**1 259**	3 636	2 379
Cash flows from investing activities				
Acquisition of subsidiaries, investments and intangibles	C	**(349)**	(814)	(443)
Proceeds on disposal of subsidiaries, investments and intangibles	D	**1 432**	44	69
Net investment in fleet leasing and rental assets	E	**(2 283)**	(2 108)	(1 629)
Acquisition of other property, plant and equipment		**(1 485)**	(1 217)	(1 186)
Replacement capital expenditure		**(451)**	(508)	(787)
Expansion capital expenditure		**(1 034)**	(709)	(399)
Proceeds on disposal of property, plant and equipment		**121**	593	209
Proceeds on sale of leasing assets		**1 684**	564	
Net cash used in investing activities		**(880)**	(2 938)	(2 980)
Net cash inflow/(outflow) before financing activities		**379**	698	(601)
Cash flows from financing activities				
Proceeds on share issue		**139**	90	188
Buyback of shares in company			(1 160)	
Proceeds from long-term borrowings		**1 376**	1 742	1 967
Repayment of long-term borrowings		**(3 207)**	(1 903)	(1 386)
Increase/(decrease) in short-term interest-bearing liabilities		**704**	1 007	(168)
Net cash (used in)/from financing activities		**(988)**	(224)	601
Net (decrease)/increase in cash and cash equivalents		**(609)**	474	
Cash and cash equivalents at beginning of year		**2 134**	1 399	1 443
Effect of foreign exchange rate movement on cash balance		**(6)**	242	(44)
Effect of cash balances classified as held for sale			19	
Effect of unbundling of Pretoria Portland Cement on cash balance		**(318)**		
Cash and cash equivalents at end of year		**1 201**	2 134	1 399
Cash balances not available for use due to reserving restrictions		**235**	405	344

	2007 Rm	2006 Rm	2005 Rm
Cash flows from operating activities (before dividends paid)			
Per business segment:			
Continuing operations			
– Equipment	**483**	968	427
– Handling	**230**	412	411
– Automotive	**1 382**	1 233	409
– Coatings	**300**	254	93
– Logistics	**120**	85	18
– Corporate and other	**121**	(419)	180
Total continuing operations	**2 636**	2 533	1 538
Discontinued operations			
– Cement	**1 002**	2 197	2 003
– Scientific	**176**	175	75
– Steel tube	**22**	80	(54)
– Coatings Australia	**52**	(54)	14
Total discontinued operations	**1 252**	2 398	2 038
Total group	**3 888**	4 931	3 576
Cash flows from investing activities			
Per business segment:			
Continuing operations			
– Equipment	**(778)**	(567)	(501)
– Handling	**1 761**	760	(545)
– Automotive	**(2 044)**	(2 084)	(1 265)
– Coatings	**(106)**	(342)	(41)
– Logistics	**(26)**	(7)	(197)
– Corporate and other	**(36)**	(294)	(199)
Total continuing operations	**(1 229)**	(2 534)	(2 748)
Discontinued operations			
– Cement	**(644)**	(243)	(129)
– Scientific	**321**	(129)	(55)
– Steel tube	**430**	(24)	(20)
– Coatings Australia	**242**	(8)	(28)
Total discontinued operations	**349**	(404)	(232)
Total group	**(880)**	(2 938)	(2 980)
Cash flows from financing activities			
Per business segment:			
Continuing operations			
– Equipment	**317**	(352)	93
– Handling	**(2 050)**	(1 166)	93
– Automotive	**678**	898	754
– Coatings	**(139)**	105	207
– Logistics	**(96)**	(89)	164
– Corporate and other	**963**	431	(669)
Total continuing operations	**(327)**	(173)	642
Discontinued operations			
– Cement	**620**	2	(65)
– Scientific	**(529)**	(38)	(23)
– Steel tube	**(453)**	(75)	31
– Coatings Australia	**(299)**	60	16
Total discontinued operations	**(661)**	(51)	(41)
Total group	**(988)**	(224)	601

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER

	2007 Rm	2006 Rm	2005 Rm
A. Cash generated from operations is calculated as follows:			
Profit before taxation – continuing operations	**2 324**	2 216	1 608
Profit before taxation – discontinued operations	**1 639**	2 000	1 540
Adjustments for:			
Depreciation	**1 961**	1 930	1 826
Amortisation of intangible assets	**70**	65	60
Profit on disposal of plant and equipment including rental assets	**(44)**	(108)	(97)
Profit on disposal of properties	**(45)**	(129)	(1)
Loss/(profit) on disposal of subsidiaries and investments	**65**	(11)	(24)
Dividends received	**(2)**	(62)	(31)
Interest received	**(338)**	(261)	(156)
Finance costs	**902**	630	441
Fair value adjustments on financial instruments	**(300)**	(228)	56
Impairment losses	**323**	28	21
Realisation of translation reserve on disposal of offshore subsidiaries	**(197)**		
Other non-cash flow items	**12**	7	32
Operating cash flows before movements in working capital	**6 370**	6 077	5 275
Increase in working capital	**(531)**	(10)	(475)
Increase in inventories	**(1 113)**	(688)	(427)
Increase in receivables	**(860)**	(396)	(370)
Increase in payables	**1 442**	1 074	322
Cash generated from operations	**5 839**	6 067	4 800
B. Taxation paid is reconciled to the amounts disclosed in the income statement as follows:			
Amounts unpaid less overpaid at beginning of year	**(688)**	(419)	(421)
Per the income statement (excluding deferred taxation)	**(1 376)**	(1 315)	(958)
Adjustment in respect of subsidiaries acquired and sold including translation adjustments	**7**	39	(15)
Amounts unpaid less overpaid at end of year	**645**	688	419
Cash amounts paid	**(1 412)**	(1 007)	(975)
C. Acquisition of subsidiaries, investments and intangibles:			
Inventories acquired		57	11
Receivables acquired		226	96
Payables, taxation and deferred taxation acquired		(230)	(90)
Borrowings net of cash		(512)	25
Property, plant and equipment, non-current assets, goodwill and minority shareholders		744	55
Net assets acquired		285	97
Goodwill arising on acquisitions		238	21
Total purchase consideration		523	118
Investments and intangible assets acquired	**349**	291	325
Cash amounts paid to acquire subsidiaries, investments and intangibles	**349**	814	443
Bank balances and cash in subsidiaries acquired		12	36

	2007 Rm	2006 Rm	2005 Rm
D. Proceeds on disposal of subsidiaries, investments and intangibles:			
Inventories disposed	**932**	17	29
Receivables disposed	**676**		33
Payables, taxation and deferred taxation balances disposed	**(670)**		(62)
Borrowings net of cash	**50**		12
Property, plant and equipment, non-current assets, goodwill and intangibles	**501**	4	(5)
Net assets disposed	**1 489**	21	7
(Loss)/profit on disposal	**(69)**	13	29
Net cash proceeds on disposal of subsidiaries	**1 420**	34	36
Proceeds on disposal of investments	**12**	10	33
Cash proceeds on disposal of subsidiaries, investments and intangibles	**1 432**	44	69
E. Net investment in fleet leasing and rental assets:			
Net investment in fleet leasing and equipment rental assets	**(1 310)**	(832)	(1 090)
Additions to fleet leasing and equipment rental assets	**(2 314)**	(1 821)	(1 832)
Less: Proceeds on disposal of fleet leasing and equipment rental assets	**1 004**	989	742
Net investment in leasing receivables	**(46)**	(16)	53
Net investment in car rental vehicles	**(927)**	(1 260)	(592)
Additions to vehicle rental fleet during the year	**(3 741)**	(3 663)	(2 296)
Less: Proceeds on disposal of vehicle rental fleet	**2 814**	2 403	1 704
Net investment in fleet leasing and rental assets	**(2 283)**	(2 108)	(1 629)

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 SEPTEMBER

	2007 Rm	2006 Rm	2005 Rm
Exchange (losses)/gains on translation of foreign operations	**(229)**	1 832	(186)
Translation reserves realised on the disposal of foreign subsidiaries	**(284)**		
(Loss)/gain on cash flow hedges	**(163)**	139	2
Deferred taxation on cash flow hedges	**39**	(18)	
(Loss)/gain on revaluation of available for sale investments	**(22)**	18	12
Deferred tax on revaluation of available for sale investments		(8)	(2)
Other reserve movements – losses		(71)	(31)
Net actuarial losses on post-retirement benefit obligations	**(54)**	(55)	(86)
Actuarial losses on post-retirement benefit obligations	**(42)**	(79)	(123)
Taxation effect of net actuarial losses	**(12)**	24	37
Net (loss)/income recognised directly in equity	**(713)**	1 837	(291)
Profit for the period	**2 559**	2 746	2 163
Total recognised income and expense for the year	**1 846**	4 583	1 872
Attributable to:			
Minority shareholders	**289**	381	302
Barloworld Limited shareholders	**1 557**	4 202	1 570
	1 846	4 583	1 872

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS#

FOR THE YEAR ENDED 30 SEPTEMBER

Continuing operations

	Consolidated*			Eliminations			Equipment			Handling					
										Trading			Leasing		
R million	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005
1. Business and geographical segments**															
Revenue															
Southern Africa	**24 679**	20 017	17 344				**9 333**	6 212	4 953						
Europe	**11 777**	8 752	8 285				**7 422**	5 415	5 281	**2 690**	1 995	1 982	**160**	257	367
North America	**4 334**	4 793	4 020							**4 330**	4 697	3 922	**4**	96	98
Australia and Asia	**2 448**	1 719	1 598												
	43 238	35 281	31 247				**16 755**	11 627	10 234	**7 020**	6 692	5 904	**164**	353	465
Intersegment revenue ***				**(1 608)**	(1 600)	(1 022)	**389**	199	138						
	43 238	35 281	31 247	**(1 608)**	(1 600)	(1 022)	**17 144**	11 826	10 372	**7 020**	6 692	5 904	**164**	353	465
Segment result															
Operating profit															
Southern Africa	**1 905**	1 338	1 249				**972**	504	475						
Europe	**724**	756	627				**612**	474	475	**55**	23	41	**14**	33	66
North America	**64**	90	35							**72**	115	75	**(8)**	(25)	(40)
Australia and Asia	**48**	23	11												
Operating profit/(loss)	**2 741**	2 207	1 922				**1 584**	978	950	**127**	138	116	**6**	8	26
Fair value adjustments on financial instruments	**287**	233	(50)				**(9)**	141	(51)						
Total segment result	**3 028**	2 440	1 872				**1 575**	1 119	899	**127**	138	116	**6**	8	26
By geographical region															
Southern Africa	**2 194**	1 570	1 199				**963**	645	424						
Europe	**722**	757	627				**612**	474	475	**55**	23	41	**14**	33	66
North America	**64**	90	35							**72**	115	75	**(8)**	(25)	(40)
Australia and Asia	**48**	23	11												
Total segment result	**3 028**	2 440	1 872				**1 575**	1 119	899	**127**	138	116	**6**	8	26
Income from associates and joint ventures	**68**	72	51				**36**	27	8						
Segment result including associate income	**3 096**	2 512	1 923				**1 611**	1 146	907	**127**	138	116	**6**	8	26
Finance costs	**(816)**	(542)	(365)												
Income from investments	**272**	202	107												
Exceptional items	**(160)**	116	(6)												
	2 392	2 288	1 659												
Taxation	**(809)**	(660)	(464)												
Net profit	**1 583**	1 628	1 195												
Cash flows per segment															
Cash flows from operating activities	**1 259**	3 636	2 379				**483**	968	427	**265**	271	257	**(35)**	141	154
Cash flows from investing activities	**(880)**	(2 938)	(2 980)				**(778)**	(567)	(501)	**190**	84	(273)	**1 571**	676	(272)
Cash flows from financing activities	**(988)**	(224)	601				**317**	(352)	93	**(490)**	(329)	36	**(1 561)**	(837)	57
Non-cash expenses per segment															
Depreciation	**1 761**	1 681	1 576				**476**	415	406	**229**	199	176	**43**	132	177
Amortisation of intangibles	**64**	55	49				**23**	21	23	**10**	13	13			
Impairment losses/(reversals)	**323**	23	25				**118**	22	1	**68**		28			

All relevant comparatives in the notes to the group financial statements have been reclassified as per note 33.

* *The consolidated total excludes discontinued operations for income statement items but include it for balance sheet and cash flow items.*

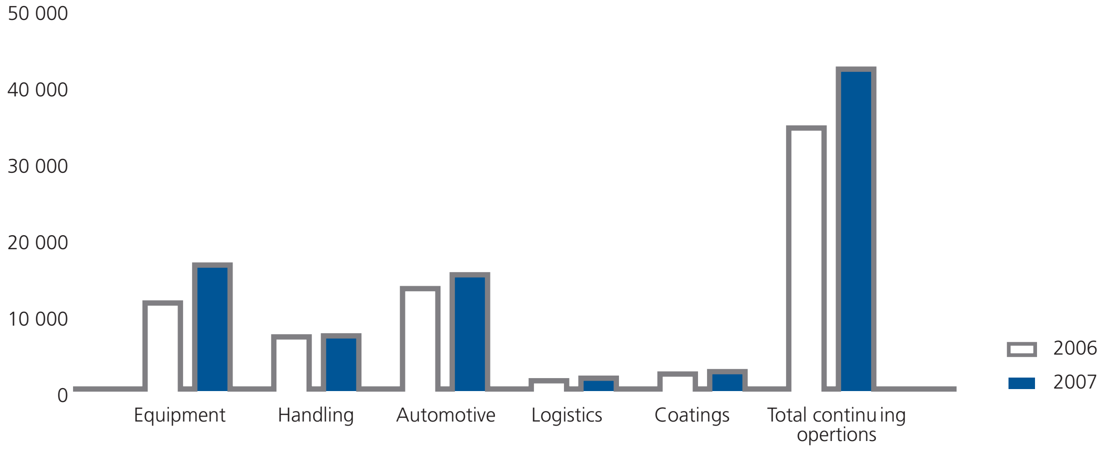
** *The geographical segments are determined by the location of assets.*

*** *Intersegment revenue is priced on an arm's length basis.*

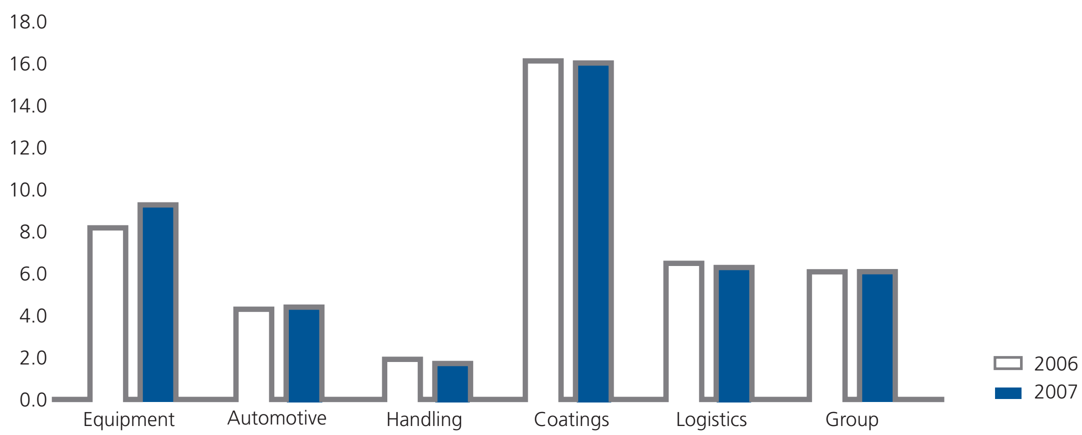
Continuing operations																	
Automotive									Coatings			Logistics			Corporate		
Trading			Car rental			Leasing			excluding Australia						and other		
2007	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005
9 948	9 307	8 791	**1 209**	1 108	881	**701**	631	638	**2 347**	2 024	1 520	**1 088**	683	500	**53**	52	61
			1 134	805	478							**371**	280	200			(23)
2 448	1 719	1 598															
12 396	11 026	10 389	**2 343**	1 913	1 359	**701**	631	638	**2 347**	2 024	1 520	**1 459**	963	700	**53**	52	38
51	(44)	19	**3**	2	2				**8**	5	115	**747**	980	450	**410**	458	298
12 447	10 982	10 408	**2 346**	1 915	1 361	**701**	631	638	**2 355**	2 029	1 635	**2 206**	1 943	1 150	**463**	510	336
184	210	182	**325**	250	211	**76**	63	88	**383**	331	281	**76**	37	28	**(111)**	(57)	(16)
			81	69	66							**19**	28	23	**(57)**	129	(44)
48	23	11															
232	233	193	**406**	319	277	**76**	63	88	**383**	331	281	**95**	65	51	**(168)**	72	(60)
(13)	13	(7)	**7**	6	(1)	**(1)**	2		**(8)**	9					**311**	62	9
219	246	186	**413**	325	276	**75**	65	88	**375**	340	281	**95**	65	51	**143**	134	(51)
171	223	175	**332**	256	210	**75**	65	88	**375**	340	281	**76**	37	28	**202**	4	(7)
			81	69	66							**19**	28	23	**(59)**	130	(44)
48	23	11															
219	246	186	**413**	325	276	**75**	65	88	**375**	340	281	**95**	65	51	**143**	134	(51)
20	27	23				**(3)**			**15**	18	20						
239	273	209	**413**	325	276	**72**	65	88	**390**	358	301	**95**	65	51	**143**	134	(51)
80	(128)	107	**668**	948	(121)	**634**	413	423	**300**	254	93	**120**	85	18	**(1 294)**	(655)	252
(313)	(427)	(145)	**(1 040)**	(1 083)	(638)	**(691)**	(574)	(482)	**(106)**	(342)	(41)	**(26)**	(7)	(197)	**(36)**	(294)	(199)
232	571	(521)	**397**	168	1 214	**50**	159	61	**(139)**	105	207	**(96)**	(89)	164	**963**	431	(669)
46	37	34	**502**	483	352	**344**	297	318	**42**	36	35	**47**	48	43	**32**	34	35
3	2	2	**3**	2		**1**	1		**7**	4	3	**14**	4	6	**3**	8	2
			101		(4)										**36**	1	

	Discontinued operations											
	Scientific			Cement			Steel tube			Coatings Australia		
R million	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005
1. Business and geographical segments (continued)												
Revenue												
Southern Africa				**4 016**	4 863	3 974	**348**	1 775	1 590			
Europe	**1 191**	1 027	1 009									
North America	**388**	429	382									
Australia and Asia	**121**	146	135							**957**	947	949
	1 700	1 602	1 526	**4 016**	4 863	3 974	**348**	1 775	1 590	**957**	947	949
Intersegment revenue												
	1 700	1 602	1 526	**4 016**	4 863	3 974	**348**	1 775	1 590	**957**	947	949
Segment result												
Operating profit												
Southern Africa				**1 527**	1 903	1 509	**32**	95	44			
Europe	**104**	62	23									
North America	**(4)**	10	(6)									
Australia and Asia	**4**	8	4							**(33)**	(57)	(29)
Operating profit/(loss)	**104**	80	21	**1 527**	1 903	1 509	**32**	95	44	**(33)**	(57)	(29)
Fair value adjustments on financial instruments				**13**	2	(7)		(6)	1			
Total segment result	**104**	80	21	**1 540**	1 905	1 502	**32**	89	45	**(33)**	(57)	(29)
By geographical region												
Southern Africa				**1 540**	1 905	1 502	**32**	89	45			
Europe	**104**	62	23									
North America	**(4)**	10	(6)									
Australia and Asia	**4**	8	4							**(33)**	(57)	(29)
Total segment result	**104**	80	21	**1 540**	1 905	1 502	**32**	89	45	**(33)**	(57)	(29)
Income from associates and joint ventures				**5**		2	**1**	4	5			
Segment result including associate income	**104**	80	21	**1 545**	1 905	1 504	**33**	93	50	**(33)**	(57)	(29)
Cash flows per segment												
Cash flows from operating activities	**176**	175	75	**(212)**	1 138	734	**22**	80	(54)	**52**	(54)	14
Cash flows from investing activities	**321**	(129)	(55)	**(644)**	(243)	(129)	**430**	(24)	(20)	**242**	(8)	(28)
Cash flows from financing activities	**(529)**	(38)	(23)	**620**	2	(65)	**(453)**	(75)	31	**(299)**	60	16
Non-cash expenses per segment												
Depreciation	**47**	46	50	**138**	165	155	**5**	18	29	**11**	20	16
Amortisation of intangibles	**3**	3	3	**3**	4	3			1		3	4
Impairment losses/(reversals)						(4)						

REVENUE – Rm



OPERATING MARGIN continuing operations (%)



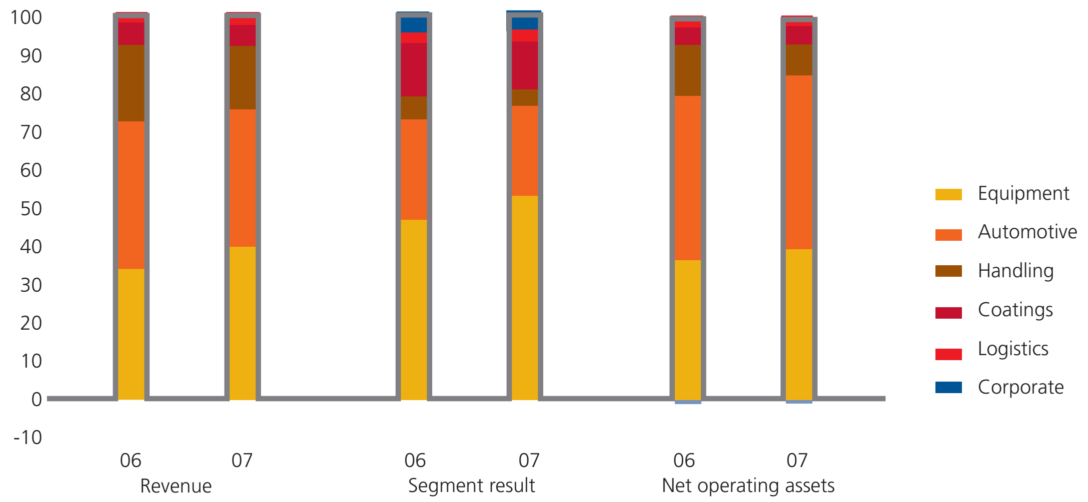
	Continuing operations											
	Consolidated*			Equipment			Handling					
							Trading			Leasing		
R million	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005
1. Business and geographical segments (continued)												
Assets												
Property, plant and equipment	**6 847**	8 299	7 922	**2 429**	2 136	1 775	**700**	852	649	**108**	143	667
Goodwill	**2 046**	3 005	2 485	**220**	232	188	**179**	328	261			
Intangible assets	**274**	323	260	**75**	97	98	**17**	32	37			
Investment in associates and joint ventures	**928**	749	518	**523**	553	331						
Long-term finance lease receivables	**619**	566	1 495		1	2				**544**	494	1 484
Long-term financial assets	**686**	597	655	**14**	8	11	**12**	34	25	**104**	7	
Vehicle rental fleet	**3 902**	3 441	2 196									
Inventories	**5 869**	5 907	4 793	**3 355**	2 303	1 811	**431**	948	612			
Trade and other receivables	**6 185**	7 026	5 859	**3 033**	2 611	1 705	**695**	843	618	**120**	203	591
Assets classified as held for sale	**1 447**	2 840	180	**30**	21	24	**66**	41	4	**51**	1 716	12
Segment assets	**28 803**	32 753	26 363	**9 679**	7 962	5 945	**2 100**	3 078	2 206	**927**	2 563	2 754
By geographical region												
Southern Africa	**15 817**	16 424	14 325	**4 615**	3 421	2 667						
Europe	**11 124**	12 425	8 441	**5 064**	4 541	3 278	**1 216**	1 154	819	**905**	2 433	2 015
North America	**990**	2 445	2 537				**885**	1 924	1 387	**22**	130	739
Australia and Asia	**872**	1 459	1 060									
Total segment assets	**28 803**	32 753	26 363	**9 679**	7 962	5 945	**2 100**	3 078	2 206	**927**	2 563	2 754
Taxation	**32**	17	38									
Deferred taxation assets	**619**	750	823									
Cash and cash equivalents	**1 201**	2 134	1 399									
Consolidated total assets	**30 655**	35 654	28 623									
Liabilities												
Interest-bearing liabilities (leasing)	**2 068**	2 671	3 277							**612**	1 542	2 324
Long-term non-interest-bearing	**1 649**	1 575	1 446	**157**	125	149	**58**	80	59	**172**	88	72
Trade and other payables including provisions	**7 454**	7 199	5 643	**3 045**	2 165	1 585	**776**	1 148	720	**36**	44	45
Liabilities directly associated with assets classified as held for sale	**210**	1 061									597	
Segment liabilities	**11 381**	12 506	10 366	**3 202**	2 290	1 734	**834**	1 228	779	**820**	2 271	2 441
By geographical region												
Southern Africa	**6 698**	5 815	4 647	**1 875**	1 117	834						
Europe	**4 191**	5 327	4 264	**1 327**	1 173	900	**528**	484	382	**767**	2 124	1 754
North America	**371**	966	1 136				**306**	744	397	**53**	147	687
Australia and Asia	**121**	398	319									
Total segment liabilities	**11 381**	12 506	10 366	**3 202**	2 290	1 734	**834**	1 228	779	**820**	2 271	2 441
Interest-bearing liabilities (excluding leasing)	**6 998**	7 213	4 765									
Deferred taxation liabilities	**610**	870	905									
Taxation	**445**	705	457									
Consolidated total liabilities	**19 434**	21 294	16 493									
Capital additions												
Southern Africa	**4 436**	3 691	3 027	**503**	411	302						
Europe	**2 852**	2 046	1 729	**630**	298	361	**129**	38	117	**106**	87	217
North America	**169**	222	280				**164**	163	186		52	87
Australia and Asia	**96**	134	56									
	7 553	6 093	5 092	**1 133**	709	663	**293**	201	303	**106**	139	304

* *The consolidated total excludes discontinued operations for income statement items but include it for balance sheet and cash flow items.*

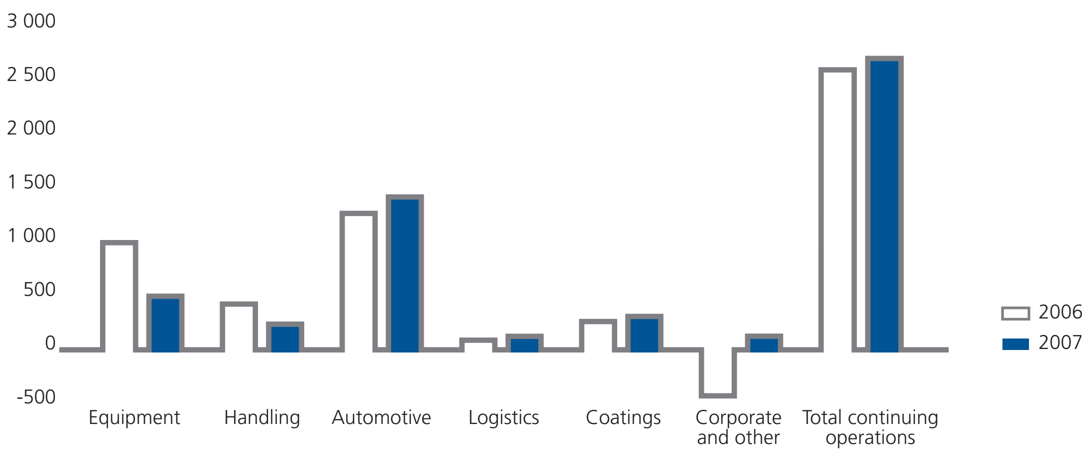
	Continuing operations																	
	Trading			Automotive Car rental			Leasing			Coatings excluding Australia			Logistics			Corporate and other		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
	918	695	437	227	176	90	1 605	1 461	1 477	317	213	166	207	238	246	336	480	502
	120	59	43	1 085	1 307	1 182	282	80	3	33	30	18	127	115	116		133	22
	15	7	8	8	9	3	2	1	2	81	73	20	52	52	39	24	27	28
	115	74	48	2			190	10		85	83	88				13	29	42
							66	62		1	1					8	8	9
	5	5	3	2	1	2		42		17	13		3	3		529	93	101
				3 902	3 441	2 196												
	1 717	1 458	1 123	(6)	(7)	4		1	1	362	345	258	5	4	4	5	6	3
	343	342	287	835	753	437	134	142	81	441	385	288	617	531	402	(33)	(96)	(44)
			7	219	136	81	54	51	52		30		5			50		
	3 232	2 640	1 956	6 274	5 816	3 995	2 333	1 850	1 616	1 337	1 173	838	1 016	943	807	932	680	663
	2 370	1 868	1 468	3 447	2 903	2 567	2 333	1 850	1 616	1 337	1 173	838	822	793	734	893	447	614
				2 827	2 913	1 428							194	150	73	39	233	49
	862	772	488															
	3 232	2 640	1 956	6 274	5 816	3 995	2 333	1 850	1 616	1 337	1 173	838	1 016	943	807	932	680	663
							1 456	1 129	953									
	104	66	52	33	11	1	267	223	155	44	9	35	4	2	2	810	843	798
	1 022	888	865	994	869	367	264	222	174	476	404	290	545	458	326	296	15	232
											8							
	1 126	954	917	1 027	880	368	1 987	1 574	1 282	520	421	325	549	460	328	1 106	858	1 030
	1 007	848	828	627	503	171	1 987	1 574	1 282	520	421	325	422	360	268	260	(44)	209
				400	377	197							127	100	60	846	902	821
	119	106	89															
	1 126	954	917	1 027	880	368	1 987	1 574	1 282	520	421	325	549	460	328	1 106	858	1 030
	179	121	118	1 912	1 734	1 330	977	831	855	116	101	47	31	56	60	41	17	105
				1 961	1 602	991							11	4	5			
	74	123	31															
	253	244	149	3 873	3 336	2 321	977	831	855	116	101	47	42	60	65	41	17	105

	Discontinued operations											
	Scientific			Cement			Steel tube			Coatings Australia		
R million	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005
1. Business and geographical segments (continued)												
Assets												
Property, plant and equipment		342	294		1 414	1 247			235		149	137
Goodwill		326	255		382	384					13	13
Intangible assets		10	8		14	12			3		1	2
Investment in associates and joint ventures									9			
Long-term finance lease receivables												
Long-term financial assets		3	3		388	509						1
Vehicle rental fleet												
Inventories		472	366		224	223			254		153	134
Trade and other receivables		429	403		702	646			299		181	146
Assets classified as held for sale	**972**				130			715				
Segment assets	**972**	1 582	1 329		3 254	3 021		715	800		497	433
By geographical region												
Southern Africa					3 254	3 021		715	800			
Europe	**879**	1 001	779									
North America	**83**	391	411									
Australia and Asia	**10**	190	139								497	433
Total segment assets	**972**	1 582	1 329		3 254	3 021		715	800		497	433
Taxation												
Deferred taxation assets												
Cash and cash equivalents												
Consolidated total assets												
Liabilities												
Interest-bearing liabilities (leasing)												
Long-term non-interest-bearing		16	15		107	102						
Trade and other payables including provisions		307	239		473	417			1		5	5
Liabilities directly associated with assets classified as held for sale	**210**				109			347	210		206	173
Segment liabilities	**210**	323	254		689	519		347	211		211	178
By geographical region												
Southern Africa					689	519		347	211			
Europe	**196**	167	150									
North America	**12**	75	52									
Australia and Asia	**2**	81	52								211	178
Total segment liabilities	**210**	323	254		689	519		347	211		211	178
Interest-bearing liabilities (excluding leasing)												
Deferred taxation liabilities												
Taxation												
Consolidated total liabilities												
Capital additions												
Southern Africa				**671**	389	182	**6**	31	28			
Europe	**15**	17	38									
North America	**5**	7	7									
Australia and Asia	**10**	2	8							**12**	9	17
	30	26	53	**671**	389	182	**6**	31	28	**12**	9	17

SEGMENTAL ANALYSIS – continuing operations (%)



CASH FLOWS OPERATING ACTIVITIES (before dividends paid) Rm



1.1 Segmentation for purpose of gearing and interest cover targets

These schedules are provided to assist users to gain a better understanding of how the group segments its balance sheet and income statement in order to set appropriate gearing and interest cover targets. For this purpose three broad segments have been defined namely:

- Trading (manufacturing and dealership businesses)
- Leasing (long-term leasing solutions including fleet services)
- Car rental (short-term car hire)

In view of the nature of the leasing and car rental businesses, these operations are more highly geared and in this respect are different from the rest of the group. Short-term equipment rental businesses with a net book value of rental assets amounting to R2 166 million (2006: R2 252 million; 2005: R1 611 million) are included as part of the trading operations.

	Total group			Trading			Leasing#			Car rental		
	2007 Rm	2006 Rm	2005 Rm	**2007 Rm**	2006 Rm	2005 Rm	**2007 Rm**	2006 Rm	2005 Rm	**2007 Rm**	2006 Rm	2005 Rm
Consolidated balance sheet												
Assets												
Property, plant and equipment												
Cost	**16 822**	19 665	16 706	**9 247**	12 566	10 966	**2 725**	2 883	3 118	**4 850**	4 216	2 622
Accumulated depreciation	**5 417**	7 413	6 415	**3 982**	5 961	5 249	**920**	977	911	**515**	475	255
Net book value	**11 405**	12 252	10 291	**5 265**	6 605	5 717	**1 805**	1 906	2 207	**4 335**	3 741	2 367
Less: Items reflected under current assets as vehicle rental fleet and assets classified as held for sale	**4 558**	3 953	2 369	**358**	86	29	**92**	302	63	**4 108**	3 565	2 277
Property, plant and equipment – net book value	**6 847**	8 299	7 922	**4 907**	6 519	5 688	**1 713**	1 604	2 144	**227**	176	90
Goodwill	**2 046**	3 005	2 485	**679**	1 618	1 300	**282**	80	3	**1 085**	1 307	1 182
Intangible assets	**274**	323	260	**264**	313	255	**2**	1	2	**8**	9	3
Finance lease receivables	**619**	566	1 495	**9**	10	11	**610**	556	1 484			
Long-term financial assets, investment in associates and joint ventures	**1 614**	1 346	1 173	**1 315**	1 286	1 171	**295**	59		**4**	1	2
Deferred taxation assets	**619**	750	823	**583**	690	710	**32**	39	108	**4**	21	5
Non-current assets	**12 019**	14 289	14 158	**7 757**	10 436	9 135	**2 934**	2 339	3 741	**1 328**	1 514	1 282
Current assets	**18 636**	21 365	14 465	**13 206**	14 792	10 851	**371**	2 157	791	**5 059**	4 416	2 823
Finance lease receivables	**150**	222	525	**21**	22	25	**129**	200	500			
Cash and cash equivalents	**1 201**	2 134	1 399	**1 086**	2 012	1 298	**9**	41	54	**106**	81	47
Assets classified as held for sale	**1 447**	2 840	180	**1 124**	936	35	**105**	1 768	64	**218**	136	81
Other current assets	**15 838**	16 169	12 361	**10 975**	11 822	9 493	**128**	148	173	**4 735**	4 199	2 695
Total assets	**30 655**	35 654	28 623	**20 963**	25 228	19 986	**3 305**	4 496	4 532	**6 387**	5 930	4 105
Equity and liabilities												
Interest of all shareholders	**11 221**	14 360	12 130	**9 308**	12 468	10 632	**320**	474	517	**1 593**	1 418	981
Non-current liabilities	**6 638**	7 920	7 761	**2 861**	2 062	2 772	**2 464**	2 598	2 319	**1 313**	3 260	2 670
Deferred taxation liabilities	**610**	870	905	**171**	417	475	**158**	169	261	**281**	284	169
Interest-bearing	**4 379**	5 475	5 410	**1 513**	392	1 079	**1 867**	2 118	1 831	**999**	2 965	2 500
Non-interest-bearing	**1 649**	1 575	1 446	**1 177**	1 253	1 218	**439**	311	227	**33**	11	1
Current liabilities	**12 796**	13 374	8 732	**8 794**	10 698	6 582	**521**	1 424	1 696	**3 481**	1 252	454
Amounts due to bankers and short-term loans	**4 687**	4 409	2 632	**2 040**	3 510	1 143	**201**	553	1 446	**2 446**	346	43
Liabilities directly associated with assets classified as held for sale												
– Interest-bearing		642			45			597				
– Non-interest-bearing	**210**	419		**210**	419							
Other current liabilities	**7 899**	7 904	6 100	**6 544**	6 724	5 439	**320**	274	250	**1 035**	906	411
Total equity and liabilities	**30 655**	35 654	28 623	**20 963**	25 228	19 986	**3 305**	4 496	4 532	**6 387**	5 930	4 105

The income received on the leasing net assets (finance and rental income) and the interest paid on the borrowings are regarded as operational items and are included in operating profits. Leasing results are stated excluding consolidation adjustments and intergroup eliminations.

	Total group			Trading			Leasing[#]			Car rental		
	2007 Rm	2006 Rm	2005 Rm	**2007 Rm**	2006 Rm	2005 Rm	**2007 Rm**	2006 Rm	2005 Rm	**2007 Rm**	2006 Rm	2005 Rm
Consolidated income statement												
Continuing operations												
Revenue	**43 238**	35 281	31 247	**40 030**	32 384	28 785	**865**	984	1 103	**2 343**	1 913	1 359
Operating profit before depreciation and leasing interest paid	**4 733**	4 127	3 683	**3 125**	2 586	2 259	**701**	739	794	**907**	802	630
Leasing interest paid included in cost of sales	**(231)**	(239)	(185)				**(231)**	(239)	(185)			
Depreciation	**(1 761)**	(1 681)	(1 576)	**(871)**	(769)	(728)	**(388)**	(429)	(495)	**(502)**	(483)	(353)
Operating profit	**2 741**	2 207	1 922	**2 254**	1 817	1 531	**82**	71	114	**405**	319	277
Fair value adjustments on financial instruments	**287**	233	(50)	**281**	226	(49)	**(1)**	1		**7**	6	(1)
Finance costs	**(816)**	(542)	(365)	**(552)**	(333)	(203)				**(264)**	(209)	(162)
Income from investments	**272**	202	107	**259**	170	79	**1**	3	1	**12**	29	27
Profit before exceptional items	**2 484**	2 100	1 614	**2 242**	1 880	1 358	**82**	75	115	**160**	145	141
Exceptional items	**(160)**	116	(6)	**(175)**	116	(10)	**(1)**			**16**		4
Profit before taxation	**2 324**	2 216	1 608	**2 067**	1 996	1 348	**81**	75	115	**176**	145	145
Taxation	**(809)**	(660)	(464)	**(750)**	(639)	(366)	**(15)**	5	(43)	**(44)**	(26)	(55)
Profit after taxation	**1 515**	1 556	1 144	**1 317**	1 357	982	**66**	80	72	**132**	119	90
Income from associates and joint ventures	**68**	72	51	**71**	72	51	**(3)**					
Net profit from continuing operations	**1 583**	1 628	1 195	**1 388**	1 429	1 033	**63**	80	72	**132**	119	90
Discontinued operations												
Profit from discontinued operations	**976**	1 118	968	**976**	1 118	968						
Net profit	**2 559**	2 746	2 163	**2 364**	2 547	2 001	**63**	80	72	**132**	119	90
Attributable to:												
Minority shareholders	**289**	389	314	**282**	373	285	**7**	16	29			
Barloworld Limited shareholders	**2 270**	2 357	1 849	**2 082**	2 174	1 716	**56**	64	43	**132**	119	90
	2 559	2 746	2 163	**2 364**	2 547	2 001	**63**	80	72	**132**	119	90
KEY FINANCIAL RATIOS BY SEGMENT												
Total borrowings to total shareholders' funds (%)**												
Actual	**81**	73	66	**38**	32	21	**646**	689	634	**216**	233	259
Target*					30 – 50			600 – 800			200 – 300	
Interest cover (times)**												
Actual	**3.4**	3.7	3.9	**5.1**	6.6	7.7	**1.4**	1.3	1.6	**1.6**	1.7	1.9
Target		> 3			> 4			> 1			> 1.25	

[#] *The income received on the leasing net assets (finance and rental income) and the interest paid on the borrowings are regarded as operational items and are included in operating profits. Leasing results are stated excluding consolidation adjustments and intergroup eliminations.*

* *The group gearing target is dependent on the relative mix of assets between the three segments.*

** *Refer to pages 172 for definitions.*

	Cost Rm	2007 Accumulated depreciation and impairments Rm	Net book value Rm
2. Property, plant and equipment			
Freehold land and buildings	1 637	290	1 347
Leasehold land and buildings	430	129	301
Investment property	16	8	8
Plant, equipment and furniture	2 273	1 605	668
Vehicles and aircraft	763	375	388
Capitalised leased plant and equipment, vehicles and furniture	456	69	387
Decommissioning and quarry rehabilitation			
Rental assets – vehicles	6 761	731	6 030
– equipment	4 486	2 210	2 276
	16 822	5 417	11 405
Less: Vehicle rental fleet reflected under current assets			3 902
Rental assets and other assets classified as held for sale			450
Disposal group assets classified as held for sale			206
			6 847
Per business segment:			
Continuing operations			
– Equipment			2 429
– Handling			808
– Automotive			2 750
– Coatings			317
– Logistics			207
– Corporate and other			336
Total continuing operations			6 847
Discontinued operations			
– Cement			
– Scientific			206
– Steel tube			
– Coatings Australia			
Total discontinued operations			206
Total group			7 053
Amounts classified as held for sale			(206)
Total per balance sheet			6 847
Investment properties			
Ten investment properties (2006 and 2005: four) are held of which all are income generating (2006 and 2005: four) and none are vacant (2006 and 2005: none).			
Income earned from investment properties			7
Direct operating expenses incurred on investment properties			3
Fair value of investment properties			172
The valuations were done by a chartered surveyor on the existing use value method.			
Other disclosures			
Net book value of encumbered property, plant and equipment (note 15)			1 914
Historic value of land and residual value of plant and equipment			2 290
Insurable value of property, plant and equipment			21 498
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.			
The registers of land and buildings are open for inspection at the registered offices of the companies.			

2006 Cost Rm	2006 Accumulated depreciation and impairments Rm	2006 Net book value Rm	2005 Cost Rm	2005 Accumulated depreciation and impairments Rm	2005 Net book value Rm
2 085	483	1 602	1 673	404	1 269
447	124	323	306	80	226
57	7	50	49	4	45
5 139	3 272	1 867	4 304	2 762	1 542
1 070	776	294	1 005	428	577
701	202	499	602	166	436
36	17	19	27	16	11
5 808	459	5 349	4 321	537	3 784
4 941	2 391	2 550	4 419	2 018	2 401
20 284	7 731	12 553	16 706	6 415	10 291
		3 441			2 196
		574			173
		239			
		8 299			7 922
		2 136			1 775
		995			1 316
		2 332			2 004
		213			166
		238			246
		480			502
		6 394			6 009
		1 414			1 247
		342			294
		239			235
		149			137
		2 144			1 913
		8 538			7 922
		(239)			
		8 299			7 922
		4			3
		2			2
		49			38
		2 577			1 585
		4 241			2 337
		31 770			30 442

	Movement of property, plant and equipment	Freehold and leasehold land and buildings Rm	Investment property Rm
2.	**Property, plant and equipment (continued)**		
	2007		
	Net balance at 1 October 2006	**1 925**	**50**
	Subsidiaries disposed	**(238)**	
	Other additions	**344**	
	Impairment of assets		
	Translation differences (net) #	**(1)**	**(1)**
		2 030	**49**
	Other disposals	**(112)**	**(40)**
	Depreciation	**(64)**	**(1)**
	Unbundling of cement	**(206)**	
	Net balance at 30 September 2007	**1 648**	**8**
	Less: Vehicle rental fleet assets reflected under current assets		
	Rental assets and other assets classified as held for sale		
	Disposal group assets classified as held for sale	**108**	
	Balance reflected as property, plant and equipment	**1 540**	**8**
	2006		
	Net balance at 1 October 2005	1 495	45
	Subsidiaries acquired	5	
	Other additions	334	
	Impairment of assets		
	Translation differences (net) #	221	10
		2 055	55
	Other disposals	(63)	(4)
	Depreciation	(67)	(1)
	Net balance at 30 September 2006	1 925	50
	Less: Vehicle rental fleet assets reflected under current assets		
	Rental assets and other assets classified as held for sale	10	
	Disposal group assets classified as held for sale	94	
	Balance reflected as property, plant and equipment	1 821	50
	2005		
	Net balance at 1 October 2004	1 432	14
	Subsidiaries acquired	21	
	Other additions	201	32
	Impairment of assets	8	2
	Translation differences (net) #	(25)	(2)
		1 637	46
	Other disposals	(81)	
	Depreciation	(61)	(1)
	Net balance at 30 September 2005	1 495	45
	Less: Vehicle rental fleet assets reflected under current assets		
	Rental assets and other assets classified as held for sale		
	Balance reflected as property, plant and equipment	1 495	45

	2007 Rm	2006 Rm	2005 Rm
* **Rental asset disclosures**			
Future minimum lease receivables under non-cancellable operating leases:			
Within one year	**122**	49	866
Two to five years	**274**	334	945
More than five years	**8**		6
	404	383	1 817

Equipment rental assets include materials handling equipment rented to customers in South Africa, the United Kingdom and the United States and capital equipment in southern Africa and Europe.

Vehicle rental assets include the following:

- Short-term motor vehicle fleet in southern Africa and Scandinavia for rent to customers for periods varying between 1 to 30 days. In South Africa 18.3% (2006: 17% and 2005: 19%) of the fleet value carries a guaranteed buyback from the manufacturer and 70% (2006 and 2005: 100%) in Scandinavia.
- Long-term vehicle fleet in southern Africa leased to customers for periods in excess of 12 months with an average lease term of 38 months (2006: 36 months, 2005: 32 months) and an average residual value of 46% (2006 and 2005: 40%).

	Plant, equipment and furniture Rm	Vehicles and aircraft Rm	Capitalised leased assets Rm	Decommissioning and quarry rehabilitation Rm	Rental assets vehicles* Rm	Rental assets equipment* Rm	Total Rm
	1 867	**294**	**499**	**19**	**5 349**	**2 550**	**12 553**
	(171)	**(6)**	**(2)**				**(417)**
	962	**405**	**93**		**4 729**	**1 020**	**7 553**
		(37)	**(4)**		**(4)**		**(45)**
	(38)	**(5)**	**(9)**		**48**	**(61)**	**(67)**
	2 620	**651**	**577**	**19**	**10 122**	**3 509**	**19 577**
	(671)	**(57)**	**10**		**(3 284)**	**(643)**	**(4 797)**
	(346)	**(106)**	**(46)**		**(808)**	**(590)**	**(1 961)**
	(935)	**(100)**	**(154)**	**(19)**			**(1 414)**
	668	**388**	**387**		**6 030**	**2 276**	**11 405**
					3 902		**3 902**
		56			**260**	**134**	**450**
	88	**10**					**206**
	580	**322**	**387**		**1 868**	**2 142**	**6 847**
	1 542	577	436	11	3 784	2 401	10 291
	11	9	1		580		606
	586	132	144	8	4 076	813	6 093
	(1)				1	(26)	(26)
	98	10	12		279	469	1 099
	2 236	728	593	19	8 720	3 657	18 063
	(13)	(327)	(44)		(2 616)	(513)	(3 580)
	(356)	(107)	(50)		(755)	(594)	(1 930)
	1 867	294	499	19	5 349	2 550	12 553
					3 441		3 441
	76				312	176	574
	140	5					239
	1 651	289	499	19	1 596	2 374	8 299
	1 552	555	400	22	3 320	2 417	9 712
	1	3				11	36
	408	187	110		3 154	1 000	5 092
		(1)		(1)		(9)	(1)
	(19)	(4)	(3)		(9)	(74)	(136)
	1 942	740	507	21	6 465	3 345	14 703
	(38)	(57)	(32)	(10)	(2 035)	(333)	(2 586)
	(362)	(106)	(39)		(646)	(611)	(1 826)
	1 542	577	436	11	3 784	2 401	10 291
					2 196		2 196
	10				30	133	173
	1 532	577	436	11	1 558	2 268	7 922

The current year impairment mainly arose on the decision to dispose of an aircraft, the recoverable amount of which has been determined on a fair value less costs to sell (US dollar based) basis. The impairment arose due to the strengthening of the rand against the US dollar.

Impairment of rental assets arose from adjustments to market value when the assets were reclassified as held for sale. Refer note 1 for a segmental analysis of impairment losses.

	2007 Rm	2006 Rm	2005 Rm
# Translation difference			
The translation differences are made up as follows:			
Cost	**(170)**	1 986	(227)
Accumulated depreciation	**103**	(887)	91
	(67)	1 099	(136)

	2007 Rm	2006 Rm	2005 Rm
3. Goodwill			
2007			
Cost			
At 1 October	**3 496**	2 899	3 294
Accumulated amortisation netted against cost per IFRS 3			(471)
Additions	**41**	226	138
Subsidiaries disposed	**(479)**	(11)	(17)
Unbundling of cement	**(382)**		
Amounts classified as held for sale	**(260)**		
Translation differences	**(35)**	382	(45)
At 30 September	**2 381**	3 496	2 899
Accumulated impairment losses			
At 1 October	**491**	414	861
Accumulated amortisation netted against cost per IFRS 3			(471)
Subsidiaries disposed	**(327)**		
Impairment	**169**	13	24
Translation differences	**2**	64	
At 30 September	**335**	491	414
Carrying amount			
At 30 September	**2 046**	3 005	2 485
Per business segment:			
Continuing operations			
– Equipment	**220**	232	188
– Handling	**179**	328	261
– Automotive	**1 487**	1 446	1 228
– Coatings	**33**	30	18
– Logistics	**127**	115	116
– Corporate and other		133	22
Total continuing operations	**2 046**	2 284	1 833
Discontinued operations			
– Cement		382	384
– Scientific	**260**	326	255
– Coatings Australia		13	13
Total discontinued operations	**260**	721	652
Total group	**2 306**	3 005	2 485
Amounts classified as held for sale	**(260)**		
Total per balance sheet	**2 046**	3 005	2 485
The impairments relate to the following:			
Avis and Budget Scandinavia	**101**		
Truck Center (Freightliner)	**60**		24
DitchWitch	**8**		
Finaltair joint venture		13	
	169	13	24

Goodwill is allocated to groups of cash-generating units based on group business segments (refer note 1).

The group has not recognised any significant intangible assets with indefinite useful lives.

During the current year all significant recoverable amounts were based on value in use. A discounted cash flow valuation model is applied using three-year strategic plans as approved by management. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the group. The process ensures that all significant risks and sensitivities are appropriately considered and factored into strategic plans. Key assumptions are based on industry specific performance levels as well as economic indicators approved by the executive. These assumptions are generally consistent with external sources of information.

3. Goodwill (continued)

Cash flows for the terminal value beyond the explicit forecast period of three years is estimated by using economic returns (CFROI®), asset base, growth rate and fade principles. Growth rates are aligned to the long-term sustainable level of growth in the economic region in which cash-generating units operate.

Discount rates applied to cash flow projections are based on a country or region specific real cost of capital dependent upon the location of cash-generating segment operations. The cost of capital is adjusted for size and leverage and other known risks.

The cost of capital rates applied as at September are as follows:

Country	**2007 %**	2006 %
United States	**5.8**	5.4
Spain	**5.6**	5.4
United Kingdom	**6.2**	5.8
Norway	**5.6**	5.4
Sweden	**5.6**	5.4
Australia	**5.2**	5.3
South Africa	**6.9**	6.5

The current year impairments were calculated by comparing the carrying value of the cash-generating units to its estimated recoverable amount. The estimated recoverable amounts of the Avis and Budget Scandinavia cash-generating unit was determined on a value-in-use basis using the assumptions set out above. The impairment arose this year due to a higher risk factor being applied to the discount rate used in the valuation, as a result of difficult trading conditions being experienced in the region. The recoverable amounts of Freightliner and DitchWitch were calculated using fair value less costs to sell, which were based on the negotiated disposal price of each business.

	2007 Capitalised software Rm	Patents, trademarks and development costs Rm	Total intangible assets Rm
4. Intangible assets			
Cost			
At 1 October	517	183	700
Subsidiaries acquired			
Other additions	45	17	62
Subsidiaries disposed	(71)	(2)	(73)
Other disposals	(66)	(7)	(73)
Unbundling of cement	(8)	(32)	(40)
Amounts classified as held for sale	(25)	(6)	(31)
Other reclassification	(18)	34	16
Translation differences	(5)	(12)	(17)
At 30 September	369	175	544
Accumulated amortisation and impairment			
At 1 October	341	36	377
Charge for the year (note 21)	60	10	70
Subsidiaries acquired			
Subsidiaries disposed	(66)	(1)	(67)
Other disposals	(48)	(8)	(56)
Unbundling of cement	(2)	(23)	(25)
Amounts classified as held for sale	(19)	(6)	(25)
Other reclassification	(16)	27	11
Impairment	(6)	(1)	(7)
Translation differences	(4)	(4)	(8)
At 30 September	240	30	270
Carrying amount			
At 30 September	129	145	274
Per business segment:			
Continuing operations			
– Equipment			75
– Handling			17
– Automotive			25
– Coatings			81
– Logistics			52
– Corporate and other			24
Total continuing operations			274
Discontinued operations			
– Cement			
– Scientific			6
– Steel tube			
– Coatings Australia			
Total discontinued operations			6
Total group			280
Amounts classified as held for sale			(6)
Total per balance sheet			274

2006			2005		
Capitalised software Rm	Patents, trademarks and development costs Rm	Total intangible assets Rm	Capitalised software Rm	Patents, trademarks and development costs Rm	Total intangible assets Rm
483	97	580	430	78	508
9	59	68			
39	13	52	65	19	84
(4)		(4)			
(39)	(11)	(50)	(6)		(6)
(13)	(3)	(16)			
(18)	25	7			
60	3	63	(6)		(6)
517	183	700	483	97	580
282	38	320	233	33	266
58	7	65	55	5	60
4		4			
(3)	(11)	(14)			
(33)		(33)	(4)		(4)
(11)	(2)	(13)			
1	2	3			
1		1			
42	2	44	(2)		(2)
341	36	377	282	38	320
176	147	323	201	59	260
		97			98
		32			37
		17			13
		73			20
		52			39
		27			28
		298			235
		14			12
		10			8
		2			3
		1			2
		27			25
		325			260
		(2)			
		323			260

	2007 Rm	2006 Rm	2005 Rm	2007 Rm	2006 Rm	2005 Rm
5. Investment in associates and joint ventures*		**Income**			**Investment**	
Associates	**21**	19	23	**409**	314	191
Joint ventures	**47**	53	28	**519**	435	327
	68	72	51	**928**	749	518
Per business segment:						
Continuing operations						
– Equipment	**36**	27	8	**523**	553	331
– Automotive	**17**	27	23	**307**	84	48
– Coatings	**15**	18	20	**85**	83	88
– Corporate and other				**13**	29	42
Total continuing operations	**68**	72	51	**928**	749	509
Discontinued operations						
– Cement	**5**		2			
– Steel tube	**1**	4	5		5	9
Total discontinued operations	**6**	4	7		5	9
Total group	**74**	76	58	**928**	754	518
Amounts classified as held for sale	**(6)**	(4)	(7)		(5)	
Total per income statement/ balance sheet	**68**	72	51	**928**	749	518
		Associates			**Joint ventures**	
Cost of investment	**136**	139	144	**179**	134	122
Share of associates and joint ventures' reserves	**76**	83	47	**107**	64	26
Beginning of year	**83**	47	145	**64**	26	38
Increase in retained earnings for the year:						
Normal and exceptional profit for the year	**27**	23	29	**47**	53	28
Dividends received	**(25)**	(30)	(18)	**(14)**	(17)	(27)
Unbundling of cement	**(8)**					
Disposals and other reserve movements	**8**	43	(109)	**10**	2	(13)
Impairments during the year	**(9)**					
Carrying value excluding amounts owing	**212**	222	191	**286**	198	148
Loans and advances to associates and joint ventures**	**197**	97		**233**	237	179
Discontinued operations		(5)				
Carrying value including amounts owing	**409**	314	191	**519**	435	327

* *Refer note 39 and 40 for a detailed list of associate and joint venture companies. In the prior year Energyst was reclassified from an unlisted investment to an associate. In 2005 Valspar SA Corporation and International Paints were reclassified from joint ventures to associates. Comparative numbers have been restated on a similar basis.*

** *In the current year associate loans amounting to R99 million were impaired relating to the investment in Finaltair (2006: R17 million; 2005: Nil).*
The impairment was based on deteriorating prospects in the market that Finaltair operates.

	2007 Rm	2006 Rm	2005 Rm	2007 Rm	2006 Rm	2005 Rm
5. Investment in associates and joint ventures (continued)		**Associates**			**Joint ventures**	
Carrying value by category						
Unlisted associates and joint ventures – shares at carrying value	**212**	222	191	**286**	198	148
Unlisted associates of discontinued operations – shares at carrying value		5				
	212	227	191	**286**	198	148
Valuation of shares						
Directors' valuation of unlisted associate companies and joint ventures	**307**	306	330	**696**	440	247
Directors' valuation of unlisted associate companies – discontinued operations		5				
	307	311	330	**696**	440	247
Aggregate of group associate companies and joint ventures' net assets, revenue and profit^						
Property, plant and equipment and other non-current assets	**245**	203	26	**172**	297	155
Current assets	**126**	284	167	**844**	920	398
Long-term liabilities	**25**	80	12	**154**	294	157
Current liabilities	**103**	112	80	**476**	460	120
Revenue	**377**	568	640	**1 698**	1 485	1 572
Profit after taxation	**18**	16	29	**47**	53	28
Cash flow from operations	**(12)**	91	10	**(118)**	(139)	55

^ *The 2006 aggregate of associate companies was incorrectly stated as Energyst's results were disclosed at its full balance sheet and income statement.*
The amounts have been corrected to reflect the proportionate amount of net assets and profits accounted for by Barloworld.

	2007 Rm	2006 Rm	2005 Rm
6. Finance lease receivables			
Amounts receivable under finance leases:			
Gross investment	**912**	916	2 415
Less: Unearned finance income	**(143)**	(128)	(395)
Present value of minimum lease payments receivable	**769**	788	2 020
Receivable as follows:			
Present value			
Within one year (note 10)	**150**	222	525
Non-current portion	**619**	566	1 495
In the second to fifth year inclusive	**563**	493	1 346
After five years	**56**	73	149
	769	788	2 020
Per business segment (non-current portion):			
Continuing operations			
– Equipment		1	2
– Handling	**544**	494	1 484
– Automotive	**66**	62	
– Coatings	**1**	1	
– Corporate and other	**8**	8	9
Total continuing operations	**619**	566	1 495
Total group	**619**	566	1 495
Minimum lease payments			
Within one year	**204**	253	633
In the second to fifth year inclusive	**644**	564	1 583
After five years	**64**	99	199
	912	916	2 415
Less: Unearned finance income	**(143)**	(128)	(395)
	769	788	2 020
Fair value of finance lease receivables	**769**	788	2 020
Provisions for uncollectible finance lease receivables	**45**	18	50
Unguaranteed residual values of assets leased under finance leases	**241**	223	524

The interest rate charged in the United Kingdom and United States 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 for the year 30 September 2007 was 7.68% per annum (2006: 9.1%; 2005: 8.86%).

Certain of the prior year receivables in the United Kingdom and United States were subject to a securitisation arrangement – refer to note 15 for details.

Finance lease receivables in prior years were secured by the assets (refer note 15).

	2007 Rm	2006 Rm	2005 Rm
7. Long-term financial assets			
Investments	**360**	340	439
Listed investments at fair value	**332**	10	8
Unlisted investments at fair value	**28**	37	36
Investment in Portland Holdings Limited		291	295
Non-current portion of preference shares		2	100
Unlisted preference shares at amortised cost (note 38)*	**2**	100	247
Transferred to trade and other receivables (note 10)		(98)	(147)
Unbundling of cement	**(2)**		
Other long-term financial assets	**326**	257	216
Bills and leases discounted with recourse and repurchase obligations	**104**	7	4
Pension fund assets (note 17)	**6**	5	
Other receivables	**119**	136	90
Other derivatives	**53**	76	87
Other non-current loans and deposits	**5**	8	14
Barloworld Share Purchase Scheme**	**39**	25	21
	686	597	655
Per business segment:			
Continuing operations			
– Equipment	**14**	8	11
– Handling	**116**	41	25
– Automotive	**7**	48	5
– Coatings	**17**	13	
– Logistics	**3**	3	
– Corporate and other	**529**	93	101
Total continuing operations	**686**	206	142
Discontinued operations			
– Cement		388	509
– Scientific		3	3
– Coatings Australia			1
Total discontinued operations		391	513
Total group	**686**	597	655
Available-for-sale investments (note 38)			
Listed investments opening balance	**10**	8	8
Fair value adjustment in current year		2	
Impairment of investments~	**(10)**		
Fair value of listed investments	**–**	10	8

* ***Preference shares***
The prior year investment in preference shares was encumbered as per notes 15 and 30. The short-term portion of the investments were transferred to trade and other receivables (note 10).

** ***Barloworld Share Purchase Scheme***
Included are loans to executive directors for the purchase of shares amounting to R8.6 million (2006: R17 million; 2005: R12 million). The loans are secured by pledge of the shares and are repayable within 10 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 4.39% to 10% (2006 and 2005: 3.17% to 8.5%).

~ *In the current year these listed investments were impaired. Previously the investments were retained at pound sterling carrying value due to uncertainty in determining appropriate Zimbabwean dollar exchange rate to arrive at a realistic market value. See note 38 for details of these listed investments.*

	2007 Rm	2006 Rm	2005 Rm
7. Long-term financial assets (continued)			
Unlisted investments opening balance	**37**	36	48
Additions/(disposals) and other movements	**24**	1	(24)
Unbundling of cement	**(27)**		
Fair value adjustment in current year	**(6)**		12
Fair value of unlisted investments	**28**	37	36
Total carrying value of available-for-sale investments	**28**	47	44
Investment in Portland Holdings Limited		291	295
Other listed investments			
PPC shares*	**364**		
Fair value adjustment in current year	**(32)**		
Fair value of other listed investments	**332**		
Total carrying value of investments	**360**	338	339
Valuation of shares			
Market value – listed investments	**332**	10	8
Directors' valuation of unlisted investments	**28**	37	36
Directors' valuation of Portland Holdings Limited		291	295
Total fair value	**360**	338	339

Investment in Portland Holdings Limited (Porthold)

The results of Porthold, a wholly owned Zimbabwean subsidiary of Pretoria Portland Cement Company Limited (PPC) have not been consolidated in the group results for the years ended 30 September 2005, 30 September 2006 and for the period to unbundling of PPC as at 16 July 2007.

There were significant constraints impacting on the normal operation of Porthold and the board concluded that management did not have the ability to exercise effective control over the business. In view of the circumstances, the results of Porthold continued to be excluded from the group results until unbundling of PPC and were accounted for on a fair value investment basis.

The summarised results of Porthold, adjusted for hyperinflation and converted back to rands, were:

	2006 Rm	2005^ Rm
Revenue	409.5	305.7
Operating profit/(loss)	30.3	(13.3)
Loss before taxation	(34.0)	(17.4)
Taxation	(2.6)	12.4
Loss after taxation	(31.4)	(29.8)
Total assets	972.0	1 033.9
Total liabilities	322.9	348.5
Exchange rate (Z$: Rand)	34	6 375
Movement in the inflation index for the year (%)	1 024	322
The effect of not consolidating Porthold – increase in earnings per share (cents)	10.9	10.3

Note: The 2007 results of Porthold are not disclosed due to the unbundling of cement.

* ***PPC shares***
The investment is held by Barloworld for the commitment to deliver PPC shares to option holders following the unbundling of PPC. Refer to note 35.4 for details.

^ *Restated in terms of appropriate economic exchange rates in Zimbabwe.*

	2007 Rm	2006 Rm	2005 Rm
8. Deferred taxation			
Movement of deferred taxation			
Balance at beginning of year			
– deferred taxation assets	**750**	823	766
– deferred taxation liabilities	**(870)**	(905)	(795)
Net liability at beginning of the year	**(120)**	(82)	(29)
Recognised in income statement this year	**(45)**	(37)	(84)
– Continuing operations	**(54)**	(27)	(85)
– Rate change adjustment	**9**	(10)	1
Recognised in income statement this year – discontinued operations	**5**	(18)	
Arising on acquisition and disposal of subsidiaries	**(23)**	(53)	(10)
Translation differences	**(20)**	(11)	2
Accounted for directly in equity	**27**	2	27
Unbundling of cement	**158**		
Other movements	**27**	79	12
Net asset/(liability) at end of year	**9**	(120)	(82)
– deferred taxation assets	**619**	750	823
– deferred taxation liabilities	**(610)**	(870)	(905)
Analysis of deferred taxation by type of temporary difference			
Deferred taxation assets			
Capital allowances	**39**	(3)	32
Provisions and payables	**196**	244	247
Prepayments and other receivables	**19**	54	43
Effect of tax losses	**103**	173	203
Retirement benefit obligations	**256**	306	355
Other temporary differences	**6**	(24)	(57)
	619	750	823
Deferred taxation liabilities			
Capital allowances	**(516)**	(701)	(815)
Provisions and payables	**105**	119	40
Prepayments and other receivables	**(191)**	(223)	(66)
Effect of tax losses	**56**	33	24
Retirement benefit obligations	**(7)**	(6)	(57)
Other temporary differences	**(57)**	(92)	(31)
	(610)	(870)	(905)
Amount of deferred taxation (expense)/income recognised in the income statement			
Capital allowances	**54**	51	88
Provisions and payables	**(62)**	89	(127)
Prepayments and other receivables	**(2)**	(147)	(50)
Effect of tax losses	**(48)**	(20)	88
Retirement benefit obligations	**(50)**	(83)	(3)
Other temporary differences	**63**	55	(80)
	(45)	(55)	(84)

	2007 Rm	2006 Rm	2005 Rm
9. Inventories			
Raw materials and components	**116**	318	387
Work in progress	**321**	311	264
Finished goods	**2 740**	3 266	2 403
Merchandise	**2 647**	1 890	1 581
Consumable stores	**17**	112	149
Other inventories	**28**	10	9
Total inventories	**5 869**	5 907	4 793
Per business segment:			
Continuing operations			
– Equipment	**3 355**	2 303	1 811
– Handling	**431**	948	612
– Automotive	**1 711**	1 452	1 128
– Coatings	**362**	345	258
– Logistics	**5**	4	4
– Corporate and other	**5**	6	3
Total continuing operations	**5 869**	5 058	3 816
Discontinued operations			
– Cement		224	223
– Scientific	**231**	472	366
– Steel tube		330	254
– Coatings Australia		153	134
Total discontinued operations	**231**	1 179	977
Total group	**6 100**	6 237	4 793
Amounts classified as held for sale	**(231)**	(330)	
Total per balance sheet	**5 869**	5 907	4 793
The value of inventories has been determined on the following bases:			
First-in first-out and specific identification	**5 394**	5 206	4 412
Weighted average	**475**	701	381
	5 869	5 907	4 793
Inventory pledged as security for liabilities	**29**	86	2
The secured liabilities are included under trade and other payables (note 18)			
Amount of write-down of inventory to net realisable value and losses of inventory	**5**	12	24
Amount of reversals of inventory previously written down	**1**	2	8

	2007 Rm	2006 Rm	2005 Rm
10. Trade and other receivables			
Trade receivables	**5 107**	5 637	4 643
Less: Provision for doubtful debts	**(248)**	(222)	(168)
Finance lease receivables (note 6)	**150**	222	525
Bills and leases discounted with recourse		11	12
Fair value of derivatives	**38**	261	12
Other receivables and prepayments	**1 138**	1 019	688
Preference shares (note 7)		98	147
	6 185	7 026	5 859
Per business segment:			
Continuing operations			
– Equipment	**3 033**	2 611	1 705
– Handling	**815**	1 046	1 209
– Automotive	**1 312**	1 237	805
– Coatings	**441**	385	288
– Logistics	**617**	531	402
– Corporate and other (including intergroup elimination)	**(33)**	(96)	(44)
Total continuing operations	**6 185**	5 714	4 365
Discontinued operations			
– Cement		702	646
– Scientific	**260**	429	403
– Steel tube		295	299
– Coatings Australia		181	146
Total discontinued operations	**260**	1 607	1 494
Total group	**6 445**	7 321	5 859
Amounts classified as held for sale	**(260)**	(295)	
Total per balance sheet	**6 185**	7 026	5 859
11. Cash and cash equivalents			
Cash on deposit	**957**	1 835	1 230
Other cash and cash equivalent balances	**244**	299	169
	1 201	2 134	1 399
Cash and cash equivalents are comprised as follows:			
South African rand	**292**	844	456
Foreign currencies	**909**	1 290	943
	1 201	2 134	1 399

	2007 Rm	2006 Rm	2005 Rm
12. Discontinued operations and assets classified as held for sale			
Following the decision to dispose of scientific, steel tube and coatings Australia and the unbundling of cement, these segments have been classified as discontinued. All the disposals have been concluded at balance sheet date, with the exception of the laboratory business, a division of scientific. Comparatives for the income statement have been reclassified as per note 33.			
Results from discontinued operations are as follows:			
Revenue	**7 021**	9 187	8 039
Operating profit	**1 630**	2 021	1 545
Fair value adjustments on financial instruments	**13**	(4)	(6)
Finance costs	**(86)**	(88)	(101)
Income from investments	**68**	74	92
Profit before exceptional items	**1 625**	2 003	1 530
Exceptional items	**14**	(3)	10
Profit before taxation	**1 639**	2 000	1 540
Taxation	**(609)**	(730)	(578)
Profit after taxation	**1 030**	1 270	962
Income from associates and joint ventures	**6**	4	6
Net profit of discontinued operations before loss on disposal	**1 036**	1 274	968
Loss on disposal of discontinued operations before taxation*	**(63)**	(185)	
Taxation effect of loss on disposal	**3**	29	
Net loss on disposal of discontinued operations after taxation	**(60)**	(156)	
Profit from discontinued operations per income statement	**976**	1 118	968
Included in the profit from discontinued operations are the following non-trading items:			
Profit/(loss) on sale of properties and investments	**10**	(3)	7
Profit/(loss) on sale of plant and equipment (excluding rental assets) and intangible assets	**3**		(1)
Realisation of translation reserve on disposal of foreign subsidiaries	**87**		
Net impairment of goodwill	**(49)**		
Net impairment of other assets and costs to sell	**(98)**	(156)	
The cash flows from the discontinued operation are as follows:			
Cash flows from operating activities	**38**	1 339	769
Cash flows from investing activities	**349**	(404)	(232)
Cash flows from financing activities	**(661)**	(51)	(41)

* *Based on disposal prices agreed with external parties.*

	Total held for sale Rm	Scientific laboratory[1] Rm	Rental fleets, leasing and other assets[2] Rm	Steel tube[3] Rm	Handling leasing assets[4] Rm	Cement Afripack division[5] Rm	Coatings Australia restruc-turing[6] Rm
12. Discontinued operations and assets classified as held for sale (continued)							
2007							
The major classes of assets and liabilities classified as held for sale are as follows:							
Property, plant and equipment and intangibles	**662**	**212**	**450**				
Goodwill	**260**	**260**					
Vehicle rental fleet	**12**		**12**				
Inventories	**231**	**231**					
Trade and other receivables	**260**	**260**					
Deferred taxation assets	**9**	**9**					
Finance lease receivables	**13**		**13**				
Assets classified as held for sale	**1 447**	**972**	**475**				
Trade and other payables	**(174)**	**(174)**					
Other non-interest-bearing liabilities	**(36)**	**(36)**					
Total liabilities associated with assets classified as held for sale	**(210)**	**(210)**					
Net assets classified as held for sale	**1 273**	**762**	**475**				
2006							
Property, plant and equipment and intangibles	815		248	241	250	52	24
Investment in associates	5			5			
Vehicle rental fleet	1		1				
Inventories	353			330		23	
Trade and other receivables	328			295		27	6
Cash on hand	27					27	
Finance lease receivables	1 467				1 467		
Assets of disposal group held for sale before impairment loss	2 996		249	871	1 717	129	30
Impairment loss on write-down to fair value	(156)			(156)			
Assets classified as held for sale after impairment losses	2 840		249	715	1 717	129	30
Interest-bearing liabilities	(642)			(42)	(597)	(3)	
Trade and other payables	(419)			(305)		(106)	(8)
Total liabilities associated with assets classified as held for sale	(1 061)			(347)	(597)	(109)	(8)
Net assets classified as held for sale	1 779		249	368	1 120	20	22
2005							
Property, plant and equipment and intangibles	173		173				
Vehicle rental fleet	7		7				

1. *An agreement has been signed to sell the laboratory group of businesses to Nova Capital Management, the specialist acquirer of private equity and corporate portfolios for R1 069 million (GBP75 million). The transaction is subject to certain suspensive conditions including regulatory approvals and is expected to be completed by the end of November 2007. The Scientific Melles Griot division was sold for R348 million (GBP24 million) in July 2007.*
2. *Rental assets become available for sale on an ongoing basis as and when they are removed from rental fleets.*
3. *The disposal of the steel tube segment for R426 million was concluded on 1 December 2006.*
4. *The disposal of handling leasing assets in the United Kingdom was concluded in November 2006 for a gross consideration of R1 684 million before settling the borrowings related to the assets.*
5. *During the 2004 financial year, PPC sold 75% of its share in Afripack (Pty) Limited (Afripack), to a black empowerment and management consortium. The purchase price was funded via PPC's subscription to redeemable preference shares and cash proceeds. Afripack continued to be consolidated into the group results, in terms of IAS 27 (Revised) Consolidated and Separate Financial Statements as PPC management continued to have effective control of Afripack until the preference shares were redeemed in October 2006. Due to the preference share redemption, Afripack has been consolidated as an asset classified as held for sale in line with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.*
6. *The coatings restructuring in 2006 related to the planned disposal of the Bristol stores in Australia. A significant part of the coatings Australia business was subsequently sold to PPG in June 2007 for R258 million (AU$42 million).*

	2007 Rm	2006 Rm	2005 Rm
13. Share capital and premium			
Authorised share capital			
500 000 6% non-redeemable cumulative preference shares of R2 each	**1**	1	1
300 000 000 ordinary shares of 5 cents each	**15**	15	15
	16	16	16
Issued share capital			
375 000 6% non-redeemable cumulative preference shares of R2 each (2006: 375 000; 2005: 375 000)	**1**	1	1
203 843 388 ordinary shares of 5 cents each (2006: 200 715 557; 2005: 227 703 176)	**10**	10	12
Shares held by a subsidiary in respect of share buy-back (2005: 19 090 900)			(2)
	11	11	11
Share premium	**212**	316	1 386
Balance at beginning of year	**316**	1 386	1 199
Premium on share issues	**139**	90	187
Premium utilised for payment of distribution	**(226)**		
Premium utilised for PPC unbundling	**(17)**		
Premium utilised for share buy-back		(1 160)	
Total issued share capital and premium	**223**	327	1 397

	2007 Rm	2006 Rm	2005 Rm
13. Share capital and premium (continued)			
Issued shares			
Total number of shares in issue at beginning of year	**200 715 557**	227 703 176	222 892 403
Issued during the year:			
Share options exercised	**3 127 831**	2 249 116	4 810 773
Number of shares bought back during the year		(10 145 835)	
Number of shares cancelled during the year		(19 090 900)	
	203 843 388	200 715 557	227 703 176
Number of shares bought back in prior years			(19 090 900)
Total number of shares in issue at end of year, net of buy-back	**203 843 388**	200 715 557	208 612 276
Unissued shares			
Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme (note 2 below)	**20 384 339**	20 071 556	28 462 897
Ordinary shares	**75 772 273**	79 212 887	43 833 927
	96 156 612	99 284 443	72 296 824
6% non-redeemable cumulative preference shares	**125 000**	125 000	125 000

Notes:

1. The shares bought back in prior years (19 090 900), which were held in a subsidiary company, were sold on 19 May 2006 at market value (R114 per share) to the holding company and cancelled. Shares bought back in the prior year were acquired by the holding company and cancelled.
2. The members in the general meeting on 20 January 2005 reserved shares for the purposes of the Barloworld Share Option Scheme.
3. The directors do not have authority over unissued shares in terms of section 221 of the Companies Act.
4. Refer note 35 for detail about the Barloworld share incentive schemes and share-based payments disclosure.

	Notes	Share capital and premium Rm	Foreign currency translation reserves Rm	Revaluation reserves Rm	Cash flow hedging reserves Rm	Legal and other reserves Rm
14. Consolidated statement of changes in equity						
Balance at 1 October 2004		1 209	1 225	22	(13)	555
Movement on foreign currency translation reserve			(185)			
Increase in fair value of hedging instruments					2	
Increase in fair value of available for sale investments				12		
Deferred taxation charge directly to equity				(2)		
Other reserve movements						
Net (loss)/income recognised directly in equity			(185)	10	2	
Profit for the year						
Total recognised income and expense for the year			(185)	10	2	
Purchase of minority shareholding in subsidiaries						
Reclassifications and other reserve movements			(3)			(207)
Dividends on ordinary shares	28					
Shares issued in current year	13	188				
Balance at 30 September 2005		1 397	1 037	32	(11)	348
Changes in equity recognised during 2006						
Movement on foreign currency translation reserve			1 832			
Increase in fair value of hedging instruments					125	
Increase in fair value of available for sale investments				18		
Deferred taxation charge directly to equity				(8)	(14)	
Other reserve movements						
Net income/(loss) recognised directly in equity			1 832	10	111	
Profit for the year						
Total recognised income and expense for the year			1 832	10	111	
Purchase of minority shareholding in subsidiaries						
Other reserve movements						26
Dividends on ordinary shares	28					
Buy-back of shares	13	(1 160)				
Shares issued in current year	13	90				
Balance at 30 September 2006		327	2 869	42	100	374
Changes in equity recognised during 2007						
Movement on foreign currency translation reserve			**(229)**			
Translation reserves realised on disposal of foreign subsidiaries			**(284)**			
Decrease in fair value of hedging instruments					**(163)**	
Decrease in fair value of available for sale investments				**(22)**		
Deferred taxation charge directly to equity					**39**	
Net actuarial losses on post-retirement benefit obligations						
Net (loss)/income recognised directly in equity			**(513)**	**(22)**	**(124)**	
Profit for the year						
Total recognised income and expense for the year			**(513)**	**(22)**	**(124)**	
Other reserve movements						**(9)**
Dividends/capital distribution on ordinary shares	28	**(226)**				
Effect of cement unbundling	13	**(17)**	**6**	**(17)**	**(10)**	**(18)**
Shares issued in current year	13	**139**				
Balance at 30 September 2007		**223**	**2 362**	**3**	**(34)**	**347**

	Equity compensation reserves Rm	Total other reserves Rm	Retained income Rm	Net actuarial gains/(losses) on post-retirement benefits Rm	Total retained income Rm	**Attributable to Barloworld Limited shareholders Rm**	Minority interest Rm	**Interest of all share-holders Rm**
	18	1 807	7 915	(414)	7 501	10 517	718	11 235
		(185)				(185)	(1)	(186)
		2				2		2
		12				12		12
		(2)				(2)		(2)
			(20)	(86)	(106)	(106)	(11)	(117)
		(173)	(20)	(86)	(106)	(279)	(12)	(291)
			1 849		1 849	1 849	314	2 163
		(173)	1 829	(86)	1 743	1 570	302	1 872
							(2)	(2)
	38	(172)	206		206	34		34
			(823)		(823)	(823)	(374)	(1 197)
						188		188
	56	1 462	9 127	(500)	8 627	11 486	644	12 130
		1 832				1 832		1 832
		125				125	14	139
		18				18		18
		(22)				(22)	(4)	(26)
			(53)	(55)	(108)	(108)	(18)	(126)
		1 953	(53)	(55)	(108)	1 845	(8)	1 837
			2 357		2 357	2 357	389	2 746
		1 953	2 304	(55)	2 249	4 202	381	4 583
							(34)	(34)
	20	46				46		46
			(995)		(995)	(995)	(300)	(1 295)
						(1 160)		(1 160)
						90		90
	76	3 461	10 436	(555)	9 881	13 669	691	14 360
		(229)				(229)		(229)
		(284)				(284)		(284)
		(163)				(163)		(163)
		(22)				(22)		(22)
		39				39		39
				(54)	**(54)**	(54)		(54)
		(659)		**(54)**	**(54)**	(713)		(713)
			2 270		**2 270**	2 270	**289**	2 559
		(659)	**2 270**	**(54)**	**2 216**	1 557	**289**	1 846
	16	**7**	**2**		**2**	9		9
			(2 059)		**(2 059)**	(2 285)	**(344)**	(2 629)
	(186)	**(225)**	**(1 706)**		**(1 706)**	(1 948)	**(556)**	(2 504)
						139		139
	(94)	**2 584**	**8 943**	**(609)**	**8 334**	11 141	**80**	11 221

	2007 Rm	2006 Rm	2005 Rm
15. Interest-bearing liabilities			
Total South African rand and foreign currency long-term borrowings (note 34.3)	**4 909**	6 237	6 478
Less: Current portion redeemable and repayable within one year (note 19)	**(530)**	(762)	(1 068)
Interest-bearing liabilities	**4 379**	5 475	5 410

	Total owing 2007	Repayable during the year ending 30 September 2008	2009	2010	2011	2012 and onwards	Total owing 2006	Total owing 2005
Summary of group borrowings by currency and by year of redemption or repayment								
R million								
Total SA rand	**3 022**	332	30	529	1 667	464	3 363	3 160
US dollar	**99**	27	24	22	15	11	94	190
UK sterling	**341**	93	77	73	47	51	1 252	2 104
Norwegian krone	**488**					488	536	744
Swedish kronor	**464**					464	492	
Danish kroner							195	
Euro	**462**	66	60	246	19	71	271	246
Other	**33**	12	10	6	3	2	34	34
Total foreign currencies	**1 887**	198	171	347	84	1 087	2 874	3 318
Total SA rand and foreign currency liabilities	**4 909**	530	201	876	1 751	1 551	6 237	6 478

Included above are secured liabilities as follows:	Liabilities secured 2007 Rm	2006 Rm	2005 Rm	Net book value of assets encumbered 2007 Rm	2006 Rm	2005 Rm
Secured liabilities						
Secured loans						
South African rand	**60**	4	3	**50**	3	59
Foreign currencies	**968**	1 763	1 729	**959**	1 881	2 327
Liabilities under capitalised finance leases (note 30)						
South African rand	**372**	504	525	**353**	448	459
Foreign currencies	**505**	546	997	**552**	1 253	971
Total secured liabilities	**1 905**	2 817	3 254	**1 914**	3 585	3 816
Assets encumbered are made up as follows:						
Property, plant and equipment (note 2)				**1 914**	2 577	1 585
Finance lease receivables (note 6)					1 008	1 984
Investments (note 7)						247
				1 914	3 585	3 816

Included in secured liabilities for 2006 are loans in the United Kingdom and United States amounting to R720 million (2005: R972 million), which were secured by a charge over specific lease receivables under a securitisation transaction. Repayment of the loans would have been made from cash received from the specific receivables subject to the securitisation transaction that amounted to R1 008 million as at 30 September 2006 (R1 374 million as at 30 September 2005).

	2007 Rm	2006 Rm	2005 Rm
16. Provisions			
Non-current	**344**	468	383
Current	**600**	536	480
	944	1 004	863
Per business segment:			
Continuing operations			
– Equipment	**422**	318	164
– Handling	**31**	44	34
– Automotive	**255**	309	286
– Coatings	**31**	26	37
– Logistics	**15**	4	
– Corporate and other	**190**	161	185
Total continuing operations	**944**	862	706
Discontinued operations			
– Cement		116	113
– Scientific	**11**	20	28
– Steel tube		20	12
– Coatings Australia		6	4
Total discontinued operations	**11**	162	157
Total group	**955**	1 024	863
Amounts classified as held for sale	**(11)**	(20)	
Total per balance sheet	**944**	1 004	863

Movement of provisions	**Total 2007 Rm**	Environ-mental rehabili-tation Rm	Insurance claims Rm	Warranty claims Rm	Credit life and warranty products Rm	Mainte-nance contracts Rm	Post-retirement benefits Rm	Restruct-uring Rm	Other Rm
Balance at beginning of year	**1 004**	106	97	118	12	409	181		81
Amounts added	**2 186**	3	49	1 144	27	705	69	36	153
Amounts used	**(1 865)**		(61)	(1 099)	(4)	(558)	(56)		(87)
Amounts reversed unused	**(249)**	(7)	(2)	(5)		(217)	(15)		(3)
Unwinding of discount on present valued amounts	**12**	6					5		1
Unbundling of cement	**(121)**	(108)					(13)		
Disposal of subsidiaries	**(11)**			(3)			(5)		(3)
Translation adjustments	**(12)**		(2)	(2)		(4)	(4)		
Balance at end of year	**944**		81	153	35	335	162	36	142
To be incurred									
Within one year	**600**		81	152	10	232	12		113
Between two to five years	**219**			1	25	102	27	36	28
More than five years	**125**					1	123		1
	944		81	153	35	335	162	36	142

16. Provisions (continued)

Environmental rehabilitation

The provisions related mainly to factory decommissioning and quarry rehabilitation costs in Pretoria Portland Cement. Group companies are required to restore quarry and processing sites at the end of their productive lives to an acceptable condition consistent with the group's environmental policies and statutory regulations. The expected cost of any committed decommissioning or restoration programme, discounted to its net present value, is provided at the beginning of each project.

Insurance claims

The provision arises from outstanding claims in Barloworld Insurance Limited which manages the group's insurance programme.

Warranty claims

The provisions relate principally to warranty claims on capital equipment, spare parts and service. The estimate is based on claims notified and past experience.

Credit life and warranty products

The provision relates to credit life and warranty products sold by the automotive segment. Refer note 32 on insurance contracts.

Maintenance contracts

This relates to deferred revenue on maintenance and repair contracts on equipment, forklift trucks and motor vehicles. Assumptions include the estimation of maintenance and repair costs over the life cycle of the assets concerned.

Post-retirement benefits

The provisions comprise mainly of post-retirement benefits for existing and former employees. Actuarial valuations were used to determine the value of the provisions where necessary. The actuarial valuations are based on assumptions which include employee turnover, mortality rates, discount rates, the expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

Restructuring

The provision includes obligations related to the closure of operations.

Other

Included in other provisions is the amount raised in terms of the share appreciation rights scheme amounting to R20 million (refer note 35).

	2007 Rm	2006 Rm	2005 Rm
17. Other non-interest-bearing liabilities			
Bills and leases discounted with recourse and repurchase obligations	**103**	7	4
Fair value of derivatives	**2**		75
Retirement benefit obligation	**694**	777	747
Other payables	**506**	323	237
Total non-interest-bearing liabilities	**1 305**	1 107	1 063
Per business segment:			
Continuing operations			
– Equipment	**66**	57	148
– Handling	**221**	139	109
– Automotive	**269**	124	41
– Coatings	**23**		
– Logistics	**4**	2	2
– Corporate and other	**722**	770	748
Total continuing operations	**1 305**	1 092	1 048
Discontinued operations			
– Scientific		10	9
– Steel tube			1
– Coatings Australia		5	5
Total discontinued operations		15	15
Total group	**1 305**	1 107	1 063

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.

Altogether 57% of employees belong to three defined-benefit and 13 defined-contribution retirement funds in which group employment is a prerequisite for membership. Of these, three defined-benefit and 9 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 total of 39% of employees belong to defined contribution funds associated with industry or employee organisations.

Defined-contribution plans

The total cost charged to profit or loss of R381 million (2006: R353 million; 2005: R357 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes (note 21).

Defined-benefit plans

Amounts recognised in the income statement in respect of defined benefit schemes are as follows:

	2007 Rm	2006 Rm	2005 Rm
Current service cost	**54**	66	77
Interest costs	**270**	218	201
Expected return on plan assets	**(286)**	(230)	(196)
Curtailment on settlement		(149)	
Net loss/(gain) recognised in profit or loss (note 21)	**39**	(95)	82
Actual return on plan assets	**378**	322	502

17. Other non-interest-bearing liabilities (continued)

Retirement benefit information (continued)

The group changed its accounting policy in the 2006 financial year whereby actuarial gains and losses are now recognised in full in the period in which they occur, outside profit or loss, in the statement of recognised income and expense. The impact of this change in the previous year was to recognise the full actuarial deficit of R777 million (£52.9 million) through the statement of recognised income and expense with no impact on that year's income statement. However, a gain of R149 million on curtailment in terms of the transition from a final pay plan to a career average revalued earnings (CARE) plan has been recognised in the income statement for 2006.

Subsequent to 30 September 2007, the group has committed to pay £55 million (R773 million) to address the funding deficit in the United Kingdom pension funds. An amount of £35 million (R483 million) has been paid to date. The estimated contributions to be paid to the plans in addition to this during the next financial year amounts to £4 million, (R56 million).

The amount included in the balance sheet arising from the group's obligations in respect of defined-benefit retirement plans is set out below:

	2007 Rm	2006 Rm	2005 Rm
Present value of funded obligation	**5 504**	5 457	4 166
Fair value of plan assets	**4 816**	4 685	3 419
Net liability	**688**	772	747
Amount recognised as an asset (note 7)	**6**	5	
Net liability per balance sheet	**694**	777	747
Movement in present value of funded obligation:			
At beginning of year	**5 457**	4 166	3 817
Current service cost	**54**	66	77
Interest cost	**270**	218	201
Curtailment on settlement		(149)	
Actuarial losses recognised in the statement of recognised income and expense	**135**	173	420
Benefits paid	**(264)**	(193)	(179)
Employee contributions	**28**	23	24
Other movements	**(5)**	(78)	(25)
Exchange differences	**(171)**	1 231	(169)
At the end of year	**5 504**	5 457	4 166
Movement in fair value of plan assets			
At beginning of year	**4 685**	3 419	3 158
Expected return on plan assets	**286**	230	196
Actuarial gains recognised in the statement of recognised income and expense	**93**	94	297
Contributions	**145**	81	82
Benefits paid	**(264)**	(193)	(179)
Employee contributions	**28**	23	24
Other movements	**(10)**	(1)	(39)
Exchange differences	**(147)**	1 032	(120)
At the end of year	**4 816**	4 685	3 419
Cumulative actuarial losses	**835**	793	714
Plan assets consist of the following:			
– Equity instruments (%)	**58**	57	58
– Bonds (%)	**42**	43	42

Amount included in the fair value of assets for Barloworld Limited shares and property occupied by the group is nil.

	Valuation interval	Latest statutory valuation
17. Other non-interest-bearing liabilities (continued)		
Defined-benefit funds are valued by independent actuaries as follows:		
Barloworld United Kingdom Pension Scheme	Triennial	1 April 2006
Bibby Pension Scheme (United Kingdom)	Triennial	1 April 2006
Barloworld Australia Superannuation Fund	Triennial	September 2006
Japan Pension Scheme#	Annual	September 2006
PPC Retirement Fund*	Not exceeding three years	28 February 2003
Avis – Liva Bil AS Pension fund – Norway*	Annual	September 2004

The triennial valuation of the two United Kingdom defined-benefit pension schemes at 1 April 2006 was done during the previous year. These schemes currently reflect a combined deficit, calculated in terms of IAS 19 Employee Benefits of £48.5 million. The 2006 deficit of £52.9 million reduced from £58.9 million in 2005 partly as a result of a curtailment which involved changing benefits from a final salary calculation to a Career Average Revalued Earnings-based scheme. The schemes were closed to new entrants from 1 April 2002, with all new employees in the United Kingdom required to join the recently established defined contribution scheme.

	UK			Australia		
Key assumptions used	**2007 %**	2006 %	2005 %	**2007 %**	2006 %	2005 %
Discount rate	**5.7**	5.1	5.0	**7.4**	5.7	6.0
Expected return on plan assets	**7.2**	7.3	7.3	**6.5**	7.6	7.6
Expected rate of salary increases	**4.2**	3.6	3.5	**4.0**	4.0	4.0
Future pension increases	**3.4**	2.9	2.5	**2.5**	2.5	2.5

	Japan		
	2007# %	2006 %	2005 %
Discount rate	**n/a**	1.5	1.5
Expected return on plan assets	**n/a**	2.9	2.4
Expected rate of salary increases	**n/a**	2.2	2.2
Future pension increases	**n/a**	n/a	n/a

Historically, qualifying employees were granted certain post-retirement medical benefits. The obligation for the employer to pay medical aid contributions after retirement is not part of the conditions of employment for new employees. A number of pensioners and employees in the group remain entitled to this benefit, the cost of which has been fully provided (note 16).

* *During the 2005 financial year the active members of these defined-benefit funds were transferred to defined contribution funds.*
\# *Not applicable due to the disposal of the Melles Griot business during the current year.*

	2007 Rm	2006 Rm	2005 Rm
18. Trade and other payables			
Trade and other payables	**6 806**	6 647	5 124
Fair value of derivatives	**48**	5	27
Bills and leases discounted with recourse		11	12
	6 854	6 663	5 163
Per business segment:			
Continuing operations			
– Equipment	**2 714**	1 916	1 422
– Handling	**788**	1 176	753
– Automotive	**2 160**	1 846	1 286
– Coatings	**467**	387	288
– Logistics	**530**	453	326
– Corporate and other (including intergroup elimination)	**195**	(73)	97
Total continuing operations	**6 854**	5 705	4 172
Discontinued operations			
– Cement		464	407
– Scientific	**174**	294	217
– Steel tube		263	198
– Coatings Australia		200	169
Total discontinued operations	**174**	1 221	991
Total group	**7 028**	6 926	5 163
Amounts classified as held for sale	**(174)**	(263)	
Total per balance sheet	**6 854**	6 663	5 163
Refer note 9 for details of inventory and note 10 for preference share investment pledged as security for payables.			
19. Amounts due to bankers and short-term loans			
Bank overdrafts and acceptances	**2 058**	1 348	375
Short-term loans	**2 099**	2 299	1 189
Current portion of long-term borrowings (note 15)	**530**	762	1 068
	4 687	4 409	2 632
Amounts due to bankers and short-term loans are comprised as follows:			
South African rand	**3 957**	2 796	1 644
Foreign currencies	**730**	1 613	988
	4 687	4 409	2 632

	2007 Rm	2006 Rm	2005 Rm
20. Revenue			
Sale of goods	**32 701**	26 613	23 895
Rendering of services	**5 737**	4 406	3 477
Rentals received	**4 278**	3 922	2 751
Finance lease income	**333**	274	1 103
Other	**189**	66	21
	43 238	35 281	31 247
Per business segment:			
Continuing operations			
– Equipment	**16 755**	11 627	10 234
– Handling	**7 184**	7 045	6 369
– Automotive	**15 440**	13 570	12 386
– Coatings	**2 347**	2 024	1 520
– Logistics	**1 459**	963	700
– Corporate and other	**53**	52	38
Total continuing operations	**43 238**	35 281	31 247
Discontinued operations			
– Cement	**4 016**	4 863	3 974
– Scientific	**1 700**	1 602	1 526
– Steel tube	**348**	1 775	1 590
– Coatings Australia	**957**	947	949
Total discontinued operations	**7 021**	9 187	8 039
Total group	**50 259**	44 468	39 286
Value of business handled on behalf of customers but not recognised in revenue	**1 885**	1 817	954
21. Operating profit			
Operating profit is arrived at as follows:			
Revenue	**43 238**	35 281	31 247
Less: Net expenses	**40 497**	33 074	29 325
Cost of sales	**32 046**	26 071	23 682
Distribution costs	**2 167**	1 716	1 481
Administrative costs	**5 234**	4 293	3 750
Other operating costs	**1 534**	1 342	713
Other operating income	**(484)**	(348)	(301)
Operating profit	**2 741**	2 207	1 922
Per business segment:			
Continuing operations			
– Equipment	**1 584**	978	950
– Handling	**133**	146	142
– Automotive	**714**	615	558
– Coatings	**383**	331	281
– Logistics	**95**	65	51
– Corporate and other	**(168)**	72	(60)
Total continuing operations	**2 741**	2 207	1 922
Discontinued operations			
– Cement	**1 527**	1 903	1 509
– Scientific	**104**	80	21
– Steel tube	**32**	95	44
– Coatings Australia	**(33)**	(57)	(29)
Total discontinued operations	**1 630**	2 021	1 545
Total group	**4 371**	4 228	3 467

	2007 Rm	2006 Rm	2005 Rm
21. Operating profit (continued)			
Expenses include the following:			
Interest paid by leasing operations included in cost of sales:	**231**	239	185
External	**134**	184	176
Group (note 24)	**97**	55	9
Depreciation	**1 961**	1 930	1 826
Continuing operations	**1 761**	1 681	1 576
Discontinued operations	**200**	249	250
Amortisation of intangibles	**70**	65	60
Continuing operations	**64**	55	49
Discontinued operations	**6**	10	11
Operating lease charges	**558**	475	505
Operating lease charges* – continuing operations	**464**	372	401
Land and buildings	**300**	257	231
Plant, vehicles and equipment	**164**	115	170
Operating lease charges – discontinued operations	**94**	103	104
Land and buildings	**73**	82	83
Plant, vehicles and equipment	**21**	21	21
Research and development costs	**36**	43	57
Administration, management and technical fees paid	**175**	164	128
Auditors' remuneration:	**65**	70	59
Audit fees	**52**	57	47
Fees for other services~	**12**	12	11
Expenses	**1**	1	1
Directors' emoluments paid by holding company and subsidiaries (note 36):			
Total directors' emoluments**	**95**	59	52
Executive directors	**85**	53	47
Salaries	**22**	21	18
Bonuses	**27**	21	18
Retirement and medical contributions	**7**	4	5
Share options/share appreciation rights awarded	**11**	3	4
Car allowances	**2**	2	1
Other benefits	**16**	2	1
Non-executive directors	**10**	6	5
Fees	**6**	4	4
Fees for services to subsidiaries and other services	**4**	2	1
Employment costs (excluding directors' emoluments)	**7 157**	6 669	5 922
Continuing operations	**5 904**	5 082	4 417
Discontinued operations	**1 253**	1 587	1 505
Profit on disposal of rental assets, car hire and fleet rental vehicles	**(37)**	(110)	(95)
(Profit)/loss on disposal of other plant and equipment	**(5)**	2	(2)
(Profit)/loss on disposal of intangible assets	**(2)**	2	
Corporate office redundancies and closure costs	**92**		
Amounts recognised in respect of retirement benefit plans (note 17):			
Defined-contribution funds	**381**	353	357
Defined-benefit funds	**39**	(95)	82

* *Operating lease charges include contingent rents of R23 million (2006: Nil; 2005: R22 million).*
~ *In addition to this fees of R11 million has been incurred relating to the unbundling of the cement segment and the proposed unbundling of the coatings segment.*
** *Excludes the amount for share options exercised/ceded included in directors' remuneration per note 36.*

	2007 Rm	2006 Rm	2005 Rm
22. Fair value adjustments on financial instruments			
(Losses)/gains on conversion of foreign currency monetary items	**(61)**	(5)	19
Gains/(losses) on other financial instruments	**348**	238	(69)
Total fair value adjustments on financial instruments	**287**	233	(50)
Per business segment:			
Continuing operations			
– Equipment	**(9)**	141	(51)
– Automotive	**(7)**	21	(8)
– Coatings	**(8)**	9	
– Corporate and other	**311**	62	9
Total continuing operations	**287**	233	(50)
Discontinued operations			
– Cement	**13**	2	(7)
– Steel tube		(6)	1
Total discontinued operations	**13**	(4)	(6)
Total group	**300**	229	(56)
23. Finance costs			
Interest paid:			
Corporate bond and other long-term borrowings	**(291)**	(210)	(201)
Bank and other short-term borrowings	**(483)**	(270)	(90)
Capitalised finance leases	**(42)**	(62)	(74)
Total continuing operations	**(816)**	(542)	(365)
Discontinued operations – group interest paid	**(38)**	(41)	(23)
Discontinued operations – external interest paid	**(48)**	(47)	(78)
Total group	**(902)**	(630)	(466)
24. Income from investments			
Dividends – unlisted investments	**2**	1	1
Interest received	**169**	124	73
Group interest received from leasing operations#	**97**	55	9
Group interest received from discontinued operations	**4**	22	24
Total continuing operations	**272**	202	107
Discontinued operations	**68**	74	92
Total group	**340**	276	199
25. Exceptional items			
(Loss)/profit on disposal of properties, investments and subsidiaries	**(34)**	139	19
Realisation of translation reserve on disposal of foreign subsidiaries	**197**		
Impairment of goodwill^	**(169)**		(21)
Impairment of investments^	**(109)**	(23)	
Impairment of property, plant and equipment^	**(45)**		(4)
Gross exceptional (loss)/profit from continuing operations	**(160)**	116	(6)
Taxation benefit/(charge) on exceptional items	**79**	(19)	5
Net exceptional (loss)/profit from continuing operations	**(81)**	97	(1)
Gross exceptional profit/(loss) from discontinued operations	**14**	(3)	10
Taxation on exceptional items from discontinued operations			1
Minority interest on exceptional profit from discontinued operations	**(4)**		(4)
Net exceptional (loss)/profit – total group	**(71)**	94	6

Interest paid by leasing operations disclosed under cost of sales (note 21).

^ *Refer notes 2, 3, 5 and 7 for an explanation of the assumptions and circumstances underlying the impairments.*

	2007 Rm	2006 Rm	2005 Rm
26. Taxation			
South African normal taxation			
Current year	**(301)**	(262)	(130)
Prior year	**(14)**	13	(15)
	(315)	(249)	(145)
Foreign and withholding taxation			
Current year	**(331)**	(372)	(243)
Prior year	**(8)**		12
	(339)	(372)	(231)
Deferred taxation			
Current year	**(18)**	(10)	(114)
Prior year	**5**	8	13
Attributable to a change in the rate of income tax	**9**	(10)	1
	(4)	(12)	(100)
Secondary taxation on companies			
Current year	**(110)**	(2)	(4)
Deferred	**(41)**	(25)	16
	(151)	(27)	12
Taxation attributable to the company and its subsidiaries	**(809)**	(660)	(464)
Per business segment:			
Continuing operations			
– Equipment	**(446)**	(370)	(270)
– Handling	**8**	(26)	(25)
– Automotive	**(112)**	(102)	(125)
– Coatings	**(112)**	(95)	(85)
– Logistics	**(23)**	(14)	(15)
– Corporate and other	**(124)**	(53)	56
Total continuing operations	**(809)**	(660)	(464)
Discontinued operations			
– Cement	**(586)**	(684)	(582)
– Scientific	**(26)**	(25)	(6)
– Steel tube	**(7)**	(20)	2
– Coatings Australia	**10**	(1)	8
Total discontinued operations	**(609)**	(730)	(578)
Total group	**(1 418)**	(1 390)	(1 042)

	2007 %	2006 %	2005 %
26. Taxation (continued)			
Reconciliation of rate of taxation			
South African normal taxation rate	**29.0**	29.0	29.0
Reduction in rate of taxation	**(7.3)**	(1.6)	(3.1)
Exempt income	**(4.6)**	(0.7)	(0.5)
Exceptional tax	**(1.4)**		(0.2)
Rate change adjustment	**(0.4)**		
Tax losses of prior periods	**(0.9)**	(0.4)	(1.3)
Prior year taxation		(0.5)	(0.4)
Secondary taxation on companies			(0.7)
Increase in rate of taxation	**13.1**	2.4	3.0
Disallowable charges	**0.9**	0.1	1.1
Exceptional tax		0.4	
Foreign tax differential	**3.2**	0.4	1.6
Rate change adjustment		0.2	
Current year tax losses not utilised	**1.8**	0.1	0.3
Prior year taxation	**0.7**		
Secondary taxation on companies	**6.5**	1.2	
Taxation as a percentage of profit before taxation	**34.8**	29.8	28.9
Taxation (excluding prior year taxation, exceptional taxation and secondary taxation on companies) as a percentage of profit before taxation (excluding exceptional items)	**29.0**	28.7	30.2
	Rm	Rm	Rm
Group tax losses and STC credits at the end of the year:			
South African – taxation losses	**(388)**	(363)	(332)
South African – unutilised STC credits	**(23)**	(347)	(542)
Foreign – taxation losses	**(595)**	(439)	(320)
	(1 006)	(1 149)	(1 194)
Utilised to reduce deferred taxation liabilities or create deferred taxation assets	**512**	909	998
Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	**(494)**	(240)	(196)

27. Earnings and headline earnings per share

	2007	2006*	2005*
27.1 Fully converted weighted average number of shares			
Weighted average number of ordinary shares (net of share buy-back)	**202 673 141**	206 959 270	207 366 842
Increase in number of shares as a result of unexercised share options	**3 770 963**	4 039 110	4 749 836
Fully converted weighted average number of shares	**206 444 104**	210 998 380	212 116 678
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.			
Net profit for the year (R million)	**2 270**	2 357	1 849
Net profit for the year from continuing operations (R million)	**1 568**	1 582	1 150
Net profit for the year from discontinued operations (R million)	**702**	775	699

	2007 Cents	2006* Cents	2005* Cents	2007	2006*	2005*
27.2 Earnings per share						
BASIC						
The weighted average number of ordinary shares				**202 673 141**	206 959 270	207 366 842
Earnings per share (basic)	**1 120.0**	1 138.9	891.7			
Earnings per share from continuing operations (basic)	**773.7**	764.4	554.6			
Earnings per share from discontinued operations (basic)	**346.3**	374.5	337.1			
DILUTED						
Fully converted weighted average number of shares (note 27.1)				**206 444 104**	210 998 380	212 116 678
Earnings per share (diluted)	**1 099.6**	1 117.1	871.7			
Percentage dilution	**1.8**	1.9	2.2			
Earnings per share from continuing operations (diluted)	**759.6**	749.8	542.2			
Earnings per share from discontinued operations (diluted)	**340.0**	367.3	329.5			

	2007	2006*	2005*
27.3 Headline earnings per share			
BASIC			
Group			
Profit for the year attributable to Barloworld Limited shareholders (R million)	**2 270**	2 357	1 849
Adjusted for the following:			
Loss on disposal of discontinued operations	**63**	185	
Loss/(profit) on disposal of properties, investments and subsidiaries	**20**	(140)	(25)
Impairment of goodwill	**169**	23	21
Impairment of investments	**109**	4	
Impairment of property, plant and equipment	**45**		
Realisation of translation reserve on disposal of offshore subsidiaries	**(197)**		
(Profit)/loss on sale of plant and equipment (excluding rental assets) and intangible assets	**(7)**	4	(2)
Gross remeasurements excluded from headline earnings	**202**	76	(6)
Taxation effect of loss on disposal of discontinued operations	**(3)**	(29)	
Taxation on disposal of properties, investments and subsidiaries	**(6)**	19	3
Taxation on impairment of goodwill	**(23)**		(9)
Taxation on impairment of investments	**(50)**		
Interest of outside shareholders in remeasurements	**4**		4
Net remeasurements excluded from headline earnings	**124**	66	(8)
Headline earnings (R million)	**2 394**	2 423	1 841

* *Reclassified – refer note 33.*

		2007	2006*	2005*
27.3	**Headline earnings per share (continued)**			
	Continuing operations			
	Profit from continuing operations (R million)	**1 583**	1 628	1 195
	Minority shareholders' interest in net profit from continuing operations (R million)	**(15)**	(46)	(45)
	Profit from continuing operations attributable to Barloworld Limited shareholders (R million)	**1 568**	1 582	1 150
	Adjusted for the following items in continuing operations:			
	Loss/(profit) on disposal of properties, investments and subsidiaries	**34**	(139)	(19)
	Impairment of goodwill	**169**	23	25
	Impairment of investments	**109**		
	Impairment of property, plant and equipment	**45**		
	Realisation of translation reserve on disposal of offshore subsidiaries	**(197)**		
	(Profit)/loss on sale of plant and equipment (excluding rental assets) and intangible assets	**(4)**	4	(3)
	Gross remeasurements excluded from headline earnings from continuing operations	**156**	(112)	3
	Taxation on disposal of properties, investments and subsidiaries	**(6)**	19	4
	Taxation on impairment of goodwill	**(23)**		(9)
	Taxation on impairment of investments	**(50)**		
	Net remeasurements excluded from headline earnings from continuing operations	**77**	(93)	(2)
	Headline earnings from continuing operations (R million)	**1 645**	1 489	1 148
	Discontinued operations			
	Profit from discontinued operations (R million)	**976**	1 118	968
	Minority shareholders' interest in net profit from discontinued operations (R million)	**(274)**	(343)	(269)
	Profit from discontinued operations attributable to Barloworld Limited shareholders (R million)	**702**	775	699
	Adjusted for the following items in discontinued operations:			
	(Profit)/loss on sale of properties, investments and subsidiaries	**(14)**	(1)	(10)
	(Profit)/loss on sale of plant and equipment (excluding rental assets) and intangible assets	**(3)**		1
	Realisation of translation reserve on disposal of offshore subsidiaries	**(87)**		
	Loss on disposal of discontinued operations	**150**	185	
	Impairment of investments		4	
	Gross remeasurements excluded from headline earnings from discontinued operations	**46**	188	(9)
	Taxation effect of loss on disposal of discontinued operations	**(3)**	(29)	
	Taxation on impairment of investments			(1)
	Interest of outside shareholders in remeasurements	**4**		4
	Net remeasurements excluded from headline earnings from discontinued operations	**47**	159	(6)
	Headline earnings from discontinued operations (R million)	**749**	934	693

	2007 Cents	2006* Cents	2005* Cents	2007	2006*	2005*
The weighted average number of ordinary shares				**202 673 141**	206 959 270	207 366 842
Headline earnings per share (basic)	**1 181.3**	1 170.8	887.8			
Headline earnings per share from continuing operations (basic)	**811.7**	719.5	553.6			
Headline earnings per share from discontinued operations (basic)	**369.6**	451.3	334.2			
DILUTED						
Fully converted weighted average number of shares (note 27.1)				**206 444 104**	210 998 380	212 116 678
Headline earnings per share (diluted)	**1 159.7**	1 148.4	867.9			
Percentage dilution	**1.8**	1.9	2.2			
Headline earnings per share from continuing operations (diluted)	**796.9**	705.7	541.2			
Headline earnings per share from discontinued operations (diluted)	**362.8**	442.7	326.7			

* *Reclassified – refer note 33.*

	2007 Rm	2006 Rm	2005 Rm
28. Dividends			
Ordinary shares			
Final dividend No 155 paid on 15 January 2007: 450 cents per share (2006: No 153 – 325 cents per share; 2005: No 151 – 265 cents per share)	**911**	745	602
Special dividend paid on 2 April 2007: 500 cents per share	**1 017**		
Interim dividend (capital distribution) No 157 paid on 2 July 2007: 175 cents per share (2006: No 154 – 150 cents per share; 2005: No 152 – 130 cents per share)	**357**	312	296
	2 285	1 057	898
Dividend attributable to treasury shares		(62)	(75)
Paid to Barloworld Limited shareholders	**2 285**	995	823
Paid to minorities	**344**	300	374
	2 629	1 295	1 197

On 19 November 2007 the directors declared dividend No 158 of 200 cents per share.

This dividend has not been included as a liability in these financial statements.

In compliance with the requirements of the JSE Limited, the following dates are applicable:

Date declared	Monday, 19 November 2007
Last day to trade cum dividend	Friday, 4 January 2008
Shares trade ex dividend	Monday, 7 January 2008
Record date	Friday 11, January 2008
Payment date	Monday, 14 January 2008

Share certificates may not be dematerialised or rematerialised between Monday, 7 January 2008 and Friday, 11 January 2008, both days inclusive.

	2007 Cents	2006 Cents	2005 Cents
Analysis of dividends declared in respect of current year's earnings:			
Ordinary dividends per share			
Interim dividend	**175**	150	130
Final dividend	**200**	450	325
	375	600	455

6% cumulative non-redeemable preference shares

Preference dividends totalling R22 500 were declared on each of the following dates:

- 10 October 2007 (paid on 5 November 2007)
- 26 April 2007 (paid on 28 May 2007)
- 29 September 2006 (paid on 30 October 2006)
- 29 March 2006 (paid on 24 April 2006)
- 30 October 2005 (paid on 31 October 2005)
- 1 April 2005 (paid on 25 April 2005)
- 1 October 2004 (paid on 1 November 2004)

	2007 Rm	2006 Rm	2005 Rm
29. Barloworld shareholders' attributable interest in subsidiaries			
Holding company	**22 627**	4 262	2 316
Less: Dividends received from subsidiaries	**(22 814)**	(4 284)	(2 255)
	(187)	(22)	61
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation, including associate companies:			
Profits	**2 831**	2 698	1 915
Losses	**(374)**	(319)	(127)
Barloworld Limited shareholders' interest	**2 270**	2 357	1 849
30. Commitments			
Capital expenditure commitments to be incurred:			
Contracted	**1 908**	2 106	1 762
Approved but not yet contracted	**383**	999	1 080
	2 291	3 105	2 842
Share of joint ventures' capital expenditure commitments to be incurred:			
Contracted	**1**		
Approved but not yet contracted	**3**		
	4		

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

Lease commitments

	Long term > 5 years Rm	Medium term 2 – 5 years Rm	Short term <1 year Rm	2007 Total Rm	2006 Total Rm	2005 Total Rm
Operating lease commitments						
Land and buildings	584	723	331	**1 638**	1 955	1 377
Motor vehicles		136	125	**261**	488	253
Other		22	18	**40**	66	52
	584	881	474	**1 939**	2 509	1 682

Land and building commitments include the following items:

- Commitments for the operating and administrative facilities used by the majority of business segments. The average lease term is five years. Many lease contracts contain renewal options at fair market rates.
- Properties used for office accommodation and used car outlets in the major southern African cities. Rentals escalate at rates which are in line with the historical inflation rates applicable to the southern African environment. Lease periods do not exceed five years.
- Properties at airport locations. The leases are in general for periods of five years and the rental payments are based on a set percentage of revenues generated at those locations subject to certain minimums.

Motor vehicle commitments are mainly for vehicles in use in the offshore operations. The average lease term is four years.

Finance lease commitments	Long term > 5 years Rm	Medium term 2 – 5 years Rm	Short term <1 year Rm	2007 Total Rm	2006 Total Rm	2005 Total Rm
30. Commitments (continued)						
Present value of minimum lease payments						
Land and buildings	323	98	15	**436**	394	226
Motor vehicles		75	24	**99**	79	39
Rental fleets		248	93	**341**	382	903
Other		1		**1**	195	354
	323	422	132	**877**	1 050	1 522
Minimum lease payments						
Land and buildings	552	244	53	**849**	766	369
Motor vehicles		94	29	**123**	87	45
Rental fleets		275	107	**382**	441	1 034
Other		1		**1**	251	439
Total including future finance charges	552	614	189	**1 355**	1 545	1 887
Future finance charges				**(478)**	(495)	(365)
Present value of lease commitments (note 15)				**877**	1 050	1 522

Land and building commitments are for certain fixed rate leases in the automotive division for trading premises with an average term of 12 years including a purchase option at the end of the term.

Rental fleet commitments arise in Barloworld Finance in the United Kingdom, which has financed certain rental units under capital leases with various institutions. These expire at the same time as the related lease with the customer.

Other commitments for the prior years relate mainly to the cement segment and include the following items:

- A suspensive sale agreement in PPC between RTA Leasing (Pty) Limited and BoE Bank, interest was payable bi-annually at the end of March and September of each year. The effective interest rate was 12.5% per annum with capital repayments of R98 million in 2007.
- Plant and equipment leased by the cement division from Saldanha Steel (Pty) Limited with fixed payment terms. The agreement matures in April 2013.

	2007 Rm	2006 Rm	2005 Rm
31. Contingent liabilities			
Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	**989**	622	296
Litigation, current or pending, is not considered likely to have a material adverse effect on the group.			
Buy-back and repurchase commitments not reflected on the balance sheet	**449**	1 250	1 071

The related assets are estimated to have a value at least equal to the repurchase commitment. The decrease in buy-back commitments from the prior years relates to the maturing during the current year of various contracts in the automotive leasing business as well as in Equipment Spain.

The group has given guarantees to the purchaser of the coatings Australian business relating to environmental claims. The guarantees are for a maximum period of eight years and are limited to the sales price received for the business.

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

There are no material contingent liabilities in joint venture companies.

32. Insurance contracts

Certain transactions are entered into by the group as insurer which falls within the definition of insurance contracts per IFRS 4 Insurance Contracts. Significant items included are the following:

– credit life and warranty products sold with vehicles in the automotive segment
– specific portions of maintenance contracts on equipment and vehicles sold in the equipment, handling and automotive segments
– guaranteed residual values on equipment and vehicles in the equipment and automotive segments.

	2007 Rm	2006 Rm	2005 Rm
Income	**1 195**	1 156	1 007
Expenses	**933**	970	866
Cash (outflow)/inflow	**(96)**	19	3
Losses recognised on buying reinsurance	**3**	3	1
Deferral of gains and losses on reinsurance:			
Unamortised amount at the beginning of the period	**4**	6	8
Amortisation for the period	**(2)**	(2)	(2)
Unamortised amount at the end of the period	**2**	4	6
Liabilities			
At the beginning of the period	**434**	373	
Amounts added	**737**	582	
Amounts used	**(682)**	(520)	
Amounts reversed unused		(1)	
Translation difference	**(7)**		
At the end of the period	**482**	434	
Maturity profile:			
Within one year	**344**	219	
Two to five years	**137**	214	
More than five years	**1**	1	
	482	434	
Assets			
At the beginning of the period	**162**	135	
Amounts added	**309**	38	
Amounts used	**(276)**	(11)	
Acquisitions	**25**		
At the end of the period	**220**	162	
Age analysis of items overdue but not impaired:			
Overdue 30 to 60 days		1	
Overdue 90+ days	**5**		
	5	1	

32. Insurance contracts (continued)

Significant assumptions and risks arising from insurance contracts:

Credit life and warranty products

The sale of credit life and extended warranty products in the automotive segment is conducted through cell captive arrangements. The principle risk that the group faces under these insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amounts of claims and benefits will vary from year to year from the estimate determined using statistical techniques.

The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts and includes credit risk, interest rate risk, currency risk and liquidity risk. All risks are managed on behalf of the group by an outside insurance company.

The risks are spread over a large variety of clients in the South African market.

The terms and conditions that have a material effect on the amount, timing and uncertainty of future cash flows arising from these contracts are as follows:

- Personal accident – Provides compensation arising out of the death, permanent or temporary total disability of the insured, the family of the insured or the employees of a business. Such death or disability is restricted to certain accidents and does not provide the wider cover available from the life insurance industry.
- Automotive – Provides indemnity for loss of or damage to the insured motor vehicle. The cover is normally on an all-risks basis providing a wide scope of cover following an accident or a theft of the vehicle, but the insured can select restricted forms of cover such as cover for fire and theft only.

The critical accounting judgements made in applying the group's accounting policies relate to the estimation of the ultimate liability arising from claims made under insurance contracts. The group's estimate for reported and unreported losses are continually reviewed and updated, and adjustments resulting from this review are reflected in profit or loss. The process relies upon the basic assumption that past experience adjusted for the effect of current developments are likely trends, is an appropriate basis for predicting future events.

Maintenance contracts

Maintenance contracts are offered to customers in the equipment and materials handling segments. The contracts are managed internally through ongoing contract performance reviews, review of costs and regular fleet inspections. Risks arising from maintenance contracts include component lives, component failure and cost of labour. The contracts consist of a variety of forms but generally include cover for regular maintenance as well as for repairs due to breakdowns and component failure which is not covered by manufacturer's warranties or other external maintenance plans. The amounts above include the estimated portion of contracts that meet the definition of an insurance contract. Revenue is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment/vehicles.

Financial risk mainly relates to credit risk, but credit quality of customers is generally considered to be good and similar to the rest of the groups' operations. Risks are spread over a large diversity of customers, fleets of equipment and vehicles and geographically in southern Africa, Iberia, United Kingdom and the United States.

Guaranteed residual values

Guaranteed residual values on repurchase commitments are periodically given with the sale of equipment/vehicles in the equipment, handling and automotive segments. The principal risk relates to the likelihood of the repurchase commitments being exercised by the customer which is dependent on the used equipment and vehicle market conditions at the time when the repurchase option is exercisable as well as terms of the repurchase agreements regarding age and condition of the equipment/vehicles. Risks are spread over a large diversity of customers and geographically in southern Africa, Iberia, United Kingdom and the United States.The likelihood of the repurchase commitments being exercised is assessed at inception as well as on an ongoing basis and determines the accounting applied. The charge to customers for the repurchase commitment is generally included in the sales price at the time of sale and is not measured separately. Refer to note 31 for the gross value of repurchase commitments.

33. Changes in accounting policy and disclosures

33.1 The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with the prior year except for the adoption of the following amended standard and new interpretations:

IFRIC Interpretation 4 Determining Whether an Arrangement Contains a Lease
This interpretation is effective for the group from the current year and prescribes the circumstances where the entity enters into an arrangement that depends on the use of a specific asset and conveys the right to control this specific asset. This arrangement should be treated as a lease under IAS 17 Leases. Arrangements that are in substance leases, should be assessed against the criteria included in IAS 17 Leases to determine if the arrangements should be accounted for as finance leases or operating leases. The transitional provisions require the group to assess all existing arrangements at the beginning of the comparative period of the first period in which the Interpretation is adopted. The impact of the adoption of this interpretation was not significant on the group.

The South African Institute of Chartered Accountants Circular 8/2007 on Headline Earnings
This circular is effective for the group from the current year. It replaces circular 7/2002 and provides a link to IFRS and accounting policy choices through guidance on the calculation of headline earnings including rules for every IFRS. The focus is to ensure that headline earnings reflect the operating/trading earnings of an entity and generally excludes remeasurements (changes – realised and unrealised – to the initial recognition of assets and liabilities) processed through profit and loss (with certain exceptions). The impact of the adoption of this circular was not significant on the group.

IFRIC Interpretation 12 Service Concession Arrangements
This interpretation is effective for the group from the year ending 30 September 2009. Service concession arrangements are arrangements whereby a government or other body grants contracts for the supply of public services (roads, energy distribution, etc) to private operators. IFRIC 12 draws a distinction between two types of service concession arrangements (either financial assets or intangible assets) and clarifies the accounting under each. The requirements do not have a significant impact on the group and the interpretation was early adopted in the current year.

IFRIC Interpretation 14, IAS 19 Limit on a Defined Benefit Asset; Minimum Funding Requirement and their interaction
This interpretation is effective for the group from the year ending 30 September 2009 and provides general guidance on how to assess the limit in IAS 19 Employee Benefits on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The requirements do not have a significant impact on the group and the interpretation was early adopted in the current year.

IAS 23 Borrowing Costs Amendment
The amended standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The main change from the previous version of IAS 23 is the removal of the option of immediately recognising borrowing costs as an expense that relates to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise borrowing costs as part of the cost of such assets.
This change does not have any impact as the group's accounting policy is already in line with the new requirement (which was the allowed alternative under the previous version of the standard) and was early adopted in the current year.

33. Changes in accounting policy and disclosures (continued)

33.2 Comparative information has been reclassified for the treatment of the cement, scientific and coatings Australia businesses as discontinued operations (refer note 12).

The effect of the above changes on the annual financial statements for the years ended 30 September 2006 and 2005 is as follows:

	Previously stated 2006 Rm	Reclassification of discontinued operations Rm	Reclassified 2006 Rm	Previously stated 2005 Rm	Reclassification of discontinued operations Rm	Reclassified 2005 Rm
Income statement						
Revenue	42 693	(7 412)	35 281	37 696	(6 449)	31 247
Operating profit	4 133	(1 926)	2 207	3 423	(1 501)	1 922
Fair value adjustments on financial instruments	235	(2)	233	(57)	7	(50)
Finance costs	(605)	63	(542)	(441)	76	(365)
Income from investments	273	(71)	202	198	(91)	107
Profit before exceptional items	4 036	(1 936)	2 100	3 123	(1 509)	1 614
Exceptional items	120	(4)	116	7	(13)	(6)
Profit before taxation	4 156	(1 940)	2 216	3 130	(1 522)	1 608
Taxation	(1 211)	578	(633)	(902)	426	(476)
Secondary taxation on companies	(159)	132	(27)	(142)	154	12
Profit after taxation	2 786	(1 230)	1 556	2 086	(942)	1 144
Income from associates and joint ventures	72		72	53	(2)	51
Net profit from continuing operations	2 858	(1 230)	1 628	2 139	(944)	1 195
(Loss)/profit from discontinued operations	(112)	1 230	1 118	24	944	968
Net profit	2 746		2 746	2 163		2 163
Attributable to:						
Minority shareholders	389		389	314		314
Barloworld Limited shareholders	2 357		2 357	1 849		1 849
	2 746		2 746	2 163		2 163

The reclassifications have not impacted on the balance sheet and cash flow statement.

In addition to the above, trading profit has been disclosed for the current and comparative years on the income statement in order to separately reflect the pension fund gain recognised in 2006.

33.3 The following standards and interpretations are not yet effective and will be adopted in future years:

IFRS 7 Financial Instruments: Disclosures; IAS 1 (Revised) Presentation of Financial Statements Amendment
This standard is effective for the group from the year ending 30 September 2008. It adds certain new disclosures about financial instruments to those currently required by IAS 32 Financial Instruments: Disclosure and Presentation and also replaces the disclosures currently required by IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions. In addition to this, in terms of an amendment to IAS 1, disclosures are also required of the group's objectives, policies and processes for managing capital, quantitative data about what is regarded as capital, whether the group has complied with its capital requirements and if it has not complied, the consequences of such non-compliance. The group is in the process of gathering the required disclosable information.

IFRS 8 Operating Segments
This standard is effective for the group from the year ending 30 September 2010. It replaces IAS 14 Segment Reporting and requires an entity to adopt a "management approach" to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The standard therefore requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognised in the income statement and balance sheet. The group is in the process of evaluating the effects of this standard.

33. Changes in accounting policy and disclosures (continued)

IAS 1 (Revised) Presentation of Financial Statements

This revised standard is effective for the group from the year ending 30 September 2010 and requires the preparation of a "Statement of comprehensive income" which replaces the income statement. All non-owner changes in equity (that is, "comprehensive income") must be recognised either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Comprehensive income for a period includes profit or loss for that period plus other comprehensive income recognised which includes revaluation surpluses, actuarial gains and losses, foreign currency translation reserves and hedge accounting reserves. The group is in the process of evaluating the effects of this standard.

IFRIC Interpretation 13 Customer Loyalty Programmes

This interpretation is effective for the group from the year ending 30 September 2009 and addresses accounting by entities that grant loyalty award credits (such as "points" or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services ("awards") to customers who redeem award credits. The group is in the process of evaluating the effects of this interpretation.

34. 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, bills, leases, hire-purchase agreements discounted with recourse and derivatives. Details of the amounts discounted with recourse are included in note 31 to the annual financial statements.

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

34.1 Treasury risk management

A finance 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 in the context of most recent economic conditions and 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.

34.2 Foreign currency management

Trade commitments

The group's currency exposure management policy for the southern African operations is to hedge all material trade commitments as soon as they arise. In respect of offshore operations, where there is a traditionally stable relationship between the functional and transacting currencies, the need to take foreign exchange cover is at the discretion of the divisional board.

Each division manages its own trade exposure within the overall framework of the group policy. In this regard the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the balance sheet, but were entered into to cover foreign commitments not yet due or proceeds not yet received.

The risk of having to close out these contracts is considered to be low.

All forward exchange contracts and currency options are valued at fair value with the resultant profit or loss included in income. The only exception relates to the effective portion of cash flow hedges where profits or losses are recorded directly in equity and either transferred to income when the hedged transaction affects income or is included in the initial acquisition cost of the hedged assets or liabilities where appropriate.

Net currency exposure

The following table represents the extent to which the group has monetary assets and liabilities in currencies other than the group companies' local currency.

The information is shown inclusive of the impact of forward contracts and options in place to hedge the foreign currency exposures.

Based on the net exposure below it is estimated that a simultaneous 10% change in all foreign currency exchange rates against divisional functional currency will impact the fair value of the net monetary assets/liabilities of the group to the extent of R246 million (2006: R124 million; 2005: R100 million).

34. Financial risk management (continued)

34.2 Foreign currency management (continued)

Net foreign currency monetary assets/ (liabilities)

	CURRENCY OF ASSETS/(LIABILITIES)								
	SA rand Rm	Euro Rm	British sterling Rm	US dollar Rm	Australian dollar Rm	Japanese yen Rm	Other African currencies Rm	Other currencies Rm	Total Rm
Functional currency of group operation:									
SA rand	**n/a**	**103**	**92**	**1 736**	**(1)**	**102**			**2 032**
Euro	**(2)**	**n/a**		**(1)**					**(3)**
British sterling		**10**	**n/a**	**4**					**14**
US dollar	**(2)**	**181**	**125**	**n/a**	**(7)**	**121**	**(27)**		**391**
Other African currencies	**(9)**	**(10)**		**(33)**			**n/a**	**81**	**29**
Other currencies			**(1)**	**1**				**n/a**	
As at 30 September 2007	**(13)**	**284**	**216**	**1 707**	**(8)**	**223**	**(27)**	**81**	**2 463**
SA rand	n/a	61	35	1 153		44	(1)	3	1 295
Euro		n/a	1	(2)		(1)		2	
British sterling		11	n/a	20					31
US dollar	(1)	(2)		n/a			(65)		(68)
Japanese yen				(15)		n/a			(15)
Other African currencies	22			(11)			n/a		11
Other currencies	(5)	(1)		2			(8)	n/a	(12)
As at 30 September 2006	16	69	36	1 147		43	(74)	5	1 242
SA rand	n/a	71	69	791	2	48			981
Euro	(1)	n/a	9	(2)					6
British sterling	5	16	n/a	12					33
US dollar	(1)		2	n/a			(17)	(40)	(56)
Japanese yen				(14)		n/a			(14)
Other African currencies	(1)			46			n/a		45
Other currencies				2				n/a	2
As at 30 September 2005	2	87	80	835	2	48	(17)	(40)	997

Currency derivatives

As at September 2007, the group had 13 cross-currency interest rate swap contracts which were all designated as a hedge of a net investment in a foreign entity. Details are as follows:

	Currency	Foreign amount – notional (000's)	Interest rate %	Maturity date	Fair value gain/(loss) 2007 Rm	2006 Rm	2005 Rm
Cross-currency interest rate swap contracts	EUR	(99 569)	2.8	2008 – 2009			
Cross-currency interest rate swap contracts	GBP	67 789	4.4	2008 – 2009	**(28)**	10	(6)
Cross-currency interest rate swap contracts	AUD	(55 000)	6.4	2008 – 2009			
Cross-currency interest rate swap contracts	GBP	22 550	5.1	2008 – 2009	**(28)**	12	(10)
Cross-currency interest rate swap contracts	JPY	(1 350 000)	0.7	2008 – 2009			
Cross-currency interest rate swap contracts	GBP	6 121	4.6	2008 – 2009		6	3
Total					**(56)**	28	(13)

34. Financial risk management (continued)

34.3 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 structured according to expected movements in interest rates. The interest rate profile of total borrowings is as follows:

	Currency	Year of redemption/ repayment	Interest rate (%)	2007 Rm	2006 Rm	2005 Rm
Liabilities in foreign currencies						
Secured loans	GBP	2007 – 2010	LIBOR* + 0.45		720	972
	NOK	2012	NIBOR** + 0.4	**488**	536	744
	SEK	2012	STIBOR† + 0.4	**464**	492	
	BWP	2008 – 2012	14.4	**16**	15	13
Unsecured loans	GBP	2009 – 2010	LIBOR* + 0.475		148	388
	EUR	2007	2.6			36
	EUR	2008 – 2012	5.6	**379**	182	136
	USD	2007 – 2008	8.8	**35**	13	21
	USD	2007	7.6		8	10
	DKK	2009	CIBOR^ + 0.5		195	
Liabilities under capitalised finance leases	GBP	2008 – 2012	6.4 to 6.7	**341**	384	744
	EUR	2008 – 2012	EURIBOR*** + 5.68	**83**	89	74
	USD	2008 – 2012	3.4 to 5.9	**64**	73	159
	BWP	2008 – 2012	15.5	**17**	19	21
Total foreign currency liabilities (note 15)				**1 887**	2 874	3 318
Liabilities in South African rand						
Secured loans		2008 – 2012	11.3	**60**	4	3
Unsecured loans		2008 – 2012	7.9 – 11.5	**2 590**	2 855	2 632
Liabilities under capitalised finance leases		2008 – 2012	11.3 – 15.1	**372**	504	525
Total South African rand liabilities (note 15)				**3 022**	3 363	3 160
Total South African rand and foreign currency liabilities (note 15)				**4 909**	6 237	6 478
Interest rates						
Loans at fixed rates of interest				**2 975**	2 516	2 073
Loans linked to South African money market				**473**	1 323	1 924
Loans linked to offshore money markets				**1 461**	2 398	2 481
				4 909	6 237	6 478

Interest rate derivatives

As at September 2006, the group had three (2006: 11; 2005: 14) interest rate swap contracts. Details are as follows:

	Currency	Amount – notional (000's)	Interest rate %	Maturity date	Fair value gain/(loss) 2007 Rm	2006 Rm	2005 Rm
Designated cash flow hedge interest rate swap contracts	GBP	57 746	4.19 – 6.54	2007 – 2010		(2)	(1)
Interest rate swap contract	ZAR	750 000	3m JIBAR# + 55 bps	2011	**(13)**	(36)	39
Interest rate swap contract	ZAR	750 000	7.83 (fixed)	2011	**17**	28	10
Designated cash flow hedge interest rate swap contract	ZAR	700 000	7.96 (fixed)	2010	**9**	26	
Total					**13**	16	48

* *LIBOR – London Interbank Offered Rate*
** *NIBOR – Norwegian Interbank Offered Rate*
† *STIBOR – Swedish Interbank Offered Rate*
^ *CIBOR – Copenhagen Interbank Offered Rate*
# *JIBAR – Johannesburg Interbank Acceptance Rate*
*** *EURIBOR – European Interbank Offered Rate*

34. Financial risk management (continued)

34.4 Maturity profile of financial instruments

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

	<1 year Rm	2 – 4 years Rm	>4 years Rm	**2007 Total Rm**
Financial assets				
Cash and cash equivalents	1 201			**1 201**
Trade and other receivables	6 185	73	253	**6 511**
Assets classified as held for sale	1 447			**1 447**
Investments			360	**360**
Financial liabilities				
Trade and other payables	6 854	238	1 067	**8 159**
Liabilities directly associated with assets classified as held for sale	210			**210**
Interest-bearing liabilities	4 687	2 828	1 551	**9 066**

34.5 Fair value of financial assets and liabilities

All financial instruments are carried at fair value or amounts that approximate fair value, except for the non-current portion of fixed-rate receivables, payables and interest-bearing borrowings, which are carried at amortised cost.

The carrying amounts for investments, cash, cash equivalents, as well as the current portion of receivables, payables and interest-bearing borrowings, approximate fair value due to the short-term nature of these instruments.

The fair values have been determined using available market information and appropriate valuation methodologies.

34.6 Credit risk management

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

Trade receivables consist mainly of a large and 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 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 insurance or a bad debt provision.

It is group policy to deposit short-term cash investments with major banks and financial institutions with strong credit ratings.

34.7 Liquidity risk management

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

	2007 Rm	2006 Rm	2005 Rm
35. Share incentive schemes and share-based payments			
35.1 Financial effect of share-based payment transactions			
Income statement effect			
Expense arising from share-based payment transactions	**5**		15
Compensation expense arising from equity-settled share option incentive plan	**16**	20	23
Compensation expense arising from cash-settled share appreciation rights incentive plan	**20**		
Share-based payment expense included in operating profit	**41**	20	38
Taxation benefit on cash-settled share appreciation rights	**(6)**		
Net share-based payment expense after taxation	**35**	20	38
Balance sheet effect			
Non-current liability raised for cash-settled share appreciation rights granted (to be incurred within 2 – 5 years)	**(20)**		
Deferred taxation asset raised on share appreciation rights liability	**6**		
Net reduction in shareholders' interest as a result of share-based payment transactions	**(14)**		

35. Share option incentive scheme and share-based payments (continued)

35.2 Cash-settled share appreciation rights scheme

During the year the group introduced the Barloworld Cash-settled Share Appreciation Right Scheme 2007.

The scheme allows executive directors and certain senior employees to earn a long-term incentive amount calculated based on the increase in the Barloworld Limited share price between the grant date and the vesting and exercise of such rights.

No shares are issued in terms of this scheme and all amounts payable will be settled in cash. The objective of the scheme is to recognise the contributions of senior staff to the group's financial position and performance and to retain key employees.

The vesting of the rights are subject to specific performance conditions, based on group headline earnings per share. Rights are granted for a period of six years and vest one-third after three years from grant date, a further one-third after four years and the final third after five years.

The grant price of these appreciation rights equals the volume weighted average market price of the underlying shares on the three trading days immediately preceding grant date.

On resignation, share appreciation rights which have not yet vested are forfeited. On death or retirement the Barloworld remuneration committee may permit a portion of unvested rights to be exercised within one year (or such extended periods as the committee may decide) of the date of cessation of employment.

It is group policy that employees should not deal in Barloworld Limited shares (and this is extended to the share appreciation rights and share options schemes) for the periods from 1 April for half-year and 1 October for year-end until 24 hours after publication of the results and at any other time during which they have access to price-sensitive information.

Fair value estimates

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at balance sheet date.

The estimated fair value of the share appreciation rights was calculated using a binomial pricing model, with inputs as set out below.

Date of grant	15 Nov 2006*	12 July 2007
Number of share appreciation rights granted	624 929	3 730 345
Exercise price (R)	75.05	123.88
Share price at grant date (R)	75.05	123.88
Share price at balance sheet date (R)	129.60	129.60
Expected volatility (%)	35.0	35.0
Expected dividend yield (%)	3.0	3.0
Risk-free rate (%)	8.6	8.6
Exercise multiple (share price at exercise date/option exercise price)	2.0	2.0
Estimated fair value per share appreciation right at grant date (R)	26.91	46.41
Estimated fair value per share appreciation right at year-end (R)	67.01	49.01

35.3 Equity-settled share option scheme

Equity-settled share options were granted to executive directors and senior employees in terms of the Barloworld Share Option Scheme 1985.

The objectives of the scheme are similar to that of the share appreciation rights scheme.

The options have a total contractual life of 10 years, with the exception of the May 2004 grant which has a six-year contractual life.

The options vest one-third after three years from grant date, a further one-third after four years and the final third after five years.

Fair value estimates

Options granted after 7 November 2002 are expensed over their vesting period in terms of IFRS 2. The estimated fair value of these equity-settled options were calculated at grant date using a binomial model with the following inputs:

Date of grant	1 April 2003	26 May 2004
Number of options granted	2 168 400	2 205 200
Exercise price (R)	47.50	67.80
Share price at grant date (R)	47.50	67.80
Expected volatility (%)	35.0	35.0
Expected dividend yield (%)	5.8	4.3
Risk-free rate (%)	10.4	10.9
Exercise multiple (share price at exercise date/option exercise price)	2.0	2.0
Estimated fair value per option at grant date (R)	16.59	25.37

* *The 15 November 2006 grant was modified due to the cement unbundling as set out in note 35.4 and 35.5 below.*

35. Share option incentive scheme and share-based payments (continued)

35.4 Modification for cement unbundling

The existing equity-settled share options were modified in line with shareholder approval granted as a result of the unbundling of cement effective 16 July 2007. Cash settled share appreciation rights awarded on 15 November 2006 were modified in terms of the rules of the scheme.

The modification did not result in any incremental fair value being granted to option or right holders, as the objective was to maintain intrinsic value at the same level before and after unbundling.

The modification entailed a downward repricing of exercise prices combined with additional entitlements to compensate for the impact of a lower Barloworld share price after unbundling. The cement unbundling resulted in an estimated 41.7% reduction in the Barloworld share price, based on the pre- and post-unbundling share price of R214.50 and R125 respectively. Corresponding fair values were demonstrated before and after unbundling based on a binomial option pricing model, as were intrinsic values.

The modified option entitlement ratio was as follows:

Entitlement before unbundling	Entitlement after unbundling
[1 Barloworld option]	[1 Barloworld option + 0.866 new Barloworld options] or [1 Barloworld option + 1.8555 PPC subdivided options]

The modified exercise prices are indicated in the table of unexercised options below (note 35.5).

35.5 Total share options and appreciation rights unexercised

The following share options and share appreciation rights granted are unexercised:

Date of grant	Date from which exercisable	Expiry date	Contractual life remaining (years)	Original exercise price (R)	Modified exercise price (R)	Number of options/rights: Barloworld directors	Barloworld employees#	PPC employees#	Ceded*	Total unexercised**
1 April 1998	1 April 2001	1 April 2008	0.5	41.00	21.98		84 095	6 000	4 000	94 095
1 Sept 1998	1 Sept 2001	1 Sept 2008	0.9	23.25	12.46		60 876	3 000		63 876
29 May 2000	29 May 2003	29 May 2010	2.7	36.70	19.67		113 433	18 600	3 334	135 367
25 Sept 2001	25 Sept 2004	25 Sept 2011	4.0	45.70	24.50		223 301	20 668	19 964	263 933
25 Sept 2002	25 Sept 2005	25 Sept 2012	5.0	58.20	31.20			30 667	4 501	35 168
1 April 2003	1 April 2006	1 April 2013	5.5	47.50	25.46	101 817	1 119 080	104 006	313 206	1 638 109
26 May 2004	26 May 2007	26 May 2010	2.7	67.80	36.35	197 530	1 800 892	177 404	254 743	2 430 569
Total equity settled share options granted and unexercised						299 347	3 401 677	360 345	599 748	4 661 117
15 Nov 2006	15 Nov 2009	15 Nov 2012	5.1	140.00	75.05	624 929				624 929
12 July 2007	12 July 2010	12 July 2013	5.8	123.88	n/a	372 968	3 357 377			3 730 345
Total cash-settled share appreciation rights granted and unexercised						997 897	3 357 377			4 355 274
Total unexercised						1 297 244	6 759 054	360 345	599 748	9 016 391

The weighted average share price at the date of exercise during the period was R174.67 (2005: R112.61; 2005: R101.83).

The unexercised share options granted to retired directors and employees are included in this column.

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

** *Scheme rules dictate that the number of unexercised options may not exceed 10% of the total number of issued shares of the company at any time.*

Share options and appreciation rights movement for the year	Number of appreciation rights	Number of share options	Weighted average exercise price (R)
35. Share option incentive scheme and share-based payments (continued)			
2007			
Unexercised at the beginning of the year		**7 149 483**	**51.41**
Additional option entitlements in terms of modification for cement unbundling		**875 670**	**31.33**
Rights granted in terms of cash-settled share appreciation rights scheme	**4 355 274**		**116.87**
Options forfeited		**(236 205)**	**30.19**
Options exercised		**(3 127 831)**	**25.22**
Options and appreciation rights unexercised at year-end	**4 355 274**	**4 661 117**	**76.83**
Held by:			
Directors and employees of Barloworld	**4 355 274**	**3 701 024**	**74.03**
Employees of PPC		**360 345**	**30.32**
Financial institutions		**599 748**	**30.04**
2006			
Unexercised at the beginning of the year		9 449 266	48.71
Options forfeited		(52 334)	49.40
Options exercised		(2 247 449)	40.09
Options unexercised at year-end		7 149 483	51.41
Held by:			
Directors and employees of Barloworld		5 888 750	53.00
Financial institutions		1 260 733	43.99
2005			
Unexercised at the beginning of the year		14 642 709	45.49
Options forfeited		(1 046 506)	41.43
Options exercised		(4 146 937)	41.97
Options unexercised at year-end		9 449 266	48.71
Held by:			
Directors and employees of Barloworld		7 708 382	50.34
Financial institutions		1 740 884	41.51

36. Directors' remuneration and interests

Directors' remuneration

The group remuneration philosophy and basis for determining performance bonuses is set out in the remuneration report on pages 92 to 93. Other benefits determined below include company cars, Share Purchase Trust loans, ex-patriate benefits and redundancy and termination payments. There are no directors with service contracts with termination benefits exceeding one year's salary and notice periods in excess of one year.

The directors' remuneration for the year ended 30 September 2007 was as follows:

2007	Salary R000	Bonus R000	Retirement and medical contri-butions R000	Share options/ rights awarded* R000	Car allowances R000	Other benefits R000	Total 2007 R000	Share options ceded^ R000	Share options exercised^ R000
Executive directors									
PJ Blackbeard	2 958	3 395	310	1 357	331	1 254	**9 605**	2 789	6 820
MD Coward (resigned 4 December 2006)	359		316	42	40		**757**		
LS Day (retired 30 November 2006)	298		495	42	37	596	**1 468**		
BP Diamond	3 034	1 226	709	1 252	110	62	**6 393**		5 712
JE Gomersall (resigned 16 July 2007)	1 852	2 007	462	939	119	1 151	**6 530**		3 328
AJ Lamprecht	1 994	1 957	470	1 252	233	142	**6 048**	3 306	
M Laubscher	2 019	2 551	371	1 461	302	19	**6 723**	2 347	692
AJ Phillips (resigned 25 January 2007)	1 203		2 875	447	67	16 707	**21 299**		
OI Shongwe (appointed 26 January 2007)	978	1 562	137	84	152		**2 913**		
PM Surgey	2 100	2 545	464	1 377	242	14	**6 742**	707	3 740
CB Thomson	3 003	5 258	518	1 642	256	126	**10 803**		3 844
DG Wilson (appointed 29 September 2006)	1 984	2 390	399	1 186	240	16	**6 215**		
	21 782	22 891	7 526	11 081	2 129	20 087	**85 496**	9 149	24 136

	Fees R000	Car allowances R000	Fees for services to subsidiaries/ other services R000	Total 2007 R000
Non-executive directors				
SAM Baqwa	172			**172**
WAM Clewlow (retired 25 January 2007)	479	64	275	**818**
AGK Hamilton	474			**474**
MJ Levett	961			**961**
S Mkhabela	172			**172**
DB Ntsebeza (appointed as chairman 26 January 2007)	1 048	66		**1 114**
HT Nyasulu (appointed 26 January 2007)	103			**103**
SB Pfeiffer	781			**781**
G Rodriguez de Castro Garcia de los Rios	627		3 103	**3 730**
TS Munday (appointed 26 January 2007)	110		101	**211**
EP Theron (retired 16 July 2007)	202		139	**341**
RC Tomkinson	1 088			**1 088**
	6 217	130	3 618	**9 965**
Total directors' remuneration				**95 461**

36. Directors' remuneration and interests (continued)

2006	Salary R000	Bonus R000	Retirement and medical contri-butions R000	Share options awarded* R000	Car allowances R000	Other benefits R000	Total 2006 R000	Share options ceded^ R000	Share options exercised^ R000
Executive directors									
PJ Blackbeard	2 387	2 255	268	288	277	919	6 394	1 563	943
MD Coward	1 552		354	339	231		2 476	2 013	
LS Day	1 740	2 179	434	339	218	9	4 919		2 002
BP Diamond	2 732	2 120	445	339	154		5 790	751	
JE Gomersall	2 137	2 676	514	339	140	233	6 039		10 238
AJ Lamprecht	1 737	1 549	391	339	235	145	4 396	2 413	
M Laubscher	1 500	1 350	270	257	186	10	3 573		1 176
AJ Phillips	3 119	3 908	764	485	231	96	8 603		3 015
PM Surgey	1 802	2 257	376	339	258	21	5 053	2 462	
CB Thomson	1 870	2 344	353	340	257	27	5 191		4 525
	20 576	20 638	4 169	3 404	2 187	1 460	52 434	9 202	21 899

	Fees R000	Car allowances R000	Fees for services to subsidiaries/ other services R000	Total 2006 R000
Non-executive directors				
SAM Baqwa	115			115
WAM Clewlow	1 325	171	710	2 206
MJ Levett	205			205
S Mkhabela (appointed 27 January 2006)	79			79
DB Ntsebeza	140			140
SB Pfeiffer	625			625
G Rodriguez de Castro Garcia de los Rios	550		316	866
LA Tager (retired 26 January 2006)	36			36
EP Theron	224		103	327
RC Tomkinson	869		725	1 594
	4 168	171	1 854	6 193
Total directors' remuneration				58 627

* *This amount relates to the IFRS 2 Share Based Payment charge for the year on share options or share appreciation rights awarded in the current and previous years.*

^ *These amounts relate to the gain made on share options issued in previous years exercised/ceded during the current year.*

36. Directors' remuneration and interests (continued)

2005	Salary R000	Bonus R000	Retirement and medical contri-butions R000	Share options awarded* R000	Car allowances R000	Other benefits R000	Total 2005 R000	Share options ceded^ R000	Share options exercised^ R000
Executive directors									
PJ Blackbeard	2 235	2 154	210	307	273	374	5 553		
MD Coward	1 469	1 480	316	372	195		3 832	3 185	
LS Day	1 629	1 640	392	372	157	44	4 234		510
BP Diamond	2 563	2 564	530	372			6 029	2 193	
JE Gomersall	1 990	2 000	481	372	114	229	5 186		
AJ Lamprecht	1 624	1 635	357	372	180	121	4 289	733	
M Laubscher (appointed 9 May 2005)	508	508	93	115	76	4	1 304		
AJ Phillips	2 909	2 930	698	532	163	155	7 387		4 218
PM Surgey	1 680	1 690	334	372	244	22	4 342		2 037
CB Thomson	1 734	1 750	340	372	256	32	4 484	1 651	
	18 341	18 351	3 751	3 558	1 658	981	46 640	7 762	6 765

	Fees R000	Car allowances R000	Fees for services to subsidiaries/ other services R000	Total 2005 R000	Share options exercised^ R000
Non-executive directors					
SAM Baqwa (appointed 21 January 2005)	76			76	
WAM Clewlow	1 250	139	680	2 069	2 530
MJ Levett	196			196	
DB Ntsebeza	113			113	
SB Pfeiffer	557			557	
G Rodriguez de Castro Garcia de los Rios	503		305	808	
LA Tager	108			108	
EP Theron	196		97	293	
RC Tomkinson	787			787	
	3 786	139	1 082	5 007	2 530
Total directors' remuneration				51 647	2 530

Interest of directors in contracts

The group has guaranteed a loan from a financial institution amounting to R91 million (2006: R120 million) to a controlled entity in which OI Shongwe has a 48% beneficial interest. The transaction was concluded before his appointment to the board.

The directors have certified that they did not have any other material interest in any transaction of any significance with the company or any of its subsidiaries.

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

Interest of directors of the company in share capital

The aggregate beneficial holdings as at 30 September 2007 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.

* *This amount relates to the IFRS 2 Share Based Payment charge for the year on share options or share appreciation rights awarded in the current and previous years.*

^ *These amounts relate to the gain made on share options issued in previous years exercised/ceded during the current year.*

	Number of shares at 30 September					
	2007 Direct	**2007 Indirect**	2006 Direct	2006 Indirect	2005 Direct	2005 Indirect
36. Directors' remuneration and interests (continued)						
Executive directors						
PJ Blackbeard	**73 334**		13 334			
BP Diamond		**11 766**	8 667	11 766	8 904	11 766
AJ Lamprecht	**3 000**		13 000		13 000	
M Laubscher	**15 000**		33 332		25 000	
PM Surgey	**106 278**		71 278		71 278	
CB Thomson	**86 499**	**103**	57 334	700		503
	284 111	**11 869**	196 945	12 466	118 182	12 269
Non-executive directors						
MJ Levett	**25 630**		25 630		25 630	
AGK Hamilton		**1 000**				
DB Ntsebeza	**2 500**		1 700		1 700	
SB Pfeiffer	**10 000**		8 000		4 000	
RC Tomkinson		**2 000**		2 000		2 000
	38 130	**3 000**	35 330	2 000	31 330	2 000
	322 241	**14 869**	232 275	14 466	149 512	14 269

36. Directors' remuneration and interests (continued)

Interest of directors of the company in share options and share appreciation rights

The interests of the executive and non-executive directors in shares of the company provided in the form of options and share appreciation rights are shown in the table below:

	Number of options as at 30 Sept 2006	Number of BAW options granted during the year following the unbundling of PPC	Number of PPC options granted during the year following the unbundling of PPC	Cash-settled share appreciation rights	Number of options exercised/ ceded during the year	Number of options/ rights as at 30 Sept 2007	Share price on day exercised/ cession price on day ceded	Option/* right price	Date from which exercisable
PJ Blackbeard	15 000				15 000		150.00	12.46	01/09/01
	25 000				25 000		150.00	19.67	29/05/03
	20 000				20 000		150.00	24.50	25/09/04
	20 000				13 333	6 667	124.89	25.46	01/04/06
	35 000					35 000		36.35	26/05/07
				65 291		65 291		75.05	14/11/09
				46 627		46 627		123.88	12/0710
			37 110		24 740	12 370	45.80	11.88	01/04/06
			64 943		21 647	43 296	45.80	16.95	26/05/07
BP Diamond	8 334				8 334		167.50	24.50	25/09/04
	35 000				23 333	11 667		25.46	01/04/06
					11 667		200.40		
					11 666		167.50		
	35 000				11 666	23 334	197.50	36.35	26/05/07
				65 291		65 291		75.05	14/11/09
			21 648			21 648		11.88	01/04/06
			43 296			43 296		16.95	26/05/07
AJ Lamprecht	23 334	10 104			11 667	21 771	200.12	25.46	01/04/06
	35 000				11 666	23 334	198.55	36.35	26/05/07
				65 291		65 291		75.05	14/11/09
			43 296			43 296		16.95	26/05/07
M Laubscher	6 667				6 667		149.55	24.50	25/09/04
	13 334	5 774			6 667	12 441	199.86	25.46	01/04/06
	30 000	17 320			10 000	37 320	200.88	36.35	26/05/07
				74 619		74 619		75.05	14/11/09
				42 091		42 091		123.88	12/07/10
OI Shongwe				37 229		37 229		123.88	12/07/10

* *The original option price has been modified for the change in share price as a result of the PPC unbundling.*

36. Directors' remuneration and interests (continued)

	Number of options as at 30 Sept 2006	Number of BAW options granted during the year following the unbundling of PPC	Number of PPC options granted during the year following the unbundling of PPC	Cash-settled share appre-ciation rights	Number of options exercised/ceded during the year	Number of options/rights as at 30 Sept 2007	Share price on day exercised/cession price on day ceded	Option/* right price	Date from which exercisable
PM Surgey	10 000				10 000		150.00	19.67	29/05/03
	25 000				25 000		150.00	24.50	25/09/04
	35 000				7 500	27 500	119.68	25.46	01/04/06
	35 000					35 000		36.35	26/05/07
				65 291		65 291		75.05	14/11/09
				44 354		44 354		123.88	12/07/10
			64 943			64 943		11.88	01/04/06
			64 943			64 943		16.95	26/05/07
CB Thomson	5 833				5 833		150.10	24.50	25/09/04
	23 333	10 104			11 666	21 771	198.02	25.46	01/04/06
	35 000	20 208			11 666	43 542	194.55	36.35	26/05/07
				65 291		65 291		75.05	14/11/09
				137 870		137 870		123.88	12/07/10
DG Wilson				65 291		65 291		75.05	14/11/09
				64 797		64 797		123.88	12/07/10
BAW share options	470 835	63 510			234 998	299 347			
BAW share appreciation rights				839 333		839 333			
PPC options			340 179		46 387	293 792			
Directors resigned	279 068			158 564					
Total options/share appreciation rights	**749 903**			**997 897**					

* *The original option price has been modified for the change in share price as a result of the PPC unbundling.*

37. Principal subsidiary companies

				Issued capital
		Type	Currency	Local currency amount
Avis Southern Africa Limited		H	ZAR	17 883 036
Barloworld Australia (Pty) Limited [5]		O	AUD	82 275 501
Barloworld Botswana (Pty) Limited [3]		H	BWP	35 329 536
Barloworld Capital (Pty) Limited		F	ZAR	30 000 000
Barloworld Coatings (Australia) (Pty) Limited [5]		O	AUD	27 246 000
Barloworld Coatings (Pty) Limited[#]	– Ord	O	ZAR	2 197 295
	– 'A' Ord		ZAR	527 705
	– 'B' Ord		ZAR	1 952 509
Barloworld Equipment (Pty) Limited		O	ZAR	2
Barloworld Equipment UK Limited [1]		O	GBP	4 500 000
Barloworld Holdings PLC[1]		H	GBP	213 301 000
Barloworld Industrial Distribution Limited [1]		O	GBP	22 125 000
Barloworld Insurance Limited [1]		O	GBP	4 100 000
Barloworld International Investment PLC[1]		F	GBP	50 000
Barloworld Investments (Pty) Limited		H	ZAR	900
Barloworld Logistics (Pty) Limited		O	ZAR	100
Barloworld Motor (Pty) Limited		O	ZAR	600 000
Barloworld Investments Namibia (Pty) Limited [4]		H	NAD	1 450 000
Barloworld Scientific Group Limited [1]		O	GBP	17 000 000
Finanzauto SA[2]		O	EUR	41 382 127
Freeworld Coatings Limited[#]		O	ZAR	1 813 198
Pretoria Portland Cement Company Limited		O	ZAR	53 761 239
RIH Investments (Pty) Limited	– Ord	O	ZAR	3 264 730
	– 'A' Ord		ZAR	5 876 514
Sociedade Technica De Equipamentos e Tractores SA[6]		O	EUR	4 000 000
Zeda Car Leasing (Pty) Limited t/a Avis Fleet Services		O	ZAR	100
Barloworld Siyakhula (Pty) Limited		O	ZAR	100
Other foreign subsidiaries*				
Other subsidiaries*				

All companies are incorporated in (or operate principally in) the Republic of South Africa except where otherwise indicated as follows:
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.
* *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.*
\# *The groups' coatings businesses were transferred at market value in the current year to Freeworld Coatings Limited, the shares of which will be unbundled subsequent to 30 September 2007 (refer note 42).*

Effective percentage holdings			Interest of holding company: Shares			Indebtedness			Amounts owing to subsidiaries		
2007	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005
%	%	%	**Rm**	Rm	Rm	**Rm**	Rm	Rm	**Rm**	Rm	Rm
100	100	100	**1 483**	1 477	1 469	**70**	70	20			
100	100	100							**32**		
100	100	100									
100	100	100	**30**	30	30	**3 647**	3 191	2 215	**1 159**	700	424
100	100	100									
	100	100		37	37						101
	100	100									
	100	100									
100	100	100							**46**	46	46
100	100	100									
100	100	100									
100	100	100									
100	100	100	**63**	63	63						
100	100	100									
100	100	100	**108**	108	108	**2 963**	2 986	2 724			
100	100	100									
100	100	100	**1**	1	1				**5**	5	5
100	100	100	**4**	4	4				**32**		
100	100	100									
99.7	99.7	99.7									
100			**2 419**			**686**					
	71.7	71.7		35	35		9	7			
100	100	100	**131**	131	131		202	195			
100	100	100									
99	99	99									
100	100	50									
100	100						2				
			31	31	31				**23**		
			55	74	75	**367**	1 083	899	**86**	74	72
			4 325	1 991	1 984	**7 733**	7 543	6 060	**1 383**	825	648

	Securities exchange	2007	Number of shares 2006	2005
38. Listed and unlisted investments				
Number of shares held by the holding company and by subsidiaries, where significant, are as follows:				
Listed investments				
Astra Industries Limited*	Zimbabwe	**15 311 155**	15 311 155	15 311 155
Cairns Holdings Limited*	Zimbabwe	**15 311 155**	15 311 155	15 311 155
Tractive Power Holdings Limited*	Zimbabwe	**15 311 155**	15 311 155	15 311 155
Pretoria Portland Cement Company Limited	South Africa	**6 952 955**		
Unlisted investments				
BOE Bank Trust – preference shares			246 850 000	246 850 000
Holcim (Reunion)			1 350	1 350
Business Partners Limited		**2 209 594**	2 209 594	2 209 594
U.R.D Investments (Pty) Limited – preference shares		**20 000 000**		

The detailed registers of investments are open for inspection at the registered offices of the companies.

39. Investment in associate companies

Investor company/associate	Principal products or activities	Issued share capital R000	2007	Percentage held by investors 2006	2005
Barloworld Australia (Pty) Limited					
CAN 082 879 031 (Pty) Limited [1] (Formerly Mercedes-Benz of Melbourne (Pty) Limited)	Motor retailer	7 295	**49**	49	49
Barloworld Coatings (Pty) Limited					
Du Pont Barloworld (Pty) Limited	Automotive coatings	21	**49**	49	49
International Paints (Pty) Limited	Industrial coatings	20	**49**	49	49
Jatran Logistics (Pty) Limited	Transport		**25**	25	
Sizwe Paints (Pty) Limited	Decorative paint distributor	1	**30**	30	30
Valspar (SA) (Pty) Limited	Can coatings manufacturer	17	**20**	20	20
Barloworld Equipment Company					
Umndeni Circon (Pty) Limited	Generator set manufacturing	3		50	50
Barloworld Holdings PLC					
Barzem Enterprises (Pty) Limited [2]	Caterpillar dealer	48	**35**	35	35
Energyst B.V.[4]	Caterpillar engines rental	5 041	**22**	22	22
Barloworld Motor (Pty) Limited					
Investment Facility Company 383 (Pty) Limited t/a Sizwe Car Rental	Short-term car rental		**49**	49	49
Midlands Car Hire Limited t/a Avis Rent a Car Zambia[3]	Short-term car rental	100		45	45
PhakisaWorld Fleet Solutions	Fleet leasing	1	**50**	50	
Barloworld Robor (Pty) Limited					
Mine Support Products (Pty) Limited	Pit props	1		50	50
Stewarts & Lloyds Trading (Wadeville) (Pty) Limited	Steel and metal traders				30

All companies are incorporated in (or operate principally in) the Republic of South Africa except where otherwise indicated as follows:
1. Australia
2. Zimbabwe
3. Zambia
4. Netherlands

* *The groups' investment in these companies were fully impaired during the current year due to the uncertain economic conditions in Zimbabwe (refer note 5).*

Investor company/joint venture	Principal products or activities	2007	Percentage held by investors 2006	2005
40. Significant joint ventures				
Barloworld Equipment Company				
Barloworld Optron Technologies (Pty) Limited	GPS technology on earthmoving equipment	**50**	50	50
The Used Equipment Company (Pty) Limited	Traders in used Caterpillar equipment	**50**	50	50
Bartrac Equipment (Includes Democratic Republic of Congo)	Caterpillar dealer	**50**		
Barloworld Motor (Pty) Limited				
NMI Durban South Motors (Pty) Limited	Motor retailer	**50**	50	50
Auric Auto (Pty) Limited	Motor retailer		49	49
Barloworld Holdings PLC				
Finaltair SA#	Energy generation	**50**	50	50
Vostochnaya Technica UK (Includes Siberia)	Caterpillar dealer	**50**	50	50

41. Related-party transactions

Various transactions are entered into by the company and its subsidiaries during the year with related parties. Unless specifically disclosed, these transactions occurred under terms that are no less favourable than those entered into with third parties. Intragroup transactions are eliminated on consolidation.

The sale of the Steel Tube division to a management and BEE consortium was finalised in November 2006. The division was classified as held for sale in 2006 and its results for the two months of the financial year up to its disposal were included in the current earnings, but were not material to the group. The sale proceeds were received during the year and, in accordance with the sale agreement, an interest-bearing loan of R118 million was advanced to the purchaser, secured by owned properties.

The following is a summary of other transactions with related parties during the year and balances due at year-end:

R million	Associates of the group	Joint ventures in which the group is a venturer
2007		
Goods and services sold to:		
Barzem Enterprises (Pty) Limited	**26**	
Du Pont Barloworld (Pty) Limited (Herberts)	**89**	
International Paints (Pty) Limited	**38**	
NMI Durban South Motors (Pty) Limited		**8**
Sizwe Paints (Pty) Limited	**20**	
The Used Equipment Company (Pty) Limited		**34**
PhakisaWorld Fleet Solutions	**39**	
Other sales to related parties	**6**	
	218	**42**
Goods and services purchased from		
NMI Durban South Motors (Pty) Limited		**4**
Du Pont Barloworld (Pty) Limited (Herberts)	**4**	
	4	**4**
Other transactions		
Management fees received from associates	**4**	
	4	
Amounts due (to)/from related parties as at end of year		
Barzem Enterprises (Pty) Limited	**(15)**	
Du Pont Barloworld (Pty) Limited (Herberts)	**9**	
International Paints (Pty) Limited	**10**	
NMI Durban South Motors (Pty) Limited		**1**
PhakisaWorld Fleet Solutions	**22**	
PhakisaWorld Fleet Solutions loan	**184**	
The Used Equipment Company (Pty) Limited loan		**127**
Vostochnaya Technica Siberia loan		**100**
Other loans to associates	**19**	
	229	**228**

To be liquidated in the future.

	R million	Associates of the group	Joint ventures in which the group is a venturer
41.	**Related-party transactions (continued)**		
	2006		
	Goods and services sold to:		
	Barzem Enterprises (Pty) Limited	25	
	Du Pont Barloworld (Pty) Limited (Herberts)	76	
	International Paints (Pty) Limited	31	
	Mine Support Products (Pty) Limited	31	
	NMI Durban South Motors (Pty) Limited		7
	Sizwe Paints (Pty) Limited	18	
	The Used Equipment Company (Pty) Limited		4
	Umndeni Circon (Pty) Limited	78	
	Other sales to related parties	3	1
		262	12
	Goods and services purchased from:		
	NMI Durban South Motors (Pty) Limited		5
	Umndeni Circon (Pty) Limited	11	
	The Used Equipment Co (Pty) Limited		2
	International Paints (Pty) Limited	1	
		12	7
	Other transactions		
	Management fees received from associates	8	
		8	
	Amounts due (to)/from related parties as at end of year		
	Barzem Enterprises (Pty) Limited	(11)	
	Du Pont Barloworld (Pty) Limited (Herberts)	11	
	Finaltair Barloworld SA		98
	International Paints (Pty) Limited	18	
	Mine Support Products (Pty) Limited	5	
	Sizwe Paints (Pty) Limited	3	
	The Used Equipment Company (Pty) Limited		139
	Umndeni Circon (Pty) Limited	18	
	Loans and other trade-related amounts due from related parties	2	
		46	237
	2005		
	Goods and services sold to:		
	Amanzi Lime Services (Pty) Limited	13	
	Barzem Enterprises (Pty) Limited	117	
	Du Pont Barloworld (Pty) Limited (Herberts)	77	
	International Paints (Pty) Limited	20	
	Mine Support Products (Pty) Limited	39	
	NMI Durban South Motors (Pty) Limited		27
	The Used Equipment Company (Pty) Limited		52
	Vostochnaya Technica Siberia		92
	Other sales to related parties	8	
		274	171
	Goods and services purchased from		
	NMI Durban South Motors (Pty) Limited		11
	International Paints (Pty) Limited	6	
		6	11
	Other transactions		
	Management fees received from associates	11	
		11	
	Amounts due from related parties as at end of year		
	The Used Equipment Company (Pty) Limited (payment terms 60 days)		60
	Loans and other trade-related amounts due from related parties	34	
		34	60

41. Related-party transactions (continued)

Terms on other outstanding balances

Unless otherwise noted, all outstanding balances are payable within 30 days, unsecured and not guaranteed.

Except for the impairment of the Finaltair loan, there are no doubtful debt provisions raised in respect of amounts due to/from related parties and no bad debts incurred during the year on these balances.

Associates and joint ventures

The loans to associates and joint ventures are repayable on demand and bear interest at market-related interest rates.

The loan to Finaltair was fully impaired during the year as per note 5.

Details of investments in associates and joint ventures are disclosed in notes 5, 39 and 40.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 37.

Directors

Details regarding directors' remuneration and interests are disclosed in note 36, and share options are disclosed in note 35.

Transactions with key management and other related parties (excluding directors)

There were no material transactions with key management or close family members of related parties.

Shareholders

The principal shareholders of the company are disclosed on pages 250 to 251.

Barloworld Medical Scheme

Contributions of R92 million were made to the Barloworld Medical Scheme on behalf of employees (2006: R83 million; 2005: R80 million).

42. Post-balance sheet events

Subsequent to the year-end the following material events have occurred:

- An agreement has been signed for the disposal of the laboratory business. The disposal will become effective once certain conditions precedent are fulfilled.
- A circular relating to the proposed unbundling of the coatings division and a prelisting statement for that business have been sent to shareholders. The unbundling is subject to shareholder and other regulatory approval. Intergroup borrowings of R855 million was settled by coatings on 5 November 2007.
- The group has committed to pay £55 million (R773 million) to address the funding deficit in the United Kingdom pension funds. An amount of £35 million (R483 million) has been paid to date.

COMPANY BALANCE SHEET

AT 30 SEPTEMBER

	Notes	2007 Rm	2006 Rm	2005 Rm
Assets				
Non-current assets		**10 895**	9 162	7 903
Property, plant and equipment	2	**132**	274	284
Intangible assets	3	**24**	27	29
Long-term financial assets	4	**10 737**	8 762	7 486
Deferred taxation assets	5	**2**	99	104
Current assets		**155**	34	11
Trade and other receivables	6	**45**	32	11
Cash and cash equivalents	7	**6**	2	
Assets classified as held for sale	8	**104**		
Total assets		**11 050**	9 196	7 914
Equity and liabilities				
Capital and reserves				
Share capital and premium	9	**11**	115	1 433
Other reserves	11	**15**	11	9
Retained income	11	**7 768**	6 079	4 821
Interest of shareholders of Barloworld Limited		**7 794**	6 205	6 263
Non-current liabilities		**1 617**	1 609	1 587
Interest-bearing	10	**1 576**	1 587	1 587
Provisions	12	**41**	22	
Current liabilities		**1 639**	1 382	64
Trade and other payables		**96**	89	38
Provisions	12	**17**	5	26
Amounts due to bankers and short-term loans	13	**1 526**	1 288	
Total equity and liabilities		**11 050**	9 196	7 914

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2007 Rm	2006 Rm	2005 Rm
Revenue	14	**284**	320	274
Operating profit	15	**23 052**	4 497	2 460
Fair value adjustments on financial instruments	16	**1**	2	2
Finance costs	17	**(351)**	(218)	(184)
Income from investments	18	**2**	1	1
Profit before exceptional items		**22 704**	4 282	2 279
Exceptional items	19	**132**	(2)	
Profit before taxation		**22 836**	4 280	2 279
Taxation	20	**(209)**	(19)	34
Net profit		**22 627**	4 261	2 313

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2007 Rm	2006 Rm	2005 Rm
Cash flows from operating activities				
Cash paid to employees and suppliers		**(89)**	70	234
Cash (utilised)/generated from operations	A	**(89)**	70	234
Finance costs		**(351)**	(218)	(184)
Realised fair value adjustments on financial instruments		**1**	2	2
Dividends received		**3 934**	4 284	2 255
Interest received		**301**	197	186
Taxation (paid)/refunded	B	**(112)**	7	(4)
Cash flow from operations		**3 684**	4 342	2 489
Dividends paid		**(2 059)**	(1 057)	(898)
Cash retained from operating activities		**1 625**	3 285	1 591
Cash flows from investing activities				
Acquisition of property, plant, equipment and intangibles		**(21)**	(12)	(11)
Replacement capital expenditure		**(21)**	(12)	(11)
Proceeds from disposals of property, plant and equipment		**2**		
Increase in long-term financial assets		**(1 968)**	(1 312)	(1 768)
Net cash used in investing activities		**(1 987)**	(1 324)	(1 779)
Net cash (outflow)/inflow before financing activities		**(362)**	1 961	(188)
Cash flows from financing activities				
Proceeds on share issue		**139**	90	188
Buyback of shares			(3 337)	
Decrease in long-term borrowings		**(11)**		(9)
Increase in short-term interest-bearing liabilities		**238**	1 288	
Net cash from/(used in) financing activities		**366**	(1 959)	179
Net increase/(decrease) in cash and cash equivalents		**4**	2	(9)
Cash and cash equivalents at beginning of year		**2**		9
Cash and cash equivalents at end of year		**6**	2	–

NOTES TO THE COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER

	2007 Rm	2006 Rm	2005 Rm
A. Cash generated from operations is calculated as follows:			
Profit before taxation	**22 836**	4 280	2 279
Adjustments for:			
Depreciation	**20**	20	21
Impairments	**37**		
Amortisation of intangible assets	**3**	3	2
Dividends received	**(3 934)**	(4 284)	(2 255)
Dividend received following the acquisition of PPC share distributed	**(18 879)**		
Interest received	**(301)**	(197)	(186)
Finance costs	**351**	218	184
Fair value adjustments on financial instruments	**(1)**	(2)	(2)
Profit on disposal of investments and subsidiaries	**(169)**		
Other non-cash flow items	**(39)**	2	5
Operating cash flows before movements in working capital	**(76)**	40	48
(Increase)/decrease in trade and other receivables	**(20)**	(21)	184
Increase in payables	**7**	51	2
Cash (utilised)/generated from operations	**(89)**	70	234
B. Taxation (paid)/refunded is reconciled to the amounts disclosed in the income statement as follows:			
Amounts overpaid at beginning of year			2
Per the income statement (excluding deferred taxation)	**(112)**	7	6
Tax refunds			(12)
Cash amounts paid	**(112)**	7	(4)

COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 SEPTEMBER

	2007 Rm	2006 Rm	2005 Rm
Loss on cancellation of treasury shares		(1 929)	
PPC unbundling	**(18 879)**		
Other reserve movements		(17)	
Net income recognised directly in equity	**(18 879)**	(1 946)	
Profit for the period	**22 627**	4 261	2 313
Total recognised income and expense for the year	**3 748**	2 315	2 313

1. Accounting policies

Refer to group accounting policies on pages 152 to 162.

	Cost Rm	2007 Accumulated depreciation and impairments Rm	Net book value Rm
2. Property, plant and equipment			
Freehold land and buildings	**150**	**30**	**120**
Equipment, vehicles, aircraft and furniture	**245**	**129**	**116**
	395	**159**	**236**
Less: Assets held for sale reflected under current assets	**(198)**	**(94)**	**(104)**
	197	**65**	**132**

	Cost Rm	2006 Accumulated depreciation and impairments Rm	Net book value Rm
Freehold land and buildings	131	27	104
Equipment, vehicles, aircraft and furniture	252	82	170
	383	109	274
Less: Assets held for sale reflected under current assets			
	383	109	274

	Cost Rm	2005 Accumulated depreciation and impairments Rm	Net book value Rm
Freehold land and buildings	127	24	103
Equipment, vehicles, aircraft and furniture	246	65	181
	373	89	284
Less: Assets held for sale reflected under current assets			
	373	89	284

There are no assets encumbered.

The insurable value of the company's property, plant and equipment as at 30 September 2007 amounted to R249 million (2006: R222 million; 2005: R222 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 land and buildings Rm	Equipment and furniture Rm	Vehicles and aircraft Rm	Total Rm
2. Property, plant and equipment (continued)				
Movement of property, plant and equipment				
2007				
Net balance at 1 October 2006	**104**	**15**	**155**	**274**
Additions	**19**	**1**	**1**	**21**
	123	**16**	**156**	**295**
Disposals		**(1)**	**(1)**	**(2)**
Depreciation (note 15)	**(2)**	**(5)**	**(13)**	**(20)**
Impairment (note 15)			**(37)**	**(37)**
Net balance at 30 September 2007	**121**	**10**	**105**	**236**
Less: Assets held for sale reflected under current assets			**(104)**	**(104)**
Balance reflected as property, plant and equipment	**121**	**10**	**1**	**132**
2006				
Net balance at 1 October 2005	103	14	167	284
Additions	4	6	1	11
	107	20	168	295
Disposals			(1)	(1)
Depreciation (note 15)	(3)	(5)	(12)	(20)
Net balance at 30 September 2006	104	15	155	274
2005				
Net balance at 1 October 2004	103	16	178	297
Additions	3	4	3	10
	106	20	181	307
Disposals		(1)	(1)	(2)
Depreciation (note 15)	(3)	(5)	(13)	(21)
Net balance at 30 September 2005	103	14	167	284

The register of land and buildings is open for inspection at the registered office of the company.

	2007 Capitalised software Rm	2007 Patents, trademarks and development costs Rm	2007 Total intangible assets Rm
3. Intangible assets			
COST			
At 1 October	**6**	**37**	**43**
Additions			
At 30 September	**6**	**37**	**43**
ACCUMULATED AMORTISATION			
At 1 October	**5**	**11**	**16**
Charge for the year (note 15)	**1**	**2**	**3**
At 30 September	**6**	**13**	**19**
CARRYING AMOUNT			
At 30 September		**24**	**24**

	2006 Capitalised software Rm	2006 Patents, trademarks and development costs Rm	2006 Total intangible assets Rm
COST			
At 1 October	5	37	42
Additions	1		1
At 30 September	6	37	43
ACCUMULATED AMORTISATION			
At 1 October	4	9	13
Charge for the year (note 15)	1	2	3
At 30 September	5	11	16
CARRYING AMOUNT			
At 30 September	1	26	27

	2005 Capitalised software Rm	2005 Patents, trademarks and development costs Rm	2005 Total intangible assets Rm
COST			
At 1 October	4	37	41
Additions	1		1
At 30 September	5	37	42
ACCUMULATED AMORTISATION			
At 1 October	4	7	11
Charge for the year (note 15)		2	2
At 30 September	4	9	13
CARRYING AMOUNT			
At 30 September	1	28	29

		2007 Rm	2006 Rm	2005 Rm
4.	**Long-term financial assets**			
	Interest in subsidiaries	**10 675**	8 707	7 396
	Unlisted investments	**5**	5	5
	Other derivatives	**29**	30	72
	Barloworld Share Purchase Scheme#	**28**	20	13
		10 737	8 762	7 486
	Interest in subsidiaries			
	Shares as originally stated (group note 37)	**4 325**	1 991	1 984
	Amounts owing by subsidiaries (group note 37)	**7 733**	7 541	6 060
		12 058	9 532	8 044
	Amounts owing to subsidiaries (group note 37)	**(1 383)**	(825)	(648)
		10 675	8 707	7 396
	Unlisted investments opening balance	**5**	5	5
	Fair value of unlisted investments	**5**	5	5
	Total carrying value	**5**	5	5
	Valuation of shares:			
	Directors' valuation of unlisted investments	**5**	5	5
	Total fair value	**5**	5	5

 # Barloworld Share Purchase Scheme

Included are loans to executive directors for the purchase of shares amounting to R8,6 million (2006: R17 million, 2005: R12 million). The loans are secured by pledge of the shares and are repayable within 10 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 4,39% to 10% (2006 and 2005: 3,17% to 8,5%).

		2007 Rm	2006 Rm	2005 Rm
5.	**Deferred taxation assets**			
	Movement of deferred taxation			
	Balance at beginning of year	**99**	104	64
	Recognised in income statement	**(97)**	(12)	40
	Other movements		7	
	Balance at end of year	**2**	99	104
	Analysis of deferred taxation by type of temporary difference			
	Capital allowances	**(25)**	(29)	(21)
	Provisions	**16**	11	2
	Effect of tax losses	**8**	109	124
	Other temporary differences	**3**	8	(1)
		2	99	104
	Amount of deferred tax recognised in the income statement			
	Capital allowances	**4**	(8)	(6)
	Provisions	**5**	2	(1)
	Effect of tax losses	**(101)**	(15)	48
	Other temporary differences	**(5)**	9	(1)
		(97)	(12)	40

		2007 Rm	2006 Rm	2005 Rm
6.	**Trade and other receivables**			
	Other receivables and prepayments	**45**	30	11
	Dividends accrued		2	
		45	32	11
7.	**Cash and cash equivalents**			
	Cash and cash equivalent balances (South African rand)	**6**	2	
		6	2	
8.	**Assets classified as held for sale**			
	Property, plant and equipment	**104**		

During the year the company decided to sell two of its aircraft and has classified them as held for sale. The sales are expected to take place in the new financial period.

		2007 Rm	2006 Rm	2005 Rm
9.	**Share capital and premium**			
	Authorised share capital			
	500 000 6% non-redeemable cumulative preference shares of R2 each	**1**	1	1
	300 000 000 ordinary shares of 5 cents each	**15**	15	15
		16	16	16
	Issued share capital			
	375 000 6% non-redeemable cumulative preference shares of R2 each (2006: 375 000, 2005: 375 000)	**1**	1	1
	203 843 388 ordinary shares of 5 cents each (2006: 200 715 557, 2005: 227 703 176)	**10**	10	11
		11	11	12
	Share premium		104	1 421
	Balance at beginning of year	**104**	1 421	1 234
	Premium on shares issued	**139**	90	187
	Premium utilised for payment of distribution	**(226)**		
	Premium utilised for PPC unbundling	**(17)**		
	Cancellation of treasury shares		(247)	
	Cost of share buy-back		(1 160)	
	Total issued share capital and premium	**11**	115	1 433

For further information refer to note 13 in the consolidated financial statements.

		2007 Rm	2006 Rm	2005 Rm
10.	**Interest-bearing liabilities**			
	Total South African rand – interest-bearing	**1 576**	1 587	1 587

This amount represents the issue of a corporate bond in July 2004, which is listed on the South African Bond Exchange under the code BAW1. The bond matures in July 2011 and carries a fixed coupon of 10.7% per annum which represents a premium of 112 basis points above the comparable treasury stock of R153 at the time of issue. Altogether 50% of the interest was converted to short-term rates through the conclusion of an interest rate swap in 2004. During 2005, a fixed, interest rate swap agreement was entered into. Interest is paid at 7.83%. A fair value gain of R17 million (2006: R28 million, 2005: R10 million) has been recognised in the current year.

	Notes	Share capital and premium Rm	Revalu-ation reserves Rm	Equity compen-sation reserves Rm	Total other reserves Rm	Total retained income Rm	Total share-holders' interest Rm
11. Company statement of changes in equity							
Balance at 1 October 2004		1 246	66	2	68	3 343	4 657
Changes in equity recognised during 2005							
Net profit for the year						2 313	2 313
Total recognised income and expense for the year						2 313	2 313
Reclassifications and other reserve movements			(62)	3	(59)	63	4
Dividends on ordinary shares						(898)	(898)
Shares issued in current year	9	187					187
Balance at 30 September 2005		1 433	4	5	9	4 821	6 263
Changes in equity recognised during 2006							
Cancellation of treasury shares						(1 929)	(1 929)
Reclassifications and other reserve movements						(17)	(17)
Net loss recognised directly in equity						(1 946)	(1 946)
Net profit for the year						4 261	4 261
Total recognised income and expense for the year						2 315	2 315
Reclassifications and other reserve movements			(1)	3	2		2
Cancellation of treasury shares	9	(247)					(247)
Buy-back of shares	9	(1 161)					(1 161)
Dividends on ordinary shares						(1 057)	(1 057)
Shares issued in current year	9	90					90
Balance at 30 September 2006		115	3	8	11	6 079	6 205
Changes in equity recognised during 2007							
PPC unbundling						(18 879)	(18 879)
Net loss recognised directly in equity						(18 879)	(18 879)
Net profit for the year						22 627	22 627
Total recognised income and expense for the year						3 748	3 748
Reclassifications and other reserve movements				4	4		4
Premium utilised for payment of distribution	9	(226)					(226)
Premium utilised for PPC unbundling	9	(17)					(17)
Dividends on ordinary shares						(2 059)	(2 059)
Shares issued in current year	9	139					139
Balance at 30 September 2007		**11**	**3**	**12**	**15**	**7 768**	**7 794**

	2007 Rm	2006 Rm	2005 Rm
12. Provisions			
Non-current	**41**	22	
Current	**17**	5	26
	58	27	26

	Post-retirement benefits* Rm	Staff bonus Rm	Leave pay Rm	Other provisions# Rm	Share appreciation rights^ Rm	Total Rm
Balance at 1 October 2005		16	8	2		26
Net movements	22	(16)	(8)	3		1
Raised	22			6		28
Utilised		(16)	(8)	(3)		(27)
Balance at 30 September 2006	22			5		27
Net movements	(1)			12	20	31
Raised				17	20	37
Utilised	(1)			(5)		(6)
	21			**17**	**20**	**58**
Non-current	21				20	41
Current				17		17
Balance at 30 September 2007	**21**			**17**	**20**	**58**

^Share appreciation rights

A provision for share appreciation rights arose during the year as the group introduced the Barloworld Cash Settled Share Appreciation Right Scheme 2007.

The scheme allows executive directors and certain senior employees to earn a long-term incentive amount calculated based on the increase in the Barloworld Limited share price between the grant date and the vesting and exercise of such rights.

For more details refer to note 35 on the group financial statements section.

**Post-retirement benefits*

The provisions also comprise post-retirement benefits for former employees. Actuarial valuations were used to determine the value of the provisions where necessary. The assumptions used are as follows:

1. *Interest*
   It was assumed that the net discount rate is 0% (previously 0%) per annum in respect of medical aid benefits, and 4% (previously 4%) in respect of pensions.
2. *Mortality*
   PA(90) tables rated down two years (previously PA(90)) ultimate.
3. *Medical aid/Pension increases*
   The difference between future returns and the interest assumptions above.
4. *Proportion married*
   It was assumed that on the death of male persons, a 50% benefit, and will be paid to a spouse four years younger, and no benefit in respect of the death of a female person.

The defined-benefit scheme is valued by an independent actuary annually.

#Other provisions

These provisions comprise of the following:

Severance pay R10 million (2006: R1 million, 2005: Rnil), pension, medical aid R1 million (2006: R1 million, 2005: Rnil), retirement gratuities R1 million (2006: R1 million, 2005: Rnil), employment benefits R2 million (2006 and 2005: R2 million) and unvested PPC share options R3 million (2006 and 2005: Rnil).

	2007 Rm	2006 Rm	2005 Rm
13. Amounts due to bankers and short-term loans			
Bank overdrafts and acceptances – South African rand	**1 526**	1 288	
	1 526	1 288	
14. Revenue			
Rendering of services	**222**	263	221
Rentals received	**62**	57	53
	284	320	274
Interest and dividends received are not included in revenue, but reflected as income under operating profit.			
15. Operating profit			
Operating profit is arrived at as follows:			
Revenue	**284**	320	274
Add: Net income	**22 768**	4 177	2 186
Interest from subsidiaries	**299**	196	185
Dividends received to unbundle PPC	**18 879**		
Dividends from subsidiaries	**3 934**	4 284	2 255
Administrative costs	**(344)**	(303)	(254)
Operating profit	**23 052**	4 497	2 460
Administration costs include the following:			
Depreciation (note 2)	**20**	20	21
Amortisation of intangible assets (note 3)	**3**	3	2
Administration, management and technical fees paid	**12**	14	13
Auditors' remuneration	**5**	5	4
Audit fees	**5**	4	4
Other fees		1	
Staff costs (excluding directors' emoluments)	**169**	111	93
Amounts expensed in respect of retirement benefit plans:			
Defined-contribution funds	**13**	15	9
Defined-benefit plan		2	
16. Fair value adjustments on financial instruments			
Profits on interest rate swap			2
Profit on other financial instruments	**1**	2	
	1	2	2
17. Finance costs			
Interest paid:			
Bank	**(252)**	(165)	(142)
Group	**(99)**	(53)	(42)
	(351)	(218)	(184)
18. Income from investments			
Interest received on loans	**2**	1	1
19. Exceptional items			
Profit/(loss) on disposal of subsidiaries and investments	**169**	(2)	
Impairment of fixed assets (note 2)	**(37)**		
Gross exceptional profits/(losses)	**132**	(2)	
Net exceptional profits/(losses)	**132**	(2)	

	2007 Rm	2006 Rm	2005 Rm
20. Taxation			
Foreign and withholding taxation			
Current year	**(7)**	(7)	(6)
	(7)	(7)	(6)
Deferred taxation			
Current year	**(55)**	(10)	(9)
Prior year	**(1)**	22	22
Attributable to a change in the rate of income tax			(1)
	(56)	12	12
Secondary taxation on companies			
Current	**(105)**		
Deferred	**(41)**	(24)	28
	(146)	(24)	28
Taxation attributable to the company	**(209)**	(19)	34

Excluding dividend income, the company is showing a loss of R186 million. Excluding the impact of STC, taxation paid in the current year relates to R7 million withholding tax.

	%	%	%
Reconciliation of rate of taxation			
South Africa normal taxation rate	**29,0**	29,0	29,0
Reduction in rate of taxation	**(29,1)**	(29,6)	(30,9)
Exempt income	**(0,2)**	(0,1)	
Adjustment due to inclusion of dividend income	**(28,9)**	(29,0)	(28,7)
Prior year taxation		(0,5)	(1,0)
Secondary taxation on companies			(1,2)
Increase in the rate of taxation	**1,0**	1,1	0,4
Disallowable charges		0,3	0,1
Prior year taxation			
Tax on unprovided temporary differences	**0,4**		
Withholding taxation		0,2	0,3
Secondary taxation on companies	**0,6**	0,6	
Taxation as a percentage of profit before taxation	**0,9**	0,5	(1,5)
Tax losses and STC credits at the end of the year			
Taxation losses	**(341)**	(227)	(194)
Unutilised STC credits	**(22)**	(347)	(542)
	(363)	(574)	(736)
Utilised to reduce deferred taxation or create deferred taxation asset	**22**	574	736
Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	**(341)**		

	2007 Rm	2006 Rm	2005 Rm
21. Contingent liabilities			
Guarantees for loans, overdrafts and liabilities of subsidiaries	**8 518**	8 360	7 408

The company has given an indemnity to Freeworld Coatings Limited in respect of environmental claims exceeding AUD$5 million. The claims relate to the coatings Australian business sold to PPG Industries during the year.

22. Changes in accounting policy and disclosures

During the current year there have been no changes in accounting policies which have impacted the company.

Refer to the group note 33 for a list of all adoptions and changes in accounting policies.

	2007 Rm	2006 Rm	2005 Rm
23. Related-party transactions			
With subsidiaries of the company			
Goods and services sold to	**284**	320	274
Goods and services purchased from		1	2
Dividends and interest – income	**23 112**	4 480	2 440
Dividends and interest – expense	**99**	115	117
Intergroup loans and other amounts due from related parties as at end of year*	**7 733**	7 541	6 060
Intergroup loans and other amounts due to related parties as at end of year*	**1 383**	825	648

The following notes are dealt with in the consolidated financial statements:
– Dividends (group note 28)
– Financial risk management (group note 34)
– Directors' remuneration and interest (group note 36)
– Barloworld shareholders' attributable interest in subsidiaries (group note 37)

* *There are no doubtful debt provisions raised in respect of amounts due to/from related parties and no bad debts incurred during the year on these balances.*

GLOBAL REPORTING INITIATIVE (GRI) INDEX

The first column contains the GRI indicator number; the second contains the associated text; the third column contains the page numbers where the indicators are discussed. The G3 guidelines which were released in October 2006 in Amsterdam, Netherlands has been used as the reporting platform for this report.

GRI Ref		Pages
	Strategy and analysis	
1.1	Statement from the most senior decision maker of the organisation	7 – 19
1.2	Description of key impacts, risks, and opportunities.	97, 98, 108
	Organisational profile	
2.1	Name of reporting organisation	back cover
2.2	Primary brands, products, and/or services.	3
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	2, trace
2.4	Location of organisation's headquarters.	inside back cover
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	5
2.6	Nature of ownership, legal form	3, 78
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	5
2.8	Scale of organisation	1, 2, 3, 4, 5
	• Number of employees; • Net sales (for private sector organisations) or • Net revenues (for public sector organisations); • Total capitalisation broken down in terms of debt and equity (for private sector organisations); and • Quantity of products or services provided. • Total assets; • Beneficial ownership (including identity and percentage of ownership of largest shareholders); and • Breakdowns by country/region of the following: • Sales/revenues by countries/regions that make up 5% or more of total revenues; • Costs by countries/regions that make up 5% or more of total revenues; and • Employees.	
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations).	8, 16, 106
2.10	Awards received in the reporting period.	79
	REPORT PARAMETERS **Report profile**	
3.1	Reporting period	inside back cover
3.2	Date of most recent previous report (if any)	inside back cover
3.3	Reporting cycle (annual, biennial, etc.)	inside back cover
3.4	Contact point for questions regarding the report or its contents.	inside back cover

GRI Ref		Pages
	Report scope and boundary	
3.5	Process for defining report content, including: • Determining materiality; • Prioritising topics within the report; and • Identifying stakeholders the organisation expects to use the report. • Include an explanation of how the organisation has applied the 'Guidance on Defining Report Content' and the associated principles.	106
3.6	Boundaries of report	106, inside back cover
3.7	State any specific limitations on the scope or boundary of the report	106
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	106
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	137
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (eg, mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	137
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	N/A
	GRI content index	
3.12	Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found: • Strategy and analysis 1.1 – 1.2; • Organisational profile 2.1 – 2.10; • Report parameters 3.1 – 3.13; • Governance, commitments, and engagement 4.1 – 4.17; • Disclosure of management approach, per category; • Core Performance Indicators; • Any GRI additional indicators that were included; and • Any GRI sector supplement Indicators included in the report.	
	Assurance	
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s).	141
	Governance, commitments, and engagement	
	Governance	
4.1.	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. Describe the mandate and composition (including number of independent members and/or non-executive members) of such committees and indicate any direct responsibility for economic, social, and environmental performance.	78, 104

GRI Ref		Pages
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	79, 82, 83
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organisation defines 'independent 'and 'non-executive'. This element applies only for organisations that have unitary board structures. See the glossary for a definition of 'independent'.	79 – 83
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Include reference to processes regarding: • The use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body; and • Informing and consulting employees about the working relationships with formal representation bodies such as organisation level 'work councils', and representation of employees in the highest governance body. • Identify topics related to economic, environmental, and social performance raised through these mechanisms during the reporting period.	101, 119
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	92 – 96
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	71, 82, 83
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	84, 86, 97, 98
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. Explain the degree to which these: • Are applied across the organisation in different regions and department/ units; and • Relate to internationally agreed standards.	100, 107, 116
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance.	97, 98, 108
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	97, 98
	Commitments to external initiatives	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation. Article 15 of the Rio Principles introduced the precautionary approach. A response to 4.11 could address the organisation's approach to risk management in operational planning or the development and introduction of new products.	N/D

GRI Ref		Pages
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses. Include date of adoption, countries/operations where applied, and the range of stakeholders involved in the development and governance of these initiatives (eg, multi-stakeholder, etc). Differentiate between non-binding, voluntary initiatives and those with which the organisation has an obligation to comply.	78, 127, 129
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organisations in which the organisation: • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic. This refers primarily to memberships maintained at the organisational level.	130
	Stakeholder engagement	
4.14	List of stakeholder groups engaged by the organisation. Examples of stakeholder groups are: • Communities; • Civil society; • Customers; • Shareholders and providers of capital; • Suppliers; and • Employees, other workers, and their trade unions.	101, 106, 112 119, 128, 130, 132
4.15	Basis for identification and selection of stakeholders with whom to engage. *This includes the organisation's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.*	112, 128
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. *This could include surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures, and other vehicles. The organisation should indicate whether any of the engagement was undertaken specifically as part of the report preparation process.*	101, 112, 119, 128
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	128, 130
	Management approach and performance indicators **Economic performance indicators**	
	Aspect: Economic performance	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	N/D
EC3	Coverage of the organisation's defined benefit plan obligations.	95, 142
EC4	Significant financial assistance received from government.	N/A

GRI Ref		Pages
	Aspect: Market presence	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	N/D
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	129
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	N/D
	Aspect: Indirect economic impacts	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	129, 132
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	129, 132, 142
	Environmental performance indicators	
	Aspect: Materials	
EN1	Materials used by weight or volume.	135
EN2	Percentage of materials used that are recycled input materials.	135, 139
	Aspect: Energy	
EN3	Direct energy consumption by primary energy source	135, 136
EN4	Indirect energy consumption by primary source	N/D
EN5	Energy saved due to conservation and efficiency improvements.	N/D
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	136
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	N/D
	Aspect: Water	
EN8	Total water withdrawal by source.	136, 137
EN9	Water sources significantly affected by withdrawal of water.	
EN10	Percentage and total volume of water recycled and reused.	137
	Aspect: Biodiversity	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	140
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	140
EN13	Habitats protected or restored.	N/A
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	N/D
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N/D
	Aspect: Emissions, effluents, and waste	
EN16	Total direct and indirect greenhouse gas emissions by weight.	137, 139
EN17	Other relevant indirect greenhouse gas emissions by weight.	N/D
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	N/D
EN19	Emissions of ozone-depleting substances by weight.	137, 139
EN20	NO, SO, and other significant air emissions by type and weight.	137, 139

GRI Ref		Pages
EN21	Total water discharge by quality and destination.	137
EN22	Total weight of waste by type and disposal method.	139
EN23	Total number and volume of significant spills.	N/D
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	N/D
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting	140
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	134, 140
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	N/D
	Aspect: Compliance	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	140
	Aspect: Transport	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	N/D
	Aspect: Overall	
EN30	Total environmental protection expenditures and investments by type.	N/D
	Social performance indicators	
	Labour practices and decent work performance indicators	
	Aspect: Employment	
LA1	Total workforce by employment type, employment contract, and region.	112, 113
LA2	Total number and rate of employee turnover by age group, gender, and region.	113, 115
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	116
	Aspect: Labor/management relations	
LA4	Percentage of employees covered by collective bargaining agreements	N/D
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	N/D
	Aspect: Occupational health and safety	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	126
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	124 – 126
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	126 – 127
LA9	Health and safety topics covered in formal agreements with trade unions.	N/D
	Aspect: Training and education	
LA10	Average hours of training per year per employee by employee category.	N/D
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	116

GRI Ref		Pages
LA12	Percentage of employees receiving regular performance and career development reviews	116, 118
	Aspect: Diversity and equal opportunity	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	119
LA14	Ratio of basic salary of men to women by employee category.	N/D
	Human rights performance indicators	
	Aspect: Investment and procurement practices	
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	N/D
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	N/D
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	N/D
	Aspect: Non-discrimination	
HR4	Total number of incidents of discrimination and actions taken	127
	Aspect: Freedom of association and collective bargaining	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	127
	Aspect: Child labour	
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	127
	Aspect: Forced and compulsory labour	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	127
	Aspect: Security practices	
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	N/D
	Aspect: Indigenous rights	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	N/D
	Society performance indicators	
	Aspect: Community	
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	132
	Aspect: Corruption	
SO2	Percentage and total number of business units analysed for risks related to corruption.	N/D
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	N/D
SO4	Actions taken in response to incidents of corruption	100

GRI Ref		Pages
	Aspect: Public policy	
SO5	Public policy positions and participation in public policy development and lobbying.	132
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	132
	Aspect: Anti-competitive behaviour	
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.	N/D
	Aspect: Compliance	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	N/D
	Product responsibility performance indicators	
	Aspect: Customer health and safety	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	N/D
PR2	Total number of incidents of non-compliance with regulations and voluntar codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	N/A
	Aspect: Product and service labeling	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	134
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	134
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	131
	Aspect: Marketing communications	
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	131
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	131
	Aspect: Customer privacy	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	N/D
	Aspect: Compliance	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	N/D

BARLOWORLD LIMITED

Chairman's office

Dear Member
I have pleasure in inviting you to attend the 91st annual general meeting (AGM) of Barloworld Limited, to be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Thursday 24 January 2008 at 12:30.

The following documents are enclosed:
- Notice of AGM setting out the resolutions to be proposed at the AGM.
- Question form for AGM.
- A "shareholders' diary" with the map indicating the location of the venue for the AGM.
- A form of proxy.

If you are unable to attend, you can, as a member, exercise your right to take part in the proceedings by complying with the notes to the form of proxy.

I would also like to draw your attention to your right to raise questions, at the appropriate time, during the AGM. As it is not possible to answer every question that members may care to raise at the AGM, and in order to ensure that matters of interest to members are dealt with, I would like to suggest that you use the attached question form to ask, in advance, any question(s) of particular concern to you. We will be able to assess the most popular topics from the question forms returned, and I will endeavour to address them all at the AGM. This advance compilation of relevant questions will, of course, not prevent you from raising questions, at the appropriate time, during the AGM.

The question form can be:
- returned to the group secretary at: 180 Katherine Street, Sandton (PO Box 782248, Sandton 2146, South Africa), to be received not later than 12:30 on Friday 18 January 2008; or
- faxed, together with the form of proxy, to our transfer secretaries in South Africa:
  Link Market Services South Africa (Pty) Limited
  Fax: +27 11 834 4398
  11 Diagonal Street, Johannesburg 2001
  (PO Box 4844, Johannesburg 2000) South Africa
  to be received not later than 12:30 on Tuesday, 22 January 2008; or
- lodged, together with the form of proxy, to our registrars in the United Kingdom:
  Equiniti Limited
  Aspect House, Spencer Road, Lancing, West Sussex
  BN99 6DA, England
  to be received not later than 12:30 on Tuesday 22 January 2008; or
- handed in at the time of registering attendance at the AGM.

I look forward to welcoming you at the AGM.

Kind regards

DB Ntsebeza
Chairman

24 December 2007

Head office
180 Katherine Street
PO Box 782248
Sandton 2146
South Africa
Tel: +27 11 445 1000
Fax: +27 11 444 4170
Website: www.barloworld.com

Barloworld Limited (Reg number 1918/000095/06)

Directors
DB Ntsebeza *(chairman)*
SAM Baqwa
PJ Blackbeard
BP Diamond
AGK Hamilton*
M Laubscher
MJ Levett
SS Mkhabela
TS Munday
TH Nyasulu
SB Pfeiffer^
G Rodriguez de Castro†
OI Shongwe
PM Surgey
CB Thomson
RC Tomkinson*
DG Wilson

** British ^ American † Spanish*

Group secretary
S Mngomezulu

QUESTION FORM FOR ANNUAL GENERAL MEETING

Name of shareholder:

Address:

Contact details:

Telephone number:

Fax number:

Email:

Questions:

SHAREHOLDERS' DIARY

AT 30 SEPTEMBER

Financial year-end		30 September
Annual general meeting		24 January 2008
Reports and profit statements		**Published**
Half-yearly interim report		May
Preliminary report for the year		November
Annual report		December
Dividends	**Declared**	**Paid**
6% cumulative preference shares	31 March	April
	30 September	October
Ordinary shares – interim	May	July
– final	November	January

Details of final dividend declared

Cents per share	200
Date declared	Monday 19 November 2007
Last day to trade *cum* dividend	Friday 4 January 2008
First trading day *ex* dividend	Monday 7 January 2008
Record date	Friday 11 January 2008
Payment date	Monday 14 January 2008

Share certificates may not be dematerialised or rematerialised between Monday 7 January 2008 and Friday 11 January 2008, both days inclusive.

This document is important and requires your immediate attention.

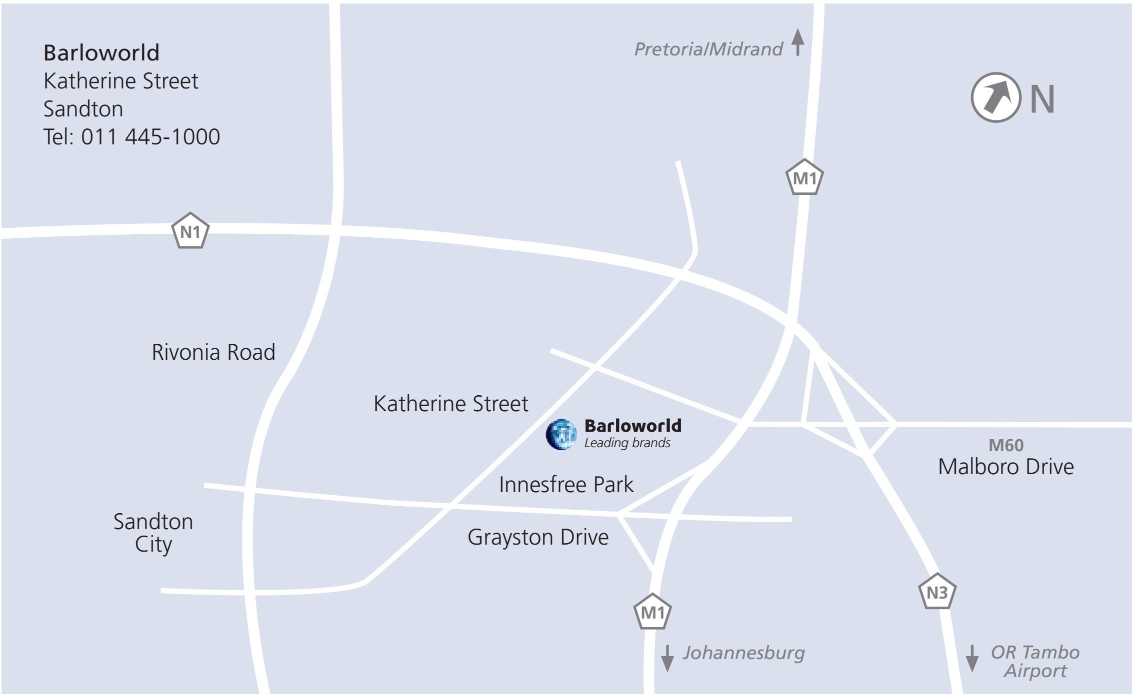
If you are in any doubt as to what action to take, please contact your broker, banker, accountant or legal advisor immediately.

ACTION REQUIRED

If you have disposed of all your shares in Barloworld Limited, this annual report should be handed or remitted to the purchaser of such shares or to the broker, banker or other agent through whom such disposal was effected.

MAP GIVING LOCATION OF BARLOWORLD, SANDTON

The map below indicates the location of Barloworld Limited, Sandton, where the annual general meeting will be held.



NOTICE OF ANNUAL GENERAL MEETING

Barloworld Limited
(Incorporated in the Republic of South Africa)
Reg number: 1918/000095/06
JSE share code: BAW
ISIN: ZAE000026639
("company")

Notice is hereby given that the 91st annual general meeting of the members of the company will be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Thursday 24 January 2008, at 12:30 for the purpose of considering the following business and, if deemed fit, to pass, with or without modification, the following resolutions:

1. ORDINARY BUSINESS

1.1 To receive and adopt the annual financial statements for the year ended 30 September 2007, including the directors' report and the report of the auditors.

1.1.1 ORDINARY RESOLUTION 1
"Resolved that the group annual financial statements for the year ended 30 September 2007, including the directors' report and the report of the auditors, be received and adopted."

1.2 To elect directors in accordance with the provisions of articles 59.3.1 and 66 of the company's articles of association.

Messrs AGK Hamilton, TS Munday, OI Shongwe and Ms TH Nyasulu, having been appointed during the financial year, are required to retire. Messrs SAM Baqwa, M Laubscher, DB Ntsebeza, PM Surgey, CB Thomson and RC Tomkinson are required to retire by rotation. All retiring directors are eligible and, except for RC Tomkinson, they have offered themselves for election or re-election respectively. Brief biographical notes of each director standing for election or re-election are set out on pages 283 to 284 of the annual report.

1.2.1 ORDINARY RESOLUTION 2
"Resolved that Mr AGK Hamilton who retires in terms of article 59.3.1 of the articles of association of the company and is eligible and available for election, be and he is hereby elected as a director of the company."

1.2.2 ORDINARY RESOLUTION 3
"Resolved that Mr TS Munday who retires in terms of article 59.3.1 of the articles of association of the company and is eligible and available for election, be and he is hereby elected as a director of the company."

1.2.3 ORDINARY RESOLUTION 4
"Resolved that Mr OI Shongwe who retires in terms of article 59.3.1 of the articles of association of the company and is eligible and available for election, be and he is hereby elected as a director of the company."

1.2.4 ORDINARY RESOLUTION 5
"Resolved that Ms TH Nyasulu who retires in terms of article 59.3.1 of the articles of association of the company and is eligible and available for election, be and she is hereby elected as a director of the company."

1.2.5 ORDINARY RESOLUTION 6
"Resolved that Mr SAM Baqwa who retires in terms of article 66 of the articles of association of the company and is eligible and available for re-election, be and he is hereby re-elected as a director of the company."

1.2.6 ORDINARY RESOLUTION 7
"Resolved that Mr M Laubscher who retires in terms of article 66 of the articles of association of the company and is eligible and available for re-election, be and he is hereby re-elected as a director of the company."

1.2.7 ORDINARY RESOLUTION 8
"Resolved that Mr DB Ntsebeza who retires in terms of article 66 of the articles of association of the company and is eligible and available for re-election, be and he is hereby re-elected as a director of the company."

1.2.8 ORDINARY RESOLUTION 9
"Resolved that Mr PM Surgey who retires in terms of article 66 of the articles of association of the company and is eligible and available for re-election, be and he is hereby re-elected as a director of the company."

1.2.9 ORDINARY RESOLUTION 10
"Resolved that Mr CB Thomson who retires in terms of article 66 of the articles of association of the company and is eligible and available for re-election, be and he is hereby re-elected as a director of the company."

1.3 To reappoint Deloitte & Touche as external auditors and to authorise the directors to determine their remuneration for the past audit.

1.3.1 ORDINARY RESOLUTION 11
"Resolved that Deloitte & Touche be reappointed as the external auditors of the company and of the group until the termination of the next annual general meeting, and that their remuneration for the past audit be determined by the directors."

1.4 To approve the non-executive directors' fees.

1.4.1 ORDINARY RESOLUTION 12
"Resolved that in terms of article 61 of the company's articles of association, the fees payable to the chairman and to other non-executive directors for their services to the board, audit and other committees of the board be revised with effect from 1 January 2008 as follows:

Non-executive fees	Present	Proposed
Chairman of the board, inclusive of fees payable as chairman of board committees	R1 437 500	R1 437 500
Resident non-executive directors	R150 000	R180 000
Non-resident non-executive directors	£47 500	£49 400
Chairman of the audit committee	£22 000	£23 000
Resident members of the audit committee	R35 000	R60 000
Non-resident members of the audit committee	£2 750	£4 000
Chairman of the remuneration committee	–	R75 000
Resident members of each of the board committees (excluding risk and sustainability committee)	R28 000	R45 000
Non-resident members of each of the board committees (excluding risk and sustainability committee)	£2 750	£3 000

2. SPECIAL BUSINESS

As special business, to consider and, if deemed fit, pass with or without modification the following resolution:

2.1 SPECIAL RESOLUTION 1

"Resolved 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 Limited 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, as amended, 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 10% 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) in the event that the directors are granted general authority to buy back a maximum 10% 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 would 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;
- the assets of the company and the group would be in excess of the liabilities of the company and the group. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;
- the ordinary capital and reserves of the company and the group would 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 would be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting;

(e) the repurchase of securities to be effected through the order book operated by the JSE trading system and to be done without any prior understanding or arrangement between the company and the counterparty;

(f) the authorisation to repurchase the shares is in accordance with the company's articles of association;

(g) that only one agent will effect the buy-back on behalf of the company;

(h) that after the repurchase has been effected the company will still comply with shareholder spread requirements of the JSE Limited;

(i) the company and its subsidiary will not repurchase shares during a prohibited period;

(j) the company and its subsidiaries, prior to undertaking a repurchase will obtain a working capital letter from its sponsor."

The reason for proposing and the effect of special resolution 1 is to grant the directors a general authority in terms of the Companies Act 61 of 1973, as amended, and subject to the Listings Requirements of the JSE Limited and any other stock exchange upon which the shares of the company may be quoted or listed, for the acquisition by the company or one of its subsidiaries of the company's own shares on the terms set out above.

Detail with regard to other JSE Listings Requirements applying to special resolution 1

Details of the directors
Directors' details can be found by referring to the table on page 82.

Directors' responsibility statement
The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make the statement false or misleading.

Interests of directors
The interests of the directors in the share capital of the company are set out on pages 244 to 245.

Major shareholders
Details of major shareholders of the company are set out on pages 250 to 251.

Share capital of the company
Details of the share capital of the company are set out on page 263.

Material change
There has been no material change in the financial or trading position of the company and its subsidiaries since the date of publication of the company's annual results on 19 November 2007.

Litigation
The company and its subsidiaries are not, and have not in the 12 months preceding the date of this notice of annual general meeting been involved in any legal or arbitration proceedings which may have or have had a material effect on the financial position of the company and its subsidiaries, nor is the company aware of any such proceedings that are pending or threatening.

Registered holders of certificated ordinary shares and holders of dematerialised ordinary shares in their own name, may attend, speak and vote at the annual general meeting or are 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, Link Market Services, 11 Diagonal Street, PO Box 4844, Johannesburg 2000, South Africa, or United Kingdom registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, England, by not later than 12:30 (South African time) on Tuesday 22 January 2008.

Shareholders who have dematerialised their shares through a Central Securities Depositary Participant (CSDP) or stockbroker, and who have not elected own-name registration and wish to attend the annual general meeting, should timeously inform their CSDP or stockbroker of their intention to attend the meeting and request such CSDP or stockbroker to issue them with the necessary authority to attend. If they do not wish to attend the annual general meeting, they may provide such CSDP or stockbroker with their voting instructions.

2.2 To transact such other business as may be transacted at an annual general meeting.

By order of the board

S Mngomezulu
Group secretary

Sandton
24 December 2007

PROXY FORM

BARLOWORLD LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1918/000095/06
JSE code: BAW ISIN code: ZAE000026639
("the company")

Only for the use of registered holders of certificated ordinary shares in the company and the holders of dematerialised ordinary shares in their own name in the capital of the company at the annual general meeting of members to be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Thursday, 24 January 2008 at 12:30 (South African time).

Holders of ordinary shares in the company (whether certificated or dematerialised) through a nominee must not complete this form of proxy but should inform that nominee timeously, or, if applicable, their central securities depository participant (CSDP) or stockbroker of their intention to attend the annual general meeting and request such nominee, CSDP or stockbroker to issue them with the necessary authorisation to attend or provide such nominee, CSDP or stockbroker with their voting instructions should they not wish to attend the annual general meeting in person. Such ordinary shareholders must not return this form of proxy to the transfer secretaries.

I/We ______________________________ of ______________________________

being a holder(s) of ______________________________ ordinary shares ______________________________

hereby appoint ____

of ____ or failing him/her,

the chairman of the meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolution(s) to be proposed at the meeting and at each adjournment of the meeting and to vote for or against such resolutions or to abstain from voting in respect of the ordinary shares in the issued ordinary share capital of the company registered in my/our name, in accordance with the following instructions (see note 9):

*Insert an X or the number of ordinary shares (see note 9).

Ordinary resolutions	***In favour of**	***Against**	***Abstain**
1. Adoption of annual financial statements			
Election of directors:			
2. AGK Hamilton			
3. TS Munday			
4. OI Shongwe			
5. TH Nyasulu			
6. SAM Baqwa			
7. M Laubscher			
8. DB Ntsebeza			
9. PM Surgey			
10. CB Thomson			
11. Appointment of auditors			
12. Approval of non-executive directors' fees:			
Chairman of the board, inclusive of fees payable as chairman of board committees			
Resident non-executive directors			
Non-resident non-executive directors			
Chairman of the audit committee			
Resident members of the audit committee			
Non-resident members of the audit committee			
Chairman of the remuneration committee			
Resident members of each of the board committees (excluding risk and sustainability committee)			
Non-resident members of each of the board committees (excluding risk and sustainability committee)			
Special resolution			
1. Acquisition of own shares			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote (see note 9).

Signed at ______________________________ on ______________________________ 2007/2008

Signature(s) ____

(Authority of signatory to be attached if applicable – see note 11)

Assisted by me (where applicable – see note 12) ______________________________

Each member is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and vote in place of that member at the meeting.

Please read the notes on the reverse side of this proxy form.

NOTES TO THE FORM OF PROXY

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

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, Link Market Services, 11 Diagonal Street, PO Box 4844, Johannesburg 2000, South Africa, or the United Kingdom registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, England, by not later than 12:30 (South African time) on Tuesday, 22 January 2008.
3. The signatory may insert the name of any persons(s) whom the signatory wishes to appoint as his/her proxy in the blank space/s provided for that purpose.
4. 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.
5. 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.
6. 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.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed other than in accordance with these instructions, provided that in the event of acceptance, he/she is satisfied as to the manner in which a member wishes to vote.
8. If the shareholding is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total shareholding registered in the member's name.
9. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholders' votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
10. A form of proxy sent by electronic medium to the company secretary or transfer secretaries within the time allowed for submission, shall be deemed to constitute an instrument of proxy.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company secretary or waived by the chairman of the annual general meeting.
12. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company secretary.