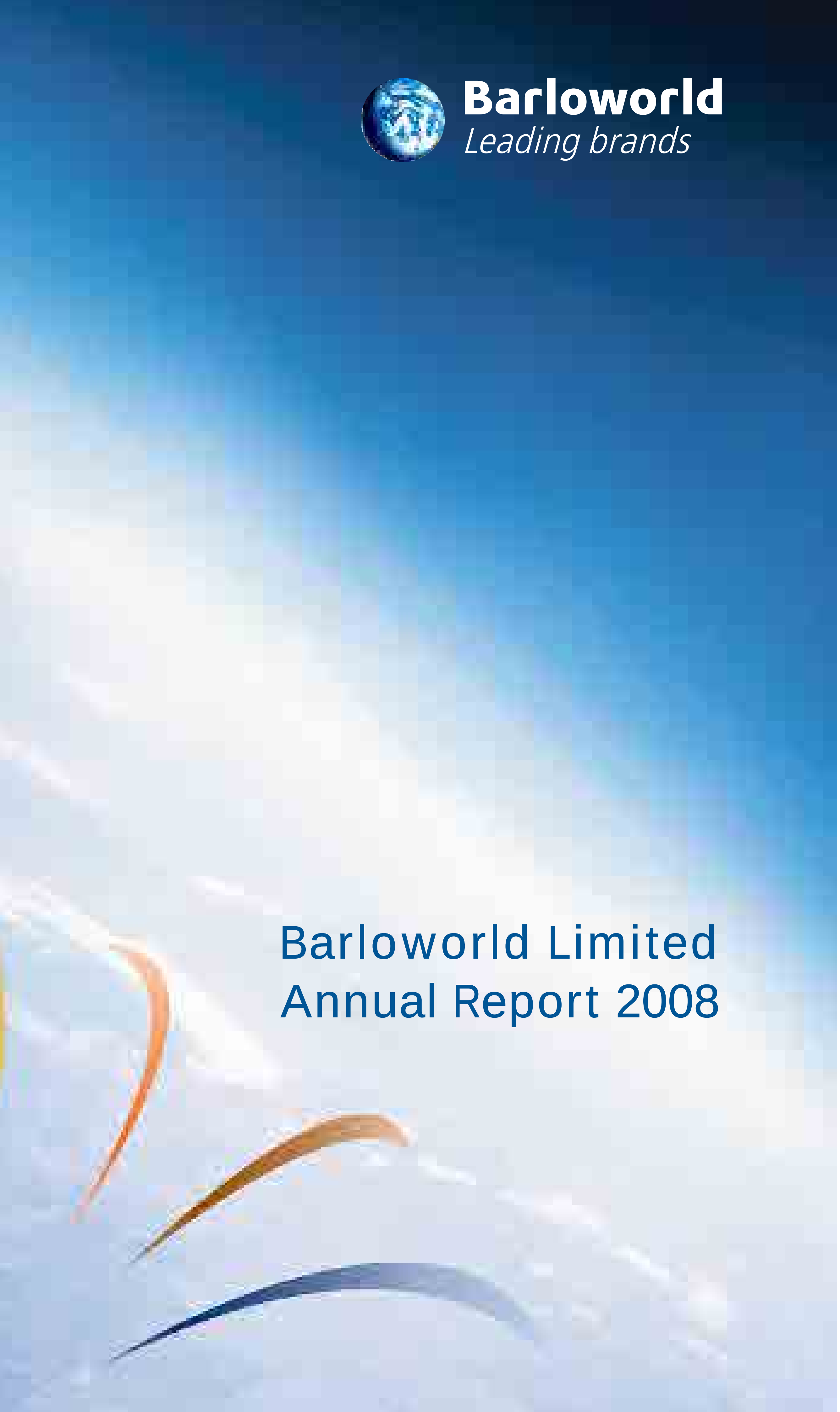


Barloworld Limited Annual Report 2008

Barloworld
Leading brands

Our business

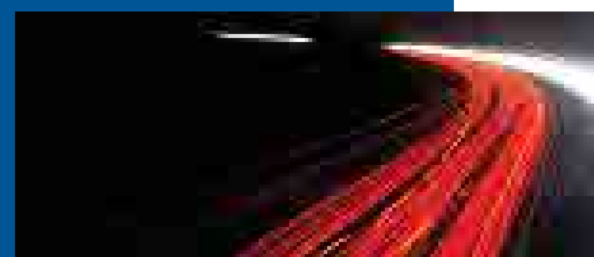
A distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions.

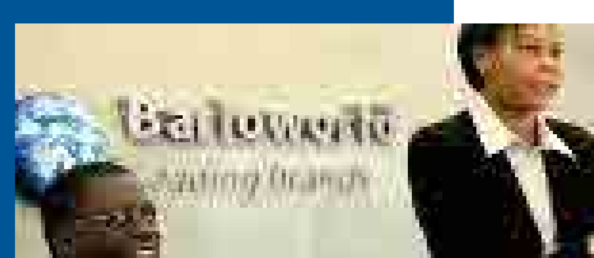
Strategic profile

The Barloworld organisation incorporates the following defining characteristics and competencies:

- Provision of flexible, value adding, integrated customer solutions in the following business segments:
  - 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)
- 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

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Email: invest@barloworld.com

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This annual report comprehensively discloses the factors that affect the financial and non-financial performance of Barloworld Limited. It has been prepared using the guidelines for sustainability reporting developed by the Global Reporting Initiative (GRI).

The report covers the activities of the Barloworld group, including all subsidiaries and partially owned entities for the financial year ended 30 September 2008. Partially owned entities are treated as an integral part of Barloworld for reporting purposes. In the financial reports, associates and joint ventures are equity accounted.

The business principles and practices described can be verified by reference to board minutes and established standards and policies (both written and unwritten). The report discusses the implementation of these principles and practices including the financial and non-financial measurement mechanisms used by the company to assess its performance.

Our internal confidence level on the accuracy of the information presented is high. Barloworld has strong administration systems and the management systems that yield the financial data reflected in the report are well established.

Some elements of the report have been externally verified by independent auditors. The independent auditor's report on financial data is presented in terms of International Financial Reporting Standards. In addition, some non-financial data has been reviewed.

There have been no significant restatements in this report except as set out in note 35 on page 232. Accounting policies and definitions are set out on pages 128 to 143. There have been no significant changes to the measurement methods used in the report. This report does not seek to provide comprehensive information on the entire supply chains of the industries in which we operate.

The previous report was published in December 2007.

There have been no significant changes in the operations of the company since that date.

A full GRI index is included on page 264 to 270. All aspects of the guidelines have been addressed in the report unless indicated.

For background or additional information concerning the company's activities which are covered in this report, contact:
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Designed by motiv
Printed by INCE

Annual Report 2008

Barloworld
Leading brands

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

About Barloworld

Barloworld is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. The core divisions of the group comprise Equipment (earthmoving and power systems), Automotive (car rental, fleet services and motor trading), Handling (forklift truck distribution and fleet management) and Logistics (logistics and supply chain management).

We offer flexible, value adding, integrated business solutions to our customers backed by leading global brands. The brands we represent on behalf of our principals include Caterpillar, Hyster, Avis, Audi, BMW, Ford, General Motors, Mercedes-Benz, Toyota, Volkswagen and others.

Barloworld has a proven track record of effectively managing long-term relationships with global principals and customers. We have an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. One of our core competencies is an ability to leverage systems and best practices across our chosen business segments. As an organisation we are committed to play a leading role in empowerment and transformation.

The company was founded in 1902 and currently has operations in 42 countries around the world with approximately half of our twenty thousand employees in South Africa.

www.barloworld.com

Financial highlights and Group salient features

- Revenue up by 18% to R46 830 million
- Operating profit before BEE charge increases 31% to R2 988 million
- Normalised HEPS from continuing operations (excluding BEE charge and prior year PPC gains and STC on special dividend) up 29%
- Broad based BEE transaction implemented
- Strong organic growth in Equipment southern Africa
- International acquisitions position Logistics division for future growth
- Decision taken to dispose of Scandinavian car rental operations

Barloworld delivers strong operating performance for the full year

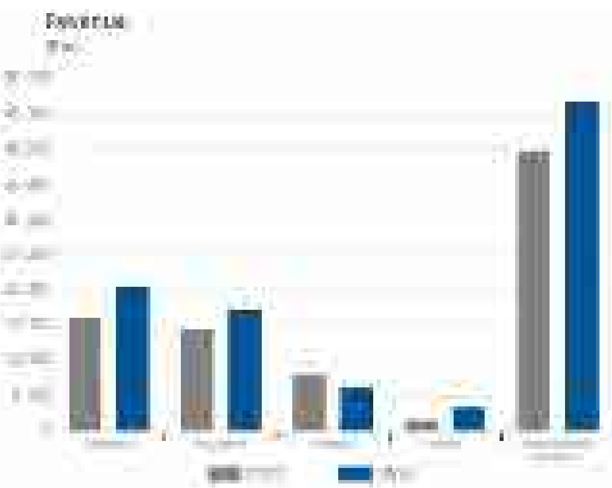
Financial highlights

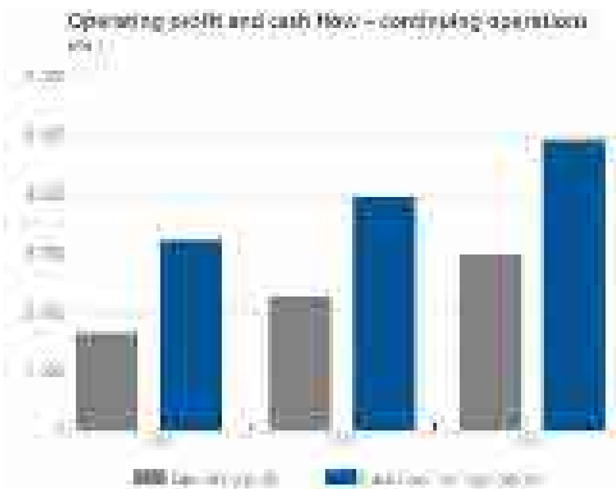
at 30 September

	% change	2008 Rand	2007 Rand	2008 US$	2007 US$
Revenue (million)*	**18**	**46 830**	39 757	**6 303**	5 537
Operating profit (million)*#	**31**	**2 988**	2 277	**402**	317
Normalised HEPS (cents)*	**29**	**760**	589	**102**	82
Ordinary dividends per share declared in respect of current year’s earnings (cents)	**(33)**	**250**	375	**34**	52
Net asset value per share (cents)	**13**	**6 451**	5 713	**779**	828
Total assets (million)	**11**	**33 957**	30 655	**4 101**	4 443

* *From continuing operations.*

\# *Before BEE transaction charge in 2008.*





Investment proposition

An attractive investment case

Clear 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 chosen business segments

Strategic focus

- Four core divisions: Equipment, Automotive, Handling and Logistics

Representation of leading international brands

- Caterpillar, Hyster, Avis and leading automotive brands with strong market positions in southern Africa and internationally

Positively geared to fixed investment programmes

- Exposure to high infrastructure and mining expenditure in South Africa, Angola, Democratic Republic of Congo and Siberia

Business and geographic diversity

- Operations across four business segments in 42 countries increases resilience due to counter-cyclicality factors

Strong balance sheet and cash generation

- 57% of debt in the long term and strong operational cash flows

Experienced management team

- Proven competencies at all levels driven by delivery of integrated customer solutions

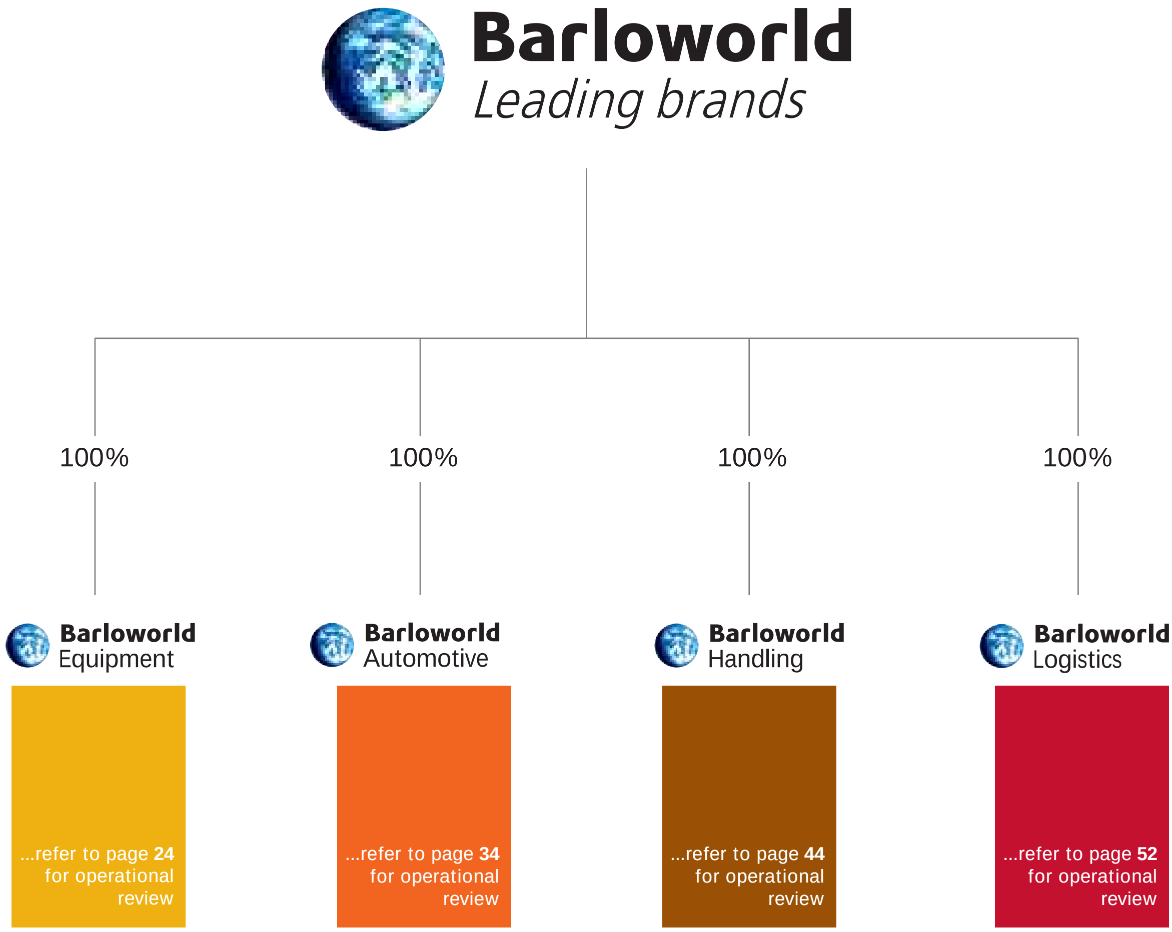
Robust and adaptable Barloworld people

- Operating in some of the harshest climates and toughest regions in the world, our people are both adaptable to change and robust to take on the toughest challenges

Responsible social and community investment

- Broad-based community and related business investment which builds necessary skills, protects the environment and adds value to our businesses and the wider economy

Group structure



Barloworld businesses

Core businesses

Barloworld
Equipment

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), São Tomé and Principé, Cape Verde and in Siberia, Spain and Portugal and Andorra. Complementary brands also represented by the equipment division include MAK and Perkins engines (both Caterpillar subsidiaries), Atlas Copco rotary blasthole drills and Metso mobile crushing and screening equipment. 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 reduce operating costs. Facilities throughout the division's territories offer world-class customer support, while comprehensive in-house employee training ensures professional delivery of appropriate customer solutions.

Barloworld
Automotive

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

Car rental operates Avis short-term car rental throughout southern Africa.

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

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 79 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.

Barloworld
Logistics

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 China, the United Arab Emirates, Iberia, Germany, the United Kingdom and the United States of America. The division has a staff complement of 2 500 deployed in more than 20 countries and approximately R8 billion annual logistics activity under management. The combined effects of globalisation and technology have made the logistics industry very exciting and dynamic.

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, such as 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 create competitive advantage for them, by improving the service to their customers at lower cost.

Equipment

R million	Revenue Year ended 30 Sept 2008	2007	Operating profit Year ended 30 Sept 2008	2007	Net operating assets 30 Sept 2008	2007
– Southern Africa^	**11 930**	8 568	**1 523**	918	**4 178**	2 270
– Europe	**8 459**	7 422	**534**	612	**4 972**	3 738
	20 389	15 990	**2 057**	1 530	**9 150**	6 008
Share of associate income			**62**	36		

^ *The southern African materials handling operation has been included under the Handling segment as from the current year. Comparatives have been reclassified accordingly.*

Automotive

R million	Revenue Year ended 30 Sept 2008	2007	Operating profit Year ended 30 Sept 2008	2007	Net operating assets 30 Sept 2008	2007
Car rental Southern Africa	**1 586**	1 209	**250**	325	**2 849**	2 820
– Southern Africa	**11 622**	9 948	**143**	184	**1 850**	1 363
– Australia	**2 849**	2 448	**62**	48	**983**	743
Trading	**14 471**	12 396	**205**	232	**2 833**	2 106
Leasing Southern Africa*	**948**	701	**85**	76	**366**	346
	17 005	14 306	**540**	633	**6 048**	5 272
Share of associate income			**6**	17		

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

Handling

R million	Revenue Year ended 30 Sept 2008	2007	Operating profit Year ended 30 Sept 2008	2007	Net operating assets 30 Sept 2008	2007
– Southern Africa^	**1 027**	765	**124**	54	**259**	470
– Europe	**3 193**	2 690	**8**	55	**636**	687
– North America	**1 849**	4 330	**40**	72	**638**	579
Trading	**6 069**	7 785	**172**	181	**1 533**	1 736
Leasing*	**76**	164		6	**76**	107
	6 145	7 949	**172**	187	**1 609**	1 843
Share of associate income			**3**			

^ *The southern African materials handling operation has been included under the Handling segment as from the current year. Comparatives have been reclassified accordingly.*

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

Logistics

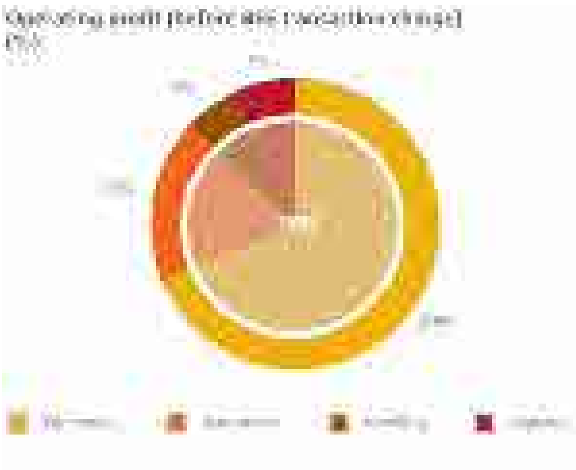
R million	Revenue* Year ended 30 Sept 2008	2007	Operating profit Year ended 30 Sept 2008	2007	Net operating assets 30 Sept 2008	2007
Southern Africa	**1 970**	1 088	**105**	76	**430**	400
Europe, Middle East and Asia	**1 238**	371	**30**	19	**855**	67
	3 208	1 459	**135**	95	**1 285**	467

* *Excludes inter-group revenue of R400 million (2007: R747 million).*

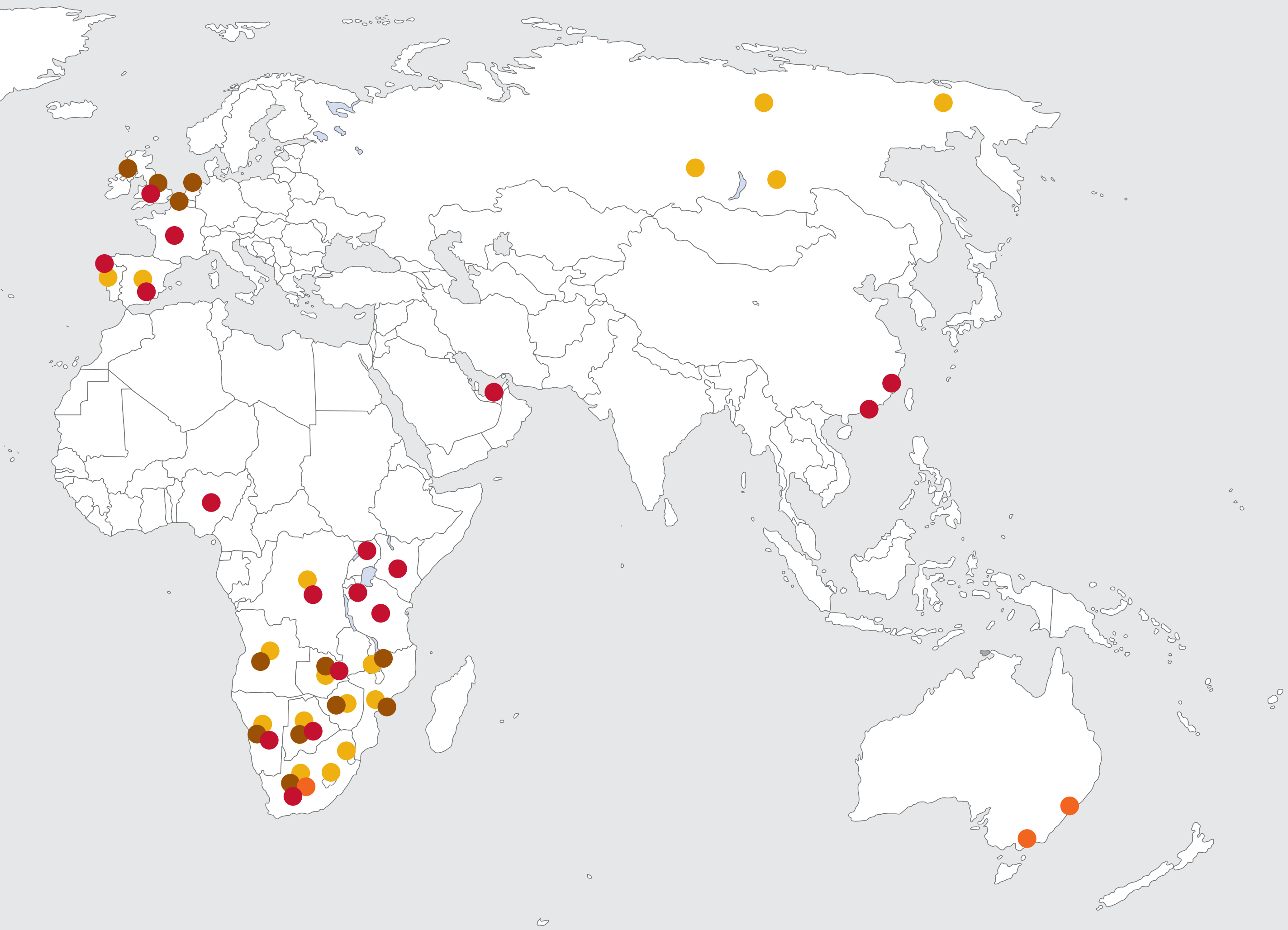
Global activities

Key

- Equipment
- Automotive
- Handling
- Logistics



Geographic diversity with approximately
20 000 employees in 42 countries.



Dumisa Ntsebeza *Chairman*

Chairman's review

Despite challenging economic conditions the group performed strongly overall. The management and teams across the world have shown robust leadership in difficult times.

Introduction

In the past year we finalised the strategic actions announced in January 2007, the last of which was the unbundling of the coatings division in December 2007. In June we also announced our innovative broad-based black economic empowerment transaction which was overwhelmingly supported by our shareholders on completion in September. To successfully achieve these objectives required teamwork and unyielding dedication. We are determined to deliver on growing the company according to our core competencies for all stakeholders in line with our refocused corporate profile.

The group now comprises four core businesses, namely Equipment, Automotive, Logistics and Handling. Barloworld is firmly focused as a distributor of leading international brands. Although we are a South African centred corporate, we have a well established international presence. Our operations provide integrated solutions in 42 countries across our core business segments. This increases our resilience due to counter-cyclicality factors and strengthens our product and service offerings. Despite recent changes in the world's economic conditions, we have built a sound platform to take advantage of some exciting opportunities in high growth areas.

During the year I visited some of our key operations around the world, in Spain, Democratic Republic of Congo and Zambia. I also visited the Caterpillar headquarters in Illinois. From firsthand experience on-site, I saw what makes Barloworld a leader in our chosen segments. I saw the leadership, determination and innovation of our people and the deep understanding and strong relationships we work so hard at with our key principals and other stakeholders. Next year I will be visiting logistics operations in Dubai and Hong Kong, and further, our equipment operations in Russia.

Global and national economic environments

In the last few months we have witnessed markets lurch from one crisis to another. It has been a most challenging year in which to do business on a global scale. There were various economic shocks, such as the credit crisis, related to the sub-prime issue, oil and commodities price volatility and constrained liquidity.

International investor perceptions of emerging markets in general and perceptions of South Africa's investment case shifted in light of global issues. Locally, political changes and the national power crisis further tempered perceptions. Despite this, our offshore shareholding at 30 September 2008 was 25% of the share register.

South Africa's economic environment experienced some turbulence with rising interest rates, the impact of the National Credit Act, the unpredictability of the national power crisis, high inflation, volatile energy prices and general skills shortages coupled with high unemployment. However, mining, infra-structure and construction development drivers remained strong.

A buoyant view persisted around projects geared towards the Fifa World Cup in South Africa. Our perspective is that it will be a positive but short-term boost for the local economy. However, we plan and execute our strategies on a much longer-term basis and I am pleased to report that our vision and the fundamentals of our four business segments are robust beyond 2010.

Group performance

Every Barloworld employee across all functions and divisions has worked very hard this year. Despite challenging economic conditions the group performed strongly overall. The management and teams across the world have shown robust leadership and despite some margin pressure we are still leading in most of our chosen segments.

Revenue from continuing operations increased by 18% to R46.8 billion from R39.8 billion in 2007. Operating profit, excluding the IFRS2 charge of R337 million in respect of the BBEEE transaction increased by 31% to R3.0 billion (2007: R2.3 billion). Normalised HEPS from continuing operations (excluding BEE charge, prior year PPC gains and STC on special dividend) was up 29% to 760 cents from last year's adjusted 589 cents.

Several challenges had a bearing on group performance. Iberia, one of our more active markets in Europe, slowed considerably due to declining public expenditure. In emerging economies in Africa, aspects such as the lack of strong legal and financial frameworks impacted on ventures in those regions.

Balance sheet, cash flow and dividends

We continued to see strong operational cash flows. We have robust capital management systems and our group gearing remained in line with last year.

The company focused on improving the maturity of the group's debt. The long-term loans raised in the BEE transaction aided in reducing the ratio of short- to long-term debt to 43:57 (September 2007: 52:48). Subsequent to the end of September 2008, the company issued a R750 million seven year bond which will further improve the company's debt maturity profile.

Dividends totalling 250 cents per share were declared in respect of this year's earnings. Additional ordinary shares of 17.8 million issued in respect of the BEE transaction, qualify to receive the final dividend of 150 cents per share.

Divisional overview

Equipment, the largest division, has seen another strong performance fuelled by mining and construction in sub-Saharan Africa and Siberia. The southern Africa business is growing and we have made some gains. The southern Africa equipment division saw the energy crisis as an opportunity to provide alternative generation of electricity especially to the mining and manufacturing sectors. In Iberia, residential and public work projects slowed considerably and impacted by reducing demand for our offerings across the region. However, my sense from the operational site visits gave me insight into the quality and robustness of this division in Spain. I am also planning to visit our operations in Siberia.

The automotive industry in southern Africa experienced severe pressure. However, motor retail Australia and Avis Fleet Services performed strongly and we improved our position. In Scandinavia, seasonal market dynamics and other factors were considered and we have taken the decision to dispose of our rent a car business.

Overall the automotive business performed 'resiliently' under pressure and our integrated motor vehicle usage solutions together with our 'Fewer, Bigger, Better' strategy positioned us well to face these harsh conditions.

Materials handling in Europe and the USA remained under pressure. We performed according to expectations in Belgium and the Netherlands but the economic decline in the UK and USA impacted significantly on our businesses there. However, we have implemented a turnaround strategy. The management have taken some tough decisions and made noticeable improvements. In southern Africa, the handling business is increasing market share and the agriculture business achieved a solid performance.

Logistics' recent strategic acquisitions catapulted the operation into the global logistics arena. There is a large growth potential in this business and the southern African profitability is improving. A good example of integrated customer solutions across divisions can be seen in the UK where logistics and handling are working well together.

Transformation

Transformation in the broadest sense is a central and strategic priority at Barloworld. We remain committed to being leaders in empowerment and transformation across all divisions and at all levels.

Chairman's review *(continued)*

Broad-based black economic empowerment transaction

The reaction from the public, media and shareholders to our BBBEE deal was extremely favourable. The rationale, sustainability and truly broad-based characteristics of the deal, were clearly communicated and well supported by all stakeholders and especially our shareholders.

On reflection of the criticism initially levelled at us for taking so long to complete the transaction, it appears with the benefit of hind-sight that the time taken was justified in the end by the support it received and by the end result. The delay in completion fortuitously allowed time for the Department of Trade and Industry (DTI) codes to be defined and gazetted.

The transaction positions Barloworld among the top empowered companies on the JSE Limited and as a beacon on the transformation landscape of South Africa. We achieved the publicly stated target of a 'Level 5' by the end of September 2008. Our next target remains to become a 'Level 4' BEE contributor by the end of 2009.

Transformation includes gender, disability and employment considerations

Transformation refers not only to race considerations but also to gender and disability. We need to raise our consciousness about all these aspects and actively debate issues at board level and raise general awareness in this regard which would include adapting our building and facilities to become accessible to the disabled.

It is worth noting that in Khanyisile Kweyama, we have the first black Human resources and transformation group executive in the long history of Barloworld. My view is that the future challenges of transformation lie at the employment level and in facilitating consistent but gradual transformation across all the Barloworld divisions. Furthermore, I am encouraged to see that long-serving employees are embracing change and becoming facilitators of transformation.

It is also worth noting that our skills development and training programmes are making good progress. Construction of a world-class Centre of Learning facility will be completed in the first half of 2009 and existing buildings at Barlow Park will be converted into a Leadership Development Centre. These will ensure continuity and high quality future leaders and will greatly assist in meeting our future skills requirements.

Corporate and social investment

Acting on our concerns for society is a fundamental part of the way in which we have always done business at Barloworld, no matter where our operations might be. Barloworld is an organisation that has operated ethically and with integrity for 106 years. We strive to conserve biodiversity and the environment, address education, reduce poverty, develop skills, support arts and culture, combat crime, regenerate communities, fight HIV and Aids, empower women, youth and the disabled and develop sports.

Enterprise development

In October 2007 we launched our enterprise development fund and a strategic and local business approach to transformation called Siyakhula, which means 'we are growing.' This programme has developed over the past year and will in future be maintained and adjusted according to the new corporate profile of the Barloworld Group.

The environment

We remain committed to acting responsibly with regard to the effects of our operations and products on air, soil and water, as well as the communities and ecosystems that depend on them.

Global warming and the physical, regulatory and reputational risks associated with climate change are making the measurement of carbon emissions, not only a global and strategic business imperative but a global responsibility. Barloworld has responded to this in a structured and strategic manner by integrating the environment and the sustainability thereof, as a key organisational programme, with objectives that need to be considered in all value creating decisions.

This focus was entrenched by recognising the 'Environment and Social Legitimacy' as one of the 10 Pillars of Sustainability and most recently has been integrated as a core element of the 'Profitable Growth' and 'Integrated Customer Solutions' Strategic Focus Areas of the group.

As part of our commitment to environmental responsibility initiatives and in an effort to comply more fully with the various environmental reporting requirements, it was decided that a project be commissioned to measure the carbon footprint of the group, starting with Logistics and Automotive who are leading this initiative. We will report on these projects in greater detail in next year's annual report.

Board and governance

While there have been several changes to the board, we have kept our eye on the ball with respect to our guiding principles and remained committed to the highest standards of governance and transparency.

Our intention was to strengthen the board's 'independence' and to build a balanced composition reflecting South African society, as well as the geographic and business spread of Barloworld internationally. The board needs to be constituted appropriately and in relation to the size of the business. The structure of the company has changed and the overall size and number of board members will be refined to reflect this.

I would like to record some of the appointments and changes to the board.

I welcome Sango Ntsaluba who was appointed as an independent non-executive in July and who sits on the audit committee. Gordon Hamilton was appointed as chairman of the audit committee and as a member of the nomination and the remuneration committees.

Those who left the board in reverse chronological order were firstly: Peter Surgey who retired at the end of September 2008 after many years with the company. Robert Tomkinson retired following the annual general meeting in January 2008 after many years of valuable service as a non-executive director and chairman of the audit committee. Trevor Munday resigned in January after serving in various roles and committees as a non-executive director. Brandon Diamond retired from the board in December 2007 after many years as an executive director including heading up the Industrial Distribution division.

André Lamprecht retired from the board in December 2007 when Coatings was unbundled and listed separately on the JSE Limited. Mike Levett has indicated that he intends to retire at the annual general meeting in January 2009 after many years on the board.

I am truly grateful and wish to extend the board's sincere thanks to all of these gentlemen, once again, for their hugely valuable individual and group contributions to the board and to various committees on which they diligently served.

Outlook

Recent times have shown us that we are facing some serious global and systemic challenges. However, I am positive about Barloworld's future. Our re-focused businesses are well positioned in their respective sectors to take on and deal with challenging economic realities. We have the management, strategy and proven capabilities to realise our potential as a motivated, refocused and successful company.

Appreciation

In appreciation I have to extend my gratitude to shareholders for their firm support, interest and continued engagement with the company. To all board members I extend my thanks for your tireless service and guidance. I would also like to extend my genuine appreciation to Clive and his first class executive management team. Their collective experience, insights and knowledge across all operations should serve to reassure shareholders that their company is in great hands.

Dumisa Ntsebeza
Chairman

Clive Thomson *Chief executive officer*

Chief executive's report

The company's success is founded on deep and long-standing partnerships with our key principals and customers. Barloworld now comprises four core divisions – Equipment, Automotive, Handling and Logistics.

Overview

The strategic repositioning of the group embarked upon in 2007 was completed in the first quarter of this financial year following the listing and unbundling of the coatings division and the disposal of the laboratory business.

Barloworld now has a strategic profile as a distributor of leading industrial and motor vehicle brands providing integrated rental, fleet management, product support and logistics solutions. The company's success is founded on deep and long-standing partnerships with our key principals and customers. In the case of Caterpillar, our relationship extends back over more than 80 years.

Barloworld comprises 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 company delivered a strong trading performance this year, driven by the equipment division. Operating profit before the BEE transaction charge was up 31% on 2007.

We successfully completed a broad-based black economic empowerment (BEE) transaction during the year which positions the company well for sustainable growth into the future. In terms of IFRS, this transaction resulted in a non-cash charge to income of R337 million.

Growth in headline earnings per share (HEPS) from continuing operations was affected by the current year BEE charge as well as the prior year impacts of fair value gains on PPC shares and secondary tax on companies (STC) arising on the special dividend paid in April 2007. As a consequence, reported HEPS from continuing operations declined by 8%. However, if one adjusts for the abovementioned items, normalised HEPS from continuing operations grew by 29% which is more representative of the like-for-like performance year on year.

The global financial crisis reduced liquidity and widened interest rate spreads on corporate debt. In these circumstances, it is pleasing that we were able to reduce our dependence on short-term funding and at 30 September 2008 57% of our debt was of a long-term nature. This was further enhanced when we successfully issued a seven year R750 million corporate bond on 2 October 2008. Operating cash flows were good and the group's balance sheet remains strong.

We invested in and achieved significant organic growth in our Caterpillar equipment businesses in southern Africa and Siberia. Furthermore, progress was made in developing our logistics business internationally with the acquisition of the Swift sea and airfreight operations in the Middle East, together with smaller acquisitions in Hong Kong and Germany. We took the decision to dispose of our Avis Rent-a-Car business in Scandinavia and this has been disclosed as discontinued in the current year.

Operational review

Equipment

High commodity prices for much of the year boosted demand for our Caterpillar equipment in the mining territories of southern Africa and Siberia. In the construction segment, increased spending on infrastructural development underpinned demand in southern Africa. In Iberia, however, a slowdown in residential construction and delays in public works spending led to a drop in demand for our products, particularly in the second half of the financial year.

Constraints in electric power capacity for the medium term in southern Africa have created opportunities to meet supply shortfalls and we have restructured our southern African power systems business to leverage our capacity and expertise in this segment. Our scope of business was further enhanced this year following the company's appointment as the sole southern African dealer for MAK diesel engines, a subsidiary of Caterpillar Inc.

Skills development remains a key focus area and significant investment is being undertaken in the construction of a leading edge Centre of Learning in Isando. The Centre will provide technical training for employees across southern Africa and is expected to be completed by April 2009.

Next year our focus in southern Africa will continue to be on satisfying demand for our products in the mining and construction segments, growing our power systems business, training and developing our people and expanding our facilities.

In Iberia, focus will be on reducing costs and tightly managing the business and working capital in a period of declining industry sales. We will also continue the drive to improve market share through excellent service and support to our customers.

The Siberian business has grown substantially since we acquired the initial dealership territory in 1998. Today the dealership covers a vast geography, spanning six time zones across eastern Russia. The region has many exciting growth opportunities in mining, construction and forestry segments and we are well positioned, together with Caterpillar, to take advantage of growth opportunities in these areas. Annual revenue earned by the business is approaching US$300 million and operating margins and profits have been rising steadily. This represents a significant long-term growth opportunity for the group.

Automotive

The division experienced difficult trading conditions in most markets and a number of steps have been taken that will release capital from those businesses earning sub-optimal returns.

The Avis car rental business in southern Africa improved revenue this year, but profits declined due to a reduction in rental growth, lower fleet utilisation and a decreased used vehicle profit contribution.

Car rental operations in Scandinavia produced disappointing results from lower fleet utilisation and a declining rental rate per day in a very competitive and slowing market. We believe that the group's capital can be more effectively deployed in higher returning opportunities and the board has therefore approved a plan to dispose of the business. We are targeting to complete the sale before the end of September 2009 and the business has been disclosed as part of discontinued operations in the current year.

The Avis fleet services business performed well as it continued to profitably grow its fleet under finance and maintenance contracts.

The motor retail business in southern Africa performed satisfactorily in the context of a market which saw new vehicle sales declining by 16% year on year. The continued strategic re-alignment of the dealership network led to a reduction in the number of brands represented and in the number of dealerships. The consolidation of the NMI-DSM business, our Daimler operation in KwaZulu-Natal, from 1 March 2008 positively contributed to the result. We have reached agreement to dispose of 50% of our shareholding in Subaru to Toyota Tsusho Corporation with effect from 1 November 2008.

In Australia the motor retail business performed well and the major dealership building and refurbishment programme was completed.

In 2009 the focus will remain on optimally managing our fleets and working capital and continuing to extract the benefits from our integrated motor vehicle usage solutions offering in South Africa.

Handling

Trading conditions were good throughout the year in South Africa where the materials handling and agriculture businesses both performed very well.

In Europe, we performed well in Belgium and the Netherlands. However this was offset by weak conditions and reduced profitability in the UK. The UK business has been restructured into geographic regions in order to improve customer service and expedite decision making.

The economic environment in the USA was difficult, with industry sales well down year on year. As in the UK, our USA business has also been restructured into four geographic regions.

The focus next year will be on implementing a project to improve and standardise business processes and systems to drive efficiencies throughout the division. We will also continue to develop our integrated solutions offering to customers and intensify the focus on asset management.

Logistics

The division reported a good increase in profits with most lines of business showing strong organic growth.

The development of the business was further enhanced by the acquisition of three sea and airfreight businesses during the year. These businesses, which together provide multi-modal freight forwarding from south-east Asia to Europe and Africa via a hub in Dubai, represent a significant opportunity to extend our logistics service offering internationally.

The focus next year will be on completing the integration of the businesses acquired this year, accelerating our growth into other parts of Africa and improving efficiencies in our European business. We will continue to develop our value added solutions-based logistics services to differentiate our customer offering.

Black Economic Empowerment (BEE) and transformation

The group's BEE transaction was completed in September 2008. The transaction is broad based and includes six strategic partners, three community service groups, black managers in the group and our South African employees.

The transaction provides for the issue of a maximum of 22.7 million new Barloworld ordinary shares representing approximately 10% of the issued share capital of the company. Importantly, post the transaction the effective black ownership of the South African businesses, calculated in terms of the BEE Codes, amounts to approximately 29%.

We continued to make good progress in meeting our empowerment and transformation objectives. It is notable that several of our key South African businesses are run by black executives: Dominic Sewela (equipment), Litha Nkombisa (motor retail) and Isaac Shongwe (logistics). We are also pleased that all our SA businesses were able to achieve an indicative Level 5 BEE rating or better in terms of the Codes of Good Practice on broad-based black economic empowerment. Our target remains for each of these businesses to be at Level 4 by end 2009.

Executive leadership

We have an experienced and committed executive team with an effective leadership development and succession planning process in place. A Leadership Development Centre is being built at our offices in Barlow Park as part of an expanded initiative to grow and develop our leadership talent. A global leaders meeting for around 120 of our senior executives worldwide was held in Johannesburg in February 2008 at which we communicated, developed and refined a common vision, strategic profile and strategic focus areas for the group going forward. We also developed and shared ideas around our integrated customer solutions strategy as a source of competitive advantage for the future.

Khanyisile Kweyama was appointed to the executive committee in February 2008 with responsibility for global human resources and transformation.

Isaac Shongwe will take over as CEO of the logistics division from Paul Stuiver with effect from 1 January 2009.

Brandon Diamond and André Lamprecht retired from the executive committee in December 2007 and Peter Surgey in September 2008. I would like to thank them for their dedicated service and significant contribution to the group in various capacities over many years.

I wish to thank our executive team, senior management and employees for their hard work and dedication in what has been a challenging local and international economic environment for a number of our businesses this year.

Outlook

Government intervention in many of the developed economies following the global financial crisis should bring a measure of stability to global credit markets in the medium term. However, the effect on the real economy is still likely to be felt for some time to come. Commodity prices have weakened, admittedly from very high levels, and some of the larger developed economies will not be able to ward off a recession next year. Our businesses in the USA, UK, Europe and Australia will be adversely affected under this scenario, with some likely knock-on effects for our operations in emerging markets.

Despite the deferral of some projects, ongoing demand in the mining and construction sectors in southern Africa coupled with increased power systems opportunities should contribute to another good year in the equipment business.

In Iberia, the construction sector is under significant pressure led by a decline in the residential market. Funding constraints and delays in public works spending are also leading to declines in the heavy construction market. This trend became more pronounced in the second half of our financial year and is expected to continue into 2009.

In Siberia, a slowdown in spending in mining and infrastructure projects will impact on growth in revenue and profitability.

Sales of new and used motor vehicles in southern Africa are expected to remain under pressure next year. The car rental business should be stable with anticipated increasing activity in the second half of 2009. The fleet services business is set to benefit from recently awarded contracts while demand from fleet operators continues in response to the higher holding and operating costs of vehicles.

The South African handling business is expected to show satisfactory growth in 2009. Trading conditions will be difficult in the USA and Europe but focus will be on improving efficiency through management initiatives being implemented.

The benefits of the acquisitions made this year and growth in the African business will contribute to improved results from the logistics division.

Our strategies and products are fundamentally sound, our balance sheet is strong and the company is well positioned to take advantage of growth opportunities as they arise. The global growth outlook has deteriorated following the financial crisis and its impact on the real economy. We are likely to face more difficult trading environments in most of our major markets and geographies in the year ahead.

Clive Thomson
Chief executive officer

Don Wilson *Finance director*

Finance director's review

- Normalised headline earnings per share from continuing operations, increased by 29% to 760 cents (2007: 589 cents).
- Debt maturity profile significantly improved.

Group operating performance

Revenue from continuing operations increased by 18% to R46 830 million. Equipment southern Africa continued to benefit from increased spending on infrastructure and mining, growing revenue by 39%. The acquisition of the Swift and Flynt group of companies by the Logistics division in April 2008 and the consolidation of the NMI-DSM motor dealerships from March 2008 collectively boosted revenue by R2 703 million.

Operating profit, before the IFRS2 charge in respect of the black economic empowerment (BEE) transaction, rose by 31% to R2 988 million.

The current year non cash BEE charge of R337 million comprises R192 million representing the market price of the shares donated to the general staff trust, R33 000 relating to the black managers, education and non-executive directors' trusts and R145 million arising from the transactions with the strategic black partners and the community service groups.

Fair value adjustments on financial instruments include a loss of R115 million (2007: R312 million gain) arising from the marking to market of Pretoria Portland Cement Limited (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 2007. Included in operating profit is a gain of R85 million (2007: R20 million) resulting from the reduction in the company's liability to share option holders.

Finance costs increased by R258 million to R889 million. This was largely due to higher global interest rates and increased borrowings to support growth in working capital, mainly in the equipment division.

Taxation rose by 11% to R608 million (2007: R549 million). Secondary taxation on companies (STC) declined to R67 million (2007: R148 million). The 2007 charge included R125 million relating to STC paid on the special R5 per share dividend. The effective taxation rate (excluding the BEE charge, exceptional items, STC and prior year taxation) was 29.6% (2007: 28.5%).

Income from associates and joint ventures of R72 million is above last year (2007: R53 million) despite the conversion of the NMI-DSM associate to a subsidiary and is due to improved results from the European equipment joint ventures, mainly Equipment Siberia.

Exceptional losses of R17 million include profits of R30 million from the disposal of properties, investments and subsidiaries and impairments of plant and equipment, goodwill and investments of R47 million.

Headline earnings per share (HEPS) from continuing operations, excluding the BEE charge, increased by 13% to 760 cents (2007: 672 cents). Excluding abnormal and non recurring items in 2007 of R294 million (after tax gain on the initial marking to market of the PPC shares) and R125 million (STC charge on the special dividend), the current year's normalised HEPS of 760 cents reflects growth of 29% over last year's adjusted 589 cents.

HEPS from continuing operations, including the BEE charge, declined to 616 cents (2007: 672 cents).

Discontinued operations

Discontinued operations for 2008 comprise the results of:

- The coatings division for the two months until the unbundling in December 2007;
- The laboratory business for the two months until disposal in November 2007; and
- The Scandinavian car rental business for the twelve months pending its disposal which is expected in 2009.

The contribution from these operations for the current year total a net loss of R11 million and comprise the following:

R million	2008	2007
Headline earnings	(3)	1 032
Exceptional charges, after tax	(8)	140
Net (loss)/earnings	(11)	1 172

Exceptional items include an impairment of R333 million to the goodwill attributable to the Scandinavian car rental business and an after tax gain of R326 million arising from the disposal of the laboratory business.

Headline earnings from discontinued operations for 2008 total 2 cents per share (loss) (2007: 509 cents profit).

Black economic empowerment (BEE) transaction

The financial implications of the transaction are summarised as follows:

- ### Strategic black partners

  12 331 337 Barloworld ordinary shares were issued to six partners at par. These shares enjoy full shareholder rights including voting and dividends. The partners contributed R40 million in equity to a special purpose vehicle (SPV) and borrowed R994 million from two financial institutions. These funds were on-lent to Barloworld. The Barloworld loans carry a fixed interest rate of 11.78% per annum and are repayable on 22 September 2015. The loans from the financial institutions to the SPVs comprise a fixed rate loan of R726 million, repayable in fixed semi-annual instalments over seven years, and a subordinated floating rate loan of R268 million. The loans are repaid using the interest received on the loans to Barloworld and dividends received on the Barloworld shares.

  At the end of the seven year period (22 September 2015) the six partners are obliged to sell the 12 331 337 Barloworld ordinary shares to Barloworld at par and to subscribe for 12 331 337 Barloworld ordinary shares at a subscription price of R179.69 per share. The subscription price of R2 216 million payable by the six partners will be funded from the proceeds of the loans repaid by Barloworld and by securing additional funds from lenders. The six partners may not sell or otherwise dispose of their shares during the seven year "lock in" period.

  The shares held by the six partners are not included in issued shares for purposes of calculating basic earnings per share. Dividends paid to these shareholders during the financial year are deducted from earnings attributable to ordinary shareholders and therefore impacts the earnings per share calculation. The SPVs which hold the Barloworld shares and the loans are not considered to be subsidiaries and are not consolidated into the Barloworld Limited group results.

- ### Community service groups (CSGs)

  2 153 676 Barloworld ordinary shares were issued to three CSGs at par. These shares enjoy full shareholder rights including voting and dividends. As in the case of the strategic black partners, the CSGs contributed equity (R4.5 million) to SPVs and borrowed R176 million from the financial institutions. Funds totalling R179 million were on-lent to Barloworld. The loans from the financial institutions comprised a fixed rate portion of R127 million and a floating rate portion of R49 million. The terms and conditions of these loans and the loans to Barloworld are the same as those applying to the strategic black partners.

  At the end of the seven year "lock in" period, the CSGs are obliged to sell these shares to Barloworld at par and to subscribe for 2 153 676 Barloworld ordinary shares at a subscription price of R179.69 per share. The subscription price of R387 million will be funded from the proceeds of the loans repaid by Barloworld and by securing additional funds from lenders.

  The accounting treatment in respect of the shares held by the CSGs will be the same as that applied to the strategic black partners.

- ### Education Trust (ET) and Black Managers Trust (BMT)

  1 054 058 Barloworld ordinary shares were issued to the ET and 3 060 166 ordinary shares to the BMT at par. The shares

issued to the BMT vest in the beneficiaries over five years from the date of the award. No dividends are paid on the shares held by the BMT and the ET will only be entitled to receive 25% of dividends declared up to 30 September 2009 and 50% of dividends declared after 30 September 2009.

The ET and BMT may not sell or otherwise dispose of the shares during the seven year "lock in" period. At the end of the "lock in" period the number of "free" shares are computed based on an agreed formula. These "free" shares will be transferred to the black managers who will then be free to deal with their shares as they deem fit. The balance of the shares will be returned to Barloworld at par.

For accounting purposes, the ET and the BMT are considered to be subsidiaries of Barloworld and will be consolidated into the group results. The Barloworld shares held by the trusts will be treated as treasury shares. The treasury shares will not be included in issued share capital for purposes of calculating earnings per share. An IFRS2 charge will accrue on the shares awarded by the BMT over the vesting period. This charge is estimated at R3 to R5 million per year. The charge in respect of the shares issued to the ET will arise as the ET distributes any proceeds it receives to its beneficiaries.

- Black non-executive directors trust

  108 030 Barloworld ordinary shares were issued to the trust at R83.31 per share to be held for the benefit of three non-executive directors. The shares vest in the beneficiaries over five years. The trust, and the beneficiaries, will be entitled to receive all dividends declared by Barloworld but will not be entitled to sell or otherwise dispose of the shares for seven years.

  The trust will be consolidated into the Barloworld group results and the shares will be treated as treasury shares. An IFRS2 charge of approximately R2 million will accrue each year over the vesting period.

- General staff trust (GST)

  2 980 829 Barloworld ordinary shares were issued to the GST at par. These shares were allocated to qualifying employees on 30 September 2008. The trust and the beneficiaries are entitled to receive all dividends declared by Barloworld but may not sell or otherwise dispose of the shares for five years from the allocation date.

  The shares vested in the beneficiaries on the allocation date. The shares held by the trust will be included in issued shares for purposes of calculating earnings per share.

The loans advanced by the strategic partners and the community service groups to Barloworld, totalling R1 207 million, are subject to certain covenants. These covenants, which are formally measured on 31 March and 30 September each year, include interest cover targets, earnings to net debt ratios and cash flow to interest and other debt service obligations.

These covenants are replicated in the special purpose funding entities within the lenders' structures. In addition the lenders are subject to a further covenant which requires the market value of their Barloworld shares to exceed the balance outstanding on the subordinated floating rate loan by a specified cover ratio. Should this ratio be breached, the banks which have advanced the loans have the option to sell the underlying Barloworld shares to recover their loans. In this scenario Barloworld has the option to advance an interest free loan to the lenders which restores the ratio. This option is available as a mechanism to preserve the BEE structure. In addition Barloworld is entitled to buy back any shares at the market value. Based on the shares held and the outstanding loan balances at 30 September 2008, the cover ratio will be breached when the volume weighted average Barloworld share price falls below R38 over a three day period.

In order to protect the participants against a significant increase in interest rates while the loans are outstanding, an interest rate hedge in respect of the floating rate loans was concluded with a financial institution on 18 September 2008. (Further information is provided in the sustainability report on pages 102, 103 and in the annual financial statements on page 231.)

Cash flow

The consolidated cash flow statement for 2008 includes the cash flows of all divisions and businesses while they were subsidiaries of the Barloworld group.

Operating cash flows from continuing operations, before movements in working capital, increased by 24% to R4 914 million (2007: R3 970 million).

Cash flow from operations decreased to R1 981 million (2007: R3 888 million). The cash flow in 2007 is not comparable as it includes cash flows from PPC, coatings and scientific prior to their unbundling or disposal.

Working capital increased by R1 547 million due to higher levels of trading activity particularly in the equipment division where working capital increased by R1 676 million.

Net cash used in investing activities amounted to R2 606 million (2007: R880 million) and is made up as follows:

R million	**2008**	2007
Net (disposals) of subsidiaries and investments	**(102)**	(1 083)
Net additions to property, plant and equipment	**804**	1 364
Net investment in fleet leasing and rental assets	**1 904**	2 283
Proceeds on disposal of leasing assets		(1 684)
	2 606	880

Net cash outflow before financing activities amounted to R1 247 million (2007: R379 million inflow).

In addition to the above outflow, an amount of £55 million (R759 million) was paid into the merged UK defined benefit pension funds to fund the actuarial deficit.

Balance sheet

Total assets increased by 11% to R33 957 million. The unbundling of coatings and the disposal of the laboratory business in the first quarter of this year reduced total assets by R2 309 million.

The currency effect on translation of offshore assets resulted in an increase of R721 million following the depreciation of the rand at 30 September 2008 compared with 30 September 2007.

Assets classified as held for sale amounted to R3 156 million (2007: R1 447 million).

R million	**2008**	2007
Scandinavian car rental assets	**2 681**	
Subaru Southern Africa	**185**	
Laboratory assets		972
Vehicles and equipment rental fleets and other assets	**290**	475
	3 156	1 447

Liabilities directly associated with these assets amounted to R1 996 million (2007: R210 million) including interest bearing borrowings of R1 356 million (2007: nil).

Borrowings

Total interest bearing borrowings were R10 644 million (2007: R9 066 million) and includes R300 million attributable to NMI-DSM which was consolidated into group results for the first time this year, R76 million in respect of Subaru and R1 280 million attributable to the Scandinavia car rental business.

Borrowings in the three segments utilised in the group for gearing purposes are as follows:

Total debt to equity %	Trading	Leasing	Car rental	Total group
Target range	30 – 50	600 – 800	200 – 300	
Ratio at 30 September 2008	**51**	**552**	**165**	**82**
Ratio at 30 September 2007	38	646	216	81

At the end of the 2007 financial year the maturity profile of the group's borrowings was weighted in favour of the short-term component (52:48). The proceeds of R1 207 million received in long-term funding from the BEE transaction were used to settle short-term borrowings. The long-term maturity profile at 30 September 2008 has improved to 57% (2007: 48%).

Borrowings profile R million	**Borrowings September 2008**	Redemption 2009	2010	2011	2012 onwards
South Africa	**7 658**	3 624	541	1 676	1 817
Offshore	**2 986**	948	729	112	1 197
Total	**10 644**	4 572	1 270	1 788	3 014

Finance director's review *(continued)*

Subsequent to 30 September 2008, the company issued a seven year bond which will further improve the maturity profile of the group's borrowings. The bond (Baw2) raised R750 million at a fixed interest rate of 11.67% per annum. The proceeds, which were received on 2 October 2008, were utilised to repay short-term debt.

Cash and cash equivalents totalled R1 238 million (2007: R1 201 million). Reserving requirements in the company's captive insurance operations restrict the use of cash balances of R292 million (2007: R235 million).

Financial ratios

		Target	**2008**	2007
CFROI (%)		>8	**10.3**	12.2
Operating margin (%)	– continuing operations	>6	**6.4**	5.7
Return on net assets	– Group (%)	>18	**15.1**	20.2
	– Trading – continuing operations (%)	>20	**21.0**	17.8
Return on equity (excluding exceptional items and BEE charge) – continuing operations (%)		>20	**13.7**	11.7
Interest cover	– Group (times)	>3	**2.9**	3.4
	– Trading (times)	>4	**4.4**	5.3
	– Leasing times)	>1	**1.3**	1.4
	– Car rental (times)	>1.25	**1.0**	1.8
Dividend cover (times)		2 – 3	**2.9**	3.1
Net debt/EBITDA (times)		<2.5	**1.8**	1.3
Working capital days		<35	**40**	24

The 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 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.

Interest cover in the car rental business fell below target this year due to difficult trading conditions in South Africa and Scandinavia and the inability to pass on higher interest costs to customers. This adversely impacted the group cover ratio.

Accounting policies

The company's practice is to adopt accounting changes early, wherever possible. The next set of material amendments to international accounting standards are only due for adoption by the company in 2010. These amendments will be considered next year and will be adopted early, wherever possible.

New accounting standards adopted this year include IFRS7 Financial Instruments: Disclosures, IAS1 Presentation of Financial Statements (Revised), IFRIC13 Customer Loyalty Programmes and IFRIC16 Hedges of a Net Investment in a Foreign Operation.

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

The disclosures required in terms of IFRS7 are dealt with in the notes to the financial statements.

Acquisitions and disposals

The company disposed of its 65% shareholding in Garden City Motors (Proprietary) Limited to its 50% held joint venture company, NMI-DSM in return for additional shares in NMI-DSM. This transaction resulted in the company's shareholding in NMI-DSM increasing to 51.2% and NMI-DSM was consolidated into the Barloworld group results with effect from 1 March 2008.

The company acquired the Swift, SAT and Flynt sea and air freight businesses in April and May 2008 for a combined purchase price of US$88 million (R711 million). The acquisition was funded from offshore cash resources.

These acquisitions contributed revenue of R836 million and operating profits of R18 million since their acquisition.

The more significant disposals during the year included:

- The laboratory business for R1 077 million;
- The Iberian lift truck assets for €30 million; and
- The South African handling rental book for R436 million.

Following shareholder approval on 23 November 2007, the coatings division was listed separately on 3 December 2007 and unbundled to shareholders on 10 December 2007.

Following a strategic review of the Scandinavian car rental business, the company has approved a plan to dispose of this business.

Subsequent to the year end we have reached agreement to dispose of 50% of our shareholding in Subaru Southern Africa to Toyota Tsusho Corporation, a company owned by the Subaru vehicle manufacturer, Fuji Heavy Industries.

Shareholder information

In addition to the 21 688 096 ordinary shares issued in terms of the BEE transaction, a further 1 347 125 ordinary shares were issued to satisfy the requirements of the company's share option scheme. An equivalent of 17 837 387 shares issued in respect of the BEE transaction will qualify for this year's final dividend.

Dividends

Dividends totalling 250 cents per share were declared in respect of this year's earnings (2007: 375 cents).

The year ahead

The company's balance sheet is strong and operating cash flows are good. The current financial crisis has introduced considerable uncertainty in many markets around the globe. The focus in the year ahead will be on improving cash flows by critically evaluating capital expenditure and reducing working capital. Interest-bearing debt will be further reduced upon completion of the disposal of the Scandinavian car rental business.

Don Wilson
Finance director

Operational review

Equipment

Operational profile

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 reduce operating costs.

Peter Bulterman (52)
Chief executive officer:
Southern Africa
Director Equipment Siberia

HND Mech Eng
33 years' service

Viktor Salzmann (62)
Managing director:
Iberia (Spain and Portugal)

Eidg Dipl Kaufman
Institute Juventus
39 years' service

Dominic Sewela (43)
Chief executive officer:
South Africa

BSc Chemical Engineering
1 year service

Areas of operation

South Africa	Other African territories	Iberia	Russia
South Africa	Angola Botswana Cape Verde Democratic Republic of Congo (joint venture) Malawi Mozambique Namibia São Tomé and Principé Swaziland Lesotho Zambia Zimbabwe	Andorra Spain Portugal	Siberia (joint venture)

Operational review *(continued)*

Equipment

Barloworld Equipment supplies Caterpillar equipment and support to customers in 11 countries in southern Africa, Siberia, Spain, Portugal, Andorra, Cape Verde and São Tomé and Principé.

Complementary brands also represented by the equipment division include MAK and Perkins engines (both Caterpillar subsidiaries), Atlas Copco rotary blasthole drills and Metso mobile crushing and screening equipment. 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 reduce operating costs. Facilities throughout the division's territories offer world-class customer support, while comprehensive in-house employee training ensures professional delivery of appropriate customer solutions.

Leadership team

Southern Africa leadership team

Peter Bulterman (52)
Chief executive officer
Southern Africa
HND Mech Eng
33

Fergus Macleod (56)
Financial director
Southern Africa
CA(SA), BCom
28

Terry Dearling (49)
Human resources director
Southern Africa
BA Psychology
14

Shane Fitzpatrick (46)
Marketing director
BSc Mech Eng
4

Kenny Gaynor (50)
Executive director
CA(SA), HND Elec Eng
16

Chris Gibb (58)
Executive director
38

Charles Nell (51)
Chief information officer
MBA
28

Ioannis (John) Polykarpou (48)
Executive director –
Customer Service and After-Sales
Southern Africa
CA(SA)
23

Dominic Sewela (43)
Chief executive officer
South Africa
BSc Chemical Engineering
1

Iberia leadership team

Viktor Salzmann (62)
Managing director
Iberia (Spain and Portugal)
Eidg Dipl Kaufman Institute Juventus
39

Victor Arnold (45)
Managing director
Portugal
BCom, MBA, DBA
10

Jorge Beltran (39)
Power systems director
Electronics Engineer
12

Maria Jose Caravaca (37)
Human resources director
Degree in Law
6

Francisco Carrillo (49)
Machines sales director
Bachelor Chemistry
33

Alberto Garcia Perea (57)
Marketing and purchasing director
Bachelor Marketing/Degree in Law
36

Graeme Lewis (48)
Finance director
MA (Cantab), ACA
13

Carlos Morales (39)
Product support director
Industrial Engineer
12

Ildefonso Villar (47)
IT director
Degree in History
32

Bernardo Villazan (49)
Operations director
Industrial Engineer
1

Isabel Vicente (51)
Rental director
Degree in Physics
33

Graziano Cassinelli (40)
Used machines director
Diploma in Chemical-Biological Analysis
0

Siberia Leadership Team

Tony Diggeden (54)
General director
Siberia – Vostochnaya Technica
32

Quinton McGeer (44)
Financial director
Siberia
CA(SA)
16

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

Operating performance

R million	Revenue Year ended 30 Sept 2008	2007	Operating profit Year ended 30 Sept 2008	2007	Net operating assets 30 Sept 2008	2007
– Southern Africa^	**11 930**	8 568	**1 523**	918	**4 178**	2 270
– Europe	**8 459**	7 422	**534**	612	**4 972**	3 738
	20 389	15 990	**2 057**	1 530	**9 150**	6 008
Share of associate income			**62**	36		

^ *The southern African materials handling operation has been included under the handling segment as from the current year. Comparatives have been reclassified accordingly.*

Overview

Barloworld Equipment capitalised on the exceptional opportunities in its markets in the 2008 financial year to produce a strong result.

Our core strategy remains the provision of solutions for our customers in all our dealership territories and we made substantial progress in our programme to attract, retain and develop skilled people to sustain support for our growing customer base.

The upsurge in world demand for commodities resulted in major capital expansion programmes by global mining houses and the emergence of a number of junior miners in southern Africa. Our mining sector solutions strategies, including our Maintenance and Repair Contract (MARC) and the application of technology to improve cost per ton, produced added value for customers throughout southern Africa and Siberia.

Our integrated solutions strategy encompassing new, used and rental options gained momentum in the construction industry. Cat Certified Used (CCU) received particular attention in South Africa and our southern African rental business increased utilisation and profitability. Declining business confidence in Spain and a continuing depressed market in Portugal put pressure on construction and rental margins in Iberia.

Global demand for electric power increased to support economic growth and a dedicated segmented business unit was formed to take advantage of the significant opportunities for the supply and support of power solutions in southern Africa. We were appointed the southern African dealer for MAK engines, giving us scope to expand our role in marine markets including oil and gas, as well as major terrestrial applications such as power stations.

WesBank, the South African market leader in asset based finance, and Cat Financial, a wholly owned subsidiary of Caterpillar and the biggest financier of Caterpillar machines world wide, formed an alliance known as Cat Financial Services SA to serve Barloworld Equipment's Cat customers in southern Africa.

Our common goals strategy with Caterpillar has been a key enabler in delivering solutions to challenges such as machine delivery timeframes and skills shortages.

Southern Africa

All our markets in southern Africa grew significantly and our extensive footprint, well established presence and strong solutions capability ensured our participation in this upward trend.

Revenue increased from R8 568 million in 2007 to R11 930 million and operating profit from R918 million to R1 523 million in 2008. The main drivers of this result were mining, construction, power generation and after sales.

Since the inception of our vision statement in 2005, *Through market leadership and empowered people deliver customer solutions that will double our active machine population by 2010*, we have continuously exceeded our growth targets. We are now well ahead of plan to achieve our vision.

The rapidly expanding Cat machine population is fuelling strong growth in after sales support. Consequently Barloworld Equipment is now Caterpillar's leading parts dealer in Europe, Africa and the Middle East.

South Africa

Infrastructure development, the commodities boom and demand for power helped Barloworld Equipment to produce excellent results and we maintained our position as market leader.

The Used Equipment Company, our joint venture with BLC Plant Company, was amicably dissolved in the interests of both partners and Barloworld Equipment is now focusing on growing its own used equipment capability.

Operational review *(continued)*

Equipment

An aggressive recruitment drive was launched to provide the skills needed in our new focused power solutions business unit. Our ability to supply containerised Cat generator sets as an immediate long-term solution for independent power production on mines and industrial sites attracted much interest.

Significant investment has been made in new and enlarged facilities to support our growing machine population. At our Isando flagship facility, an additional fully equipped machine assembly area and new workshops are under construction. Existing workshops are also being refurbished. Our Centre of Learning, for the development of technical skills, is under construction and will open its doors in 2009. Additional reference is made to this facility under *Skills development*.

The broad based black economic empowerment (BBBEE) transaction concluded by Barloworld Limited included share allocations for all South African staff. This will have the important spin-off of improved staff retention and loyalty to help offset the skills shortage, with corresponding benefits for customers.

We also made significant progress in our BEE scorecard, not only as regards ownership but also in management control, procurement and enterprise development. We have now achieved Level 4 Contributor status in terms of the Department of Trade and Industry's BEE codes, enabling customers to claim 100% of spend with Barloworld Equipment.

Employment equity remains a challenge and, in order to ensure sustainability, we have revised our forecast on this element of the scorecard to a 10 year target that involves a strong development and training component.

Other African territories

The strong commodity cycle has driven growth throughout our African territories, fuelling social and infrastructure development and increased energy consumption.

Angola experienced considerable growth in unit sales year on year, mainly into the construction and power generation sectors. Dedicated resources were assigned to the petroleum industry as well as diamond mining, which has seen the approval of 90 new projects in the past year.

In addition to ongoing expansion in Luanda, we are planning new facilities in several ports and inland centres. At the same time we are rapidly growing our skills complement in Angola and have been actively recruiting Angolans abroad as part of our localisation programme.

Congo Equipment, our joint venture with Tractafric in the Democratic Republic of Congo's Katanga Province, exceeded targets in its first year of business despite inherent logistical challenges. A large investment was made in a rental fleet to serve infrastructure development needs. An administrative centre has been established for Congo Equipment in Lubumbashi and a mining support facility is being developed in Kolwezi.

Copper mining continues to dominate our operations in Zambia and our comprehensive solutions offerings have ensured our involvement in supplying the developmental stages of new nickel and uranium mining ventures.

Adding impetus to another good year in Botswana were substantial orders from both traditional and new diamond mining customers.

The strong commodity cycle has driven growth throughout our African territories, fuelling social and infrastructure development and increased energy consumption.

Based on its long-term relationships in the buoyant diamond mining sector and business generated by the uranium fields, in particular Rio Tinto's Rossing uranium mine, Namibia has produced an exceptional result, significantly increasing its trading profit compared to 2007.

In Mozambique negotiations between Vale, a major global miner, and Barloworld Equipment are at an advanced stage for the supply of the mobile and drilling equipment, together with a MARC contract, for the Moatize coal mining project.

We are also playing an increasing role in the supply of Cat equipment into sugar production for the manufacture of biofuels.

Mining

As the mining sector grew and diversified into different commodities and geographic locations, we concluded several successful negotiations with internationally based mining giants in addition to our strong traditional customer base. Our comprehensive solutions-based offering is also finding favour with increasing numbers of junior miners who require alternative value-adding solutions.

We significantly increased machine and component rebuilds to capitalise on the second life capability that is built into Cat machines and to provide quicker and lower cost solutions. Our rebuild programme has put several Cat off-highway trucks back into productive service in the past year, assisting customers affected by the long lead times in new truck deliveries. The addition of large mining trucks to our rental fleet has provided an additional option.

Our Maintenance and Repair Contract (MARC) capability differentiates our mining equipment solutions from the competition and the mining sector continued to show its approval of this equipment supply and support solutions strategy. Several existing MARC sites have expansion plans that will involve new equipment and support, while Cat fleets with MARC contracts were delivered to high profile greenfields diamond and coal mining projects in the past year.

In addition, breakthroughs in the supply of Cat off-highway trucks were achieved at several mines where Cat trucks have not been specified in the past.

Our population of Atlas Copco rotary blasthole drills in southern Africa doubled and parts sales also grew substantially. Many customers ordered the drill rigs with new Cat fleets as part of our total mining solutions offering. With the delivery of four more units this year, the Mogalakwena section of Rustenburg Platinum Mines in Limpopo Province now has the biggest concentration of Pit Viper 351 drill rigs in the world on a single site.

The use of technology as a strategic tool to help improve cost per ton for mining customers is taking root. In a first for Africa, Assmang's Khumani iron ore mine in the Northern Cape signed a letter of intent for the installation of a Minestar Fleet Management system for its entire Cat mining and support fleet.

The mining sector has eagerly awaited the launch of Caterpillar's upgraded 797, the world's largest mechanical drive truck at 350 ton capacity, as well as the new 795 300-ton AC-drive truck and 793F 240-ton electric drive truck. All three were unveiled at Minexpo in Las Vegas in September and will enhance our market leadership.

Construction

Barloworld Equipment's heavy construction business achieved record levels of performance, significantly exceeding expectations. We maintained a strong presence in all major construction projects, including the national roads programme and other high profile infrastructure projects.

Our integrated new, used and rental solutions strategy met with market approval, all three sectors showing significant growth. Caterpillar's new 360° Solutions offering, incorporating financing, warranty and preventative maintenance kits with new and used machines, has been well received.

The dip in the residential and small building sector adversely affected our general construction (under 20-ton) equipment business, where sales were flat for the second half of the year. The problems experienced with backhoe loader deliveries in 2007 were resolved and the industry standard Cat backhoe loader retained its market leadership. The Cat skid steer loader also experienced improved success as a cost efficient utility tool for smaller sites.

Revenue doubled in the Metso mobile crushing and screening business, as it has every year since Barloworld Equipment took on this dealership in 2005. Vigorous growth in sales and support is expected to continue.

Rental and used

The Rent-to-Rent and Rental Services divisions for our heavy construction and general construction rental business performed well. Operating profit improved significantly and Barloworld Equipment is now the industry leader. Our rental fleet is expanding rapidly and we have diversified to include large mining trucks, Atlas Copco Pit Viper drill rigs and Metso mobile crushing units in the fleet.

A high utilisation, rapid rollout policy is being pursued to maintain a young, healthy rental fleet and provide stock for our Cat Certified Used (CCU) offering, which was launched during

Equipment

the year. CCU offers low hour machines with warranty to provide opportunities for the establishment of a new customer base outside our traditional markets. Used sales are expected to increase significantly in the next year.

Power systems

A dedicated segmented business unit was formed for the supply and support of power solutions into various sectors, specifically electrical power generation (EPG), petroleum and marine. A successful recruitment campaign saw many more design and engineering skills entering our power systems business, which grew substantially on the back of power supply and distribution shortages throughout southern Africa.

Improvements in our generator packaging business to increase throughput have proved successful and we ended the year with a healthy order book. Expansion plans include entry into the power solutions business serving the offshore oil and gas industry in Angola and the rollout of a specialised southern African marine support structure.

The MAK, Caterpillar and Perkins engine product lines together give us a comprehensive marine propulsion and terrestrial engine solutions capability with units ranging from 15 kVA to 16 000 kVA or multiples for larger applications.

Skills development

The biggest challenge to southern Africa's economic growth is the shortage of skills. Barloworld Equipment's top strategic priority remains the attraction, retention and development of skills to support our customers.

Our attraction and retention policy is being driven through strategic partnerships with educational institutions and recruitment initiatives for the attraction of new people, together with a rewards strategy and skills development at all levels to retain current skills.

Our R130 million Centre of Learning at Isando is under construction and will deliver technical training for all territories, including learnerships, accelerated basic classes (ABC), product training and operator training. An apartment block has been acquired to accommodate learners during training.

A Leadership Development Centre has also been established at Barlow Park in Sandton to equip all Barloworld Equipment's managers to optimise their leadership and coaching skills and achieve optimum performance from their teams.

We became the first company to receive approval from the Manufacturing, Engineering and Related Services Seta (MERSETA) for our NQF Level 4 course and will be training more than 20 senior artisans in NQF Level 4 next year. We are also endeavouring to have our four levels of learnership adopted by all the territories in which we operate. To date the Botswana Training Authority has accepted the South African learnership and our Zambian team is working hard to achieve a similar arrangement with its national training authority.

Our learnerships at all levels grew and several more trainers joined our team. There were 203 learners in our system at the end of the 2008 financial year and an intake of 380 is expected by April 2009. As part of our localisation programme 16 artisans from Barloworld Equipamentos Mozambique were trained at our South African flagship facility at Isando.

A total of 60 students completed our new pre-learnership course through the Mandela Barloworld Agricultural School in Limpopo. The programme – a first for South Africa – is a bridging course to give school leavers a better chance of succeeding in learnerships.

Due to the international skills shortage many qualified artisans are recruited from industry and the Accelerated Basic Classes (ABC) offer these artisans a bridging programme to enable quick and successful integration into our business. By the end of 2008, 74 people will have completed our ABC programme and 84 more will complete this fast track basic technical training in 2009.

In the past year R45 million has been spent on adjusting employees' salaries to competitive market rates. These adjustments have applied mainly to our artisans and supervisors.

Outlook

While we are optimistic about the medium- to long-term future of commodity prices, caution must prevail following the turmoil in world markets towards the end of the financial year.

Nevertheless significant opportunities exist for new machine sales in the southern African mining industry next year. In our southern African territories – excluding South Africa – there were 82 operational mines and 339 new mining projects in the pipeline at year end.

A strategic priority in the coming year is to promote industry understanding and acceptance of the use of technology to improve mining cost per ton.

We expect heavy construction equipment sales to remain strong and new marketing initiatives, including television advertising, were launched early in the new financial year to improve market awareness of the smaller Cat machine ranges in particular.

Strong growth is set to continue in our African business and our southern African operations outside South Africa are expected to comprise 40% of our African revenue by 2013.

New facilities are planned for 2009 to support the growth in our machine and power business as well as component rebuilds for both the mining and construction sectors.

Iberia

Revenue in Spain decreased by 2.67% in local currency terms, driven by a slowdown in the residential construction market and government delays in public works spending.

Portugal´s revenue was higher than the previous year. The key drivers of improved revenue were machine sales for cross-border projects and power systems turnkey projects, particularly in the Azores. After sales market share growth was also pleasing.

The Portuguese economy showed signs of revival as GDP grew and the government deficit was reduced. Infrastructure investment remained stagnant in 2008 and many large construction companies internationalised their operations to weather lower domestic demand. However transactions for Portuguese contractors working outside the country yielded lower returns, reducing profit margins.

Despite the decline in sales in Spain, we gained significant market share in Cat machines, parts and after sales service in our Iberian business, testimony to sustained focus on our common goals strategy with Caterpillar as well as our ongoing drive to improve territory coverage and sales effectiveness.

Metso mobile crushing and screening equipment joined our product range, further enhancing our solutions offering in Iberia.

We disposed of our Mitsubishi forklift truck operation enabling us to redirect our resources to our core business as a Cat earthmoving machine and engine dealer. The lift truck long-term rental fleet has been transferred to the new dealer, which resulted in a €30 million cash inflow. At the same time we have reduced our staff complement by 90 people.

In response to the economic downturn we have renegotiated our bank lines, increasing our committed facilities by €19 million and extended them for a minimum of two years from the balance sheet date. Together with our exit from long-term lift truck rental, this gives our Iberian businesses a strong balance sheet in the current difficult market.

Changes to operational and line of business management positions in Iberia have been consolidated and our young dynamic team is tackling the market challenges with enthusiasm and fresh ideas.

Construction

The Iberian construction machine market has decreased by 40% in total units and 43% in small machines.

The Spanish general election in March slowed down budget execution, but the government is committed to infrastructure spending to support the economy. The budget proposal for 2009 generally reaffirms alignment with the goals of PEIT 2020 (Strategic Plan for Infrastructure and Transport 2020).

Our sales strategy had been adjusted to weather the market downturn and a core traditional customer base identified for specialised attention. New senior management positions have been created and branches reopened to serve this business.

Efforts to reach new customers were intensified via telemarketing, direct mail campaigns, machine demonstrations, open-house activities and specialised advertising.

We took steps to reduce inventory levels, including reassessment of orders, diverting products to other dealers and exploring emerging new markets.

Rental and used

While rental remains a major long-term opportunity in Iberia, the decline in this sector has negatively impacted our results.

Small construction equipment is working at 50% capacity in both Spain and Portugal, significantly reducing our rental fleet utilisation. A plan is in place to dispose of part of the rental fleet to improve utilisation rates.

By broadening the markets in which we compete we hope to gain more market share, particularly in short-term rentals. We have introduced focused expertise in small Cat product to assist in improving this sector.

Operational review *(continued)*

Equipment

Portugal´s revenue was higher than the previous year. After sales market share growth was also pleasing.

Power systems

In engines the impact of the economic conditions will not be felt immediately, if at all, as the order book shows no sign of a slowdown. The marine, industrial and locomotive segments remained strong.

We placed special emphasis on offering the market comprehensive solutions from engines to small power generating installations, a strategy that assisted in substantially increasing revenue. We also benefited from growing shipping tonnages. Diversification in the shipyards from fishing to segments such as supplies, ferries and mega-yachts resulted in increased MAK engine sales.

Sales into power generation recovered in Spain and a dedicated team has been assigned to capitalise on this opportunity.

We are working with customers to develop a new prototype locomotive engine, Euro 3000, using the new Cat C175 engine. Two prototypes will be tested within the next two years, offering significant longer-term business opportunities.

Product support

We lost some ground in product support due to lower utilisation of the active machine population. Support for public works fleets and engines kept demand at a reasonable level.

The 360º Solutions launch strategy, offering Cat customers warranty, service and parts, and finance as part of customised machine packages, has been successful. Some 60% of applicable machines sold last year included a 360° Solutions contract. This is 43% up on the previous year and will ensure good future parts and service support revenues.

Skills development

The new management team has been supported with a comprehensive coaching programme, including leadership skills development, and remuneration packages have been aligned to business targets.

The Employee Value Creation (EVC) programme has been a key enabler in aligning staff with key strategies and goals.

Outlook

The prospects for 2009 are not encouraging in Spain, with the earthmoving and construction sectors expected to continue their downward trend. The outlook in Portugal for 2009 and 2010 is more positive based on an ambitious €42 billion public works programme over the next five years. Cape Verde remains a small but high growth area on the back of tourism infrastructure growth.

We expect our Iberian market share to strengthen as some of the less established competitors disappear in more difficult trading conditions. Our traditional customers are also better equipped to ride out the storm than many others.

Although mining is a small part of the Iberian market, demand for metals and energy is generating opportunities in copper and coal mining. Reopening of mines and new mining projects, both open pit and underground, offer future business potential.

Siberia

Vostochnaya Technica (VT), the Siberian joint venture partnership between Caterpillar dealers Barloworld Equipment and Wagner International, maintained robust growth to exceed the previous year's revenue by 55%.

Revenue increased from US$184 million in 2007 to US$285 million (55%) and operating profit from US$9 million to US$16 million in 2008 (78%). The main drivers of this result were mining (34% over 2007), construction (306% over 2007), power generation (8% over 2007) and parts (58% over 2007).

The mining sector provided the biggest share of revenue. Further inroads were made in diversifying revenue across various commodities, including coal, diamonds, nickel and gold, through our focused, segmented mining business.

Demand for electric power grew rapidly to keep pace with social and economic development and the sale and support of power generation solutions across various sectors contributed significantly to our improved result.

Strong potential exists for increased sales into new petroleum fields requiring larger units, electrical power projects and the retail generator and engine market. Our recently established power rental fleet will be expanded in 2009 and future opportunities in turnkey solutions for oil and gas rental power are being explored.

Construction also continued to grow and we are well positioned to take advantage of accelerating infrastructure development. The government has approved a budget of US$570 billion to be spent in the transport sector for 2009, including the addition of 17 000km of roads, 16 000km of railways, 100 airport runways and 400 tons of maritime capacity.

The market for construction equipment is estimated to be growing between 10 and 25% annually and construction output expanded by more than 30% in 2007 and 20% in 2008. This market is being augmented by the poor condition of much of the construction equipment currently in use.

We established a Cat rental fleet to capitalise on the opportunities and gain experience in this sector and we expect continued expansion of this fleet in 2009.

The Metso mobile crushing and screening product range has been launched in Siberia, adding to our solutions capability in both construction and mining. The mobility of the Metso range is expected to prove valuable to contractors in Siberia to process raw materials in remote areas.

VT was also appointed the dealer for the Cat range of specialised forestry machines. A dedicated team has been established to pursue opportunities in this sector and a roadshow is being planned to showcase our capabilities to potential customers, particularly in the eastern Siberia and Krasnoyarsk regions where there are substantial forest reserves.

VT's after sales market continued to perform well, with parts revenue growing 58% over the 2007 result to US$61 million.

We are making investments in skilled people and facilities across our dealership territory to support our increasing customer base in all market sectors. The customer solutions strategy developed by Barloworld Equipment South Africa over a period of more than 80 years working with Caterpillar is standing VT in good stead to provide unprecedented levels of customer support in Russia over immense geographic areas with difficult logistical challenges.

Highlights of 2008 include finalisation of our development plans for multiple regional facilities. Appropriate properties are now being sourced in the Magadan, Irkutsk, Kuzbass and Yakutia regions. Construction of a US$7.5 million service centre has commenced in Novosibirsk.

The investments in new facilities, together with skills attraction, retention and development, will remain our key focus in the next year to ensure the sustainability of our growing business in Russia.

Plans to achieve our skills goals include a restructure of the human resources department, finalising an employee grading system and placing additional emphasis on training and development. A high level intellectual capital plan includes the introduction of senior expatriates into the VT structure to ensure consistency, maintain focus on critical segments and assist with skills transfer and mentoring. More than 5 000 training days were provided for employees during the financial year, at a cost of almost US$3 400 per employee trained.

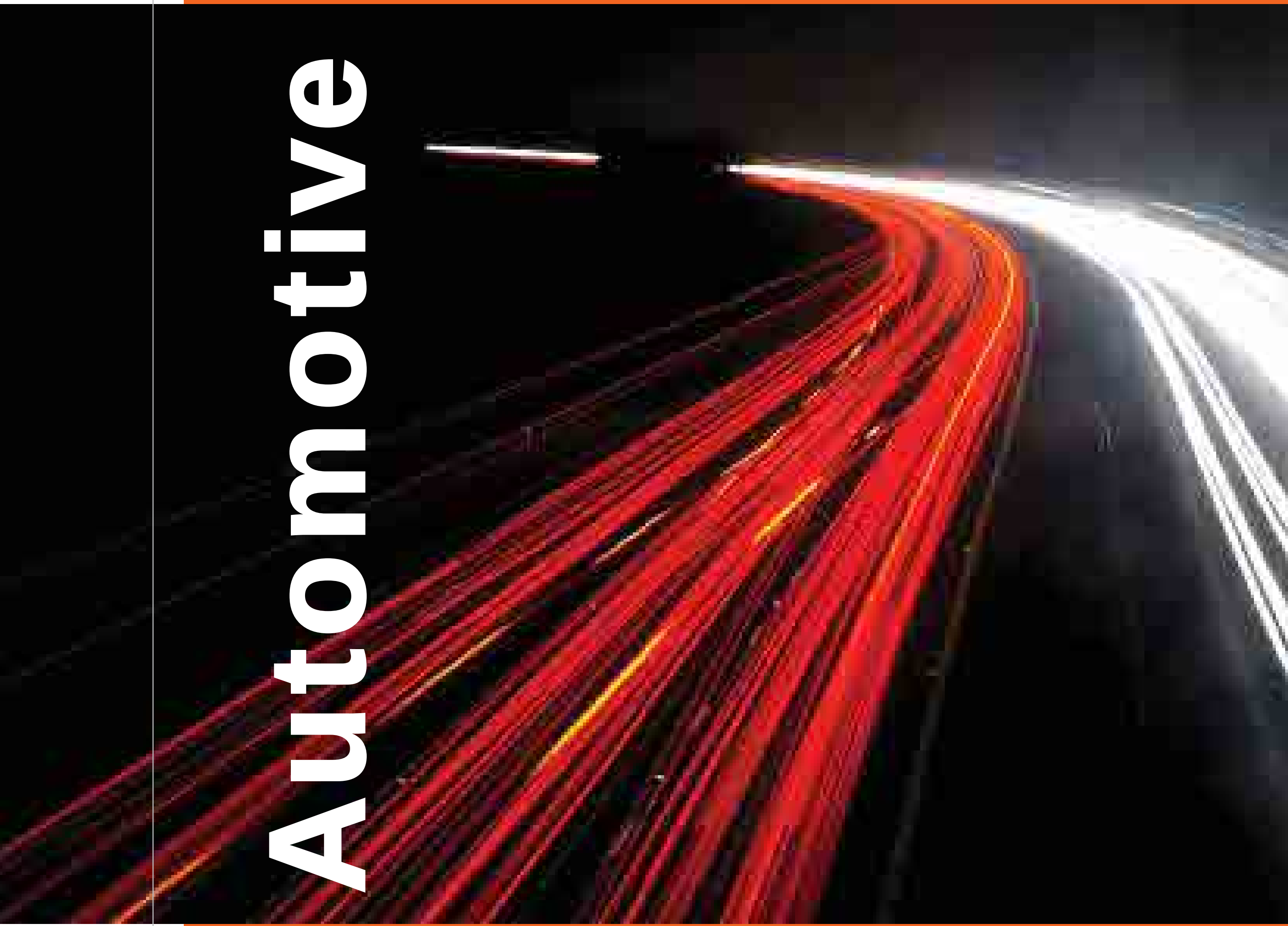
VT employed 440 people at the end of September 2008, compared with 305 in September 2007, and expects to increase headcount to 573 in the next financial year.

A partnership with the Novosibirsk University for the training of technicians has been successful, with 115 modules completed in 2008. We are investigating expanding the concept to other cities within our territory.

While we are optimistic on the medium and long-term growth potential in the region, the global financial crisis will lead to a slow down in mining and infrastructure projects in 2009. This will impact on revenue and profitability in the year ahead.

Operational review

Automotive



Operational profile

Barloworld Automotive provides a range of integrated motor vehicle usage solutions through the successful operation of complementary business units including car rental, fleet services and motor retail.

Martin Laubscher (48)
Chief executive officer:
Automotive

BAcc, BCompt (Hons) CTA, MCom
(Business Management)
21 years' service

Areas of operation

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

Operational review *(continued)*

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

Car rental operates Avis short-term car rental throughout southern Africa.

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

Leadership team

Martin Laubscher (48)
Chief executive officer
BAcc, BCompt (Hons), CTA, MCom (Business Management)
21

Allan Carter (55)
Chief executive: Motor Retail Australia
28

Dag André Johansen (43)
Chief executive: Car Rental Scandinavia
BA (Norwegian School of Management)
Scandinavia
21

Litha Nkombisa (41)
Chief executive: Motor Retail Southern Africa
BCom, MDP
1

Keith Rankin (38)
Chief executive: Car Rental
BCom (Hons)
10

Andy Richardson (47)
Chief financial officer
CA(SA)
3

Laurence Savage (44)
Chief executive: Avis Fleet Services
Reg Eng T, MBA
9

Ciko Thomas (39)
Executive: Marketing
BSc, MBA
1

Ian Walters* (59)
Chief information officer
BCom, MBA
27

Christopher Whitaker (51)
Executive: Human resources, organisational performance, strategy
BCom, LLB
20

* *Resigned 30 September 2008*

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

Operating performance

R million	Revenue Year ended 30 Sept 2008	2007	Operating profit Year ended 30 Sept 2008	2007	Net operating assets 30 Sept 2008	2007
Car rental Southern Africa	**1 586**	1 209	**250**	325	**2 849**	2 820
– Southern Africa	**11 622**	9 948	**143**	184	**1 850**	1 363
– Australia	**2 849**	2 448	**62**	48	**983**	743
Trading	**14 471**	12 396	**205**	232	**2 833**	2 106
Leasing Southern Africa*	**948**	701	**85**	76	**366**	346
	17 005	14 306	**540**	633	**6 048**	5 272
Share of associate income			**6**	17		

* *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.

An ongoing commitment and focus on *employees* through the implementation of employee value creation initiatives 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.

Complementing the group's commitment to *empowerment and transformation*, the division aggressively pursued various initiatives during the year. In South Africa these were in the context of the DTI's Broad Based Black Economic Empowerment scorecard and underscore the division's commitment to ensuring its operations reflect the societies in which they operate. In line with the group objectives, our South African car rental, fleet service and motor retail business units achieved a Level 5 or better rating and are well positioned to achieve Level 4 next year.

Financial returns remained the core focus during the year. As usual, optimising business unit performance included 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 car rental and motor retail operations respectively.

Quality of earnings and growth are addressed under the theme of *profitable growth*. Significantly, a decision was taken to dispose of our Scandinavian car rental operations which is expected to substantially improve the division's quality of earnings. Also relevant under this theme is the decision to sell 50% of Subaru Southern Africa to Toyota Tsusho Corporation, in order to secure growth for the brand with Principal support. Various other opportunities to grow the division's offering within southern Africa are currently under consideration.

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. These risks are comprehensively covered and addressed in the division's strategic initiatives.

All aspects of broad-based black economic empowerment continue to receive attention and, as an integral part of the ongoing focus on training and development in the division, Motor Retail South Africa opened a technical training centre and Avis Rent a Car South Africa established a comprehensive management development programme.

Operational review *(continued)*

Automotive

Tough trading conditions led to declining profitability for the overall division. Revenue and operating profit reached R17.0 billion and R540 million respectively. Operating profit margin was 3.2%.

The South African motor retail operations increased their market share, similarly Avis Rent a Car improved its southern African market share in terms of rental days, and our fleet services operations increased their total fleet under management.

In our continuing operations we achieved new and used vehicle retail sales of 85 934 units, against the previous year's figure of 87 711 units. Corporate operations grew car rental days in southern Africa to a total of 5.3 million compared with the previous year's 4.8 million. At year end a total of 122 419 vehicles were under finance and maintenance contracts compared to 101 910 units last year.

The motor retail businesses in southern Africa have performed relatively well in difficult market conditions that saw a year-on-year decrease in the NAAMSA new vehicle market of some 16% during our financial year. A continued focus on used vehicles and after-market opportunities supported the result.

Our Avis car rental operation in southern Africa increased revenue and rental days although higher interest rates, lower utilisation and a reduced used vehicle profit contribution negatively affected the result.

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 continued to impact profitability.

The Subaru importation and distribution business performance was negatively affected by a weaker rand.

Motor retail

Motor Retail Southern Africa

Motor Retail Southern Africa operates 41 leading motor vehicle franchise dealerships in South Africa and Botswana. The South African operations represent passenger, light, medium and heavy commercial brands and include eight coachwork repair centres, motor vehicle finance, insurance and related products and services. In Botswana passenger and light commercial brands are represented and motor vehicle finance, insurance and related products and services are provided.

New vehicle sales declined during the year as a consequence of rising interest rates and increasing consumer price inflation which placed consumer spending under pressure. In addition, stricter lending criteria due to the National Credit Act also had a negative impact on sales. Tough decisions and tight controls ensured that the business has weathered these conditions and managed to improve its market share. A total of 57 531 new and used retail units were sold in 2008.

During our financial year the NAAMSA southern Africa new vehicle market was 529 874 units of which 83.3% were dealer sales. 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 investments in well located, world-class facilities. Major new facilities were completed for John Williams Motors (Mercedes-Benz) Bloemfontein and Toyota/Lexus Centurion. Other significant new and renovated facilities include Audi Centre Cape Town, Audi Centre Bruma, Premium Brands showroom of Barloworld City Bruma (General Motors), Automark showrooms of Toyota Pretoria East and Toyota Tygervalley, and the pre-owned showroom of Club Motors Randburg (BMW). Barloworld Subaru Culemborg was relocated. Building operations were commenced for Barloworld City Johannesburg (General Motors) and Barloworld City Truck Centre (General Motors) in City Deep Gauteng, Toyota Middelburg, Barons Commercial Western Cape (Volkswagen) in Blackheath, John Williams Commercial (Mercedes-Benz) Bloemfontein, and for John Williams Motors (Mercedes-Benz) Ficksburg which is relocating to Ladybrand.

In partnership with the Maponya Group, Barloworld was awarded the Toyota franchise for the greater Soweto area. Trading is expected to commence in the last quarter of 2009.

Focus areas in the year ahead include improving asset turn, reducing working capital, controlling interest costs, containing expenses and exceeding customer expectations. Transformation and empowerment will continue to be addressed and employee value creation initiatives, particularly skills development and retention, will be emphasised.

A total of eight dealerships fall into our NMI-DSM and Garden City Motors joint venture which principally covers the Mercedes-Benz, Chrysler and Mitsubishi brands, and also includes the Subaru brand. During the year we increased our effective interest to 51.2% in these operations which are now consolidated in this year's results.

Australia

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

In accordance with our dealership strategy of "Fewer, Bigger, Better" we continued to make investments in well located, world-class facilities.

The Australian new vehicle market slowed in the latter part of the financial year resulting in a marginal increase over the prior year. Despite slowing growth, the Australian operations delivered a significantly improved performance. The Mercedes-Benz and Volkswagen operations continued to deliver strong contributions while our Holden operations remained static as smaller, more fuel efficient vehicles dominated sales. During the year the Australian operations added Volkswagen affiliate Skoda to the franchise portfolio.

For the year, our dealership network sold 9 407 new and used retail vehicles against last year's figure of 9 544.

Material events during the year under review include:

- A significant improvement in the trading performance for Barloworld Mercedes-Benz and a continuing strong contribution from the Volkswagen dealerships in Melbourne and Sydney.
- A new Volkswagen passenger showroom at Five Dock, Sydney was completed.
- A strong focus on providing retail finance and insurance services.

In October 2008, two newly built dealerships in Melbourne representing the Mercedes-Benz and Volkswagen franchises commenced trading. Barloworld is the largest Volkswagen dealer and one of the largest Mercedes-Benz dealers in Australia.

Importation and distribution

Subaru Southern Africa, which holds the licence for the importation and distribution of Subaru vehicles and related products in southern Africa, delivered 1 679 vehicles to its dealers during the year. Currency volatility undermined its contribution. Investment into improving the dealer management system and overall efficiency of the operation continued during the year. The Subaru brand has maintained its high profile and loyal customer base. A transaction has been concluded to sell a 50% stake in this business to Toyota Tsusho Corporation, effective from 1 November 2008.

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 21 340 vehicles is operated. The operations in South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland are owned, while the balance of the operations are sub-licensed. Avis Point-to-Point is a chauffeur-driven inner-city transfer service. Avis Van Rental operates a sub-licensee network in South Africa. Avis Coach Charter was introduced during the year and operates a sub-licensee 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 revenue through firmer rates and increased rental days. Rental volumes grew by 9.6% to 5.3 million rental days. Productivity was supported by a 7% growth in rental transactions. The average fleet grew by 14.2%. Market share of rental days in the region was increased. Higher vehicle holding and damage costs, increased interest payments, reduced utilisation and lower used vehicle profits, impacted on profitability.

The Point-to-Point business continues to grow.

Operational review *(continued)*

Automotive

Consistent with the division, focus areas in the year ahead include improving asset turn, reducing working capital, optimising vehicle fleets and utilisation, controlling interest costs, containing expenses and exceeding customer expectations. Empowerment and transformation will continue to be addressed and employee value creation initiatives, particularly skills development and retention, will be emphasised.

Scandinavia (Shown as discontinued)

Following a strategic review a decision was taken to dispose of our Avis Scandinavia operations. Advisors have been engaged and the transaction is targeted to be completed by the end of 2009. Avis Europe plc., which is the licensor of the Avis and Budget brands in Scandinavia, has been advised of the intended transaction.

The business operates Avis and Budget short-term car rental from more than 350 customer service centres in Denmark, Norway and Sweden. The peak regional fleet of some 17 195 vehicles includes 7 120 vehicles owned by sub-licensees. 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 11.4% to nearly 3.6 million rental days off an increase of 12.3% in rental transactions. Several corporate stations have been converted to licensees to optimise the opportunities in the marketplace. Profitability in the region was disappointing with the Avis operations under-performing in all three countries due to lower than expected rental day growth, negative rate per day growth and lower fleet utilisation.

The Budget network across all three countries continued to grow their revenue per rental day while maintaining rental day volumes.

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 metro centres in South Africa and regional operations in Botswana, Lesotho, Mozambique, Namibia and Swaziland. In South Africa, a tender for the outsourcing of fleet under the South African National Parks umbrella was secured, and the contract was implemented in a black economic empowerment joint venture. This contract also incorporates the value-added services of accident, fuel and driver management. Through a tender process the company successfully secured the fleet management for the Lesotho government under a five year contract term.

Car Mall disposes 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 122 419 vehicles. Profitability was up on last year's level, attributable to interest rate margin growth, but a depressed 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

Avis Rent a Car Southern Africa has improved revenue through firmer rates and increased rental days.

improvements in fleet efficiency and cost control is starting to regain focus. Consistent with a subdued used car segment for the business unit, the used car contribution was below the 2007 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. Expense management will feature prominently.

Stakeholder value creation

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

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 continues to be reflected in new opportunities offered to represent their brands and their ongoing commitment to our operations.

Customer value remains central to the division's success. This is evidenced by our continued revenue growth, increasing market shares 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 and other stakeholders.

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 programme 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, and development as well as direct benefits arising from the corporate social investment initiatives of the business units which include contributions of skills, resources and finance.

Black economic empowerment in South Africa

In addition to the two strategic black partners which participate and contribute to the division under the umbrella of the Barloworld Limited broad-based black economic empowerment transaction, the division benefited directly from the appointment of black executives to its board and the appointment of a black chief executive to its Motor Retail Southern Africa operations. In addition, we have a number of significant black economic empowerment joint ventures.

These include our joint venture principally for the Mercedes-Benz operations in the greater Durban and Pietermaritzburg metropolitan areas in KwaZulu-Natal. Our NMI-DSM and Garden

Avis Fleet Services grew its fleet under finance and maintenance contracts to a total of 122 419 vehicles.

Operational review *(continued)*

Automotive

City Motors operation remains one of the leading empowerment initiatives in the industry. Avis Fleet Services has two joint ventures in South Africa, each of which specialises in specific markets. The most significant of these is PhakisaWorld Fleet Solutions which manages the fleets within the South African National Department of Transport stable. Avis car rental has a 49% stake in Sizwe car rental.

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. Our rating objective mirrors that of the group.

Awards and recognition

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

Avis Rent a Car Southern Africa

- Sunday Times Brands and Branding independent survey: Best Car Rental Brand in South Africa for four consecutive years

Avis Rent a Car Norway

- Grand Travel Award for 13 consecutive years

Avis Rent a Car Sweden

- Grand Travel Award for 16 consecutive years

NMI-DSM (Black Economic Empowerment Joint Venture)

- Brand Centre Award: Mercedes-Benz Cars, for the fourth consecutive year
- Brand Centre Award: Mitsubishi Motors, for the fourth consecutive year
- Chairman's Award: Mitsubishi Motors

Subaru Southern Africa

- NADA Dealer Satisfaction Index Award (Silver)

Motor Retail South Africa

- Barloworld Fleet Marketing: Toyota SA Status Club – Platinum Award
- BMW Pretoria Paint and Panel: Premier Manager Award for Approved Repair Centre
- BMW Cape Town: Premier Manager Award for BMW Premium Selection
- Audi Centre Cape Town: Best Audi Pre-Owned Department Nationally
- Ford Pietermaritzburg: Runner-up Dealer of the Year and winner of Best Service Manager in category – Ford Motor Company
- Ford Pinetown: Best Service Manager in category – Ford Motor Company
- Subaru Bruma: Top Service and Parts Department – Subaru Southern Africa Managing Director's Awards
- Barons Volkswagen Group: Dealer Group of The Year
- VW Tokai: Club of Excellence Award
- VW Woodmead: Club of Excellence Award
- VW Bellville: Club of Excellence Award
- VW N1 City: Club of Excellence Award

Motor Retail Botswana

- Volvo Dealer of The Year

Avis Fleet Services

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

Consistent with the division, focus areas in the year ahead include improving asset turn, reducing working capital, optimising vehicle fleets and utilisation, controlling interest costs, containing expenses and exceeding customer expectations.

Outlook

It is expected that the prevailing tough industry conditions will continue into 2009. Whilst maintaining emphasis on the group's five strategic focus areas, particular attention will be directed at improving quality of earnings. In this regard the disposal of the Scandinavian car rental operations will enhance overall returns. All our business units will address expense management, controlling interest costs and exceeding our customers' expectations. The South African car rental operations will pursue rate increases, improvements in fleet utilisation and the optimisation of their asset base. Our southern African motor retail operations are well positioned and continue with their "Fewer, Bigger, Better" strategy coupled with pursuing efficiencies through the centralisation and coordination of common functions, improving asset turn and reducing working capital. The Australian motor retail operations will settle into their new facilities and remain a well run, focused business unit. Our fleet services business is expected to benefit from recently awarded contracts and continue growing the fleets under finance and management.

Continued improvement in value creation for all our stakeholders remains our core philosophy underscored by a focus on talent attraction and retention.

Overall, 2009 is expected to be a year of consolidation with the view to adding value for stakeholders through prudent business practices and conservative growth by accessing identified unique opportunities. Optimising the inherent synergies and benefits of our South African integrated motor vehicle usage solutions offering is central to our strategy for 2009.

In October 2008, two newly built dealerships in Melbourne representing the Mercedes-Benz and Volkswagen franchises commenced trading. Barloworld is the largest Volkswagen dealer and one of the largest Mercedes-Benz dealers in Australia.

Operational review

Operational profile

We have represented the market-leading Hyster brand for 79 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.

John Blackbeard (51)
Chief executive officer:
Handling

BSc Eng (Hons) Dip Bus Man
12 years' service

Areas of operation

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

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 79 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.

Leadership team

John Blackbeard (51)
Chief executive officer
BSc Eng (Hons) Dip Bus Man
12

Lex Knol (53)
Managing director: Barloworld Handling
Europe
BEng
8

Alwyn Smith (43)
President: Barloworld Handling
United States of America
MPhil, B.Accountancy
13

Eugene Smith (47)
Finance director
MA (Cantab), ACMA
26

Rob Tennant (51)
Chief information officer
BSc, MSc, CPIM
28

Geoff Tucker (57)
Managing director: Barloworld Handling
United Kingdom
CA (Zim)
27

Godfried Heydenrych (35)
Director: Barloworld Handling
South Africa
7

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

Operating performance

R million	Revenue Year ended 30 Sept 2008	2007	Operating profit Year ended 30 Sept 2008	2007	Net operating assets 30 Sept 2008	2007
– Southern Africa^	**1 027**	765	**124**	54	**259**	470
– Europe	**3 193**	2 690	**8**	55	**636**	687
– North America	**1 849**	4 330	**40**	72	**638**	579
Trading	**6 069**	7 785	**172**	181	**1 533**	1 736
Leasing*	**76**	164		6	**76**	107
	6 145	7 949	**172**	187	**1 609**	1 843
Share of associate income			**3**			

^ *The southern African materials handling operation has been included under the handling segment as from the current year. Comparatives have been reclassified accordingly.*

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

Overview

The handling businesses in Belgium, the Netherlands and South Africa and the agriculture business all produced good results. The overall result was depressed by poor results from the handling businesses in the USA and the UK and ended slightly below last year at R172 million operating profit.

While there are pockets of excellence in all businesses, many business systems and processes and the ERP computer systems in the USA and UK and to a lesser extent Belgium and the Netherlands are outdated and need to be upgraded to include world class practices and processes. A project called Form the Future (FTF) has been launched to address these problems. A team of 16 of the best people, drawn from all countries, has set about finding the best practices internally. They also visited leaders from other industries to learn from them how we can leverage their best practices. Customers have also been polled to get their input. All this information has been used to define a detailed vision of what systems and processes are necessary to build a globally competitive business. The same team has now been tasked to do the detailed design and oversee the implementation of the blueprints. Once completed, it will provide a competitive advantage in the market place by enabling the business to provide excellent service to our customers and it will also contribute significantly to improved business profitability.

USA

The market

The USA economy has experienced one of its more difficult years with many sectors in recession. Construction and building related activities, where most of our customers are concentrated, have been particularly hard hit. Orders in the South East decreased by 14% from 40 265 units in 2007 to 34 518 units in 2008. Counterbalance units declined by 15% and warehouse by 13%. While our aggregated market share dropped from 8.7% to 7.3%, we grew share in warehouse from 4% to 6%.

Overall the business produced a disappointing operating profit of US$5.1 million, significantly down from last year.

Integrated solutions

The business was restructured into four geographic regions to improve customer focus through integrated handling solutions consisting of customised combinations of new, used and rental machines, parts and maintenance.

People

The development and selling of integrated customer solutions and customer intimacy are also at the core of our internal training programmes and skills assessment tools have been adopted to define the gaps. Based on the results, comprehensive sales training has commenced and sales managers have been trained in effective leadership. Our technician apprenticeship programme has been revitalised and the number of new intakes increased from 6 to 26. This will increase further to 40 in 2009 to ensure a globally competitive technical customer support base.

The Individual Perception Monitor (IPM) to gauge employee satisfaction improved from 3.0 to 3.1, but also highlighted many issues that are now being addressed to better engage, motivate and empower our people.

Employee Value Creation (EVC) is being revitalised throughout our 30 branches to encourage employee ownership, commitment and job satisfaction. All employees have contributed to improving the company's safety record from an OSHA Incident Rate (OIR) of 5.3 in 2007 to 3.3 in 2008. This has resulted in direct financial benefits through a material reduction in our workers' compensation premiums.

Operational review *(continued)*

Handling

We are taking steps to increase diversity by attracting more minority group employees. A partnership is being planned with Clark Atlantic University, a predominately African-American university in Atlanta, GA, to help populate our management/ sales trainee programmes.

Alwyn Smith was transferred from the Barloworld Logistics division and appointed as President in July. Scott Alexander, ex Hyster, was appointed as Vice President for Sales and Marketing. These and several other new appointments to the executive team are bringing the required focus and change to restore the business to success.

Profitable growth

The rental fleet was reduced in size to shore up utilisation, resulting in a solid performance for the short-term rental business.

Much work was done to reduce our cost base. Employee numbers were reduced and savings extracted in many areas, the most notable being a reduction of some $2.5 million in medical insurance costs through a restructure and lower claims as a result of better awareness.

United Kingdom

The market

After a modest first half year, the UK has suffered from a decline in demand in all segments of the business. Recession is evident in several sectors such as chemicals, motor, retail, construction, road transportation and 3PL, while wholesale storage and warehousing have reflected some growth.

The market decreased from 29 841 units in 2007 to 27 778 units in 2008. Counterbalance units decreased by 8% and warehouse by 12%.

New unit orders were adversely affected by several price increases from Hyster based on higher iron, copper, steel and oil prices and the increased cost of funding the lease fleet arising from the worldwide credit squeeze. This has resulted in our aggregated market share declining by almost 1%. However this trend started to improve in the last quarter as more major competitors introduced price increases above inflation, strengthening our competitive position.

Integrated solutions

Our organisational structure has been revised to offer national contract solutions while retaining regional customer intimacy and accountability. This will help to improve customer service and reduce costs through the introduction of standard 'best practice' across all regions. Our sales teams have also been realigned to match our key customers more effectively, which should improve both coverage and conversion to grow sales and market share. These steps are expected to translate into increased profitability and improved asset and cash management in the next year.

The integrated new, used and rental model was rolled out to offer customers individual, customised equipment and support solutions. An alliance was formed with Barloworld Logistics to provide integrated lift truck and logistics solutions. This is becoming a source of competitive advantage as customers seek additional savings from their supply chains. Hyster's new warehouse simulation model is also being used to optimise solutions.

Fleet management is now offered to larger customers as an additional service to assist in optimising their Hyster fleets for effective warehousing and materials movement.

People

Several senior managers were replaced to improve focus and strengthen our skills base. Comprehensive sales process and product training was provided to all sales staff and leadership training to sales managers.

The apprentice programme was revived and the number of apprentices was increased from 9 to 27. It is planned to further increase this to 45 next year and to maintain this level of intake in future to ensure sustainable competence in customer service.

While the Individual Perception Monitor (IPM) scores showed an overall improvement in employee satisfaction, several areas are receiving attention based on the results.

Profitable growth

During the year, a great deal of work went into improving our control and processing of new and used unit orders, the performance and age of our short-term hire fleet and the control and billing of our contract fleet.

In addition we have successfully introduced the 6 Sigma process improvement methodology to reduce waste and improve delivery to our customers.

A problem arose largely as a result of trucks having been leased in previous years with residual values which are proving to be unrealistically high in current market conditions. When returned at the end of their leases, these trucks could not be sold at the residual values. Some £900 000 was written off as a result and it was necessary to provide £2 million to cover shortfalls that may occur in future years. More conservative residuals and improved processes have been installed.

Whilst these issues contributed to the business sustaining an overall loss, improved procedures and processes are being put in place to prevent a recurrence and to enhance performance. It is thus anticipated that the business will return to profitability next year.

Rest of Europe

The market

The combined Netherlands and Belgium market grew from 26 095 units in 2007 to 26 785 units in 2008. While our aggregated share dropped from 5.5% to 5.2% we grew share in the warehouse sector. The market was fairly robust in the first half, however, it has slowed significantly in the second in line with the economies in Europe.

Revenue grew by 26% with operating profit more than doubling to set a new record.

Integrated solutions

The Barloworld Handling operations are centralised in Vianen in the Netherlands and Brussels in Belgium, where the main offices and service centres are located. Hoogeveen and Harelbeke are the used equipment centres in the respective countries.

In Belgium the service department was restructured into three new regions, enabling us to focus better on customer needs through dedicated service teams in closer proximity to customer sites. This structure also enables us to strengthen our position in the French speaking regions.

Our FleetFlex offering allows us to deliver tailor-made solutions to customer needs. An important component is 'Fleet Monitor', which enhances our long-term customer relationships through regular review of our services.

People

A new human resource manager was appointed in Belgium and all employee positions are being graded to ensure that remuneration packages are market related. Employee engagement, retention and motivation are being addressed in line with IPM survey feedback.

Due to the large number of new Hyster models, we increased our investment in sales and technical training. Three members of the executive team participated in the Barloworld leadership development programme in South Africa and Spain.

Profitable growth

Belgium and the Netherlands were operated under combined management for the first time in 2008, enabling us to focus on synergies between the two countries. Marketing development was also restructured with a new marketing manager responsible for both markets. Co-operation in the big truck and warehouse markets has facilitated a number of cross border accounts, providing competitive advantage.

Our focus on growing the big truck segment has been successful, particularly in Rotterdam. The Uniport container terminal took delivery of five reach stackers while the Rotterdam Short Sea Terminal (RST) ordered four reach stackers and three empty container handlers. Further growth in the big truck business is expected in the years ahead.

We also anticipate increased market share in the smaller truck sector next year with the launch of Hyster's new electric truck models in our markets.

South Africa

The market

The market started the year strongly but slowed towards year end as higher interest rates and the credit squeeze started to affect orders. The lift truck market in South Africa reduced from 7 474 units in 2007 to 7 238 units in 2008. Counterbalance units decreased by 3% and warehouse units by 2%.

A great performance from our team enabled us to more than offset these decreases as we grew market share from 13% to 17%.

Integrated solutions

During 2008 Handling SA focused on implementation of the Barloworld telemetry device (BTD), with full integration into our

Our sales teams have also been realigned to match our key customers more effectively, which should improve both coverage and conversion to grow sales and market share.

Handling

Strong growth was also achieved in the short-term rental market, again through highly motivated staff with clear goals.

in-house developed centralised call centre system. With 586 of our 3 400 units in the field now live on the system, we are able to take remote hour meter readings to help improve productivity and billing. We have also included impact sensors to assist customers in monitoring and improving operator standards.

We can now receive error codes via the BTD, which will give us the ability to diagnose problems and communicate proactively with customers regarding breakdowns instead of reactively via customer calls logged at the call centre.

Fleet reports were also introduced for key customers including utilisation, servicing, maintenance and uptime/downtime reporting by unit. Detailed monthly reviews advise customers on utilisation and cost of ownership.

Hyster has also developed and introduced software to simulate a customer's current or planned warehouse operations to provide relevant advice on product specifications and applications. Our warehouse specialists are now able to leverage this technology to provide logistics consultants and customers with the best possible solutions in terms of cost and productivity.

Transformation

Handling SA made good progress on transformation in 2008. We increased our human resource development score by 37%, with improved ratios in senior, middle and junior management and strong progress on skills development. Indirect empowerment also improved from an already high base in 2007.

People

We achieved an improved IPM score for the third year in succession. The aggregate score improved from 3 (out of 4) in 2005 to 3.3 in 2008. Good alignment with the divisional strategy has been achieved by all teams and individuals using balanced scorecards, contributing to significantly improved financial performance. Handling SA was able to grow revenue by 37% and to more than double operating profit with no increase in headcount.

Significant improvements were made in performance management and intellectual capital review through formal review sessions with all staff and monthly team performance reviews based on scorecards. All positions were re-graded using Watson Wyatt to ensure market related remuneration and improve staff retention and succession planning.

Profitable growth

Profitable growth was achieved through a number of strategic initiatives.

A joint balanced scorecard has been implemented with Hyster. Mutually agreed strategic goals were matched to specific action plans to improve product and service delivery, enabling us to close a number of larger deals.

Also working closely with Hyster, we improved availability and performance of the big truck range. A dedicated resource was appointed to provide focused solution offerings to container handling customers in this high utilisation and demanding segment of the market. Year on year big truck sales grew by more than 200%, significantly improving overall revenue and profitability due to the high value of these machines.

Recognising aggressive growth in the South African warehouse product segment, we also appointed a dedicated warehouse and logistics sales representative to provide value adding applications advice to key logistics consultancy companies, including Barloworld Logistics, and their customers.

Availability of key warehouse products was also improved with support from Hyster. Sales of warehouse trucks grew 150% and

Handling SA received an award from Hyster for the highest market share internationally in this product range.

Dedicated customer service and technician teams were put in place with clear targets to improve market share on parts and service for the large active Hyster truck population. This resulted in more than 25% growth in our after sales business.

Strong growth was also achieved in the short-term rental market, again through highly motivated staff with clear goals. More warehouse and big truck units were added to the rental fleet to satisfy increased demand and revenue grew 33%, with fleet utilisation above 85%.

Implementation of the BTD telemetry devices and clear scorecards for all technicians enabled us to increase productivity and profitability of our maintenance contracts. Not only were 100% of preventative maintenance services completed on time, but the number of trucks per technician was increased. While high inflation and fuel cost countered some of the benefit, we expect to improve further as more BTD units are installed.

The long-term rental book was sold at the end of the year, reducing the asset base by some R385 million.

Agriculture

The market

South African agriculture enjoyed a strong year driven by high commodity prices and favourable weather conditions. Retail tractor sales grew from 6 339 in 2007 to 7 579 units in 2008. Combines grew from 197 to 350 units and bailers from 498 to 604 units. Our market share for tractors and combines dropped from 22% to 18% and from 21% to 13% respectively as a direct result of stock shortages caused by the surge in global demand. Our bailer market share grew from 22% to 26%.

Integrated solutions

Our focus in the past two years has been on implementing technology solutions to grow customer profitability. With internationally based commodity pricing and no subsidies, the only variables that can be managed by South African farmers are cost control (particularly with regard to diesel, fertiliser and seed) and yield.

We have introduced several high technology mechanisation products to provide our dealers and their customers with solutions to manage these variables through more accurate planting and application of fertilisers, seed and pesticides as required by different soil types and qualities. A product specialist has been introduced to train dealers and educate customers on these exciting developments.

'Mechplan', a software tool, has been introduced to enable our dealers to calculate a customer's full mechanisation requirement based on inputs from the type of soil to the type of farming. This assists with the correct application of mechanisation solutions and improves production and cost efficiency.

Transformation

Good progress has been made in transformation, particularly employment equity where our score has improved by 90%. Scores also increased in skills development and procurement. Overall we achieved a 17% improvement on the scorecard.

People

Agriculture continues to achieve high ratings in its IPM survey and customers are benefiting from good alignment of employees with company strategies as well as good teamwork. A new technical training facility was opened for our own and dealer staff to ensure sustainability of skills to support our customers.

Profitable growth

The agricultural sector benefited from high international commodity prices, low input costs (prior to the increase in the oil price) and good rainfall. This enabled many South African farmers to replace old tractor and combine fleets with new equipment, creating a buoyant market. Despite losing some market share due to lack of inventory, revenue grew by more than 35%.

Pleasingly, we grew revenue significantly in technology for the combine, tractor and sprayer sectors.

We also increased our footprint for both the CLAAS and AGCO (Massey Ferguson) brands, with 15 outlets now operating for CLAAS and 49 for Massey Ferguson.

Outlook

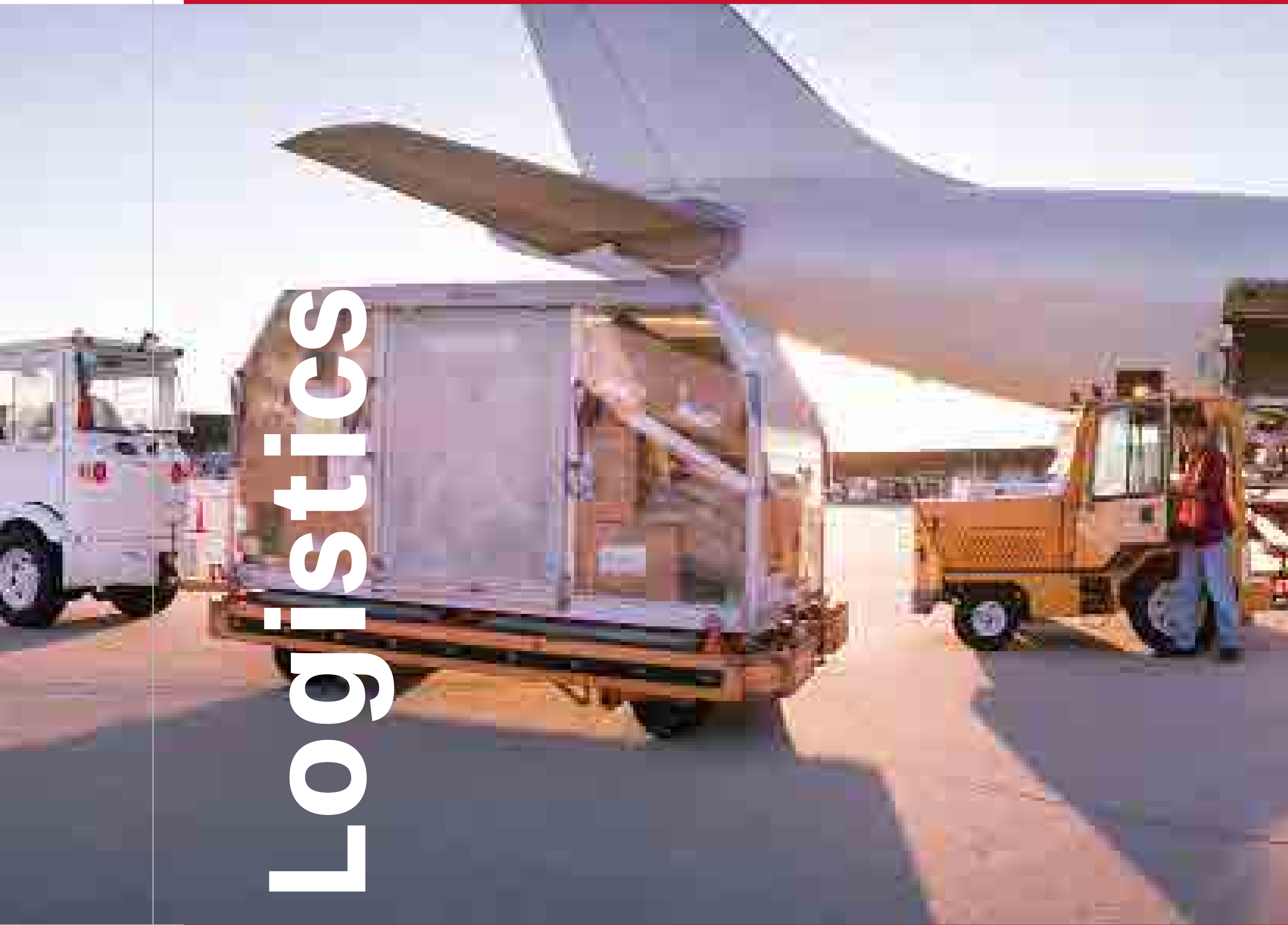
It is anticipated that trading in all geographies will be difficult in the new financial year in line with the economic declines in these countries.

However, the FTF project and numerous other interventions discussed above are ensuring that the division is in better shape than before and that we are able to provide excellent service to our customers.

Sales training and improved sales systems and management, together with a greater focus on solutions selling, should enable growth in market share.

Costs are being reduced in several areas and this should contribute to the bottom line.

Operational review



Logistics

Operational profile

Our strategy is to grow a significant, international logistics business for Barloworld. We combine the more ‘intellectual’ aspects of logistics that is strategy, planning, management and integration with excellent operational execution.

This is achieved by developing and acquiring skills and sharing knowledge spanning the full spectrum of supply chain management, across multiple geographies.

Paul Stuiver (51)
Chief executive officer:
Logistics

BSc Eng
25 years' service

Isaac Shongwe (46)
Chief executive officer:
Africa

BA (Hons), MPhil (Oxon)
3 years' service

Areas of operation

Supply chain management	Freight forwarding	Ware-housing and distribution	Consulting and software	Dedicated transport services
Africa Middle East Asia Europe	Africa Middle East Asia Europe	Africa Middle East Asia Europe	Africa Middle East Asia Europe North America	Africa

Logistics

Operating units and geography

Barloworld Logistics is structured into four geographic business units:

- Africa
- Middle East & Asia
- Iberia
- UK & USA

Depending on the geographic area we offer the following logistics services:

- Dedicated Transport Services (DTS)
- Freight Forwarding and Customs clearing (FF)
- Warehousing and Distribution (W&D)
- Supply Chain Management (SCM)
- Consulting and Software Solutions

Countries where we have significant operations and/or offices include South Africa, Namibia, Botswana, Zambia, Kenya, Uganda, Nigeria, Tanzania, Democratic Republic of the Congo, Burundi, the UAE, Hong Kong, China, Spain, Portugal, Germany, the UK and the USA.

Leadership team

Paul Stuiver (51)
Chief executive officer: Barloworld Logistics
BSc Eng
25

Isaac Shongwe (46)
Chief executive officer: Barloworld Logistics Africa
BA (Hons), MPhil (Oxon)
3

Warren Erfmann (39)
Chief executive officer: Barloworld Logistics Middle East and Asia
14

Frank Courtney (43)
Chief executive officer: Barloworld Logistics Iberia
BTech
13

Richard Forrest (46)
Chief executive officer: Barloworld UK and USA
BComm
18

Rob Lumb (38)
Financial director
BCom, CA(SA)
8

Mark Tarlton (49)
Director: Knowledge and information technology
BSc Eng, MBL
21

John van Wyk (40)
Head of marketing and sales
5

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

Operating performance

R million	Revenue* Year ended 30 Sept 2008	2007	Operating profit Year ended 30 Sept 2008	2007	Net operating assets 30 Sept 2008	2007
Southern Africa	**1 970**	1 088	**105**	76	**430**	400
Europe, Middle East & Asia	**1 238**	371	**30**	19	**855**	67
	3 208	1 459	**135**	95	**1 285**	467

* *Excludes inter group revenue of R400 million (2007: R747 million).*

Overview

Building on our success in Africa during previous years, we stepped onto the global logistics stage during 2008 with the acquisitions of Flynt International based in Hong Kong, Swift Freight based in the United Arab Emirates and Sea Air Transport (SAT) based in Germany.

These acquisitions position us in a freight network stretching from Asia to the Middle East, Africa and Europe.

The acquired businesses are active in all aspects of freight forwarding, including inter-modal sea-air freight services, as well as warehousing and distribution services.

Following the acquisitions, Barloworld Logistics will generate annual revenues in excess of R6 billion through offices and operations in more than 16 countries, staffed by 2 500 employees.

Integrated logistics solutions

Integrated logistics is an iterative process of conceptualising, designing, implementing, operating, measuring and improving activities in a supply chain.

We offer integrated logistics solutions by combining the more 'intellectual' aspects of logistics with operational excellence, to create competitive advantages for our clients. Our involvement typically results in a reorganisation of clients' supply chain activities to ensure that their supply chain will support their overall business strategy.

By managing supply chains holistically and by optimising inter-dependent activities we typically achieve improved service levels at lower cost.

Our focus on supply chain strategy, proprietary software and considerable experience in supply chain consulting enable us to engage with clients at a senior executive level. Once a new strategy or business model has been agreed we are able to implement and execute the required changes and to manage the subsequent, day-to-day operations.

Logistics industry

It is estimated that logistics activity accounts for approximately 15% of all global economic activity. Driven by globalisation and international trade, global logistics remains a dynamic and fast-growing industry. Key indicators of logistics activity such as international trade indicate growth rates that are significantly higher than the growth in underlying economies.

Trading environment

The most pertinent issue currently facing the industry is the problem of rising or fluctuating fuel costs. This impacts directly on the area of most significant logistics spend, i.e. air, land and sea transportation. It has been estimated that a one dollar rise in oil prices will result in a 1% increase in overall transportation costs.

Instead of simply absorbing the cost increases resulting from higher fuel prices, clients are looking to mitigate the increased costs by investigating ways to re-engineer their supply chains, raw materials sourcing, transportation modes, infrastructure and inventory patterns.

This is resulting in increased demand for the more 'intellectual' logistics products such as demand planning, network modelling, inventory management and general consulting services. These products will in turn lead to new opportunities in the implementation of traditional services such as transportation and freight forwarding.

People

Integrated logistics is a knowledge based business that relies heavily on skills and experience across all aspects of supply chain management. To maintain our historic growth and our operational excellence we need to continuously build the organisation's capacity to deploy the requisite skills and experience in all geographies.

In order to achieve this we have launched a number of strategic initiatives to improve our global management of people-talent and the transfer of knowledge and experience between geographic regions.

Operational review *(continued)*

Logistics

Business review: Africa

Our business model has come of age in our South African operations and continues to generate opportunities for further organic growth. Opportunities to expand into other areas in Africa exist mainly through existing clients' expansion plans into Africa and by building on the geographic footprint of the acquired Swift business.

Supply chain management

The Supply Chain Management unit continued to grow its base of blue chip clients during 2008. The unit significantly expanded its business with Unilever, concluded an agreement with Nike to construct and manage their warehousing and distribution network in southern Africa during the next five years and expanded its management of integrated warehousing and distribution activities in the automotive, retail, manufacturing and fast-moving consumer goods industries.

A first significant step with regard to following existing clients into other parts of Africa occurred when we were awarded the management of warehousing and distribution activities for Zambia Sugar, a subsidiary of Illovo Sugar in South Africa.

Freight forwarding and customs clearing

Despite higher costs of fuel coupled with higher interest rates impacting many of our clients, our freight forwarding division performed well and increased gross revenue by 25%. This can be mainly attributed to increased activity from Barloworld subsidiaries such as Barloworld Equipment, and by strong performances from newly acquired clientele.

During 2008, significant focus was placed on operational improvement through the implementation of new information systems, a decision to implement ISO 9001 and introduction of a new sales model, which focused more on integrated logistics solutions.

Dedicated transport services

Our dedicated transport services division has a strong presence in Gauteng, North West, KwaZulu-Natal, Eastern Cape, southern Cape and in the Western Cape and we operate/manage over 260 large vehicles in South Africa.

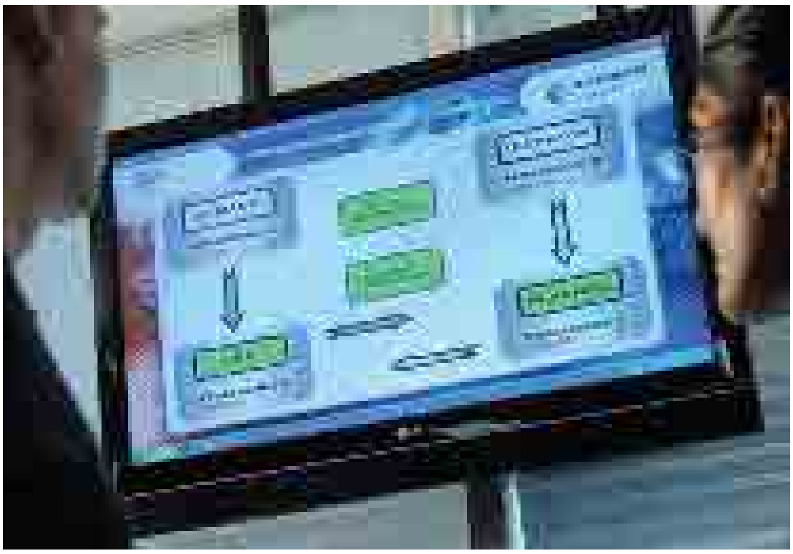
One of our successful business models developed during recent years includes owner-drivers managing and owning vehicles which are outsourced but work in tandem with our own fleet. During 2008 our owner-driver complement increased to over 100 individuals, who have become small business owners.

Consulting and software solutions

During 2008 we consolidated our supply chain software, supply chain engineering and supply chain strategy departments into a supply chain consulting and software offering. This laid the foundation to deliver complex supply chain solutions through a highly talented team, world-class technologies and inspiring leadership.

We successfully completed large projects in the mining, automotive, consumer goods, information technology, communications and parastatal sectors that covered aspects such as:

- Revenue management
- Demand management
- Sales and operations planning
- Throughput optimisation
- Carbon footprint calculation and network optimisation
- Strategic sourcing
- Combined inventory and network optimisation



The Supply Chain Management unit continued to grow its base of blue chip clients during 2008.

Case Study

During 2007 Illovo Sugar and Barloworld Logistics were awarded a Platinum Award at the South African Logistics Achiever Awards

Illovo Sugar in South Africa produces more than a million tons of sugar annually from seven sugar mills. Approximately half is exported whilst the remainder is distributed locally through 18 distribution points to over 2 500 retail and industrial customers in southern Africa.

During 2004 Barloworld Logistics was awarded a 10 year contract to re-engineer and manage all of Illovo's outbound supply chain activities.

In support of the Illovo group's goals and strategy, the Barloworld Logistics team delivers an integrated logistics solution that:

- Mobilises and aligns more than 180 employees, 30 service providers, multimodal transportation activities and seven different management teams to achieve common supply chain objectives;
- Collaborates with other service providers to achieve mutually-beneficial improvements and operational efficiencies;
- Integrates seven information systems across three companies using latest technology and support;
- Provides visibility of key information for Illovo's management, marketing and strategy departments;
- Returns a superior service level with on-time delivery now at more than 96% from a starting point of 82% during 2004; and
- Has achieved significant cost savings and efficiency improvements.

Significant additional savings have been identified through further re-engineering and optimisation of the Illovo distribution network.

The increased efficiency and capacity created through Barloworld Logistics' involvement has enabled Illovo Sugar to achieve sales volume growth of more than 20% since 2004 whilst simultaneously improving service and reducing supply chain costs.

Operational review *(continued)*

Logistics

Business unit review: Middle East & Asia

Our primary focus during 2008 was the successful restructuring and integration of the Flynt, Swift and SAT acquisitions, ensuring that they delivered their expected financial returns and starting to develop some of the envisaged growth opportunities.

Since 1989, Swift and SAT have jointly developed a multi-modal freight forwarding operation, shipping sea containers from ports all over south east Asia into Dubai, consolidating and transhipping cargo from sea to air-freight terminals in Dubai and air freighting cargo into western Europe.

The combined sea-air service delivers approximately 35 000 tons of cargo annually from south east Asia into western Europe with average transit time of 16 days, at approximately half the cost of direct air cargo from south east Asia.

During 2007 and 2008 the sea-air model was extended from south east Asia via Dubai into Africa and has been extremely well received.

Growth has been strong due to congestion of air-freight in south east Asia whilst regional airlines in the Middle East are aggressively adding air freight capacity. The sea-air inter-modal transportation model is ideally positioned as a cost-effective and efficient alternative to the more traditional sea and air freight models.

Business unit review: Europe

Our warehousing and distribution operations in Iberia struggled during 2008 whilst we fixed inadequate processes and systems that were making it impossible to grow the business or even maintain its historical performance. During 2009 we will be looking to consolidate the significantly better results which started to manifest themselves during the latter part of 2008.

Our software business in the UK has built up strong expertise in providing solutions and tools for supply chain planning. Our expert industry knowledge, teamed with specialist staff and our understanding of the underlying technologies makes us the ideal partner to solve complicated supply chain challenges.

During 2008 we launched a new, innovative software product which combines strategic inventory management and network modelling. Going forward we plan to entrench CINO (Combined Inventory and Network Optimiser) software in the UK market and increase our sales focus in the USA market.

Transformation: Africa

Barloworld Logistics Africa is currently at BBBEE Level 5 and is targeting to achieve a Level 4 rating during 2009.

Our aim is to maintain a position as the leader of transformation in the South African logistics industry.

Our current status and future plans are as follows:

- Ownership: 25% BEE shareholding by Letsema Holdings.
- Management: The board of directors of Barloworld Logistics Africa has been significantly restructured.
- Employment equity: Targets met as per Department of Labour five year plan. More work still required at senior management level.
- Skills development contribution to the BEE rating continues to improve.
- Preferential procurement continues to improve, with most suppliers getting accredited and furnishing their accreditation

Since 1989, Swift and SAT have jointly developed a multi-modal freight forwarding operation, shipping sea containers from ports all over south east Asia into Dubai.

In our African business we will be looking to maintain our organic growth momentum in southern Africa and to accelerate our growth into other parts of Africa.

credentials as part of the tender process. This will also be enhanced by our owner-driver procurement services.
- Enterprise development significantly enhanced by owner-driver scheme. This trend should continue as we have plans to increase the current owner-driver fleet.
- Corporate social investment. We facilitate a voluntary programme where all employees are encouraged to spend at least one working day per annum on community projects. This is estimated as a R1.25 million contribution based on payroll cost per employee per day.

Our main challenges and focus with regard to BEE transformation are employment and gender profiles at senior management level.

Outlook

Globalisation, changing economic landscapes, consumer patterns, environmental norms and fuel costs are shaping the future of global logistics. As a result, the industry will continue to change and offer many new opportunities.

In our African business we will be looking to maintain our organic growth momentum in southern Africa and to accelerate our growth into other parts of Africa. Due to its organic growth it is expected that the African business will remain our largest profit contributor for some time into the future.

One specific initiative in our quest to grow into other parts of Africa is associated with the Swift network. Current Swift services into Africa include the sea air model (SAM), which was introduced from Dubai into Africa during 2007 and is showing considerable promise. SAM is the first combined sea-air transport solution into several destination points in Africa with scheduled services from origin points in the Far East and India, via transit points in Dubai.

Other niche African services include Swift Perishable Logistics operating from the Dubai Flower Centre, offering African farmers and traders opportunities to export perishables around the world via Swift's African network.

In Europe we see opportunities to duplicate our success with the integrated logistics business model in southern Africa, by making a number of small but significant investments to grow our business in the UK. A significant first step in this regard has been a contract to manage Barloworld Handling's transportation needs in the UK.

A longer-term objective for Barloworld Logistics will be to migrate all our businesses in different geographies to the same integrated logistics business model that achieved so much success in southern Africa.

Corporate

Profile

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, governance and company secretarial, investor relations, corporate communications, corporate finance, risk and legal.

Operating performance

R million	Revenue Year ended 30 Sept 2008	2007	Operating (loss)/profit Year ended 30 Sept 2008	2007	Net operating assets 30 Sept 2008	2007
Southern Africa	**83**	53	**(263)**	(111)	**513**	633
Europe			**10**	(57)	**(229)**	(807)
	83	53	**(253)**	(168)	**284**	(174)
Share of associate income			**1**			

Leadership team

Andrew Bannister (51)
Finance director: Barloworld Holdings plc
ACA, CA(SA), BBusSci
23

Liz Dougall (51)
Group taxation manager
CA (SA), PG Dip Tax
9

Patricia Emery (57)
Company secretary: Barloworld Holdings plc
ACISA
1

Matthew Govender (44)
Enterprise development manager
MBA, PGDip Business Management
8

Helene Heslop (39)
Head of internal audit
CA (SA), BCom Acc (Hons), MBL
3

Wim Kotzé (37)
Group strategy manager
CA(SA), BCom Acc (Hons)
11

Khanyisile (Khanya) Kweyama (43)
Group executive: Human resources and transformation
BS (USA), PDM, MM
1

Bruce Lange (48)
General counsel
BCom, LLB
18

Sibani Mngomezulu (36)
Group executive: Governance and corporate affairs
LLM, HDip Co Law, HDip Tax Law
4

Maurice Pin (56)
General manager: Administration
37

Ian Stevens (58)
Group general manager: Finance
CA (SA), BCom
24

Johan van Wyk (45)
Group financial controller
CA (SA), BCompt (Hons)
18

Hilary Wilton (52)
Head of legal and risk services
BCom, MBA, FCII
6

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

Operating performance

The downsizing of the corporate offices in southern Africa and UK is complete.

In southern Africa the operating loss includes the BEE charge of R337 million. The current period also includes a benefit of R85 million relating to a reduction in the residual liability to share option holders following the unbundling of Pretoria Portland Cement Limited (PPC), as a consequence of movements in the PPC share price. The prior period includes redundancy costs of R92 million in respect of the corporate restructuring.

In Europe, the reduction in net operating liabilities is mainly due to a payment in December 2007 of R759 million (£55 million) to eliminate the actuarial deficit following the merger of our two UK pension funds.

Sibani Mngomezulu *Group executive: Governance and Corporate Affairs*

Corporate governance report

The group subscribes to high ethical standards and principles of outstanding corporate governance. This has been a defining feature of the business since the company's foundation in 1902.

The company's corporate governance system is a cornerstone 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). The company is listed on the JSE Limited, and applies the principles contained in the Code of Corporate Practices and Conduct recommended by the King II Report on Corporate Governance for South Africa. The board of directors (the board) is of the opinion that the company complies with the Listings Requirements of the JSE Limited.

The company maintains a secondary listing on the London Stock Exchange and the Namibia Stock Exchange. In the 2007 financial year it was reported that the board had approved delisting from the Swiss Stock Exchange, Frankfurt Stock Exchange and Euronext Brussels. The listings on the Swiss and Frankfurt stock exchanges were terminated during March and April 2008 respectively. The listing on Euronext Brussels was terminated in December 2007 and the International Depository Receipt holders were given a year to convert to scrip or receive cash; the year expires in December 2008.

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

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 designed to exceed minimum compliance levels and continue to evolve to meet the expectations of stakeholders.

Award winning reporting

Our 2007 annual report was ranked winner in the Top 40 category of the SA Annual Reports Awards sponsored by the JSE Limited and the SA Institute of Chartered Secretaries and Administrators and ranked second for the second consecutive year in the Ernst & Young Excellence in Corporate Reporting award.

In the year under review:

- The board was downsized to effectively meet the requirements of the restructured group;
- The board committees have been strengthened with additional appointments;
- An additional independent non-executive director was appointed; and
- An executive responsible for stakeholder engagement and the group's transformation initiatives was appointed.

Board and directors

Board structure and responsibilities

The company has a unitary board with nine non-executive directors and five executive directors. Eight of the non-executive directors are independent. The board provides strategic direction and implements policies designed to enhance value for all stakeholders and ensure a sustainable business.

Board composition

The company is led and controlled by the board of directors. Considerable thought is given to board balance and composition and collectively the board believes that the current mix of knowledge, skill and experience meets the requirements to lead the company effectively. The Barloworld board comprises a majority of independent non-executive directors. The non-executive directors contribute international, local and operational experience.

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.

Non-executive directors are required to devote sufficient time to the company's affairs. While there is no formal limitation on the number of other appointments directors 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 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 and barring exceptional circumstances, the appointment is limited to one.

The board and the board committees

	Year appointed	Age	Audit	General purposes	Nomination	Remuneration	Risk and sustainability	Empowerment and transformation
Non-executive directors								
DB Ntsebeza (Chairman)	1999	58		Chairman	Chairman	Member		Member
SAM Baqwa	2005	57			Member			Member
AGK Hamilton	2007	63	Chairman	Member	Member	Member		
MJ Levett	1985	69	Member	Member	Member	Member		Member
SS Mkhabela	2006	52			Member			Member
SS Ntsaluba	2008	48	Member					
TH Nyasulu	2007	54						
SB Pfeiffer	2001	61		Member	Member	Chairman		
G Rodriguez de Castro	2004	66						
Executive directors								
CB Thomson (Chief executive officer)	2003	42		Member			Member	
PJ Blackbeard	2004	51					Member	
M Laubscher	2005	48					Member	
OI Shongwe	2007	46					Member	
PM Surgey	1995	53					Member	Chairman
DG Wilson	2006	51					Chairman	

A summary of their biographical details is shown on pages 68 to 69.

Mr Sango Ntsaluba was appointed to the board on 28 July 2008 as an independent non-executive director. Mr Ntsaluba is also a member of the audit committee.

Independence of non-executive directors

The board considers eight of the nine current non-executive directors to be independent in terms of the King II definition and the guidelines outlined in the JSE Listings Requirements. The board decided in October 2008, following a review by the nomination committee, that it was no longer appropriate to classify Ms Hixonia Nyasulu as independent in view of the participation of Ayavuna Women's Investments (a consortium led by Ms Nyasulu), as a strategic partner on the company's recently concluded black ownership initiative, that resulted in approximately 10% of the company's equity being subscribed for and issued to black partners.

Messrs Selby Baqwa and Dumisa Ntsebeza and Ms Bongi Mkhabela are participants on the black ownership initiative as beneficiaries of a trust to which Barloworld has made a capital contribution. The nomination committee considered the independence of the abovementioned directors taking into account a number of factors including level of participation on the black ownership initiative, King II requirements and the opinion of advisors. The committee found that the independence of the abovementioned three directors could not be said to have been impaired and accordingly recommended to the board that they continue to be classified as independent. The directors concerned and the board considered the matter and agreed that Messrs Baqwa and Ntsebeza, and Ms Mkhabela remain 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.

Mr Steve 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.

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.

Mr André Lamprecht retired from the board following the unbundling of the Coatings division in December 2007. Mr Brandon Diamond retired from the board at the end of December 2007 and Messrs Trevor Munday and Robert Tomkinson retired in January 2008. Mr Mike Levett has indicated that he intends to retire following the annual general meeting in January 2009.

Mr Peter Surgey retired from the board on 30 September 2008 after having led the restructuring of the Corporate Office and implementation of Barloworld Limited black ownership initiative.

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. 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 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 co-ordinates 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; and
- 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. The strategic actions that were announced in January 2007 have been successfully completed on schedule.

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. Annually, the board considers a forward looking strategic plan presented by the heads of the divisions. The strategic plan is debated by the executive committee before being consolidated and presented to the board following a review of each division's internal strategic plans.

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 tele-conferencing facilities allow them to participate in the debate and conclusions reached or resolutions taken.

Corporate governance report *(continued)*

Board of directors

From left to right:

PM (Peter) Surgey (54)
Executive Director
BA, LLB

PJ (John) Blackbeard (51)
CEO: Barloworld Handling
BSc Eng (Hons), Dip Business Management

OI (Isaac) Shongwe (46)
CEO: Barloworld Logistics Africa
BA (Hons) US, MPhil

M (Martin) Laubscher (48)
CEO: Barloworld Automotive
BAcc, BCompt (Hons), CTA, MCom (Business Management)

DG (Don) Wilson (51)
Finance Director
BCom CTA, CA(SA)

CB (Clive) Thomson (42)
Chief executive officer: Barloworld Limited
BCom (Hons), CA(SA), MPhil

MJ (Mike) Levett (69)*
Non-executive director
BCom, DEcon Sc (hc), FIA, FFA, FASSA

G (Gonzalo) Rodriguez de Castro Garcia de los Rios (66)*
Non-executive director

AGK (Gordon) Hamilton (63)*
Non-executive director
MA, FCA

SAM (Selby) Baqwa (57)*
Non-executive director
BJuris, LLB, MBA, DTech (hc)

TH (Hixonia) Nyasulu (54)
Non-executive director
BA (Hons) Psychology

SS (Sango) Ntsaluba (48)*
Non-executive director
BCom, BCompt (Hons), CA(SA), HDip Tax Law

DB (Dumisa) Ntsebeza (59)*
Chairman
LLB, BProc, BA, LLM (International Law)

SS (Bongi) Mkhabela (52)*
Non-executive director
Dip Business Management

SB (Steve) Pfeiffer (61)*
Non-executive director
BA, MA, JD

** Independent non-executive director*

Corporate governance report *(continued)*

Directors

The full names, ages and profiles of the directors at last practicable date are set out below:

Non-executive directors

Chairman

Dumisa Buhle Ntsebeza

Business address: Fountain Chambers, Sundown Village Office Park, 86 Maude Street, Sandown
Nationality: South African
Age: 59
Qualifications: LLB, BProc, BA, LLM (International Law)
Profile: Dumisa was appointed to the Barloworld board in May 1999. He is an advocate of the High Court of South Africa and a member of the Johannesburg Bar. In 2005 he was conferred the status of silk and was the first African advocate in the history of the Cape Bar to do so. He served as a commissioner on the Truth and Reconciliation Commission and has been appointed from time to time, as acting judge of the High Court of South Africa.

Selby Alan Masibonge Baqwa

Business address: Block A, 1st Floor Nedcor Sandton, 135 Rivonia Road, Sandown, 2196
Nationality: South African
Age: 57
Qualifications: BJuris, LLB, MBA, DTech (hc), AMP (Harvard)
Profile: Selby was appointed to the Barloworld board in January 2005. He is Chief Governance and Compliance Officer at Nedbank Limited and a member of the Executive Committee of Nedbank Limited. He was appointed Public Protector of South Africa in 1995.

Alexander Gordon Kelso Hamilton

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196
Nationality: British
Age: 63
Qualifications: MA (Cantab), FCA
Profile: 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 UK practice of Deloitte & Touche LLP. He is a non-executive director of the UK-listed Lloyds underwriter Beazley Group plc and Fairbairn Private Bank. He is a member of the UK Financial Reporting Review Panel.

Michael John Levett

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196
Nationality: South African
Age: 69
Qualifications: BCom, DEcon Sc (hc), FIA, FFA, FASSA
Profile: 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.

Sibongile Susan Mkhabela

Business address: Nelson Mandela Children's Fund, 27 Eastwold Way, Saxonwold, 2196
Nationality: South African
Age: 52
Qualifications: BA Social Work (Hons), Dip Business Management (WITS), MAP
Profile: Bongi was appointed to the Barloworld board in January 2006. She serves on the Stanlib board and on the Deloittes Best Company to Work for programme. She served as director for Programmes and Projects at the office of then Deputy President Thabo Mbeki. She is the CEO of the Nelson Mandela Children's Fund.

Thembalihle Hixonia Nyasulu

Business address: 410 Jan Smuts Avenue, Craighall Park, 2196
Nationality: South African
Age: 54
Qualifications: BA (Hons) Psychology, BA Social Work
Profile: Hixonia was appointed to the Barloworld board in January 2007. She is the executive chairman of Ayavuna Women's Investments (Proprietary) Limited, non-executive chairman of Sasol Limited and a director of Anglo Platinum Limited, Defy (Proprietary) Limited, the Tongaat-Hulett Group Limited and Unilever PLC/NV.

Steven Bernard Pfeiffer

Business address: Fulbright & Jaworski LLP, 801 Pennsylvania Avenue, NW, Washington DC, USA 20004
Nationality: American
Age: 61
Qualifications: BA, MA (Oxon), JD (Yale)
Profile: Steve was appointed to the Barloworld board in August 2001. He is a partner of Fulbright & Jaworski LLP, a USA 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 and a director of Project HOPE in Washington DC.

Gonzalo Rodriguez de Castro de los Rios

Business address: Maria de Molina, N1 28006, Madrid, Spain
Nationality: Spanish
Age: 66
Profile: 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 chairman in 2007. He was chief executive officer of the Madrid Stock Exchange and chairman of Euroquote in Brussels.

Sango Siviwe Ntsaluba

Business address: 21 West Street, Houghton, 2198
Nationality: South African
Age: 48
Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax Law
Profile: Sango was appointed to the Barloworld board in July 2008. He is the CEO of the Amabubesi Group and a founder member of Sizwe Ntsaluba VSP, the largest black owned consulting, accounting and auditing practice in South Africa.

Executive directors

Clive Bradney Thomson – Chief Executive Officer

Business address: 180 Katherine Street, Sandton, 2196
(PO Box 782248, Sandton, 2146)
Nationality: South African
Age: 42
Qualifications: BCom (Hons), CA(SA), MPhil (Cantab)
Profile: 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 on 18 December 2006. Previously he was a partner at Deloitte. In 1993 he completed his Master of Philosophy Degree at Cambridge University, England in the Economics and Politics of Development.

Donald Gert Wilson – Finance Director

Business address: 180 Katherine Street, Sandton, 2196
(PO Box 782248, Sandton, 2146)
Nationality: South African
Age: 51
Qualification: BCom CTA, CA(SA)
Profile: 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.

Peter John Blackbeard

Business address: Barloworld Handling, Ground Floor, Statesman House, Stafferton Way, Maidenhead, SL6 1AD, England
Nationality: South African
Age: 51
Qualifications: BSc Eng (Mech) (Hons), Dip Business Management
Profile: John joined Barloworld in 1996 and was appointed to the Barloworld board in 2004. He was chief executive officer of the Scientific division prior to disposal of that business and in 2007 he was appointed chief executive officer of Barloworld Handling (formerly Barloworld Industrial Distribution). John was previously chief operating officer of PPC.

Martin Laubscher

Business address: 6 Anvil Road, Isando, 1601
(Private Bag 2028, Isando, 1600)
Nationality: South African
Age: 48
Qualifications: BAcc, BCompt (Hons), CTA, MCom (Business Management)
Profile: Martin joined Barloworld in 1980 as a bursar and was appointed to the Barloworld board in May 2005. He was appointed chief executive officer of the Automotive division in 2003. Previously he was the director responsible for the Automotive Group Franchise Operations.

Oupa Isaac Shongwe

Business address: 180 Katherine Street, Sandton, 2196
(PO Box 782248, Sandton, 2146)
Nationality: South African
Age: 46
Qualifications: BA (Hons) US, MPhil (Oxon)
Profile: Isaac joined Barloworld Logistics Africa as an executive director for Business Development and Transformation in 2005. He was appointed executive director for Barloworld and chief executive officer for Barloworld Logistics Africa in January 2007.

Peter Montagu Surgey

Business address: 180 Katherine Street, Sandton, 2196
(PO Box 782248, Sandton, 2146)
Nationality: South African
Age: 54
Qualifications: BA, LLB
Profile: 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. Peter retired from the board on 30 September 2008.

Name	15/11/07	24/01/08	19/03/08	08/05/08	09/06/08	25/07/08	03/10/08
SAM Baqwa	X	✓	✓	✓	X	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓	✓
PB Diamond	✓	N/A	N/A	N/A	N/A	N/A	N/A
AGK Hamilton	✓	X	✓	✓	✓	✓	✓
AJ Lamprecht	✓	N/A	N/A	N/A	N/A	N/A	N/A
M Laubscher	✓	✓	✓	✓	✓	✓	✓
MJ Levett	✓	✓	✓	✓	✓	✓	✓
SS Mkhabela	✓	✓	✓	✓	✓	✓	✓
TS Munday	✓	N/A	N/A	N/A	N/A	N/A	N/A
DB Ntsebeza	✓	✓	✓	✓	✓	✓	✓
SS Ntsaluba	N/A	N/A	N/A	N/A	N/A	*	✓
TH Nyasulu	✓	✓	✓	✓	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓	✓
G Rodriguez de Castro de los Rios	✓	✓	✓	✓	✓	✓	✓
OI Shongwe	✓	✓	✓	✓	✓	✓	✓
PM Surgey	✓	✓	✓	✓	✓	✓	*
CB Thomson	✓	✓	✓	✓	✓	✓	✓
RC Tomkinson	✓	✓	N/A	N/A	N/A	N/A	N/A
DG Wilson	✓	✓	✓	✓	✓	✓	✓

** indicates attendance by invitation*

Board attendance

During the year under review, six scheduled meetings were held. Five of these were held in South Africa and the other was held in the UK. Attendance at these meetings is as shown above. An additional meeting was held in South Africa on 9 June 2008 to approve the black ownership initiative that was announced on 12 June 2008.

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

Self evaluation of the performance and effectiveness of the board and its committees was carried out. This exercise was conducted by means of individual questionnaires prepared by the company secretary and completed individually by each member of the board. Responses were submitted directly to the company secretary and treated in confidence. The company secretary collated the results of the questionnaire and reported the findings to the board and committee chairman. The chairman advised the board and board committees of the outcome of the exercise.

The board and its committees were found to operate effectively and those few areas identified for improvement would be addressed.

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 employees and also the development of directors, by availing them the opportunity to attend external courses and seminars. Further training is made available dependent upon each director's requirements and the quality and relevance of the training available.

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 sub-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 its 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 regular 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 comprises five executive directors and an additional six executive members, inclusive of the three that were appointed this year; Ms Khanyisile Kweyama (group executive: Global HR and transformation) and Messrs Viktor Salzmann (CEO Finanzauto) and Paul Stuiver (CEO of Barloworld Logistics).

Following these changes the committee at 30 September 2008 comprised:

CB Thomson	V Salzmann
PJ Blackbeard	D Sewela
PJ Bulterman	OI Shongwe
K Kweyama	P Stuiver
M Laubscher	PM Surgey
S Mngomezulu	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; and
- alignment of group initiatives.

The committee held eleven formal meetings during the year and additional strategy sessions. The committee assists 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 co-ordination between business units, group companies and the board.

Corporate governance report *(continued)*

Executive committee attendance

Attendance at meetings	22/10/07	12/11/07	12/12/07	18/01/08	21/02/08	17/03/08	06/05/08	19/05/08	17/07/08	14/08/08	29/09/08
CB Thomson (chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X
PJ Bulterman	✓	✓	X	✓	✓	✓	✓	✓	✓	X	✓
BP Diamond	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Kweyama	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓
AJ Lamprecht	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
M Laubscher	X	✓	✓	✓	✓	✓	✓	X	✓	✓	✓
S Mngomezulu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
V Salzmann	*	N/A	N/A	*	N/A	X	✓	✓	✓	X	✓
D Sewela	✓	✓	X	✓	✓	✓	✓	X	✓	✓	✓
OI Shongwe	✓	X	✓	X	✓	✓	✓	X	✓	X	✓
P Stuiver	*	N/A	N/A	*	N/A	X	✓	✓	✓	✓	✓
PM Surgey	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DG Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

** indicates attendance 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 Gordon Hamilton (chairman), Mike Levett and Sango Ntsaluba, all of whom are independent directors. Mr Steve Pfeiffer was co-opted onto the committee for the meeting of 7 May 2008. The quorum for a meeting is two members, personally present throughout the meeting. 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;
- Evaluating the independence, effectiveness and performance of the lead audit partner and ensuring that partners are rotated in accordance with applicable requirements;
- 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; and
- 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

Attendance at meetings	14/11/07	07/05/08	02/10/08
AGK Hamilton (chairman)	✓	✓	✓
MJ Levett	✓	✓	✓
TS Munday	✓	N/A	N/A
SS Ntsaluba	N/A	N/A	✓
SB Pfeiffer	N/A	✓	N/A
RC Tomkinson	✓	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.

In accordance with the recent amendments to the South African Companies Act, a Barloworld SA audit committee was established to attend to the statutory requirements outlined in the Act for Barloworld Limited's South African subsidiaries. The committee members comprise Messrs Gordon Hamilton and Sango Ntsaluba, both of whom are independent directors.

The board has determined that the audit committee and the SA audit committee have fulfilled their responsibilities for the year under review in compliance with their 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.

The chief executive officer is currently the only executive member of the committee, which comprises Messrs Dumisa Ntsebeza (chairman), Gordon Hamilton, Mike Levett, Steve Pfeiffer and Clive Thomson.

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.

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.

General purposes committee attendance

Attendance at meetings	14/11/07	23/01/08	18/03/08	07/05/08	24/07/08	02/10/08
DB Ntsebeza (chairman)	✓	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓
MJ Levett	✓	✓	X	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓
CB Thomson	✓	✓	✓	✓	✓	✓
RC Tomkinson	✓	✓	N/A	N/A	N/A	N/A

Corporate governance report *(continued)*

Nomination committee

The nomination committee, which must have a minimum of three members, consists exclusively of independent directors and comprises Messrs Dumisa Ntsebeza (chairman), Selby Baqwa, Gordon Hamilton, Mike Levett and Steve Pfeiffer and Ms Bongi Mkhabela. A quorum for a meeting is two members present in person throughout the meeting. 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 directors who retire in terms of the company's articles of association, for re-election.

Mr Sango Ntsaluba, having been appointed during the financial year, is required to retire at the upcoming annual general meeting. Messrs John Blackbeard, Mike Levett, Steve Pfeiffer, Gonzalo Rodriguez de Castro de los Rios and Ms Bongi Mkhabela are required to retire by rotation. All retiring directors are eligible and, except for Mr Levett, they have offered themselves as available for election or re-election respectively.
At its meeting in October 2008, the committee 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 6 in the Notice of Annual General Meeting on pages 274 to 276 of this document). In accordance with its findings, the committee recommends to shareholders the election of each of the above mentioned directors.

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

For the year under review, the empowerment and transformation committee comprised Mr Peter Surgey (chairman) and four independent non-executive directors, namely Messrs Selby Baqwa, Mike Levett and Dumisa Ntsebeza and Ms Bongi Mkhabela. During October 2008, following the retirement of Mr Surgey, the composition of the committee has changed as follows; Ms Mkhabela has been appointed as chairman and Messrs Isaac Shongwe and Clive Thomson have been appointed as members. The executive responsible for transformation throughout the group attends all meetings of the committee.

A quorum for a meeting is three members, two of whom must be independent. The committee recommended to the board approval of the black ownership transaction, including participating internal and external partners. Finalisation of the black ownership initiative was the culmination of a process commenced in earnest in 2006. The committee will now focus on other areas identified in the DTI codes of practice for BEE including corporate social investment, employment equity and enterprise development.

The committee may consult, whenever appropriate, with any other member of the board or expert on any subject matter to be dealt with by the committee.

Nomination committee attendance

Attendance at meetings	14/11/07	23/01/08	18/03/08	07/05/08	10/06/08	24/07/08	02/10/08
DB Ntsebeza (chairman)	✓	✓	✓	✓	✓	✓	✓
SAM Baqwa	✓	✓	X	X	X	✓	✓
AGK Hamilton	N/A	N/A	✓	✓	✓	✓	✓
MJ Levett	✓	✓	X	✓	✓	✓	✓
SS Mkhabela	✓	✓	✓	✓	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓	✓
RC Tomkinson	✓	✓	N/A	N/A	N/A	N/A	N/A

Empowerment and transformation committee attendance

Attendance at meetings	14/11/07	23/01/08	18/03/08	07/05/08
PM Surgey (chairman)	✓	✓	✓	✓
SAM Baqwa	✓	✓	X	X
MJ Levett	✓	✓	X	✓
SS Mkhabela	✓	✓	✓	✓
DB Ntsebeza	✓	✓	✓	✓

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 2008.

Key remuneration highlights and developments

In the year under review Barloworld continued to apply the global grading system to determine the appropriate level of compensation, harmonise intellectual capital management and to nurture and recognise talent and reward superior performance.

The benefits of implementing a global grading system across the group at executive and senior management levels include standardisation across business units and countries, consistent benchmarking and transparency.

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

The committee received external advice from the following:

Advisers	Services provided to the committee
Watson Wyatt	Provision of a global grading system to harmonise remuneration benchmarking practices for employees worldwide.
PwC	Appointed by the company as lead advisors on proposals brought before the committee. PwC reviewed recommendations provided to the company by LMO Executive Services (LMO) regarding executives salary, bonus levels and benchmarking data. The committee received the advice and guidance of PwC prior to approving any of the recommendations.
LMO	Appointed by the company to advise on salary increases for executives and provide remuneration benchmarking data for executives and senior management.
Deloitte	Confirmed that share option holders were not prejudiced on the unbundling of Freeworld Coatings and affirmed the calculations of the repriced share options and SARs.

Certain of the group businesses overseas are provided with audit and non-audit related services from Deloitte and its worldwide member firms.

Corporate governance report *(continued)*

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 skills. Barloworld's total reward philosophy is aligned with the strategic direction and specific value drivers of the group 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 Steve Pfeiffer (chairman), Gordon Hamilton, Mike Levett and Dumisa Ntsebeza. A quorum for a meeting is two members present in person throughout the meeting. 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.

The committee 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 sub-committee. 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 non-executive directors are fully set out on page 235 of this annual report. Details of fees proposed to shareholders for approval are 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.

The current chairman of the committee is Mr Pfeiffer. He replaced Mr Mike Levett who had been appointed chairman following the retirement of Mr Trevor Munday in January 2008.

The chief executive officer and the executive 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 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 are fixed by the shareholders in general meeting on proposals agreed to by the board on the recommendation of the remuneration committee on the advice of independent external remuneration consultants.

Remuneration committee attendance

Attendance in meetings	14/11/07	23/01/08	18/03/08	07/05/08	24/07/08	26/09/08	29/09/08	02/10/08
SB Pfeiffer (chairman)	✓	✓	✓	✓	✓	✓	✓	✓
AGK Hamilton	N/A	N/A	✓	✓	✓	✓	X	✓
MJ Levett	✓	✓	X	✓	✓	X	X	✓
TS Munday	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DB Ntsebeza	✓	✓	✓	✓	✓	✓	✓	✓
RC Tomkinson	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A

At the annual general meeting held on 24 January 2008 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:

Non-executive fees	Present
Chairman of the board, inclusive of fees payable as chairman of board committees	R1 437 500
Resident non-executive directors	R180 000
Non-resident non-executive directors	£49 400
Chairman of the audit committee	£23 000
Resident members of the audit committee	R60 000
Non-resident members of the audit committee	£12 000
Chairman of the remuneration committee (resident)	R75 000
Resident members of each of the board committees (excluding risk and sustainability committee)	R45 000
Non-resident members of each of the board committees (excluding risk and sustainability committee)	£3 000

Fees for additional services

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

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 page 235.

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 and individual performance.

The company embarked on a benchmarking process during the year under review to ensure that the packages awarded to executive directors were competitive. The benchmarking was conducted independently by PricewaterhouseCoopers, the lead advisor to the remuneration committee, and by LMO, the company 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 is based on individual performance;
- Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year; and
- 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 allowance

- 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 development 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 bonuses have 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
- Raised the threshold targets such that they represent minimum acceptable performance for the businesses.

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

At a group level, the interval of the operating profit growth between target and stretch is 7%. Research conducted on the interval between median and upper quartile performance of South African industrial and retail businesses indicates an average over time of 6% to 10% per annum, indicating that this level of stretch is appropriate.

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. Allocations of share options are generally made every year, based on the market value of the company's shares. One-third of each allocation 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 ten 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 in the year under review to executive directors nor to any other executives and there are no plans to issue further share options at this stage.

Share options granted previously have been re-priced in accordance with shareholder approvals following the unbundling of PPC and the unbundling of coatings.

Details of the options previously granted to executive directors are given on pages 236 to 237.

- Share appreciation rights scheme
  The Barloworld cash-settled Share Appreciation Rights Scheme (SARs scheme) has been developed with the object and 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 2008 to executive directors and a limited number of senior executives. 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 2008 award 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 September 2008:

Date of SARs grant	**29 Sep 08**	13 Jul 07
Grant/strike price	**R61.01**	R123.88*
Director	**Number of SARs**	Number of SARs
PJ Blackbeard	**88 978**	46 627
M Laubscher	**98 431**	42 091
OI Shongwe	**62 176**	37 229
PM Surgey		44 354
CB Thomson	**201 259**	137 870
DG Wilson	**88 978**	64 797
Total	**450 844**	372 968

** Following the unbundling of the coatings division, the adjusted grant price is R113,01.*

The executive directors' salaries, bonuses, share option and share appreciation rights costs, retirement and medical contributions and other benefits, as well as gains from share options exercised or ceded, are provided on page 235. The details of the company's shares owned and unexercised share options held by each director can be found on pages 238 and 239.

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 dependents.

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 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 stakeholders 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.

The audit committee carries out an independent oversight role of the risk and sustainability management process.

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.

Risk and sustainability committee

Members of the risk and sustainability committee and their attendance record at meetings are shown below.

Attendance at meetings	16/11/07	18/03/08	06/05/08	08/08/08
DG Wilson (Chairman)	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓
M Laubscher	✓	✓	✓	✓
OI Shongwe	✓	✓	✓	X
PM Surgey	✓	✓	✓	✓
CB Thomson	✓	✓	✓	✓

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 comment thereon in their own assessment reports.

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; and
- 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 2008. Audit findings were formally reported to divisional audit committees in April 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 co-ordinates 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 2008.

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 designated directors.

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 the 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

	2008	2007	2006
Total number of calls	**284**	549	393
Total number of reports	**120**	168	129

42% of total calls for 2008 generated reports for investigation, compared to the 31% of reports generated from total calls in 2007. The increased percentage of reports generated from calls is attributable to the improved usage of the Ethics Hotline which indicates improved awareness and understanding of the purpose of the Ethics Hotline.

The total number of reports generated in 2008 (120) declined by 29% from 2007 (168). This is viewed in a positive manner as it highlights the success of the Ethics Hotline in deterring fraud and unethical behaviour.

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 274 to 276 of this annual report.

Shareholder profiles

Register date: 30 September 2008
Issued share capital: 226 878 609

Public and non-public shareholdings

Shareholder type	Number of holders	%	Number of shares	%
Non-public shareholders	24	0.11	22 071 979	9.73
• Directors and Associates	11	0.05	383 883	0.17
• Tamarix Investments*	9	0.04	14 485 013#	6.39
• Employee and Education Trusts	4	0.02	7 203 083	3.17
Public shareholders	20 766	99.89	204 806 630	90.27
Total	**20 790**	**100.00**	**226 878 609**	**100.00**

* *Entities that hold shares issued in respect of the BEE transaction approved in September 2008.*

\# *The shares issued to strategic black partners and community service groups in respect of the BEE transaction. Refer to note 34 on page 231 for further information.*

Registered shareholder spread

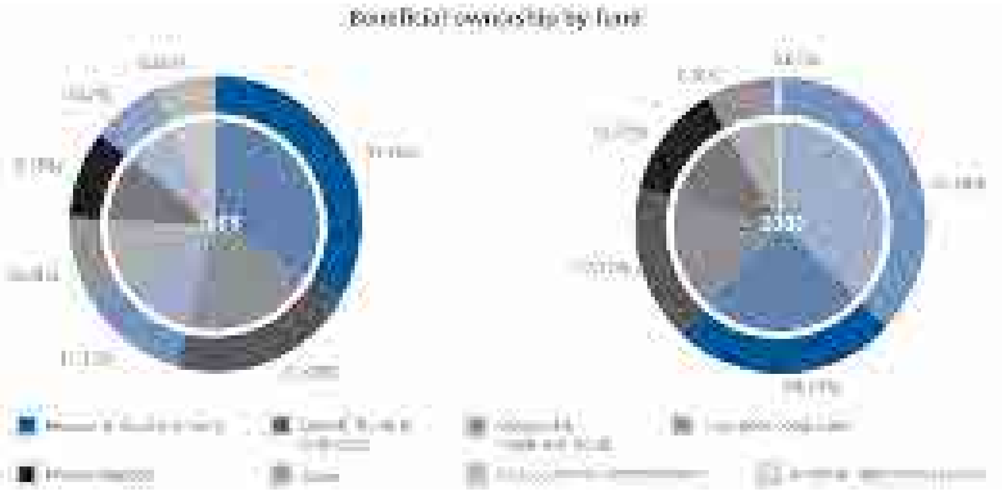
Shareholder spread	Number of holders	%	Number of shares	%
1 – 1 000 shares	15 481	74.46	5 870 133	2.59
1 001 – 10 000 shares	4 417	21.25	12 915 852	5.69
10 001 – 100 000 shares	653	3.14	20 975 075	9.25
100 001 – 1 000 000 shares	188	0.90	55 118 284	24.29
1 000 001 shares and above	51	0.25	131 999 265	58.18
Total	**20 790**	**100.00**	**226 878 609**	**100.00**

Beneficial shareholders holding 3% or more

Beneficial shareholdings	Number of shares	%
Public Investment Corporation	30 432 183	13.85
Old Mutual Life Assurance Co Limited	7 399 518	3.37
Total	**37 831 701**	**17.22**

Fund managers holding 5% or more

Investment manager	Number of shares	%
Investec Asset Management	27 918 404	12.71
Public Investment Corporation	19 781 640	9.00
Old Mutual Investment Group SA	18 563 381	8.45
Sanlam Investment Management	15 968 008	7.27
Total	**82 231 433**	**37.43**



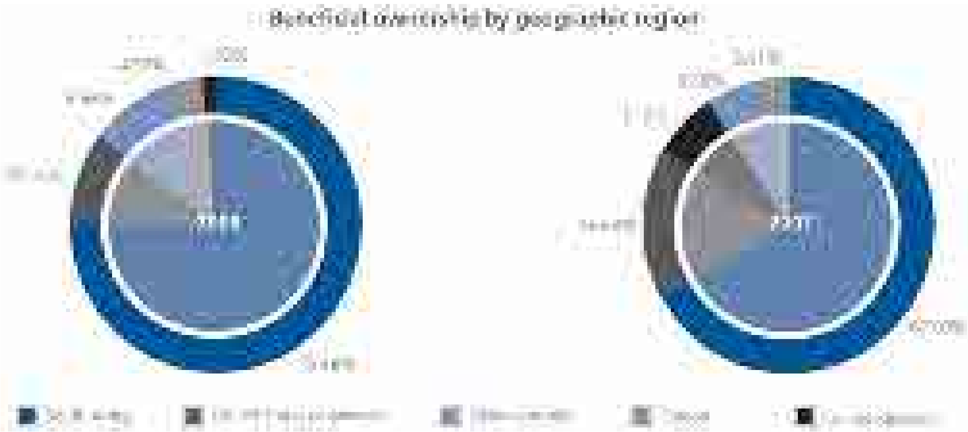
Beneficial ownership by fund type (%) 2008

Category	Number of shares	%
Pension and provident funds	75 451 536	33.26
Growth funds and unit trusts	47 721 632	21.03
Managed and investment funds	25 473 493	11.23
Insurance companies	23 577 962	10.39
Black economic empowerment	21 688 096	9.56
Private investors	17 852 798	7.87
Other*	15 113 092	6.66
Total	**226 878 609**	**100.00**

* *American Depository Receipts, Charity, Custodians, Foreign Government and Local Authority.*

Beneficial ownership by fund type (%) 2007

Category	Number of shares	%
Managed and investment funds	76 200 766	37.38
Pension and provident funds	49 613 217	24.34
Growth funds and unit trusts	36 125 009	17.72
Private investors	24 901 284	12.22
Insurance companies	15 697 173	7.70
American depositary receipts*	1 305 939	0.64
	203 843 388	**100.00**



Geographic analysis of shareholders – 2008

Region	Number of shares	%
South Africa	170 554 094	75.18
United States of America	23 003 413	10.14
Other countries	19 700 928	8.68
Europe	10 374 850	4.57
United Kingdom	3 245 324	1.43
Total	**226 878 609**	**100.00**

Geographic analysis of shareholders – 2007

Region	Number of shares	%
South Africa	136 559 671	67.00
United States of America	33 927 918	16.64
United Kingdom	14 652 636	7.19
Other countries	11 539 213	5.66
Europe	7 163 950	3.51
	203 843 388	**100.00**

Value added statement

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

	2008		2007		2006	
	Rm	%	Rm	%	Rm	%
Revenue from continuing operations	46 830		39 757		32 452	
Revenue from discontinued operations	1 900		10 502		12 016	
Paid to suppliers for materials and services	36 729		34 365		31 032	
Value added	12 001		15 894		13 436	
Income from investments^	208		340		294	
Total value created	12 209		16 234		13 730	
Value distribution						
Employees (note 1)	6 793	56	8 362	52	6 941	51
Capital providers:	1 654	14	4 047	25	1 870	14
Finance costs	980		805		575	
Dividends to Barloworld Limited shareholders	614		2 285		995	
Dividends to minority shareholders in subsidiaries	8		344		300	
Unbundling of Coatings	52					
Unbundling of Cement			613			
Government (note 2)	1 010	8	1 667	10	1 610	12
Communities (Corporate social investment)	13		16		17	
Reinvested in the group to maintain and develop operations	2 739	22	2 142	13	3 292	23
Depreciation	2 121		2 157		1 930	
Retained profit	671		(144)		1 307	
Deferred taxation	(53)		129		55	
	12 209	100	16 234	100	13 730	100
Value added ratios						
Number of employees (30 September)	19 668		21 960		25 716	
Revenue per employee (Rand)#	2 341 197		2 108 369		1 472 600	
Value created per employee (Rand)#	586 561		681 026		531 357	
Corporate social investment – % of profit after taxation	0.9		0.6		0.6	
Notes:						
1. Employees						
Salaries, wages, overtime payments, commissions, bonuses and allowances**	5 932		7 114		6 068	
Employer contributions+	861		1 248		873	
	6 793		8 362		6 941	
2. Central and local government						
Current taxation	830		1 412		1 345	
Regional Service Council levies			36		63	
Rates and taxes paid to local authorities	60		86		77	
Customs duties, import surcharges and excise taxes	105		118		111	
Skills development levy	15		18		16	
Cash grants and cash subsidies granted by the government			(3)		(2)	
	1 010		1 667		1 610	

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

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*

Sustainability report

Khanyisile Kweyama *Group executive: Global human resources and transformation*

A sustainable approach

A philosophy of creating value for all its stakeholders underscores Barloworld's commitment to sustainable development. The group's entrenched values and ethics together with its 10 Pillars of Sustainability ensure responsible corporate activity and sustained value creation.

Contents

CEO philosophy

Barloworld's commitment to sustainable development, which incorporates business sustainability, is motivated by the interests of all its stakeholders.

Accordingly, we:

- strive to ensure that our integrated customer solutions provide an opportunity for our customers to realise their sustainable development objectives
- believe that proper representation of our principals, the Original Equipment Manufacturers (OEMs), includes supporting their sustainability initiatives and objectives
- are determined that our employees and their families should look forward to a long and proud association with Barloworld and that our commitment to empowerment and transformation will enable them to realise their potential
- intend that our shareholders should enjoy their financial returns knowing that these were not gained to the detriment of future generations and can be expected to grow and improve in years to come as a result of Barloworld's comprehensive approach to value creation. This includes leaving an environment we can all be proud of and one which our future generations will respect.

We believe that by properly addressing all aspects of sustainable development we will enhance the competitive position of Barloworld into the future and ensure the concomitant benefits for all our stakeholders.

Approach to sustainability

Introduction

Entrenched in Barloworld's philosophy of creating value for all its stakeholders, is the appreciation of the societal roles corporates fulfil in the communities in which they operate.

For Barloworld, the cornerstone of sustainable development is the ongoing ability to improve its value creation for all its stakeholders. Whilst the group has pursued this philosophy since its inception, it has become more defined and refined over the past 100 years of the group's existence and, in 1999, was articulated through its Value Based Management approach.

Central to this philosophy is the progressive improvement in value creation for all stakeholders, namely shareholders, customers, principals and suppliers, and employees, underscored by responsible corporate citizenship.

This approach is encapsulated in Barloworld's 10 Pillars of Sustainability which distil the group's understanding, philosophy and requirements of its operations in order to deliver on its role and fulfil its objective of ongoing value creation.

Encompassed in these 10 Pillars of Sustainability are the elements of the Global Reporting Initiative (GRI). These have been embraced by the group and form the structure for much of its reporting.

Specifically, the GRI addresses the areas of:

- Economic Performance
- Environment Performance
- Social Performance

Whilst the annual report in its totality substantively addresses the GRI, various aspects are highlighted in this section of the report which contextualises such aspects and provides detail in respect thereof.

Barloworld believes that all its activities are integrated and culminate in its sustainability as an enterprise and accordingly it is

Avis Rent a Car Southern Africa's environmentally friendly stand wins award at INDABA

Avis won a platinum award for its striking and environmentally friendly stand as well as the professional and warm attitude of its exhibitors at South Africa's travel trade show, INDABA 2008.

Creating an environmentally friendly stand is just one of the ways that Avis lives up to its "Avis Cares" slogan, which is all about focusing on people, environmental issues and the company's drive to become carbon neutral.

Avis is aware of the critical importance of conserving the planet. It is a long-term effort and everyone at Avis is committed to finding new and unique ways to ensure the sustainable use of natural resources and the minimisation of carbon emissions.

not the intention of the group to decouple and report on various aspects of its operations in a separate Sustainability Report.

Consistent with this approach, responsibility and accountability for sustainability rests with the group's board and CEO, although day-to-day responsibility is delegated to divisional CEOs and their respective boards.

Given the nature of its commercial activities, its products and integrated solutions provided to its customers, a central aspect of Barloworld's environment preservation and climate change programmes aims at reducing and off-setting its carbon footprint.

Barloworld's 10 Pillars of Sustainability

Barloworld's 10 Pillars of Sustainability reflect the group's philosophy, approach and commitment to various aspects of sustainability. These pillars act as a guide to all operations and form the backdrop of daily activities and a filter against which potential opportunities are assessed.

10 Pillars of Sustainability

- Clear vision and strategy
- Focus on the core
- Market leadership
- Integrated customer solutions
- Globally competitive employees
- Decisive management
- Environmental and social legitimacy
- Values and ethics
- Corporate governance
- Learning organisation

Barloworld and Food and Trees for Africa (FTFA)

Over many years Barloworld has supported Food and Trees for Africa's Greening of Soweto and Trees for Homes programmes, with the aim of rehabilitating dusty, barren settlements to create a healthy environment and develop environmental awareness and education amongst the residents. This initiative also serves to offset carbon dioxide emissions, as well as providing a host of other social, environmental and economic benefits such as improving property values, enhancing community pride and beautifying the area.

For its centennial year in 2002, Barloworld planted 23 000 trees, one in celebration of each of its employees at the time, and has continued to work with Food and Trees for Africa on plantings each year since then.

Its latest corporate organised plantings involved the donation of 150 indigenous shade trees to a community in Soweto in supporting of the Greening of Soweto towards 2010 project objectives.

Barloworld corporate's target for its 2009 plantings is more ambitious, in line with its commitment to supplement the offsetting of the divisions' carbon emissions. One thousand one hundred and ninety trees to the value of R100 000 will be planted in Eden Park in Gauteng, Khayelitsha in the Western Cape and the Quarry Heights settlement in KwaZulu Natal, as part of FTFA's Trees for Homes programme. Apart from adding value in shade and food production, since some of the plantings will be fruit trees, this donation will contribute to urban and peri-urban land care and sustainable human settlements. Each tree will sequester half a ton of carbon over its estimated 15 year lifespan.

Approach to data collection and reporting

Barloworld maintains a leading status in financial reporting. Over the past years it has introduced systems and processes to collect non-financial data required for responsible management purposes which also served as the data reported under the GRI format.

Barloworld includes in its annual reports aspects of the information outlined by the GRI. Whilst not all divisions and their operations have reached similar levels of sophistication, concerted efforts in this regard ensure continual improvement. In particular, this year the logistics and automotive divisions' energy consumption in the form of electricity, petrol and diesel has been reviewed by the auditors and limited assurance obtained. It is anticipated that within the next year a similar assurance will also be obtained for this data from the remaining operations in the group.

As part of its commitment to improve non-financial reporting, Barloworld is in the process of reviewing the aspects of the GRI which it believes to be most significant and appropriate in terms of its operations. It is anticipated that reported information will be reviewed in future in order to concentrate on those aspects which are material, given the nature of Barloworld's operations, its products and customer solutions.

In addition to annual reporting, a group safety, health and environment (SHE) report is compiled on a quarterly basis and reviewed by the group risk and sustainability committee, and the board.

Assurance

The group is committed to ensuring that the non-financial information provided in this report is verified by a third party. This is an ongoing process involving independent auditors. For the past few years Deloitte has provided limited assurance on specific aspects in the sustainability section of the annual report. For these aspects the systems and procedures are in place to record the relevant data and are regularly reviewed. This is continued for the current year, with third party review expanded to include the fuel and electricity consumption of the logistics and automotive divisions. The intention is to progress with the standardisation and implementation of reporting systems throughout the group with a view to having assurance for all information reported. It is anticipated that a web-based data collection system for all divisions will be implemented in the next financial year.

Governance, ethics and values

This is central to the group's activities and is comprehensively addressed in the corporate governance section of this report. Legal compliance is assured through a strong legal department in the company and a series of structured workshops and interventions involving external legal practitioners. In particular, during the year the group and all divisions conducted externally facilitated workshops involving executives and senior management at which compliance issues in general were discussed, whilst competition legislation received specific attention. Financial compliance is assured through internal structures and controls as well as independent financial audit. Not only are external requirements subscribed and adhered to, but the group has its own internal set of values and ethics which guide all its activities and relationships, both individual and corporate.

Code of ethics

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

Group risks

Entrenched throughout the group is a detailed and systematic process requiring executive, senior and local management to continually review, assess and address the risks and challenges for the group and related operations. This process requires detailed reviews at all levels of the organisation including regular review and update at all management, executive and board meetings. In addition, quarterly risk and sustainability meetings are held at which these aspects for the group are reviewed. Importantly, the strategic planning initiatives and processes throughout the group require the identification of the risks at each level in the group and detailed action plans prepared to manage such risks. These cover the acceptance, reduction or transfer of the risks as appropriate for the group. These plans are also reviewed at executive and board level. The internal audit function is charged with reviewing the adopted processes that ensure this risk management methodology is in place. Contingency plans and procedures are prepared to deal with unscheduled occurrences and stakeholder concerns. Consistent with this approach, all operations have detailed business continuity plans as well as disaster recovery plans in place. These are prepared in conjunction with the information technology departments.

Barloworld group top risks – 2008
(in alphabetical order)

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 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.
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, the competitiveness of their products and services and the availability of equipment to meet customers' needs. 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 by giving constant feedback on market movements and product competitiveness to our principals. • Continually improve/build our relationships with our principals and major suppliers and attempt to ensure that we are the preferred dealer/customer. • Provide excellent customer service and lead in our markets. • Build Smart Partnerships with customers. • Build relationships with local authorities.

Barloworld group top risks – 2008 *(continued)*
(in alphabetical order)

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.	**Operational 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. • Diversify customer base.
Global economic slowdown/credit crisis The risk that we are exposed to a sudden slowdown in economic activity and/or that our ability to access short- and long-term funding may be negatively impacted and the financial viability of existing service providers in both insurance as well as banking, may be threatened.	**Financial risk** • Inflationary pressures to be carefully monitored and managed as appropriate in each business. • Analysis of the impact of high energy prices on the pricing of our products and services. • Monitor our customer's ability to spend. • Convert short-term debt to longer-term committed maturities. • Secure adequate short-term funding committed facilities.

Barloworld group top risks – 2008 *(continued)*
(in alphabetical order)

Key risks	Category of risk and management response
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.
Strategic employee 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** • Barloworld has a comprehensive employee approach and related set of initiatives to align employees with the strategy of the organisation. • These identify and align 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 scheme has been implemented to ensure recognition and retention of high-performing employees.

Strategic planning

Robust strategic planning processes are entrenched at all levels of the organisation to ensure appropriate participation and to access the collective wisdom within the group. All such processes are informed by the group framework and address five strategic focus areas as identified by the group. The planning process also encompasses the annual financial forecasts, generating both short and long-term forecasts. The interests of all stakeholders are kept in equilibrium and plans are aligned with those of the many represented principals.

At a conference held in February 2008, Barloworld's strategic framework was revisited, discussed and refined by the delegates who comprised Barloworld's top global leaders. This formed the backdrop against which all strategic planning in the group took place during the year.

The group's five strategic focus areas were endorsed. These are:

- Integrated customer solutions
- People
- Empowerment and transformation
- Financial returns
- Profitable growth

All operations in the group have included and addressed these aspects in their respective strategic plans.

The implementation of strategic plans in the group is closely monitored against stated targets and objectives through alignment maps, a balanced scorecard system and methodologies which include the Six Sigma project methodology. In addition to ensuring implementation, this approach also ensures a balance is maintained between the interests of all stakeholders.

Economic aspects

The distribution of economic value created for stakeholders is reflected in the group's value added statement, the summary of which is reflected below. A full value added statement for the past three years is on page 85.

Environmental aspects

Overview

Barloworld is mindful of the environmental impact of its activities and the consequences these have on climate change. The group's commercial activities are generally not environmentally aggressive however, Barloworld understands the negative environmental impact of the products and customer solutions it provides. Nonetheless, a group environmental policy is in place and relevant processes are being implemented across the group to reduce the negative consequences of its activities and to ensure that all operations are conducted in an environmentally responsible manner. Priority areas for the group include: natural resource protection, optimisation of energy consumption and making a positive contribution towards slowing climate change. It is understood that the setting of targets and the measurement of progress toward such targets is an integral part of this commitment. As part of the GRI reporting framework, measurement of certain environmental aspects has been a feature of the group's approach. Four operations have achieved an ISO 14001 rating whilst the remainder strive to achieve the standards reflected in the Barloworld Good Practice Guidelines on Environmental Management for Non-ISO Certified Operations. Certified operations are both Avis and Budget car rental operations in Norway and Sweden. Barloworld business units operate under increasingly strict compliance regulations which include European Union and American standards as well as Scandinavian and Australian legislation. Standards in southern Africa and South Africa in particular are being raised.

Avis supports the environment

In a few years young children at Thuthuka Primary School in Tembisa will be able to play in the shade of 75 indigenous trees. The trees were planted by Avis Rent a Car Southern Africa's staff as part of the car rental company's "Avis Cares" initiative, which focuses on people and environmental issues. The initiative is also part of Avis' promise to plant a tree for every Toyota Prius rented through Avis since its launch last year.

This is part of an initiative that includes 225 trees to be planted at underprivileged schools and communities and was conducted in conjunction with one of Avis' developmental partners, Food and Trees for Africa. They are a public greening initiative that help establish sustainable natural resources that provide food security for poverty-stricken people and contributes to the greening of marginalised communities.

Avis Rent a Car Southern Africa MD, Wayne Duvenage, says the initiative was aimed at providing customers with the opportunity to rent the new Toyota Prius, an environmentally friendly vehicle, and make their rental experience one of minimal environmental impact. "In addition to introducing low emission cars, the Avis Cares brand focuses on improved recycling, investing in community upliftment, internal training and development, and procurement through suppliers made up of previously disadvantaged individuals," he says.

Tree Planting Initiative – Barons Western Cape

Barons Western Cape have committed to planting an indigenous tree for every vehicle sold. The joint venture sees the dealership teaming up with the City Parks Department and the Office of the Mayor of Cape Town.

Executive mayor, Helen Zille, said: "On behalf of the City of Cape Town I offer my full support to the Barons 'Trees for Cars' Initiative. Air pollution is becoming a serious problem for our environment and the health of our residents. Last year the City experienced over 150 days where air pollution levels were higher than internationally accepted standards. Barons has chosen to plant a tree for every car that they sell in order to help counterbalance the carbon emissions that cars produce and so give their customers the opportunity to help make Cape Town a healthier city."

Group policy

The group provides the framework under which the operations structure their respective environmental policies and systems appropriate to the nature of their operations.

Highlights of the Barloworld environmental policy include:

- The implementation of environmental management systems in all divisions to guide environmental responsibility and accountability at all levels of management and continual improvement of environmental performance through self-assessment and auditing
- The divisional environmental policies cover:
  - Clear accountability structures
  - Compliance with environmental laws, and other standards and codes of practice to which the company subscribes
  - The practical optimisation of resources utilisation and minimisation of emissions and waste
  - Promotion of environmental awareness
  - Maintenance of dialogue with stakeholders to promote environmental protection
  - Development of contingency procedures to deal with unscheduled occurrences and community concerns.
- A commitment to measuring and reporting on progress in terms of this policy.

Nature of products

In offering its customers integrated solutions, Barloworld is mindful of their requirements for products and solutions that are environmentally sensitive and efficient. In this regard, the operations offer customers solutions that include the latest technology addressing energy efficiency and minimising emissions. Examples of this include the incorporation of Hybrid (Toyota Prius) and SAAB BioPower and Volvo V50 flexi-fuel vehicles in car rental fleets. Barloworld's logistics division provides through the CAST-CO_2 module of its leading supply chain design system, the ability to calculate the carbon footprint impact of any supply chain modelling and hence, the ability to reduce such impacts. Implementing this system has shown a significant reduction in carbon emissions. Caterpillar's ACERT technology enables their engines to meet current and future emissions regulations and provides a long-term solution for the global engine market.

In addition, the Norway and Sweden car rental operations offer customers an opportunity to offset their carbon footprint through the purchase of carbon credits. Invoices reflect the carbon emission during the rental period.

The group is committed to working with its customers to ensure their requirements, including environmental aspects and objectives, are fulfilled and their competitive position enhanced.

Principals' standards

As a distributor of leading international brands, Barloworld represents major OEMs and principals. These include Caterpillar, numerous motor vehicle manufacturers, Hyster, Avis and Budget. These principals have their own standards and requirements which are filtered into the relevant Barloworld divisions and operations, providing further standards and ensuring compliance.

In addition, such principals are environmentally aware and continue to develop products that contribute to mitigating and addressing environmental damage.

Healthy machines – healthy environment

Barloworld Equipment adds value to customers through comprehensive preventative maintenance practices that aim to improve productivity, avoid unscheduled downtime and costly after failure repairs, and prevent unnecessary use of scarce skills.

These offerings include, among others, operator training, machine inspections, fluid sampling and the use of specified Cat consumables such as filters and oils.

Sustainability is the ultimate aim of all our equipment maintenance practices. Healthy machines require good levels of contamination control, which means environmentally friendly practices when changing fluids. Waste is reduced when machines need fewer repairs and healthy machines use less fuel. Emissions are also reduced when machines run optimally and are operated correctly. Lastly, the need to replace machines and place pressure on resources is reduced.

The Barloworld Equipment SA Scheduled Oil Sampling (SOS) laboratory at Isando tests and interprets more than 7 000 oil samples from Caterpillar machines operating in southern Africa each month.

The SOS programme is not a solution to machine problems, but it is a tool for detecting problems early. By monitoring their equipment throughout its life, customers can optimise performance, maximise productivity, save money and support sustainability.

Important aspects

The group intends to focus on the following aspects which it believes are the most relevant and material given the retail nature and after-market activities of its businesses:

- Energy consumption
- Water consumption
- Greenhouse gas emissions
- Materials consumption with emphasis on:
  - solvents
  - lubricants
  - tyres
  - batteries
- Waste disposal with emphasis on recycling:
  - solvents
  - lubricants
  - tyres
  - batteries

Cat clean air technology

More than half of the new Caterpillar earthmoving machines sold in the past year help to keep our air clean. That's because their engines are built using Caterpillar's innovative ACERT technology.

Caterpillar developed ACERT technology to meet American and European diesel engine emissions regulations in on-highway and off-road applications and continues to refine the technology as the regulations become more stringent.

ACERT technology enables diesel engines to comply with legislated restrictions of harmful emissions such as carbon monoxide (CO), hydrocarbons (HC), non-methane hydrocarbons (NMHC), particulate matter (PM) and oxides of nitrogen (NOx).

However durability, longevity and ease of maintenance are also proven features of Caterpillar's engines with ACERT technology. A single-technology solution meets emissions requirements and customer needs in both on-highway and off-road markets. This reduces complexity and allows Barloworld Equipment to provide excellent levels of product support with high parts commonality, ease of training for technicians and minimal additional tooling.

Material consumption would relate primarily to internal commercial activities, whilst waste disposal would include both internal waste as well as waste generated from providing customer solutions.

These aspects will be reviewed on a continual basis to ensure relevance and materiality. Individual operations are encouraged to identify additional aspects that are significant for their particular activities and implement appropriate initiatives in respect thereof.

Greenhouse gas emissions

Barloworld appreciates the link between greenhouse gas emissions (GHGs) and environmental degradation and the need to reduce the carbon footprint of its activities. In order to do so effectively, Barloworld understands that targets must be set, strategies identified, initiatives implemented and results measured.

Practical initiatives to reduce energy consumption are being considered in most operations that not only positively influence carbon emissions but are also commercially sensible due to rising energy costs and increasingly strict legislation.

Barloworld believes that the measurement and control of its emissions is central to its role as a responsible corporate. Mindful that greenhouse gas emissions contribute to climate change, Barloworld is determined to reduce its carbon footprint. To this end, the relevant data has been reported over the past years during which Barloworld has improved recording and reporting systems in order to determine an accurate and comprehensive emissions baseline and measurement standards. During the year it has implemented a structured programme to accurately measure the carbon footprint of its logistics and automotive divisions focusing on their Scope 1 and Scope 2 emissions. It is intended to roll-out this programme into the remaining operations during the course of 2009 with the intention of defining an accurate baseline for the group. Thereafter, reduction targets can be set and a strategy followed to reduce such emissions where possible.

Emissions are calculated by multiplying the applicable factor by the related activity data. Regional specific factors were used and reported emissions include carbon dioxide, methane and nitrous oxide.

Scope 1 Emissions – Relate to internal consumption of petrol, diesel, heavy fuel oil, liquid petroleum gas and natural gas. Customer use is not measured. In southern Africa, standard GHG protocol (www.ghgprotocol.org) mobile factors were used, Australia used National Greenhouse Accounts (NGA) factors, Europe used the United Kingdom's Department of Environment, Food and Rural Affairs (DEFRA) standards, United States used Department of Energy (DOE) standards.

Scope 2 Emissions – Relate to electricity consumption. Calculated using standard factors as above, except for southern Africa where current Eskom factors were applied.

CO_2e – Carbon dioxide equivalent is the universal unit of measurement used to indicate the global warming potential of the main greenhouse gasses on the environment. Carbon dioxide is a reference gas.

Barloworld's approach in this regard is first to measure, then to implement strategies that address the following areas:

- Avoiding emission producing activities
- Reducing emissions of unavoidable activities
- Switching to appropriate energy reduction technologies where feasible
- Off-setting remaining emissions from commercial activities.

Emissions per division (CO_2e tons)

	2008	2007	2006
Automotive	**81 126**	79 346	74 269
Equipment	**49 296**	37 462	31 233
Handling	**22 355**	18 880	26 593
Logistics	**53 592**	22 869	33 351
Corporate	**5 639**	4 435	4 901
Total	**212 008**	162 992	170 347

Scope 1 & 2 Emissions per division – 2008 (CO_2e tons)

	Scope 1	**Scope 2**
Automotive	35 173	45 953
Equipment	26 367	22 929
Handling	16 908	5 447
Logistics	47 697	5 895
Corporate	nr	5 639
Total	126 145	85 863

The abbreviation 'nr' stands for 'not reported'.

Barloworld is also mindful of the carbon emissions generated by the customer solutions provided to its customers and strives to provide customers with environmentally friendly solutions that reduce environmental damage through incorporating the latest technology available, including fuel efficient vehicles and equipment, and optimised supply chain logistics. As an additional element of its flexible, value-adding, integrated customer solutions, Barloworld anticipates including the opportunity for customers to offset their greenhouse gas emissions resulting from the use of the provided solution such as vehicles and equipment either rented or hired. This is already provided by its Norway and Sweden car rental operations.

Emissions per energy source – 2008 (CO_2e tons)

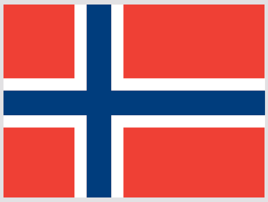
Diesel	Petrol	Heavy oil	LPG	CNG/LNG	Electricity
84 358	40 533	1 036	169	49	85 863

Carbon offset programme

The Avis and Budget operations in Norway have as part of upholding their environmental certification ISO 14001, and as part of being a socially responsible entity, undertaken to be carbon neutral in terms of the carbon emission from their operations, with the exclusion of emissions from their rental fleet and licensee operations. The guiding principles of carbon neutrality as detailed in the Kyoto Protocol have been applied.

This has been achieved by the company entering into a partnership with a Norwegian based company called CO2focus AS. On an annual basis the company in conjunction with this partner calculates the carbon footprint of the company based on the following areas:

- Emissions from company vehicles
- Emissions from electric heating
- Emissions from travel by air
- Emissions from the production and management of general waste
- Emissions from the utilisation of paper products



The company's partner will calculate the carbon footprint and audit this, providing the company with a total amount of carbon based emissions. The company will then purchase an equivalent amount of carbon credits (CER as detailed below) from a United Nations certified carbon credit provider, under the UN's Clean Development Mechanism (CDM) project. These credits have been issued by the UN and have been validated and verified by an approved certification entity and will be done annually.

The UN credits are called CERs (Certified Emission Reductions) which guarantees the reduction of greenhouse gas emissions of 1 ton CO_2 equivalent (1 CER = 1 ton CO_2e). Generally these programmes are linked with sustainable development in developing countries, and form part of the flexible mechanisms for carbon emission control established under the Kyoto Protocol.

Materials

The predominantly retail and related aftermarket activities of Barloworld do not require significant consumption of materials (excluding energy) nor does the group purchase or convert raw materials. However, the broad range of products and services offered results in a broad range of materials used although not all in significant quantities. Materials are sourced from legitimate suppliers. The group intends to focus on solvents, lubricants, tyres and batteries. This is to ensure attention on the materials that potentially have the most significant environmental consequences. The intention is to distinguish between Barloworld and customer consumption of such materials. Other aspects will be considered as the group progresses and expands its sustainability drive. Current use of recycled materials is not significant and mainly comprises paper. The current annual report is printed on environmentally friendly paper. Records of materials consumed are maintained by the respective divisions. These are being reviewed in line with the group's intention to narrow its focus and improve its reporting systems for those aspects which it considers to be significant in the context of its activities.

Energy

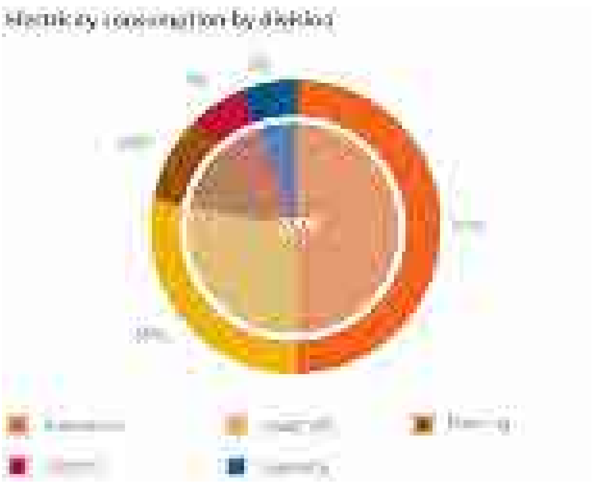
The commercial activities of Barloworld do not require extensive consumption of energy. Nonetheless, the group recognises the environmental consequences of energy consumption particularly those originating from non-renewable resources. Principally, energy is consumed in the form of fossil fuels (petrol and diesel) or electricity obtained from utilities wherever the group operates. The group aims to reduce its energy consumption, particularly that generated by non-renewable sources. In this regard, approximately 36% of the Scandinavian car rental electricity usage is either wind or hydro-generated. Only internal consumption is reported by the group.

All operations are aware of the need to monitor and improve their energy efficiency where possible. Direct and indirect energy consumption is addressed. Generally, activities in this regard include improving efficiencies of operations which results in an overall reduction of direct energy consumed. Specific actions include being environmentally sensitive in the building and renovation of business sites, usage of company vehicles and retro-fitting of energy efficient lighting systems and timing switches. The newest handling facility in Charlotte, North Carolina uses electronic controls and timers to manage the operation of its heating, ventilation and air conditioning (HVAC) systems.

Indirect initiatives include an increase in video-conferencing and reduced air travel. The quantity of energy saved due to conservation and efficiency improvements is not yet available. It is envisaged that the measurement initiatives that are currently being implemented will provide such information in due course. It is Barloworld's intention to report such data in the future.

	Electricity consumed (MWH)			Total fuel (ML)		
	2008	2007	2006	**2008**	2007	2006
Automotive	**42 297**	56 166	53 788	**13.9**	12.5	11.3
Equipment	**23 185**	19 200	15 692	**9.7**	8.1	7.4
Handling	**8 458**	8 588	16 110	**6.4**	4.8	5.3
Logistics	**4 913**	nr	nr	**17.1**	9.6	14.0
Corporate	**4 699**	5 116	5 653	**nr**	nr	nr
Total	**83 552**	89 070	91 243	**47.1**	35.0	38.0

Note: Electricity and fuel for automotive and logistics were collated in terms of the specific carbon measurement project which resulted in more precise measurement of these aspects in 2008. The abbreviation 'nr' stands for 'not reported'.



Water

Due mainly to their urban and industrial locations, Barloworld's operations obtain the majority of their water from municipal and local government water supply systems. The majority of water consumption is for the purposes of washing vehicles and equipment, followed by the cleaning of facilities and domestic use. The significant decrease in consumption from the previous year is due to the unbundling of the coating operations. The automotive division remains the largest consumer of water due to the washing of its car rental fleets and motor retail activity. In the car rental operations, washing vehicles is a key aspect of vehicle turnaround and rental preparation and, in the motor retail operations, sold and serviced vehicles are washed prior to being presented to customers.

Water is principally discharged back into municipal systems with emphasis on compliance with all applicable standards and regulations. This includes the required filtration systems and mechanisms. These aspects are continually monitored as an integral part of the environmental standards and internal reviews are conducted on a regular basis.

Consistent with its commitment to reducing the environmental impact of its activities, the automotive division installed a number of water recycling facilities in its operations, the most notable of which are for its car rental vehicle turnaround facilities in South Africa at Isando (Johannesburg), Cape Town and Durban. On a daily basis approximately 2 300 vehicles are washed at these facilities and between 70% to 75% of the water used is recycled. Further recycling facilities are being built at these locations. A water recycling facility for car rental operations in Port Elizabeth will be completed in 2009.

Water conservation also features prominently in automotive Australia's new Bayside Mercedes-Benz and Volkswagen facilities where a 380 000 litre underground tank was installed to collect rain water used for vehicle washing and plant watering. It is anticipated that around 2 400 vehicles will be washed per month and that 100% of the water will be recycled. Elsewhere in the group, the equipment operations in Spain recycle 1 800m^3 litres annually through water treatment plants located in Arganda, Las Palmas, Lerida and Macael.

Barloworld is not aware of any water sources that were significantly affected by its consumption during the year.

Sustainability report *(continued)*

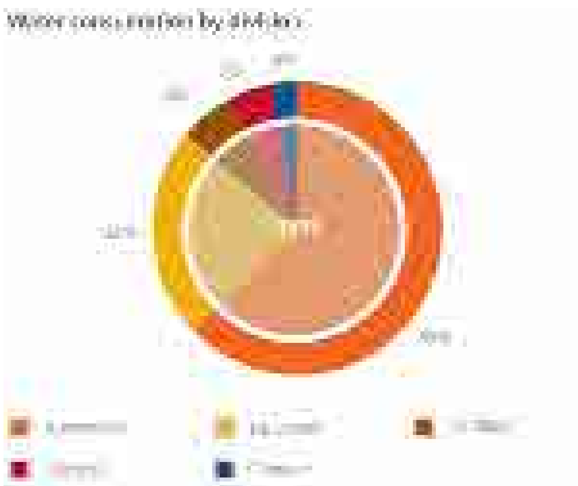
Barloworld Motor Retail Australia builds "Green"

The new Mercedes-Benz and Volkswagen dealerships in Melbourne, Australia were built with the environment in mind. These leading facilities included the following environmentally friendly aspects in their design:

- Water harvesting – 380 000 litre underground tank collecting rain water for washing cars and watering plants
- Automatic car wash uses recycled water. 100% of the water used in the washing process is recycled
- All glass is treated to reduce heat gain and loss. On average, the treated glass is 14% more thermally efficient than untreated glass. Untinted glass would have improved visibility of the cars in the showroom but the environmental factors were considered paramount by the management team
- Natural light in workshops to reduce lighting loads
- Air conditioning units are 5-star rated
- Minimum west facing windows to reduce heat load
- Planting 4 500 plants including 30 mature trees.

	Water consumption (ML)		
	2008	2007	2006
Automotive	**489**	542	501
Equipment	**180**	115	141
Handling	**47**	43	39
Logistics	**37**	0.2	nr
Corporate	**22**	10	11
Total	**775**	710	692

The abbreviation 'nr' stands for 'not reported'.



Biodiversity

Barloworld operations are conducted in industrialised and urbanised environments and accordingly do not affect protected areas or areas with high biodiversity value. In particular our commercial activities have minimal direct impact on terrestrial, fresh water and marine environments.

Barloworld has a small number of operations adjacent to protected areas. These include operating a vehicle maintenance and repair contract from a property alongside the Kruger National Park in South Africa and a Handling USA branch in Little Rock adjacent to National Wildlife protected wetlands. These operations do not negatively affect the protected areas.

Waste

Barloworld's operations do not produce significant quantities of waste. The source of waste materials including oil, tyres and batteries is principally from service and maintenance activities for customers, or in respect of provided customer solutions which include rental fleets.

Waste is either recycled or disposed of through certified waste contractors or accredited suppliers.

Significant waste disposal aspects include the recycling of lubricants and the disposal of tyres and batteries. All hazardous material is disposed of at permitted waste sites, with certificates of safe disposal being issued where required. All waste oil is recycled.

Barloworld represents its principals' products and there is no obligation on the group to dispose of such products at the end of their life-cycle. However, due to the nature of the products sold, a relatively high percentage may be recycled in the form of scrap metal.

Approximately 70% of Caterpillar components in South Africa are rebuilt, prolonging their life and reducing waste.

The group received four notices for environmental non-compliance. All of these originated from the Barloworld Equipment operations in Durban and were related to the high mineral oil content in the trade effluent discharge system stemming from the washbay facility. This is being urgently addressed.

One oil spill took place in the Handling USA operation as a result of a truck accident. This was cleaned up with no lasting negative consequences.

Handling USA has sourced the services of a waste consolidator to advise on all waste streams and to facilitate the development of optimal recycling and disposal strategies.

Support for disposal of used oil

Barloworld Motor Botswana supports the activities of Tshole Trust, a non-governmental organisation that seeks to educate the public on safe disposal of used oil, through public awareness campaigns and installation of oil collection tanks.

CAT MACHINE REBUILD/REMAN programme means less waste

About 41 machines were rebuilt in Barloworld Equipment Southern Africa facilities in the past year. These machines are mainly large mining machines, off-highway trucks in particular, but also include Cat construction machines that have built-in second life capability such as motor graders. Most rebuilds were undertaken at the Isando, Middelburg, Bloemfontein, Cape Town and Gaborone (Botswana) facilities. The programme reduces cost and ensures that machines are used to their full capacity, thus helping to save resources. Engines and drive train components are also rebuilt. Again the objective is to keep customer machines active at minimal cost and avoid excessive manufacture and import of new components.

Last year the Component Rebuild Centre (CRC) for engines rebuilt 140 large engines, 195 medium engines and 167 small engines.

Equipment CRC capability will be doubled next year through the combination of the engine and drive train facilities into a single expanded state-of-the-art CRC.

Barloworld Handling USA is serious about waste

Handling USA has partnered with a leading waste consolidator as an integral part of its environmental focus. Previously each branch managed its own waste streams dealing with multiple local vendors. Cost control, regulatory compliance and reporting were complex.

The current arrangement provides a central point of contact that manages waste disposal in an environmentally responsible manner. This covers recycling of waste materials including used oil, paper and metal as well as the appropriate disposal of other hazardous and non-hazardous waste materials on behalf of all Handling USA operations. The waste consolidator's services include:

- Working with each location to minimise waste streams destined for landfills and to maximise the recycling of waste
- Ensuring waste is only handled by licensed haulers that carry environmental insurance and that waste is only disposed of, or recycled, at licensed and regulatory compliant facilities
- Collecting and storing required compliance documentation from haulers
- Consolidating waste streams with fewer vendors to better control the environmental impact and reduce exposure to regulatory consequences
- Negotiating contracts with waste vendors to improve efficiencies and reduce overall costs
- Providing reports on waste streams, improving tracking accuracy and relieving operations of reporting responsibility.

The arrangement improves administrative efficiencies as Handling USA has a single point of contact for waste disposal services that cover all its USA operations and underscores handling's commitment to environmental legitimacy.

Social aspects

Broad-based black economic empowerment (BBBEE) in South Africa

Barloworld subscribes to the principle of equal opportunity and embraces diversity. This applies to all operations in every geographic region where the group operates.

In particular, Barloworld believes that BBBEE is central to the sustainable success of its South African operations as well as the prosperity of South Africa and its people.

Central to Barloworld's approach is the understanding that the ongoing success of its businesses depend on the extent to which they reflect the demographics of the societies within which they operate and the extent to which all their stakeholders share in their success.

In 2003 the group formalised its black economic empowerment (BEE) policy which clearly reflected Barloworld's approach and objectives. Last year the group refined its approach and set out its objectives for 2008. In particular, Barloworld included empowerment and transformation as one of its five strategic focus areas and undertook a leadership role in this regard. In addition, the group outlined its intention to transform its ownership structure to give effect to these commitments. The group's intention was to ensure all its South African business units achieved a South African Department of Trade and Industry (DTI) Level 5 rating by the end of 2008 and a Level 4 rating by the end of 2009.

These ratings are in terms of the South African DTI's BBBEE scorecard which formally standardises the measurement of empowerment in South Africa and covers the aspects of: ownership, management and control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

In fulfilling these commitments, the group concluded a BEE transaction which effectively empowered 29% of its South African assets (refer to case study), it actively sought and appointed black senior executives and progressed its substantial investments into black enterprise development through Barloworld Siyakhula, which was established in 2007. In addition the group continued with substantial black recipient centred socio-economic development investment co-ordinated through its corporate office and, aggressively pursued a decentralised approach into its South African business units to address the remaining aspects of the BBBEE scorecard.

As a consequence of these activities Barloworld business units have achieved a pre-audit indicative rating of at least the Level 5 rating objective and are well positioned to achieve Level 4 as envisaged.

These activities have not only ensured that commitments have been met, more importantly, they have enhanced the competitive position of the South African business units by broadening their skills base and pipe-line, improving their legitimacy and advancing their customers' empowerment endeavours.

It is notable that Barloworld's South African operations for equipment, logistics and motor retail are run by black executives.

The IFRS 2 charge in respect of the BEE transaction totals R337 million in 2008 and a further R27 million will be charged in the next five years (see BEE charge in table below).

African, Indian, Coloured (AIC) vs White employees in South Africa

	2008		2007	
	AIC	**White**	AIC	White
Board	**1**	**4**	1	4
Executive	**6**	**10**	7	60
Senior management*	**5**	**36**	–	–
Middle management	**469**	**1 041**	377	986
Skilled upper/technical	**3 316**	**2 571**	2 849	2 617
Semi skilled/ apprentice/trainee	**2 886**	**607**	2 631	439
Labourers/unskilled	**602**	**27**	563	9
Total	**7 285**	**4 296**	6 428	4 115

* *Senior management is a new category disclosed in the report. Not shown separately in previous years.*

Note: *Employee categories are defined using the global Watson Wyatt job grading methodology.*

BEE charge (R million)

	2008	2009	2010	2011	2012	2013
General Staff Trust	**192**					
Black Non-executive Trust *Vesting one third in each year 2011, 2012, 2013*		2.4	2.4	2.3	1.3	0.6
Black Managers Trust* *Vesting one third in each year 2011, 2012, 2013*		3.8	4.7	4.7	3.1	1.5
Education Trust+						
Community Service Groups	**22**					
Strategic Partners	**123**					
Total charge and forecast charge	**337**	6.2	7.1	7.0	4.4	2.1

* *Based on 73% of shares allocated.*

\+ *Quantum of charge will be equal to 25% of dividend received in 2009 and 50% of dividend received thereafter.*

Barloworld's broad-based empowerment transaction

As responsible corporate citizens operating in South Africa, the Barloworld group long ago recognised the importance of empowerment and transformation to the sustainable development and growth of the country. For many years, transformation has been socialised into the fabric of our businesses, the process facilitated by strong, ethical leadership and, more recently, the spirit and content of the broad-based black economic empowerment (BBBEE) Codes of Good Practice. Today, empowerment and transformation are one of the five key value driving strategies in Barloworld's South African operations.

In line with its ongoing approach and strategic focus area of being a leader in empowerment and transformation, in 2008 Barloworld announced the details of a R1.9 billion BBBEE transaction, effectively transferring a 10% stake to black participants, including strategic black partners (SBPs), black non-executive directors, current and future black managers, employees, community service groups (CSGs) and an educational trust. It is estimated that effective black ownership of Barloworld's South African operations will be approximately 29%.

Partners were selected through a rigorous process that prioritised, among other things, each party's ability to add value in Barloworld and society, their BBBEE credentials, women's shareholding level and sustainability (access to equity funding), and the transaction has cemented a number of strategic multi-sector partnerships.

The seven SBPs which hold R1 110 billion or 5.88% of the issued ordinary share capital of Barloworld are the Gandaganda Empowerment Trust, the YJ Family Trusts, Zwavhudi Investment Holdings, Ayavuna Women's Investment, Izingwe BAW Holdings, Moty Capital Partners Consortium and an additional black partner to be finalised.

Employees, black managers and black non-executive directors collectively hold 2.71% or R512 million, the Educational Trust holds 0.47% or R88 million, community service groups hold 0.95% or R179 million of Barloworld's shares.

The CSGs are the DEC (Disability Empowerment Concerns) Investment Holding company established to address disability concerns; the Shalamuka Foundation which ensures the sustainability of the largest whole school development programme in Africa; and Ikamva Labantu empowerment trust, which provides for the health, education, skills development and shelter needs of disadvantaged communities.

The transaction value was based on the closing 30-day volume weighted average share price of R83.31 per Barloworld ordinary share on 9 July 2008.

Clive Thomson led employee communication sessions in Johannesburg, Durban, Cape Town, Bloemfontein and Middelburg which explained the principles of the transaction with particular focus on the employee participation aspects. Some 11 000 South African employees are beneficiaries of the transaction through the General Staff Trust.

Barloworld Siyakhula

Creating empowered suppliers

Barloworld Siyakhula operates a R28-million fund that supports black-empowered companies in the small, medium enterprise (SME) sector. Support includes development finance and access to the knowledge resources of the Barloworld group.

The five SMEs it has invested in over the past year have a collective turnover of more than R87 million and more than 125 employees.

Barloworld Siyakhula is funded by the group's South African businesses and ensures a strategic and coordinated approach to the group's investments. Enterprise development is one of the seven pillars of BBBEE.

Matthew Govender, the managing director of Barloworld Siyakhula, says part of the strategy to equip the entities was to offer financial management skills to the new business owners.

"We don't just bring the businesses together. We worked with each partner to set up boards and to help implement the kind of financial management systems that would allow for maximum growth.

"One of Barloworld Siyakhula's principles is entrepreneur sustainability. Siyakhula is still looking to diversify its BEE initiatives, but intends staying true to its original objectives to foster sustainable broad-based empowerment through financial and non-financial support of small to medium suppliers.

"In addition to the fundamental requirement to help develop empowered SME businesses that are in the Barloworld supply chain, Siyakhula will look favourably on potential investments that progress one or more of the following areas:

- The promotion of black-women empowerment
- Job creation
- Poverty alleviation
- Sound environmental management"

Barloworld Siyakhula's current investments are Nathi Africa, Avis Van Rental Pretoria, Avis Van Rental Western Cape, Moe Logistics Owner Drivers and Rubber Lay. A number of additional investment opportunities are being considered.

Fostering thought leadership in BBBEE:

Wits Business School Barloworld Programme in Socio-Economic Transformation and Empowerment

To establish a body of public knowledge that details and incorporates into Wits Business School (WBS) courses best practices and learning in socio-economic transformation and empowerment, the Barloworld Trust has donated R1.5 million to WBS for the establishment of a three-year programme in its Centre for Entrepreneurship. The objective is to expand the database originally established by BusinessMap to track and report annually on BBBEE transactions and conduct research on related topics.

The programme makes annual awards to individuals and businesses across a number of transformation and empowerment categories, thus raising the profile of thought leaders and best-practice operators.

The 2007 WBS Barloworld Empowerment Awards were held on 14 May 2008 at the Wanderers Club in Johannesburg. Four awards for BEE achievements were made: BEE Financier of the Year went to Investec, the BEE Deal of the Year went to Peermont and MIC (Mineworkers Investment Company), the BEE Entrepreneur of the Year went to Ideco Group Limited and the Empowerment Leadership Award went to the Public Investment Corporation.

As part of this programme, the WBS Barloworld Public Dialogue Series on Transformation and Empowerment provides a platform for high profile leaders in South Africa to share their insights on BBBEE and related issues. This brings together representatives of academia, business, government and civil society to debate, enrich insights, develop common understanding, strengthen relationships and contribute to the policy and strategy dialogue.

Equality

Barloworld's commitment to being a leader in transformation and empowerment extends to gender equality and the removal of any discrimination based on gender, race, religion or disability.

Policies and procedures are in place which underscore this commitment.

During the year two cases of discrimination were recorded, both from the Handling USA division and both centred on age discrimination. The matters are currently unresolved and the decision of the Equal Employment Opportunity Council (EEOC) is pending in both instances.

Male and female employees in Barloworld – 2008

	Male	Female	Total
Board	6	–	6
Executive	23	2	25
Senior management	71	10	81
Middle management	1 821	584	2 405
Skilled upper	7 565	2 040	9 605
Semi skilled/ apprentice/trainees	4 644	1 774	6 418
Labour/unskilled	889	239	1 128
Total*	15 019	4 649	19 668

* *Excludes recent Swift and Flynt acquisitions – total 803 employees.*

Note: *Employee categories are defined using the global Watson Wyatt job grading methodology.*

Barloworld's women empowerment initiative

An initiative aimed at engaging women in management in the group was launched at Barlow Park on 10 September 2008 by Khanya Kweyama, group executive global human resources and transformation. It is just one of a number of strategies focused on building human capital, managing diversity and reinforcing social transformation in South African operations.

At the event, Khanya called on the ladies present to share their daily challenges and ideas on how strategies, leadership styles and work practices might be adapted to help them to succeed. This information would inform the structure and content of future interventions aimed at assisting them to unleash their potential in the workplace.

Through this initiative, Khanya indicated that she hoped to develop a cohesive corps of female executives, empowered through measures such as coaching and mentoring, skills development, networking and lateral communication, accessible role models and inspirational speakers and events, to become a leadership force to be reckoned with. This platform could then be used to attract quality new female recruits and inspire and retain them, along with existing female managers in the Barloworld group.

The keynote speaker at this inaugural event was Barloworld non-executive director and CEO of the Nelson Mandela Children's Fund, Sibongile Mkhabela, who was received as the powerful role model, cohort of former presidents and doyen of community development that she is by the all female audience.

A series of initiatives aimed at progressing gender equality in Barloworld are being developed.

Employees

Barloworld's continued success rests on its ability to attract, develop and retain globally competitive people. The group has clearly defined its talent strategies and initiatives in a comprehensive approach to employee value creation. The approach ensures value creation for employees and value creation by employees. It facilitates individual and collective wisdom within the operations, encourages employee participation, and enables employees to share in the value created by Barloworld for its stakeholders.

Number of employees as at end September 2008 – Group

	2008	2007
Automotive	8 057+	7 183
Equipment	6 820	6 752
Handling	2 992	2 602
Logistics	1 695*	1 727
Corporate	104	351
Total	19 668	18 615

\+ *Includes consolidated Motor Retail Southern Africa Joint Ventures – total 1 131 employees.*

* *Excludes recent Swift and Flynt acquisitions – total 803 employees.*

Regional breakdown of employees – 2008

Within South Africa	11 581
Outside South Africa	8 087
Total*	19 668

* *Excludes recent Swift and Flynt acquisitions – total 803 employees (Middle East and Asia).*

Creating value for employees

A well defined framework featuring six main themes constitutes Barloworld's approach in this regard. The themes are:

Clear purpose and direction

Ensures employees understand and appreciate the direction, purpose and strategy of the organisation. Critical also in this regard is an understanding of how the organisation creates value for its stakeholders, the key value drivers of the business and the employees' role in the process.

Alignment

Ensures all operational employee related interventions are integrated and aligned to achieve the value creation objectives of the organisation. These include the businesses' processes and systems, balanced scorecards, role and job models, skills and training, rewards and industrial relations structures.

Inspiring climate

Central to employee attraction and retention is a workplace environment that inspires employees to contribute and participate.

Aspects in this regard include:

- Leadership and entrenched values mould and guide proper behaviour. Unacceptable conduct is quickly identified and addressed in terms of a comprehensive set of policies and procedures.

- Barloworld's strong belief and principled stand on good values, integrity and sound ethics is core to creating an inspiring workplace climate for employees. Codes of conduct throughout the organisation institutionalise proper behaviour and instil a sense of equity and fairness.

- Employee benefits, including terms and conditions of employment are in accordance with applicable legislation, and are well structured and competitive. Basic salaries are in excess of legislated minima. Retirement funding, medical aid, employee wellness programmes and support programmes are in place. These include the Independent Counselling and Advisory Services (ICAS) programme in the Avis Rent a Car South Africa business and which will be introduced into Motor Retail South Africa later in the year. Barloworld Equipment South Africa has Procare which is a similar programme. In addition established incentive schemes are in place at appropriate levels in the group. South African employees also benefit directly from the BBBEE transaction and the related educational trust. In order to ensure consistency and equity, the global Watson Wyatt job grading methodology is maintained throughout the group with particular focus on management and executive levels.

- Transfer opportunities within the Barloworld group ensure that employees have an opportunity to pursue varied and meaningful careers within Barloworld. Employees are involved in the cross-country assignment programme and also have the opportunity to pursue careers between the various divisions. Employees are also relocated within regions and across regions. Hiring is done primarily on a localised basis in all geographies. Due to the predominantly urban and industrialised locations of operations, Barloworld cannot be regarded as a primary employer in any region.

- Collective labour relations are constructively managed based upon the principle of freedom of association. Union recognition takes place at the appropriate operational level. Various operations are covered by industry agreements and the group's operations participate in relevant established industry forums. There were no major labour relations disruptions during the year. Various South African operations were marginally affected by country-wide protest and stay-away action which was not directly workplace related.

- Communication is achieved through a comprehensive range of initiatives, processes, channels, interventions, newsletters, magazines and briefing sessions. Induction programmes provide new employees with a knowledge and perspective of Barloworld whilst structured employee meeting and briefing sessions ensure collective communication reaches all levels of employees in an efficient and effective manner. At a Barloworld level, the "Briefing Barloworld" newsletter conveys group wide information from the CEO on a regular basis.

- Occupational health and safety
  The health and safety of employees is the cornerstone of employee value creation and a prerequisite for an inspiring work climate. Accordingly, occupational health and safety (OHS) is the direct responsibility of the various divisional CEOs and their teams. Barloworld subscribes to a philosophy of 'Zero injuries or harm' to employees and business units each have a strict risk management audit protocol incorporating health and safety aspects.

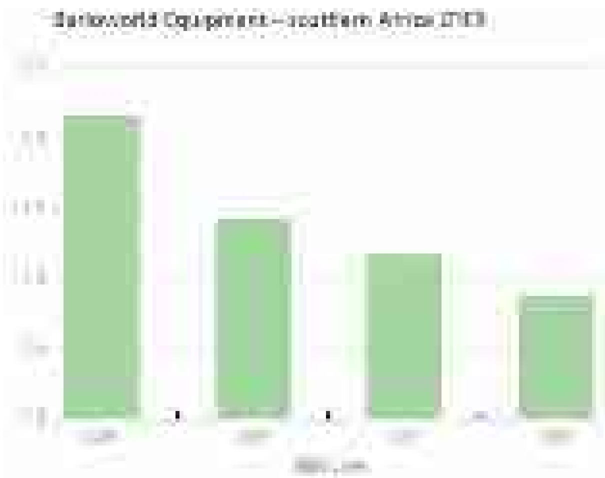
Barloworld applies the principles contained in the ILO Guidelines on Occupational Health and Safety to all its operations. These include:

- The identification and elimination or control of work related hazards and risks
- Instruction and training of line management to take responsibility for health and safety, and engage employees through workplace forums and health and safety committees
- Setting targets for continual improvement
- Compliance with the relevant national laws and regulations.

Established formal health and safety committees comprising management and worker representatives cover all South African staff. Other global operations comply with local legislation.

During the year, no fines or instances of non-compliance were respectively paid or recorded.

The average lost-time injury frequency rate (LTIFR) reflected a 33% reduction over the previous year. Regrettably there were three work related deaths during the year as a result of motor vehicle accidents within our South African equipment, car rental and logistics operations. All these instances have been fully investigated, comprehensively reviewed and steps to taken to prevent future incidents.



Health and safety statistics

	LTIFR		Fatalities		Occupational diseases	
	2008	2007	**2008**	2007	**2008**	2007
Automotive	**0.58**	0.36	**1**	1	**–**	–
Equipment	**1.81**	3.73	**1**	1	**4**	4
Handling	**1.47**	1.70	**–**	–	**2**	5
Logistics*	**1.67**	1.77	**1**	–	**1**	–
Corporate	**–**	1.19	**–**	–	**–**	–
Total	**1.34**	2.00	**3**	2	**7**	9

* *Excludes recent Swift and Flynt acquisitions.*

Note: A lost-time injury 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 frequency rate (LTIFR) is the number of lost-time injuries X 200 000 hours divided by the total hours worked.

Employee health is an important component of creating value for employees and stringent programmes are enforced in all operations. All legislative requirements are also complied with in this regard and the wearing of personal protection equipment is strongly enforced throughout the group. Nonetheless seven individuals were compensated for occupational diseases during the year including noise-induced hearing loss.

A comprehensive range of wellness and support programmes are in place. These include medical aid schemes and other employee assistance programmes such as ICAS and HIV/Aids management. HIV/Aids receives special attention in all Barloworld's southern African operations. Comprehensive programmes cover education, prevention, voluntary counselling and testing (VCT) and disease management which includes the distribution of antiretroviral medication. All employees are continually encouraged to know their status and to look after themselves and others accordingly.

Twenty three employees receive HIV/Aids assistance from company sponsored antiretroviral medication schemes and 60 received support from existing medical aid schemes.

Barloworld Equipment has on-site clinics in South Africa and in Spain available to staff that provide primary health care and occupational health services which includes counselling on various communicable diseases. In Avis Rent a Car South Africa, the ICAS support system also addresses health issues. This programme will be introduced into Barloworld Motor Retail South Africa in the next financial year. Other divisions' have appropriate resources.

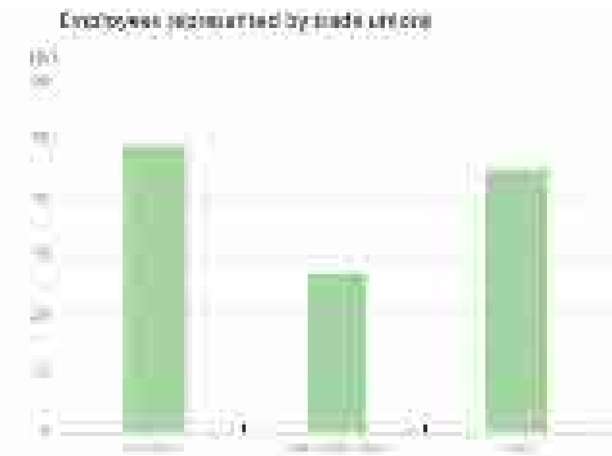
Sustainability report *(continued)*

HIV/Aids statistics in Barloworld South Africa

	Employees	Employees who know their status	% who know their status	Number HIV positive	% of those tested HIV positive
Automotive	6 478	3 308	51	146	4
Equipment	3 113	2 684	86	104	4
Logistics	1 446	394	27	68	17
Corporate	104	45	43	4	9
Total*	**11 141**	**6 431**	**58**	**322**	**5**

* *HIV/Aids statistics for handling division are not reported as testing has not been done (440 employees).*

- Freedom of association
  Barloworld's policy of freedom of association enables employees to associate or not with employee representative organisations and trade unions. Barloworld recognises trade unions that are sufficiently representative of the employees at the appropriate organisational level.



- There is no child, or forced and compulsory labour employed in any Barloworld operation. Such employment would be illegal in the countries of operation and against internal values, standards, policies and procedures. Established recruitment practices would highlight any underage applicant.

- Indigenous rights are respected in all operations. This is underscored by the internal values, practices and procedures in all Barloworld operations. No complaints or cases in this regard occurred during the year.

- Security practices
  Generally, the security of Barloworld operations and sites is outsourced to reputable third party service providers. As part of ongoing preferred-supplier reviews, these suppliers are vetted and reviewed to ensure that all aspects of the service are legitimate and acceptable to Barloworld. In addition, whilst dealing with Barloworld stakeholders, security personnel are expected to adhere to Barloworld's values and principles which address human dignity specifically and human rights in general. In addition, behaviour of security personnel is subject to the prevailing legislation in all countries of operation.

- Responsible societal conduct
  The group, its divisions and related operations proactively address this aspect. All Barloworld operations are conscious of their societal roles and all strive to be good corporate citizens of the regions in which they operate consistent with the themes and rationale contained in this report.

  As far as corporate social investment and other related investments to uplift underprivileged communities is concerned, the emphasis of these initiatives and the significant majority of recipients, are located in the South and southern African regions of operation.

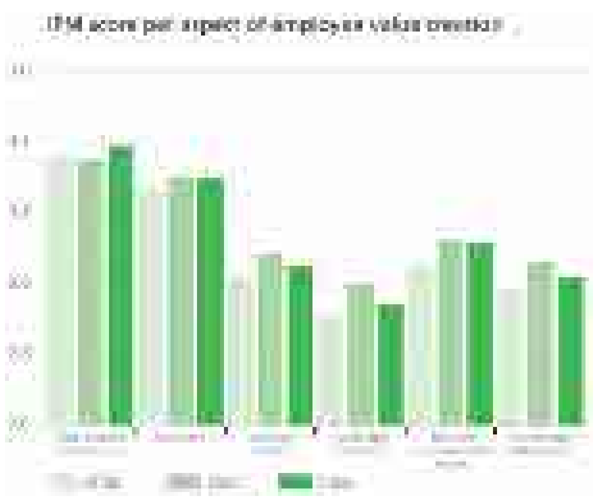
- Perception surveys
  An awareness of employees' perceptions is essential to creating value for employees and for the group. Regular surveys are conducted across the group and in the divisions. A standardised Individual Perception Monitor (IPM) is usually conducted on an annual basis in the divisions and the results are carefully reviewed, areas of concern identified, and steps taken to address these. The results are communicated to staff and action plans implemented.

  All the aspects covered in the employee value creation approach are addressed in the IPM. The group aims to achieve a rating of above three out of a maximum of four in each category.

Individual Perception Monitor a tool through which Barloworld Motor Retail Southern Africa measures and creates value for employees

Barloworld Motor Retail Southern Africa has used the Individual Perception Monitor (IPM) to measure employees' perceptions since 2005. Between 70 – 80% of employees complete the questionnaire on an annual basis. The IPM covers all aspects of employee value creation through a detailed and structured anonymous questionnaire.

The responses are analysed, detailed feedback throughout the organisation is provided and areas of concern are addressed. Solutions to problem areas are developed with employees. The terminology in questionnaires is aligned to terminology used in the working environment to enable better understanding of the questionnaire. Continuous awareness of employee value creation is achieved through induction programmes, structured team meetings and other ongoing methods of communication including a "Value for All" publication and the quarterly "Revolution" magazine. A rating above three is considered good.



Sustainable competence

Barloworld understands that talented and committed employees are critical for ongoing value creation. Through focused recruitment, competitive reward systems, career development, training and development, and careful succession planning the group secures the required competence to ensure sustainable value creation.

A wide range of both internal and external programmes, courses and initiatives ensure the ongoing development of employees at all levels of the organisation.

An internal executive development programme (EDP) which is run in conjunction with a leading university exposes talented executive and senior leaders from across the group to diverse learning situations, as well as fostering camaraderie among Barloworld's leaders and instilling the Barloworld leadership philosophy. It has a major role in ensuring Barloworld has leaders who are comfortable with diversity, can manage complexity and are able to create sustainable value for all stakeholders. Similarly, a leadership development programme (LDP) prepares identified talent and future leaders in the group. Ninety six and 334 employees have attended the respective programmes.

Training and development is individually focused and assists employees to realise their potential, fulfil their aspirations and contribute to Barloworld's value creation objectives. Individual development plans are prepared and linked to future opportunities.

Significant learnership and apprentice programmes ensure a pipe-line of technical skills which are further developed and refined by ongoing training and development. The automotive division has 375 apprentices in South Africa which is 17% of registered apprentices in South Africa. See also Barloworld Equipment's initiatives on page 111.

Barloworld employs 2 560 graduates and diplomates with an average age of 40 years. It also employs some 1 507 artisans, technicians and technologists with an average age of 38 years.

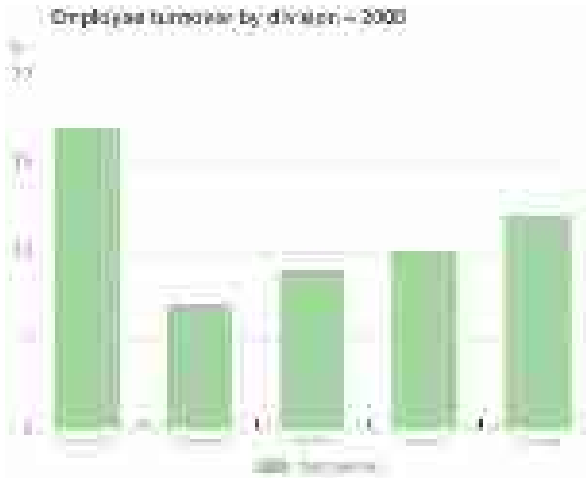
Properly structured succession plans are in place with particular emphasis on senior employees and critical positions within the group. On an annual basis an intellectual capital review is conducted by the CEO, the Group executive: Global human resources and transformation, and the relevant divisional CEOs during which the most important 200 employees are reviewed, their performance considered along with future opportunities, possible successors and development requirements.

Sustainability report *(continued)*

Internal career opportunities are displayed on the internal intranet and employees are able to apply as appropriate for them and the company.

Talent and skills shortages are identified as a key risk in the group and a comprehensive framework that covers all aspects of employee value is in place to address the issue.

Motor retail operations were affected by a high labour turnover which is a feature of the South African motor industry in general. The growth opportunities, specifically for Barloworld Equipment's operations in Africa, require management and technically skilled individuals. The group has established technical training programmes in its operations, and these have been supplemented and complemented by a number of focused training and development programmes.



Employee turnover – 2008

	Resignations	Transfers	Retrench-ments/redun-dancies	Retirement[1]	Dismissals	Deaths[2]	Other[3]
Automotive	1 408	15	21	73	353	33	179
Equipment	487	232	108	42	180	26	59
Handling	278	1	79	23	127	2	3
Logistics*	175	24	20	5	68	13	–
Corporate	12	9	10	5	–	–	–
Total	**2 360**	**281**	**238**	**148**	**728**	**74**	**241**

* *Excludes recent Swift and Flynt acquisitions.*

1 *Including retirements due to HIV/Aids-related illnesses.*

2 *Including deaths due to HIV/Aids related illness and work-related fatalities.*

3 *Reflects sales of businesses, termination of fixed-term contracts, permanent and temporary disabilities.*

Avis Rent a Car Southern Africa's Trainee Management Development Programme

The Trainee Management Development Programme was launched in 2007 to address a critical business gap in terms of fully performing branch managers. Since inception, learners have been recruited externally and internally and placed on an intensive, action learning programme designed to develop the required high level of competencies and skills for the Avis Rent a Car Southern Africa environment.

The programme objectives include the fast-track development of high potential candidates towards a branch management position within the Avis environment, succession requirements are met and to enhance and support empowerment and transformation.

The programme is from 10 to 12 months and specifically enables the learners to gain insight into all the functions of the car rental business.

Regular informal feedback sessions and two mid-year formal performance feedback sessions are provided to the learners in order to foster continuous development.

In 2007, eight external graduates were recruited of which 75% are black and 25% female of which 75% graduated successfully and were appointed as branch managers across the country.

In 2008, eight internal staff were placed on the same programme, of which 75% are black and 25% are black female.

Barloworld Equipment addresses its skills requirements

One of the biggest risks to southern Africa's economic growth and to Barloworld Equipment's future success is a shortage of skills. The attraction, retention and development of skills to support its customers are therefore among its top strategic priorities.

Barloworld Equipment's R130 million Centre of Learning in Isando, Johannesburg, will open its doors in April 2009 to form the hub of all its technical staff training, including learnerships, accelerated basic classes (ABC), product training and operator training for its rental fleets and customer operators.

Barloworld Equipment pioneered the earthmoving equipment learnership model in South Africa and is working with the relevant governments towards recognition of its learnerships in its other southern African dealership territories.

In the past year Barloworld Equipment trained almost 300 learners at all levels and 380 new learners will be joining the company at National Qualification Framework (NQF) Level 1 in 2009.

Short-term interventions undertaken in the past year are not only adding to its staff complement but also raising the bar in skills levels. Well over 100 students completed the new pre-learnership course, a bridging course for school leavers, and the ABC, fast track basic technical training for school leavers.

Through these interventions and others Barloworld Equipment aims to ensure that we have the appropriate skills to sustain its support for its customers and their Cat fleets well into the future. Its training programmes also help to provide career paths for unemployed, unskilled individuals and increase interest in and aptitude for technical careers in the earthmoving equipment sector.

Mandela Barloworld Agricultural High School 2007 matriculants on Barloworld Equipment pre-learnership contracts

The Mandela Barloworld Agricultural High School was built by Barloworld at the request of former President Mandela at a cost of R14 million to equip learners with agricultural, technological and entrepreneurial skills that will enable them to support themselves and their communities. Opened in 2002, the school, with an adjacent health clinic, is the realisation of the late Rain Queen Modjadji's dream to provide a learning and health care centre for her community in the Limpopo Province of South Africa.

As the matriculants of 2007 began to seek work and further study opportunities, Barloworld Equipment visited the school campus and recruited the entire class on a pre-learnership basis to provide them with exposure to a mechanical and technical working environment.

From March 2008, 29 Mandela Barloworld School graduates were placed on pre-learnership contracts to provide them with basic "world of work" skills as well as prepare them to potentially join the NQF2 learnership programme. The company provides them with accommodation at a local student village with transport from the village to their workplace and back, and they receive a small monthly salary to enable them to pay for their meals, entertainment and incidentals.

The learners have been working in the Boksburg and Isando Component Rebuild Centre where their key functions have been tool familiarisation, acting as assistants to artisans, with their tasks limited to stripping and washing parts and ensuring workshop safety and hygiene. Their technical competence and aptitude have been assessed and they have been described as pleasant, willing and hardworking, even volunteering to work over weekends if required.

At September 2008, based on results of ongoing technical assessments, it is likely that the majority of the students will proceed to NQF2, with some of those who are not technically inclined being possibly considered for other positions within the company.

Performance management

Structured performance management processes across the group ensure employees focus on the relevant value creation activities and that their performance is continually reviewed in a consistent and formal manner using balanced scorecard methodologies. Where possible, performance and reward are linked through incentive schemes that enable employees to share, on an equitable basis, in the value created. Poor performance is also addressed.

Every effort is made to recognise and acknowledge good performance appropriately. At the highest level, the annual Barloworld CEO Award recognises exceptional excellence from an individual employee. Through a structured process of nomination and selection each division nominates an employee for the Barloworld CEO Award. The winner is chosen from such nominees by the Barloworld CEO with assistance from a committee established for this purpose.

CEO Award – nominees

Trevor Garden

Barloworld Equipment

It is thanks to Trevor's initiative, energy and foresight that the Metso mobile product joined Barloworld Equipment's solutions offering. In 2007 Metso Minerals approved Barloworld Equipment as the southern African dealer for Metso mobile mining units in addition to the construction solutions.

The Metso teams initially encountered substantial resistance. History gave Trevor very little chance. Despite this Trevor was able to change perceptions and now enjoys full executive support. Trevor is being given increasing resources to grow and develop the Metso relationship.

The Metso business had a turnover of R160 million in 2008, a total of 87 Metso units have been ordered for 2009 and 67 were sold in 2008.

The Metso dealership has expanded into Botswana and Namibia, but not yet to the other African territories due to parts supply issues. In line with Trevor's strategy for South Africa, no marketing will be done in Africa until Metso can stand by its promises to customers.

The Metso product has also recently entered the fleet with initial units, an impact crusher and triple decker screener, meeting with good success.

Chris Prinsloo

Barloworld Automotive

Chris Prinsloo, divisional director of Barloworld Fleet Marketing is acknowledged for his leadership and determination in conceptualising and implementing a 'Greenfield' corporate sales and marketing business, which currently contributes 27% to the division's new vehicle sales.

Barloworld Fleet Marketing had a turnover of R928 million and sold 7 428 vehicles in the 2007/8 financial year. His success can be attributed to the fact that he first seeks to understand customer needs and then relentlessly pursues the appropriate solutions. His ability to allow individuals to express their own creativity – while growing profits – has ensured that his team develops along with the business unit.

Chris firmly believes that integrated motor vehicle solutions is the way of the future and through his relationships with all parties he has become an industry specialist with a wide range of high-level contacts, customers and suppliers. Long before it became fashionable in the industry, Chris led the field in proposing the "one stop shop" approach to satisfying the public's motoring needs.

Behram Baluch

Barloworld Logistics

Winner of the Barloworld Logistics CEO Award for 2008, Behram joined Swift as sales executive for the Third Party Logistics (3PL) services division in Jebel Ali, Dubai. He was transferred to Lagos, Nigeria, in 2001 to set up a Swift branch and was appointed general manager of Nigerian operations. For three years Lagos was the most profitable centre and he established a second trade line for the business.

After a short period back in Dubai as general manager for Africa Sales and Market Development, he was moved to Johannesburg to help streamline company operations.

At the same time, however, Far East operations were in trouble and Behram was sent to Hong Kong to 'fix the business'. He uprooted his family and moved in just 48 hours with only three colleagues to help explore these unfamiliar markets.

They had no trade licence, no permits to stay, didn't speak the language and had disgruntled clients who were taking their business elsewhere.

Today, there are six offices in the region and Behram has built a capable and effective team which manages these offices in China and Singapore.

CEO Award – nominees

Bayside Team
Barloworld Handling

The Bayside Team handles BHP Billiton's Bayside Aluminium Smelter service and maintenance contract in Richards Bay.

Contracts manager Casper Kruger, assistants Dennis Thusi and Shorty Ndlovu, technicians Danie Botha, Kallie le Roux and Clinton Reddy and clerk Nancy Devasagayam make up the team, delivering value to all stakeholders through innovation, cost-saving, customer service and team work.

Casper's team, which has embraced Handling SA's Performance Ownership Programme (POP), not only understands value based management, its members live it.

They achieved a remarkable turnaround at Bayside and continue, according to Casper, to set standards that would be exceptional for any 'normal' handling service contract.

Janeen Stevenson
Barloworld Corporate Office

Janeen Stevenson, insurance advisor at the Barloworld Corporate Office, is on duty 24 hours a day, seven days a week, 365 days a year – and loves it.

When the services of Europe Assistance (EA) were secured, Janeen offered to have her name and contact details on the reverse side of the EA card. Today about 12 000 Barloworld employees rely on the fact that she will be there for them in a medical emergency.

Janeen receives about eight calls a week, most in the early hours of weekend mornings. She does not return to bed until she is sure the employee is in safe hands.

In fact, two employees are alive today because of Janeen's actions and many more remain overwhelmed at the care and attention they and their families have received from her, a stranger. Many describe Janeen as the backbone and heart of a great company.

Vicente Mañes
Barloworld Finanzauto

When faced with looking for a solution to the exit of the Lift Truck Dealership Agreement, due to a change in strategy by Mitsubishi Caterpillar Forklifts Europe, Vicente was able to appreciate the interests of employees, customers, principal and the new dealer and developed a rapid and orderly exit that minimised disruption to all parties.

The combination of an emotionally charged environment with employees and customers together with a complex financial transaction required Vicente to demonstrate the Barloworld leadership values in particular, provide clear purpose and direction to ensure that the team remained motivated.

Vicente demonstrated strong interpersonal skills to resolve problems to the satisfaction of all parties. Customer satisfaction was maintained, market share protected, the Barloworld brand safeguarded and shareholder value realised.

Nominees

From left to right: Trevor Garden, Vicente Mañes, Chris Prinsloo, Behram Baluch, Casper Kruger, Janeen Stevenson, Clive Thomson

Winner

Trevor Garden

Structured team forums

A series of regular structured team forums and meetings at all operational levels ensures efficient communication, facilitates and encourages collective wisdom, enhances performance and ensures recognition. Employees are encouraged to make suggestions, to contribute to solving operational issues and to the overall value creation capacity of their respective areas of responsibility.

Human rights

Human rights are central to Barloworld's legitimacy and are principally addressed in the group's code of ethics which include: obey the law; respect others; be fair and be honest. Human rights are also covered in the constitution, legislation and common law of all countries in which Barloworld operates. Barloworld is a signatory to the UN Global Compact of which Principles One and Two address this issue. In addition, internal policies, procedures and practices prohibit a violation of human rights. This aspect is also covered under the group's approach to occupational health and safety. All employees and stakeholders are included in this protection and are also expected to conduct themselves accordingly.

No specific record is kept of investment agreements that include human rights clauses as any such agreement would comply with applicable legislation and fulfil the standards reflected in Barloworld's ethics, internal policies and procedures. A similar approach applies to suppliers and contractors. Those that do not comply are reviewed and ultimately terminated in the event that the shortcomings cannot be addressed. In South Africa, the BBBEE status of suppliers and contractors is closely reviewed.

Breaches can be addressed through the applicable legal system, internal procedures and through the anonymous Barloworld Ethics Line. In addition, employees may use established grievance procedures which prohibit victimisation and they may also seek union or industry assistance in this regard.

All incidents reported through the Barloworld Ethics Line are investigated and appropriate action taken in terms of the relevant policies, and disciplinary procedures. Every incident is reported together with the action taken and the outcome. These reports are tabled at the relevant audit meetings and reviewed by the appropriate audit committees.

The nature and the urban and industrial locations of Barloworld operations ensure that they do not negatively impact the communities within which they operate. All operations comply with applicable legislation and any establishment or exit of business premises does not significantly affect specific communities. In these circumstances there are no focused initiatives that assess and manage the impact of Barloworld's operations on communities other than the ongoing review and commitment to legal compliance and responsible corporate citizenship.

In addition to the prevailing legislative environment, internal policies and procedures throughout Barloworld prohibit corrupt behaviour. Criminal behaviour is not tolerated and formal charges are laid against a perpetrator. The ethics line infrastructure in Barloworld ensures the anonymity of any complainant.

Facilitated by legal practitioners, structured sessions take place with group and divisional executives to review all business conduct and ensure compliance with legislation and internal values, standards, policies and procedures.

Induction and other staff training initiatives address these aspects as a component of required and expected behaviour.

An Anti-Fraud policy is currently being distributed to all staff who are expected to accept and comply with such policy. The policy highlights the group's 'Zero Tolerance' approach towards fraud and corruption and protects employees who raise concerns relating to fraud and corruption from victimisation. This approach applies in all regions where the group operates and associated risks are investigated and appropriate measures taken prior to investing in regions where such activity may be more prevalent than in others. Employees in high risk areas are continually reminded of the group's policy in this regard and advised of the severe consequences of participating in such practices. Employees are encouraged to disclose all attempts of unacceptable conduct, including bribery and corruption, and are supported in dealing with such matters. The Barloworld Ethics Line may be used in instances where anonymity is preferred.

No funds were paid to political parties during the year and it is not Barloworld's policy to support any political party.

The group and its divisions participate in relevant industry forums and appropriate industry lobbying activity and policy development. These activities are non-political and are commercially motivated.

There have not been any legal actions related to anti-competitive behaviour during the year.

Extract from Barloworld anti-fraud policy

Scope of the policy

The policy applies to all attempts and incidents of fraud and corruption impacting or having the potential to impact the group.

The policy

- The policy of the group is zero tolerance to fraud and corruption
- In addition, all fraud and corruption will be investigated and followed up by the application of all remedies available within the full extent of the Law, as well as the application of appropriate prevention and detection controls
- Employees who commit an act of fraud will be subject to disciplinary action, up to and including termination with cause
- Where possible and practicable, the group will pursue full recovery of all losses resulting from an act of fraud.

Product responsibility

The majority of Barloworld's operations, other than Barloworld Logistics' operations, represent OEMs and principals essentially with whom the product responsibility resides. All new equipment and motor vehicles are sold carrying OEM warranties and guarantees. Appropriate internal insurance is secured which also covers any liabilities that may arise due to product usage, rental or after-market activities. The logistics division predominantly has software products in respect of which the customers' rights are clearly delineated in licence agreements as well as in maintenance and support agreements. All products are sold with the relevant certification and labelling displayed as required by legislation in all countries of operation. As leading global OEMs provide products sold, all required product and service information, as well as proper labelling is in place. Motor vehicles require emission data to be clearly displayed.

Customer health and safety is ensured by detailed handover procedures particularly in respect of equipment and vehicle deliveries. Car rental operations require that all vehicle renters and users have the appropriate licence.

Driver and equipment operator training is also available to customers as is training and information on storage of products where applicable. OEMs have detailed and scheduled inspection and maintenance programmes which customers are informed of and encouraged to support. In addition new equipment and vehicles continually upgrade both active and passive safety systems as well as reduce the negative environmental consequences arising from the operation of their products. Barloworld Logistics' CAST-CO_2 product offers customers the opportunity to reduce the carbon footprint of their supply-chain.

Customer satisfaction is key to the ongoing success of Barloworld. In this regard stringent measurement systems are in place in all divisions which are continually monitored, reviewed and responded to. Examples include the Caterpillar business intelligence group (BIG) programme which consolidates the average level of customer satisfaction by region and product group. Unsatisfied customers are identified as those which have an average score of 70% and below. Barloworld Equipment's southern Africa customer satisfaction levels have remained consistently high over the past four years at 79%. All vehicle OEMs conduct customer surveys which are complemented by other surveys. In addition, individual motor dealerships conduct their own surveys, mainly in respect of their service departments. Car rental operations also conduct regular independent customer surveys and consistently score well. Avis Rent a Car South Africa was again voted Best Car Rental Brand in Southern Africa for the fourth consecutive period in an independent survey, Avis Rent a Car Norway and Avis Rent a Car Sweden received the Grand Travel Award for the 13th and 16th consecutive period respectively. Avis Fleet Services operations are monitored with their scores at around 85% with a peak at 87% during the year. These surveys, together with direct customer intervention and ad-hoc customer focus groups, form the basis of customer feedback which is consolidated and reviewed at all levels in the group including divisional board meetings.

During the year, there were no instances of non-compliance with any regulation concerning customer health and safety, nor were any penalties or fines recorded. There were also no instances of customer privacy being breached.

Quality and customer satisfaction is also supported through the ISO 9001 quality certification. All major Barloworld Equipment South Africa and Botswana operations maintained this rating as did the Avis Fleet Services operations in South Africa. Barloworld Handling's United Kingdom operations have such certification as does Barloworld Equipment Spain's central warehouse and services in Arganda. All Barloworld Logistics' Spanish operations are ISO 9001 certified.

As Barloworld operations substantially represent their principals, all marketing and advertising is tightly controlled and conforms with their standards. Any local adaptation of such standards and advertising formats requires prior consent from the principal. There were no instances of non-compliance with regulations concerning advertising, promotion and sponsorship nor were any complaints received in this regard.

Green Integrated Customer Solutions from Barloworld Logistics

Barloworld Logistics is committed to sound environmental management, and strives to ensure its impact on the environment and use of natural resources is both responsible and minimised wherever possible. A case study of Barloworld Logistics' contract with PPC Cement's Dwaalboom operations in South Africa is evidence of the company's success in making significant strides towards environmental sustainability, through the use of specialised vehicles to optimise capacity, while reducing fuel consumption and carbon emissions.

Logistics recognises that energy derived from non-renewable resources is finite and therefore an extremely valuable resource. The way in which a company manages its logistics therefore has an extremely significant impact on its carbon footprint, particularly when it comes to the transportation of goods.

In 2007, when logistics was awarded a second five year contract to service PPC Cement's operations in Dwaalboom, the company not only replaced the existing fleet of trucks and bulk tankers to deliver optimal payload and minimise fuel consumption and carbon emissions, but also assisted in the design of a revolutionary interlink combination which ensures further overall environmental gains.

Newly designed Freightliner Argosy truck tractors, the lightest of these models in South Africa, and designed by Freightliner in USA in conjunction with Barloworld Logistics, were chosen by the logistics company to replace the existing fleet of truck tractors. Being lighter in structure than the existing vehicles by around 800kg through specialised design has resulted in a concomitant increase in payload. Carrying capacity was also increased through the purchase of new trailers manufactured by Afrit. The new trailers are capable of carrying a payload of just over 5% more than previously, and the seven new TEE Aluminium Bulk tankers introduced can deliver up to 8% more per load than the older tankers.

In conjunction with Afrit and Freightliner, Barloworld Logistics Dedicated Transport Solutions division designed an interlink combination capable of carrying around 40 tons of product without exceeding a 56 000 kg GVM. The outcome of this project is one of the lightest interlink combinations on the road at this time, if not the lightest.

Several important benefits in terms of fuel and efficiency and lowering carbon emissions were gained through the newly designed, lightweight fleet. Fuel consumption decreased by more than 10%, which combined with the increase in payload capacity results in around a 20% reduction in energy used per ton of cement delivered which equates to a reduction of CO_2 emissions by 2 335 tons per annum.

"At Barloworld Logistics our pledge to going 'Green' is simple: we will continue to do good business focused on making big strides in the drive toward Green supply chains; we will continue to challenge the talented minds within our company to do more every day with the tools, methodologies and processes we deploy for our clients to sustainably reduce carbon emissions; and we will find more ways to make Green business good business," Isaac Shongwe, Barloworld Logistics Africa CEO.

Since the contract is based in an area where wild game and farm animals are common, an ultrasonic transmitter has been fitted to the front of each vehicle to prevent animals straying into the path of the vehicle. Not only is this an environmentally responsible approach, it also means a weight saving of around 150kg as a standard stainless steel bull-bar was no longer required.

Empowerment was a further feature of the contract with PPC as the new vehicles were handed over to owner-drivers from Barloworld Logistics Africa, giving them the opportunity to become entrepreneurs by owning their own vehicle and driving for the company. Driver training is an important part of this project in terms of road safety and fuel savings, and Freightliner driver training specialists regularly engage the owner-drivers for training.

Cat RM500 – An environmentally friendly integrated customer solution

The first Cat RM500 rotary mixer sold in southern Africa is being used for in-situ recycling of the existing road materials on a project in Namibia, a highly efficient and cost-effective rehabilitation approach.

The NNC Joint Venture, comprising Windhoek based Namibia Construction and Nexus Civils, is upgrading Trunk Road 7/1 – an important economic conduit connecting Walvis Bay to inland destinations that include Zambia, Botswana and Zimbabwe.

This is the first major reconstruction to take place since the road first opened to traffic in the 1960s.

Since March the RM500 has completed more than 70km of recycling (mixing and rotorvating), achieving a daily distance of between 800 to 1 200m. A major challenge on this contract was the availability of materials and this is where the RM500 has proved valuable. This versatile machine is undertaking full-depth reclamation of all the existing road layers and then thoroughly blending reclaimed materials for reuse. The reclaimed material is reapplied with extra sand added for the new sub-base and base-course layers.

The RM500 helps to sustain our natural resources, not to mention reducing the cost of extracting and hauling materials to the remote site. This ‘green’ machine also comes with a CAT C15 engine with ACERT technology for reduced emissions.

Stakeholder engagement

Barloworld believes that ongoing, open and transparent communication with all stakeholders is essential to its legitimacy, core to its values and consistent with its sustainable value creation objective. Consistent with this objective mutually beneficial outcomes are sought in all instances.

Shareholders

As a listed public company, Barloworld complies with all legal communication requirements. In addition, Barloworld believes in regular engagement with its shareholders and the investor community. It undertook numerous investor communication sessions during the year. In addition, interviews with financial analysts were conducted frequently and questions responded to on an ongoing basis. The content and purpose of these engagements is to communicate and clarify strategy, financial performance and related sustainability matters.

The group’s website provides up-to-date information which includes detailed investor information, announcements and presentations. A senior group executive is responsible for investor relations.

Principals and suppliers

As a distributor of leading international brands, Barloworld represents a significant number of high-profile global principals. Agreements, long-term relationships, structured meetings, reporting requirements and reviews, as well as ongoing informal communication ensures constant contact with principals. Such engagements address matters such as product, market shares, financial performance, customer issues, customer satisfaction, sustainability matters and the ongoing relationship.

Regular meetings take place with financial institutions and information is provided as required.

Providers of employee benefits such as medical aids and retirement funds are also included in structured meetings, reports and review interventions.

Customers

Numerous individual and collective interactions take place with customers on a continuous basis. Understanding that the provision of flexible, value adding, integrated customer solutions is the cornerstone of Barloworld’s success, customer service and exceeding customer expectations is foremost in every employees’ mind. Accordingly, all customer interfaces receive attention. Major customers are visited regularly by senior executives. Emphasis is on long-term relationships and mutual benefit. Focused customer surveys regularly take place in all divisions. Such interventions determine customers’ requirements, resolve concerns and complaints, and guide future customer offerings. Customers are also able to interact with the group through Barloworld’s website.

Sustainability report *(continued)*

Employees

A wide and varied range of formal and informal, structured and ad-hoc, individual and collective interfaces, processes and meetings are in place across Barloworld to ensure constant communication with all employees.

This is essential to creating an inspiring workplace climate and achieving the value creation objectives of the group as well as ensuring employee commitment and development.

Employee representatives, including trade unions and industry bodies, are engaged in an open and appropriate manner.

Society engagement and upliftment

A wide range of stakeholders are engaged to ensure the ongoing functioning of all operations. These include government institutions and departments, municipal and local authorities, industry organisations, as well as corporate social investment development partners and beneficiaries.

Mindful of its role as a responsible corporate, the group is involved in a number of external initiatives including being a core signatory of the Energy Efficiency Accord as well as the UN Global Compact. It is also a founding member of the Joint Education Trust, National Business Initiative, The Business Trust and Business Against Crime initiatives in South Africa.

In addition, the various divisions and their respective operations belong to numerous industry associations and advocacy groups. It is by participation in such initiatives that a contribution to societies can be made, direction and policy influenced and commercial benefit obtained. Much time and effort is dedicated to such participation.

The communities in which Barloworld companies do business are considered important stakeholders, for which the group is committed to adding value. Apart from the value created in the normal course of business, such as providing fixed investment, employment and paying rates and taxes, other forms of assistance are provided which are aimed at building social capital and creating community value.

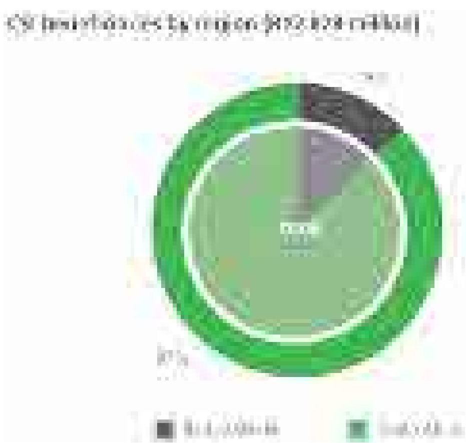
Corporate social investment (CSI) is institutionalised in Barloworld and is conducted on both a central and decentralised level. Barloworld targets 1% of its global profit after tax as its CSI spend allocation. The group has spent R89 million on CSI over the past six years, 2003 to 2008, in addition to the R28 million fund raised for Barloworld Siyakhula.

The majority of the group's CSI activity is focused on South Africa, where programmes are aimed at addressing the issues impacting on socio-economic development, on enterprise development and addressing concerns about the natural environment. Strategic direction and oversight for these programmes are provided by senior group executives and time, money, access to facilities, expertise and influence are used to meet objectives.

Through the corporate programme, major CSI initiatives are developed through the Barloworld Trust and Barloworld Foundation. Programmes are based on long-term development relationships with non-governmental organisations and, on occasion, public authorities, an approach which presents greater opportunity for capacity building and improves the sustainability of programmes. Initiatives are managed against pre-established desired outcomes or objectives.

Major recipients in 2008 include the Africa Leadership Initiative, Barloworld Artworks, Business Against Crime, Endangered Wildlife Trust, Ikamva Labantu, loveLife, National Council for Persons with Physical Disabilities in SA, NOAH (Nurturing Orphans of Aids for Humanity) Penreach, REAP (Rural Education Access Programme) and Teach South Africa.

Complementing CSI programmes, employees volunteer in a variety of ways, offering skills, time and talent to assist a range of organisations.



Barloworld supports loveLife to empower young people to choose an HIV-free way of life

loveLife is South Africa's national HIV prevention campaign for young people, and has received support from Barloworld for a number of years. Its high-powered media campaigns are combined with services and outreach activities across the country targeting 12 to 17 year-olds. The key triggers of behaviour change for young people are a sense of purpose, belonging and identification with an HIV-free way of life. loveLife's programmes are implemented by young people across the country based at over 700 sites, including schools, clinics, community based organisations and youth centres.

Earlier this year loveLife launched its newest campaign, 'Make your Move', focusing on building a sense of personal initiative, helping young people to navigate day-to-day pressures and creating new links to opportunities.

One of the campaign's strongest assets is its young leaders called groundBREAKERS. To date, over 7 500, 18 – 25 year-old groundBREAKERS have graduated from the year-long programme as community leaders in HIV prevention and a further 6 000 are expected to pass through the programme over the next five years. Each cohort is supported by a network of 5 000 mpintshis (buddies) who volunteer without compensation. Together they play an important leadership role in their communities that goes well beyond HIV prevention.

loveLife is involved in a number of groundbreaking initiatives, including working in public clinics to make them more youth friendly, organising school sports through the loveLife Games, environmental issues through the Take-Back-the-Future Initiative (sustainable energy devices, future farmer initiatives and taking young people on wilderness experiences), parent youth dialogues, a call centre that handles in excess of 100 000 calls per month and many more.

One of loveLife's newest ventures is the goGogetter programme launched earlier this year which involves 500 grandmothers across South Africa who are trained and supported in advising young people about HIV, helping to prevent physical and sexual abuse, advocating effectively for school-attendance, and to access grants and food.

Barloworld is also assisting loveLife to make further strides in youth development as part of its programme called Connected! which will see the best groundBREAKERS, drawn from the most marginalised communities and self-selected by their proven commitment to public service, being trained and nurtured to become a disseminated national leadership in South Africa.

Empowering people living with disabilities through the efforts of a disability concerns ambassador

Through its empowerment partnership with DEC (Disability Empowerment Concerns) Trust and funding for the National Council for Persons with Physical Disabilities SA (NCPPDSA), Barloworld is able to meet its objective of assisting South Africans who live with a broad range of disabilities to achieve maximum independence and integration into mainstream society.

Barloworld's CSI Officer, Thuli Matlala, champions the cause of disabled people at company, national and international levels. Herself a paraplegic, Thuli acts as a disability concerns ambassador, playing executive, advisory and advocacy roles through her involvement with a range of disability service organisations, including the NCPPDSA.

The NCPPDSA's objectives are in line with the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) which is intended as a human rights instrument with an explicit, social development dimension. The Convention was ratified by 41 countries, of which South Africa is one.

Through this work on behalf of people living with disabilities, awareness of their capabilities and contributions is raised, respect is fostered for their rights and dignity, and environments are freed from physical, legal and attitudinal barriers to entry.

TEACH South Africa to the rescue

With business partner Deloitte, Barloworld has become involved in an innovative pilot project with non-governmental organisation TEACH South Africa, ultimately aimed at addressing the national shortage of quality teachers in mathematics, science, English and technology in South Africa. The acronym "TEACH" stands for Teachers, Education and Curriculum Help.

In this pilot TEACH South Africa aims to engage the talent of at least 60 recent graduates from all disciplines in mainstream tertiary educational institutions who are prepared to commit two years to service as school teachers and who show promise as future leaders. They will be known as Teach Ambassadors and will be expected to make a contribution not just in the classroom but in the wider school community.

In 2009, TEACH South Africa intends to place Ambassadors at 20 schools – five primary and 15 secondary schools – in Katlehong, Thokoza and Vosloorus in the Ekurhuleni South District of Gauteng. Before they begin service, Ambassadors will be provided with an intensive, accelerated course on teacher techniques and leadership development. While they are in service, continuous support will be given in the form of mentorship, short courses in teaching, leadership and business management, as well as lifeskills. TEACH Ambassadors will also be able to complete a formal teaching qualification during the initial two years, if they choose.

Efforts will be made to ensure that schools which participate in the programme will receive additional resource support through TEACH South Africa partnerships in order to improve the teaching environment.

TEACH South Africa will partner with provincial departments of education for the payment of Ambassadors' salaries. The first pilot will take place with the Gauteng Department of Education. In 2010, the plan is to expand to Limpopo Province and, thereafter, to go national.

In 2008 Barloworld provided an initial R350 000 to the setup costs of the programme and accommodation for core staff at Barlow Park in Sandton.

Barloworld stands behind their successful team

Team Barloworld are the most successful wild-card team in Tour de France history.

Barloworld received R1 billion in global media exposure during the 2007 Tour de France giving a phenomenal 55-1 return on investment. Although less successful in 2008, Barloworld received R500 million in global media exposure during the 2008 Tour de France excluding the measurement of television. The return on investment exceeded 10 to 1.

Team Barloworld's John-Lee Augustyn, the youngest rider in the Tour de France, was the first to summit the Col du Bonnet before dramatically crashing over a cliff on descent. John-Lee Augustyn then displayed true Barloworld characteristics by climbing back up the mountain and received a new bike.

Remarkably he finished five minutes behind the winner after waiting for a replacement bike for four minutes. In excess of 2 million people watched this event live around the world. 55 000 YouTube hits were recorded of this accident over the next 12 hours. John-Lee Augustyn is indeed a name for the future.

Team Barloworld is one of the most cosmopolitan teams in cycling with 20 riders from 10 different countries. There are four Africans on the team – Robert Hunter, Daryl Impey and John Lee Augustyn, all South African, and Chris Froome, who is Kenyan.

Team Barloworld at the time of writing had achieved 19 wins during the 2008 season in South Africa, Italy, Spain, Portugal, Belgium, Netherlands, Austria and China.

Team Barloworld continues to express Barloworld's brand values to all target audiences:

- Integrity – The ethos of our delivery
- Commitment – The approach of our partnerships
- Teamwork – The way we work together
- Excellence – The quality of our performance.

Team Barloworld launched in 2002. Barloworld announced in May 2008 that it would be extending its sponsorship of the team until the end of 2009. This will form part of the exit strategy and bring Barloworld's sponsorship to a natural conclusion.

For more information and news on Team Barloworld, visit www.teambarloworld.com

Going forward

Barloworld's value creation philosophy requires that the totality of the group activities and the interests of all its stakeholders are addressed in order to ensure its long-term sustainability. This approach is reflected in the group's strategic framework underscored by its 10 Pillars of Sustainability which articulate the group's governing principles.

Highlighted in these principles are the non-financial aspects of commercial activity and the requirement of responsible environmental conduct internally and in respect of the integrated solutions provided to customers.

The group reports in terms of the GRI framework and manages its operations accordingly. In order to do so effectively, Barloworld has undertaken to improve the precision and relevance of its non-financial reporting which is a prerequisite to setting the appropriate targets and implementing the required strategies. This process also includes defining reporting boundaries and expanding the areas of data collection that are subject to third party review. Barloworld will continue to improve on the systems developed and introduced during the year, particularly regarding the measurement of its carbon footprint and the objective of reducing its underlying energy consumption, specifically in respect of non-renewable fossil fuels.

Important also is the reduction of its water consumption and increasing its water recycling capabilities. Materials consumed and waste will also receive close attention. In this regard internal and customer consumption will be distinguished as will internally generated waste and customer waste. Recycling will remain a priority as will the proper disposal of hazardous and other waste. Legitimate and environmentally responsible waste disposal remains central to Barloworld's environmental responsibilities.

The health and safety of all employees is framed under the umbrella of a 'Zero injuries or harm' philosophy and the group will continue to ensure the necessary resources are committed to meaningfully pursue this objective.

Barloworld understands that in an increasingly competitive world, long-term value creation is not achievable through short-term solutions or obtainable at the expense of future generations. It is realisable only if the interests of all stakeholders are balanced and all derive lasting benefit. This is the cornerstone of its value creation philosophy and the approach it will follow into the future.

Independent auditor's report
To the members of Barloworld Limited

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 2007 TO 30 SEPTEMBER 2008.

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 2008. 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 2008;
- Employee profile, limited to: number of employees; employee breakdown by race; and male and female employee breakdown;
- Lost time injuries and fatalities;
- Certified management systems;
- Fuel usage at automotive and logistics; and
- Electricity usage at automotive and logistics.

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 is 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 Auditor

Per AG Waller
Partner

21 November 2008

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 & Legal and Financial Advisory, L Geeringh Consulting, L Bam Corporate Finance, CR Beukman Finance, TJ Brown Clients & Markets, NT Mtoba Chairman of the Board

A full list of partners and directors is available on request

Directors' responsibility and approval

for the year ended 30 September 2008

The directors of Barloworld Limited have pleasure in presenting the annual financial statements for the year ended 30 September 2008.

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;
- segmental analyses;
- statements of recognised income and expenses;
- notes; and
- accounting policies.

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 in all material respects the state of affairs and business of the company and the group at 30 September 2008 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 2009 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	CB Thomson	DG Wilson
Chairman	*Chief executive officer*	*Finance director*

Sandton
17 November 2008

Certificate by secretary

for the year ended 30 September 2008

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
17 November 2008

Independent auditor's report

to the members of Barloworld Limited

We have audited the annual financial statements and group annual financial statements of Barloworld Limited, which comprise the directors' report, the balance sheet and consolidated balance sheet as at 30 September 2008, 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 124 to 263.

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 2008 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
Registered Auditor

Per AG Waller
Partner

17 November 2008

Buildings 1 and 2, Deloitte Place
The Woodlands Office Park Woodlands Drive
Sandton

Directors' report

for the year ended 30 September 2008

Nature of business

Barloworld Limited (Barloworld or company) is a registered holding company for a group that is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. Barloworld 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 London and Namibia stock exchanges.

Following the 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)

Financial results

The financial results for the year ended 30 September 2008 are set out in detail on pages 124 to 263 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 on page 193.

Dividends

Details of the dividends and distributions declared and paid are shown in note 28 to the annual financial statements on page 214.

Unbundling of the coatings division

In furtherance of the objectives of unlocking the value gap between Barloworld's intrinsic value and its market value and the creation of a more focused group, Barloworld disposed of its interest in Coatings through a distribution of the ordinary shares of Coatings held by Barloworld to ordinary shareholders on 10 December 2007. Coatings listed on the JSE Limited on 3 December 2007 as Freeworld Coatings Limited.

Directors

Biographical notes of the current directors are given on pages 68 to 69. Details of directors' remuneration, share appreciation rights and options appear on pages 235 to 239.

Changes in directorate

During the financial year under review, Mr SS Ntsaluba was appointed to the board as an independent non-executive director. Messrs AJ Lamprecht, BP Diamond, TS Munday, PM Surgey and RC Tomkinson retired from the board.

According to the company's articles of association, at the forthcoming annual general meeting, Mr SS Ntsaluba, being a director appointed during the financial year under review retires and Messrs PJ Blackbeard, MJ Levett, SB Pfeiffer, G Rodriguez de Castro Garcia de los Rios and Ms SS Mkhabela retire by rotation. All are eligible and have offered themselves for re-election, with the exception of Mr MJ Levett, who plans to step down at 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	Postal address
180 Katherine Street	PO Box 782248
Sandton	Sandton 2146
South Africa	South Africa

Insurance

The group has placed cover in the London and South African traditional insurance markets of up to R2 billion and in excess of R30 million. Additional cover on a per risk basis has been purchased where appropriate. Group captive insurers provide cover for losses that may occur below the R15 million level, retaining R30 million in the aggregate.

Interests in transactions

Barloworld listed and unbundled its Coatings business in December 2007, which changed its business name to Freeworld Coatings Limited and listed on the JSE Limited on 3 December 2007. None of the directors as a consequence of the unbundling of the Coatings division have acquired additional shares. Following the unbundling, existing unvested options were re-priced on the terms disclosed in a circular to shareholders dated 8 November 2007.

On 8 September 2008, the shareholders voted in favour of the black ownership initiative for the acquisition by black participants of 10% of Barloworld's increased share capital. As part of the initiative, 108 303 Barloworld ordinary shares were allotted and issued for a cash consideration of R83.31 per Barloworld ordinary share to the beneficiaries of the Black Non-Executive Directors Trust, namely Messrs DB Ntsebeza and SAM Baqwa and Ms SS Mkhabela who would benefit equally from the allotment and issue of the Barloworld ordinary shares referred above. Full details on the initiative including funding were disclosed in a circular to shareholders dated 15 August 2008.

Subsidiary companies

Details of principal subsidiary companies appear on pages 240 to 241 of the annual financial statements.

International Financial Reporting Standards (IFRS)

The company's financial statements were prepared in terms of International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

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 83 of the annual report.

Black shareholding in the South African operations of Barloworld

Barloworld concluded its black ownership initiative for the acquisition by black participants of 10% of Barloworld's increased share capital in September 2008. The black participants will hold shares in Barloworld itself, and in terms of the BEE codes of Good Practice, only the South African operations are required to be empowered. The effective shareholding in the South African operations as a result of the black ownership initiative will be 29%. This shareholding exceeds the target in the Codes of 25%.

Events subsequent to the balance sheet date

Events subsequent to the balance sheet date are set out in note 43 on pages 247 of the consolidated annual financial statements.

Accounting policies

Definitions

Refer page 139 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) as issued by the International Accounting Standards Board 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 35 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 a 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.

Inter-company transactions and the resulting unrealised profits 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 pre-acquisition 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. Minorities are considered to be equity participants and all transactions with minorities are recorded directly within equity.

12. **Interests in associates and joint ventures**

The consolidated financial statements incorporate the assets, liabilities, income and expenses of associates and joint ventures 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 19 below). The most recent audited annual financial statements of associates and joint ventures are used, which are all within three months of the year end of the group. Adjustments are made to the associate's or joint venture's financial results for material transactions and events in the intervening period. Losses of associates and 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 associates and joint ventures 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 or a jointly controlled entity of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate or jointly controlled entity.

Financial Statement Items
Balance Sheet

13. **Property, plant and equipment**

Property, plant and equipment represents 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.

14. 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.

15. 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, i.e. the investment property is recorded at cost less any accumulated depreciation and impairment losses.

16. 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.

17. 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.

18. 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). Deferred taxation 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 taxes 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 offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

19. 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.

20. 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.

21. 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.

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset is either held for trading or is designated as 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. 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. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. 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. The fair value of derivative assets is classified as non-current assets if the remaining maturity of the instruments are more than, and it is not expected to be realised within, 12 months.

Cash and cash equivalents are measured at fair value, with changes in fair value being included in profit or loss.

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.

22. 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.

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

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. The fair value of derivative liabilities is classified as non-current liabilities if the remaining maturity of the instruments are more than, and it is not expected to be settled within, 12 months.

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.

23. 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.

24. Shareholders for equity dividends

Dividends to equity holders are only recognised as a liability when declared and are included as a movement in reserves. 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.

25. 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. An 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.

26. Equity

Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement.

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

Income Statement

27. 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 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 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 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 36 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.

28. 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.

29. 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.

30. 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.

31. 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.

32. Exceptional items

Exceptional items cover those amounts, which are not considered to be of an operating/trading nature, and generally include re-measurements 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.

Re-measurements 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.

33. 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

34. 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.

35. **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.

36. **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.

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.

37. **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.

38. **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.

39. 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 (e.g. 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.

40. 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.

41. 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 pre-paid 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 buyback 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.

42. 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.

43. 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 South African 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. Provision has been made for the estimated residual risk arising from a guarantee given to the purchaser.

- Interests in subsidiaries

  The trusts established to hold the shares awarded in the black economic empowerment transaction to the black non-executive directors, the black managers and the education entity are considered to be controlled by the company. Accordingly the assets and liabilities and the results of these trusts have been consolidated from the date of establishment.

  The special purpose entities established to hold the shares and loans related to the strategic partners and community service groups are not considered to be controlled by Barloworld. They are thus not consolidated.

- 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. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

- 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.

  Revenue arising from maintenance and repair work in progress is recognised on the percentage of completion basis.

  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.

44. 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 (e.g. 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 in 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 timeframe 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).

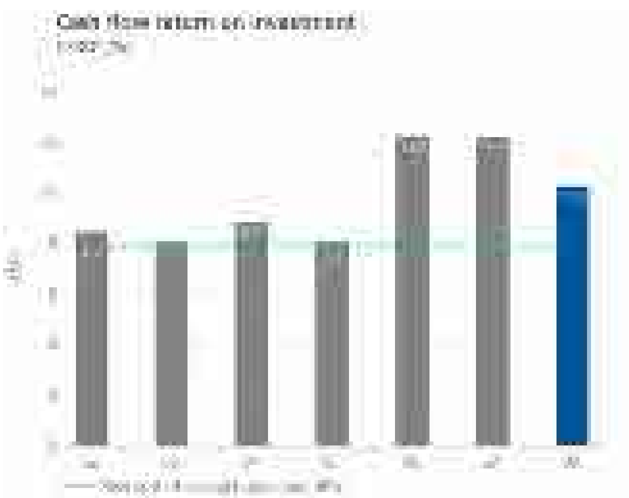
Vesting period

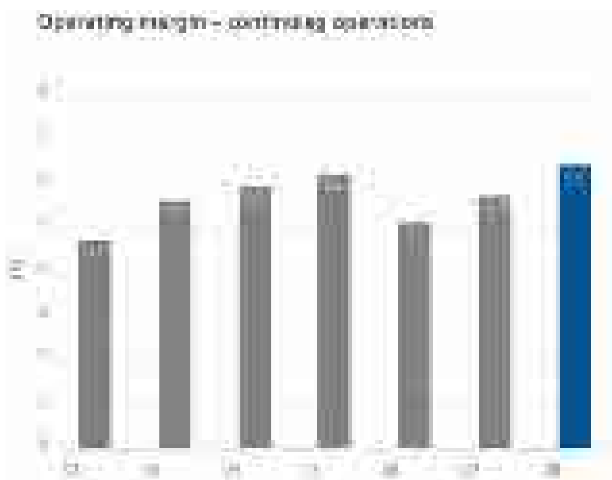
The period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

Consolidated seven-year summary

for the year ended 30 September

	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003* Rm	2002* Rm
Balance sheet							
Assets							
Property, plant and equipment	**8 056**	6 847	8 299	7 922	7 706	6 655	7 565
Goodwill and intangible assets	**2 626**	2 320	3 328	2 745	2 675	1 580	1 903
Investments in associates and joint ventures and other non-current assets	**2 099**	2 233	1 912	2 668	2 843	3 503	4 019
Deferred taxation assets	**488**	619	750	823	766	472	385
Non-current assets	**13 269**	12 019	14 289	14 158	13 990	12 210	13 872
Current assets	**20 688**	18 636	21 365	14 465	13 831	11 548	13 225
Total assets	**33 957**	30 655	35 654	28 623	27 821	23 758	27 097
Equity and liabilities							
Capital and reserves							
Share capital and premium	**242**	223	327	1 397	1 209	712	682
Reserves and retained income	**12 606**	10 918	13 342	10 089	9 308	8 972	10 552
Interest of shareholders of Barloworld Limited	**12 848**	11 141	13 669	11 486	10 517	9 684	11 234
Minority interest	**185**	80	691	644	718	706	791
Interest of all shareholders	**13 033**	11 221	14 360	12 130	11 235	10 390	12 025
Non-current liabilities	**6 252**	6 638	7 920	7 761	7 540	4 916	5 195
Deferred taxation liabilities	**266**	610	870	905	795	617	617
Non-current liabilities	**5 986**	6 028	7 050	6 856	6 745	4 299	4 578
Current liabilities	**14 672**	12 796	13 374	8 732	9 046	8 452	9 877
Total equity and liabilities	**33 957**	30 655	35 654	28 623	27 821	23 758	27 097





	Compound annual growth %	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003* Rm	2002* Rm
Income statement[#]								
Continuing operations								
Revenue	10.2	**46 830**	39 757	32 452	29 211	26 970	25 198	26 098
Operating profit before items listed below	16.7	**2 988**	2 277	1 658	1 572	1 423	1 342	1 180
BEE transaction charge		**(337)**						
Goodwill amortisation						(121)	(90)	(86)
Pension fund gain				149				
Operating profit	15.9	**2 651**	2 277	1 807	1 572	1 302	1 252	1 094
Fair value adjustments on financial instruments		**(80)**	295	224	(50)	(108)	(363)	33
Finance costs	23.1	**(889)**	(631)	(435)	(333)	(365)	(413)	(256)
Income from investments		**195**	164	139	101	143	139	150
Profit before exceptional items	10.7	**1 877**	2 105	1 735	1 290	972	615	1 021
Exceptional items		**(17)**	(74)	116	(20)	(62)	14	159
Profit before taxation		**1 860**	2 031	1 851	1 270	910	629	1 180
Taxation		**(675)**	(697)	(556)	(364)	(354)	(193)	(359)
Profit after taxation		**1 185**	1 334	1 295	906	556	436	821
Income from associates and joint ventures		**72**	53	54	31	61	73	54
Net profit from continuing operations		**1 257**	1 387	1 349	937	617	509	875
Discontinued operations								
(Loss)/profit from discontinued operations		**(11)**	1 172	1 397	1 226	1 151	824	835
Net profit		**1 246**	2 559	2 746	2 163	1 768	1 333	1 710
Attributable to:								
Minority shareholders		**14**	289	389	314	258	211	207
Barloworld Limited shareholders		**1 232**	2 270	2 357	1 849	1 510	1 122	1 503
		1 246	2 559	2 746	2 163	1 768	1 333	1 710
Headline earnings from continuing operations	6.3	**1 259**	1 362	1 233	1 148	1 057	661	874
Cash flow statement								
Cash flow from operations		**1 981**	3 888	4 931	3 576	3 153	2 419	3 037
Dividends paid (including minority shareholders)		**(622)**	(2 629)	(1 295)	(1 197)	(871)	(940)	(649)
Net cash flow from operating activities		**1 359**	1 259	3 636	2 379	2 282	1 479	2 388
Net cash flow used in investing activities		**(2 606)**	(880)	(2 938)	(2 980)	(2 124)	(1 812)	(2 621)
Net cash flow from/(used in) financing activities		**1 347**	(988)	(224)	601	(258)	487	(24)
Net increase/(decrease) in cash and cash equivalents		**100**	(609)	474		(100)	154	(257)

* *Not restated for accounting policy changes due to practical constraints.*

[#] *All years have been reclassified for the treatment of the Car rental Scandinavia,Cement, Scientific, Coatings and Steel Tube segments as discontinued operations.*

Consolidated seven-year summary *(continued)*

for the year ended 30 September

Performance per ordinary share^	
Weighted average number of ordinary shares in issue during the year net of buy-back	
Earnings per share	Net profit attributable to ordinary shareholders of Barloworld Limited / Weighted average number of ordinary shares in issue, net of buy-back
Earnings per share – continuing operations	As above, but using results from continuing operations only
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
Headline earnings per share – continuing operations	As above, but using results from continuing operations only
Dividends per share**	Interim and final dividends declared out of current year's earnings
Dividend cover&	Headline earnings + BEE transaction charge (net of taxation) / Dividends paid out of current year's earnings
Net asset value per share	Interest of shareholders of Barloworld Limited, incl investments at market value / Number of ordinary shares in issue, net of buy-back
Profitability and asset management^	
Operating margin – group	Operating profit before BEE charge and goodwill amortisation / Revenue – group operations
Operating margin – continuing operations	Operating profit before BEE charge and goodwill amortisation / Revenue – continuing operations
Net asset turn	Revenue – group operations / Average net assets
Return on net assets (Group)	Operating profit (after goodwill amortisation) + BEE transaction charge + 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 + BEE transaction charge (net of tax) / Average interest of shareholders of Barloworld Limited
Cash flow return on investment (CFROI®)	Refer page 139 for definition
Replacement capex to depreciation	Replacement capital expenditure / Depreciation charge
Effective rate of taxation – continuing operations	Tax charge – prior year tax – exceptional tax – secondary tax on companies / Profit before tax -/(+) exceptional items + goodwill amortisation

* *Not restated for accounting policy changes due to practical constraints.*

^ *All years have been reclassified for the treatment of the Car rental Scandinavia, Cement, Scientific, Coatings 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.*

& *For 2007 and prior years this ratio was calculated as Headline earnings per share divided by dividends per share.*

		2008	2007	2006	2005	2004	2003*	2002*
(000)		**204 559**	202 673	206 959	207 367	199 375	196 028	195 284
SA cents		**602.2**	1 120.0	1 138.9	891.7	757.4	572.4	769.6
US cents		**81.1**	155.9	173.4	143.6	114.2	71.2	72.3
SA cents		**608.1**	679.4	643.1	554.6	280.9	213.3	420.4
US cents		**81.8**	94.6	97.9	89.3	42.3	26.5	39.5
SA cents		**614.0**	1 181.2	1 170.8	887.8	853.7	588.7	621.7
US cents		**82.6**	164.4	178.2	143.0	128.7	73.2	58.4
SA cents		**615.5**	672.0	595.8	553.6	530.2	337.0	447.4
US cents		**82.6**	93.7	90.7	89.1	79.9	41.9	42.0
SA cents		**250**	375	600	455	380	290	275
US cents		**33.7**	52.2	91.3	73.3	57.3	36.1	25.8
times		**2.9**	3.1	2.0	2.0	2.2	2.0	2.3
SA cents		**6 451**	5 713	6 973	5 620	5 263	5 100	5 872
US cents		**779**	828	898	884	814	725	558
	Targets							
%		**6.3**	8.7	9.2	9.1	8.4	7.1	5.7
%	>6	**6.4**	5.7	5.1	6.2	5.9	5.6	4.7
times	>2.5	**2.2**	2.2	1.9	2.0	2.0	2.0	2.0
%	>18	**15.1**	20.2	19.5	18.6	17.5	14.7	12.8
%	>20	**20.6**	28.8	27.9	26.0	22.8	18.5	16.0
%	>20	**13.6**	18.9	18.0	16.8	14.8	9.9	11.2
%	>8	**10.3**	12.2	12.3	10.3	8.9	8.1	8.5
%		**14.4**	23.0	26.3	43.1	36.6	183.7	66.7
%		**32.7**	28.5	28.9	30.2	25.9	32.5	27.8

Consolidated seven-year summary *(continued)*

for the year ended 30 September

Liquidity and leverage^	
Total liabilities to total shareholders' funds	$\frac{\text{Non-current liabilities – deferred tax liabilities + current liabilities}}{\text{Interest of all shareholders}}$
Total borrowings to total shareholders' funds	$\frac{\text{Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond}}{\text{Interest of all shareholders}}$
– Total group – Trading businesses – Leasing businesses – Car rental businesses	
Net borrowings/EBITDA	$\frac{\text{Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond – cash and cash equivalents}}{\text{Operating profit + amortisation of goodwill and intangible assets + depreciation charge}}$
Number of years to repay interest-bearing debt	$\frac{\text{Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond}}{\text{Cash flow from operations}}$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Quick ratio	$\frac{\text{Current assets – inventories}}{\text{Current liabilities}}$
Interest cover – continuing operations	$\frac{\text{Profit before exceptional items + goodwill amortisation + BEE transaction charge + interest paid (incl interest capitalised and interest included in cost of sales)}}{\text{Interest paid (incl interest capitalised and interest included in cost of sales)}}$
– Total group – Trading businesses – Leasing businesses – Car rental businesses	
Value added	
Number of employees	
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$
Value created per employee	$\frac{\text{Total value created per value added statement}}{\text{Average number of employees}}$
Employment cost per employee	$\frac{\text{Salaries, wages and other benefits paid to employees}}{\text{Average number of employees}}$

* *Not restated for accounting policy changes due to practical constraints.*

^ *All years have been reclassified for the treatment of the Car rental Scandinavia, Cement, Scientific, Coatings and Steel Tube segments as discontinued operations.*

	Targets	**2008**	2007	2006	2005	2004	2003*	2002*
%	<150	**158.5**	167.8	142.2	128.5	140.6	122.7	120.2
%		**81.7**	80.8	68.8	66.3	68.6	59.1	59.8
%	30 – 50	**51.4**	38.2	31.3	20.9	41.4	29.2	23.3
%	600 – 800	**552.3**	646.3	563.5	633.8	598.2	814.6	947.2
%	200 – 300	**165.3**	216.3	233.5	259.2	299.5		
times	<2.5	**1.8**	1.3	1.4	1.3	1.4	1.2	1.6
years	<5	**5.4**	2.3	2.1	2.2	2.4	2.5	2.4
	>1	**1.4**	1.5	1.6	1.7	1.5	1.4	1.3
	>0.5	**0.9**	1.0	1.2	1.1	1.0	0.8	0.7
times	>3	**2.9**	3.4	3.6	3.9	3.0	2.2	3.0
times	>4	**4.4**	5.3	6.9	7.7	4.2	2.8	5.3
times	>1	**1.3**	1.4	1.3	1.6	1.5	1.3	1.2
times	>1.25	**1.0**	1.8	1.7	1.9	1.7		
		19 668	21 960	25 716	25 963	25 233	22 749	23 192
R000's		**2 341.2**	2 108.4	1 720.9	1 472.6	1 452.2	1 506.4	1 550.8
R000's		**586.6**	681.0	531.4	474.9	452.2	407.3	430.6
R000's		**326.4**	350.8	268.6	252.0	250.5	237.3	251.3

Ordinary shares – JSE Limited Performance	
Closing market prices per share	
– year-end (30 September)	
– highest	
– lowest	
Number of shares in issue at 30 September##	
Volume of shares traded	
Value of shares traded	
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
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
Premium over interest of shareholders of Barloworld Limited	Market capitalisation – interest of shareholders of Barloworld Limited

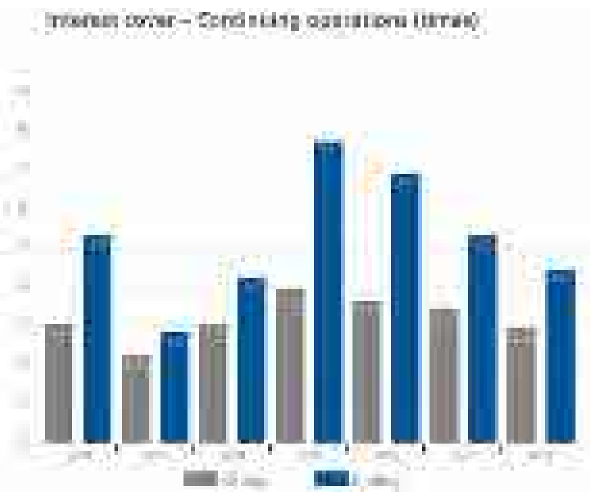
* *Not restated for accounting policy changes due to practical constraints.*

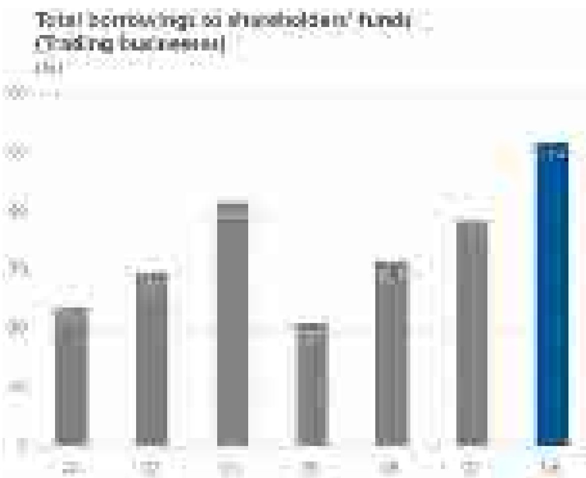
The number of shares in issue excludes shares issued in respect of the BEE transaction other than to the General staff trust and has been reduced by 19 million purchased by a subsidiary company in terms of a programme to buy back the company's shares in 2005, 2004 and 2003 (refer note 13).

@ *The group's shareholding in Pretoria Portland Cement Company Limited ("PPC") with a market value of R19,3 billion was distributed to shareholders in 2007.*

\# *Calculated taking into account the growth in the Barloworld share price, the value of PPC shares distributed to shareholders per the entitlement ratio, the Barloworld interim, final and special dividends and the PPC final and special dividends.*

	2008	2007	2006	2005	2004	2003*	2002*
SA cents	**6 450**	12 960	12 950	11 629	7 800	5 675	5 900
US cents	**779**	1 879	1 667	1 829	1 205	807	560
SA cents	**13 399**	21 750	14 050	11 730	7 979	6 359	7 300
SA cents	**5 900**	10 651	10 010	7 790	5 610	4 750	4 850
million	**208**	204	201	209	204	196	195
million	**293**	204	234	187	147	147	106
Rm	**26 423**	32 111	27 465	18 230	9 902	8 196	6 414
%	**9.5**	9.1	9.0	7.6	10.9	10.4	10.5
%	**3.9**	2.9	4.6	3.9	4.9	5.1	4.7
%	**(50.2)**	0.1	11.4	49.1	37.4	(3.8)	20.2
%	**(46.4)**	78.6#	16.0	53.0	42.3	1.3	24.9
	23 836	29 959	22 375	16 875	11 761	8 926	9 465
%	**(20.4)**	32.6	43.5	43.5	31.8	(5.7)	16.5
%	**3.7**	2.4	2.4	2.5	2.7	3.6	3.8
%	**(16.8)**	36.3	35.0	46.0	34.5	(2.1)	20.3
times	**10.5**	11.0	11.1	13.1	9.1	9.6	9.5
	10.6	16.4	16.1	15.2	14.6	9.7	12.5
Rm	**13 427**	26 418	25 993	24 260	15 897	11 142	11 522
Rm	**579**	15 277	12 324	12 774	5 380	1 458	288





Consolidated summary in other currencies#

for the year ended 30 September

	US dollar 2008 $m	2007* $m	2006* $m	Pound sterling 2008 £m	2007* £m	2006* £m	Euro 2008 €m	2007* €m	2006* €m
Balance sheet									
Assets									
Property, plant and equipment	**973**	993	1 068	**546**	487	572	**693**	698	844
Goodwill and intangible assets	**317**	336	429	**178**	165	229	**226**	237	338
Investment in associates and joint ventures and other non-current assets	**253**	324	246	**142**	159	132	**180**	228	194
Deferred taxation assets	**59**	90	97	**33**	44	52	**42**	63	76
Non-current assets	**1 602**	1 743	1 840	**899**	855	985	**1 141**	1 226	1 452
Current assets	**2 499**	2 702	2 750	**1 402**	1 327	1 472	**1 779**	1 900	2 171
Total assets	**4 101**	4 445	4 590	**2 301**	2 182	2 457	**2 920**	3 126	3 623
Equity and liabilities									
Capital and reserves									
Share capital and premium	**29**	32	42	**16**	16	23	**21**	23	33
Reserves and retained income	**1 149**	1 241	1 348	**644**	609	721	**818**	872	1 064
Non-distributable reserves – foreign currency translation	**374**	343	369	**210**	168	198	**266**	241	292
Interest of shareholders of Barloworld Limited	**1 552**	1 616	1 759	**870**	793	942	**1 105**	1 136	1 389
Minority interest	**22**	12	89	**13**	6	48	**16**	8	70
Interest of all shareholders	**1 574**	1 628	1 848	**883**	799	990	**1 121**	1 144	1 459
Non-current liabilities	**755**	962	1 020	**424**	472	546	**538**	677	805
Deferred taxation liabilities	**32**	88	112	**18**	43	60	**23**	62	88
Non-current liabilities	**723**	874	908	**406**	429	486	**515**	615	717
Current liabilities	**1 772**	1 855	1 722	**994**	911	921	**1 261**	1 305	1 359
Total equity and liabilities	**4 101**	4 445	4 590	**2 301**	2 182	2 457	**2 920**	3 126	3 623
Cash flow statement									
Cash flow from operations	**267**	541	751	**135**	274	417	**177**	406	609
Dividends paid (including minority shareholders)	**(84)**	(366)	(197)	**(42)**	(185)	(110)	**(56)**	(274)	(160)
Net cash flow from operating activities	**183**	175	554	**93**	89	307	**121**	132	449
Net cash used in investing activities	**(351)**	(122)	(447)	**(178)**	(62)	(248)	**(232)**	(92)	(363)
Net cash flow from/(used in) financing activities	**181**	(138)	(35)	**92**	(70)	(19)	**120**	(103)	(28)
Net increase/(decrease) in cash and cash equivalents	**13**	(85)	72	**7**	(43)	40	**9**	(63)	58
Exchange rates used:									
Balance sheet – closing rate (rand)	**8.28**	6.90	7.77	**14.76**	14.05	14.51	**11.63**	9.81	9.84
Income statement and cash flow statement – average rate (rand)	**7.43**	7.18	6.57	**14.68**	14.18	11.83	**11.21**	9.58	8.10

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 35.*

	US dollar 2008 $m	2007* $m	2006* $m	Pound sterling 2008 £m	2007* £m	2006* £m	Euro 2008 €m	2007* €m	2006* €m
Income statement									
Continuing operations									
Revenue	**6 303**	5 537	4 939	**3 190**	2 804	2 743	**4 178**	4 150	4 006
Operating profit before items listed below	**402**	317	252	**204**	161	140	**266**	238	205
BEE transaction charge	**(45)**			**(23)**			**(30)**		
Pension fund gain			23			13			18
Operating profit	**357**	317	275	**181**	161	153	**236**	238	223
Fair value adjustments on financial instruments	**(11)**	41	34	**(5)**	21	19	**(7)**	31	28
Finance costs	**(120)**	(88)	(66)	**(61)**	(45)	(37)	**(79)**	(66)	(54)
Income from investments	**26**	23	21	**13**	11	12	**17**	17	17
Profit before exceptional items	**252**	293	264	**128**	148	147	**167**	220	214
Exceptional items	**(2)**	(10)	18	**(1)**	(5)	10	**(1)**	(8)	14
Profit before taxation	**250**	283	282	**127**	143	157	**166**	212	228
Taxation	**(82)**	(76)	(81)	**(41)**	(39)	(46)	**(54)**	(57)	(65)
Secondary taxation on companies	**(9)**	(21)	(4)	**(5)**	(10)	(2)	**(6)**	(16)	(3)
Profit after taxation	**159**	186	197	**81**	94	109	**106**	139	160
Income from associates and joint ventures	**10**	7	8	**5**	4	5	**6**	6	7
Net profit from continuing operations	**169**	193	205	**86**	98	114	**112**	145	167
Discontinued operations									
(Loss)/profit from discontinued operations	**(1)**	163	213	**(1)**	83	118	**(1)**	122	172
Net profit	**168**	356	418	**85**	181	232	**111**	267	339
Attributable to:									
Minority shareholders	**2**	40	59	**1**	20	33	**1**	30	48
Barloworld Limited shareholders	**166**	316	359	**84**	161	199	**110**	237	291
	168	356	418	**85**	181	232	**111**	267	339
Headline earnings from continuing operations	**169**	190	188	**86**	96	104	**112**	142	152
Earnings per share from continuing operations (cents)	**81.8**	94.6	97.9	**41.4**	47.9	54.4	**54.2**	70.9	79.4
Headline earnings per share from continuing operations (cents)	**82.6**	93.7	90.7	**42.0**	47.4	50.3	**54.8**	70.1	73.4
Ordinary dividends per share (cents)	**33.7**	52.2	91.3	**17.0**	26.4	50.7	**22.3**	39.1	74.1

Consolidated balance sheet

at 30 September

	Notes	2008 Rm	2007 Rm	2006 Rm
Assets				
Non-current assets		**13 269**	12 019	14 289
Property, plant and equipment	2	**8 056**	6 847	8 299
Goodwill	3	**2 421**	2 046	3 005
Intangible assets	4	**205**	274	323
Investment in associates and joint ventures	5	**1 095**	928	749
Finance lease receivables	6	**436**	619	566
Long-term financial assets	7	**568**	686	597
Deferred taxation assets	8	**488**	619	750
Current assets		**20 688**	18 636	21 365
Vehicle rental fleet	2	**1 934**	3 902	3 441
Inventories	9	**7 495**	5 869	5 907
Trade and other receivables	10	**6 854**	6 185	7 026
Taxation		**11**	32	17
Cash and cash equivalents	11	**1 238**	1 201	2 134
Assets classified as held for sale	12	**3 156**	1 447	2 840
Total assets		**33 957**	30 655	35 654
Equity and liabilities				
Capital and reserves				
Share capital and premium	13	**242**	223	327
Other reserves	14	**3 745**	2 584	3 461
Retained income	14	**8 861**	8 334	9 881
Interest of shareholders of Barloworld Limited		**12 848**	11 141	13 669
Minority interest	14	**185**	80	691
Interest of all shareholders		**13 033**	11 221	14 360
Non-current liabilities		**6 252**	6 638	7 920
Interest-bearing	15	**5 022**	4 379	5 475
Deferred taxation liabilities	8	**266**	610	870
Provisions	16	**325**	344	468
Other non-interest-bearing	17	**639**	1 305	1 107
Current liabilities		**14 672**	12 796	13 374
Trade and other payables	18	**7 335**	6 854	6 663
Provisions	16	**731**	600	536
Taxation		**344**	445	705
Amounts due to bankers and short-term loans	19	**4 266**	4 687	4 409
Liabilities directly associated with assets classified as held for sale	12	**1 996**	210	1 061
Total equity and liabilities		**33 957**	30 655	35 654

Consolidated income statement

for the year ended 30 September

	Notes	2008 Rm	2007* Rm	2006* Rm
Continuing operations				
Revenue	20	**46 830**	39 757	32 452
Operating profit before items listed below		**2 988**	2 277	1 658
Pension fund gain	17			149
BEE transaction charge		**(337)**		
Operating profit	21	**2 651**	2 277	1 807
Fair value adjustments on financial instruments	22	**(80)**	295	224
Finance costs	23	**(889)**	(631)	(435)
Income from investments	24	**195**	164	139
Profit before exceptional items		**1 877**	2 105	1 735
Exceptional items	25	**(17)**	(74)	116
Profit before taxation		**1 860**	2 031	1 851
Taxation	26	**(608)**	(549)	(529)
Secondary taxation on companies	26	**(67)**	(148)	(27)
Profit after taxation		**1 185**	1 334	1 295
Income from associates and joint ventures	5	**72**	53	54
Net profit from continuing operations		**1 257**	1 387	1 349
Discontinued operations				
(Loss)/profit from discontinued operations	12	**(11)**	1 172	1 397
Net profit		**1 246**	2 559	2 746
Attributable to:				
Minority shareholders		**14**	289	389
Barloworld Limited shareholders	29	**1 232**	2 270	2 357
		1 246	2 559	2 746
Earnings per share (cents)				
– basic	27	**602.2**	1 120.0	1 138.9
– diluted	27	**594.5**	1 099.6	1 117.1
Earnings per share from continuing operations (cents)				
– basic	27	**608.1**	679.4	643.1
– diluted	27	**600.3**	667.0	630.8
(Loss)/earnings per share from discontinued operation (cents)				
– basic	27	**(5.9)**	440.6	495.8
– diluted	27	**(5.8)**	432.6	486.3

* *Reclassified – refer note 35*

Consolidated cash flow statement

for the year ended 30 September

	Notes	2008 Rm	2007 Rm	2006 Rm
Cash flows from operating activities				
Cash receipts from customers		**46 589**	49 697	42 840
Cash paid to employees and suppliers		**(42 855)**	(43 858)	(36 773)
Cash generated from operations	A	**3 734**	5 839	6 067
Finance costs		**(980)**	(902)	(630)
Realised fair value adjustments on financial instruments		**(157)**	(16)	136
Dividends received from investments and associates		**26**	41	104
Interest received		**188**	338	261
Taxation paid	B	**(830)**	(1 412)	(1 007)
Cash flow from operations		**1 981**	3 888	4 931
Dividends paid (including minority shareholders)		**(622)**	(2 629)	(1 295)
Cash retained from operating activities		**1 359**	1 259	3 636
Cash flows from investing activities				
Acquisition of subsidiaries, investments and intangibles	C	**(996)**	(349)	(814)
Proceeds on disposal of subsidiaries, investments and intangibles	D	**1 098**	1 432	44
Net investment in fleet leasing and rental assets	E	**(1 904)**	(2 283)	(2 108)
Acquisition of other property, plant and equipment		**(973)**	(1 485)	(1 217)
Replacement capital expenditure		**(305)**	(451)	(508)
Expansion capital expenditure		**(668)**	(1 034)	(709)
Proceeds on disposal of property, plant and equipment		**169**	121	593
Proceeds on sale of leasing assets			1 684	564
Net cash used in investing activities		**(2 606)**	(880)	(2 938)
Net cash (outflow)/inflow before financing activities		**(1 247)**	379	698
Cash flows from financing activities				
Proceeds on share issue		**23**	139	90
Buy-back of shares in company				(1 160)
Pension fund payment		**(759)**		
Proceeds from long-term borrowings		**3 298**	1 376	1 742
Repayment of long-term borrowings		**(1 285)**	(3 207)	(1 903)
Increase in short-term interest-bearing liabilities		**70**	704	1 007
Net cash from/(used in) financing activities		**1 347**	(988)	(224)
Net increase/(decrease) in cash and cash equivalents		**100**	(609)	474
Cash and cash equivalents at beginning of year		**1 201**	2 134	1 399
Effect of foreign exchange rate movement on cash balance		**54**	(6)	242
Effect of cash balances classified as held for sale		**(31)**		19
Effect of unbundling of Coatings on cash balance		**(86)**		
Effect of unbundling Pretoria Portland Cement on cash balance			(318)	
Cash and cash equivalents at end of year		**1 238**	1 201	2 134
Cash balances not available for use due to reserving restrictions		**292**	235	405

	2008 Rm	2007 Rm	2006 Rm
Cash flows from operating activities (before dividends paid)			
Per business segment:			
Continuing operations			
– Equipment	64	483	968
– Automotive	1 204	1 171	965
– Handling	470	230	412
– Logistics	145	120	85
– Corporate and other	(191)	120	(419)
Total continuing operations	1 692	2 124	2 011
Discontinued operations			
– Car rental – Scandinavia	210	212	268
– Cement		1 002	2 197
– Coatings	(5)	352	200
– Scientific	84	176	175
– Steel tube		22	80
Total discontinued operations	289	1 764	2 920
Total group	1 981	3 888	4 931
Cash flows from investing activities			
Per business segment:			
Continuing operations			
– Equipment	(771)	(778)	(567)
– Automotive	(1 678)	(1 833)	(802)
– Handling	(109)	1 761	760
– Logistics	(795)	(26)	(7)
– Corporate and other	58	(36)	(294)
Total continuing operations	(3 295)	(912)	(910)
Discontinued operations			
– Car rental – Scandinavia	(360)	(211)	(1 282)
– Cement		(644)	(243)
– Coatings	(24)	136	(350)
– Scientific	1 073	321	(129)
– Steel tube		430	(24)
Total discontinued operations	689	32	(2 028)
Total group	(2 606)	(880)	(2 938)
Cash flows from financing activities			
Per business segment:			
Continuing operations			
– Equipment	1 630	317	(352)
– Automotive	762	488	718
– Handling	(87)	(2 050)	(1 166)
– Logistics	773	(96)	(89)
– Corporate and other	(1 178)	963	431
Total continuing operations	1 900	(378)	(458)
Discontinued operations			
– Car rental – Scandinavia	141	190	180
– Cement		620	2
– Coatings	86	(438)	165
– Scientific	(780)	(529)	(38)
– Steel tube		(453)	(75)
Total discontinued operations	(553)	(610)	234
Total group	1 347	(988)	(224)

Notes to the consolidated cash flow statement *for the year ended 30 September*

		2008 Rm	2007 Rm	2006 Rm
A.	**Cash generated from operations is calculated as follows:**			
	Profit before taxation – continuing operations	**1 860**	2 031	1 851
	Profit before taxation – discontinued operations	**(335)**	1 932	2 365
	Adjustments for:			
	Depreciation	**2 121**	1 961	1 930
	Amortisation of intangible assets	**57**	70	65
	Profit on disposal of plant and equipment including rental assets and intangibles	**(142)**	(44)	(108)
	Profit on disposal of properties	**(30)**	(45)	(129)
	Loss/(profit) on disposal of subsidiaries and investments		65	(11)
	Dividends received	**(26)**	(2)	(62)
	Interest received	**(188)**	(338)	(261)
	Finance costs	**980**	902	630
	Fair value adjustments on financial instruments	**83**	(300)	(228)
	Impairment losses	**382**	323	28
	Realisation of translation reserve on disposal of offshore subsidiaries		(197)	
	BEE IFRS2 charge	**337**		
	Non-cash movement in provisions	**155**		
	Other non-cash flow items	**27**	12	7
	Operating cash flows before movements in working capital	**5 281**	6 370	6 077
	Continuing operations	**4 914**	3 970	3 213
	Discontinued operations	**367**	2 400	2 864
	Increase in working capital	**(1 547)**	(531)	(10)
	Increase in inventories	**(1 265)**	(1 113)	(688)
	Increase in receivables	**(887)**	(860)	(396)
	Increase in payables	**605**	1 442	1 074
	Cash generated from operations	**3 734**	5 839	6 067
B.	**Taxation paid is reconciled to the amounts disclosed in the income statement as follows:**			
	Amounts unpaid less overpaid at beginning of year	**(430)**	(688)	(419)
	Per the income statement (excluding deferred taxation)	**(756)**	(1 376)	(1 315)
	Adjustment in respect of subsidiaries acquired and sold including translation adjustments	**(3)**	7	39
	Effect of unbundlings	**34**	215	
	Amounts unpaid less overpaid at end of year	**325**	430	688
	Cash amounts paid	**(830)**	(1 412)	(1 007)

		2008 Rm	2007 Rm	2006 Rm
C.	**Acquisition of subsidiaries, investments and intangibles:**			
	Inventories acquired	**335**		57
	Receivables acquired	**327**		226
	Payables, taxation and deferred taxation acquired	**(526)**		(230)
	Borrowings net of cash	**(256)**		(512)
	Property, plant and equipment, non-current assets, goodwill and minority shareholders	**532**		744
	Total net assets acquired	**412**		285
	Less: Existing share of net assets of associates before acquisition	**(234)**		
	Net assets acquired	**178**		285
	Goodwill arising on acquisitions	**566**		238
	Total purchase consideration	**744**		523
	Less: Non-cash purchase consideration	**(33)**		
	Net cash cost of subsidiaries acquired	**711**		523
	Investments and intangible assets acquired	**285**	349	291
	Cash amounts paid to acquire subsidiaries, investments and intangibles	**996**	349	814
	Bank balances and cash in subsidiaries acquired	**98**		12
D.	**Proceeds on disposal of subsidiaries, investments and intangibles:**			
	Inventories disposed	**271**	932	17
	Finance lease receivables disposed	**259**		
	Receivables disposed	**298**	676	
	Payables, taxation and deferred taxation balances disposed	**(209)**	(670)	
	Borrowings net of cash	**(189)**	50	
	Property, plant and equipment, non-current assets, goodwill and intangibles	**322**	501	4
	Net assets disposed	**752**	1 489	21
	Less: Non-cash consideration of deconsolidation of subsidiary	**(26)**		
	Total net assets disposed	**726**	1 489	21
	Profit on disposal	**370**	(69)	13
	Net cash proceeds on disposal of subsidiaries	**1 096**	1 420	34
	Proceeds on disposal of investments and intangibles	**2**	12	10
	Cash proceeds on disposal of subsidiaries, investments and intangibles	**1 098**	1 432	44

		2008 Rm	2007 Rm	2006 Rm
E.	**Net investment in fleet leasing and rental assets:**			
	Net investment in fleet leasing and equipment rental assets	**(1 155)**	(1 310)	(832)
	Additions to fleet leasing and equipment rental assets	**(2 983)**	(2 314)	(1 821)
	Less: Proceeds on disposal of fleet leasing and equipment rental assets	**1 828**	1 004	989
	Net investment in leasing receivables	**(13)**	(46)	(16)
	Net investment in car rental vehicles	**(736)**	(927)	(1 260)
	Additions to vehicle rental fleet during the year	**(4 515)**	(3 741)	(3 663)
	Less: Proceeds on disposal of vehicle rental fleet	**3 779**	2 814	2 403
	Net investment in fleet leasing and rental assets	**(1 904)**	(2 283)	(2 108)

Consolidated statement of recognised income and expense *for the year ended 30 September*

	2008 Rm	2007 Rm	2006 Rm
Exchange gains/(losses) on translation of foreign operations	**934**	(229)	1 832
Translation reserves realised on disposal of foreign subsidiaries	**(201)**	(284)	
Gain/(loss) on cash flow hedges	**81**	(163)	139
Deferred taxation on cash flow hedges	**(20)**	39	(18)
(Loss)/gain on revaluation of available for sale investments		(22)	18
Deferred taxation on revaluation of available for sale investments			(8)
Other reserve movements – losses			(71)
Net actuarial losses on post-retirement benefit obligations	**(96)**	(54)	(55)
Actuarial losses on post-retirement benefit obligations	**(133)**	(42)	(79)
Taxation effect of net actuarial losses	**37**	(12)	24
Net income/(loss) recognised directly in equity	**698**	(713)	1 837
Profit for the period	**1 246**	2 559	2 746
Total recognised income and expense for the year	**1 944**	1 846	4 583
Attributable to:			
Minority shareholders	**14**	289	381
Barloworld Limited shareholders	**1 930**	1 557	4 202
	1 944	1 846	4 583

Notes to the consolidated annual financial statements *for the year ended 30 September#*

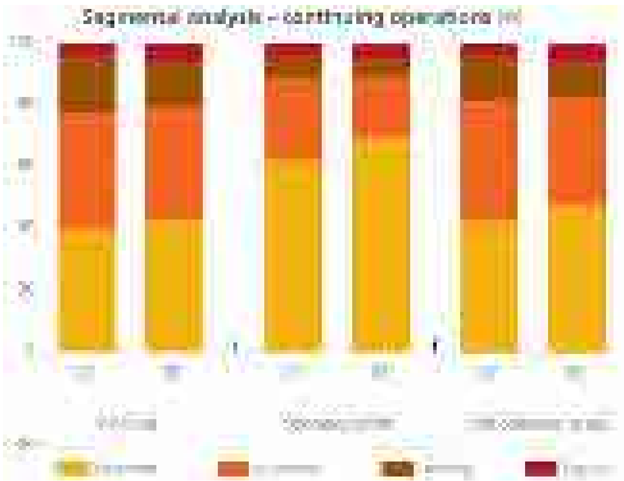
	Continuing operations											
	Consolidated*			Eliminations			Equipment			Automotive Trading		
R million	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006
1. Business and geographical segments**												
Revenue												
Southern Africa	**29 166**	22 332	17 993				**11 930**	8 568	5 581	**11 622**	9 948	9 307
Europe	**12 965**	10 643	7 947				**8 459**	7 422	5 415			
North America	**1 850**	4 334	4 793									
Australia and Asia	**2 849**	2 448	1 719							**2 849**	2 448	1 719
	46 830	39 757	32 452				**20 389**	15 990	10 996	**14 471**	12 396	11 026
Inter-segment revenue ***				**(1 259)**	(1 608)	(1 600)	**407**	389	199	**74**	51	(44)
	46 830	39 757	32 452	**(1 259)**	(1 608)	(1 600)	**20 796**	16 379	11 195	**14 545**	12 447	10 982
Segment result												
Operating profit												
Southern Africa	**1 967**	1 522	1 007				**1 523**	918	478	**143**	184	210
Europe	**586**	643	687				**534**	612	474			
North America	**36**	64	90									
Australia and Asia	**62**	48	23							**62**	48	23
Operating profit/(loss)	**2 651**	2 277	1 807				**2 057**	1 530	952	**205**	232	233
Fair value adjustments on financial instruments	**(80)**	295	224				**49**	(5)	121	**10**	(13)	13
Total segment result	**2 571**	2 572	2 031				**2 106**	1 525	1 073	**215**	219	246
By geographical region												
Southern Africa	**1 879**	1 819	1 230				**1 570**	913	599	**153**	171	223
Europe	**594**	641	688				**536**	612	474			
North America	**36**	64	90									
Australia and Asia	**62**	48	23							**62**	48	23
Total segment result	**2 571**	2 572	2 031				**2 106**	1 525	1 073	**215**	219	246
Income from associates and joint ventures	**72**	53	54				**62**	36	27	**8**	20	27
Segment result including associate income	**2 643**	2 625	2 085				**2 168**	1 561	1 100	**223**	239	273
Finance costs	**(889)**	(631)	(435)									
Income from investments	**195**	164	139									
Exceptional items	**(17)**	(74)	116									
	1 932	2 084	1 905									
Taxation	**(675)**	(697)	(556)									
Net profit	**1 257**	1 387	1 349									
Non cash expenses per segment												
Depreciation	**1 833**	1 487	1 451				**488**	406	352	**64**	46	37
Amortisation of intangibles	**52**	54	49				**21**	23	21	**4**	3	2
Impairment losses	**47**	262	23				**19**	158	22	**3**		

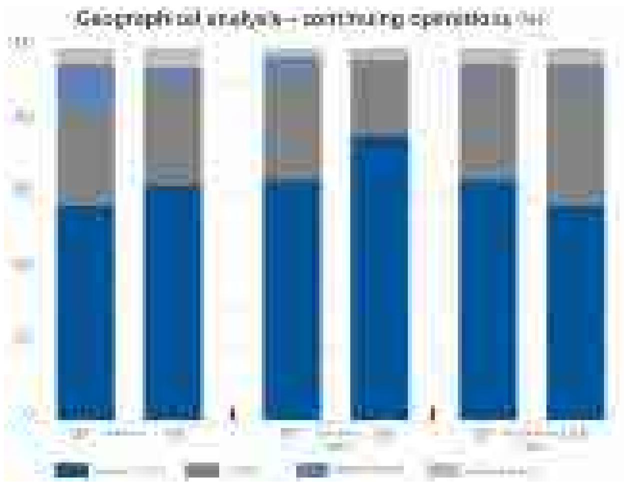
\# *All relevant comparatives in the notes to the group financial statements have been reclassified as per note 35.*
* *The consolidated total excludes discontinued operations for income statement items but includes it for balance sheet and cash flow items.*
** *The geographical segments are determined by the location of assets.*
*** *Inter segment revenue is priced on an arm's length basis.*
^ *The Logistics acquisitions made during 2008 in the Middle East and Asia have been included under Europe.*

Continuing operations

Automotive						Handling						Logistics^			Corporate and other		
Car rental Southern Africa			Leasing			Trading			Leasing								
2008	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006
1 586	1 209	1 108	**948**	701	631	**1 027**	765	631				**1 970**	1 088	683	**83**	53	52
						3 193	2 690	1 995	**75**	160	257	**1 238**	371	280			
						1 849	4 330	4 697	**1**	4	96						
1 586	1 209	1 108	**948**	701	631	**6 069**	7 785	7 323	**76**	164	353	**3 208**	1 459	963	**83**	53	52
9	3	2				**91**						**400**	747	980	**278**	410	458
1 595	1 212	1 110	**948**	701	631	**6 160**	7 785	7 323	**76**	164	353	**3 608**	2 206	1 943	**361**	463	510
250	325	250	**85**	76	63	**124**	54	26				**105**	76	37	**(263)**	(111)	(57)
						8	55	23	**4**	14	33	**30**	19	28	**10**	(57)	129
						40	72	115	**(4)**	(8)	(25)						
250	325	250	**85**	76	63	**172**	181	164		6	8	**135**	95	65	**(253)**	(168)	72
(7)	7	6	**1**	(1)	2	**(25)**	(4)	20				**1**			**(109)**	311	62
243	332	256	**86**	75	65	**147**	177	184		6	8	**136**	95	65	**(362)**	143	134
243	332	256	**86**	75	65	**99**	50	46				**105**	76	37	**(377)**	202	4
						8	55	23	**4**	14	33	**31**	19	28	**15**	(59)	130
						40	72	115	**(4)**	(8)	(25)						
243	332	256	**86**	75	65	**147**	177	184		6	8	**136**	95	65	**(362)**	143	134
			(2)	(3)		**3**									**1**		
243	332	256	**84**	72	65	**150**	177	184		6	8	**136**	95	65	**(361)**	143	134
454	271	289	**413**	344	297	**312**	299	262	**31**	43	132	**53**	47	48	**18**	31	34
1			**1**	1	1	**8**	10	13				**15**	14	4	**2**	3	8
						6	68					**2**			**17**	36	1

	Discontinued operations														
	Automotive Car-rental Scandinavia			Cement			Coatings			Scientific			Steel Tube		
R million	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006
1. Business and geographical segments															
Revenue															
Southern Africa					4 016	4 863	**517**	2 347	2 024					348	1 775
Europe	**1 174**	1 134	805							**193**	1 191	1 027			
North America										**16**	388	429			
Australia and Asia								957	947		121	146			
	1 174	1 134	805		4 016	4 863	**517**	3 304	2 971	**209**	1 700	1 602		348	1 775
Inter-segment revenue								8	5						
	1 174	1 134	805		4 016	4 863	**517**	3 312	2 976	**209**	1 700	1 602		348	1 775
Segment result															
Operating profit															
Southern Africa					1 527	1 903	**78**	383	331					32	95
Europe	**(10)**	81	69							**14**	104	62			
North America										**(1)**	(4)	10			
Australia and Asia								(33)	(57)		4	8			
Operating profit/(loss)	**(10)**	81	69		1 527	1 903	**78**	350	274	**13**	104	80		32	95
Fair value adjustments on financial instruments	**(2)**				13	2	**(1)**	(8)	9						(6)
Total segment result	**(12)**	81	69		1 540	1 905	**77**	342	283	**13**	104	80		32	89
By geographical region															
Southern Africa					1 540	1 905	**77**	375	340					32	89
Europe	**(12)**	81	69							**14**	104	62			
North America										**(1)**	(4)	10			
Australia and Asia								(33)	(57)		4	8			
Total segment result	**(12)**	81	69		1 540	1 905	**77**	342	283	**13**	104	80		32	89
Income from associates and joint ventures					5		**5**	15	18					1	4
Segment result including associate income	**(12)**	81	69		1 545	1 905	**82**	357	301	**13**	104	80		33	93
Non-cash expenses per segment															
Depreciation	**274**	231	193		138	165	**8**	53	56	**6**	47	46		5	18
Amortisation of intangibles		3	2		3	4	**3**	7	7		3	3			
Impairment losses	**335**	101													


Segmental analysis – continuing operations (%)


Geographical analysis – continuing operations (%)

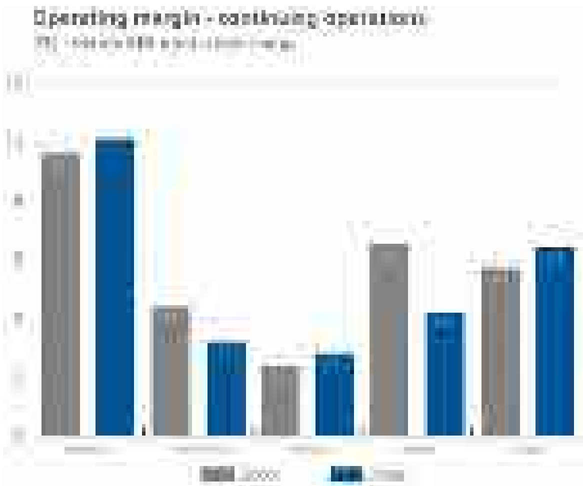
	Continuing operations								
	Consolidated*			Equipment			Automotive Trading		
R million	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006
1. Business and geographical segments									
Assets									
Property, plant and equipment	**8 056**	6 847	8 299	**2 590**	2 005	1 766	**1 534**	918	695
Goodwill	**2 421**	2 046	3 005	**239**	220	232	**244**	120	59
Intangible assets	**205**	274	323	**68**	3	46	**14**	15	7
Investment in associates and joint ventures	**1 095**	928	749	**822**	523	553	**7**	114	74
Long-term finance lease receivables	**436**	619	566			1			
Long-term financial assets	**568**	686	597	**17**	14	8	**1**	5	5
Vehicle rental fleet	**1 934**	3 902	3 441						
Inventories	**7 495**	5 869	5 907	**4 955**	3 184	2 111	**1 746**	1 717	1 458
Trade and other receivables	**6 854**	6 185	7 026	**3 817**	2 932	2 504	**490**	343	342
Assets classified as held for sale	**3 156**	1 447	2 840	**55**	30	21	**185**		
Segment assets	**32 220**	28 803	32 753	**12 563**	8 911	7 242	**4 221**	3 232	2 640
By geographical region									
Southern Africa	**18 267**	15 817	16 424	**6 444**	3 847	2 701	**3 127**	2 370	1 868
Europe	**11 888**	11 124	12 425	**6 119**	5 064	4 541			
North America	**971**	990	2 445						
Australia and Asia	**1 094**	872	1 459				**1 094**	862	772
Total segment assets	**32 220**	28 803	32 753	**12 563**	8 911	7 242	**4 221**	3 232	2 640
Taxation	**11**	32	17						
Deferred taxation assets	**488**	619	750						
Cash and cash equivalents	**1 238**	1 201	2 134						
Consolidated total assets	**33 957**	30 655	35 654						
Liabilities									
Interest-bearing liabilities (Leasing)	**2 016**	2 068	2 671						
Long-term non-interest bearing including provisions	**964**	1 649	1 575	**162**	157	125	**57**	104	66
Trade and other payables incl provisions	**8 066**	7 454	7 199	**3 251**	2 747	1 911	**1 215**	1 022	888
Liabilities directly associated with assets classified as held for sale#	**1 996**	210	1 061				**116**		
Segment liabilities	**13 042**	11 381	12 506	**3 413**	2 904	2 036	**1 388**	1 126	954
By geographical region									
Southern Africa	**7 822**	6 698	5 815	**2 266**	1 577	863	**1 277**	1 007	848
Europe	**4 756**	4 191	5 327	**1 147**	1 327	1 173			
North America	**353**	371	966						
Australia and Asia	**111**	121	398				**111**	119	106
Total segment liabilities	**13 042**	11 381	12 506	**3 413**	2 904	2 036	**1 388**	1 126	954
Interest-bearing liabilities (excluding Leasing and Held for sale amounts)	**7 272**	6 998	7 213						
Deferred taxation liabilities	**266**	610	870						
Taxation	**344**	445	705						
Consolidated total liabilities	**20 924**	19 434	21 294						
Capital additions									
Southern Africa	**5 269**	4 436	3 691	**923**	503	411	**275**	179	121
Europe	**2 820**	2 852	2 046	**523**	630	298			
North America	**118**	169	222						
Australia and Asia	**138**	96	134				**138**	74	123
	8 345	7 553	6 093	**1 446**	1 133	709	**413**	253	244

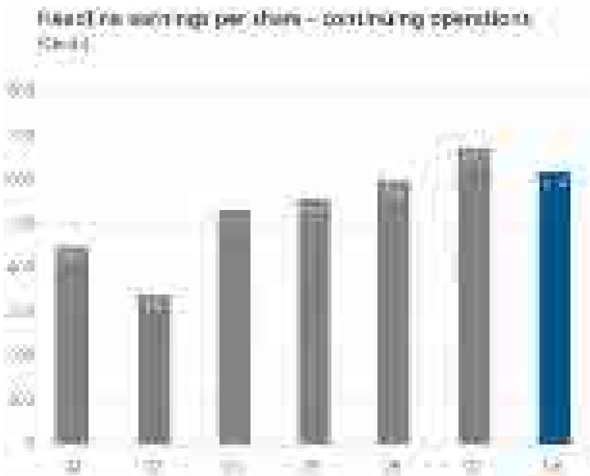
* *The consolidated total excludes discontinued operations for income statement items but includes it for balance sheet and cash flow items.*
\# *Includes interest bearing liabilities in Car rental Scandinavia of R1 280 million.*

Continuing operations																	
Automotive						Handling						Logistics			Corporate and other		
Car rental Southern Africa			Leasing			Trading			Leasing								
2008	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006
283	173	98	**1 895**	1 605	1 461	**1 018**	1 124	1 222	**68**	108	143	**366**	207	238	**302**	336	480
784	784	907	**282**	282	80	**187**	179	328				**685**	127	115			133
3			**2**	2	1	**17**	89	83				**76**	52	52	**25**	24	27
2			**225**	190	10	**26**						**2**			**11**	13	29
			85	66	62				**339**	544	494				**12**	8	8
42	2	1			42	**53**	12	34	**109**	104	7	**16**	3	3	**330**	529	93
1 934	1 968	1 494															
6	(6)	(10)	**1**		1	**786**	602	1 140	**(17)**			**7**	5	4	**11**	5	6
513	359	327	**176**	134	142	**773**	796	950	**114**	120	203	**1 065**	617	531	**(94)**	(33)	(96)
138	167	86	**54**	54	51	**26**	66	41	**16**	51	1 716		5			50	
3 705	3 447	2 903	**2 720**	2 333	1 850	**2 886**	2 868	3 798	**629**	927	2 563	**2 217**	1 016	943	**597**	932	680
3 705	3 447	2 903	**2 720**	2 333	1 850	**662**	768	720				**1 030**	822	793	**579**	893	447
						1 272	1 215	1 154	**610**	905	2 433	**1 187**	194	150	**18**	39	233
						952	885	1 924	**19**	22	130						
3 705	3 447	2 903	**2 720**	2 333	1 850	**2 886**	2 868	3 798	**629**	927	2 563	**2 217**	1 016	943	**597**	932	680
			1 672	1 456	1 129				**344**	612	1 542						
12	31	11	**334**	267	223	**106**	58	80	**185**	172	88	**15**	4	2	**93**	810	843
844	596	492	**348**	264	222	**1 247**	1 074	1 402	**24**	36	44	**917**	545	458	**220**	296	15
											597						
856	627	503	**2 354**	1 987	1 574	**1 353**	1 132	1 482	**553**	820	2 271	**932**	549	460	**313**	1 106	858
856	627	503	**2 354**	1 987	1 574	**403**	298	254				**600**	422	360	**66**	260	(44)
						636	528	484	**514**	767	2 124	**332**	127	100	**247**	846	902
						314	306	744	**39**	53	147						
856	627	503	**2 354**	1 987	1 574	**1 353**	1 132	1 482	**553**	820	2 271	**932**	549	460	**313**	1 106	858
2 403	1 912	1 734	**1 220**	977	831	**269**						**84**	31	56	**72**	41	17
						216	129	38	**11**	106	87	**21**	11	4			
						118	164	163			52						
2 403	1 912	1 734	**1 220**	977	831	**603**	293	201	**11**	106	139	**105**	42	60	**72**	41	17

	Discontinued operations														
	Automotive Car rental Scandinavia			Cement			Coatings			Scientific			Steel Tube		
R million	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006
1. Business and geographical segments															
Assets															
Property, plant and equipment		54	78			1 414		317	362			342			
Goodwill		301	400			382		33	43			326			
Intangible assets		8	9			14		81	74			10			
Investment in associates and joint ventures		2						85	83						
Long-term finance lease receivables								1	1						
Long-term financial assets						388		17	13			3			
Vehicle rental fleet		1 934	1 947												
Inventories			3			224		362	498			472			
Trade and other receivables		476	426			702		441	566			429			
Assets classified as held for sale	**2 682**	52	50			130			30		972				715
Segment assets	**2 682**	2 827	2 913			3 254		1 337	1 670		972	1 582			715
By geographical region															
Southern Africa						3 254		1 337	1 173						715
Europe	**2 682**	2 827	2 913								879	1 001			
North America											83	391			
Australia and Asia									497		10	190			
Total segment assets	**2 682**	2 827	2 913			3 254		1 337	1 670		972	1 582			715
Long-term non-interest bearing		2				107		44	14			16			
Trade and other payables including provisions		398	377			473		476	610			307			
Liabilities directly associated with assets classified as held for sale[#]	**1 880**					109			8		210				347
Segment liabilities	**1 880**	400	377			689		520	632		210	323			347
By geographical region															
Southern Africa						689		520	421						347
Europe	**1 880**	400	377								196	167			
North America											12	75			
Australia and Asia									211		2	81			
Total segment liabilities	**1 880**	400	377			689		520	632		210	323			347
Capital additions															
Southern Africa					671	389	**23**	116	101					6	31
Europe	**2 045**	1 961	1 602							**4**	15	17			
North America											5	7			
Australia and Asia								12	9		10	2			
	2 045	1 961	1 602		671	389	**23**	128	110	**4**	30	26		6	31

[#] *Includes interest bearing liabilities in Car rental Scandinavia of R1 280 million.*


Operating margin – continuing operations


Headline earnings per share – continuing operations

1. Business and geographical segments

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 337 million (2007: R2 166 million; 2006: R2 252 million) are included as part of the Trading operations.

	Total Group			Trading			Leasing#			Car rental		
	2008 Rm	2007 Rm	2006 Rm	**2008 Rm**	2007 Rm	2006 Rm	**2008 Rm**	2007 Rm	2006 Rm	**2008 Rm**	2007 Rm	2006 Rm
Consolidated balance sheet												
Assets												
Property, plant and equipment												
Cost	**17 478**	16 822	19 665	**9 174**	9 247	12 566	**3 027**	2 725	2 883	**5 277**	4 850	4 216
Accumulated depreciation	**5 044**	5 417	7 413	**3 279**	3 982	5 961	**1 007**	920	977	**758**	515	475
Net book value	**12 434**	11 405	12 252	**5 895**	5 265	6 605	**2 020**	1 805	1 906	**4 519**	4 335	3 741
Less: Items reflected under current assets as vehicle rental fleet and assets classified as held for sale	**4 378**	4 558	3 953	**85**	358	86	**57**	92	302	**4 236**	4 108	3 565
Property, plant and equipment – net book value	**8 056**	6 847	8 299	**5 810**	4 907	6 519	**1 963**	1 713	1 604	**283**	227	176
Goodwill	**2 421**	2 046	3 005	**1 355**	679	1 618	**282**	282	80	**784**	1 085	1 307
Intangible assets	**205**	274	323	**200**	264	313	**2**	2	1	**3**	8	9
Finance lease receivables	**436**	619	566	**13**	9	10	**423**	610	556			
Long-term financial assets, investment in associates and joint ventures	**1 663**	1 614	1 346	**1 285**	1 315	1 286	**334**	295	59	**44**	4	1
Deferred taxation assets	**488**	619	750	**435**	583	690	**48**	32	39	**5**	4	21
Non-current assets	**13 269**	12 019	14 289	**9 098**	7 757	10 436	**3 052**	2 934	2 339	**1 119**	1 328	1 514
Current assets	**20 688**	18 636	21 365	**14 929**	13 206	14 792	**371**	371	2 157	**5 388**	5 059	4 416
Finance lease receivables	**161**	150	222	**8**	21	22	**153**	129	200			
Cash and cash equivalents	**1 238**	1 201	2 134	**1 097**	1 086	2 012	**26**	9	41	**115**	106	81
Assets classified as held for sale	**3 156**	1 447	2 840	**267**	1 124	936	**70**	105	1 768	**2 819**	218	136
Other current assets	**16 133**	15 838	16 169	**13 557**	10 975	11 822	**122**	128	148	**2 454**	4 735	4 199
Total assets	**33 957**	30 655	35 654	**24 027**	20 963	25 228	**3 423**	3 305	4 496	**6 507**	6 387	5 930
Equity and liabilities												
Interest of all shareholders	**13 033**	11 221	14 360	**10 811**	9 308	12 468	**365**	320	474	**1 857**	1 593	1 418
Non-current liabilities	**6 252**	6 638	7 920	**3 604**	2 861	2 062	**2 528**	2 464	2 598	**120**	1 313	3 260
Deferred taxation liabilities	**266**	610	870	**8**	171	417	**150**	158	169	**108**	281	284
Interest-bearing	**5 022**	4 379	5 475	**3 163**	1 513	392	**1 859**	1 867	2 118		999	2 965
Non-interest-bearing	**964**	1 649	1 575	**433**	1 177	1 253	**519**	439	311	**12**	33	11
Current liabilities	**14 672**	12 796	13 374	**9 612**	8 794	10 698	**530**	521	1 424	**4 530**	3 481	1 252
Amounts due to bankers and short-term loans	**4 266**	4 687	4 409	**2 319**	2 040	3 510	**157**	201	553	**1 790**	2 446	346
Liabilities directly associated with assets classified as held for sale												
– Interest-bearing	**1 356**		642	**76**		45			597	**1 280**		
– Non-interest-bearing	**640**	210	419	**40**	210	419				**600**		
Other current liabilities	**8 410**	7 899	7 904	**7 177**	6 544	6 724	**373**	320	274	**860**	1 035	906
Total equity and liabilities	**33 957**	30 655	35 654	**24 027**	20 963	25 228	**3 423**	3 305	4 496	**6 507**	6 387	5 930

	Total Group			Trading			Leasing#			Car rental		
	2008 Rm	2007 Rm	2006 Rm	**2008 Rm**	2007 Rm	2006 Rm	**2008 Rm**	2007 Rm	2006 Rm	**2008 Rm**	2007 Rm	2006 Rm
Consolidated income statement												
Continuing operations												
Revenue	**46 830**	39 757	32 452	**44 220**	37 683	30 360	**1 024**	865	984	**1 586**	1 209	1 108
Operating profit before depreciation and leasing interest paid	**4 776**	3 995	3 497	**2 978**	2 515	2 237	**820**	701	739	**978**	779	521
Leasing interest paid included in cost of sales	**(292)**	(231)	(239)				**(292)**	(231)	(239)			
Depreciation	**(1 833)**	(1 487)	(1 451)	**(660)**	(645)	(751)	**(445)**	(388)	(429)	**(728)**	(454)	(271)
Operating profit	**2 651**	2 277	1 807	**2 318**	1 870	1 486	**83**	82	71	**250**	325	250
Fair value adjustments on financial instruments	**(80)**	295	224	**(74)**	289	217	**1**	(1)	1	**(7)**	7	6
Finance costs	**(889)**	(631)	(435)	**(618)**	(437)	(264)				**(271)**	(194)	(171)
Income from investments	**195**	164	139	**166**	153	107	**1**	1	3	**28**	10	29
Profit before exceptional items	**1 877**	2 105	1 735	**1 792**	1 875	1 546	**85**	82	75		148	114
Exceptional items	**(17)**	(74)	116	**(15)**	(73)	116	**(2)**	(1)				
Profit before taxation	**1 860**	2 031	1 851	**1 777**	1 802	1 662	**83**	81	75		148	114
Taxation	**(675)**	(697)	(556)	**(657)**	(638)	(544)	**(9)**	(15)	5	**(9)**	(44)	(17)
Profit/(loss) after taxation	**1 185**	1 334	1 295	**1 120**	1 164	1 118	**74**	66	80	**(9)**	104	97
Income from associates and joint ventures	**72**	53	54	**74**	56	54	**(2)**	(3)				
Net profit/(loss) from continuing operations	**1 257**	1 387	1 349	**1 194**	1 220	1 172	**72**	63	80	**(9)**	104	97
Discontinued operations												
(Loss)/profit from discontinued operations	**(11)**	1 172	1 397	**306**	1 144	1 375				**(317)**	28	22
Net profit/(loss)	**1 246**	2 559	2 746	**1 500**	2 364	2 547	**72**	63	80	**(326)**	132	119
Attributable to:												
Minority shareholders	**14**	289	389	**5**	282	373	**9**	7	16			
Barloworld Limited shareholders	**1 232**	2 270	2 357	**1 495**	2 082	2 174	**63**	56	64	**(326)**	132	119
	1 246	2 559	2 746	**1 500**	2 364	2 547	**72**	63	80	**(326)**	132	119
Key financial ratios by segment												
Total borrowings to total shareholders' funds (%)**												
Actual	**82**	81	69	**51**	38	31	**552**	646	564	**165**	216	233
Target*					30 – 50			600 – 800			200 – 300	
Interest cover (times)**												
Actual	**2.9**	3.4	3.6	**4.4**	5.3	6.9	**1.3**	1.4	1.3	**1.0**	1.8	1.7
Target		> 3			> 4			> 1			> 1.25	

^ *All years have been reclassified for the treatment of the Car rental Scandinavia, Cement, Scientific, Coatings and Steel Tube segments as discontinued operations.*

\# *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 inter-group eliminations.*

* *The group gearing target is dependent on the relative mix of assets between the three segments.*

** *Refer to page 148 for definitions.*

		2008 Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm
2.	**Property, plant and equipment**			
	Freehold land and buildings	1 825	266	1 559
	Leasehold land and buildings	702	172	530
	Investment property	22	8	14
	Plant, equipment and furniture	1 909	1 310	599
	Vehicles and aircraft	614	274	340
	Capitalised leased plant and equipment, vehicles and furniture	621	105	516
	Decommissioning and quarry rehabilitation			
	Rental assets – vehicles	7 489	1 061	6 428
	Rental assets – equipment	4 296	1 848	2 448
		17 478	5 044	12 434
	Less: Vehicle rental fleet reflected under current assets			
	– continuing operations			1 934
	Rental assets and other assets classified as held for sale			280
	Disposal group assets classified as held for sale			
	– Property, plant and equipment			62
	– Vehicle rental fleet reflected under current assets			2 102
				8 056
	Per business segment:			
	Continuing operations			
	– Equipment			2 590
	– Automotive			3 712
	– Handling			1 086
	– Logistics			366
	– Corporate and other			302
	Total continuing operations			8 056
	Discontinued operations			
	– Car rental – Scandinavia			62
	– Cement			
	– Coatings			
	– Scientific			
	– Steel tube			
	Total discontinued operations			62
	Total group			8 118
	Amounts classified as held for sale			(62)
	Total per balance sheet			8 056
	Investment properties:			
	Four investment properties (2007: ten and 2006: four) are held of which all are income generating (2007: ten and 2006: four) and none are vacant (2007 and 2006: none).			
	Income earned from investment properties			5
	Direct operating expenses incurred on investment properties			2
	Fair value of investment properties			80
	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)			1 058
	Historic value of land and residual value of plant and equipment			3 866
	Insurable value of property, plant and equipment			12 452

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.

2007 Cost Rm	2007 Accumulated depreciation and impairments Rm	2007 Net book value Rm	2006 Cost Rm	2006 Accumulated depreciation and impairments Rm	2006 Net book value Rm
1 637	290	1 347	2 085	483	1 602
430	129	301	447	124	323
16	8	8	57	7	50
2 273	1 605	668	5 139	3 272	1 867
763	375	388	1 070	776	294
456	69	387	701	202	499
			36	17	19
6 761	731	6 030	5 808	459	5 349
4 486	2 210	2 276	4 941	2 391	2 550
16 822	5 417	11 405	20 284	7 731	12 553
		3 902			3 441
		450			574
		206			239
		6 847			8 299
		2 005			1 766
		2 696			2 254
		1 232			1 365
		207			238
		336			480
		6 476			6 103
		54			78
					1 414
		317			362
		206			342
					239
		577			2 435
		7 053			8 538
		(206)			(239)
		6 847			8 299
		7			4
		3			2
		172			49
		1 793			2 475
		2 290			4 241
		21 498			31 770

Movement of property, plant and equipment	Freehold and leasehold land and buildings Rm	Investment property Rm
2. Property, plant and equipment (continued)		
2008		
Net balance at 1 October 2007	**1 648**	**8**
Subsidiaries acquired	**192**	**3**
Subsidiaries disposed	**(114)**	
Other additions	**494**	
Impairment of assets		
Translation differences (net)	**96**	
	2 316	**11**
Other disposals	**(28)**	**3**
Depreciation	**(64)**	
Unbundling of Coatings	**(135)**	
Net balance at 30 September 2008	**2 089**	**14**
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	**38**	
Balance reflected as property, plant and equipment	**2 051**	**14**
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

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
668	**388**	**387**		**6 030**	**2 276**	**11 405**
26	**17**	**152**				**390**
(92)	**(11)**					**(217)**
326	**186**	**31**		**5 536**	**1 772**	**8 345**
	(3)					**(3)**
44	**8**	**12**		**202**	**298**	**660**
972	**585**	**582**		**11 768**	**4 346**	**20 580**
(12)	**(133)**	**(32)**		**(4 244)**	**(1 247)**	**(5 693)**
(205)	**(71)**	**(34)**		**(1 096)**	**(651)**	**(2 121)**
(156)	**(41)**					**(332)**
599	**340**	**516**		**6 428**	**2 448**	**12 434**
				1 934		**1 934**
				198	**82**	**280**
23	**1**			**2 102**		**2 164**
576	**339**	**516**		**2 194**	**2 366**	**8 056**
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

		2008 Rm	2007 Rm	2006 Rm
2.	**Property, plant and equipment (continued)**			
	Translation difference:			
	The translation differences are made up as follows:			
	Cost	**1 114**	(170)	1 986
	Accumulated depreciation	**(454)**	103	(887)
		660	(67)	1 099
	Rental asset disclosures:			
	Future minimum lease receivables under non-cancellable operating leases:			
	Within one year	**47**	122	49
	Two to five years	**128**	274	334
	More than five years	**21**	8	
		196	404	383

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 19.4% (2007: 18.3% and 2006: 17%) of the fleet value carries a guaranteed buyback from the manufacturer and 99% (2007: 70% and 2006: 100%) in Norway and Sweden.

– Long-term vehicle fleet in southern Africa leased to customers for periods in excess of 12 months with an average lease term of 43 months (2007: 38 months, 2006: 36 months) and an average residual value of 45% (2007: 46% and 2006: 40%).

The 2007 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 at the balance sheet date.

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.

		2008 Rm	2007 Rm	2006 Rm
3.	**Goodwill**			
	2008			
	Cost			
	At 1 October	**2 381**	3 496	2 899
	Additions	**684**	41	226
	Subsidiaries disposed	**(32)**	(479)	(11)
	Unbundling of Cement		(382)	
	Unbundling of Coatings	**(33)**		
	Amounts classified as held for sale		(260)	
	Translation differences	**151**	(35)	382
	At 30 September	**3 151**	2 381	3 496
	Accumulated impairment losses			
	At 1 October	**335**	491	414
	Subsidiaries acquired	**9**		
	Subsidiaries disposed	**(8)**	(327)	
	Impairment	**337**	169	13
	Translation differences	**57**	2	64
	At 30 September	**730**	335	491
	Carrying amount			
	At 30 September	**2 421**	2 046	3 005

	2008 Rm	2007 Rm	2006 Rm
3. Goodwill (continued)			
Per business segment:			
Continuing operations			
– Equipment	**239**	220	232
– Automotive	**1 310**	1 186	1 046
– Handling	**187**	179	328
– Logistics	**685**	127	115
– Corporate and other			133
Total continuing operations	**2 421**	1 712	1 854
Discontinued operations			
– Car rental – Scandinavia		301	400
– Cement			382
– Coatings		33	43
– Scientific		260	326
Total discontinued operations		594	1 151
Total group	**2 421**	2 306	3 005
Amounts classified as held for sale		(260)	
Total per balance sheet	**2 421**	2 046	3 005
The impairments relate to the following:			
Avis and Budget Scandinavia	**333**	101	
Truck Center (Freightliner)		60	
Ditch Witch		8	
Finaltair joint venture			13
Other	**4**		
	337	169	13

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 (except as noted below for the Car rental Scandinavia business). 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.

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 after tax, real cost of capital is adjusted for size and leverage and other known risks.

The after tax, real cost of capital rates applied as at September are as follows:

Country	2008 %	2007 %	2006 %
United States	**6.0**	5.8	5.4
Spain	**6.4**	5.6	5.4
United Kingdom	**6.7**	6.2	5.8
Norway	**6.4**	5.6	5.4
Sweden	**6.4**	5.6	5.4
Denmark	**6.4**	5.6	5.4
Australia	**5.9**	5.2	5.3
South Africa	**7.4**	6.9	6.5

The current year impairment was calculated by comparing the carrying value of the Avis and Budget Scandinavia cash-generating unit to its estimated recoverable amount. The estimated recoverable amount was determined on the fair value less costs to sell of the business based on the expected disposal price. The business has been classified as Held for sale (refer note 12).

	Capitalised software Rm	Patents, trade-marks and development costs Rm	Total intangible assets Rm
		2008	
4. Intangible assets			
Cost			
At 1 October	369	175	544
Subsidiaries acquired	1	19	20
Other additions	36	15	51
Subsidiaries disposed		(78)	(78)
Other disposals	(4)	(3)	(7)
Unbundling of Cement			
Amounts classified as held for sale	(25)		(25)
Other reclassification	4	6	10
Translation differences	22	1	23
At 30 September	403	135	538
Accumulated amortisation and impairment			
At 1 October	240	30	270
Charge for the year (note 21)	45	12	57
Subsidiaries acquired			
Subsidiaries disposed	3		3
Other disposals	(4)		(4)
Unbundling of Cement			
Amounts classified as held for sale	(14)		(14)
Other reclassification	8	(1)	7
Impairment		(1)	(1)
Translation differences	15		15
At 30 September	293	40	333
Carrying amount			
At 30 September	110	95	205
Per business segment:			
Continuing operations			
– Equipment			68
– Automotive			19
– Handling			17
– Logistics			76
– Corporate and other			25
Total continuing operations			205
Discontinued operations			
– Car rental – Scandinavia			11
– Cement			
– Coatings			
– Scientific			
– Steel tube			
Total discontinued operations			11
Total group			216
Amounts classified as held for sale			(11)
Total per balance sheet			205

	2007			2006		
	Capitalised software Rm	Patents, trade-marks and development costs Rm	Total intangible assets Rm	Capitalised software Rm	Patents, trade-marks and development costs Rm	Total intangible assets Rm
	517	183	700	483	97	580
				9	59	68
	45	17	62	39	13	52
	(71)	(2)	(73)	(4)		(4)
	(66)	(7)	(73)	(39)	(11)	(50)
	(8)	(32)	(40)			
	(25)	(6)	(31)	(13)	(3)	(16)
	(18)	34	16	(18)	25	7
	(5)	(12)	(17)	60	3	63
	369	175	544	517	183	700
	341	36	377	282	38	320
	60	10	70	58	7	65
				4		4
	(66)	(1)	(67)	(3)	(11)	(14)
	(48)	(8)	(56)	(33)		(33)
	(2)	(23)	(25)			
	(19)	(6)	(25)	(11)	(2)	(13)
	(16)	27	11	1	2	3
	(6)	(1)	(7)	1		1
	(4)	(4)	(8)	42	2	44
	240	30	270	341	36	377
	129	145	274	176	147	323
			3			46
			17			8
			89			83
			52			52
			24			27
			185			216
			8			9
						14
			81			74
			6			10
						2
			95			109
			280			325
			(6)			(2)
			274			323

	2008 Rm	2007 Rm	2006 Rm	2008 Rm	2007 Rm	2006 Rm
5. Investment in associates and joint ventures*						
		Income			Investment	
Associates	**8**	21	19	**195**	409	314
Joint ventures	**64**	32	35	**900**	519	435
	72	53	54	**1 095**	928	749
Per business segment:						
Continuing operations						
– Equipment	**62**	36	27	**822**	523	553
– Automotive	**6**	17	27	**234**	304	84
– Handling	**3**			**26**		
– Logistics				**2**		
– Corporate and other	**1**			**11**	13	29
Total continuing operations	**72**	53	54	**1 095**	841	666
Discontinued operations						
– Car rental – Scandinavia					2	
– Cement		5				
– Coatings	**5**	15	18		85	83
– Steel tube		1	4			5
Total discontinued operations	**5**	21	22		87	88
Total group	**77**	74	76	**1 095**	928	754
Discontinued operations/amounts classified as held for sale	**(5)**	(21)	(22)			(5)
Total per income statement/ balance sheet	**72**	53	54	**1 095**	928	749
		Associates			Joint ventures	
Cost of investment	**147**	136	139	**230**	179	134
Share of associates and joint ventures' reserves	**39**	76	83	**174**	107	64
Beginning of year	**76**	83	47	**107**	64	26
Normal and exceptional profit for the year	**13**	27	23	**64**	47	53
Dividends received		(25)	(30)	**(6)**	(14)	(17)
Unbundling of Coatings	**(63)**					
Unbundling of Cement		(8)				
Reclassifications	**(6)**			**(9)**		
Disposals and other reserve movements	**19**	8	43	**18**	10	2
Impairments during the year		(9)				
Carrying value excluding amounts owing	**186**	212	222	**404**	286	198
Loans and advances to associates and joint ventures**	**9**	197	97	**496**	233	237
Discontinued operations			(5)			
Carrying value including amounts owing	**195**	409	314	**900**	519	435

	2008 Rm	2007 Rm	2006 Rm	2008 Rm	2007 Rm	2006 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	**186**	212	222	**404**	286	198
Unlisted associates of discontinued operations – shares at carrying value			5			
	186	212	227	**404**	286	198
Valuation of shares						
Directors' valuation of unlisted associate companies and joint ventures	**461**	307	306	**711**	696	440
Directors' valuation of unlisted associate companies – discontinued operations			5			
	461	307	311	**711**	696	440
Aggregate of group associate companies and joint ventures' net assets, revenue and profit						
Property, plant and equipment and other non-current assets	**244**	245	203	**159**	172	297
Current assets	**73**	126	284	**1 255**	844	920
Long-term liabilities		25	80	**719**	154	294
Current liabilities	**18**	103	112	**258**	476	460
Revenue	**241**	377	568	**2 633**	1 698	1 485
Profit after taxation	**6**	18	16	**63**	47	53
Cash flow from operations	**(34)**	(12)	91	**(279)**	(118)	(139)

* *Refer note 39 and 40 for a detailed list of associate and joint venture companies.*
In the current year Phavisworld has been reclassified from an associate to a joint venture.

** *In 2007 associate loans amounting to R99 million were impaired relating to the investment in Finaltair (2006: R17 million). The impairment was based on deteriorating prospects in the market that Finaltair operates.*

		2008 Rm	2007 Rm	2006 Rm
6.	**Finance lease receivables**			
	Amounts receivable under finance leases:			
	Gross investment	**711**	912	916
	Less: Unearned finance income	**(114)**	(143)	(128)
	Present value of minimum lease payments receivable	**597**	769	788
	Receivable as follows:			
	Present value			
	Within one year (note 10)	**161**	150	222
	Non-current portion	**436**	619	566
	In the second to fifth year inclusive	**419**	563	493
	After five years	**17**	56	73
		597	769	788
	Per business segment (non-current portion):			
	Continuing operations			
	– Equipment			1
	– Automotive	**85**	66	62
	– Handling	**339**	544	494
	– Corporate and other	**12**	8	8
	Total continuing operations	**436**	618	565
	Discontinued operations			
	– Coatings		1	1
	Total discontinued operations	**0**	1	1
	Total group	**436**	619	566
	Minimum lease payments			
	Within one year	**223**	204	253
	In the second to fifth year inclusive	**322**	644	564
	After five years	**166**	64	99
		711	912	916
	Less: Unearned finance income	**(114)**	(143)	(128)
		597	769	788
	Fair value of finance lease receivables	**597**	769	788
	Allowance for uncollectible finance lease receivables			
	At 1 October	**45**	18	19
	Additional allowance charged to profit or loss		31	3
	Allowance reversed to profit or loss	**(11)**	(1)	(7)
	Translation	**3**	(3)	3
	At 30 September	**37**	45	18
	Unguaranteed residual values of assets leased under finance leases	**225**	241	223

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 2008 was 9.0% per annum (2007: 7.7%; 2006: 9.1%).

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).

	2008 Rm	2007 Rm	2006 Rm
7. Long-term financial assets			
Listed investments at fair value	**160**	332	10
Unlisted investments at fair value	**47**	28	37
Non-current portion of preference shares*			2
Investment in Portland Holdings Limited			291
Bills and leases discounted with recourse and repurchase obligations	**110**	104	7
Pension fund assets (note 17)		6	5
Other receivables	**175**	119	136
Other derivatives	**47**	53	76
Other non-current loans and deposits	**4**	5	8
Barloworld Share Purchase Scheme	**25**	39	25
	568	686	597
Per category:			
Financial assets at fair value through profit or loss			
– Designated as such at initial recognition	**160**	332	0
– Held for trading items	**36**	41	34
Available-for-sale financial assets	**47**	28	47
Loans and receivables	**313**	267	178
Derivative assets designated as effective hedging instruments	**12**	12	42
Other assets		6	296
	568	686	597
Per business segment:			
Continuing operations			
– Equipment	**17**	14	8
– Automotive	**43**	7	48
– Handling	**162**	116	41
– Logistics	**16**	3	3
– Corporate and other	**330**	529	93
Total continuing operations	**568**	669	193
Discontinued operations			
– Cement			388
– Coatings		17	13
– Scientific			3
Total discontinued operations		17	404
Total per balance sheet	**568**	686	597
* Preference shares			
The investment in preference shares is encumbered as per notes 15 and 30. The short-term portion of the investments was transferred to trade and other receivables (note 10).			
Unlisted preference shares at amortised cost (note 38)		2	100
Transferred to trade and other receivables (note 10)			(98)
Unbundling of Cement		(2)	
Non-current portion of preference shares			2

		2008 Rm	2007 Rm	2006 Rm
7.	**Long-term financial assets (continued)**			
	Available-for-sale investments (note 38)			
	Listed investments opening balance		10	8
	Fair value adjustment in current year			2
	Impairment of investments~		(10)	
	Fair value of listed investments	**0**	0	10
	Unlisted investments opening balance	**28**	37	36
	Additions and other movements	**20**	24	1
	Impairment of investments@	**(2)**		
	Unbundling of Cement		(27)	
	Fair value adjustment in current year	**1**	(6)	
	Fair value of unlisted investments	**47**	28	37
	Investment in Portland Holdings Limited			291
	Other listed investments			
	PPC shares^	**160**	332	
	Valuation of shares:			
	Market value – listed investments	**160**	332	10
	Directors' valuation of unlisted investments	**47**	28	37
	Directors' valuation of Portland Holdings Limited			291
	Total fair value	**207**	360	338

Barloworld Share Purchase Scheme

Included are loans to executive directors for the purchase of shares amounting to R7.7 million (2007: R8.6 million; 2006: R17 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 8.85% to 12% (2007: 4.39% to 10%, 2006: 3.17% to 8.5%).

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 year ended 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
Revenue	409.5
Operating profit	30.3
Loss before taxation	(34.0)
Taxation	(2.6)
Loss after taxation	(31.4)
Total assets	972.0
Total liabilities	322.9
Exchange rate (Z$: Rand)	34
Movement in the inflation index for the year (%)	1 024
The effect of not consolidating Porthold – increase in earnings per share (cents)	10.9

~ *In 2007 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.*

@ *The impairment occurred in Car rental Scandinavia.*

^ *PPC shares*
The investment is held by Barloworld for the commitment to deliver PPC shares to the option holders following the unbundling of PPC. Refer to note 34.4 for details.

	2008 Rm	2007 Rm	2006 Rm
8. Deferred taxation			
Movement of deferred taxation			
Balance at beginning of year			
– Deferred taxation assets	**619**	750	823
– Deferred taxation liabilities	**(610)**	(870)	(905)
Net asset/(liability) at beginning of the year	**9**	(120)	(82)
Recognised in income statement this year	**53**	(45)	(23)
– Continuing operations	**51**	(54)	(13)
– Rate change adjustment	**2**	9	(10)
Recognised in income statement this year – Discontinued operations	**(28)**	5	(32)
Arising on acquisition and disposal of subsidiaries	**(16)**	(23)	(53)
Translation differences	**33**	(20)	(11)
Accounted for directly in equity	**4**	27	2
Unbundling of Cement		158	
Unbundling of Coatings	**(21)**		
Reclassified as held for sale	**154**		
Other movements	**34**	27	79
Net asset/ (liability) at end of the year	**222**	9	(120)
– Deferred taxation assets	**488**	619	750
– Deferred taxation liabilities	**(266)**	(610)	(870)
Analysis of deferred taxation by type of temporary difference			
Deferred taxation assets			
Capital allowances	**(81)**	39	(3)
Provisions and payables	**220**	196	244
Prepayments and other receivables	**39**	19	54
Effect of tax losses	**133**	103	173
Retirement benefit obligations	**178**	256	306
Other temporary differences	**(1)**	6	(24)
	488	619	750
Deferred taxation liabilities			
Capital allowances	**(345)**	(516)	(701)
Provisions and payables	**86**	105	119
Prepayments and other receivables	**50**	(191)	(223)
Effect of tax losses	**54**	56	33
Retirement benefit obligations	**(4)**	(7)	(6)
Other temporary differences	**(107)**	(57)	(92)
	(266)	(610)	(870)
Amount of deferred taxation income/(expense) recognised in the income statement			
Capital allowances	**53**	54	51
Provisions and payables	**29**	(62)	89
Prepayments and other receivables		(2)	(147)
Effect of tax losses	**100**	(48)	(20)
Retirement benefit obligations	**(75)**	(50)	(83)
Other temporary differences	**(54)**	63	55
	53	(45)	(55)

		2008 Rm	2007 Rm	2006 Rm
9.	**Inventories**			
	Raw materials and components		116	318
	Work in progress	**291**	321	311
	Finished goods	**3 939**	2 740	3 266
	Merchandise	**3 219**	2 647	1 890
	Consumable stores	**26**	17	112
	Other inventories	**20**	28	10
	Total inventories	**7 495**	5 869	5 907
	Per business segment:			
	Continuing operations			
	– Equipment	**4 955**	3 184	2 111
	– Automotive	**1 870**	1 711	1 449
	– Handling	**769**	602	1 140
	– Logistics	**7**	5	4
	– Corporate and other	**11**	5	6
	Total continuing operations	**7 612**	5 507	4 710
	Discontinued operations			
	– Car rental – Scandinavia			3
	– Cement			224
	– Coatings		362	498
	– Scientific		231	472
	– Steel tube			330
	Total discontinued operations		593	1 527
	Total group	**7 612**	6 100	6 237
	Amounts classified as held for sale	**(117)**	(231)	(330)
	Total per balance sheet	**7 495**	5 869	5 907
	The value of inventories has been determined on the following bases:			
	First-in first-out and specific identification	**7 081**	5 394	5 206
	Weighted average	**414**	475	701
		7 495	5 869	5 907
	Inventory pledged as security for liabilities	**170**	29	86
	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	**13**	5	12
	Amount of reversals of inventory previously written down	**5**	1	2
	Amounts removed during the year from cash flow hedge reserve and included in the initial cost of inventory	**(2)**	2	(32)

		2008 Rm	2007 Rm	2006 Rm
10.	**Trade and other receivables**			
	Trade receivables	**5 883**	5 107	5 637
	Less: Allowance for doubtful receivables	**(314)**	(248)	(222)
	Finance lease receivables (note 6)	**161**	150	222
	Bills and leases discounted with recourse			11
	Fair value of derivatives	**138**	38	285
	Other receivables and prepayments	**986**	1 138	995
	Preference shares (note 7)			98
		6 854	6 185	7 026
	Per category:			
	Financial assets at fair value through profit or loss			
	– Held for trading items	**41**	21	150
	Loans and receivables	**6 555**	5 997	6 519
	Derivative assets designated as effective hedging instruments	**97**	17	135
	Finance lease receivables	**161**	150	222
		6 854	6 185	7 026
	Per business segment:			
	Continuing operations			
	– Equipment	**3 817**	2 932	2 504
	– Automotive	**1 229**	836	811
	– Handling	**887**	916	1 153
	– Logistics	**1 065**	617	531
	– Corporate and other (including inter-group elimination)	**(94)**	(33)	(96)
	Total continuing operations	**6 904**	5 268	4 903
	Discontinued operations			
	– Car rental – Scandinavia	**471**	476	426
	– Cement			702
	– Scientific		260	429
	– Steel tube			295
	– Coatings		441	566
	Total discontinued operations	**471**	1 177	2 418
	Total group	**7 375**	6 445	7 321
	Amounts classified as held for sale	**(521)**	(260)	(295)
	Total per balance sheet	**6 854**	6 185	7 026
	Allowance for doubtful receivables			
	At 1 October	**248**	222	168
	Additional allowance charged to profit or loss	**70**	72	44
	Allowance reversed to profit or loss	**(7)**	(17)	(21)
	Allowance utilised		(17)	
	Acquisition of subsidiaries	**16**	1	13
	Disposal of subsidiaries	**(4)**	(8)	
	Translation	**(9)**	(5)	18
	At 30 September	**314**	248	222

	2008 Rm	2007 Rm	2006 Rm
10. Trade and other receivables (continued)			
Receivables are reviewed for impairment on an individual basis and factors considered include the nature and credit quality of counter parties as well as disputes regarding price, delivery, quality and authorisation of work done.			
Age analysis of carrying value of items past due but not impaired per class			
Industry			
Less than 30 days	**485**	375	279
Between 31 – 60 days	**361**	235	379
Between 60 – 90 days	**140**	148	113
Greater than 90 days	**158**	159	186
	1 144	917	957
Government			
Less than 30 days	**13**	14	4
Between 31 – 60 days	**12**	26	15
Between 60 – 90 days	**11**	8	8
Greater than 90 days	**4**	19	15
	40	67	42
Consumers			
Less than 30 days	**13**	38	26
Between 31 – 60 days	**37**	24	32
Between 60 – 90 days	**15**	15	11
Greater than 90 days	**7**	36	37
	72	113	106
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	**78**	121	102
The financial assets pledged consist largely of the accounts receivable in Avis Norway given as security for interest-bearing borrowings (note 15).			
11. Cash and cash equivalents			
Cash on deposit	**913**	957	1 835
Other cash and cash equivalent balances	**325**	244	299
	1 238	1 201	2 134
Per category:			
Loans and receivables	**1 238**	1 201	2 134
	1 238	1 201	2 134
Per currency:			
South African rand	**304**	292	844
Foreign currencies	**934**	909	1 290
	1 238	1 201	2 134

	2008 Rm	2007 Rm	2006 Rm

12. Discontinued operations and assets classified as held for sale

Following the decision to dispose of the Car rental Scandinavia business and the unbundling of Coatings, these segments have been classified as discontinued in the current year and prior years have been restated accordingly.

	2008 Rm	2007 Rm	2006 Rm
Results from discontinued operations are as follows:			
Revenue	**1 900**	10 502	12 016
Operating profit	**81**	2 094	2 421
Fair value adjustments on financial instruments	**(3)**	5	5
Finance costs	**(91)**	(174)	(140)
Income from investments	**13**	79	82
Profit before exceptional items		2 004	2 368
Exceptional items	**(335)**	(72)	(3)
(Loss)/profit before taxation	**(335)**	1 932	2 365
Taxation	**(7)**	(721)	(834)
(Loss)/profit after taxation	**(342)**	1 211	1 531
Income from associates and joint ventures	**5**	21	22
Net (loss)/profit of discontinued operations before loss on disposal	**(337)**	1 232	1 553
Profit/(loss) on disposal of discontinued operations before taxation*	**168**	(150)	(185)
Realisation of translation reserve	**201**	87	
Taxation effect of disposal	**(43)**	3	29
Net profit/(loss) on disposal of discontinued operations after taxation	**326**	(60)	(156)
(Loss)/profit from discontinued operations per income statement	**(11)**	1 172	1 397
Included in the (loss)/profit from discontinued operations are the following non-trading items:			
(Loss)/profit on sale of properties and investments	**(2)**	29	(5)
Profit/(loss) on sale of plant and equipment (excluding rental assets) and intangible assets		1	(3)
Net impairment of goodwill	**(363)**	(150)	
Net impairment of other assets and costs to sell	**(2)**	(98)	(156)
The cash flows from discontinued operations are as follows:			
Cash flows from operating activities	**289**	550	1 861
Cash flows from investing activities	**689**	32	(2 028)
Cash flows from financing activities	**(553)**	(610)	234

* *Based on disposal prices agreed with external parties*

	Total Held for sale Rm	Car rental Scandinavia[1] Rm	Subaru[2] Rm	Rental fleets, leasing and other assets[3] Rm
12. Discontinued operations and assets classified as held for sale (continued)				
The major classes of assets and liabilities classified as held for sale are as follows:				
2008				
Property, plant and equipment	**342**	**62**	**3**	**277**
Intangible assets	**11**	**9**	**2**	
Vehicle rental fleet	**2 102**	**2 102**		
Inventories	**117**		**117**	
Trade and other receivables	**521**	**471**	**50**	
Deferred taxation assets	**11**		**11**	
Finance lease receivables	**13**			**13**
Tax overpaid	**8**	**7**	**1**	
Cash balances	**31**	**29**	**2**	
Assets classified as held for sale	**3 156**	**2 680**	**186**	**290**
Trade and other payables – short and long-term	**(464)**	**(435)**	**(29)**	
Other non-interest-bearing liabilities	**(176)**	**(165)**	**(11)**	
Interest-bearing liabilities	**(1 356)**	**(1 280)**	**(76)**	
Total liabilities associated with assets classified as held for sale	**(1 996)**	**(1 880)**	**(116)**	
Net assets classified as held for sale	**1 160**	**800**	**70**	**290**

	Total Held for sale Rm	Scientific Laboratory[4] Rm	Rental fleets, leasing and other assets[3] Rm
2007			
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	1 237	762	475

	Total Held for sale Rm	Rental fleets, leasing and other assets[3] Rm	Steel tube[5] Rm	Handling leasing assets[6] Rm	Cement Afripack division[7] Rm	Coatings Australia restructuring[8] Rm
12. Discontinued operations and assets classified as held for sale (continued)						
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 – short and long-term	(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

1. *A decision has been taken to sell the Car rental Scandinavian business. A plan has been formulated and an agreement has been signed between Barloworld and merchant bankers authorising the latter to seek buyers for the business. The sale of the business is expected to take place by September 2008. The net book value of encumbered rental assets amounts to R849 million.*
2. *An agreement has been signed to sell 50% of the company shareholding in Subaru Southern Africa (Pty) Limited to Japan's Toyota Tsusho Corporation with effect on 1 November 2008. In terms of IFRS5 Non-current Assets Held for Sale and Discontinued Operations, the assets held in Subaru have been classified as held for sale. The sale will result in Subaru becoming a joint venture which will no longer be consolidated by the group.*
3. *Rental assets become available for sale on an ongoing basis as and when they are removed from rental fleets.*
4. *The Scientific Laboratory group of businesses was sold to Nova Capital Management, the specialist acquirer of private equity and corporate portfolios, for R1 077 million (GBP75 million) in December 2007. The Scientific Melles Griot division was sold for R348 million (GBP24 million) in July 2007.*
5. *The disposal of the steel tube segment for R426 million was concluded on 1 December 2006.*
6. *The disposal of Handling leasing assets in the UK was concluded in November 2006 for a gross consideration of R1 684 million before settling the borrowings related to the assets.*
7. *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.*
8. *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).*

	2008 Rm	2007 Rm	2006 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 (2007: 375 000) (2006: 375 000)	**1**	1	1
208 171 343 ordinary shares of 5 cents each (2007: 203 843 388) (2006: 200 715 557)	**11**	10	10
	12	11	11
Share premium:	**230**	212	316
Balance at beginning of year	**212**	316	1 386
Premium on share issues	**23**	139	90
Adjustment	**(5)**		
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	**242**	223	327
Issued shares:			
Total number of shares in issue at beginning of year	**203 843 388**	200 715 557	227 703 176
Issued during the year:			
Share options exercised	**1 347 125**	3 127 831	2 249 116
Shares issued to the General staff trust in terms of the BEE transaction	**2 980 830**		
Number of shares bought back during the year			(10 145 835)
Number of shares cancelled during the year			(19 090 900)
Total number of ordinary shares in issue at end of year, net of buy-back	**208 171 343**	203 843 388	200 715 557
Other shares issued in respect of BEE transaction	**18 707 266**		
Total number of ordinary shares in issue at end of year, including BEE shares	**226 878 609**	203 843 388	200 715 557
Treasury shares held in respect of the BEE transaction	**(4 222 254)**		
Net number of ordinary shares in issue at end of year	**222 656 355**	203 843 388	200 715 557

	2008 Rm	2007 Rm	2006 Rm
13. Share capital and premium (continued)			
Unissued shares:			
Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme (note 2 below)	**20 817 134**	20 384 339	20 071 556
Ordinary shares	**71 011 523**	75 772 273	79 212 887
	91 828 657	96 156 612	99 284 443
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 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 34 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
14. Consolidated statement of changes in equity					
Balance at 1 October 2005		1 397	1 037	32	(11)
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					
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
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					
Dividends/capital distribution on ordinary shares	28	(226)			
Effect of Cement unbundling	13	(17)	6	(17)	(10)
Shares issued in current year	13	139			
Balance at 30 September 2007		223	2 362	3	(34)
Changes in equity recognised during 2008					
Movement on foreign currency translation reserve			**934**		
Translation reserves realised on disposal of foreign subsidiaries			**(201)**		
Decrease in fair value of hedging instruments					**81**
Deferred taxation charge directly to equity					**(20)**
Net actuarial losses on post-retirement benefit obligations					
Net income/(loss) recognised directly in equity			**733**		**61**
Profit for the year					
Total recognised income and expense for the year			**733**		**61**
Purchase of minority shareholding in subsidiaries					
Other reserve movements		**(4)**			
Dividends/capital distribution on ordinary shares	28				
Effect of Coatings unbundling					
BEE charge in terms of IFRS 2					
Shares issued in current year	13	**23**			
Balance at 30 September 2008		**242**	**3 095**	**3**	**27**

Legal and other reserves Rm	Equity compensation reserves Rm	Total other reserves Rm	Retained income Rm	Net actuarial losses on post-retirement benefits Rm	Total retained income Rm	**Attributable to Barloworld Limited shareholders Rm**	Minority interest Rm	**Interest of all shareholders Rm**
348	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)**
26	20	46				**46**		**46**
			(995)		(995)	**(995)**	(300)	**(1 295)**
						(1 160)		**(1 160)**
						90		**90**
374	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**
(9)	16	7	2		2	**9**		**9**
			(2 059)		(2 059)	**(2 285)**	(344)	**(2 629)**
(18)	(186)	(225)	(1 706)		(1 706)	**(1 948)**	(556)	**(2 504)**
						139		**139**
347	(94)	2 584	8 943	(609)	8 334	**11 141**	80	**11 221**
		934				**934**		**934**
		(201)				**(201)**		**(201)**
		81				**81**		**81**
		(20)				**(20)**		**(20)**
				(96)	**(96)**	**(96)**		**(96)**
		794		**(96)**	**(96)**	**698**		**698**
			1 232		**1 232**	**1 232**	**14**	**1 246**
		794	**1 232**	**(96)**	**1 136**	**1 930**	**14**	**1 944**
							136	**136**
55	**(25)**	**30**	**53**		**53**	**79**	**(16)**	**63**
			(614)		**(614)**	**(614)**	**(8)**	**(622)**
			(48)		**(48)**	**(48)**	**(21)**	**(69)**
	337	**337**				**337**		**337**
						23		**23**
402	**218**	**3 745**	**9 566**	**(705)**	**8 861**	**12 848**	**185**	**13 033**

	2008 Rm	2007 Rm	2006 Rm
15. Interest-bearing liabilities			
Total long-term borrowings (note 33.2)	**5 196**	4 909	6 237
Less: Current portion redeemable and repayable within one year (note 19)	**(174)**	(530)	(762)
Interest-bearing liabilities	**5 022**	4 379	5 475
Per category:			
Financial liabilities measured at amortised cost	**5 022**	4 379	5 475
	5 022	4 379	5 475

Summary of group borrowings by currency and by year of redemption or repayment

	Total owing 2008	Repayable during the year ending 30 September 2009	2010	2011	2012	2013 and onwards	Total owing 2007	Total owing 2006
R million								
Total SA rand	**4 071**	37	541	1 676	99	1 718	3 022	3 363
US dollar	**618**	34	546	22	10	6	99	94
UK sterling	**270**	81	78	51	31	29	341	1 252
Norwegian krone							488	536
Swedish kronor							464	492
Danish kroner								195
Euro	**193**	8	91	29	8	57	462	271
Other	**44**	14	14	10	6		33	34
Total foreign currencies	**1 125**	137	729	112	55	92	1 887	2 874
Total SA rand and foreign currency liabilities	**5 196**	174	1 270	1 788	154	1 810	4 909	6 237

Included above are secured liabilities as follows:	Liabilities secured 2008 Rm	2007 Rm	2006 Rm	Net book value of assets encumbered 2008 Rm	2007 Rm	2006 Rm
Secured liabilities						
Secured loans						
South African rand	**105**	60	4	**135**	50	3
Foreign currencies	**39**	968	1 763	**76**	959	1 881
Liabilities under capitalised finance leases (note 30)						
South African rand	**512**	372	504	**481**	353	448
Foreign currencies	**432**	505	546	**444**	552	1 253
Total secured liabilities	**1 088**	1 905	2 817	**1 136**	1 914	3 585
Assets encumbered are made up as follows:						
Property, plant and equipment (note 2)				**1 058**	1 793	2 475
Finance lease receivables (note 6)						1 008
Trade receivables (note 10)				**78**	121	102
				1 136	1 914	3 585

Included in secured liabilities for 2006 are loans in the United Kingdom and United States amounting to R720 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 amounting to R1 008 million as at 30 September 2006.

	2008 Rm	2007 Rm	2006 Rm
16. Provisions			
Non-current	**325**	344	468
Current	**731**	600	536
	1 056	944	1 004
Per business segment:			
Continuing operations			
– Equipment	**446**	422	318
– Automotive	**390**	253	309
– Handling	**67**	31	44
– Logistics	**9**	15	4
– Corporate and other	**155**	190	161
Total continuing operations	**1 067**	911	836
Discontinued operations			
– Car rental Scandinavia	**1**	2	
– Cement			116
– Coatings		31	32
– Scientific		11	20
– Steel tube			20
Total discontinued operations	**1**	44	188
Total group	**1 068**	955	1 024
Amounts classified as held for sale	**(12)**	(11)	(20)
Total per balance sheet	**1 056**	944	1 004

Movement of provisions	Total 2008 Rm	In-surance claims Rm	Warranty claims Rm	Credit life and warranty products Rm	Main-tenance contracts Rm	Post-retirement benefits Rm	Re-structuring Rm	Other Rm
Balance at beginning of year	**944**	81	153	35	335	162	36	142
Amounts added	**1 447**	36	680	42	485	28	16	160
Amounts used	**(1 300)**	(48)	(640)	(31)	(397)	(31)	(20)	(133)
Amounts reversed unused	**(64)**		(2)		(8)	2	3	(59)
Unwinding of discount on present valued amounts	**15**		(5)	7		(33)	(13)	59
Disposal of subsidiaries	**(37)**	(1)	(14)	(1)	(14)	(2)	(4)	(1)
Translation adjustments	**51**	4	14	6	5	13	2	7
Balance at end of year	**1 056**	72	186	58	406	139	20	175
To be incurred								
Within one year	**731**	72	185	40	243	25	11	155
Between two to five years	**220**		1	18	163	12	9	17
More than five years	**105**					102		3
	1 056	72	186	58	406	139	20	175

16. Provisions (continued)

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 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, health care 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 are the amounts raised in terms of the share appreciation rights scheme amounting to R16 million (refer note 34) as well as unearned premium provisions amounting to R71 million in the Automotive division.

	2008 Rm	2007 Rm	2006 Rm
17. Other non-interest bearing liabilities			
Bills and leases discounted with recourse and repurchase obligations	**111**	103	7
Fair value of derivatives	**20**	2	
Retirement benefit obligation	**6**	694	777
Other payables	**502**	506	323
Total non-interest-bearing liabilities	**639**	1 305	1 107
Per category:			
Financial liabilities at fair value through profit or loss			
– Designated as such at initial recognition	**11**	26	
– Held for trading items	**20**	2	
Financial liabilities measured at amortised cost	**602**	583	330
Other liabilities	**6**	694	777
	639	1 305	1 107
Per business segment:			
Continuing operations			
– Equipment	**84**	66	57
– Automotive	**225**	269	124
– Handling	**287**	221	139
– Logistics	**14**	4	2
– Corporate and other	**29**	722	770
Total continuing operations	**639**	1 282	1 092
Discontinued operations			
– Coatings		23	5
– Scientific			10
Total discontinued operations		23	15
Total group	**639**	1 305	1 107

17. Other non-interest bearing liabilities (continued)

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 51% of employees belong to one defined benefit and seven defined contribution retirement funds in which group employment is a prerequisite for membership. Of these, the defined benefit and four defined contribution funds are located outside of South Africa and accordingly are not subject to the provisions of the Pension Funds Act of 1956. 35% 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 R307 million (2007: R381 million; 2006: R353 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:

	2008 Rm	2007 Rm	2006 Rm
Current service cost	**28**	54	66
Interest costs	**326**	270	218
Expected return on plan assets	**(357)**	(285)	(230)
Curtailment on settlement			(149)
Net (gain)/loss recognised in profit or loss (note 21)	**(3)**	39	(95)
Actual return on plan assets	**(364)**	378	322

The group changed its accounting policy in the 2006 financial year whereby actuarial gains and losses are 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 that 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 profit or loss. 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 profit or loss for 2006.

The triennial valuation of the two United Kingdom defined benefit pension schemes at 1 April 2006 was done during 2006 and updated in the current year as at 1 April 2008. These schemes reflected a combined deficit, calculated in terms of IAS19 Employee Benefits of £48.5 million at the end of the 2007 financial year. 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. During the current year the group committed to address the funding deficit in the funds. Pursuant to this contributions of £57,4 million (R826 million) were paid and the two schemes were merged into the Barloworld UK Pension scheme.

The estimated contributions to be paid to the plan during the next financial year amounts to £2.5 million (R37 million).

	2008 Rm	2007 Rm	2006 Rm
17. Other non-interest bearing liabilities (continued)			
The amount included in the balance sheet arising from the group's obligations in respect of defined benefit retirement plans is set out below:			
Present value of funded obligation	**5 270**	5 504	5 457
Fair value of plan assets	**5 264**	4 816	4 685
Net liability	**6**	688	772
Amount recognised as an asset (note 7)		6	5
Net liability per balance sheet	**6**	694	777
Movement in present value of funded obligation:			
At beginning of year	**5 504**	5 457	4 166
Current service cost	**28**	54	66
Interest cost	**326**	270	218
Curtailment on settlement			(149)
Actuarial (gains)/losses recognised in the statement of recognised income and expense	**(578)**	135	173
Benefits paid	**(292)**	(264)	(193)
Employee contributions	**21**	28	23
Other movements		(5)	(78)
Translation differences	**261**	(171)	1 231
At the end of year	**5 270**	5 504	5 457
Movement in fair value of plan assets:			
At beginning of year	**4 816**	4 685	3 419
Expected return on plan assets	**357**	285	230
Actuarial (losses)/gains recognised in the statement of recognised income and expense	**(711)**	93	94
Contributions	**826**	145	81
Benefits paid	**(292)**	(264)	(193)
Employee contributions	**21**	28	23
Other movements	**(1)**	(10)	(1)
Translation differences	**248**	(146)	1 032
At the end of year	**5 264**	4 816	4 685
Cumulative actuarial losses	**968**	835	793
Plan assets consist of the following:			
– Equity instruments (%)	**41**	58	57
– Bonds (%)	**58**	42	43
– Cash (%)	**1**		

Amount included in the fair value of assets for Barloworld Limited shares and property occupied by the group is nil.

17. Other non-interest bearing liabilities (continued)

Defined benefit funds are valued by independent actuaries as follows:

	Valuation interval	Latest statutory valuation
Barloworld UK Pension Scheme	Triennial	1 April 2008
Barloworld Australia Superannuation Fund^	Triennial	September 2006
Japan Pension Scheme#	Annual	September 2006

Key assumptions used:

	UK			Australia^		
	2008	2007	2006	**2008**	2007	2006
Discount rate (%)	**6.6**	5.7	5.1	**n/a**	7.4	5.7
Expected return on plan assets (%)	**7.2**	7.2	7.3	**n/a**	6.5	7.6
Expected rate of salary increases (%)	**4.3**	4.2	3.6	**n/a**	4.0	4.0
Future pension increases (%)	**3.5**	3.4	2.9	**n/a**	2.5	2.5

	Japan		
	2008#	2007	2006
Discount rate (%)	**n/a**	n/a	1.5
Expected return on plan assets (%)	**n/a**	n/a	2.9
Expected rate of salary increases (%)	**n/a**	n/a	2.2
Future pension increases (%)	**n/a**	n/a	n/a

Historical disclosures:	**2008**	2007	2006	2005	2004
Present value of obligation	**5 270**	5 504	5 457	4 166	3 817
Fair value of plan assets	**5 264**	4 816	4 685	3 419	3 158
Net liability	**6**	688	772	747	659
Experience adjustments (%):					
Plan liabilities	**(5.6)**				0.1
Plan assets	**(13.9)**	2.0	2.3	8.8	1.5

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).

^ *Following the sale of Coatings Australia during 2007, the Barloworld Australia Superannuation Fund was closed during the current financial year.*

\# *Not applicable due to the disposal of the Melles Griot business during 2007.*

		2008 Rm	2007 Rm	2006 Rm
18.	**Trade and other payables**			
	Trade and other payables	**7 282**	6 763	6 647
	Fair value of derivatives	**53**	91	5
	Bills and leases discounted with recourse			11
		7 335	6 854	6 663
	Per category:			
	Financial liabilities at fair value through profit or loss			
	– Held for trading items	**11**	7	5
	Financial liabilities measured at amortised cost	**7 282**	6 763	6 658
	Derivatives designated as effective hedging instruments	**42**	84	
		7 335	6 854	6 663
	Per business segment:			
	Continuing operations			
	– Equipment	**2 883**	2 714	1 916
	– Automotive	**2 236**	1 762	1 469
	– Handling	**1 206**	788	1 176
	– Logistics	**908**	530	453
	– Corporate and other (including inter-group elimination)	**131**	195	(73)
	Total continuing operations	**7 364**	5 989	4 941
	Discontinued operations			
	– Car rental – Scandinavia	**431**	398	377
	– Cement			464
	– Coatings		467	587
	– Scientific		174	294
	– Steel tube			263
	Total discontinued operations	**431**	1 039	1 985
	Total group	**7 795**	7 028	6 926
	Amounts classified as held for sale	**(460)**	(174)	(263)
	Total per balance sheet	**7 335**	6 854	6 663
	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	**1 488**	2 058	1 348
	Short-term loans	**2 604**	2 099	2 299
	Current portion of long-term borrowings (note 15)	**174**	530	762
		4 266	4 687	4 409
	Per category:			
	Financial liabilities measured at amortised cost	**4 266**	4 687	4 409
		4 266	4 687	4 409
	Per currency:			
	South African rand	**3 548**	3 957	2 796
	Foreign currencies	**718**	730	1 613
		4 266	4 687	4 409

		2008 Rm	2007 Rm	2006 Rm
20.	**Revenue**			
	Sale of goods	**34 223**	30 176	24 597
	Rendering of services	**8 060**	5 737	4 406
	Rentals received	**4 110**	3 330	3 114
	Finance lease income	**205**	333	274
	Other	**232**	181	61
		46 830	39 757	32 452
	Per business segment:			
	Continuing operations			
	– Equipment	**20 389**	15 990	10 996
	– Automotive	**17 005**	14 306	12 765
	– Handling	**6 145**	7 949	7 676
	– Logistics	**3 208**	1 459	963
	– Corporate and other	**83**	53	52
	Total continuing operations	**46 830**	39 757	32 452
	Discontinued operations			
	– Car rental – Scandinavia	**1 174**	1 134	805
	– Cement		4 016	4 863
	– Coatings	**517**	3 304	2 971
	– Scientific	**209**	1 700	1 602
	– Steel tube		348	1 775
	Total discontinued operations	**1 900**	10 502	12 016
	Total group	**48 730**	50 259	44 468
	Value of business handled on behalf of customers but not recognised in revenue	**3 617**	1 885	1 817

21. Operating profit

	2008 Rm	2007 Rm	2006 Rm
Operating profit is arrived at as follows:			
Revenue	**46 830**	39 757	32 452
Less: Net expenses	**44 179**	37 480	30 645
Cost of sales	**36 074**	30 588	24 937
Distribution costs	**2 080**	1 705	1 315
Administrative costs	**4 349**	4 208	3 463
Other operating costs	**1 923**	1 268	1 143
Other operating income	**(247)**	(289)	(213)
Operating profit	**2 651**	2 277	1 807
Per business segment:			
Continuing operations			
– Equipment	**2 057**	1 530	952
– Automotive	**540**	633	546
– Handling	**172**	187	172
– Logistics	**135**	95	65
– Corporate and other	**(253)**	(168)	72
Total continuing operations	**2 651**	2 277	1 807
Discontinued operations			
– Car rental – Scandinavia	**(10)**	81	69
– Cement		1 527	1 903
– Coatings	**78**	350	274
– Scientific	**13**	104	80
– Steel tube		32	95
Total discontinued operations	**81**	2 094	2 421
Total group	**2 732**	4 371	4 228

	2008 Rm	2007 Rm	2006 Rm
21. Operating profit (continued)			
Expenses include the following:			
Interest paid by leasing operations included in cost of sales:	**292**	231	239
External	**153**	134	184
Group (note 23)	**139**	97	55
Depreciation	**2 121**	1 961	1 930
Continuing operations	**1 833**	1 487	1 451
Discontinued operations	**288**	474	479
Amortisation of intangibles	**57**	70	65
Continuing operations	**52**	54	49
Discontinued operations	**5**	16	16
Amounts removed from equity in respect of effective cash flow hedges	**10**		
Operating lease charges	**618**	558	475
Operating lease charges* – continuing operations	**551**	395	318
Land and buildings	**329**	234	224
Plant, vehicles and equipment	**222**	161	94
Operating lease charges – discontinued operations	**67**	163	157
Land and buildings	**66**	139	133
Plant, vehicles and equipment	**1**	24	24
Research and development costs	**57**	36	43
Administration, management and technical fees paid	**149**	175	164
Auditors' remuneration:	**63**	65	70
Audit fees	**52**	52	57
Fees for other services#	**11**	12	12
Expenses		1	1
Directors' emoluments paid by holding company and subsidiaries (note 36):			
Total directors' emoluments**	**63**	95	59
Executive directors	**54**	85	53
Salaries	**17**	22	21
Bonuses	**14**	23	21
Retirement and medical contributions	**3**	7	4
Share options/ share appreciation rights awarded	**(3)**	11	3
Car allowances	**2**	2	2
Other benefits	**21**	20	2
Non-executive directors	**9**	10	6
Fees	**6**	6	4
Fees for services to subsidiaries and other services	**3**	4	2
Staff costs (excluding directors' emoluments)	**6 785**	7 157	6 669
Continuing operations	**6 380**	5 126	4 474
Discontinued operations	**405**	2 031	2 195
Profit on disposal of rental assets, car hire and fleet rental vehicles	**(141)**	(37)	(110)
Continuing operations	**(116)**	(41)	(96)
Discontinued operations	**(25)**	4	(14)
(Profit)/loss on disposal of other plant and equipment	**(3)**	(5)	2
Loss/(profit) on disposal of intangible assets	**2**	(2)	2
Corporate office redundancies and closure costs		92	
Amounts recognised in respect of retirement benefit plans (note 17):			
Defined contribution funds	**307**	381	353
Defined benefit funds	**(3)**	39	(95)

* *There is no contingent rent included in operating lease charges for 2008 (2007: R23 million; 2006: Nil).*

\# *In addition to this, fees of R3 million (2007: R11 million, 2006: Nil) has been incurred relating to the unbundling of the Cement segment and Coatings segment.*

** *Excludes the amount for share options exercised/ceded included in directors' remuneration per note 36.*

		2008 Rm	2007 Rm	2006 Rm
22.	**Fair value adjustments on financial instruments**			
	Realised	**44**	(10)	141
	Unrealised	**(124)**	305	83
	Fair value adjustments on financial instruments	**(80)**	295	224
	Per category:			
	Financial assets/liabilities at fair value through profit or loss			
	– Designated as such at initial recognition	**(114)**	315	
	– Held for trading items	**17**	(385)	243
	Available-for-sale (reclassified from equity to profit or loss)		3	4
	Loans and receivables	**30**	5	14
	Financial liabilities measured at amortised cost	**(13)**	357	(37)
	Total fair value adjustments on financial instruments	**(80)**	295	224
	Per business segment:			
	Continuing operations			
	– Equipment	**49**	(5)	121
	– Automotive	**4**	(7)	21
	– Handling	**(25)**	(4)	20
	– Logistics	**1**		
	– Corporate and other	**(109)**	311	62
	Total continuing operations	**(80)**	295	224
	Discontinued operations			
	– Car rental – Scandinavia	**(2)**		
	– Cement		13	2
	– Coatings	**(1)**	(8)	9
	– Steel tube			(6)
	Total discontinued operations	**(3)**	5	5
	Total group	**(83)**	300	229
	Fair value adjustments on financial instruments include:			
	Ineffectiveness recognised in profit or loss arising from cash flow hedges	**8**		

		2008 Rm	2007 Rm	2006 Rm
23.	**Finance costs**			
	Interest on financial liabilities not at fair value through profit or loss:			
	Corporate bond and other long-term borrowings	**(242)**	(220)	(166)
	Bank and other short-term borrowings	**(727)**	(466)	(262)
	Capitalised finance leases	**(59)**	(42)	(62)
	Leasing inter group interest classified as cost of sales*	**139**	97	55
	Total continuing operations	**(889)**	(631)	(435)
	Discontinued operations – group interest paid	**(15)**	(51)	(51)
	Discontinued operations – external interest paid	**(76)**	(123)	(89)
	Total group	**(980)**	(805)	(575)
	Finance costs include:			
	Amounts removed from equity in respect of effective cash flow hedges – gain	**24**	9	26
24.	**Income from investments**			
	Dividends – listed and unlisted investments	**20**	2	1
	Interest on financial assets not at fair value through profit or loss	**175**	162	120
	Group interest received from discontinued operations			18
	Total continuing operations	**195**	164	139
	Discontinued operations	**13**	79	82
	Total group	**208**	243	221
25.	**Exceptional items**			
	Profit/(loss) on disposal of properties, investments and subsidiaries	**30**	(9)	139
	Realisation of translation reserve on disposal of foreign subsidiaries		197	
	Impairment of goodwill**	**(10)**	(68)	
	Impairment of investments**	**(35)**	(149)	(23)
	Impairment of property, plant and equipment**	**(2)**	(45)	
	Gross exceptional (loss)/profit from continuing operations	**(17)**	(74)	116
	Taxation benefit/(charge) on exceptional items	**1**	83	(19)
	Net exceptional (loss)/profit from continuing operations	**(16)**	9	97
	Gross exceptional loss from discontinued operations	**(335)**	(72)	(3)
	Taxation on exceptional items from discontinued operations		(4)	
	Minority interest on exceptional profit from discontinued operations		(4)	
	Net exceptional (loss)/profit – total group	**(351)**	(71)	94

* *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.*

		2008 Rm	2007 Rm	2006 Rm
26.	**Taxation**			
	South African normal taxation			
	Current year	**(329)**	(193)	(174)
	Prior year	**(3)**	(14)	15
		(332)	(207)	(159)
	Foreign and withholding taxation			
	Current year	**(319)**	(331)	(372)
	Prior year	**(12)**	(8)	
		(331)	(339)	(372)
	Deferred taxation			
	Current year	**33**	(17)	6
	Prior year	**20**	5	6
	Attributable to a change in the rate of income tax	**2**	9	(10)
		55	(3)	2
	Secondary taxation on companies			
	Current year	**(65)**	(107)	(2)
	Deferred	**(2)**	(41)	(25)
		(67)	(148)	(27)
	Taxation attributable to the company and its subsidiaries	**(675)**	(697)	(556)
	Per business segment:			
	Continuing operations			
	– Equipment	**(610)**	(446)	(370)
	– Automotive	**(17)**	(112)	(93)
	– Handling	**(18)**	8	(26)
	– Logistics	**(24)**	(23)	(14)
	– Corporate and other	**(6)**	(124)	(53)
	Total continuing operations	**(675)**	(697)	(556)
	Discontinued operations			
	– Car rental – Scandinavia	**26**		(9)
	– Cement		(586)	(684)
	– Coatings	**(22)**	(102)	(96)
	– Scientific	**(11)**	(26)	(25)
	– Steel tube		(7)	(20)
	Total discontinued operations	**(7)**	(721)	(834)
	Total group	**(682)**	(1 418)	(1 390)

		2008 %	2007 %	2006 %
26.	**Taxation (continued)**			
	Reconciliation of rate of taxation:			
	South Africa normal taxation rate	**28.0**	29.0	29.0
	Reduction in rate of taxation	**(1.7)**	(7.3)	(1.4)
	Exempt income	**(0.7)**	(4.6)	(0.5)
	Exceptional tax		(1.4)	
	Rate change adjustment	**(0.1)**	(0.4)	
	Tax losses of prior periods	**(0.6)**	(0.9)	(0.4)
	Prior year taxation	**(0.3)**		(0.5)
	Increase in rate of taxation	**10.0**	12.6	2.4
	Disallowable charges	**5.1**	0.4	0.1
	Exceptional tax	**0.2**		0.4
	Foreign tax differential	**1.1**	3.2	0.4
	Rate change adjustment			0.2
	Current year tax losses not utilised		1.8	0.1
	Prior year taxation		0.7	
	Secondary taxation on companies	**3.6**	6.5	1.2
	Taxation as a percentage of profit before taxation	**36.3**	34.3	30.0
	Taxation (excluding prior year taxation, exceptional taxation and secondary taxation on companies) as a percentage of profit before taxation after BEE transaction charge (excluding exceptional items)	**32.7**	28.5	28.9
		Rm	Rm	Rm
	Group tax losses and STC credits at the end of the year:			
	South African – taxation losses	**(342)**	(388)	(363)
	South African – unutilised STC credits		(23)	(347)
	Foreign – taxation losses	**(391)**	(595)	(439)
		(733)	(1 006)	(1 149)
	Utilised to reduce deferred taxation liabilities or create deferred taxation assets	**504**	512	909
	Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	**(229)**	(494)	(240)

	2008 Rm	2007 Rm	2006 Rm
27. Earnings and headline earnings per share			
27.1 Fully converted weighted average number of shares			
Weighted average number of ordinary shares (net of share buy-back)	**204 558 742**	202 673 141	206 959 270
Increase in number of shares as a result of unexercised share options	**2 657 567**	3 770 963	4 039 110
Fully converted weighted average number of shares	**207 216 309**	206 444 104	210 998 380
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)	**1 232**	2 270	2 357
Net profit for the year from continuing operations (R million)	**1 244**	1 377	1 331
Net (loss)/profit for the year from discontinued operations (R million)	**(12)**	893	1 026

	2008 Cents	2007 Cents	2006 Cents			
27.2 Earnings per share						
BASIC						
The weighted average number of ordinary shares				**204 558 742**	202 673 141	206 959 270
Earnings per share (basic)	**602.2**	1 120.0	1 138.9			
Earnings per share from continuing operations (basic)	**608.1**	679.4	643.1			
(Loss)/earnings per share from discontinued operations (basic)	**(5.9)**	440.6	495.8			
DILUTED						
Fully converted weighted average number of shares (note 27.1)				**207 216 309**	206 444 104	210 998 380
Earnings per share (diluted)	**594.5**	1 099.6	1 117.1			
Percentage dilution	**1.3**	1.8	1.9			
Earnings per share from continuing operations (diluted)	**600.3**	667.0	630.8			
(Loss)/earnings per share from discontinued operations (diluted)	**(5.8)**	432.6	486.3			

	2008 Rm	2007 Rm	2006 Rm
27.3 Headline earnings per share			
BASIC			
Profit for the year attributable to Barloworld Limited shareholders (R million)	**1 232**	2 270	2 357
Adjusted for the following:			
(Profit)/loss on disposal of discontinued operations (IFRS 5)	**(168)**	150	185
Loss on disposal of subsidiaries (IAS 27)		36	(14)
(Profit)/loss on derecognition of subsidiary (IAS 27)		(11)	3
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)	**(201)**	(284)	
Profit on disposal of properties (IAS 16)	**(30)**	(45)	(129)
Impairment of goodwill (IFRS 3)	**343**	169	23
Impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	**37**	149	4
Impairment of plant and equipment (IAS 16)	**2**	45	
Loss/(profit) on sale of intangible assets (IAS 38)	**2**	(2)	2
(Profit)/loss on sale of plant and equipment excluding rental assets (IAS 16)	**(3)**	(5)	2
Gross remeasurements excluded from headline earnings	**(18)**	202	76

	2008 Rm	2007 Rm	2006 Rm
27. Earnings and headline earnings per share (continued)			
27.3 Headline earnings per share (continued)			
Taxation effects of remeasurements	**42**	(82)	(10)
Taxation benefit on impairment of plant and equipment (IAS 16)	**(1)**		
Taxation charge/(benefit) on disposal of subsidiaries (IAS 27)	**43**	(14)	(29)
Taxation benefit on impairment of goodwill (IFRS 3)		(23)	
Taxation (benefit)/charge on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)		(49)	1
Taxation charge on profit on disposal of properties (IAS 16)		4	18
Interest of outside shareholders in remeasurements		4	
Net remeasurements excluded from headline earnings	**24**	124	66
Headline earnings (R million)	**1 256**	2 394	2 423
Profit from continuing operations (R million)	**1 257**	1 387	1 349
Minority shareholders interest in net profit from continuing operations (R million)	**(13)**	(10)	(18)
Profit from continuing operations attributable to Barloworld Limited shareholders (R million)	**1 244**	1 377	1 331
Adjusted for the following items in continuing operations:			
Loss/(profit) on disposal of subsidiaries (IAS 27)		36	(14)
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)		(197)	
Profit on disposal of properties (IAS 16)	**(30)**	(27)	(127)
Impairment of goodwill (IFRS 3)	**10**	68	23
Impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	**35**	149	
Impairment of plant and equipment (IAS 16)	**2**	45	
Loss/(profit) on sale of intangible assets (IAS 38)	**2**	(1)	1
Profit on sale of plant and equipment excluding rental assets (IAS 16)	**(3)**	(5)	
Gross remeasurements excluded from headline earnings from continuing operations	**16**	68	(117)
Taxation effects of remeasurements	**(1)**	(83)	19
Taxation benefit on impairment of plant and equipment (IAS 16)	**(1)**		
Taxation charge/(benefit) on disposal of subsidiaries (IAS 27)		(11)	
Taxation benefit on impairment of goodwill (IFRS 3)		(23)	
Taxation (benefit)/charge on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)		(49)	1
Taxation charge on profit on disposal of properties (IAS 16)			18
Net remeasurements excluded from headline earnings from continuing operations	**15**	(15)	(98)
Headline earnings from continuing operations (R million)	**1 259**	1 362	1 233

	2008 Rm	2007 Rm	2006 Rm
27. Earnings and headline earnings per share (continued)			
27.3 Headline earnings per share (continued)			
Profit from discontinued operations (R million)	**(11)**	1 172	1 397
Minority shareholders' interest in net profit from discontinued operations (R million)	**(1)**	(279)	(371)
Profit from discontinued operations attributable to Barloworld Limited shareholders (R million)	**(12)**	893	1 026
Adjusted for the following items in discontinued operations:			
(Profit)/loss on disposal of discontinued operations (IFRS 5)	**(168)**	150	185
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)	**(201)**	(87)	
(Profit)/loss on derecognition of subsidiary (IAS 27)		(11)	3
Impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	**2**		4
(Profit)/loss on disposal of properties (IAS 16)		(18)	(2)
Impairment of goodwill (IFRS 3)	**333**	101	
Profit on sale of intangible assets (IAS 38)		(1)	1
Profit on sale of plant and equipment excluding rental assets (IAS 16)			2
Gross remeasurements excluded from headline earnings from discontinued operations	**(34)**	134	193
Taxation effects of remeasurements	**43**	1	(29)
Taxation charge/(benefit) on disposal of subsidiaries (IAS 27)	**43**	(3)	(29)
Taxation charge on profit on disposal of properties (IAS 16)		4	1
Taxation benefit on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)			(1)
Interest of outside shareholders in remeasurements		4	
Net remeasurements excluded from headline earnings from discontinued operations	**9**	139	164
Headline (loss)/earnings from discontinued operations (R million)	**(3)**	1 032	1 190
The weighted average number of ordinary shares	**204 558 742**	202 673 141	206 959 270

	2008 Cents	2007 Cents	2006 Cents	2008	2007	2006
Headline earnings per share (basic)	**614.0**	1 181.2	1 170.8			
Headline earnings per share from continuing operations (basic)	**615.5**	672.0	595.8			
Headline (loss)/earnings per share from discontinued operations (basic)	**(1.5)**	509.2	575.0			
DILUTED						
Fully converted weighted average number of shares (note 27.1)				**207 216 309**	206 444 104	210 998 380
Headline earnings per share (diluted)	**606.1**	1 159.6	1 148.4			
Percentage dilution	**1.3**	1.8	1.9			
Headline earnings per share from continuing operations (diluted)	**607.6**	659.7	584.4			
Headline (loss)/earnings per share from discontinued operations (diluted)	**(1.5)**	499.9	564.0			

	2008 Rm	2007 Rm	2006 Rm
28. Dividends			
Ordinary shares			
Final dividend No 158 paid on 14 January 2008: 200 cents per share (2007: No 155 – 450 cents per share; 2006: No 153 – 325 cents per share)	**409**	911	745
Special dividend paid on 2 April 2007: 500 cents per share		1 017	
Interim dividend (Capital distribution) No 159 paid on 9 June 2008: 100 cents per share (2007: No 157 – 175 cents per share; 2006: No 154 – 150 cents per share)	**205**	357	312
	614	2 285	1 057
Dividend attributable to treasury shares			(62)
Paid to Barloworld Limited shareholders	**614**	2 285	995
Paid to minorities	**8**	344	300
	622	2 629	1 295

On 17 November 2008 the directors declared dividend No 160 of 150 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	17 November 2008
Last day to trade *cum* dividend	Friday	9 January 2009
Shares trade *ex* dividend	Monday	12 January 2009
Record date	Friday	16 January 2009
Payment date	Monday	19 January 2009

Share certificates may not be dematerialised or rematerialised between Monday, 12 January 2009 and Friday, 16 January 2009, both days inclusive.

	2008 Cents	2007 Cents	2006 Cents
Analysis of dividends declared in respect of current year's earnings:			
Ordinary dividends per share			
Interim dividend	**100**	175	150
Final dividend	**150**	200	450
	250	375	600

6% cumulative non-redeemable preference shares

Preference dividends totalling R22 500 were declared on each of the following dates:
- 25 April 2008 (paid on 26 May 2008)
- 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)

	2008 Rm	2007 Rm	2006 Rm
29. Barloworld shareholders attributable interest in subsidiaries			
Holding company	**551**	22 627	4 262
Less: Dividends received from subsidiaries	**(801)**	(22 814)	(4 284)
	(250)	(187)	(22)
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation, including associate companies:			
Profits	**3 390**	2 831	2 698
Losses	**(902)**	(374)	(319)
Barloworld Limited shareholders' interest	**1 232**	2 270	2 357
30. Commitments			
Capital expenditure commitments to be incurred:			
Contracted	**953**	1 908	2 106
Approved but not yet contracted	**131**	383	999
	1 084	2 291	3 105
Share of joint ventures' capital expenditure commitments to be incurred:			
Contracted		1	
Approved but not yet contracted	**3**	3	
	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.

	Long term > 5 years Rm	Medium term 2 – 5 years Rm	Short term <1 year Rm	2008 Total Rm	2007 Total Rm	2006 Total Rm
Lease commitments:						
Operating lease commitments						
Land and buildings	575	935	340	**1 850**	1 638	1 955
Motor vehicles	1	180	127	**308**	261	488
Other		81	39	**120**	40	66
	576	1 196	506	**2 278**	1 939	2 509

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.

	Long term > 5 years Rm	Medium term 2 – 5 years Rm	Short term <1 year Rm	**2008 Total Rm**	2007 Total Rm	2006 Total Rm
30. Commitments (continued)						
Finance lease commitments						
Present value of minimum lease payments						
Land and buildings	365	214	21	**600**	436	394
Motor vehicles		49	25	**74**	99	79
Rental fleets		188	82	**270**	341	382
Other					1	195
	365	451	128	**944**	877	1 050
Minimum lease payments						
Land and buildings	541	458	83	**1 082**	849	766
Motor vehicles		56	28	**84**	123	87
Rental fleets		208	95	**303**	382	441
Other					1	251
Total including future finance charges	541	722	206	**1 469**	1 355	1 545
Future finance charges				**(525)**	(478)	(495)
Present value of lease commitments (note 15)				**944**	877	1 050

Land and building commitments are for certain fixed rate leases in the automotive division for trading premises with an average term of twelve 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 mainly relate to Cement and include the following items:

- A suspensive sale agreement in PPC between RTA Leasing (Proprietary) 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 (Proprietary) Limited with fixed payment terms. The agreement matures in April 2013.

	2008 Rm	2007 Rm	2006 Rm
31. Contingent liabilities			
Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	**1 066**	989	622
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	**517**	449	1 250

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

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. Freeworld Coatings Limited is responsible for the first AUD5 million of any claim in terms of the unbundling arrangement.

Warranties and guarantees have been given as a consequence of the various disposals completed during the year and prior years. 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 fall within the definition of insurance contracts per IFRS4 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, handling and automotive segments.

	2008 Rm	2007 Rm	2006 Rm
Income	**1 315**	1 195	1 156
Expenses	**1 021**	933	970
Cash (outflow)/inflow	**(67)**	(96)	19
Losses recognised on buying reinsurance	**5**	3	3
Deferral of gains and losses on reinsurance:			
Unamortised amount at the beginning of the period	**2**	4	6
Amortisation for the period	**(2)**	(2)	(2)
Unamortised amount at the end of the period		2	4
Liabilities:			
At the beginning of the period	**482**	434	373
Amounts added	**1 261**	737	582
Amounts used	**(1 080)**	(682)	(520)
Amounts reversed unused	**(36)**		(1)
Translation difference	**23**	(7)	
At the end of the period	**650**	482	434
Maturity profile:			
Within one year	**372**	344	219
Two to five years	**267**	137	214
More than five years	**11**	1	1
	650	482	434
Assets:			
At the beginning of the period	**220**	162	135
Amounts added	**616**	309	38
Amounts used	**(614)**	(276)	(11)
Amounts reversed unused			
Acquisitions		25	
Translation difference			
At the end of the period	**222**	220	162
Age analysis of items overdue but not impaired:			
Overdue 30 to 60 days	**10**		1
Overdue 60 to 90 days	**1**		
Overdue 90+ days	**3**	5	
	14	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 principal 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 estimates 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, Automotive and Handling segments. The contracts are managed internally through ongoing contract performance reviews, review of costs and regular fleet inspections. Risks arising from maintenance contracts includes 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 group's 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. Financial instruments

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank borrowings, money and capital market borrowings, loans to and from subsidiaries, finance leases, hire-purchase agreements discounted with recourse and derivatives. Details of the amounts discounted with recourse are included in note 31. 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.

	Notes	**2008 Rm**	2007 Rm	2006 Rm
33.1 Summary of the carrying and fair value of financial instruments				
Carrying value of financial instruments by category:				
Financial assets:				
Financial assets at fair value through profit or loss				
– Designated as such at initial recognition	7	**160**	332	
– Held for trading items	7,10	**77**	62	184
Available-for-sale financial assets	7	**47**	28	47
Loans and receivables	7,10,11	**8 107**	7 465	8 831
Derivative assets designated as effective hedging instruments	7,10	**109**	29	177
Finance lease receivables	6	**597**	769	788
Total carrying value of financial assets		**9 097**	8 685	10 027
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
– Designated as such at initial recognition	17	**11**	26	
– Held for trading items	17,18	**31**	9	5
Financial liabilities measured at amortised cost	15,17,18,19	**17 172**	16 412	16 872
Derivative liabilities designated as effective hedging instruments	17,18	**42**	84	
Total carrying value of financial liabilities		**17 256**	16 531	16 877
Carrying value of financial instruments by class:				
Financial assets:				
Trade receivables				
– Industry		**5 059**	4 214	4 723
– Government		**202**	177	116
– Consumers		**309**	468	576
Other loans and receivables, prepayments and cash balances		**2 538**	2 605	3 416
Finance lease receivables		**597**	769	788
Derivatives (including items designated as effective hedging instruments)				
– Forward exchange contracts		**144**	48	277
– Interest rate swaps		**40**	40	83
– Other derivatives		**1**	3	
Other financial assets at fair value		**207**	361	48
Total carrying value of financial assets		**9 097**	8 685	10 027

	2008 Rm	2007 Rm	2006 Rm
33. Financial instruments (continued)			
33.1 Summary of the carrying and fair value of financial instruments (continued)			
Financial liabilities:			
Trade payables			
– Principals	**1 923**	2 460	1 839
– Other suppliers	**5 359**	4 303	4 808
Other non-interest-bearing payables	**602**	583	341
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**11**	47	5
– Interest rate swaps	**55**	43	
– Other derivatives	**7**	3	
Other financial liabilities at fair value	**11**	26	
Interest-bearing debt measured at amortised cost	**9 288**	9 066	9 884
Total carrying value of financial liabilities	**17 256**	16 531	16 877
Fair value of financial instruments by class:			
Financial assets:			
Trade receivables			
– Industry	**5 059**	4 214	4 723
– Government	**202**	177	116
– Consumers	**309**	468	576
Other loans and receivables, prepayments and cash balances	**2 538**	2 605	3 416
Finance lease receivables	**597**	769	788
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**144**	48	277
– Interest rate swaps	**40**	40	83
– Other derivatives	**1**	3	
Other financial assets at fair value	**207**	360	47
Total fair value of financial assets	**9 097**	8 685	10 027
Financial liabilities:			
Trade payables			
– Principals	**1 923**	2 460	1 839
– Other suppliers	**5 359**	4 303	4 808
Other non-interest-bearing payables	**602**	583	341
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**11**	47	5
– Interest rate swaps	**55**	43	
– Other derivatives	**7**	3	
Other financial liabilities at fair value	**11**	26	
Interest-bearing debt measured at amortised cost	**9 245**	9 034	9 883
Total fair value of financial liabilities	**17 213**	16 499	16 876

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.

33. Financial instruments (continued)

33.2 Financial risk management

a. Capital risk management

The group manages its capital to ensure that all entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The overall strategy remains unchanged from the previous year.

The capital structure of the group consists of debt (refer notes 15 and 19), cash and cash equivalents (note 11) and equity attributable to equity holders of Barloworld Limited, comprising issued capital (note 13), reserves and retained earnings (note 14) and equity attributable to minority shareholders.

A finance committee consisting of senior executives of the group meets on a regular basis to review the capital structure based on the cost of capital and the risks associated with each class of capital, 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 has targeted gearing ratios for each major business segment as disclosed in note 1.1. 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.

b. Market risk

i) Currency risk

Trade commitments

The group's currency exposure management policy for the southern African operations is to hedge all material foreign currency 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. There has been no change during the year to the group's approach in managing foreign currency risk.

Net currency exposure and sensitivity analysis

The following table represents the extent to which the group has monetary assets and liabilities in currencies other than the group companies' functional currency. The information is shown inclusive of the impact of forward contracts and options in place to hedge the foreign currency exposures. 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 R140 million (2007: R246 million; 2006: R124 million), of which R124 million (2007: R164 million; 2006: R114 million) will impact equity and R16 million (2007: R82 million; 2006: R10 million) will impact profit or loss.

	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
33. Financial instruments (continued)									
Currency risk (continued)									
Net foreign currency monetary assets/(liabilities)									
Functional currency of group operation:									
SA rand	**n/a**	**7**	**(1)**	**1 340**	**(3)**			**2**	**1 345**
Euro		**n/a**		**23**					**23**
British sterling			**n/a**	**4**					**4**
US dollar	**(41)**	**23**	**18**	**n/a**			**2**	**21**	**23**
Other African currencies	**6**			**(51)**			**n/a**		**(45)**
Other currencies		**1**		**42**		**1**		**n/a**	**44**
As at 30 September 2008	**(35)**	**31**	**17**	**1 358**	**(3)**	**1**	**2**	**23**	**1 394**
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

	Fair value 2008 Rm	2007 Rm	2006 Rm
Hedge accounting applied in respect of foreign currency risk			
Cash flow hedges			
– fair value of asset/(liability) – foreign currency forward exchange contracts	**73**	(41)	102

The foreign currency contracts have been acquired to hedge the underlying currency risk arising from firm commitments to acquire Equipment machines as well as the forecast purchases of spare parts. All cash flows are expected to occur and affect profit or loss within the next twelve months.

Hedges of net investments in foreign operations

As at September 2008, the group had 12 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:

33. Financial instruments (continued)

Currency risk (continued)

	Currency	Foreign amount notional (000's)	Interest rate %	Maturity date	Fair value 2008 Rm	2007 Rm	2006 Rm
Fair value of asset/(liability) – cross-currency interest rate swap contracts	EUR	(99 567)	4.9	2009 – 2011			
Fair value of asset/(liability) – cross-currency interest rate swap contracts	GBP	76 549	5.5	2009 – 2011	**(28)**	(23)	4
Fair value of asset/(liability) – cross-currency interest rate swap contracts	AUD	(25 000)	6.6	2010			
Fair value of asset/(liability) – cross-currency interest rate swap contracts	GBP	10 111	5.2	2010	**(14)**	(19)	13
Fair value of asset/(liability) – cross-currency interest rate swap contracts	JPY	(1 350 000)	0.7	2007			
Fair value of asset/(liability) – cross-currency interest rate swap contracts	GBP	6 616	4.6	2007			7
Total					**(42)**	(42)	24

ii) Interest rate risk

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

The interest rate profile of total borrowings is as follows:

	Currency	Year of redemption/ repayment	Interest rate (%)	2008 Rm	2007 Rm	2006 Rm
Liabilities in foreign currencies						
Secured loans	GBP	2007-2010	Libor* + 0.45			720
	NOK	2012	Nibor`` + 0.4		488	536
	SEK	2012	Stibor% + 0.4		464	492
	BWP	2009 – 2013	15.4	**20**	16	15
	UAE	2009 – 2011	EIBOR** 3m + 2.5%	**18**		
Unsecured loans	USD	2010	Libor* + 0.45	**522**		
	GBP	2009 – 2010	Libor* + 0.475			148
	EUR	2009 – 2012	Euribor*** + .88	**104**	379	182
	USD	2007 – 2008	8.8		35	13
	USD	2007	7.6			8
	DKK	2009	Cibor^ + 0.5			195
	USD	2009 – 2011	Libor* + 1.5	**28**		
Liabilities under capitalised finance leases	GBP	2009	6 to 7	**270**	341	384
	EUR	2020	Euribor*** + 5.68	**89**	83	89
	USD	2009 – 2014	US 3yr swap rate + 0.38%	**69**	64	73
	BWP	2009 – 2012	15.5	**5**	17	19
Total foreign currency liabilities (note15)				**1 125**	1 887	2 874
Liabilities in South African rand						
Secured loans		2009 – 2013	9.8 – 14.3	**105**	60	4
Unsecured loans		2009 – 2013	7.9 – 11.78	**3 454**	2 590	2 855
Liabilities under capitalised finance leases		2009 – 2013	11.2 – 15.1	**512**	372	504
Total South African rand liabilities (note 15)				**4 071**	3 022	3 363
Total South African rand and foreign currency liabilities (note 15)				**5 196**	4 909	6 237

33. Financial instruments (continued)

Interest rate risk (continued)

	2008 Rm	2007 Rm	2006 Rm
Interest rates			
Loans at fixed rates of interest	**3 678**	2 975	2 516
Loans linked to South African money market	**734**	473	1 323
Loans linked to offshore money markets	**784**	1 461	2 398
	5 196	4 909	6 237

* *Libor – London inter-bank offered rate.*
`` *Nibor – Norwegian inter-bank offered rate.*
% *Stibor – Swedish inter-bank offered rate.*
** *EIBOR – Emirates inter-bank overdraft rate.*
^ *Cibor – Copenhagen inter-bank offered rate.*
# *Jibar – Johannesburg inter-bank acceptance rate.*
*** *Euribor – European inter-bank offered rate.*

Hedge accounting applied in respect of interest rate risk

As at September 2008, the group had the following designated cash flow hedge interest rate swap contract:

	Currency	Amount notional (000's)	Interest rate %	Maturity date	Fair value 2008 Rm	2007 Rm	2006 Rm
Fair value of asset – designated cash flow hedge interest rate swap contract	ZAR	700 000	7.96 (fixed)	2010	**24**	17	8
Total					**24**	17	8
Cash flow hedges							
– fair value of interest rate swaps					**24**	17	8

The interest swap contract has been acquired to hedge the underlying interest rate risk arising from interest cash flows on the loans linked to the South African prime rate. The cash flows occur on a quarterly basis until June 2010.

Other interest rate derivatives

As at September 2008, the group had two other interest rate swap contracts. Details are as follows:

	Currency	Amount notional (000's)	Interest rate %	Maturity date	Fair value 2008 Rm	2007 Rm	2006 Rm
Fair value of asset/(liability) – interest rate swap contracts	ZAR	750 000	3m Jibar# + 55 bps	2011	**(5)**	10	33
Fair value of asset/(liability) – interest rate swap contracts	ZAR	750 000	7.83 (fixed)	2011	**49**	47	38
Total					**44**	57	71

The interest rate swap contracts have been acquired to hedge the interest rate risk arising from the Baw1 corporate bond (refer note 10 of the Company financial statements).

33. Financial instruments (continued)

Interest rate risk (continued)

	2008 Rm	2007 Rm	2006 Rm
Interest rate sensitivity analysis			
Impact of a 1% increase in South African interest rates			
– charge to profit or loss, and	**43**	42	30
– increase in equity	**12**	18	23
Impact of a 1% increase in offshore interest rates			
– charge to profit or loss	**23**	31	36
The above impact was calculated on the average opening and closing variable rate debt for the year.			
iii) Other price risk			
The group is exposed to price risk arising out of the following:			
PPC share price			
The group has a liability to option holders following the unbundling of PPC during 2007 and holds shares against the liability (refer note 7).			
PPC share price sensitivity analysis			
Impact of a 10% increase in the PPC share price as at 30 September			
– gain in profit or loss in respect of the shares	**33**	16	
– charge to profit or loss in respect of the liability	**10**	19	
Baw share price			
The group has a liability to option holders in terms of the Share Appreciation Right Scheme (refer note 34.2)			
Hedge accounting applied in respect of Baw share price risk			
Cash flow hedges			
– fair value of designated cash flow hedge – Baw share call options	**3**		

The call options have been acquired to hedge against future additional cash flows arising from increases in the Baw share price. The cash flows are expected to occur after the vesting of the rights as per note 34.2.

Baw share price sensitivity analysis

The impact of movement in the Baw share price is not significant due to the relatively low share as at 30 September 2008 as well as the fact that the share rights have not vested yet.

There has been no change during the current year in the group approach to managing other price risk.

c. Credit risk

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.

The credit quality of assets that are neither past due nor impaired is considered to be good. Historical default rates vary per division from 0.2% to 3.5%.

	2008 Rm	2007 Rm	2006 Rm
33. Financial instruments (continued)			
Credit risk (continued)			
Maximum exposure to credit risk (excl collateral held)			
Trade receivables			
– Industry	**5 059**	4 214	4 723
– Government	**202**	177	116
– Consumers	**309**	468	576
Other loans and receivables, prepayments and cash balances	**2 538**	2 605	3 416
Finance lease receivables	**597**	769	788
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**144**	48	277
– Interest rate swaps	**40**	40	83
– Other derivatives	**1**	3	0
Other financial assets at fair value	**207**	360	47
Other items, including financial guarantees	**1 066**	777	706
	10 163	9 461	10 732
Carrying value of financial assets, the terms of which have been renegotiated and would otherwise be past due or impaired			
Trade receivables			
– Industry	**1**		
– Government	**3**		
Impairment losses/(gains) on financial assets			
Trade receivables			
– Industry	**58**	36	8
– Government	**(2)**		1
– Consumers	**7**	20	12
Finance lease receivables	**(10)**	29	(5)
Fair value of collateral held on overdue or impaired amounts	**1**	5	15
Fair value of collateral held on amounts not overdue or impaired	**123**	145	150

The collateral for 2007 and 2008 consist largely of a mortgage in favour of the group as security against a property loan which arose with the disposal of the Steel business during November 2006. The loan is repayable by 2016. The 2006 collateral consist largely of various items held by the Cement division.

d. Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows, maintaining a balance between long-term and short-term debt and ensuring that adequate unutilised borrowing facilities are maintained. At 30 September 2008, unutilised borrowing facilities amounted to R7.8 billion. There has been no change to this approach during the current year.

Maturity profile of financial liabilities

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

	Total owing 2008	Repayable during the year ending 30 September 2009	2009 to 2013	2014 and onwards
Interest-bearing liabilities	**11 342**	4 841	4 534	1 967
Trade payables and other non interest-bearing liabilities	**7 968**	7 328	220	420

	2008 Rm	2007 Rm	2006 Rm
34. Share incentive schemes and share-based payments			
34.1 Financial effect of share-based payment transactions			
Income statement effect			
Expense arising from share-based payment transactions	**337**	5	
Compensation expense arising from equity-settled share option incentive plan	**2**	16	20
Compensation (gain)/expense arising from cash-settled share appreciation rights incentive plan	**(4)**	20	
Share-based payment expense included in operating profit	**335**	41	20
Taxation benefit on cash-settled share appreciation rights and BEE transactions	**(40)**	(6)	
Net share-based payment expense after taxation	**295**	35	20
Balance sheet effect			
Non-current liability raised for cash-settled share appreciation rights granted (to be incurred within 2 – 5 years)	**(16)**	(20)	
Deferred taxation asset raised on share appreciation rights liability	**40**	6	
Net reduction in shareholders' interest as a result of share-based payment transactions	**24**	(14)	

34.2 Cash settled share appreciation rights scheme

During 2007 the group introduced the Barloworld cash-settled Share Appreciation Right Scheme.

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 period 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 end 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.

34. Share incentive schemes and share-based payments (continued)

34.2 Cash-settled share appreciation rights scheme (continued)

Fair value estimates

In terms of IFRS2, 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*	**29 Sept 2008**
Number of share appreciation rights granted	624 929	3 730 345	**2 987 635**
Exercise price (R)	64.18	113.01	**61.01**
Share price at grant date (R)	140.00	123.88	**61.01**
Share price at balance sheet date (R)	64.50	64.50	**64.50**
Expected volatility (%)	35.0	35.0	**35.0**
Expected dividend yield (%)	6.9	7.5	**8.0**
Risk free rate (%)	9.8	9.0	**8.9**
Exercise multiple (share price at exercise date/option exercise price)	2.0	2.0	**2.0**
Estimated fair value per share appreciation right at grant date (R)	26.91	46.41	**15.64**
Estimated fair value per share appreciation right at year end (R)	16.50	7.02	**16.39**

* *The 15 November 2006 and 12 July 2007 grants were modified due to the Cement and Coatings unbundlings as set out in note 35.4 and 35.5 below.*

34.3 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 IFRS2. 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

34. Share incentive schemes and share-based payments (continued)

34.4 Modification for Cement and Coatings unbundling

The equity-settled share options were modified in line with shareholder approval granted as a result of the unbundling of Cement in July 2007 and Coatings in December 2007. Cash-settled share appreciation rights awarded on 15 November 2006 and 12 July 2007 were modified in terms of the rules of the scheme.

The modifications 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 for the Cement unbundling entailed a downward re-pricing 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.

The modification for the Coatings unbundling entailed a downward re-pricing of exercise prices only. The Coatings unbundling resulted in an estimated 6.2% reduction in the Barloworld share price, based on the pre- and post unbundling share price of R114.60 and R107.50 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 for the Cement unbundling 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 sub-divided options]

The modified exercise prices are indicated in the table of unexercised options below (note 34.5).

34.5 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#	Ceded*	Total unexercised**
29 May 2000	29 May 2003	29 May 2010	1.7	36.70	8.80		102 511		102 511
25 Sept 2001	25 Sept 2004	25 Sept 2011	3.0	45.70	13.63		189 779	13 062	202 841
25 Sept 2002	25 Sept 2005	25 Sept 2012	4.0	58.20	20.33		21 000	8 000	29 000
1 April 2003	1 April 2006	1 April 2013	4.5	47.50	14.59	6 667	766 985	158 328	931 980
26 May 2004	26 May 2007	26 May 2010	1.7	67.80	25.48	108 869	1 625 965	260 751	1 995 585
Total equity-settled share options granted and unexercised						115 536	2 706 240	440 141	3 261 917
15 Nov 2006	15 Nov 2009	15 Nov 2012	4.1	140.00	64.18	335 783	289 146		624 929
12 July 2007	12 July 2010	12 July 2013	4.8	123.88	113.01	372 968	3 129 353		3 502 321
29 Sept 2008	29 Sept 2011	29 Sept 2014	6.0	61.01	n/a	539 822	2 447 813		2 987 635
Total cash-settled share appreciation rights granted and unexercised						1 248 573	5 866 312		7 114 885
Total unexercised						1 364 109	8 572 552	440 141	10 376 802

The weighted average share price of options exercised during the period was R96.51 (2007: R174.67; 2006: R112.61)

The unexercised share options granted to retired and ex-directors and -employees are included in this column.

* *In terms of the rules of the Barloworld Share Option Scheme 1985 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.*

	Number of appreciation rights	Number of share options	Weighted average exercise price (R)
34. Share incentive schemes and share-based payments (continued)			
Share options and appreciation rights movement for the year			
2008			
Unexercised at the beginning of the year	**4 355 274**	**4 661 117**	**76.83**
Rights granted in terms of cash-settled share appreciation rights scheme	**2 987 635**		**61.01**
Options forfeited		**(52 075)**	**60.30**
Appreciation rights forfeited	**(228 024)**		**113.01**
Options exercised		**(1 347 125)**	**51.66**
Options and appreciation rights unexercised at year end	**7 114 885**	**3 261 917**	**66.19**
Held by:			
Directors, employees and ex-employees of Barloworld	**7 114 885**	**2 821 776**	**68.19**
Financial institutions		**440 141**	**21.12**
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 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

	Number of shares issued	Weighted average fair value per share (R)
34. Share incentive schemes and share-based payments (continued)		
34.6 Other share-based payment transactions		
The group implemented a Broad Based Black Economic Empowerment transaction during the year as set out in the Finance Director's Report on page 19.		
The impact of this transaction, calculated in terms of IFRS2 Share-based Payment, was a charge to profit or loss in the current year of R337 million which was determined on assumptions and inputs as set out below:		
Strategic black partners The fair value is based on a Monte Carlo valuation model using an expected average dividend yield of 9.9% and a Barloworld share price volatility of 28.55% over the term of the lock-in period. The strategic black partners are permitted to receive all dividends paid in the lock-in period.	12 331 337	10.02
Community service groups The fair value is based on a Monte Carlo valuation model using an expected average dividend yield of 9.9% and a Barloworld share price volatility of 28.55% over the term of the lock-in period. The community service groups are permitted to receive all dividends paid in the lock-in period.	2 153 676	10.02
Education trust No charge has been taken into account as no award to beneficiaries of the trust has been made to date. The shares awarded to the trust are treated as treasury shares.	1 054 058	
Black managers trust The fair value is based on a valuation model using an expected average dividend yield of 9.9% and a Barloworld share price volatility of 28.55% over the term of the lock-in period. The trust is not entitled to receive dividends during the lock-in period.	3 060 166	4.67
Black non-executive directors trust The fair value is based on the 30 day volume weighted average share price of Barloworld Limited as at 9 July 2008, the date when the shares were donated to the trust. The three beneficiaries of the trust are DB Ntsebeza, S Baqwa and S Mkhabela, who are black non-executive directors of Barloworld Limited. The beneficiaries' shares are subject to a seven year lock-in period from 29 September 2008, during which period the beneficiaries will not be entitled to sell, cede, transfer or otherwise dispose of or encumber their Barloworld ordinary shares or their rights in the trust.	108 030	83.31
General staff trust The fair value is based on the Barloworld Limited closing share price on 30 September 2008, the date when the shares were allocated to staff members.	2 980 829	64.50

35. Changes in accounting policy and disclosures

35.1 New standards and interpretations adopted

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board on a basis consistent with the prior year except for the adoption of the following new and amended standards and new interpretations:

IFRS 7 Financial Instruments: Disclosures; IAS 1 Presentation of Financial Statements (Amended) (IAS 1)

This Standard is effective for the group from the current year and adds new disclosures about financial instruments to those previously required by IAS 32 Financial Instruments: Disclosure and Presentation and IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions. The disclosures required have been included under note 33 as well as the other relevant notes on financial instruments.

Related to this, in terms of an amendment to IAS 1, disclosures about capital in the group have been included in note 33.

IFRIC Interpretation 13 Customer Loyalty Programmes (IFRIC 13)

IFRIC 13 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. The interpretation did not have a significant impact on the group and was early adopted in the current year.

IAS 32 Financial Instruments: Presentation (Revised) (IAS 32) and IAS 1 Presentation of Financial Statements (Amended) (IAS 1)

The amendments to IAS 32 and IAS 1 are effective for the group from the year ending 30 September 2010 and relate to financial instruments that are (i) puttable financial instruments, or (ii) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation. Under the revised IAS 32, subject to specified criteria being met, these instruments will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities. The amendments did not have a significant impact on the group and were early adopted in the current year.

IFRIC Interpretation 15 Agreements for the Construction of Real Estate (IFRIC 15)

IFRIC 15 is effective for the group from the year ending 30 September 2010 and provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and, accordingly, when revenue from the construction should be recognised. The interpretation did not have a significant impact on the group and was early adopted in the current year.

IAS 39 Financial Instruments: Recognition and Measurement (Amended) (IAS39)

The IASB recently published amendments to IAS 39, effective for the group from the year ending 30 September 2010, to clarify two hedge accounting issues relating to the treatment of inflation in a financial hedged item and a one-sided risk in a hedged item. The amendments did not have a significant impact on the group and were early adopted in the current year.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (IFRIC 16)

IFRIC 16 is effective for the group from the year ending 30 September 2009 and provides guidance on the accounting for the treatment of the hedge of a net investment in a foreign operation in an entity's consolidated financial statements. The interpretation did not have a significant impact on the group and was early adopted in the current year.

35. Changes in accounting policy and disclosures (continued)

35.2 Changes to comparative information

Comparative information has been restated for the treatment of the Car Rental Scandinavia and Coatings businesses as discontinued operations (refer note 12) as well as for the treatment of inter group interest received from Leasing operations, which from the current year has been offset against finance costs rather than as an addition to income from investments.

The effect of the above changes on the annual financial statements for the years ended 30 September 2007 and 2006 is as follows:

	2007 Previously stated Rm	2007 Reclassification of discontinued operations Rm	2007 Reclassification of inter-group interest from Leasing operations Rm	2007 Reclassified Rm	2006 Previously stated Rm	2006 Reclassification of discontinued operations Rm	2006 Reclassification of inter-group interest from Leasing operations Rm	2006 Reclassified Rm
Income statement								
Revenue	43 238	(3 481)		39 757	35 281	(2 829)		32 452
Operating profit	2 741	(464)		2 277	2 207	(400)		1 807
Fair value adjustments on financial instruments	287	8		295	233	(9)		224
Finance costs	(816)	88	97	(631)	(542)	52	55	(435)
Income from investments	272	(11)	(97)	164	202	(8)	(55)	139
Profit before exceptional items	2 484	(379)		2 105	2 100	(365)		1 735
Exceptional items	(160)	86		(74)	116			116
Profit before taxation	2 324	(293)		2 031	2 216	(365)		1 851
Taxation	(658)	109		(549)	(633)	104		(529)
Secondary taxation on companies	(151)	3		(148)	(27)			(27)
Profit after taxation	1 515	(181)		1 334	1 556	(261)		1 295
Income from associates and joint ventures	68	(15)		53	72	(18)		54
Net profit from continuing operations	1 583	(196)		1 387	1 628	(279)		1 349
Profit from discontinued operations	976	196		1 172	1 118	279		1 397
Net profit	2 559			2 559	2 746			2 746
Attributable to:								
Minority shareholders	289			289	389			389
Barloworld Limited shareholders	2 270			2 270	2 357			2 357
	2 559			2 559	2 746			2 746

The reclassifications have not impacted on the balance sheet and cash flow statement.

35. Changes in accounting policy and disclosures (continued)

35.3 New standards and interpretations not yet adopted

The following standards and interpretations are not yet effective and will be adopted in future years:

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.

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.

IFRS 3 Business Combinations (Revised) (IFRS 3)

The revised IFRS 3 has been issued after completion of the International Accounting Standards Board's second phase of its business combinations project and is now largely aligned with US accounting. Consequential amendments were also made to IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. The changes mainly relate to the treatment of acquisition costs (now to be expensed), contingent considerations, goodwill where minorities are involved, step acquisitions and partial disposals. The revised standards are effective from the year ending 30 September 2010 and the group is in the process of evaluating the requirements of the amendments.

Annual improvements project

The International Accounting Standards Board recently issued Improvements to IFRSs – a collection of amendments to International Financial Reporting Standards (IFRSs). These amendments consist of various necessary, but non-urgent, amendments to IFRSs that will not be part of another major project of the Board. These amendments are effective from the year ending 30 September 2010. The group is in the process of evaluating the detailed requirements of the amendments.

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 75 to 79. 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 2008 was as follows:

	Salary R000	Bonus R000	Retirement and medical contri-butions R000	Share appre-ciation rights awarded* R000	Car allow-ances R000	Other benefits R000	**Total 2008 R000**	Share options ceded^ R000	Share options exercised^ R000
2008									
Executive directors									
PJ Blackbeard	3 222	2 105	333	(386)	232	1 753	**7 259**	294	
BP Diamond (resigned 31 December 2007)	876		303	(88)	29	8 722	**9 842**		
AJ Lamprecht (resigned 30 November 2007)	361		95	(88)	39	1 117	**1 524**		
M Laubscher	2 487	1 758	463	(464)	236	16	**4 496**		1 779
OI Shongwe	1 513	1 550	212	(22)	228	5	**3 486**		
PM Surgey (resigned 30 September 2008)	2 280	2 132	512	(377)	249	8 629	**13 425**		2 805
CB Thomson	3 873	4 348	660	(431)	264	295	**9 009**		1 876
DG Wilson	2 216	2 109	459	(508)	244	27	**4 547**		
	16 828	14 002	3 037	(2 364)	1 521	20 564	**53 588**	294	6 460

	Fees R000	Car allow-ances R000	Fees for services to sub-sidiaries/ other services R000	**Total 2008 R000**
Non-executive directors				
SAM Baqwa	252			**252**
AGK Hamilton	1 061			**1 061**
MJ Levett	936			**936**
S Mkhabela	252			**252**
SS Ntsaluba (appointed 28 July 2008)	43			**43**
DB Ntsebeza	1 437	265	7	**1 709**
TH Nyasulu	173			**173**
SB Pfeiffer	867			**867**
G Rodriguez de Castro Garcia de los Rios	715		2 601	**3 316**
TS Munday (resigned 17 January 2008)	94		58	**152**
RC Tomkinson (resigned 24 January 2008)	387			**387**
	6 217	265	2 666	**9 148**
Total directors' remuneration				**62 736**

* *This amount relates to the IFRS 2 Share-based Payment (credit) charge for the year on share appreciation rights awarded in the current and prior year and share options awarded in previous years.*

^ *These amounts relate to the gain made on share options issued in previous years exercised/ceded during the current year excluding gains realised after resignation as a director.*

36. Directors' remuneration and interests (continued)

2007

	Salary R000	Bonus R000	Retirement and medical contri-butions R000	Share appre-ciation rights awarded* R000	Car allow-ances 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 allow-ances R000	Fees for services to sub-sidiaries/ 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)

	Salary R000	Bonus R000	Retirement and medical contri-butions R000	Share appre-ciation rights awarded* R000	Car allow-ances R000	Other benefits R000	Total 2006 R000	Share options ceded^ R000	Share options exercised^ R000
2006									
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 allow-ances R000	Fees for services to sub-sidiaries/ 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 (credit) charge for the year on share appreciation rights awarded in the current and prior year and share options awarded in previous years.*

^ *These amounts relate to the gain made on share options issued in previous years exercised/ceded during the current year excluding gains realised after resignation as a director.*

36. Directors' remuneration and interests (continued)

Interest of directors in contracts

The group has guaranteed a loan from a financial institution amounting to R98 million (2007: 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 2008 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.

	Number of shares at 30 September					
	2008 Direct	**2008 Indirect**	2007 Direct	2007 Indirect	2006 Direct	2006 Indirect
Executive directors						
PJ Blackbeard	**38 334**		73 334		13 334	
BP Diamond				11 766	8 667	11 766
AJ Lamprecht			3 000		13 000	
M Laubscher	**46 101**		15 000		33 332	
OI Shongwe	**2 100**					
PM Surgey (resigned 30 September 2008)	**157 111**		106 278		71 278	
CB Thomson	**108 270**	**103**	86 499	103	57 334	700
DG Wilson	**5 000**					
	356 916	**103**	284 111	11 869	196 945	12 466
Non-executive directors						
MJ Levett	**25 630**		25 630		25 630	
AGK Hamilton	**1 850**			1 000		
HT Nyasulu	**100**					
DB Ntsebeza	**4 500**		2 500		1 700	
SB Pfeiffer	**10 000**		10 000		8 000	
RC Tomkinson				2 000		2 000
	42 080		38 130	3 000	35 330	2 000
	398 996	**103**	322 241	14 869	232 275	14 466

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/ rights as at 30 Sep 2007	Cash-settled share appreciation rights	Number of options exercised/ ceded during the year	Number of options/ rights as at 30 Sept 2008	Share price on day exercised/ cession price on day ceded	Option*/ rights price	Date from which exercisable
PJ Blackbeard	6 667			6 667		14.59	2006/04/01
	35 000			35 000		25.48	2007/05/26
	65 291			65 291		64.18	2009/11/14
	46 627			46 627		113.01	2010/07/12
	12 370		12 370		23.80	11.88	2006/04/01
	43 296			43 296		16.95	2007/05/26
		88 978		88 978		61.01	2011/09/29
M Laubscher	6 667		6 667		86.00	14.59	2006/04/01
	5 774		5 774		64.81	14.59	2006/04/01
	27 320		8 660	18 660	86.00	25.48	2007/05/26
	10 000		10 000		72.60	25.48	2007/05/26
	74 619			74 619		64.18	2009/11/14
	42 091			42 091		113.01	2010/07/12
		98 431		98 431		61.01	2011/09/29
OI Shongwe	37 229			37 229		113.01	2010/07/12
		62 176		62 176		61.01	2011/09/29
PM Surgey (resigned 30 September 2008)	27 500		27 500		87.94	14.59	2006/04/01
	35 000		23 333	11 667	59.25	25.48	2007/05/26
	65 291			65 291		64.18	2009/11/14
	44 354			44 354		113.01	2010/07/12
	64 943			64 943		11.88	2006/04/01
	64 943			64 943		16.95	2007/05/26
CB Thomson	21 771		21 771		100.75	14.59	2006/04/01
	43 542			43 542		25.48	2007/05/26
	65 291			65 291		64.18	2009/11/14
	137 870			137 870		113.01	2010/07/12
		201 259		201 259		61.01	2011/09/29
DG Wilson	65 291			65 291		64.18	2009/11/14
	64 797			64 797		113.01	2010/07/12
		88 978		88 978		61.01	2011/09/29
Directors resigned during 2008	318 928						
The outstanding options/rights consist of the following:							
Baw share options	219 241		103 705	115 536			
Baw share appreciation rights	708 751	539 822		1 248 573			
PPC options	185 552		12 370	173 182			

* *The original option price has been modified for the changes in share price as a result of the PPC and Coatings unbundlings.*

		Type	Issued capital Currency	Local currency amount
37. Principal subsidiary companies				
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 Handling 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 South Africa (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 group's coatings businesses were transferred at market value in 2007 to Freeworld Coatings Limited, the shares of which were unbundled subsequent to 30 September 2007 (refer note 42).*

^ *These companies have changed their names in the current year.*

** *The interest of holding company in the shares in Avis Southern Africa Limited for 2007 and 2006 has been restated as per note 23 of the Company financial statements.*

	Interest of holding company Effective percentage holdings			Shares			Indebtedness			Amounts owing to subsidiaries		
	2008 %	2007 %	2006 %	**2008 Rm**	2007 Rm	2006 Rm	**2008 Rm**	2007 Rm	2006 Rm	**2008 Rm**	2007 Rm	2006 Rm
	100	100	100	**107**	477	471	**70**	70	70			
	100	100	100								32	
	100	100	100									
	100	100	100	**30**	30	30		3 647	3 191		1 159	700
		100	100									
			100			37						
			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	**2 642**	2 963	2 986			
	100	100	100									
	100	100	100	**1**	1	1	**5 326**			**5**	5	5
	100	100	100	**4**	4	4					32	
		100	100									
	99.7	99.7	99.7									
		100			2 419			686				
			71.7			35			9			
	100	100	100	**131**	131	131			202			
	100	100	100									
	99	99	99									
	100	100	100									
	100	100							2			
				31	31	31					23	
				56	55	74	**360**	367	1 083	**73**	86	74
				531	3 319	985	**8 398**	7 733	7 543	**124**	1 383	825

	Securities exchange	Number of shares 2008	2007	2006
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	**5 131 797**	6 952 955	
Unlisted investments				
BOE Bank Trust – preference shares				246 850 000
Holcim (Reunion)				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**	20 000 000	
First Rand Bank – preference shares		**20 000 000**		

The detailed registers of investments are open for inspection at the registered office of the companies.

* *The group's investment in these companies were fully impaired during 2007 due to the uncertain economic conditions in Zimbabwe (refer note 5).*

39. Investment in associate companies

Investor company/associate	Principal products or activities	Issued share capital	Percentage held by investors 2008 %	2007 %	2006 %
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
International Paints (Pty) Limited	Industrial coatings	20		49	49
Jatran Logistics (Pty) Limited	Transport			25	25
Sizwe Paints (Pty) Limited	Decorative paint distributor	1		30	30
Valspar (SA) (Pty) Limited	Can coatings manufacturer	17		20	20
Barloworld Equipment Company					
Barloworld Equipment Energy (Pty) Limited^	Generator set manufacturing	3			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 Automotive (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
Barloworld Robor (Pty) Limited					
Mine Support Products (Pty) Limited	Pit props	1			50

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. Netherlands
4. Zambia

^ *This company changed its name in the current year.*

Investor company/joint venture	Principal products or activities	Percentage held by investors 2008 %	2007 %	2006 %
40. Significant joint ventures				
Barloworld Equipment Company				
Barloworld Optron Technologies (Pty) Limited	GPS technology on earthmoving equipment		50	50
The Used Equipment Company (Pty) Limited	Traders in used Caterpillar equipment		50	50
Bartrac Equipment (Includes Democratic Republic of Congo)	Caterpillar dealer	**50**	50	
Barloworld Automotive (Pty) Limited				
NMI Durban South Motors (Pty) Limited*	Motor retailer		50	50
Auric Auto (Pty) Limited	Motor retailer			49
PhakisaWorld Fleet Solutions	Fleet leasing	**50**	50	50
Barloworld Holdings PLC				
Finaltair SA#	Energy generation	**50**	50	50
Vostochnaya Technica UK	Caterpillar dealer	**50**	50	50
Barloworld Heftruck Verhuur BV	Hire of fork-lift trucks	**50**		

* *Became a subsidiary during the current year. Refer note 42.*

\# *To be liquidated in the future.*

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. Intra-group transactions are eliminated on consolidation.

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
2008		
Goods and services sold to		
Bartrac Equipment		**87**
The Used Equipment Company (Pty) Limited		**9**
Vostochnaya Technica UK		**7**
Energyst B.V.	**3**	
Barloworld Heftruck Verhuur B.V.		**12**
PhakisaWorld Fleet Solutions		**101**
	3	**216**
Goods and services purchased from		
The Used Equipment Company (Pty) Limited		**94**
Barloworld Heftruck Verhuur B.V.		**29**
		123
Other transactions		
Management fees received from joint ventures		**11**
		11
Amounts due from related parties as at end of year		
Vostochnaya Technica Siberia loan		**275**
PhakisaWorld Fleet Solutions loan		**221**
Other loans to joint venturers		**10**
		506

R million	Associates of the group	Joint ventures in which the group is a venturer
41. Related party transactions (continued)		
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		127
Vostochnaya Technica Siberia loan		100
Other loans to associates	19	
	229	228

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

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 bears interest at market related rates.

The loan to Finaltair was fully impaired during 2007 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 34.

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 page 82.

Barloworld Medical Scheme

Contributions of R73 million were made to the Barloworld Medical Scheme on behalf of employees (2007: R92 million; 2006: R83 million).

42. Acquisitions

The group exchanged its 65% interest in Garden City Motors (GCM) for additional shares in the NMI Durban South Motors business (NMI) effective 1 March 2008. The group's shareholding in NMI increased from 50% to 51.18% as a result of this transaction. Goodwill arising on the acquisition of NMI amounting to R4 million is attributable to gaining control of the business. The business was previously jointly controlled and therefore equity accounted in the group results up to 29 February 2008. The NMI result has been fully consolidated in the group results effective 1 March 2008. The disposal of GCM to NMI had no profit or loss effect for the group.

Agreements for the acquisition by the group's Logistics business of the Hong Kong based Flynt group as well as the Dubai-based Swift Group and its affiliates in the Far East, India, United Arab Emirates (UAE), Africa and Germany were concluded during the year with an effective date of 1 April 2008. The cost of the acquisition was R711 million which includes goodwill of R558 million and is subject to final adjustment based on profit and other warranties to be achieved.

The profit after tax of the acquisitions since the acquisition date included in the group results amounts to R16 million. If the above transactions had taken place at the beginning of the current period, the group would have reported total revenue of R48 782 million and profit after tax of R1 225 million for the 12 months to 30 September 2008.

43. Post balance sheet events

Subsequent to the year end the following material events have occurred:

- A corporate bond of R750 million was issued on 2 October 2008, and is listed on the South African Bond Exchange under the code BAW2. The bond carries a fixed coupon of 11.67% per annum and matures on 2 October 2015.
- An agreement has been signed for the disposal of 50% of the group's interest in Subaru Southern Africa with effect from 1 November 2008. The transaction was concluded at net asset value.

Company balance sheet

at 30 September

	Notes	2008 Rm	2007* Rm	2006* Rm
Assets				
Non-current assets		**9 142**	9 889	8 156
Property, plant and equipment	2	**267**	132	274
Intangible assets	3	**23**	24	27
Long-term financial assets	4	**8 837**	9 731	7 756
Deferred taxation assets	5	**15**	2	99
Current assets		**42**	155	34
Trade and other receivables	6	**42**	45	32
Cash and cash equivalents	7		6	2
Assets classified as held for sale	8		104	
Total assets		**9 184**	10 044	8 190
Equity and liabilities				
Capital and reserves				
Share capital and premium	9	**40**	11	115
Other reserves	11	**149**	15	11
Retained income	11	**4 117**	6 762	5 073
Interest of shareholders of Barloworld Limited		**4 306**	6 788	5 199
Non-current liabilities		**2 783**	1 617	1 609
Interest-bearing	10	**2 775**	1 576	1 587
Provisions	12	**8**	41	22
Current liabilities		**2 095**	1 639	1 382
Trade and other payables		**51**	96	89
Provisions	12	**8**	17	5
Amounts due to bankers and short-term loans	13	**2 036**	1 526	1 288
Total equity and liabilities		**9 184**	10 044	8 190

* *Long-term financial assets (interest in subsidiaries) have been restated for 2006 and 2007 – note 4.*

Company income statement

for the year ended 30 September

	Notes	2008 Rm	2007 Rm	2006 Rm
Revenue	14	**162**	284	320
Operating profit	15	**1 025**	23 052	4 497
Fair value adjustments on financial instruments	16	**(5)**	1	2
Finance costs	17	**(424)**	(351)	(218)
Income from investments	18	**2**	2	1
Profit before exceptional items		**598**	22 704	4 282
Exceptional items	19		132	(2)
Profit before taxation		**598**	22 836	4 280
Taxation	20	**(47)**	(209)	(19)
Net profit		**551**	22 627	4 261

Company cash flow statement

for the year ended 30 September 2008

	Notes	2008 Rm	2007 Rm	2006 Rm
Cash flows from operating activities				
Cash (paid to)/received from employees and suppliers		**(80)**	(89)	70
Cash (utilised)/generated from operations	A	**(80)**	(89)	70
Finance costs		**(424)**	(351)	(218)
Realised fair value adjustments on financial instruments		**(5)**	1	2
Dividends received		**801**	3 934	4 284
Interest received		**409**	301	197
Taxation (paid)/refunded	B	**(60)**	(112)	7
Cash flow from operations		**641**	3 684	4 342
Dividends paid		**(614)**	(2 059)	(1 057)
Cash retained from operating activities		**27**	1 625	3 285
Cash flows from investing activities				
Acquisition of property, plant, equipment and intangibles		**(149)**	(21)	(12)
Replacement capital expenditure		**(149)**	(21)	(12)
Proceeds from disposals of property, plant and equipment		**102**	2	
Increase in long-term financial assets		**(1 718)**	(1 968)	(1 312)
Net cash used in investing activities		**(1 765)**	(1 987)	(1 324)
Net cash (outflow)/inflow before financing activities		**(1 738)**	(362)	1 961
Cash flows from financing activities				
Proceeds on share issue		**23**	139	90
Buyback of shares				(3 337)
Increase/(decrease) in long-term borrowings		**1 199**	(11)	
Increase in short-term interest-bearing liabilities		**510**	238	1 288
Net cash from/(used in) financing activities		**1 732**	366	(1 959)
Net (decrease)/increase in cash and cash equivalents		**(6)**	4	2
Cash and cash equivalents at beginning of year		**6**	2	
Cash and cash equivalents at end of year			6	2

Notes to the company cash flow statement *for the year ended 30 September*

	2008 Rm	2007 Rm	2006 Rm
A. Cash (utilised)/generated from operations is calculated as follows:			
Profit before taxation	**598**	22 836	4 280
Adjustments for:			
Depreciation	**7**	20	20
Loss on disposal of property, plant and equipment	**2**		
Impairments		37	
Amortisation of intangible assets	**2**	3	3
Dividends received	**(801)**	(3 934)	(4 284)
Dividend received following the acquisition of PPC share distributed		(18 879)	
Interest received	**(409)**	(301)	(197)
Finance costs	**424**	351	218
Fair value adjustments on financial instruments	**5**	(1)	(2)
Profit on disposal of investments and subsidiaries		(169)	
BEE IFRS 2 charge	**146**		
Other non-cash flow items	**(42)**	(39)	2
Operating cash flows before movements in working capital	**(68)**	(76)	40
Decrease/(increase) in trade and other receivables	**33**	(20)	(21)
(Decrease)/increase in payables	**(45)**	7	51
Cash (utilised)/generated from operations	**(80)**	(89)	70
B. Taxation (paid)/refunded is reconciled to the amounts disclosed in the income statement as follows:			
Amounts due at beginning of year			
Per the income statement (excluding deferred taxation)	**(60)**	(112)	7
Cash amounts paid	**(60)**	(112)	7

Company statement of recognised income and expense *for the year ended 30 September*

	2008 Rm	2007 Rm	2006 Rm
Loss on cancellation of treasury shares			(1 929)
Coatings unbundling	**(2 582)**		
PPC unbundling		(18 879)	
Other reserve movements			(17)
Net loss recognised directly in equity	**(2 582)**	(18 879)	(1 946)
Profit for the period	**551**	22 627	4 261
Total recognised income and expense for the year	**(2 031)**	3 748	2 315

Notes to the company annual financial statements *for the year ended 30 September 2008*

1. Accounting policies

Refer to group accounting policies on page 128 to 143.

	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm
2. Property, plant and equipment			
2008			
Freehold land and buildings	**302**	**45**	**257**
Investment property	**11**	**6**	**5**
Equipment, vehicles and furniture	**13**	**8**	**5**
	326	**59**	**267**
2007			
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
2006			
Freehold land and buildings	131	27	104
Equipment, vehicles, aircraft and furniture	252	82	170
	383	109	274

There are no assets encumbered.

The insurable value of the company's property, plant and equipment as at 30 September 2008 amounted to R379 million (2007: R249 million; 2006: 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	Investment properties Rm	Equipment and furniture Rm	Vehicles and aircraft Rm	Total Rm
Movement of property, plant and equipment					
2008					
Net balance at 1 October 2007	**121**		**10**	**1**	**132**
Additions	**139**	**5**	**2**		**146**
	260	**5**	**12**	**1**	**278**
Disposals			**(3)**	**(1)**	**(4)**
Depreciation (note 15)	**(3)**		**(4)**		**(7)**
Net balance at 30 September 2008	**257**	**5**	**5**		**267**

	Freehold land and buildings Rm	Equipment and furniture Rm	Vehicles and aircraft Rm	Total Rm
2. Property, plant and equipment (continued)				
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

The register of land and buildings is open for inspection at the registered office of the company.

	Capitalised software Rm	Patents, trademarks development costs Rm	Total intangible assets Rm
3. Intangible assets			
2008			
Cost			
At 1 October	**6**	**37**	**43**
Additions	**3**		**3**
Disposals	**(2)**		**(2)**
At 30 September	**7**	**37**	**44**
Accumulated amortisation			
At 1 October	**6**	**13**	**19**
Charge for the year (note 15)		**2**	**2**
At 30 September	**6**	**15**	**21**
Carrying amount			
At 30 September	**1**	**22**	**23**

	Capitalised software Rm	Patents, trademarks development costs Rm	Total intangible assets Rm
3. Intangible assets (continued)			
2007			
Cost			
At 1 October	6	37	43
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			
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

		2008 Rm	2007 Rm	2006 Rm
4.	**Long-term financial assets**			
	Interest in subsidiaries – opening balance		10 675	8 707
	Prior year adjustment		(1 006)	(1 006)
	Interest in subsidiaries – restated balance	**8 805**	9 669	7 701
	Unlisted investments	**5**	5	5
	Other derivatives	**27**	29	30
	Barloworld Share Purchase Scheme#		28	20
		8 837	9 731	7 756
	Interest in subsidiaries			
	Shares as originally stated (group note 37)	**531**	3 319	985
	Amounts owing by subsidiaries (group note 37)	**8 398**	7 733	7 541
		8 929	11 052	8 526
	Amounts owing to subsidiaries (group note 37)	**(124)**	(1 383)	(825)
		8 805	9 669	7 701
	Fair value of unlisted investments – directors' valuation	**5**	5	5

 # Barloworld Share Purchase Scheme

Included are loans to executive directors for the purchase of shares amounting to R7.7 million (2007: R8.6 million, 2006: R17 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 8.85% to 12% (2007:4.39% to 10%, 2006: 3.17% to 8.5%).

		2008 Rm	2007 Rm	2006 Rm
5.	**Deferred taxation assets**			
	Movement of deferred taxation			
	Balance at beginning of year	**2**	99	104
	Recognised in income statement	**13**	(97)	(12)
	Other movements			7
	Balance at end of the year	**15**	2	99
	Analysis of deferred taxation by type of temporary difference			
	Capital allowances		(25)	(29)
	Provisions		16	11
	Effect of tax losses	**15**	8	109
	Other temporary differences		3	8
		15	2	99
	Amount of deferred tax recognised in the income statement			
	Capital allowances		4	(8)
	Provisions		5	2
	Effect of tax losses	**15**	(101)	(15)
	Other temporary differences		(5)	9
		15	(97)	(12)

		2008 Rm	2007 Rm	2006 Rm
6.	**Trade and other receivables**			
	Other receivables and prepayments	**42**	45	30
	Dividends accrued			2
		42	45	32
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 2007 the company decided to sell its two aircrafts and classified them as held for sale. The sales took place in the 2008 financial period.			
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 (2007: 375 000, 2006: 375 000)	**1**	1	1
	226 878 609 ordinary shares of 5 cents each (2007: 203 843 388, 2006: 200 715 557)	**11**	10	10
		12	11	11
	Share premium:	**28**		104
	Balance at beginning of year		104	1 421
	Premium on share issues	**23**	139	90
	Premium on non-executive directors' trust BEE share issues	**9**		
	BEE equity expenses	**(3)**		
	Premium utilised for payment of distribution		(226)	
	Premium utilised for Coatings unbundling	**(1)**		
	Premium utilised for PPC unbundling		(17)	
	Cancellation of treasury shares			(247)
	Cost of share buyback			(1 160)
	Total issued share capital and premium	**40**	11	115
	For further information refer to note 13 in the consolidated financial statements.			
10.	**Interest-bearing liabilities**			
	Total South African rand: interest-bearing	**2 775**	1 576	1 587

Of this amount R1 565 million 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 R153 at the time of issue. Fifty percent 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 R2 million (2007: R17 million, 2006: R28 million) has been recognised in the current year.

The balance of this liability of R1 210 million, is mainly made up of loans obtained from the strategic partners and the community service groups, which form part of the BEE transaction implemented during September 2008. These loans mature in August 2015 and carry a fixed interest rate of 11.78% per annum.

	Notes	Share capital and premium Rm	Re-valuation reserves Rm	Cash flow hedging reserves Rm	Equity com-pensation reserves Rm	Total other reserves Rm	Total retained income Rm	Total share-holders' interest Rm
11. Company statement of changes in equity								
Balance at 30 September 2005		1 433	4		5	9	4 821	6 263
Prior year adjustment	23						(1 006)	(1 006)
Balance at 1 October 2005		1 433	4		5	9	3 815	5 257
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	5 073	5 199
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	6 762	6 788
Changes in equity recognised during 2008								
Coatings unbundling							(2 582)	(2 582)
Net loss recognised directly in equity							(2 582)	(2 582)
Net profit for the year							551	551
Total recognised income and expense for the year							(2 031)	(2 031)
Other reserve movements				(12)	146	134		134
Premium utilised for Coatings unbundling	9	(1)						(1)
BEE equity expenses	9	(3)						(3)
Dividends on ordinary shares							(614)	(614)
Non-executive directors' trust BEE share issues	9	9						9
Shares issued in current year	9	24						24
Balance at 30 September 2008		40	3	(12)	158	149	4 117	4 306

	2008 Rm	2007 Rm	2006 Rm
12. Provisions			
Non-current	**8**	41	22
Current	**8**	17	5
	16	58	27

	Post-retirement benefits Rm	Other# provisions Rm	Share^ appreciation rights Rm	Total Rm
Balance at 1 October 2006	22	5		27
Net movements	(1)	12	20	31
Raised		17	20	37
Utilised	(1)	(5)		(6)
Balance at 30 September 2007	21	17	20	58
Net movements	(21)	(9)	(12)	(42)
Raised	1	21	10	32
Utilised	(3)	(27)	(19)	(49)
Transferred to group company	(19)	(3)	(3)	(25)
		8	8	16
Non-current			8	8
Current		8		8
Balance at 30 September 2008		**8**	**8**	**16**

\# *Other provisions*
These provisions comprise the following:
Unvested share options of former employees of R6 million (2007: R3 million and 2006: nil), employment benefits R2 million (2007 and 2006: R2 million), directors fees R1 million (2007 and 2006: nil), severance pay nil, (2007: R10 million, 2006: R1 million), pension, medical aid nil (2007 and 2006: R1 million), retirement gratuities nil, (2007 and 2006: R1million).

^ *Share appreciation rights*
A provision for share appreciation rights arose during 2007 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.

	2008 Rm	2007 Rm	2006 Rm
13. Amounts due to bankers and short-term loans			
Bank overdrafts and acceptances – South African rand	**2 036**	1 526	1 288
	2 036	1 526	1 288
14. Revenue			
Rendering of services	**133**	222	263
Rentals received	**29**	62	57
	162	284	320

Interest and dividends received are not included in revenue, but reflected as income under operating profit.

	2008 Rm	2007 Rm	2006 Rm
15. Operating profit			
Operating profit is arrived at as follows:			
Revenue	**162**	284	320
Add: Net income	**863**	22 768	4 177
Interest from subsidiaries	**407**	299	196
Dividend received to unbundle PPC		18 879	
Dividends from subsidiaries	**801**	3 934	4 284
Administrative costs	**(345)**	(344)	(303)
Operating profit	**1 025**	23 052	4 497
Administrative costs include the following:			
Depreciation (note 2)	**7**	20	20
BEE IFRS 2 charge	**146**		
Loss on disposal of property, plant, and equipment	**2**		
Amortisation of intangible assets (note 3)	**2**	3	3
Administration, management and technical fees paid	**7**	12	14
Auditors' remuneration	**6**	5	5
Audit fees	**6**	5	4
Other fees			1
Staff costs (excluding directors' emoluments)	**205**	169	111
Amounts expensed in respect of retirement benefit plans:			
Defined contribution funds	**8**	13	15
Defined benefit plan			2
16. Fair value adjustments on financial assets			
Financial assets at fair value through profit – held for trading items	**3**		
Ineffectiveness recognised in loss arising from cashflow hedges	**(8)**		
Profit on other financial instruments		1	2
	(5)	1	2
17. Finance costs			
Interest paid:			
Bank	**(329)**	(252)	(165)
Group	**(95)**	(99)	(53)
	(424)	(351)	(218)
18. Income from investments			
Interest received on loans	**2**	2	1
19. Exceptional items			
Profit/(loss) on disposal of subsidiaries and investments		169	(2)
Impairment of fixed assets		(37)	
Gross exceptional profits/(losses)		132	(2)
Net exceptional profits/(losses)		132	(2)

		2008 Rm	2007 Rm	2006 Rm
20.	**Taxation**			
	Foreign and withholding taxation			
	Current year	**(4)**	(7)	(7)
		(4)	(7)	(7)
	Deferred taxation			
	Current year	**15**	(55)	(10)
	Prior year		(1)	22
		15	(56)	12
	Secondary taxation on companies			
	Current	**(56)**	(105)	
	Deferred	**(2)**	(41)	(24)
		(58)	(146)	(24)
	Taxation attributable to the company	**(47)**	(209)	(19)
	Excluding dividend income, the company is showing a loss of R250 million. Excluding the impact of STC credit of R56 million, taxation paid in the current year relates to R4 million withholding tax.			
		%	%	%
	Reconciliation of rate of taxation:			
	South Africa normal taxation rate	**28.0**	29.0	29.0
	Reduction in rate of taxation	**(53.8)**	(29.1)	(29.6)
	Exempt income	**(0.2)**	(0.2)	(0.1)
	Adjustment due to inclusion of dividend income	**(37.5)**	(28.9)	(29.0)
	Prior year taxation			(0.5)
	Tax on unprovided temporary differences	**(16.1)**		
	Increase in the rate of taxation	**33.7**	1.0	1.1
	Disallowable charges	**9.7**		0.3
	Tax on unprovided temporary differences	**13.6**	0.4	
	Withholding taxation	**0.7**		0.2
	Secondary taxation on companies	**9.7**	0.6	0.6
	Taxation as a percentage of profit before taxation	**7.9**	0.9	0.5
	Tax losses and STC credits at the end of the year			
	Taxation losses	**(291)**	(341)	(227)
	Unutilised STC credits		(22)	(347)
		(291)	(363)	(574)
	Utilised to reduce deferred taxation or create deferred taxation asset	**56**	22	574
	Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	**(235)**	(341)	

		2008 Rm	2007 Rm	2006 Rm
21.	**Contingent liabilities**			
	Guarantees for loans, overdrafts and liabilities of subsidiaries	**6 171**	8 518	8 360

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 2007.

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 group note 35 for a list of all adoptions and changes in accounting policies as well as standards and interpretations not yet adopted.

23. Prior year adjustment

During the current year an adjustment amounting to R1 006 million was processed relating to preaquisition dividends received during 2004 from Avis Southern Africa Limited, which was included in profit or loss. The correction has resulted in a reduction in investment in subsidiaries (note 4) and reserves (note 11).

The adjustment does not impact on the group's financial statements.

24. Financial instruments

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank borrowings, money and capital market borrowings, loans to and from subsidiaries and derivatives. Derivative instruments are used by the company for hedging purposes.

	Notes	2008 Rm	2007 Rm	2006 Rm
24.1 Summary of the carrying and fair value of financial instruments				
Carrying value of financial instruments by category:				
Financial assets:				
Financial assets at fair value through profit or loss				
– Held for trading items	4	**24**	29	30
Available-for-sale financial assets	4	**5**	5	5
Loans and receivables	4,6,7	**42**	79	54
Derivative assets designed as effective hedging instruments	4	**3**		
Interest in subsidiaries	4	**8 805**	9 669	7 701
		8 879	9 782	7 790
Financial liabilities:				
Financial liabilities measured at amortised cost		**51**	96	89
Interest-bearing loans	10,13	**4 811**	3 102	2 875
		4 862	3 198	2 964
Fair value of financial instruments by category:				
Financial assets:				
Financial assets at fair value through profit or loss				
– Held for trading items		**24**	29	30
Available-for-sale financial assets		**5**	5	5
Loans and receivables		**42**	79	54
Derivative assets designed as effective hedging instruments		**3**		
Interest in subsidiaries		**8 805**	9 669	7 701
		8 879	9 782	7 790
Financial liabilities:				
Financial liabilities measured at amortised cost		**51**	96	89
Interest-bearing loans		**4 768**	3 070	2 874
		4 819	3 166	2 963

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.

24. Financial instruments (continued)

24.2 Financial risk management

a. Capital risk management

The risk management is the same as the group note 33.

b. Market risk

i) Currency risk

The company is not exposed to any significant currency risk.

	2008 Rm	2007 Rm	2006 Rm
ii) Interest rate risk			
The company manages the exposure to interest rate risk by maintaining a balance between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach. The interest profile of total borrowings is as follows:			
Interest rates			
Loans at fixed rates of interest	**2 775**	1 576	1 587
Loans linked to South Africa money market	**2 036**	1 526	1 288
	4 811	3 102	2 875

Interest rate sensitivity analysis

The impact of changes in the interest rates is not significant as interest costs are recovered from other group companies.

iii) Other price risk

Barloworld share price

The company has a liability to option holders in terms of the Share Appreciation Rights Scheme.

Hedge accounting applied in respect of Barloworld share price risk

Cashflow hedges

– fair value of designated cash flow hedge – Barloworld share call options

The call options have been acquired to hedge against future additional cash flows arising from increases in the Barloworld share price. The cash flows are expected to occur after the vesting of the rights as per group note 33.

Barloworld share price sensitivity analysis

The impact of movement in the Barloworld share price is not significant due to the relatively low share price at 30 September 2008 as well as the fact that the share rights have not vested yet.

There has been no change during the current year in the company approach to managing other price risk.

c. Credit risk

The potential area of credit risk is short-term cash investments. It is company policy to deposit short-term cash investments with major banks and financial institutions with strong credit ratings.

	2008 Rm	2007 Rm	2006 Rm
Maximum exposure to credit risk (excluding collateral held)			
Financial assets:			
Financial assets at fair value through profit or loss			
– Held for trading items	**24**	29	30
Available-for-sale financial assets	**5**	5	5
Loans and receivables	**42**	79	54
Derivative assets designed as effective hedging instruments	**3**		
Interest in subsidiaries	**8 805**	9 669	7 701
Other items including financial guarantees	**6 171**	8 518	8 360
	15 050	18 300	16 150

24. Financial instruments (continued)

24.2 Financial risk management (continued)

d. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows, maintaining a balance between long- and short-term. There has been no change to this approach in the current year.

Maturity profile of financial liabilities

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

	Total owing 2008	Repayable during the year ending 30 September 2009	2009 to 2013	2014 and onwards
Interest-bearing liabilities	**6 122**	2 317	2 456	1 349
Trade payables and other non-interest bearing liabilities	**51**	51		

	2008 Rm	2007 Rm	2006 Rm
25. Related party transactions			
With subsidiaries of the company			
Goods and services sold to	**154**	284	320
Goods and services purchased from			1
Dividends and interest – income	**1 208**	23 112	4 480
Dividends and interest – expense	**95**	99	115
Freehold land and buildings purchased from	**139**		
Inter group loans and other amounts due from related parties as at end of year*	**8 398**	7 733	7 541
Inter group loans and other amounts due to related parties as at end of year*	**124**	1 383	825

26. Post balance sheet events

A corporate bond of R750 million was issued on 2 October 2008, and is listed on the South African Bond Exchange under the code BAW2. The bond carries a fixed coupon of 11.67% per annum and matures on 2 October 2015.

The following notes are dealt with in the consolidated financial statements:
- Dividends (group note 28)
- Financial instruments (group note 33)
- 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

GRI Ref		Pages
	Strategy and analysis	
1.1	Statement from the most senior decision maker of the organisation	10 – 17, 88
1.2	Description of key impacts, risks, and opportunities.	90 – 93, 122
	Organisational profile	
2.1	Name of reporting organisation	Inside back cover
2.2	Primary brands, products, and/or services.	7
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	5 – 6
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.	9, 25, 35, 45, 53, 60
2.6	Nature of ownership, legal form	5, 62
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	9, 25, 35, 45, 53
2.8	Scale of organisation	1 – 9
	• 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).	18 – 23
2.10	Awards received in the reporting period.	63
	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
	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.	90, 96 – 98

GRI Ref		Pages
3.6	Boundaries of report	90
3.7	State any specific limitations on the scope or boundary of the report	90, 96 – 98
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.	90
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.	90, 97
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).	Not reported
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not reported
	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.	N/A
	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).	90, 123, 125
	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.	63 – 83, 90
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).	68
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.	63 – 65
	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'.	
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.	63 – 65, 81, 106,108, 114, 118

Global reporting initiative (GRI) Index *(continued)*

GRI Ref		Pages
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).	75 – 79
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	63 – 64, 70
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.	64, 70, 74
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.	1, 81, 89, 90
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.	79, 90 – 93
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	70
	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.	90
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.	62, 102, 114, 118
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.	114, 118
	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.	81, 115 – 119
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.*	115 – 119

GRI Ref		Pages
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.*	81, 114 – 119
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.	115 – 119
	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.	85, 94
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	95
EC3	Coverage of the organisation's defined benefit plan obligations.	200
EC4	Significant financial assistance received from government.	N/A
	Aspect: Market presence	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	106
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	102,104
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	106
	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.	104, 108, 118
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	85, 94, 103, 118
	Environmental performance indicators	
	Aspect: Materials	
EN1	Materials used by weight or volume.	98
EN2	Percentage of materials used that are recycled input materials.	98
	Aspect: Energy	
EN3	Direct energy consumption by primary energy source	99
EN4	Indirect energy consumption by primary source	98 – 99
EN5	Energy saved due to conservation and efficiency improvements.	98
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	95 – 96
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	98
	Aspect: Water	
EN8	Total water withdrawal by source.	100
EN9	Water sources significantly affected by withdrawal of water.	99
EN10	Percentage and total volume of water recycled and reused.	99

Global reporting initiative (GRI) Index *(continued)*

GRI Ref		Pages
	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.	100
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	100
EN13	Habitats protected or restored.	100
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	100
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	100
	Aspect: Emissions, effluents, and waste	
EN16	Total direct and indirect greenhouse gas emissions by weight.	97
EN17	Other relevant indirect greenhouse gas emissions by weight.	97
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	95 – 98
EN19	Emissions of ozone-depleting substances by weight.	97
EN20	NO, SO, and other significant air emissions by type and weight.	97
EN21	Total water discharge by quality and destination.	99
EN22	Total weight of waste by type and disposal method.	100
EN23	Total number and volume of significant spills.	101
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.	100 – 101
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting	100
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	89, 94 – 96, 98, 100 – 101, 116 – 117
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	100 – 101
	Aspect: Compliance	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	101
	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.	97
	Aspect: Overall	
EN30	Total environmental protection expenditures and investments by type.	99 – 100
	Social performance indicators	
	Labour practices and decent work performance indicators	
	Aspect: Employment	
LA1	Total workforce by employment type, employment contract, and region.	105 – 106
LA2	Total number and rate of employee turnover by age group, gender, and region.	110
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	106
	Aspect: Labor/management relations	
LA4	Percentage of employees covered by collective bargaining agreements	106, 108
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Not reported

GRI Ref		Pages
	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	106 – 107
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	107
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	106 – 108
LA9	Health and safety topics covered in formal agreements with trade unions.	106 – 107
	Aspect: Training and education	
LA10	Average hours of training per year per employee by employee category.	109
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	105,109
LA12	Percentage of employees receiving regular performance and career development reviews	112
	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.	102, 105
LA14	Ratio of basic salary of men to women by employee category.	Not reported
	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.	114
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	108, 114
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	114
	Aspect: Non-discrimination	
HR4	Total number of incidents of discrimination and actions taken	105
	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.	108
	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.	108
	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.	108
	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.	108
	Aspect: Indigenous rights	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	108
	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.	100, 114, 118

Global reporting initiative (GRI) Index *(continued)*

GRI Ref		Pages
	Aspect: Corruption	
SO2	Percentage and total number of business units analysed for risks related to corruption.	114
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	114
SO4	Actions taken in response to incidents of corruption	114 – 115
	Aspect: Public policy	
SO5	Public policy positions and participation in public policy development and lobbying.	114, 118
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	114
	Aspect: Anti-competitive behaviour	
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.	114
	Aspect: Compliance	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	114
	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.	115
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	115
	Aspect: Product and service labelling	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	115
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	115
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	115
	Aspect: Marketing communications	
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	115
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.	115
	Aspect: Customer privacy	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	115
	Aspect: Compliance	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	115

Letter from the chairman

Barloworld Limited
Chairman's office

Dear Member

I have pleasure in inviting you to attend the 92nd annual general meeting (AGM) of Barloworld Limited, to be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Thursday, 29 January 2009 at 12:30.

The following documents are enclosed:

- Notice of AGM setting out the resolutions to be proposed at the meeting;
- Question form for AGM;
- A "shareholders' diary" with map indicating the location of the venue for the meeting; and
- 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 meeting. As it may not be possible to answer every question that members may care to raise at the meeting, 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 meeting. This advance compilation of relevant questions will, of course, not prevent you from raising questions, at the appropriate time, during the meeting.

The question form can be:

- Returned to the group secretary, 180 Katherine Street, Sandton (PO Box 782248, Sandton 2146, South Africa) or by email invest@barloworld.com to be received no later than 12:30 on Friday, 22 January 2009; or
- Faxed, together with the form of proxy, to our transfer secretaries in South Africa:
  Link Market Services South Africa (Pty) Limited
  Fax number +27 11 834 4398
  11 Diagonal Street, Johannesburg 2001
  (PO Box 4844, Johannesburg 2000) South Africa
  to be received no later than 12:30 on Tuesday, 26 January 2009; 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, 26 January 2009; or
- Handed in at the time of registering attendance at the meeting.

I look forward to welcoming you at the meeting.

Kind regards

DB Ntsebeza
Chairman
12 December 2008

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Sandton 2146
South Africa
Tel: +27 11 445 1000
Fax: +27 11 444 4170
Website: www.barloworld.com

Barloworld Limited (Reg No 1918/000095/06)

Directors
DB Ntsebeza (Chairman)
SAM Baqwa
PJ Blackbeard
AGK Hamilton*
M Laubscher
MJ Levett
SS Mkhabela
SS Ntsaluba
TH Nyasulu
SB Pfeiffer^
G Rodriguez de Castro Garcia de los Rios†
OI Shongwe
CB Thomson
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 2008

Financial year-end		30 September
Annual general meeting		29 January 2009
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	March	April
	September	October
• Ordinary shares – interim	May	July
– final	November	January

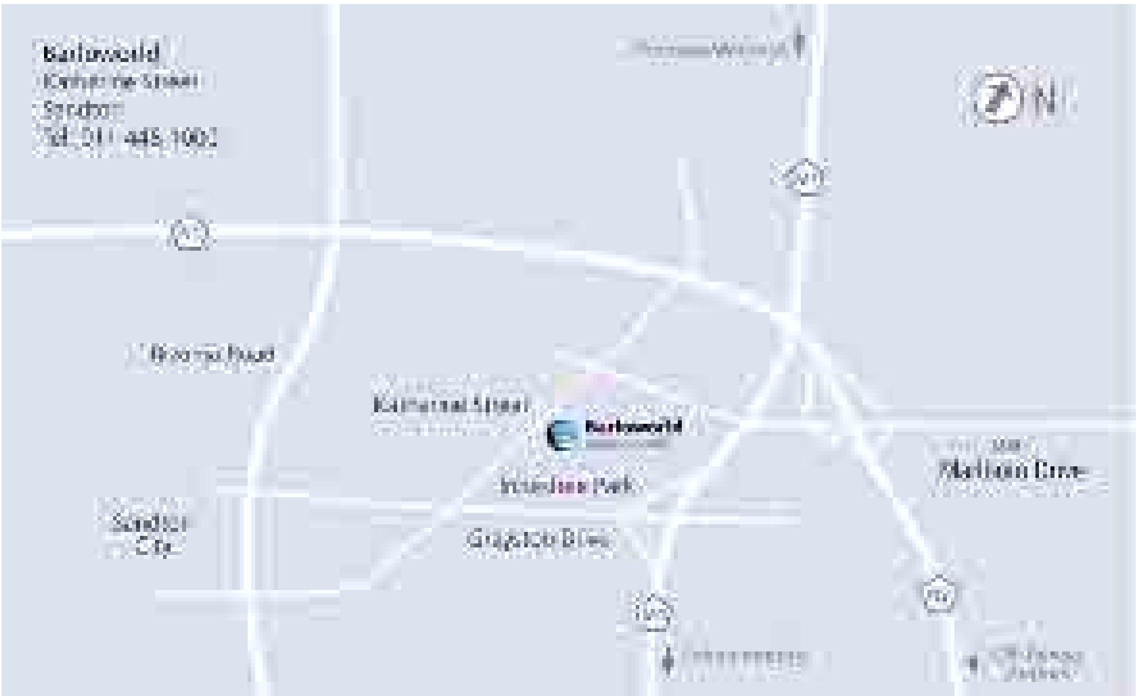
Details of final dividend declared

• Cents per share	150
• Date declared	Monday, 17 November 2008
• Last day to trade *cum* dividend	Friday, 9 January 2009
• First trading day *ex* dividend	Monday, 12 January 2009
• Record date	Friday, 16 January 2009
• Payment date	Monday, 19 January 2009

Share certificates may not be dematerialised or rematerialised between Monday, 12 January 2009 and Friday, 16 January 2009, both days inclusive.

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 No 1918/000095/06
JSE share code: BAW
ISIN: ZAE000026639
(company)

Notice is hereby given that the ninety-second 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, 29 January 2009, 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 2008, 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 2008, 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.

Mr SS Ntsaluba, having been appointed during the financial year, is required to retire. Messrs PJ Blackbeard, MJ Levett, SB Pfeiffer, G Rodriguez de Castro Garcia de los Rios and Ms SS Mkhabela are required to retire by rotation. All retiring directors are eligible and, except for Mr MJ Levett, 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 68 to 69 of the annual report.

1.2.1 Ordinary resolution 2

"Resolved that Mr PJ Blackbeard who retires in terms of article 66 of the articles of association of the company and is eligible and available for election, be and he is hereby re-elected as a director of the company."

1.2.2 Ordinary resolution 3

"Resolved that Ms SS Mkhabela who retires in terms of article 66 of the articles of association of the company and is eligible and available for election, be and she is hereby re-elected as a director of the company."

1.2.3 Ordinary resolution 4

"Resolved that Mr SS Ntsaluba 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 Mr SB Pfeiffer 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."

1.2.5 Ordinary resolution 6

"Resolved that Mr G Rodriguez de Castro Garcia de los Rios 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 7

"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 8

"Resolved that in terms of article 61 of the company's articles of association, the fees payable to the chairman and to the other non-executive directors for their services to the board, audit and the other committees of the board be revised with effect from 1 January 2009 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	R180 000	R204 500
Non-resident non-executive directors	£49 400	£51 600
Chairman of the audit committee	£23 000	£25 000
Resident members of the audit committee	R60 000	R68 150
Non-resident members of the audit committee	£12 000	£12 540
Chairman of the remuneration committee (non-resident)		£16 000
Chairman of the empowerment and transformation committee (resident)		R75 000
Resident members of each of the board committees (excluding risk and sustainability committee)	R45 000	R51 120
Non-resident members of each of the board committees (excluding risk and sustainability committee)	£3 000	£3 405

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, 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 buyback 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; and

(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 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 in regard to other JSE Listings Requirements applying to special resolution 1

Details of the directors

Directors' details can be found by referencing the table on page 68 to 69.

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 page 238.

Major shareholders

Details of major shareholders of the company are set out on page 82 to 83.

Share capital of the company

Details of the share capital of the company are set out on page 256.

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 17 November 2008.

Litigation

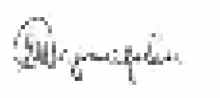
The company and its subsidiaries are not, and have not in the 12 months preceding the date of this notice of annual general meeting, been involved in any legal or arbitration proceedings which may have or have had a material effect on the financial position of the company and its subsidiaries, nor is the company aware of any such proceedings that are pending or threatened.

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, 27 January 2009.

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
Secretary

Sandton
12 December 2008

Proxy form

Barloworld
Leading brands

Barloworld Limited
(Incorporated in the Republic of South Africa)
Company 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, 29 January 2009 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 PJ Blackbeard			
3 SS Mkhabela			
4 SS Ntsaluba			
5 SB Pfeiffer			
6 G Rodriguez de Castro Garcia de los Rios			
7 Appointment of auditors			
8 **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			
Chairman of the empowerment and transformation 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 ______________________ 2008/2009

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 form of proxy.

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 12:00 (South African time) on Monday, 26 January 2009.
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 shareholder's 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.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