Barloworld
Leading brands

BARLOWORLD LIMITED ANNUAL REPORT 2009

Barloworld
Leading brands

Contents

For the second consecutive year the Barloworld Limited Annual Report has been printed on Triple Green matt recycled paper.
Triple Green paper is produced from sustainable resources (bagasse – post agricultural sugar and waste and renewable forestry fibre) and is recyclable and biodegradable

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.

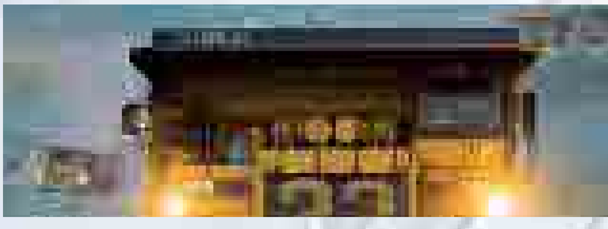
Strategic profile

The Barloworld organisation incorporates the following defining characteristics and competencies:

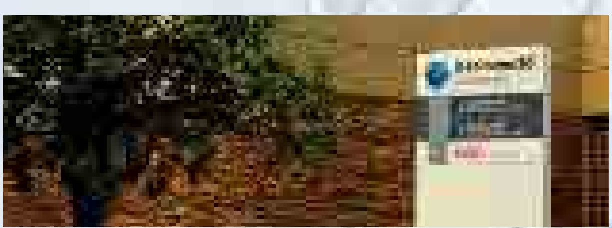
- Provision of flexible, value adding, integrated customer solutions in the following business segments:
  - Equipment (earthmoving and power systems)
  - Automotive (car rental, fleet services and motor trading)
  - Handling (forklift truck distribution and fleet management)
  - Logistics (logistics 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, transformation and sustainable development

Barloworld
Leading brands

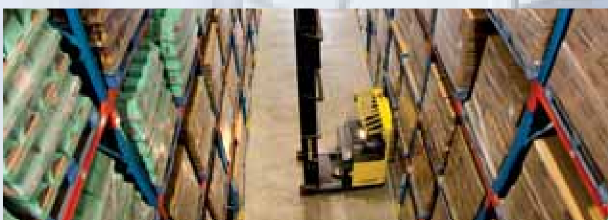
ANNUAL REPORT 2009



EQUIPMENT



AUTOMOTIVE



HANDLING

LOGISTICS

CORPORATE

Investment proposition

Attractive investment case

Clear vision

- Market leader – providing integrated solutions in distribution, rental, fleet management and logistics

Strategic focus

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

Leading international brands

- Caterpillar, Hyster, Avis and leading automotive brands

Geared to fixed investment and other growth sectors

- Targeted exposure to infrastructure, mining, power, agriculture, tourism and logistics sectors with above average long term growth potential particularly in emerging markets

Business and geographic diversity

- Operations across diverse lines of business in 41 countries enhances resilience through the business cycle

Strong balance sheet

- Gearing levels within target ranges, 63% of debt in long term, strong operational cash flows and significant unutilised borrowing facilities

Experienced management team

- Robust and adaptable Barloworld people at all levels
- Proven ability to execute strategy

Responsible corporate citizenship

- A broad stakeholder-based approach to governance and sustainability ensures focus on the environment, climate change and minimising our carbon footprint as well as achieving a position of leadership in broad based black economic empowerment

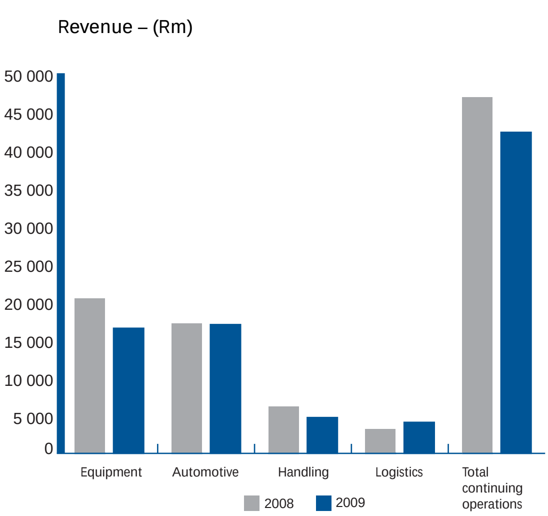
Salient features

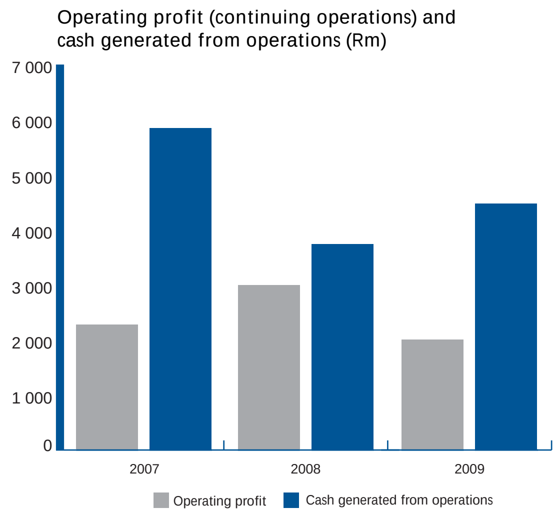
- Cash generated from operations up 20% to R4 469 million
- Operating profit (after BEE transaction charges) decreased 25% to R1 994 million
- Strong operating performance from Automotive in difficult market
- R1 334 million reduction in net borrowings and lengthening of debt maturity profile
- Decisive action taken to reduce cost base
- HEPS from continuing operations down 43%
- Total dividend of 110 cents per share for the year

Financial highlights

	% change	2009 Rand	2008 Rand	2009 US$	2008 US$
Revenue (million)*	(10)	**42 232**	46 830	**4 751**	6 303
Operating profit after BEE transaction charge (million)*	(25)	**1 994**	2 651	**224**	357
Cash generated by operations (million)	20	**4 469**	3 734	**503**	503
Ordinary dividends per share declared in respect of current year's earnings (cents)	(56)	**110**	250	**12**	34
Net asset value per share (cents)	(11)	**5 731**	6 451	**756**	779
HEPS continuing operations (cents)	(43)	**351**	616	**39**	83
Total assets (million)	(11)	**30 095**	33 957	**3 972**	4 101

* *From continuing operations.*





Barloworld businesses

Barloworld Equipment

Barloworld Equipment

Barloworld Equipment and Caterpillar have shared a partnership for 82 years and Barloworld is one of Caterpillar's leading dealerships in Europe, Africa and Middle East region and in Russia. In addition to Caterpillar earthmoving equipment and engines, Barloworld Equipment represents complementary brands that facilitate its total solutions philosophy: MAK and Perkins engines, Atlas Copco rotary blasthole drills and Metso mobile crushing and screening equipment for mining and construction. The company provides customers with integrated solutions comprising new, used and rental options together with comprehensive equipment management plans supported by the best technical training capability in the industry. Its dealership territories include 11 countries in southern Africa (South Africa, Namibia, Botswana, Angola, Zambia, Zimbabwe, Malawi, Mozambique, the DRC's Katanga province, Lesotho and Swaziland), Spain, Portugal, Andorra, Cape Verde, São Tomé and Príncipe and Siberia (Russia).

Barloworld Automotive

Barloworld Automotive

Barloworld Automotive provides a range of integrated motor vehicle usage solutions through the successful operation of complementary business units. Car rental operates Avis short-term car rental throughout southern Africa.

Motor retail operates leading motor vehicle franchise dealerships in South Africa representing passenger, light, medium and heavy commercial brands. Also included are coachwork repair centres, motor vehicle finance, insurance and related products and services. In Botswana and Australia passenger and light commercial brands are represented and motor vehicle finance, insurance and related products and services are provided. Botswana and South Africa operations also represent tractor brands. 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 Automotive holds a 50% share in the sole importer and distributor of Subaru vehicles in southern Africa.

Barloworld Handling

Barloworld Handling

Barloworld Handling is the world's largest independent Hyster lift truck dealer offering our customers a full range of lift trucks and warehouse/handling equipment solutions in the south-eastern United States of America, United Kingdom, including Northern Ireland, the Netherlands, Belgium and South Africa. We have represented the market-leading Hyster brand for over 80 years and have leveraged the strength of the brand by leading the market in the introduction of innovative solutions for our customers' materials handling needs.

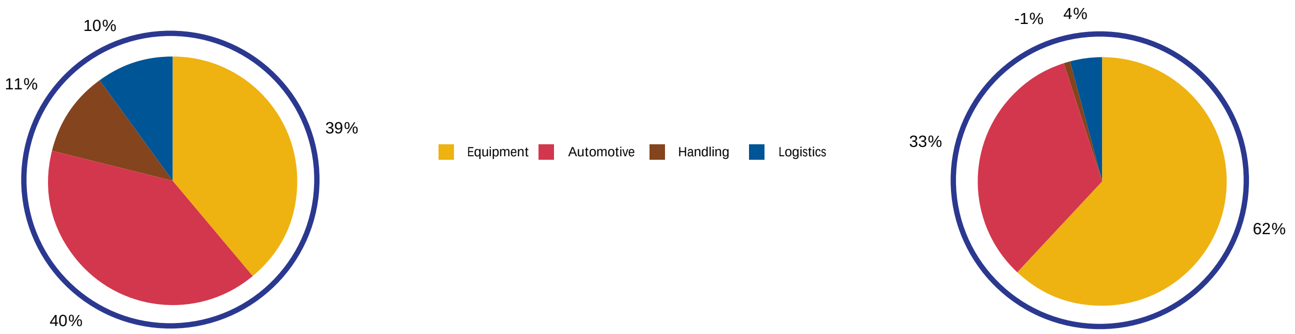
Barloworld Logistics

Barloworld Logistics

Formed by the combination of logistics operations in PPC and Barloworld Automotive during 2002, Barloworld Logistics has grown into one of the leading logistics and supply chain management businesses in southern Africa with complementary operations in China, the United Arab Emirates, Iberia, Germany and the United Kingdom. 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.

Revenue (%)

Operating profit (%)



Equipment

R million	Revenue Year ended 30 Sept 2009	2008	Operating profit Year ended 30 Sept 2009	2008	Net operating assets 30 Sept 2009	2008
– Southern Africa	**10 902**	11 930	**1 282**	1 523	**4 703**	4 178
– Europe	**5 559**	8 459	**11**	534	**3 462**	4 972
	16 461	20 389	**1 293**	2 057	**8 165**	9 150
Share of associate income			**51**	62		

Automotive

R million	Revenue Year ended 30 Sept 2009	2008	Operating profit Year ended 30 Sept 2009	2008	Net operating assets 30 Sept 2009	2008
Car rental southern Africa	**1 516**	1 586	**254**	250	**2 266**	2 849
– Southern Africa	**11 381**	11 622	**232**	143	**1 682**	1 850
– Australia	**2 937**	2 849	**59**	62	**946**	983
Trading	**14 318**	14 471	**291**	205	**2 628**	2 833
Leasing Southern Africa*	**1 111**	948	**158**	85	**387**	366
	16 945	17 005	**703**	540	**5 281**	6 048
Share of associate income			**(11)**	6		

* *For Leasing Southern Africa, operating profit before interest paid is R293 million (2008: R215 million) resulting in total divisional operating profit before interest of R838 million (2008: R670 million). Net operating assets after deducting interest-bearing borrowings.*

Handling

R million	Revenue Year ended 30 Sept 2009	2008	Operating profit/(loss) Year ended 30 Sept 2009	2008	Net operating assets 30 Sept 2009	2008
– Southern Africa	**930**	1 027	**80**	124	**518**	259
– Europe	**2 052**	3 193	**(76)**	8	**593**	636
– North America	**1 675**	1 849	**(54)**	40	**499**	638
Trading	**4 657**	6 069	**(50)**	172	**1 610**	1 533
Leasing*	**60**	76	**23**	0	**69**	76
	4 717	6 145	**(27)**	172	**1 679**	1 609
Share of associate income			**4**	3		

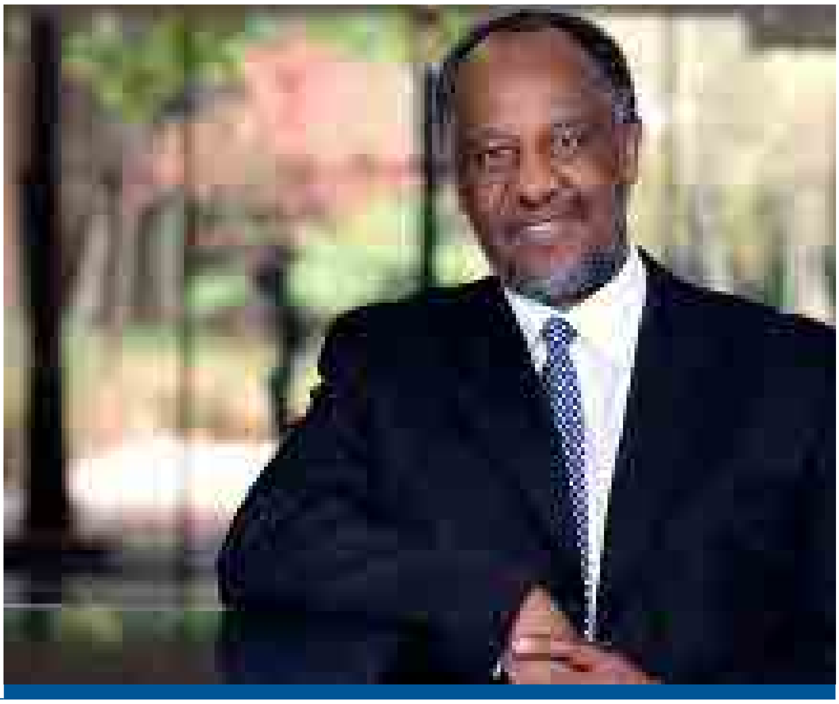
* *Operating profit after deducting interest paid and net operating assets after deducting interest-bearing borrowings.*

Logistics

R million	Revenue* Year ended 30 Sept 2009	2008	Operating profit/(loss) Year ended 30 Sept 2009	2008	Net operating assets 30 Sept 2009	2008
Southern Africa	**2 257**	1 970	**92**	105	**342**	430
Europe, Middle East and Asia	**1 830**	1 238	**(15)**	30	**707**	855
	4 087	3 208	**77**	135	**1 049**	1 285

* *Excludes inter group revenue of R81 million (2008: R400 million).*

Chairman's review



The philosophy of stakeholder value creation at the heart of our business has formed a strong foundation for resilience under current market conditions

DUMISA NTSEBEZA *Chairman*

Introduction

It is to the credit of this organisation and the systems we have put in place over time that we have pockets of excellence performing above plan month after month through the worst recession in living memory. The philosophy of stakeholder value creation at the heart of our business has formed a strong foundation for resilience under current market conditions and positions the group well for future success.

In a number of South African cities we see state-of-the-art stadiums rising from the ground, and transport infrastructure being expanded and improved. I am proud to say that I see Caterpillar machines in numbers on sites and on the roads, airports, the massive Gautrain project and the bus rapid transit system (BRT), an integrated public transport system that is being rolled out in major cities. Our motor dealerships retain excellent visibility as they battle for supremacy in a greatly reduced market. Avis retains its status as the leader in car rental, and our logistics division continues its growth in supply chain management.

Several high profile infrastructure projects have received a boost leading to 2010, but life will go on when the FIFA Soccer World Cup is over. Only one leg of the Gautrain will be operational by June next year. The BRT has a long way to go, and the South African government is committed, despite the squeeze on funding, to provide homes and infrastructure. Economic challenges will continue, but there will be opportunities for companies like Barloworld that can offer sustainable solutions.

The Soccer World Cup itself also brings with it a measure of expectation for us. Avis, for example, now occupies an entire floor of the parkade at OR Tambo International Airport in anticipation of next year's tourism boom.

However, we need skills to turn our expectations for the future into reality. Barloworld's continued dedication to skills development has found expression in the development of our R120 million Technical Training Centre, opened on 29 October 2009 by Mr Jim Owens, chairman and CEO of Caterpillar Inc., and Mr Membathisi Mdladlana, South African Minister of Labour.

We will train 2 000 learners a year at this facility. It is a clear demonstration of our commitment not only to our customers but to the future of our country.

While other capital projects were put on hold in all our operations in the past year, we are confident that continued investment in technical skills to support our customers is the right thing to do.

Strong, empowered leadership is critical to steer us through these turbulent times. Our new Leadership Development Centre was officially opened at Barlow Park in November 2008 and here our managers at all levels are being challenged by world class training programmes used to help them lead with confidence, conviction and empathy.

Global and national economic environments

It has been encouraging to witness the continued strength of the South African banking sector, given the sub-prime debacle that resulted in government bailouts and stimulus packages injected into the US, UK and other economies.

Some thought South Africa would be immune to the global economic crisis. However, this was not the case and we too have been hit, albeit somewhat later than elsewhere, and perhaps not as hard as the US and Europe. Spain, in particular, suffered a substantial decline which impacted government spending on infrastructure programmes.

The sudden fall-off in the southern African mining industry as commodity prices dropped and mining capex scaled down resulted in the cancellation of equipment orders and a ripple effect on the regional economies. Mining activity also slowed considerably in Siberia.

Construction held up in South Africa on the back of infrastructure development projects leading up to the Soccer World Cup and in the power sector, but has started to decline in recent months.

Despite lower interest rates, new vehicle sales declined in 2009 due to constrained consumer spending and more stringent lending criteria from the banks. Demand for domestic and inbound car rental was also lower, though the second hand car market showed some buoyancy.

While uncertainty prevails, an encouraging economic levelling off is now being seen in materials handling in US and Europe.

Group performance

Headline earnings per share declined 43%, but we saw stronger performances from our South African operations than our international businesses despite the negative effect of the downturn on some local markets, most noticeably mining, manufacturing and the automotive industry.

Our automotive and equipment divisions performed well in South Africa, excelling in comparison with other industry players.

While we have tried to minimise the impact of the downturn on our people, this has not always been possible and there have regrettably been some retrenchments in the past year. On the positive side, our geographic and market diversity allowed us to redeploy a significant number of people who might otherwise have been retrenched. In Iberia, temporary suspensions helped to reduce operating expenditure in the short term, while ensuring the availability of technical skills when workload increases.

Balance sheet, cash flow and dividends

Despite the adverse impact of the economic crisis on the group's performance, the group balance sheet remains strong and well capitalised.

We declared interim and final dividends amounting in total to 110 cents, indicating the confidence we have in our performance, both in the past year and in the future, and our commitment to our shareholders.

Despite the adverse impact of the economic crisis on the group's performance, the group balance sheet remains strong and well capitalised

Divisional overview

The equipment division has achieved a pleasing result in southern Africa. The diversity of this division, its market penetration and geographic presence in 11 southern African countries, together with its integrated solutions model, has proved highly competitive in difficult trading conditions.

Stringent cost reductions and restructuring enabled us to generate a small profit in Iberia despite steep declines in the equipment market. Revenue and profitability suffered at Vostochnaya Technica (VT), our joint venture Cat dealership in Siberia, however mining revenue continued close to 2008 levels.

The automotive division showed its resilience by significantly outperforming the beleaguered industry in all its markets. The southern African and Australian motor retail operations increased their market share, Avis Rent a Car maintained its margin in difficult conditions, and our fleet services operations increased their total fleet under management.

Discussions continued with interested parties for the disposal of the Scandinavian car rental operations and 50% of Subaru Southern Africa was sold to Toyota Tsusho Corporation.

Continued declines in the lift truck market in the UK, US and the Netherlands resulted in operating losses in our handling division. In Belgium we achieved a breakeven result and South Africa produced a profit despite a shrinking market in the period under

Chairman's review *(continued)*

review. We increased market share in most territories and there are some signs of recovery in the UK and the USA.

The logistics division increased revenue, mainly due to the Swift acquisition in the previous year, and the southern African operations continued to perform satisfactorily in a declining market. Losses were incurred in Europe, the Middle East and Asia, but the rate of loss slowed in the last quarter following restructuring initiatives.

In all our businesses we focused successfully on generating cash and reducing expenses, a strategy that has impacted positively on our bottom line and positions us well to meet the challenges of the coming year.

BEE and transformation

The economic downturn followed closely on the conclusion of our BBBEE transaction in 2008, and I am extremely proud of the fact that Barloworld has displayed the energy and determination to sustain this transaction in extreme conditions. We stood by our BEE partners by providing R125 million in cash security to funders when the Barloworld share price was affected by the downturn. The full amount has subsequently been refunded to the company as the share price recovered.

We have also engaged with our new BEE partners during the year to keep them informed of business developments and they, in turn, have provided insights and skills to certain key operations.

I have seen strong commitment to transformation both at board level and within our divisions, in South Africa each of the directors has a comprehensive plan in place to achieve steady improvement on the Department of Trade and Industry's Broad Based Black Economic Empowerment (BBBEE) scorecard.

Our greatest challenge now is employment equity within our South African operations, which is exacerbated by the current moratorium on new employment. However the great strides we are taking in skills development will assist us in meeting our employment equity targets in a sustainable manner.

A number of the SMEs in which we have invested through Barloworld Siyakhula, our enterprise development fund devoted to the development and support of selected BEE enterprises, are growing, creating wealth and adding value back into Barloworld [refer to page 84].

Corporate social investment

Barloworld views corporate social investment as a vital response to the socio-economic development imperative to empower previously disadvantaged individuals and uplift communities. Our South African operations target 1% of their profits after tax for social investment.

Our internal structures for the monitoring and recording of the consequences of our business activities on the environment are well entrenched and constantly developing

During 2009 we have placed particular focus on upgrading and improving access to education as well as leadership development. However, corporate initiatives and programmes spearheaded by our employees have covered empowerment of women, HIV education and care for HIV orphans, sports initiatives for previously disadvantaged youth, awareness of disabilities, and countless others.

The environment

Barloworld takes a proactive stance with regard to the global sustainable development agenda. We are also mindful of our role in propagating environmental awareness throughout the value chain. This means not only supplying sustainable solutions to our customers but also sharing best practice and embedding joint environmental policies with all our stakeholders.

Our internal structures for the monitoring and recording of the consequences of our business activities on the environment are well entrenched and constantly developing.

I am happy to confirm that Avis Rent a Car South Africa this year achieved CarbonNeutral® accreditation for the offset of its internal fuel and energy usage CO_2 emissions. By committing to reduce its internal business CO_2 emissions of 11 000t to net zero, Avis has set the benchmark within the industry. This, we hope, will encourage others to start taking responsibility for their own carbon footprint.

Board and governance

Legislation such as the new Companies Act and the Consumer Protection Act, as well as strengthening of the Competition Act, indicate a level of vigilance regarding the actions of companies never before seen in South Africa. We are making strenuous efforts to ensure that we satisfy the demands of the new legislation, while maintaining a steady ship ready to meet the challenges and opportunities ahead.

I also welcome the tightening of the fiduciary duties of both executive and non-executive company directors. Individuals who accept directorships must accept the responsibilities that go with their appointments.

We continue to give cognisance to the size, balance and composition of our board relative to the smaller size of the company since the unbundling two years ago. The board should continue to represent South African society as well as our international business interests.

I would like to extend a warm welcome to two new members on our board:

Johnson Njeke was appointed as an independent non-executive director and a member of the audit committee with effect from 16 September 2009. Johnson is a chartered accountant with a wealth of commercial experience.

Peter Bulterman joined the board as an executive director on 1 October 2009. He is CEO of Barloworld Equipment Southern Africa and sits on the board of our Siberian Caterpillar equipment joint venture.

I wish to thank Mike Levett, who retired in January 2009, for his 23 years of committed service on our board.

Outlook

Sentiment is starting to change and this, together with prudent management of the downturn, is reflecting in our share price. However the challenges will persist in many markets at least for the next year.

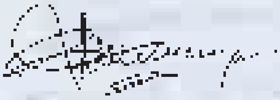
Our strategy will be to excel in areas where we have shown resilience and to survive the crisis in others where we have been more severely impacted. In all cases we are putting the building blocks in place for the upturn that will follow.

Our leaders, with the assistance of all employees, have succeeded admirably in rightsizing and preserving cash to see this company through the severe recession. At the same time we have invested wisely in the future through skills and leadership development. When the much expected recovery takes place, we will be ready.

Appreciation

Our excellent management teams, headed by group CEO Clive Thomson and the divisional chief executives, remain highly committed to the long-term sustainability of our company and I thank them for this and their hard work throughout the year. The unbundling, followed by our BBBEE transaction and the global economic crisis, made for an exceptional period in which our executive team and colleagues worked tirelessly to ensure stability and to remain focused on our goals.

The guidance and support of the Barloworld board has been invaluable over this difficult period. I am grateful for their insightful contributions and my thanks are extended to each member of the board.



Dumisa Ntsebeza
Chairman

Chief executive's report

Intense focus on cash flow and working capital management resulted in cash generated from operations increasing by 20%

CLIVE THOMSON *Chief executive officer*

Overview

The group's performance this year was impacted by the global economic downturn which significantly impacted businesses in a number of markets and geographic regions, particularly outside of southern Africa.

As a consequence group operating profit was 25% lower than in 2008 and headline earnings per share from continuing operations, which was impacted by higher finance costs and financial instrument adjustments due to the stronger rand, declined by 43%.

However, intense focus on cash flow and working capital management resulted in cash generated from operations increasing by 20% and ensured that we reduced debt levels and strengthened the group balance sheet.

Decisive action was taken to realign our cost base with lower activity levels. While this unfortunately led to a number of retrenchments, particularly in our international operations, the actions taken will yield significant annualised cost savings going forward. We also focused on entrenching our positions of market leadership in many of our businesses through the downturn to ensure that we are well placed for long-term success as the global economy recovers.

Operational review

Equipment

The division entered the 2009 financial year with strong order books. In particular, the equipment southern Africa performance for the first half was influenced by the delivery of these orders which ensured record results to March. Activity in the second half was however below the first half and operating profit was slightly down on the record performance generated last year. We saw a dramatic reduction in revenue from Angola which had been one of the drivers of our first half performance. The strong rand also adversely impacted our results both on translation as well as the marking to market of forward exchange hedging contracts. The construction segment, which relies on infrastructure projects as well as contract mining, also lost steam in the second half.

We have nonetheless witnessed continued strong demand in mining from the coal and iron ore sectors. In Mozambique we were awarded a significant order for the supply of mining equipment for the Moatize coal project by the Brazilian mining company Vale which will start delivering in 2010.

Commodities such as diamonds and copper were badly impacted in the earlier part of our financial year but now appear to be exiting the doldrums and the prices of these commodities have shown some recovery in recent times.

The constraints encountered in South Africa in 2008 in respect of electric power capacity and the related outages were alleviated somewhat in 2009 mainly as result of the reduction in electricity demand from the mining and manufacturing sectors. We believe this respite to be temporary and forecast a recurrence of shortages once the South African real economy recovers.

Equipment SA carried higher levels of inventory both for the execution of their order book as well as a deliberate build up of engine units for dealing with the expected power shortages. In addition to this we saw dramatic reductions in lead times from

Caterpillar which in some cases resulted in accelerated delivery of machines in the order pipeline.

As a result, equipment SA experienced a working capital increase in the six months to March but by September this outflow was significantly reduced. We are forecasting further working capital reductions in 2010.

Our resolve to drive ahead the competitive advantage emanating from our skills development initiative continued in 2009. We believe that once the world economy recovers, the global skills shortage that we identified as a risk to our growth will continue. Our new Technical Training Centre in Isando was opened on 29 October 2009. This R120 million investment will form the focal point of all our future technical training and will generate the skills base for the upturn.

In Iberia the slowdown that started in early 2008 evolved into a complete collapse of the Spanish construction and public works sectors in 2009. The Spanish economy is forecasting a 3.8% decline in GDP growth for 2009 and this economy is now only anticipated to return to positive growth in 2011. In the face of these adverse market conditions our focus in Spain has been on reducing costs, and this has unfortunately meant a significant reduction in our workforce.

In addition to realigning the expense base, we have focused on generating positive cash flow from the Iberian operations. At March we reported positive cash flow of €51 million. This focus continued into the second half and by September, approximately €93 million cash had been generated.

The Russian economy suffered from the impacts of reduced oil prices and lower demand for commodities. GDP is expected to decline by between 7% and 8.5% in 2009 but economists are forecasting a recovery of 2.5 – 3% in 2010.

The Siberian business, which had shown a history of substantial growth since inception in 1998, was negatively impacted by these factors and revenue for the year declined by 40%. Significant reductions in activity levels were experienced in the construction, oil and gas and power segments.

We believe that the Siberian market is showing early signs of recovery and this is evidenced by the increased level of tendering that we are currently experiencing. Siberia is a geography rich in natural resources and we continue to view this region as a significant future growth opportunity for the group.

Automotive

The division continued to experience the difficult trading conditions reported last year. Industry figures show that new vehicle sales in South Africa declined by close to 30% in the nine months to September 2009 while similar statistics for Australia show a 14% decline.

We focused on entrenching our positions of market leadership in many of our businesses through the downturn to ensure that we are well placed for long-term success as the global economy recovers

Avis Rent a Car in southern Africa saw a slight decrease in revenue during the current year. The increase in rental rate per day was not sufficient to compensate for the 8% reduction in rental days. Profitability in the business was slightly up on the prior year due to improved fleet utilisation and strongly improved used vehicle profits. The reduction in the fleet size was a deliberate response to reduced activity levels and the group focus on cash flow. The fleet utilisation achieved as a consequence was well above industry norms.

Avis Fleet Services achieved a steady increase in revenue and grew their fleet under finance by just over 3%. The prevailing economic conditions have generated substantial opportunities to grow this business. Profitability for the year was significantly above the prior year due to better margins and some additional profit recognition on maintenance contracts.

The leasing business is a financing operation which requires substantial gearing to generate the return on equity that is commensurate with the risk. In the current climate, the impact of such gearing on our balance sheet is a constraining factor for growth notwithstanding the high returns earned.

Motor retail in southern Africa performed remarkably well given the difficult economic and industry factors that prevailed. Revenue including the NMI/DSM operations for the full year was slightly down on the prior year; however operating profits were 62% up. Improved profitability was a result of improved business processes and synergies, expense reductions and a strong used vehicle profit contribution. We believe that our "Fewer, Bigger, Better" philosophy is paying dividends in the current trading environment.

The Australian motor retail business generated revenue slightly up on the prior year, which would indicate an improved market share in a declining market. Profitability for the year was in line with the prior year following a vastly improved performance in the second half.

At the end of last financial year we announced our intention to dispose of our car rental business in Scandinavia. Subsequent

Chief executive's report *(continued)*

to that interested parties have commenced due diligence reviews of our operations. While we do not at this stage have a firm offer we remain confident that the process is advanced and that the disposal should be concluded within the next 12 months.

We are extremely proud of what the automotive team has achieved in the current year and we remain confident that this division is well placed to excel when the economy turns.

Handling

Our handling businesses in the US, UK and Europe experienced difficult trading conditions during the current year. The US and the UK have been in recession for almost two years now and we incurred losses in both these regions. The southern African handling business started strongly but also experienced a decline in activity as the South African economy went into recession. The project to improve and standardise business processes and systems is progressing well and we expect to start reaping the efficiency benefits in the 2010 financial year.

Agriculture in South Africa experienced a slowdown in activity at the back end of the year as poor weather conditions and a stronger rand adversely impacted general sentiment in the farming sector. As a consequence, inventory levels are high, but should reduce to normalised levels by March 2010.

Logistics

The sharp decline in world trade negatively impacted our logistics operations worldwide and limited the contribution from the acquisitions made during the course of last year.

The African logistics business performed satisfactorily in difficult conditions. The focus on supply chain management would appear to be generating success and during the year we started up the Nike contract and have recently been awarded a significant contract with a leading furniture distributor.

The group focused on securing new long-term funding and terming out existing short-term facilities to extend the debt maturity profile through the crisis period

The Middle East and Asian operations suffered from reduced volumes of up to 30% which impacted profitability, however the integration and restructuring of the acquisition is proceeding to plan. We continue to make losses in Europe but plans are in place to improve this position into 2010.

The logistics division exhibited good focus on asset management and despite adverse trading conditions managed to generate positive cash flow of just under R175 million.

Cash flow and balance sheet management

It became clear from the outset of the current financial year that increased focus on asset management and related cash flow was key to navigating the financial crisis. In particular working capital and capital expenditure management was essential to cash generation and the reduction of related debt levels. At March the group recorded a R777 million increase in working capital and a R535 million cash outflow before financing activities. In the second half we managed to reduce working capital by R1 659 million and ended the current financial year with a cash inflow before financing of R1 207 million.

The impact of the financial crisis on the banking and debt capital markets also consumed a great deal of management time and energy. The group focused on securing new long-term funding and terming out existing short-term facilities to extend the debt maturity profile through the crisis period. In September 2008 as part of the BBBEE transaction the group raised seven year bank funding of R1 207 million. In October 2008 the group raised a further R750 million through the issue of a seven year corporate bond in the South African debt capital market and in December 2008 the group signed a five year R700 million banking facility with one of the large local banks.

The South African debt represents 83% of the group's total borrowings and for that reason most of the emphasis was placed on securing committed banking lines in the local market. While the group increased the size of its commercial paper programme to R3.5 billion, we have consistently only utilised approximately R2 billion. Although margin spreads increased during the year, we did not have any difficulty in successfully rolling our paper in this market.

We further ensured that a significant element of our overnight bank funding facilities is committed for at least 365 days to ensure liquidity in the event of unforeseen problems in the commercial paper market. At financial year end, due to our strong local cash position, the group was not utilising our overnight committed facilities.

With regard to offshore debt we identified the need to renew the £120 million syndicated facility in Barloworld Holdings PLC which had a maturity date of July 2010. In the prevailing market we believed it prudent to accelerate the renewal of this facility.

A new three year facility of £80 million was put in place at September 2009 which addressed our refinancing liquidity risk. At financial year end, due to strong offshore cash inflows, this new facility was not utilised.

In summary, the steps taken resulted in strong positive cash flows, reduced absolute debt levels and lengthened the maturity profile of our borrowings. This ensured that we maintained a strong balance sheet through the crisis and that we are well positioned to take advantage of growth opportunities as the external environment improves.

BEE and transformation

In line with our commitment to lead in empowerment and transformation, all of our South African divisions achieved an audited Level 4 or better rating in terms of the DTI's BBBEE scorecard. Equipment, motor retail and handling exceeded target by achieving Level 3 while Avis Rent a Car achieved Level 2. These ratings are a source of competitive advantage as they allow our customers to claim 100% credit or more for their procurement spending with us for the purpose of their own BEE scorecards.

Each aspect of the BBBEE scorecard is being focused on with targets set by business units for all elements of the scorecard including skills development and employment equity. Achievement against targets forms part of divisional CEO scorecards and we have set our next objective for all SA divisions to achieve at least a Level 3 BEE rating by 2011.

Sustainable development

In accordance with our commitment to responsible corporate citizenship the environment, climate change and measurement of related aspects, including our carbon emissions, received increased focus during the year. One of the highlights was Avis Rent a Car South Africa achieving a CarbonNeutral® accreditation for the offset of their internal fuel and electricity usage CO_2 emissions.

We continue to adapt and refine our reporting systems for sustainability data and are allocating additional resources to managing and improving performance against sustainable development objectives. We are convinced that our competitive position will be enhanced as we proactively manage the environmental impact of our commercial activities, provide environmentally sensitive customer solutions and align with our principals' sustainable development strategies and objectives.

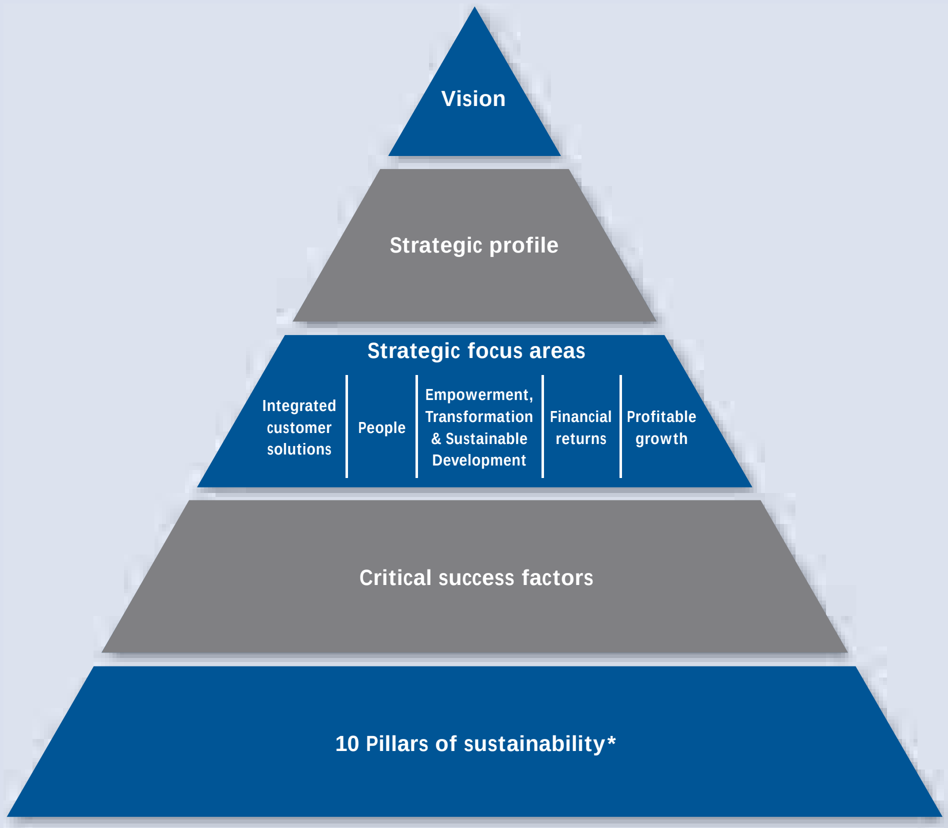
We have identified a number of sustainability-related business opportunities allied to our existing core businesses, from power systems to logistics, and have initiated strategic projects to actively research and pursue these.

Dumisa Ntsebeza, chairman and Clive Thomson, CEO of Barloworld with Jim Owens, chairman and CEO of Caterpillar at the official opening of the Technical Training Centre in Isando.

Chief executive's report *(continued)*

Strategic focus areas

The group's strategic framework outlines the five Strategic Focus Areas which the executive team will give priority attention to in order to ensure sustainable value creation for all stakeholders.



* *page 66 sustainability report*

Strategic focus areas:

1. Integrated customer Solutions

   Accelerate evolution of our business model from pure distribution to the provision of flexible, value adding, integrated customer solutions. These would include customised long-term maintenance and repair contracts, integrated rental, used and new equipment and vehicle offerings, long-term fleet management solutions, turnkey power solutions in the electric power, marine and petroleum segments and outsourced supply chain management and integrated logistics contracts.

2. People

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

3. Empowerment, transformation and sustainable development

   Achieve a leadership position in empowerment and transformation by attaining an audited Level 3 BBBEE scorecard rating for each of our South African business units by 2011. Sustainable development objectives include setting and measuring performance against targets to reduce and minimise our carbon footprint as well as actively pursuing sustainability-related cost savings and business opportunities allied to our core businesses.

4. Financial returns

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

5. Profitable growth

   Achieve 20% compound annual growth in earnings and total shareholder return in the five years to 2014. In order to achieve this a number of strategic projects have been initiated which aim to optimise opportunities in identified growth segments served by our core businesses. Targeted growth segments include mining, infrastructure, power, agriculture, logistics and tourism.

Executive leadership

Isaac Shongwe succeeded Paul Stuiver as CEO of the logistics division on 1 January 2009. I would like to thank Paul for the excellent job he did in building our logistics division over a number of years.

The executive has moulded into a cohesive team focused on the key Strategic Focus Areas for the group. We have a good combination of experience and new blood which bodes well for the future.

I believe that the executive has shown strong leadership in the wake of the economic crisis and has responded quickly and decisively to the challenges experienced. The team is committed to delivering on our goals for 2010 and beyond and I would like to thank them and their respective management and employees for their commitment and resilience in the current year.

Outlook

Just over 12 months after the demise of Lehman Brothers, economists are now forecasting a recovery in the global real economy. It would appear that the emerging market economies have shown greater resilience and have been quicker to rebound from the global downturn. The expectation is that the major European economies will have emerged from the recession by year end while June may have been the last month of the US recession. The general expectation is that the developing economies will grow at a faster rate than the developed economies in the coming year.

The South African economy has shown growth of 0.9% in the third quarter after three consecutive quarters of contraction. While the expectation is that GDP will shrink by 2% in 2009, it would appear that the recession has bottomed. The South African Reserve Bank has cut interest rates by 500 bps since December 2008 and rates are currently back to levels last seen in June 2006. The South African consumer however remains relatively indebted and the decline in rates has yet to translate into increased consumer demand.

The recovery in world economic growth should result in an increase in the demand for commodities, while the prevailing low interest rate environment should favourably impact new mining projects. Nevertheless our mining order book going into 2010 is considerably lower than a year ago.

The South African economy will remain under pressure into the new year with the strong rand hampering the recovery. While public infrastructure projects ahead of the World Cup will underpin demand, we nonetheless expect the construction market in South Africa to remain slow.

In Iberia the construction sector will continue to be under pressure as the oversupply situation prevails in the residential market. The current expectation that the Spanish budget deficit will worsen to close to 12% of GDP in 2010 means that the government is unlikely to be able to fund increased spending on major public work projects.

The recession in Spain has been particularly harsh and current unemployment levels are approaching 19%. Spain is only forecast to exit the recession in late 2010 and we are therefore forecasting limited recovery in the coming year.

While we anticipate that 2010 will be another challenging year, sentiment has improved, and we believe that the company is well placed to capitalise on the expected upturn when it occurs

Our automotive business remains well positioned to benefit from the improvement in consumer confidence that we expect in 2010. The decline in new vehicle sales would appear to have bottomed and will further improve as consumer confidence returns and banks soften their credit extension policies.

The car rental business is likely to be difficult in the first half but should see a strong improvement in the second half with the build up to the World Cup tournament. The fleet services business will benefit from increased demand as fleet operators continue to outsource both financing and management of their fleets.

The handling operations in the USA and Europe should show some improvement in trading as the economic recovery gains traction. Handling in South Africa was impacted later in the cycle and we therefore expect the recovery to be later in 2010.

Our logistics business should benefit as new supply chain projects come to fruition in the new year. We anticipate organic growth in our African operations while the Middle East and Asian operations should benefit from the forecast improvement in world trade.

The focus on cash flow and inventory levels in particular has resulted in reduced debt levels while cost reduction initiatives undertaken will ensure that any upturn in economic activity will translate into improved profitability.

While we anticipate that 2010 will be another challenging year, sentiment has improved, and we believe that the company is well placed to capitalise on the expected upturn when it occurs.

Clive Thomson
Chief executive officer

EQUIPMENT

OPERATIONAL REVIEW

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.

In addition to Caterpillar earthmoving equipment and engines, Barloworld Equipment represents complementary brands that facilitate its total solutions philosophy: MAK and Perkins engines, Atlas Copco rotary blasthole drills and Metso mobile crushing and screening equipment. Its dealership territories include 11 countries in southern Africa (South Africa, Namibia, Botswana, Angola, Zambia, Zimbabwe, Malawi, Mozambique, the DRC's Katanga province, Lesotho and Swaziland). Barloworld Equipment is also the Caterpillar dealer in São Tomé and Príncipe, and in Siberia (Russia), Spain, Portugal, Andorra and Cape Verde. Barloworld Equipment's strategic priority is the development of technical skills to sustain its customer solutions strategy in the long term.

Peter Bulterman (53)
Chief executive officer: Southern Africa
Director Equipment Siberia
HND Mech Eng
34 years' service

Viktor Salzmann (62)
Chief executive officer: Iberia
Eidg Dipl Kaufman
41 years' service

Dominic Sewela (44)
Chief executive officer: South Africa
BSc Chemical Engineering
2 years' service

Areas of operation

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

Operating performance

	Revenue		Operating profit		Net operating assets	
	Year ended 30 Sept		Year ended 30 Sept		30 Sept	
R million	**2009**	2008	**2009**	2008	**2009**	2008
– Southern Africa	**10 902**	11 930	**1 282**	1 523	**4 703**	4 178
– Europe	**5 559**	8 459	**11**	534	**3 462**	4 972
	16 461	20 389	**1 293**	2 057	**8 165**	9 150
Share of associate income			**51**	62		

Operational review – EQUIPMENT *(continued)*

Leadership team

Southern Africa leadership team

Peter Bulterman (53)
Chief executive officer
Southern Africa
Director Equipment Siberia
HND Mech Eng
34

Dominic Sewela (44)
Chief executive officer South Africa
BSc Chem Eng
2

Fergus Macleod (57)
Financial director
Southern Africa
CA(SA), BCom
29

Terry Dearling (50)
Human resources director
Southern Africa
BA Psychology
15

Shane Fitzpatrick (47)
Executive director
BSc Mech Eng
5

Kenny Gaynor (52)
Executive director Power
CA(SA), HND Elec Eng
17

Chris Gibb (60)
Executive director
39

Charles Nell (52)
Chief information officer
BSc(Hons) Computer Science MBA
29

Ioannis (John) Polykarpou (49)
Executive director after sales
Southern Africa
CA(SA)
24

Iberia leadership team

Viktor Salzmann (62)
Chief executive officer Iberia
(Spain and Portugal)
Eidg Dipl Kaufman
41

Victor Arnold (46)
Managing director Portugal
BCom, MBA, DBA
11

Jorge Beltran (40)
Power system director
Electronics engineer
13

Francisco Carrillo (50)
Machines sales director
Bachelor Chemistry
34

Alberto Garcia Perea (58)
Marketing and purchasing director
Bachelor Marketing/Degree
in Law
37

Graeme Lewis (49)
Finance director
MA (Cantab), ACA
14

Carlos Morales (40)
Product support director
Industrial engineer
13

Ildefonso Villar (48)
IT director
Degree in History
33

Bernardo Villazan (50)
Human resources director
Industrial engineer
2

Isabel Vicente (51)
Rental director
Degree in Physics
34

Graziano Cassinelli (42)
Used machines director
Diploma in Chemical-Biological Analysis
1

Siberia leadership team

Tony Diggeden (55)
Managing director Siberia –
Vostochnaya Technica
33

Quinton McGeer (45)
General director Siberia –
Vostochnaya Technica
CA(SA)
17

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

Overview

Barloworld Equipment has responded decisively to the economic downturn by improving market penetration, preserving cash and reducing expenses, at the same time continuing to focus on developing skills and operational systems in readiness for the upturn. This robust response, coupled with a buoyant order book at the start of the review period, has resulted in the equipment division achieving an extremely pleasing result.

This success was achieved with a high level of support from Caterpillar in line with our collaborative Common Goals strategy.

Southern Africa

Country and market diversity, the flexibility of our integrated solutions model, and the large installed machine population requiring equipment management solutions helped southern Africa to perform well despite extremely difficult trading conditions in all its market sectors.

We remained committed to attaining our five year Vision: *Through market leadership and empowered people deliver customer solutions that will double our active machine population by 2010*. The essential components of this vision, "market leadership", "empowered people" and delivering "customer solutions" are the cornerstones of our business strategy.

The first half of the year was characterised by the delivery of a strong mining order book, together with robust growth in Angola and buoyancy in the construction sector. While activity levels declined in the second half of the year, Barloworld Equipment's strategy of delivering integrated customer solutions resulted in improved market share and continued market leadership in several product families across mining and construction. These include off highway trucks, wheel loaders, tracked and wheeled dozers, graders, medium-size excavators and backhoe loaders.

The year ended with our South Africa business showing resilience, Angola slowing due to the lower oil price, and Botswana and Zambia improving due to renewed activity in diamonds and copper. Namibia continued to record pleasing results.

Our after sales solutions strategy paid dividends as key customers capitalised on Barloworld Equipment's cost effective equipment management offerings and our parts and logistics infrastructure was upgraded to meet increasing demand for parts and service.

Cash preservation remained a priority and all non essential capital projects were deferred with the exception of the Technical Training Centre in Isando, which was completed in October 2009.

An initiative set up in close collaboration with Caterpillar assisted our marketing and sales teams in disposing of excess machine inventory resulting from the reduction in long lead times in the previous year. For certain models inventory is now depleted and for the first time in 18 months we are placing new orders on Caterpillar.

A "War on Waste" campaign was launched in our southern African operations utilising the Caterpillar Production System (CPS), designed to eliminate waste such as idle time, rework and excess inventory. This has resulted in savings of more than R50 million over the year and our "War on Waste" model has been adopted by Caterpillar as a best practice scenario for other dealers.

Mining

The southern African mining industry has been severely impacted by the dramatic reduction in demand for commodities. Barloworld Equipment, however, benefited from a strong order book at the start of the period.

Our involvement in a wide spread of commodities and geographies has also cushioned us from the full effect of the mining slump, with demand for both coal and iron ore remaining buoyant.

Copper, diamond and platinum mines were under severe pressure in the first half of the financial year due to the decline in the commodity price. Other than the platinum price, which remains depressed, we have seen an increase in the prices of other commodities and expect this trend to continue. Our joint venture in the DRC, Congo Equipment, once again made a healthy profit in its second year of business.

Our maintenance and repair contracts (MARCs) continued to produce good returns despite production cutbacks, indicating an ongoing need for comprehensive cost effective solutions to sustain mining fleet productivity.

In line with our strategy to retain skills in preparation for the upturn, a project to redeploy employees to other sites across our territories as mines scaled down operations has been successful.

Our drive to expand our role in the mining value chain included additional focus on supporting our Atlas Copco drill population and the successful expansion of our Metso offering into mobile mining crushing and screening. Barloworld Equipment is one of the biggest Metso dealers in the world and our Metso mobile mining range will be further extended in the coming year.

Development of Vale's Moatize coking coal mine in Mozambique, the biggest new coal mining venture in the southern hemisphere, commences in 2010. The award of the mining fleet, a record order for Barloworld Equipment, indicates our ability to meet the needs of international Caterpillar Alliance customers. Our partnerships with all the major South African mining houses also remain strong despite the downturn.

Construction

The South African construction industry was buoyant on the back of major infrastructure development projects in the first half of the year. While high profile projects such as the Gauteng Freeway Improvement Programme (GFIP), the Gautrain Rapid Rail Link and the Rea Vaya Bus Rapid Transit (BRT) system are

Operational review – EQUIPMENT *(continued)*

deadline driven, others have slowed and the industry is expected to decline further in 2010.

In Angola the decline in the oil price resulted in the deferment of government-funded infrastructure projects and a slowdown in the construction market in the second half of the year. Major projects are continuing, albeit at a slower pace than anticipated, and activity is expected to pick up in the 2010 calendar year.

Rental and used

Our integrated new, used and rental solutions model helped us to improve our market leadership position, enabling customers to remain loyal to the Cat brand while tailoring their needs in the economic downturn.

Rental continued to produce profits, due to our strategy of focusing on long-term rentals of large machines in high utilisation applications. However the results were adversely affected by the decline in demand in the second half and we curtailed our investment in new rental units.

Our Cat Certified Used (CCU) offering of ex-rental units received good market acceptance, providing effective competition to new low cost entrants into the market. We achieved healthy profits on sales of rental unit roll-outs.

Power

The transformation of our power business into a consolidated regional operation continued in anticipation of major opportunities across southern Africa. Plans are at an advanced stage to purchase the property adjoining our site in Boksburg, Gauteng, to facilitate expansion.

The ambitious growth plans for Barloworld Power have included the introduction of additional engineering skills, the development of relationships with state utilities and other Cat dealers with complementary capabilities, as well as process improvements to strengthen the foundations of the business.

The costs of the enhanced business model have impacted profit growth but this is seen as essential to the future success and market leadership of our power business.

Major projects we are tendering on in southern Africa include the new 25MW power station for Nampower at Walvis Bay, the Vale power station rental project linked to Moatize mine in Mozambique, and power for the Palanca Cement factory in Angola.

Transformation

Following the BBBEE transaction concluded by Barloworld Limited in 2008, Barloworld Equipment southern Africa (incorporating Barloworld Power) has improved its BEE scorecard. We have achieved Level 3 BBBEE status, thus enabling customers to claim 110% procurement expenditure with Barloworld Equipment.

We have made significant progress at a management level and our procurement practices have been overhauled in the past year, with associated benefits on the preferential procurement scorecard element.

Our well embedded enterprise development and socio economic development practices earned maximum points on the scorecard and the focus on employment equity continues aided by a strong development and training component.

Skills development

Barloworld Equipment is balancing prudent management of the economic trough with continued preparation to capitalise on the upturn that will follow. Southern Africa suffers a serious shortage of technical skills and we believe the long-term sustainability of our equipment management solutions for customers and continued leadership in our markets depends on the continued development of our people.

To this end our R120 million investment in the Technical Training Centre on our Isando campus, together with the residential block to accommodate technical learners from all our territories, has come to fruition.

The residential component, which can house up to 96 people, opened this year and is running at full capacity. The Technical Training Centre was officially opened on 29 October 2009 by Mr Jim Owens, Chairman and CEO of Caterpillar Inc. This unique facility is expected to deliver skills to 500 learners a year initially, ramping up to as many as 2 000, including employees of Barloworld Equipment, its customers and other African Caterpillar dealers.

Barloworld Equipment southern Africa trained approximately 400 learners during the past year.

The results of our pre-learnership bridging programme are evident in improved success rates for learners and the Accelerated Basic Classes (ABC) programme is ensuring that recruited artisans are quickly integrated into our business to add immediate value in our workshops and on customer sites.

Empowered leadership and the retention of key managerial skills are equally critical to our sustainability and our Leadership Development Centre in Sandton, which opened in 2008, continued to equip our managers to achieve optimum performance from their teams.

Outlook

Market conditions are expected to deteriorate further before starting to pick up in the latter part of 2010. We therefore anticipate a difficult year ahead, with after sales support for the established Cat machine and engine population expected to be an ongoing contributor of revenue.

Coal and iron ore have robust prospects, while demand for oil, copper and diamonds is likely to pick up in the coming year, driven by the pace of recovery in the global economy.

Some new mining projects are expected to come back on stream in 2010. The major expansion planned at Debswana's

Jwaneng mine, traditionally a Cat site, has potential for large numbers of Cat off-highway trucks.

Training has been highlighted as a critical success factor for Sasol's planned Mafutha greenfield coal-to-liquids (CTL) plant and our unique capability to train customer employees puts us in a good position to secure the mining fleet for this project.

The mining sector has shown strong interest in the new Cat 793F 240-ton electric drive truck launched last year, adding another new dimension to our mining solutions capability.

Confidence levels in the South African construction sector are expected to remain depressed in the year ahead with recovery linked to further government spend.

Strong demand for electric power solutions in southern Africa will benefit us and our ongoing investment in the power business will establish Barloworld Equipment as a major player in an industry with excellent growth prospects.

While we expect further declines in new machine sales, in the year ahead, we are confident that our world class brands, integrated solutions strategy and comprehensive equipment management offerings will sustain our business and differentiate us from the competition.

Lead times from Caterpillar have eased considerably, with the result that inventory levels will be kept to a minimum in the year ahead, resulting in strong cash generation.

Our focus on partnerships with key customers will be supported by continued investment not only in skills but also in operational systems and process improvement.

Iberia

The effects of the global recession and a virtual standstill in the Spanish construction market have had a major impact on our Iberian business.

In Spain GDP contracted by 3.9%, infrastructure development ceased due to a lack of funding, and many of our major construction customers are looking outside the country for work. The slowdown in Portugal comes off an already low base and GDP declined another 3.7% in the past year.

As a consequence the total equipment market declined by 70% in Spain and 45% in Portugal.

However stringent cost reductions and restructuring have enabled us to generate a small profit in Iberia despite the extremely challenging conditions and our cost base is well positioned to take full advantage of the recovery.

A significant reduction in operating expenditure was achieved and we decreased our staff complement by almost 25% through a combination of voluntary retrenchment, early retirement and temporary suspensions.

Cash was generated by a strong focus on working capital, rental fleet utilisation and deferral of planned facility upgrades.

However actions needed to maintain Caterpillar contamination control star ratings at all our facilities were continued in the interests of environmental sustainability. The completion of a 30 000m² display area is helping to attract customers to our flagship facility in Arganda, Madrid, and has improved our competitive advantage.

Operational review – EQUIPMENT *(continued)*

Portugal and Spain have amongst the highest Cat market share in Europe and focus was placed on further improving market share by gaining new business in sectors less affected by the downturn. This was supported by the implementation of an electronic sales funnel management system, the first in Europe, that helped to improve discipline within the sales execution process and led to increased deal participation.

Construction

Focused marketing strategies yielded good results and we improved market share significantly.

Many Spanish customers are not buying new machines due to the uncertain future, lack of finance and undercutting of contract prices. In line with demand for solutions to assist through the downturn, we put a great deal of effort into meeting the needs of our large core customers and this should pay off when the recovery comes.

Early in the year we experienced some success in the sale of machines to Portuguese contractors working in Africa and eastern Europe, but the demand in those areas also declined in the second half.

Key account strategies contributed to pleasing improvements in market share in the Portuguese quarrying and public works segments. Construction in Portugal is 30% down on the previous year and public works remained depressed, although significant tender awards towards year end should lead to improved activity in 2010.

Rental and used

A lack of finance available to purchase machines boosted the rental market.

The Spanish government has stimulated the economy through its Plan E expenditure plan focusing on small local public works, in turn positively impacting rental activity.

A complete overhaul of our rental business is starting to positively impact financial results and the new management team achieved a breakeven result in the last four months of the year. Caterpillar has recognised these efforts through various awards.

We were very successful in the sale of used machine stock created through reduction in our rental fleets, trade-ins and sourcing of used machines to meet special requests from customers. This resulted in us selling more used machines than most dealers in Europe.

Power systems

The marine engine order book remained firm in Spain and Portugal due to new ship building and pending work on large vessels. Fast ferries remained active, generating continued business, and we obtained some work on vessels outside our territory.

We increased product support market share in 2009, with demand remaining particularly strong for Power Systems after sales business.

Portugal has followed a successful diversification strategy with increased focus on retail and industrial power systems. Retail unit sales more than doubled and there was significant growth in the industrial segment, while activity was maintained in the utility power market.

Good progress has been made on the Euro 3000, the prototype locomotive engine being developed together with customers, and we won the tender for the first trial locomotive engines. This has the potential to generate further orders worth €90 million.

The Spanish Royal Decree regulating power production from renewable sources, launched in 2008, has borne fruit and we have orders for six cogeneration plants in progress. This has replaced part of the EPG business lost due to the economic climate.

Skills development

Strong focus on technical training continued and we are taking advantage of government aid programmes that enable us to retain our mechanics despite reduced work levels and therefore retain our critical skills base in preparation for the recovery.

Our Service Training Department in Spain received the Caterpillar Excellence Award for achieving a 3-Star rating in the Learning Capability Assessment Tool (LCAT) audit. This business is also recognised as one of Caterpillar's most advanced dealers in Europe, Africa and the Middle East in Technician Career Development Planning, a programme involving thorough assessment of technicians followed by the implementation of individual training plans.

Outlook

The general consensus of our customers and market analysts is that Spain should begin to recover in the second half of 2010. It is expected that Portugal will show an earlier upturn given the public tender awards in late 2009.

We are determined to continue increasing market share and to this end are working hard to retain and improve customer partnerships through our integrated customer solutions approach.

Despite uncertainty on orders from the shipyards in the coming months, our power business is expected to remain at an acceptable level. Cogeneration plants ordered in 2009 will start to yield after sales. Some interesting projects are pending in niche markets such as standby applications for data centres in the banking sector and landfill gas production. These will be vigorously pursued.

Some competitors in the rental market have not survived the downturn and the opportunities are growing slowly for our revamped rental business. The new management is striving for continuous improvement in our customer service and this, together with the market perception of Cat as a superior rental offering, stands us in good stead for the coming year.

Siberia

Vostochnaya Technica (VT), the joint venture between Caterpillar dealers Barloworld Equipment and Wagner International in Siberia, was severely affected by the drop in commodity prices, particularly oil. A decline in all market segments resulted in a significant reduction in revenue and profitability for the year, however long-term growth prospects remain exciting.

Due to the strong mining order book at the beginning of the year, VT's revenue decline was not as severe as the industry contraction. The mining segment maintained revenue at 2008 levels while construction and power were negatively impacted by the economic crisis.

The management team focused on expense control and cash generation, while striving to grow market share, particularly in mining.

Long lead times gave rise to a build-up of machine, engine and parts inventory which adversely affected the asset base, however inroads were made in reducing stock during the year.

Staff numbers were reduced by 14% and a moratorium placed on non-critical capital expenditure. Construction of the service centre in Novosibirsk was postponed, as were investments in new regional facilities. These investments will resume in 2010.

Essential employee training programmes have continued in preparation for the upturn despite pressures to reduce operating costs. Greater focus was placed on regional performance and on the development of branch managers.

Outlook

The outlook for commodities, particularly gold, is generally positive and this should assist the Russian mining sector in going ahead with previously frozen investment programmes. Our mining business will continue to prioritise new projects, with the objective of achieving a majority share of the major opportunities.

In construction, we will focus on increasing market share through our solutions offering and work with our principals to reduce price premiums on key models. The power business remains a key strategic opportunity for VT.

We are continuing to work at penetrating the forestry segment.

In the coming year VT plans to improve market share, reduce stock levels and continue investment in the development of people and processes in preparation for the upturn.

We remain confident that our business model is sound and that the long-term future remains positive.

AUTOMOTIVE

OPERATIONAL REVIEW

Operational profile

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

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

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.

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. Barloworld Automotive holds a 50% share in the sole importer and distributor of Subaru vehicles in southern Africa.

Martin Laubscher (49)
Chief executive officer: Automotive
BAcc, BCompt (Hons), CTA, MCom
(Business Management)
22 years' service

Areas of operation

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

Operating performance

R million	Revenue Year ended 30 Sept 2009	2008	Operating profit Year ended 30 Sept 2009	2008	Net operating assets 30 Sept 2009	2008
Car rental southern Africa	**1 516**	1 586	**254**	250	**2 266**	2 849
– Southern Africa	**11 381**	11 622	**232**	143	**1 682**	1 850
– Australia	**2 937**	2 849	**59**	62	**946**	983
Trading	**14 318**	14 471	**291**	205	**2 628**	2 833
Leasing southern Africa*	**1 111**	948	**158**	85	**387**	366
	16 945	17 005	**703**	540	**5 281**	6 048
Share of associate income			**(11)**	6		

* *For Leasing southern Africa, operating profit before interest paid is R293 million (2008: R215 million) resulting in total divisional operating profit before interest of R838 million (2008: R670 million). Net operating assets after deducting interest-bearing borrowings.*

Operational review – AUTOMOTIVE *(continued)*

Leadership team

Martin Laubscher (49)
Chief executive officer
BAcc, BCompt (Hons,) CTA,
MCom (Business Management)
22

Allan Carter (56)
Chief executive: Motor retail Australia
29

Orlando de Almeida (47)
Executive: Human resources
BCom (Hons), BA Industrial Psychology
14

Roland Egger (44)
Chief information officer
BCom (Hons)
7

Clive Else (51)
Chief executive: Avis Fleet Services
CA (SA)
1

Dag André Johansen (45)
Chief executive: Car rental Scandinavia
BA (Norwegian School of Management)
22

Gail Lemmert (44)
Executive: Transformation, organisational performance and sustainability
BA, LLB, MBA
6

Litha Nkombisa (42)
Chief executive: Motor retail Southern Africa
BCom, MDP
2

Chris Prinsloo (46)
Executive: Sales
15

Keith Rankin (39)
Chief executive: Car rental
BCom (Hons)
11

Andy Richardson (48)
Chief financial officer
BCom, BAcc, CA(SA)
3

Grant Rowe (51)
Executive: Used vehicles
MBA
6

Eugene Tome (41)
Executive: Legal
BLC, LLB, LLM, MBL
12

Ciko Thomas (40)
Executive: Marketing
BSc, MBA
2

Christopher Wierenga (34)
Executive: Strategy
BCompt
11

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

Overview

The automotive industry continued to decline during our financial year. New car sales in southern Africa, as reported by NAAMSA, declined by 30%; and the overall used vehicle market continued to be depressed with an estimated 300 used vehicle sites closing during the last 24 months. This decline has been driven by stricter lending criteria imposed by financial institutions and a distressed consumer environment. In Australia the new vehicle market contracted by 14% during our financial year.

SAVRALA statistics showed the car rental market declining by some 5% during our financial year, driven primarily by declining international visitor numbers. The corporate and local leisure markets were also impacted as businesses and consumers contained discretionary expenditure.

Despite the difficult trading environment, the division improved its operating profit, in local currency, across all continuing operations. Revenue was R17.0 billion and operating profit R703 million. Operating profit margin improved to 4.1%. Included in the operating profit is R135 million in interest paid in respect of Avis Fleet Services. Reclassifying this amount results in an operating profit of R838 million and an operating margin of 4.9%.

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 car rental, motor retail 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. Our approach recognises the important role of every employee, and institutionalises initiatives and structures aimed at developing, harnessing and directing collective employee wisdom towards achieving our overall objectives. 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, transformation and sustainable development*, the division aggressively pursued various initiatives during the year. In South Africa these were in the context of the DTI's BBBEE scorecard and underscore the division's commitment to ensuring its operations reflect the societies in which they operate. We attained the following ratings in our significant local operations: Avis Rent a Car South Africa – Level 2, Motor Retail South Africa – Level 3; and Avis Fleet Services – Level 4.

During the year, Avis Rent a Car South Africa achieved CarbonNeutral® accreditation, for the offset of its internal fuel and energy usage CO_2 emissions. In addition, the business continued to invest in water collection, filtration and recycling facilities at its three main depots in Johannesburg, Durban and Cape Town.

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. Such targets and objectives included being cash positive, optimising vehicle fleet utilisation, reducing working capital, improving asset turn, managing expenses and controlling interest costs. By working closely together our South African business units optimise the opportunities for internal value creation through sourcing, service, repair and maintenance as well as maximising the commercial benefits arising from the significant number of quality used vehicles that are a consequence of the automotive division's activities. Synergies for the Australian and Scandinavian operations are achieved through skills and business practice transfer between the motor retail and car rental operations respectively.

Quality of earnings and growth are addressed under the theme of *profitable growth*. Various opportunities to grow the division's offering within southern Africa are currently under consideration. The 50% joint venture, with Toyota Tsusho Corporation, in respect of the Subaru business, is settling well. The disposal of the Scandinavian car rental operations will improve the division's overall quality of earnings, and release capital for alternate growth opportunities.

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.

In our continuing operations we achieved new and used vehicle retail sales of 78 479 units, against the previous year's 85 934 units. Car rental days in southern Africa declined to 4.8 million compared with the previous year's 5.3 million. At year end a total of 130 363 vehicles were under finance and maintenance contracts compared to 122 419 units last year.

The South African motor retail operations increased their market share, while our fleet services operations secured new business opportunities and increased their total fleet under management.

The Avis Rent a Car operation in southern Africa experienced a decline in revenue and rental days, however improved utilisation, stringent cost control, slightly firmer rates and a much improved used vehicle profit contribution improved the result.

Operational review – AUTOMOTIVE *(continued)*

The motor retail business in southern Africa has performed well in difficult market conditions while a continued focus on used vehicles and after sales opportunities supported the result.

Avis Fleet Services did well in securing new business opportunities and in growing its fleets, assisted by strong demand for its products and services. An improved used car performance supported overall profit improvement.

The Subaru importation and distribution business, a 50% joint venture with Toyota Tsusho Corporation, was negatively affected by a weaker rand.

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 19 700 vehicles is operated. The operations in South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland are owned, while the remainder 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 operates as a sub-licensee and is well positioned in the luxury coach market, while Zeda Car Sales disposes of ex-rental vehicles into the trade and to retail customers.

Despite firmer rates, revenue declined marginally as a result of lower rental days. Rental volumes declined by 8% and the average fleet was reduced by 12% positively impacting on utilisation. Market share of rental days in the region showed some contraction.

Consistent with the division, focus areas in the year ahead include growing market share, 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)

The group remains committed to the ongoing process of securing a buyer for this business, and is engaged in ongoing discussions with interested parties.

In the Scandinavian operations, total rental days only declined by 4.6% to 3.4 million days notwithstanding a decrease of 6.4% in rental transactions. The business has been re-aligned to cater for the current lower activity levels. The Norwegian operations produced a result ahead of the prior year; and the Budget network across all three countries continued to grow revenue and produced an improved result, despite the difficult market conditions.

Motor retail

Southern Africa

Motor Retail Southern Africa operates 46 leading motor vehicle franchise dealerships (including joint ventures) in South Africa and Botswana. Motor Retail is well positioned in the current tough economic environment, performed well and improved market share.

Despite a declining interest rate environment, new vehicle sales further declined during the year in line with market trends as a consequence of continued constrained consumer spending, more stringent lending criteria and generally weak economic fundamentals. A consistent focus on improving asset turn, containing costs, and reducing working capital while focusing on our customers, ensured that the business has weathered these conditions and managed to improve its market share. A total of 45 807 new and used retail units were sold in 2009.

During our financial year the NAAMSA southern Africa new vehicle market was 368 453 units of which 79.5% were dealer sales. Botswana had a consistent year with no market decline evident, despite the continued influx of cheap 'grey imports'.

In accordance with our strategy of "Fewer, Bigger, Better" dealerships we continued to make investments in well located, world-class facilities. Major new facilities were completed for Barloworld City Johannesburg (General Motors), Barloworld City Truck Centre (General Motors) in City Deep Gauteng, Barloworld Toyota Middelburg, John Williams Commercial (Mercedes-Benz) Bloemfontein, and John Williams Motors (Mercedes-Benz) Ficksburg which relocated to Ladybrand. Other significant new and renovated facilities include Barloworld Toyota Pretoria East Automark and Barloworld Toyota Tygervalley.

In partnership with the Maponya Group, Barloworld was awarded the Toyota and Volkswagen franchises for the greater Soweto area. Trading is expected to commence during 2010. We have exited Armstrong Ford in Rosettenville and Johannesburg, as well as Toyota in Sandton.

Focus areas in the year ahead include growing volumes, improving asset turn, maintaining 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 again 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.

Australia

Our Australian business operates some of the most modern dealership facilities in Australia, in Melbourne and Sydney. We retail new and used vehicles in the passenger and light commercial segments, as well as provide parts, servicing and finance & insurance related products. Barloworld Australia represents Holden, Mercedes-Benz, Smart, Suzuki and Volkswagen.

The Australian new vehicle market slowed during the period under review, resulting in a 14% decrease on the prior year. Despite this slowdown in market activity, the operations delivered a strong result, and significantly increased market share.

Material events during the year under review included the opening of a combined Mercedes-Benz and Volkswagen dealership in Melbourne in October 2008. This dealership has been constructed to very high levels of environmental probity, and is a proud example of Barloworld's commitment to sustainability.

Barloworld is the largest Volkswagen dealer in Australia, the largest Holden dealer in Victoria, and one of the largest Mercedes-Benz dealers in Australia.

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. The operation is headquartered in Johannesburg, with branches in Bloemfontein, Cape Town, Durban, George, Port Elizabeth and Pretoria. Regional operations are conducted in Botswana, Lesotho, Mozambique, Namibia and Swaziland. The fleet outsourcing agreement with the South African National Parks for the Kruger National Park was extended after a successful tender in 2008 to include all 21 national parks. This fleet was completely renewed in 2009, and operations continue in a black economic empowerment joint venture. The fleet outsourcing agreement with the Government of Lesotho was implemented during 2009.

Car Mall disposes of ex-fleet vehicles to the trade and to retail customers.

Avis Fleet Services grew its fleet under finance, maintenance and management contracts to a total of 130 363 vehicles. Profitability improved on the prior year, attributable to increased vehicles under management, higher termination penalties and an improved used vehicle contribution. Notwithstanding the depressed economic conditions and the tightening of available credit by major banks, the demand for the business's products and services remained buoyant. During difficult economic times, companies seek improvements in fleet efficiency and cost control, and turn to expert service providers to assist them. New vehicle price inflation made used vehicles more attractive to consumers and demand during the year was consistently strong, delivering a contribution above the 2008 level. The operations continue to focus on the drivers of customer value, with specific attention to offering customers total fleet solutions, while progressing transformation and employee value creation initiatives, particularly skills development and retention. Robust management of maintenance expenditures and overhead costs remains a key focus area.

Importation and distribution

Subaru Southern Africa delivered 961 vehicles to its dealers during the year. A transaction, to sell a 50% stake in this business to Toyota Tsusho Corporation, was concluded on

Operational review – AUTOMOTIVE *(continued)*

1 November 2008. The Subaru brand has maintained a loyal customer base despite the difficult trading conditions. Currency volatility and lower volumes undermined profitability.

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 sustained activity levels, increased 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 share in 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

Our South African car rental, motor retail and fleet service business units have achieved ratings of Level 4 or better on the DTI's BBBEE scorecard, and are well positioned to sustain their ratings and achieve future group targets.

All aspects of BBBEE continue to receive attention. Avis Rent a Car South Africa focused on its management development programme and comprehensive leadership programmes while Motor Retail South Africa continued to invest in management development and technical training programmes.

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 City Motors operation remains one of the leading empowerment initiatives in the industry.

Avis Fleet Services has two joint ventures in South Africa, PhakisaWorld Fleet Solutions which manages the fleets within the South African National Department of Transport stable and Vuswa Fleet Services which manages the SANPARKS fleet nationally. Avis Rent a Car also has a 49% stake in Sizwe car rental.

Outlook

It is expected that the difficult industry conditions will continue into the second quarter of 2010 with some relief provided by the 2010 World Cup. Emphasis will be maintained on our five strategic focus areas of integrated customer solutions; employees; empowerment, transformation and sustainable development; financial returns and profitable growth. Particular attention will be directed at improving quality of earnings.

Overall, 2010 is expected to be a year of consolidation with a 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 remains central to our strategy.

Various opportunities to grow our offering within southern Africa are currently under consideration.

All our business units will address expense management, controlling interest costs and exceeding our customers' expectations. The South African car rental operations will pursue market share growth, maintaining fleet utilisation and optimising their asset base.

Our southern African motor retail operations are well positioned to benefit from an improving new vehicle market, and will continue their "Fewer, Bigger, Better" strategy coupled with pursuing efficiencies through the centralisation and coordination of common functions, improving asset turn and reducing working capital.

Our Australian motor retail operations, remain a well run focused business unit, and are expected to sustain the momentum created during the second half of 2009. Our fleet services business is expected to continue to benefit from current contracts and pursue attractive opportunities in the market.

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 sixth consecutive year

Avis Rent a Car Norway

- Grand Travel Award: Best Car Rental Company for 14th consecutive year

Avis Rent a Car Sweden

- Grand Travel Award: Best Car Rental Company for 17th consecutive year

NMI-DSM (Black Economic Empowerment Joint Venture)

- NMI-DSM Mitsubishi: Mitsubishi Motors Brand Centre Award of the Year 2008 – fifth consecutive year

Motor Retail South Africa

- Barloworld Fleet Marketing: Toyota SA Status Club – Platinum Award
- Auto Atlantic Cape Town: 1st Place in the Mini World Challenge
- Auto Atlantic Cape Town: 1st Place in the National Technician Award
- Auto Atlantic Cape Town: Premier Manager Award BMW Premium Selection Metro Dealer
- Club Motors Pretoria: After-sales Excellence Award Metro Dealer
- John Williams Motors Passenger: Chrysler City Dealer of the Year
- Barloworld Armstrong Ford Pietermaritzburg: 1st Place in the National Master Technician Award
- Barloworld Armstrong Ford Pietermaritzburg: Best Service Manager in Category A
- Volkswagen South Africa: Dealer Group of the Year
- Barons Culemborg, Barons N1 City, Barons Volksway, Barons Southfleet: Club of Excellence Award
- Barons Culemborg: Best Volkswagen New Vehicle Department in Category A
- Barons Culemborg: Best Volkswagen New Vehicle Sales Executive in Category A
- Barons Culemborg: Best Volkswagen Mastercar Sales Executive in Category A
- Audi South Africa: Dealer Group of the Year
- Audi Centre Bruma: Best Audi Pre-Owned Sales Manager in Category 1
- Audi Centre Bruma: Best Audi New Vehicle Sales Manager in Category 1
- Audi Centre Cape Town: Best Audi New Vehicle Sales Executive Category 1
- Audi N1 City: 2nd Overall in Audi Awards of Distinction

Motor Retail Australia

- Barloworld Mercedes-Benz: Mercedes-Benz Australia Passenger Car Dealer of the Year 2008
- Barloworld Volkswagen Mascott: VW Australia Dealer of the Year 2008 – Central Region

Motor Retail Botswana

- Audi Gaborone: Best New Vehicle Sales Executive Category 3

Avis Fleet Services

- Professional Management Review (PMR): Diamond Arrow Award: Best Overall Fleet Management Company 2009, 2008, 2007
- Toyota SA Status Club and Hino Track Club – Platinum Award

HANDLING

OPERATIONAL REVIEW

Operational profile

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 southern Africa. We have represented the market-leading Hyster brand for 80 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 (52)
Chief executive officer: Handling
BSc Eng (Hons) Dip Bus Man
13 years' service

Areas of operation

- USA: *Hyster dealership:* South Eastern United States
- Europe: *Hyster dealership:* Belgium, The Netherlands and United Kingdom (including Northern Ireland)
- Southern Africa: *Hyster dealership:* Angola, Botswana, Malawi, Mozambique, Namibia, South Africa, Zambia and Zimbabwe
  Agricultural distribution Massey Ferguson and CLAAS: South Africa, Namibia, Botswana, Lesotho, Swaziland, Mozambique

Operating performance

	Revenue		Operating profit/(loss)		Net operating assets	
	Year ended 30 Sept		Year ended 30 Sept		30 Sept	
R million	**2009**	2008	**2009**	2008	**2009**	2008
– Southern Africa	**930**	1 027	**80**	124	**518**	259
– Europe	**2 052**	3 193	**(76)**	8	**593**	636
– North America	**1 675**	1 849	**(54)**	40	**499**	638
Trading	**4 657**	6 069	**(50)**	172	**1 610**	1 533
Leasing*	**60**	76	**23**		**69**	76
	4 717	6 145	**(27)**	172	**1 679**	1 609
Share of associate income			**4**	3		

* *Operating profit after deducting interest paid and net operating assets after deducting interest-bearing borrowings.*

Operational review – HANDLING *(continued)*

Leadership team

John Blackbeard (52)
Chief executive officer
BSc Eng (Hons), Dip Bus Man
13

Lex Knol (54)
Managing director: Barloworld Handling Europe
BEng
9

Alwyn Smith (44)
President: Barloworld Handling United States of America
MPhil, BAccountancy
14

Eugene Smith (48)
Finance director
MA (Cantab), ACMA
27

Rob Tennant (52)
Chief information officer
BSc, MSc, CPIM
29

Geoff Tucker (58)
Managing director: Barloworld Handling United Kingdom
CA (Zim)
28

Godfried Heydenrych (36)
Director: Barloworld Handling South Africa
8

Isadore Payne (47)
HR director
BPL, BPL Hons, MPL
1

Steve Ball (37)
Divisional general counsel
LLB (Hons)/Solicitor (England & Wales)
1

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

Overview

The lift truck industry has been severely affected by the worst recession in Europe and the USA in 80 years. The market declines that started in 2008 intensified in 2009, except in South Africa where the downturn has taken place mainly in the past year.

In all territories we focused strongly on cash and balance sheet management, expense reduction and growing revenue. The cost base has been decreased by £8 million across the business.

While employee numbers had to be reduced, human resources systems and practices have been overhauled and training continued to ensure future sustainability of the business.

Hyster's new electric lift truck series was launched and this should boost sales in coming months. Sales of used lift trucks were strong in most of our territories with a new record level in the UK.

The Form the Future (FTF) project launched in 2008 to re-engineer our business systems and processes continued well. The sales module was launched in the USA in September 2009 and the new service model will be rolled out in 2010. These are being customised for introduction in our UK and other operations.

The Barloworld Handling SAP system has been rewritten as part of the FTF project, reducing repetition, margin for error and cost.

United Kingdom

The decline in demand that began in the second half of 2008 continued and the lift truck market contracted by 32%. Sales of counterbalance trucks, where we are traditionally stronger, declined by 40% from 15 303 units in 2008 to 9 163 units in 2009.

The sub 2 tonne portion of the market grew from 40% to 55% in line with a shift in focus from heavy to light industry, exacerbated by the shrinking market.

Both Barloworld Handling's counterbalance and warehouse market share declined during the period.

The year ended with an operating loss of £4 million. However, it is pleasing to note that a breakeven result was achieved in August 2009 and a small profit in September 2009.

Net assets were reduced from £74 million to £65 million assisted by the sale of more than 4 300 used lift trucks in 2009, a record for Barloworld Handling. These units were supplied through rollouts from our long-term rental fleet, the reduction of our short-term rental fleet by almost 1 000 trucks, and the return of units from customers scaling down.

We opened new channels for used sales worldwide and achieved good results with web-based sales. We also launched a web-based catalogue to sell warehouse consumables and ancillary equipment.

While service volumes decreased in line with decreased market activity, we compensated somewhat with increased service margins.

The balance sheet has been cleaned up through stock reduction, strong focus on collecting debtors, and cash generation. More than 20 specific cost reduction activities were implemented, with an anticipated saving of £4 million annually.

United States of America

The market declined by 41% from 34 607 units to 20 267 units. Barloworld Handling's total market share increased significantly, with a particularly pleasing improvement in the Florida region.

Our order book for new trucks grew by 18% in the past year and we sold 2 000 used trucks that were returned to us at the end of their long-term rental contracts or arose from the reduction in the size of our short-term rental fleet.

Despite this, we ended the year with an operating loss of US$5.9 million. Net assets declined from US$66 million to US$56 million.

Our margins improved in the last few months of the year, a positive indicator for 2010.

Our good safety record continued with an OSHA Incident Rate (OIR) of less than 3.0 in 2009. This is significant as many customers will only consider suppliers with favourable OIR rates.

South Africa

Barloworld Handling in South Africa incorporates the Hyster lift truck dealership, a distributorship for the Massey Ferguson and CLAAS agricultural brands, and a new dealership for Chinese manufactured SEM construction equipment.

Handling

Following a small decline at the end of 2008, the South African lift truck market almost halved in 2009 from 7 238 units to 3 804 units.

While market share declined slightly, we grew service revenues and margins due to good customer service, which remains our key differentiator in South Africa.

We achieved a profit of R16 million, down on last year but pleasing in light of the pressure on margins for new and particularly used units.

A concerted cost cutting initiative resulted in a reduction of more than R5 million in operating expenses. Net assets rose from R175 million to R231 million, largely due to an increase in used truck stock that could not be sold profitably in the poor economic conditions.

We achieved a major breakthrough by securing the lift truck order for Unilever's two new warehouses, the biggest of their kind in southern Africa. The order, involving 270 new lift trucks, is the largest single contract ever awarded to Barloworld Handling South Africa and has moved our South African operation into the world leading position in Hyster warehouse market share.

Short-term rental utilisation improved in the latter part of the year, indicating that the market is taking advantage of our integrated solutions business model to suit the economic climate.

Operational review – HANDLING *(continued)*

Transformation

Barloworld Handling has improved its BBBEE rating from Level 4 to Level 3 in the Department of Trade & Industry's BBBEE scorecard, thus allowing customers to claim 110% of their expenditure with the company.

We are particularly pleased with the improvement from 1.91 to 4.31 on the employment equity component of the scorecard and from 5.06 to 5.92 on skills development. Additional focus is being placed on these areas to ensure consistent progress.

Agriculture

The South African agricultural sector was depressed by lower global maize prices, the strong rand and unfavourable rainfall patterns.

As a result the market declined from 7 579 to 6 462 tractors, 350 to 311 combines and 604 to 328 balers. We lost market share in tractors, but improved our market share significantly in combines and balers.

Our Massey Ferguson and CLAAS tractor ranges are positioned at the higher end of the market and sales were lost to lower cost units in the tender tractor market.

Margins were affected by discounted sales to move unacceptably high stock levels. The high stock situation was compounded by late deliveries from the factories that arrived after the main sales season. Profit declined by 15% and the balance sheet remains overstocked.

Special focus has been placed on measurement and improvement of customer satisfaction levels. In parallel we have rolled out enhanced dealer development programmes, including implementation of the Mechplan software tool to assist customers with optimum application of mechanisation solutions.

Parts sales improved by 4% due to improved after sales support from our dealers.

SEM

Our dealership for entry level wheel loaders from Chinese manufacturer SEM has made a small profit in its first year of business, with excellent acceptance in the agricultural and light construction markets we have targeted. We have a good team in place to capitalise on the opportunities that will be created by the expansion of our SEM product range in South Africa in 2010.

Europe

The lift truck market in Belgium contracted by 38% from 10 322 units to 6 355 and in The Netherlands by 45% from 16 435 units to 9 066. Barloworld Handling's market share declined in both countries, mainly due to a marked shift from counterbalance to warehouse units.

Despite the steep downturn we achieved a breakeven result in Belgium. Net assets climbed from €4 million to €15 million driven largely by the inclusion of trucks on our balance sheet that were previously on the funders' balance sheet. However we made significant inroads into stock reduction.

In The Netherlands we finished the year with an operating profit of €0.7 million. Good progress has been made on the balance sheet, with net assets decreasing from €2.8 million to €2.6 million.

Overall we improved margins, helped by our product mix together with improved processes and systems implemented during the year. We also reduced operating expenses in both countries.

Focus was placed on assisting customers with solutions to excess production capacity during the downturn, thus promoting long term partnerships that will be mutually beneficial in future.

Integrated solutions

in all our territories we continued with a market segmentation drive to better understand customer requirements and provide appropriately tailored solutions.

Our major customers now have the option of a sophisticated suite of integrated solutions including new, used, short- and long-term rental, maintenance offerings and fleet management. Fleet management enables reporting on utilisation, preventative maintenance requirements and operator behaviour to optimise fleet performance.

This has been further enhanced with the introduction of an IT solution enabling customers to monitor their fleet performance via portals.

This tailored solutions capability has found particular favour with big customers such as Coca Cola, the Ministry of Defence, Diageo and BMW in the UK; Goodyear, Premier Beverage and Smart in the USA; and Unilever in South Africa, among others.

People

Employee numbers have been reduced by about 15% in the UK, the USA and Europe and we have taken advantage of government assisted programmes to manage excess staff in Europe. Internal road shows have been held to encourage employee engagement and retention. Head count was reduced by 7% in South Africa.

The extensive restructuring into customer focused regions in 2008 has been well embedded in the past year and is showing positive results. The new structure provides for more control at regional level, so that customers now have access to local decision making and problem solving.

In the UK a new operations director has been appointed and, reporting to him, six new regional managers empowered to make decisions on all aspects of customer solutions including new, used, rental and after sales service.

In the USA a similar restructure into four regions is proving successful. A new sales and marketing director is driving customer solutions focus with these regional structures.

The appointment of an operations manager has strengthened the team in Belgium.

We have appointed a new group and UK human resources director with the brief to overhaul our HR systems and processes and improve organisational performance.

To this end, Watson Wyatt job grading was completed in all territories to ensure market related remuneration, in turn improving staff retention, motivation and succession planning.

Our Good People Management (GPM) initiative to improve employee ownership, commitment and job satisfaction has been rolled out throughout the business. A practical, easy to use

balanced scorecard was introduced to manage performance and supervisors have been trained to conduct performance reviews.

In the USA the use of Idea Tracker software to incorporate employee input in decision making is resulting in a close knit team orientated approach that is contributing to our market share penetration.

Although we still have work to do in Europe, we have made pleasing progress on succession planning, our induction programme and HR reporting.

Our apprenticeship programmes are continuing in most territories to ensure we have the appropriate skills to meet demand for customer solutions in the upturn. In the UK Barloworld Handling is the only lift truck company running an apprenticeship programme.

We maintained acceptable ratios of minority group employees in our ongoing drive to promote diversity in all our operations.

Outlook

Our markets are expected to remain generally flat in 2010, with cautious optimism for a turnaround in some areas. We are confident of an improved result on a foundation of stronger management and regional representation, focused market segmentation, tailored solutions offerings, empowered people and lower operating costs.

The roll-out of our Form the Future (FTF) business process re-engineering project into the US and UK, followed by South Africa and Europe, will provide better customer service, more efficient processes, improved sales and service and reduced cost. Total implementation will be completed by 2011.

Our joint projects with Hyster to improve product quality and reliability will further improve our competitiveness.

United Kingdom

There are small indicators of green shoots that point to a modest recovery in the second half of 2010. We anticipate a return to profitability by growing market share and aligning with the shift in the market from counterbalance to warehouse and smaller units. Hyster's new electric range will help Barloworld Handling to compete more successfully in that segment of the market.

United States of America

A small improvement is expected in our markets in 2010. A decision by the NACCO Materials Handling Group to enable its lift truck products, Hyster and Yale, to be sold through the same dealers in the USA provides possible opportunities to improve our density.

Southern Africa

Some recovery in volumes is expected in the second half of 2010 and we expect further successes in our major customer business based on our integrated solutions offering. Our main strategic focus will be on growing our footprint into Africa. We will also take over the Angolan Hyster business, currently run by Barloworld Equipment, in 2010.

Southern Africa – Agriculture

The order book for new machines showed a small upward turn in the last three months of the year. Maize prices are expected to recover in 2010 and this should stimulate tractor sales. We are working with our principals to address our lack of a solution for the low cost end of the tractor market to improve our competitiveness.

Plans are in motion for aggressive growth of our agricultural footprint in southern Africa. An agreement will be signed soon in Mozambique and negotiations are in progress in several other countries.

Europe

While the market is expected to be flat in 2010, we are well positioned for growth in short-term rental and parts and will continue to focus on expansion in industries least affected by the recession. The launch of the Hyster electric truck range will start to produce benefits in The Netherlands in particular, where 60% of the counterbalance market comprises electric units.

LOGISTICS

OPERATIONAL REVIEW

Operational profile

Barloworld Logistics is one of the leading logistics and supply chain management businesses in southern Africa with complementary operations in China, the United Arab Emirates, Iberia, Germany and the United Kingdom. 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. We combine 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.

Our strategy is to grow a significant international logistics business for Barloworld.

Isaac Shongwe (47)
Chief executive officer: Logistics
BA (Hons), MPhil (Oxon)
4 years' service

Areas of operation

- Supply chain management: Africa and Europe
- Freight forwarding: Africa, Middle East, Asia and Europe
- Warehousing and distribution: Africa, Middle East and Europe
- Consulting and software: Africa, Middle East, Asia and Europe
- Dedicated transport services: Africa

Operating performance

	Revenue*		Operating profit/(loss)		Net operating assets	
	Year ended 30 Sept		Year ended 30 Sept		30 Sept	
R million	**2009**	2008	**2009**	2008	**2009**	2008
Southern Africa	**2 257**	1 970	**92**	105	**342**	430
Europe, Middle East and Asia	**1 830**	1 238	**(15)**	30	**707**	855
	4 087	3 208	**77**	135	**1 049**	1 285

* *Excludes inter group revenue of R81 million (2008: R400 million).*

Operational review – LOGISTICS *(continued)*

Leadership team

Isaac Shongwe (47)
Chief executive officer: Barloworld Logistics
BA (Hons), MPhil (Oxon)
4

Eric Gower-Winter (40)
Chief executive officer: Barloworld Logistics Africa
BCom Logistics
11

Warren Erfmann (40)
Chief executive officer: Barloworld Logistics Middle East and Asia
15

Frank Courtney (44)
Chief operating officer: Barloworld Logistics Middle East and Asia
BTech
14

Richard Forrest (47)
Chief executive officer: Barloworld Logistics software
BComm
19

Rob Lumb (39)
Financial director
BCom, CA(SA)
9

Mark Tarlton (50)
Director: Barloworld Logistics knowledge and information technology
BSc Eng, MBL
22

John van Wyk (41)
Chief executive officer: Barloworld Logistics Europe
6

Mark Collins (44)
Director: Barloworld Logistics strategy, innovation and operational excellence
11

Michelle Beneke (35)
Director: Barloworld Logistics governance, risk and compliance
BA, LLB
5

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

Overview

The decline in economic conditions and a dramatic fall in global trade and volumes during most of the financial year severely affected our international operations.

Overall revenue was 27% higher than the previous year, mainly due to the acquisition of Swift, Flynt and SAT in 2008. Operating profit was R77 million, R58 million lower than last year.

In Africa, which still represents the dominant part of our business, the result was satisfactory due to the success of supply chain management contracts not affected by volumes. Losses continued in Europe, but the rate of loss slowed significantly in the last quarter.

An operational efficiency and cost reduction focus resulted in a saving of R127 million throughout the business. All business units generated positive cash flow from working capital reductions and delayed capital expenditure where appropriate. The business model for Dedicated Transport Services was changed to reduce capital expenditure.

All our freight forwarding operations are in the process of being integrated into a cohesive unit focusing on corporate sales to clients with the potential of conversion to supply chain management solutions.

Emphasis was placed on underpinning the growth of the organisation through investment in people, skills and capacity, IT, governance and technology, the latter playing a more important role as management across geographies, and with more partners intensifies.

Although our clients rated us as operationally excellent during a customer satisfaction survey in 2009, a formalised operational excellence programme based on Lean principles has been piloted in Africa and will be implemented in 2010 to ensure sustained improvement. Roll-out to our international operations will take place in 2011.

Africa

The African operations continued to perform relatively well in a declining market. Revenue increased by 15% largely due to new supply chain management contracts, increased FMCG volumes and substantial increases in fuel costs during the first quarter of the financial year. Operating profit was R92 million, R13 million lower than 2008.

Supply chain management contracts based on management fees and performance bonuses were unaffected by the downturn. While our retail and FMCG operations performed to expectation, our business in the construction and automotive markets was negatively affected by the challenging conditions in these sectors.

The dedicated transport business also continued to perform well and a keen focus on reducing asset intensity, together with ongoing focus on evolving the business model to reduce capital expenditure, has assisted in improved returns.

Reduced spending has impacted our consulting and software solutions operation, but demand is expected to improve as companies affected by the economic downturn seek to optimise efficiencies and reduce costs.

A 30% drop in import volumes necessitated the downsizing of operations in our freight forwarding division.

The Zambia Sugar contract for warehousing and distribution management has been successfully implemented and is performing satisfactorily. Our new southern African Nike warehousing and distribution network management venture has been recognised by Nike European headquarters as its most successful new supply chain project in 2009. A major supply chain review and eight year implementation and management contract has been concluded with a major furniture retailer.

A new employee self service HR system was implemented and an employee wellbeing programme successfully launched in 2009. A formal knowledge management programme was also initiated, incorporating a knowledge management portal and communities of practice.

Transformation

Barloworld Logistics Africa have maintained a Level 4 BBBEE status and the target is to attain Level 3 by 2011. The key focus area is black management representation, with particular emphasis on the employment of black women.

Middle East and Asia

Operating profit in the Middle East and Asia was R10 million, a disappointing result despite a net gain in customers.

In addition to the reduction in global trade, freight rates dropped substantially, putting further pressure on margins. While we continued to experience lower volumes in sea-air and air products, initial signs of recovery were evident in the last quarter.

Our focus has been on optimising the current business through rationalisation and cost-cutting to drive recovery, while also finalising the integration of our 2008 acquisitions of Swift Freight and Flynt.

The freight forwarding division is changing its focus from trader business into Africa from the Middle East and Asia to corporate clients linking the Middle East, Asia, Europe and Africa. A new specialist sales team has been employed to drive this focus.

With GDP growth predicted across the region, we are gearing up to meet the associated growth in supply chain management. The implementation of our first supply chain management contract is expected for 2012.

Europe

Our European businesses were all affected by the global downturn, but a keen focus on cost reduction resulted in many of these operations being rightsized during the year.

Operational review – LOGISTICS *(continued)*

While the Spanish operation was hit most severely, this business is operationally efficient and, with a reorganised sales team, is poised to take advantage of a move to outsourcing as more companies focus on core capabilities to cut costs and drive efficiencies.

The launch of the supply chain management initiative in Europe is on track and the amalgamation of our Spanish and UK business under one European management structure is enhancing synergies, providing cross pollination of knowledge and leveraging regional opportunities. Strategically, the business will begin its move towards more supply chain management contracts over the next year.

The UK supply chain management offering is being built on the back of a transport management services contract concluded with Barloworld Handling which includes elements of warehousing and inventory optimisation. Coupled with the leveraging of relationships and skills built up by the software company and other networks, this ensures a healthy pipeline of opportunities for 2010 and beyond.

The software business headquartered in the UK has been placed under a single international management team and we have upgraded our software products as enablers to our total offering.

The CINO (Combined Inventory and Network Optimisation) product has been in beta testing with major clients and feedback generated will be incorporated into the product, which is due to be launched in 2010.

People

A leadership development training initiative has been launched, coupled with specific training interventions across the organisation. Resources from emerging economies such as India are being utilised to assist in systems programming and a pilot project to outsource certain back office functions is in progress.

Outlook

Emerging markets such as China and India are expected to have more influence on world trade flows going forward and high growth rates are projected for our supply chain management offering, driven by outsourcing trends. Organic growth is also anticipated in the supply chain management market in Africa.

We are preparing to capitalise on the outsourcing trend predicted in these regions and expect the new focused sales force in India, Africa and the Middle and Far East to start deriving value from our targeted customer base in the second quarter.

Developed markets, especially in Europe, will remain key consumers of merchandise sourced from emerging markets. Many international head offices making supply chain decisions are based in Europe and we will also target these for delivery of our solutions.

The divisional strategic plan is to leverage the link between the emerging and developed markets and to transition to a higher level supply chain management offering, characterised by customised solutions based on contractual annuity income (three to five years plus) with management fees and performance bonuses.

Another strategic priority is the integration of Swift, Flynt and Sea Air Transport acquisitions into a single Barloworld branded international freight forwarding unit that will focus on corporate solutions with the potential of conversion to supply chain management offerings. Our longer term strategy is to increase our international footprint through organic growth and attract bigger multi-national customers.

This process will require some investment in technology over the next year. However the rebranding of our acquisitions in the first quarter, followed by a major marketing initiative, will enable us to extract additional value from the Barloworld brand.

In addition to growing our freight forwarding footprint globally and leveraging off our existing network to extract additional value and services for our clients, we will investigate the viability of extending our SCM philosophy to the regions to take advantage of annuity based income and gain-share benefits associated with this business model.

Africa

Business volumes will remain subdued in the year ahead, most notably in the construction and automotive sectors.

The African business unit will focus on organic growth in South Africa, together with exciting new business development opportunities. At the same time further expansion into Africa will be explored, both leveraging off the existing Barloworld relationships in several countries and following existing clients as they expand into Africa.

The year ahead will also focus on successful implementation of key new contracts and enhancing our operational processes.

Middle East and Asia

Whilst we do not envisage volumes returning to 2008 levels, increased levels of trade are expected in the coming year. Our Far East and sea-air operations are already showing increased volumes and air and ocean freight rates have started to stabilise. This will enable us to once again grow our margins.

Europe

The European market will remain relatively flat in the short term, with growth in total logistics activity leading GDP growth slightly. However we believe our customised management solution combining planning, management and execution will show positive growth as clients outsource more non-core activities.

CORPORATE

OPERATIONAL REVIEW

Operational 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

	Revenue Year ended 30 Sept		Operating (loss)/profit Year ended 30 Sept		Net operating assets/(liabilities) 30 Sept	
R million	**2009**	2008	**2009**	2008	**2009**	2008
Southern Africa	**22**	83	**(42)**	(263)	**372**	513
Europe			**(10)**	10	**(475)**	(229)
	22	83	**(52)**	(253)	**(103)**	284
Share of associate (loss)/income			**(1)**	1		

In southern Africa, the operating loss includes the BEE charge of R6 million (2008: R337 million) and a R2 million charge (2008: R85 million gain) relating to an increase in the residual liability to share option holders. In Europe an increase of R321 million in the liability for post-retirement benefit obligations in the UK contributed to the reduction in net operating assets.

Leadership team

Andrew Bannister (52)
Finance director: Barloworld Holdings plc
ACA, CA(SA), BBusSci
24

Liz Dougall (52)
Group taxation manager
CA(SA), PGDip Tax
10

Patricia Emery (58)
Company secretary: Barloworld Holdings plc
ACISA
2

Matthew Govender (45)
Enterprise development manager
MBA, PGDip Business Management
9

Wim Kotzé (38)
Group strategy and finance controller
CA(SA), BCom Acc (Hons)
12

Sayeeda Khan (34)
Head of group internal audit
CA(SA), CISA, CIA
2

Khanyisile (Khanya) Kweyama (44)
Group executive: Human resources and transformation
BS (USA), PDM, MM
2

Bruce Lange (49)
General counsel
BCom, LLB
19

Sibani Mngomezulu (37)
Group executive: Governance and corporate affairs
LLM, HDip Co Law, HDip Tax Law
5

Maurice Pin (57)
General manager: Administration
38

Ian Stevens (59)
Group general manager: Finance
CA(SA), BCom
25

Christopher Whitaker (52)
Executive: Human resources, transformation and sustainability
BCom, LLB
21

Hilary Wilton (53)
Head of legal and risk services
BCom, MBA, FCII
7

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

Corporate governance report

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

SIBANI MNGOMEZULU *Group executive: Governance and corporate affairs*

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 keystone of the company's primary objective to create value for 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) has confirmed 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.

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.

In the year under review:

- The board received training on the draft of the King Report on Governance for South Africa 2009 report (King III) as well as the implications of the newly enacted Companies Act on the board and individual directors; taking cognisance of the new requirements;
  - The board undertook a comprehensive analysis of the existing composition and skills available on the board and defined the key attributes that would be required for future appointments;
  - The board reviewed the functions of the risk and sustainability committee and based on the findings, decided to appoint two non-executive directors to the committee including the chairman effective 1 October 2009; and
- An additional independent non-executive director was appointed.

Board and directors

The company has a unitary board with nine non-executive directors and five executive directors. The board provides strategic direction and implements policies on behalf of the company.

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.

Board and board committee composition as at 30 September 2009

Name	Year appointed	Age	Audit	General purpose	Nomi-nation	Remun-eration	Risk and sustain-ability	Empower-ment and trans-formation
Non-executive directors								
DB Ntsebeza *(Chairman)*	1999	59		Chairman	Chairman	Member		Member
SAM Baqwa	2005	58			Member			Member
AGK Hamilton	2007	64	Chairman	Member	Member	Member		
SS Mkhabela	2006	53			Member			Chairman
MJN Njeke	2009	50	Member					
SS Ntsaluba	2008	49	Member					
TH Nyasulu	2007	55						
SB Pfeiffer	2001	62		Member	Member	Chairman		
G Rodriquez de Castro Garcia de los Rios	2004	67						
Executive directors								
CB Thomson *(Chief executive officer)*	2003	43		Member			Member	Member
PJ Blackbeard	2004	52					Member	
M Laubscher	2005	49					Member	
OI Shongwe	2007	47					Member	Member
DG Wilson	2006	52					Chairman	

A summary of their biographical details is shown on pages 52 to 53.

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 are permitted to accept external non-executive board appointments. Taking cognisance of the optimal use of executive time, barring exceptional circumstances, the appointment is limited to a single external board.

Mr Johnson Njeke was appointed to the board on 16 September 2009 as an independent non-executive director.

Independence of non-executive directors

The Barloworld board comprises a majority of independent 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 September 2009, following a review by the nomination committee, that Ms Hixonia Nyasulu could not be classified as independent in view of her participation, either directly or indirectly in the company's black ownership transaction 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 Sibongile 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 and King II requirements. The committee found the abovementioned directors to be independent 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 in terms of the King II requirements, Messrs Baqwa and Ntsebeza and Ms Mkhabela remain independent. The board noted the new requirements for independence in terms of King III which will come into effect in 2010.

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

Corporate governance report *(continued)*

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.

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 Mike Levett retired from the board following the annual general meeting in January 2009.

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.

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;
- The 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.

Annually, the board considers a forward looking strategic plan presented by the heads of the divisions. The five year 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.

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 Spain. Attendance at these meetings is as shown below.

Name	13/11/2008	29/01/2009	31/03/2009	07/05/2009	24/07/2009	30/09/2009
DB Ntsebeza *(Chairman)*	✓	✓	✓	✓	✓	✓
CB Thomson *(Chief executive officer)*	✓	✓	✓	✓	✓	✓
SAM Baqwa	✓	X	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓
M Laubscher	✓	✓	✓	✓	✓	✓
MJ Levett	✓	✓	n/a	n/a	n/a	n/a
SS Mkhabela	✓	✓	✓	✓	✓	✓
MJN Njeke	n/a	n/a	n/a	n/a	n/a	✓
SS Ntsaluba	✓	✓	✓	✓	✓	✓
TH Nyasulu	✓	✓	✓	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓
G Rodriquez de Castro Garcia de los Rios	✓	✓	✓	✓	✓	✓
OI Shongwe	✓	✓	✓	✓	✓	✓
DG Wilson	✓	✓	✓	✓	✓	✓

Assessing the performance of board members

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

Board effectiveness and evaluation

Self evaluation of the performance and effectiveness of the board and its committees was carried out. In addition, this year a peer evaluation was performed where each director was given the opportunity to assess the performance of individual directors. 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 strict confidence. The company secretary collated the results of the questionnaires and reported the findings to the board and committee chairmen. 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 action would be addressed during 2010.

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.

In the year under review, a site visit of the Barloworld Finanzauto operations in Arganda, Spain, was arranged to coincide with the July 2009 board meeting. The directors gained first-hand knowledge of the operation, results and prospects as explained by resident executive management.

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.

Corporate governance report *(continued)*

Board of directors

Non-executive

Dumisa Ntsebeza (59)
Chairman

Selby Baqwa (58)
Non-executive director

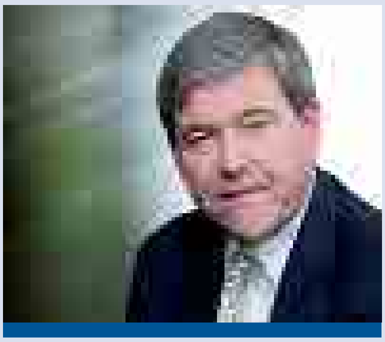
Gordon Hamilton (64)
Non-executive director

Sibongile Mkhabela (53)
Non-executive director

Johnson (JJ) Njeke (50)
Non-executive director

Sango Ntsaluba (49)
Non-executive director

Hixonia Nyasulu (55)
Non-executive director



Steve Pfeiffer (62)
Non-executive director

Gonzalo Rodriguez de Castro Garcia de los Rios (67)
Non-executive director

Executive

Clive Thomson (43)
Chief executive officer

Don Wilson (52)
Finance director

John Blackbeard (52)
CEO: Barloworld Handling

Martin Laubscher (49)
CEO: Barloworld Automotive

Isaac Shongwe (47)
CEO: Barloworld Logistics

Peter Bulterman (53)*
CEO: Barloworld Equipment southern Africa

** Appointed to the board with effect from 1 October 2009*

Corporate governance *(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. On 1 July 2009 Dumisa was appointed to serve on the Judicial Services Commission (JSC).

Selby Alan Masibonge Baqwa

Business address: Block A, 1st Floor Nedcor Sandton
135 Rivonia Road, Sandown, 2196
Nationality: South African
Age: 58
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: 64
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.

Sibongile Susan Mkhabela

Business address: Nelson Mandela Children's Fund
27 Eastwold Way, Saxonwold, 2196
Nationality: South African
Age: 53
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.

Mfundiso Johnson Ntabankulu Njeke

Business address: Kagiso Trust Investments (Pty) Limited
Kagiso House, 16 Fricker Road, Illovo, 2196
Nationality: South African
Age: 50
Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax
Profile: JJ was appointed to the Barloworld board in September 2009. He is the managing director of Kagiso Trust Investments. He currently serves as a director on the boards of Kagiso Group companies, ArcelorMittal (SA), Metropolitan Holdings, NM Rothschild (SA), Resilient Property Income Fund, MTN, Sasol and the Council of the University of Johannesburg.

Sango Siviwe Ntsaluba

Business address: 21 West Street, Houghton, 2198
Nationality: South African
Age: 49
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.

Thembalihle Hixonia Nyasulu

Business address: 410 Jan Smuts Avenue, Craighall Park, 2196
Nationality: South African
Age: 55
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: 62
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 Garcia de los Rios

Business address: Maria de Molina, N1 28006, Madrid, Spain
Nationality: Spanish
Age: 67
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.

Executive directors

Clive Bradney Thomson – chief executive officer

Business address: Barloworld Corporate Office
180 Katherine Street, Sandton, 2196
Nationality: South African
Age: 43
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. Clive is a board member of Business Leadership South Africa.

Donald Gert Wilson – finance director

Business address: Barloworld Corporate Office
180 Katherine Street, Sandton, 2196
Nationality: South African
Age: 52
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: 52
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
Nationality: South African
Age: 49
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: Barloworld Corporate Office
180 Katherine Street, Sandton, 2196
Nationality: South African
Age: 47
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. Isaac was appointed as chief executive officer of the Barloworld Logistics division on 1 January 2009.

Peter John Bulterman*

Business address: Barloworld Equipment
180 Katherine Street, Sandton, 2196
Nationality: South African
Age: 53
Qualifications: HND Mechanical Engineering
Profile: Peter joined Barloworld in 1975 as a bursar and was appointed to the Barloworld board on 1 October 2009. He was appointed chief executive officer of Equipment Southern Africa in July 2007 and chairman of Barloworld Equipment UK. Prior to his appointment as CEO in July 2007, Peter served as chief operations officer for Equipment Southern Africa.

** Appointed to the Barloworld board with effect from 1 October 2009*

Corporate governance report *(continued)*

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 long term incentive schemes and ensures compliance with the statutory requirements of the company and its subsidiaries in South Africa.

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
– General purposes
– Remuneration
– Empowerment and transformation
– Audit
– Nomination
– 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.

The board has determined that the seven sub-committees have fulfilled their responsibilities for the year under review in compliance with their terms of reference, respectively.

Executive committee

The executive committee comprises five executive directors and an additional six executive members, inclusive of Mr Ian Stevens who was appointed in the current year.

The committee as at 30 September 2009 comprised:

CB Thomson	PJ Bulterman
PJ Blackbeard	KT Kweyama
M Laubscher	S Mngomezulu
OI Shongwe	V Salzmann
DG Wilson	DM Sewela
	IG Stevens

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

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

The committee held 12 formal meetings during the year and additional sessions focusing on strategy and initiatives taken to develop intellectual capital in the group. 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.

Executive committee attendance

Current	20/10/08	10/11/08	03/12/08	23/01/09	19/02/09	18/03/09	05/05/09	18/05/09	17/06/09	16/07/09	14/08/09	28/09/09
CB Thomson *(Chairman)*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓	✓	X	X	✓	X	✓
PJ Bulterman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓
KT Kweyama	✓	✓	✓	✓	✓	✓	X	✓	X	✓	✓	X
M Laubscher	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Mngomezulu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
V Salzmann	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	X	✓
DM Sewela	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	X
OI Shongwe	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓
IG Stevens	*	*	*	✓	✓	✓	✓	✓	✓	✓	✓	✓
P Stuiver	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DG Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

* *indicates attendance by invitation.*

Audit committee

The audit committee, which is required to have a minimum of three members, comprises Messrs Gordon Hamilton (chairman), Johnson Njeke and Sango Ntsaluba, all of whom are independent directors. Mr Gonzalo Rodriguez de Castro was co-opted on to the committee for the meeting of 6 May 2009. 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;
- Evaluating the independence, effectiveness and performance of the external auditors and considering any non-audit services rendered by those auditors, including satisfying themselves as to the validity of the non-audit services and defining any limits in this regard;
- Considering and reviewing the reliability and accuracy of financial information and appropriateness of accounting policies and disclosure practices;
- Examining and reviewing the interim report, final profit statement, annual financial statements, prospectus or any other documentation to be published by the company;
- Reviewing compliance with applicable laws, best corporate governance practices, accounting standards and regulatory requirements;
- Reviewing the effectiveness of the group risk assessment process, adequacy of accounting records and internal control systems; 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.

Audit committee attendance

Current	12/11/08	14/11/08	06/05/09	29/09/09
AGK Hamilton *(Chairman)*	✓	✓	✓	✓
MJ Levett	✓	✓	n/a	n/a
MJN Njeke	n/a	n/a	n/a	✓
SS Ntsaluba	✓	✓	✓	✓
G Rodriguez de Castro	n/a	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 Barloworld SA audit committee attends to the statutory requirements outlined in the South African Companies Act for Barloworld Limited and its South African subsidiaries. The committee members comprise Messrs Hamilton, Njeke and Ntsaluba, all of whom are independent directors.

The report of the audit committee is on page 63.

General purposes committee

The general purposes committee is required to have a minimum number of three members, the majority 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, Steve Pfeiffer and Clive Thomson.

General purposes committee attendance

Current	12/11/08	28/01/09	01/02/09	22/02/09	30/03/09	06/05/09	23/07/09	29/09/09
DB Ntsebeza *(Chairman)*	✓	✓	✓	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓	✓	✓
MJ Levett	✓	✓	✓	n/a	n/a	n/a	n/a	n/a
SB Pfeiffer	✓	✓	✓	✓	✓	✓	✓	✓
CB Thomson	✓	✓	✓	✓	✓	✓	✓	✓

Corporate governance *(continued)*

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.

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 and Steve Pfeiffer and Ms Sibongile Mkhabela. The chief executive officer may be invited to attend meetings.

The committee makes recommendations to the board on the composition of the board and the balance between executive and non-executive directors. Skill, experience and diversity are taken into account in this process. In the year under review the board mandated the committee to recommend an appropriate structure post the 2007 unbundlings and disposals. The size of the board, balance between executive and non-executive directors, resident and non-resident non-executive directors and skills and expertise came up for consideration.

The board endorsed the recommendation that executive representation on the board be retained, subject to a majority of non-executive directors. Any additional appointments to be made would reinforce current skills and expertise possessed by the board.

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.

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

Mr Johnson Njeke having been appointed during the financial year, is required to retire at the upcoming annual general meeting. Messrs Selby Baqwa, Dumisa Ntsebeza, Isaac Shongwe and Don Wilson are required to retire by rotation. All retiring directors are eligible and have offered themselves as available for election or re-election respectively.

At its meeting in November 2009, 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 224 to 226 of this document). Based on the skills, experience and contribution of each to the board, the committee recommends to shareholders the election of each of the above mentioned directors.

Empowerment and transformation committee

For the year under review, the empowerment and transformation committee comprised Ms Sibongile Mkhabela (chairman), two other independent non-executive directors, namely Messrs Selby Baqwa and Dumisa Ntsebeza and two executive directors namely Messrs Isaac Shongwe and Clive Thomson. The executive responsible for human resources and transformation throughout the group attends meetings of the committee by invitation.

The committee must have a minimum of three members, two of whom must be independent. The committee monitors on behalf of the board the group's initiatives to promote diversity and advance the objectives of non-discrimination, and supports management in embracing the principles of transformation on an enterprise-wide basis across all facets of the group's activities. In South Africa the committee receives reports from group companies on progress against the BEE scorecard developed by the South African department of Trade and Industry.

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.

Empowerment and transformation committee attendance

Current	28/01/09	30/03/09	29/09/09
SS Mkhabela *(Chairman)*	✓	✓	✓
SAM Baqwa	✓	✓	✓
MJ Levett	✓	n/a	n/a
DB Ntsebeza	✓	✓	✓
OI Shongwe	✓	✓	✓
CB Thomson	✓	✓	✓

Nomination committee attendance

Current	12/11/08	16/01/09	28/01/09	30/03/09	06/05/09	23/07/09	29/09/09
DB Ntsebeza *(Chairman)*	✓	✓	✓	✓	✓	✓	✓
SAM Baqwa	✓	✓	✓	✓	X	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓	✓
MJ Levett	✓	✓	✓	n/a	n/a	n/a	n/a
SS Mkhabela	✓	✓	✓	✓	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓	✓

Remuneration report

This report sets out the company's remuneration policy and practice for executive directors. It also provides details of the remuneration paid to, and interests in shares and share options acquired by executive and non-executive directors during the financial year ended 30 September 2009.

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 and Dumisa Ntsebeza. The chief executive officer may be invited to attend meetings of the committee, but may not participate in any discussion of his own remuneration.

The remuneration 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 also determines remuneration packages for the chief executive officer and executive directors of the company.

In respect of non-executive directors, the remuneration committee makes recommendations to the board in respect of fees to be paid to each non-executive director for services rendered as a member of the board or 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 the fees paid to non-executive directors are set out in detail on page 191 of this annual report. Details of fees proposed to shareholders for approval are set out below.

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

Key remuneration highlights and developments

In the year under review Barloworld continued to apply a 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 remuneration committee retained PricewaterhouseCoopers (PwC) as its independent remuneration adviser throughout the period under review.

The remuneration committee of the board received external advice from the following:

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 the recommendations provided to the company by PE Corporate Services regarding executive salary, bonus levels and benchmarking data, and provided information to the remuneration committee regarding recent remuneration developments. The committee received the advice and guidance of PwC prior to approving any of the recommendations proposed
PE Corporate Services	Appointed by the company to advise on salary increases for executives and provide remuneration benchmarking data for executives and senior management

Remuneration philosophy

Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve Barloworld's objectives. In line with the interests of shareholders, reward is 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.

Remuneration committee attendance

Current	12/11/08	28/01/09	30/03/09	06/05/09	23/07/09	29/09/09
SB Pfeiffer *(Chairman)*	✓	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓
MJ Levett	✓	✓	n/a	n/a	n/a	n/a
DB Ntsebeza	✓	✓	✓	✓	✓	✓

Corporate governance report *(continued)*

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, which has been advised by independent external remuneration consultants.

At the annual general meeting held on 29 January 2009 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	R204 500
Non-resident non-executive directors	£51 600
Chairman of the audit committee	£25 000
Resident members of the audit committee	R68 150
Non-resident members of the audit committee	£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	R51 120
Non-resident members of each of the board committees	£3 405

Fees for additional services

The remuneration committee approved an appropriate fee structure for any additional services, where applicable, to be provided by non-executive directors.

Details of remuneration, fees and other benefits earned by non-executive directors in the past year are given on page 191.

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 as variable pay 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 by PE Corporate Services, the company engaged to advise on benchmarking and review of executive remuneration. The findings were reviewed by PwC, the lead advisor to the remuneration committee. 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. The comparator group of companies consists of large international South African companies.

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. Remuneration packages are assessed relative to the market benchmarks 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 benchmark levels, the most relevant market competitive position for total reward levels are 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 reviewed annually. The current levels are at the lower quartile of the group of comparator companies, which is made up of large international South African companies. Given the comparator companies used, this level is considered to be competitive in the appropriate labour market. Individual and company performance and changes in responsibilities are also taken into account when determining base pay annually.

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

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

Short-term incentives (bonuses) are paid in cash and their aim is to increase shareholder value.

The bonus is made up of two elements – personal objectives and financial objectives.

In terms of the financial objectives, there are two separate conditions to be achieved, each accounting for 50% of the financial component. The first condition relates to a cash flow target and the second relates to an operating profit target. Where on-target performance is achieved, a bonus of 60% of annual basic pay will be awarded.

In respect of personal objectives, a bonus of up to 30% of annual basic pay can be earned where 100% of personal objectives are achieved.

During the year, the structure of bonuses awarded to executive directors and the threshold, target and stretch levels were reviewed. Consideration was given to international trends as well as market practice for large listed South African companies.

The levels set take into account the current trading conditions and challenges being faced by the company and also represent the stretching of targets to motivate and retain senior employees. In particular, the stretch targets have been set at a level which represents a significant and meaningful level of stretch in the current business environment and the threshold targets have been set at a level which represents the minimum level of acceptable performance for the business.

In summary, the bonus targets and related payments as a percentage of basic salary are as follows:

Metric	Threshold	Target	Stretch
Operating profit (%)	12.5	30	47.5
Cash flow (%)	12.5	30	47.5
Total financial objectives (%)	25	60	95
Personal objectives (%)	15	25	30
Total (%)	40	85	125

The targets which must be achieved by the chief executive officer in order to earn a bonus differ slightly from those set out above in that he can earn 75% of his annual basic salary for meeting the financial objectives at target level and 120% of his annual basic salary for meeting the financial objectives at stretch level. The maximum bonus potential is 150% of annual basic salary, which is the same as the previous financial year.

The actual targets set for threshold, target and stretch performance vary between individual business units and directors depending upon their different circumstances.

Long-term incentive scheme

The aim of the long-term incentive schemes operated by Barloworld is to incentivise employees to create long-term value for shareholders and stakeholders. In addition, such schemes assist the company to retain key talent in order that its business objectives be met.

The long-term incentive schemes currently in operation are as follows:

- Share Options Scheme

  Executive directors and selected key executives participate in the Barloworld share options scheme. 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 within 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. The vesting and exercise of share options is not subject to the satisfaction of performance targets, however no awards have been made under this Scheme since 2004.

  No share options were granted in the year ending 30 September 2009.

  It is the company's policy that neither the chairman nor any of the other non-executive directors participate in the share options scheme.

  Details of the options previously granted to executive directors are given on pages 192 to 193.

- Share Appreciation Right Scheme

  The Barloworld cash-settled Share Appreciation Right Scheme has been developed with the object and purpose of providing employees with 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 (SARs) 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 vests in three tranches, one third on each of the third, fourth and fifth anniversaries of the grant date respectively. All SARs will lapse if not exercised within six years from date of grant.

  No awards of share appreciation rights were made during the 2009 financial year, but the remuneration committee intends to make an award under the Scheme early in the 2010 financial year.

- Forfeitable Share Plan

  The company has proposed the adoption of a new long-term incentive scheme – the Barloworld Forfeitable Share

Corporate governance report *(continued)*

Plan 2009 (FSP). The main purpose of the FSP is to address retention issues currently faced by the company and to ensure that key skills are retained.

A detailed summary of the terms of the FSP are set out in an annexure to the notice of annual general meeting and shareholders will be asked to approve the FSP at the annual general meeting.

In summary, under the FSP, selected executives and senior managers will be awarded a number of ordinary shares. The employee will benefit from shareholder rights with effect from the date of grant. However, the shares will be subject to a risk of forfeiture during the three year vesting period and, for executive directors, will also be subject to a performance condition. At the end of the vesting period, the employee will own the shares unconditionally.

It is intended that an award of shares be made under the FSP once shareholder approval has been obtained.

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 191. The details of the company's shares owned and unexercised share options held by each director can be found on pages 194 and 195.

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.

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. On 1 October 2009, two independent non-executive directors, including the chairman, were appointed to the committee. The group risk services manager and the executive responsible for the group's sustainability initiatives attends all meetings of the committee.

The chairman of the committee 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 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;
- Reviewing and approving the sustainability report; and
- Determining and recommending to the board for approval, the company's risk appetite.

Risk and sustainability committee attendance

Current	11/11/08	30/03/09	05/05/09	07/08/09
DG Wilson *(Chairman)*	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓
M Laubscher	✓	✓	✓	✓
OI Shongwe	✓	✓	✓	X
CB Thomson	✓	✓	✓	✓

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

Risk management process

In terms of a written risk management philosophy statement issued by the chief executive officer and endorsed by the directorate, the company is committed to managing its risks and opportunities in the interests of all stakeholders. Every employee has a responsibility to act in this manner.

An ongoing systematic, enterprise-wide risk assessment process supports the group's risk management philosophy. This ensures that risks and opportunities are not only adequately identified, evaluated and managed at the appropriate level in each division, but also that their individual and joint impact on the group as a whole is taken into consideration.

Divisional boards and senior managers carry out an annual self-assessment of risk. This process identifies critical business, operational, financial and compliance exposures facing the group and the adequacy and effectiveness of control factors at all levels. The assessment methodology takes into account severity and probability of occurrence and applies a rating based on the quality of control, thereby ranking risks and setting priorities. The top risks, elevated to group level, are addressed through action plans put in place with responsibilities assigned.

The group risk department oversees the process from the perspective of strategic direction, ongoing improvement in methodology and process, and technical assistance. The internal auditors assist the audit committee in evaluating the effectiveness of the risk management process 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.

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/May and again at financial year end. These divisional committees are chaired by officers who are non-executive to the respective divisions.

The head of internal audit 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 September 2009.

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 their 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.

The company'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

Corporate governance report *(continued)*

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.

There is a specific ethics line procedure for all concerns and complaints relating to accounting practices, internal audit, content of auditing of the company's financial statements, internal controls of the company and any related matters.

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

The 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

	2009	2008	2007
Total number of calls	**246**	284	549
Total number of reports	**185**	120	168

75% of total calls for 2009 generated reports for investigation, compared to the 42% of reports generated from total calls in 2008. 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 2009 (185) increased by 54% from 2008 (120). 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 materials, including an update on the group's activities, copies of all presentation material 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 224 to 228 of this annual report.

Audit committee report

Report in terms of section 270A(f) of the Companies Act 1973, as amended

The audit committee has conducted its work in accordance with its terms of reference, information about which is recorded in the Corporate governance report and is pleased to present their report in terms of section 270A(f) of the Companies Act 1973 as amended for the financial year ended 30 September 2009.

The committee performed the following activities:

- Considered the effectiveness of internal audit; the approval of the one year operational internal audit work plan and monitored adherence of internal audit to its annual plan;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes;
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management;
- Reviewed the results of the financial control management self assessments as contained in the Barloworld internal control matrix which is completed in respect of all business units and operations in the Barloworld group;
- Reviewed the process in place for the reporting of concerns and complaints relating to accounting practices, internal audit, content of auditing of the company's financial statements, internal controls of the company and any related matters. The committee can confirm that there were no such complaints during the year under review;
- Reviewed the report prepared by internal audit regarding the risk management process in the company and the level of embeddedness of such processes within each operating division;
- Reviewed the group fraud policy as well as the group policy covering how its officers and employees deal with public officials, agents, distributors, intermediaries; trade related restrictions, export controls and sanctions;
- Reviewed the group information security policy as well as internal audit assessment of the levels of control in place across the group;
- Reviewed the results of divisional and business unit Disaster Recovery self assessments, the testing of such plans and the internal audit review of such disaster plans;
- Reviewed and approved the Barloworld policy for non-audit services that can be provided by the external auditors. This policy sets out those services that may not be provided by the external auditors and the required authorisation process for those services that the external auditors may provide. The policy further sets out limitations and approvals required for employment of current and former employees of the external auditors;
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
  - The interim results for the six months ended 31 March 2009;
  - The annual report for the year ended 30 September 2009;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Nominated for appointment Deloitte & Touche and Mr Andrew Waller as auditors of the company. In addition the audit committee nominated and appointed the external auditor for each subsidiary company;
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence;
- The audit committee considered the proposed external audit fees for each division and confirmed the group audit fees in consultation with group management;

In addition in order to execute his responsibilities, the chairman of the group audit committee:

- Attended all divisional audit committee meetings held both at the interim as well as the year end;
- Met with the head of internal audit, the group risk officer and group legal counsel on at least a bi-monthly basis;
- Attended all the group risk and sustainability meetings held during the year. With effect from October the group risk and sustainability committee will be chaired by an independent non-executive director and the chairman of the group audit committee is now a member of that committee; and

- The committee reviewed the performance, appropriateness and expertise of the chief financial officer, Mr DG Wilson, and confirms his suitability for appointment as financial director in terms of the JSE requirements.

AGK Hamilton
Audit committee chairman
16 November 2009

Corporate governance report *(continued)*

Shareholder profile

Register date: 30 September 2009

Issued share capital: 227 440 494

Public and non-public shareholdings

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	24	0.12	21 907 874	9.63
Directors and Associates	11	0.06	219 778	0.09
Tamarix Investments*	9	0.04	14 485 013#	6.37
Employee and Education Trusts	4	0.02	7 203 083	3.17
Public shareholders	19 564	99.88	205 532 620	90.37
Total	**19 588**	**100.00**	**227 440 494**	**100.00**

* *Nine 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 185 for further information.

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	13 822	70.56	5 484 238	2.41
1 001 – 10 000 shares	4 886	24.94	13 998 671	6.16
10 001 – 100 000 shares	646	3.30	20 713 489	9.11
100 001 – 1 000 000 shares	193	0.99	54 146 193	23.82
1 000 001 shares and above	41	0.21	133 097 903	58.50
Total	**19 588**	**100.00**	**227 440 494**	**100.00**

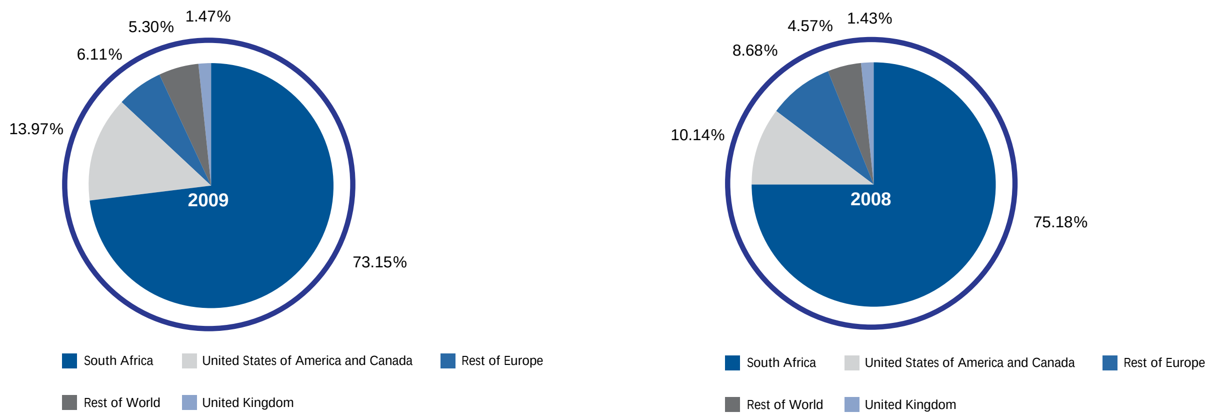
Beneficial shareholders holding 3% or more

Beneficial shareholdings	Total shareholding	% of issued capital
Government Employees Pension Fund (PIC)	16 187 787	7.12
Sanlam (Insurance)	15 353 313	6.75
PIC Industrial	8 879 772	3.91
Total	**40 420 872**	**17.78**

Investment managers holding 5% or more

Investment manager	Total shareholding	%
Sanlam Investment Management	37 022 331	16.28
PIC	14 657 905	6.45
RMB Asset Management	14 436 060	6.35
Old Mutual Investment Group SA	12 112 075	5.33
Total	**78 228 371**	**34.41**

Beneficial ownership by geographic region



Geographic analysis of shareholders – 2009

Region	Total shareholding	%
South Africa	166 368 416	73.15
United States of America and Canada	31 778 758	13.97
Rest of Europe	13 897 523	6.11
Rest of World	12 058 520	5.30
United Kingdom	3 337 277	1.47
Total	**227 440 494**	**100.00**

Geographic analysis of shareholders – 2008

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

SUSTAINABILITY

Contents

KHANYISILE KWEYAMA
Group executive: Global human resources and transformation

A sustainable approach to sustainable development

Our philosophy of creating sustainable value for all our stakeholders requires that we continue to operate, manage and report the economic, environmental and social aspects of our activities in an integrated and harmonious manner, without prejudicing the future for any of our stakeholders.

Barloworld's 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

Visit: www.Barloworld.com/content/sustainability for the full scope of the 10 Pillars of sustainability.

SUSTAINABILITY REPORT

CEO message

The integrated nature of our stakeholders' interests and an appreciation of the environmental impact of our activities have inspired us to formulate and commit to a leadership position in sustainable development.

Our management approach of creating long-term value for all our stakeholders remains the foundation of this commitment and is entrenched throughout the group in our value based management (VBM) philosophy. The sustainability of our business is integral to this approach and to this end we continually reflect and evaluate our activities against our 10 Pillars of sustainability.

This is underscored by the integrated manner in which we review and report our activities. We do not separate economic, social and environmental aspects but regard them as related components of our value creation system which are measured and managed in concert.

Our reporting systems and processes are constantly evolving to ensure a transparent, inclusive and balanced reflection of our commercial activities. As we continue to assess and respond to risks associated with sustainable development, we also identify long-term value creation opportunities which we actively pursue.

We believe climate change is a significant challenge which can only be addressed if all stakeholders act with community of purpose and solidarity of resolve.

Barloworld's response to the climate change challenge includes offering our customers products and solutions with limited environmental impacts and reducing the negative environmental consequences of our activities.

We monitor, minimise and will offset our carbon footprint where appropriate, and we strive to reduce our consumption of natural resources.

We remain committed to:

- providing our customers with the integrated and environmentally sound solutions they require to meet their sustainable development objectives;
- acting in the best interests of our principals and representing them in a manner that reflects their sustainable development objectives;
- ensuring an inspiring climate for our employees to work in and within which all have equal opportunity to fulfil their aspirations and be proud ambassadors of the group;
- delivering sustainable returns to our shareholders that are not achieved at the expense of future generations; and
- being regarded as a responsible corporate citizen by all our stakeholders, including the communities in which we operate.

I am convinced that the enduring competitiveness of Barloworld, together with our ability to create sustainable value for our stakeholders, rests on these commitments and we will manage the group accordingly.

Approach to sustainability

Introduction

- *Sustained value creation for all stakeholders*
- *Integrated into strategy, management and reporting*
- *Minimise negative environmental consequences of activities*
- *Barloworld's 10 Pillars of sustainability*

Barloworld's commitment to sustainable development is underpinned by a philosophy of creating value for all its stakeholders, who are defined as shareholders, customers, employees, principals, suppliers and communities in the context of broader society. This encompasses responsible custodianship of the environment and includes minimising the negative environmental consequences of its activities.

The group's integrated approach to managing the financial, social, environmental and corporate governance aspects of its business assures its sustainability as an enterprise.

This approach is encapsulated in the group's 10 Pillars of sustainability which inform and guide current activities and act as a filter against which future opportunities are assessed.

Responsibility and accountability for sustainable development rest with the group's board and CEO, although the daily responsibility is delegated to divisional CEOs and their respective boards. Ultimately every employee is responsible for the sustainability of the organisation through a dedicated fulfilment of their respective roles in the context of the group's values and ethics.

Accordingly, all sections of this annual report constitute Barloworld's sustainability report, although specific aspects are highlighted, contextualised and explained in this section together with the relevant details.

Approach to data collection and reporting

- *In terms of GRI framework*
- *Focus is on material aspects*
- *Structured reporting systems*
- *Relevant management information*
- *Boundaries as per financial consolidation and Greenhouse Gas (GHG) Protocol*

Barloworld's commitment to leadership in reporting is structured around those aspects of the group's activities that are considered material and to be of interest or concern to a broad grouping of stakeholders.

To ensure clarity, completeness and the comparability of the group's information on a global basis, the Global Reporting Initiative's (GRI's) G3 indicators are used to inform coverage. The relevance of issues is continually reviewed in light of the group's structure and the nature of its activities.

During the year there was an improvement in non-financial data collection and reporting systems. A concerted effort across the group has ensured that standard definitions and measurement systems are in place to ensure accuracy and year-on-year trends in data reported.

Sustainability report – Approach to sustainability

Organisational boundaries for the collection of data reflect those used for financial purposes to ensure that financial, social and environmental reporting are aligned. Reporting structures and boundaries for emissions are also aligned with the Greenhouse Gas (GHG) Protocol Corporate Standard (see Barloworld website for full disclosure in this regard). Integrated information is used to measure performance, interpret trends and set future objectives within the group.

Collated data is used for ongoing management purposes and is reported at group level on a quarterly basis through the Safety, Health and Environment (SHE) report which is reviewed by the Barloworld Risk and Sustainability Committee, a sub-committee of the Barloworld board.

While all areas of reporting improved, the collection of "Materials Used" data which incorporates a split between internal consumption and customer usage of important materials needs further improvement, as does the collection and reporting of "Waste" data, specifically the standardisation of reporting waste by weight rather than units. These aspects are being reviewed in light of their materiality and benefit and will be appropriately addressed in the year ahead.

Employee data for 2008 has been restated to include the Swift and Flynt figures. The 2008 reported data excluded 803 employees from these acquired businesses. Electricity consumption for corporate previously reflected the total consumption at Barloworld's Corporate Office complex, which includes buildings occupied by divisions as well as external tenants. This year, the consumption has been proportionally allocated on a per capita basis to the various tenants and only the relevant consumption reported for Barloworld Corporate. This influenced reported 2009 corporate emissions data.

Assurance

- *Third party verification of material aspects*

The group is committed to ensuring that material streams of non-financial data are reported. Significant aspects of such data are verified by an independent third party. Independent verification from Deloitte is obtained (refer to page 95). It is envisaged that the group's internal audit function will become more involved in non-financial reporting in future and that other important aspects, such as water consumption, will be verified.

Governance, ethics and values

- *Entrenched group value system*
- *Established policies and procedures*
- *Anonymous Ethics Line and non-victimisation for whistle-blowing*
- *Extensive internal and external audit*
- *Formal external expert involvement and training*

Barloworld provides a policy framework within which its operations establish specific relevant and appropriate policies, and management and control systems in the context of their respective industries. It is the role of internal audit to ensure compliance with policies and assess the relevant procedures and management controls to ensure implementation. Financial compliance is assured through internal structures and controls as well as through an independent financial audit.

The group has its own code of ethics which is widely communicated through a variety of means, including the group's intranet and internet systems, various publications, induction programmes and structured team forums. The code has the following overarching principles:

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

Barloworld is a signatory to the United Nations Global Compact which addresses Human Rights, Labour Standards, Environment and Anti-Corruption. The group adheres to these principles which are entrenched through group and divisional standards and policies.

See the Barloworld website for full scope of its Code of Ethics, Anti-Fraud Policy and the Barloworld Group Policy on Dealing with: Public Officials, Agents, Distributors, Intermediaries: Trade Restrictions, Export Controls and Sanctions (www.Barloworld.com/content/sustainability).

Corporate governance and Barloworld's commitment in this regard are addressed from page 46 to 65. Together with formal processes and systems, Barloworld's code of ethics, culture and value system ensure that corporate citizenship and social responsibility are integral to its business strategies. Formal processes to inculcate these into the group incorporate external training sessions for all divisions' executives on appropriate legislation and compliance commitments from divisional leaders.

Climate change

- *The group appreciates the link between its activities and climate change*
- *The matter is reviewed by a sub-committee of the board*
- *Group climate change policy set*
- *Incorporated into strategic planning*
- *Appropriate measurement and targets in place*
- *Identified risks and opportunities*
- *Included in stakeholder dialogue*

Barloworld appreciates the integrated nature of its commercial activities and the ensuing impact on climate, as well as the seriousness of climate change as a global issue that needs to be addressed.

While the group's activities are neither environmentally aggressive nor result in substantial greenhouse gas emissions, it understands the need to conduct commercial activities in an environmentally responsible manner and to provide environmentally sustainable integrated customer solutions.

Accordingly, the group continues to measure, manage and report on aspects of its business that contribute to climate change and is committed to reduce, minimise and offset these activities where appropriate. This forms part of a quarterly Safety, Health and Environment (SHE) report that is tabled at the group's risk and sustainability committee meetings.

The group has also identified risks and opportunities arising from climate change due to physical consequences (short- and long-term), changing regulatory frameworks, customer requirements and brand reputation. These are incorporated into the group's strategic plans and related activities.

These risks and opportunities are disclosed in Barloworld's response to the Carbon Disclosure Project, CDP 2009 (CDP7) which is available on www.cdproject.net.

During the year an amount of R20 000 was donated for emergency relief to flood victims in Soweto, South Africa, who were left destitute after the area was devastated by heavy rain and floods.

Emergency services indicated this flooding was the worst they had seen in the area. Occurrences such as this could become more prevalent as weather patterns change.

Strategic planning

- *Structured processes in all group operations culminate in the group strategy*
- *Endorsed by the board and subject to regular review*
- *Central to the group's approach to sustainable development*
- *Identifies the group's strategic focus areas which focus attention in all operations*
- *Ensures integrated and coherent group activities for sustainable development*
- *Employee implementation is central to the success of the strategy*

Strategic planning processes are systematic, integrated across the group and aligned across functional areas. A group strategic planning framework has been established that addresses five strategic focus areas:

- Integrated customer solutions
- People
- Empowerment, transformation and sustainable development
- Financial returns
- Profitable growth.

This framework is formally reviewed on an annual basis and revised where appropriate. These revisions are endorsed by the board. Notable in the group's strategic framework is the integrated nature of its approach. Strategic plans in the group are appropriately communicated to all employees to ensure understanding, commitment and participation.

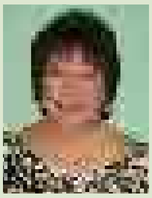
Employees ensure the implementation of the strategic plan through the application of alignment maps and scorecards which are put in place to ensure the realisation of objectives, hurdles and targets. Critical success factors are closely monitored through focused performance management systems and interventions which include mechanisms such as an integrated balanced scorecard system.

Accessing, harnessing and focusing the collective wisdom in the group, and enabling employees to participate in the value created, ensure commitment and progress in implementing the group's strategic plan.

Group risks

- *Structured process of risk identification*
- *Incorporated and addressed in strategic planning processes*
- *Comprehensive measures in place to address appropriately*
- *Regular review at executive, board as well as risk and sustainability committee meetings*

Prestigious appointment for Barloworld head of risk management



Hilary Wilton, group head of risk management at Barloworld, was appointed deputy chairperson of the Financial Services Board (FSB) by the South African Minister of Finance in February 2009.

The FSB is an independent institution established to regulate the South African Non-Banking Financial Services Industry in the public interest. Hilary has served on the FSB as a non-executive director since 2003.

The identification of risks and opportunities is robust, systematic and involves every level of the organisation. A comprehensive risk management policy is entrenched throughout the group, complemented by the Barloworld Limited Risk Management Philosophy, which is signed by the Barloworld CEO. This includes dedicated divisional risk assessment interventions at which internal audit and group risk services are present and risk also receives attention during the strategic planning process.

In accordance with international best practice, risks are assessed on their probability, severity and quality of the existing control environment. These measures result in residual risk scores which indicate the importance of the risk and allow assessment of progress made in addressing identified risk areas. Risks are detailed, comprehensively assessed and addressed through acceptance, transfer, avoidance or reduction. Risks are recorded in divisional and group risk registers.

Formal reporting to the risk and sustainability committee, a sub-committee of the board, takes place bi-annually. Initiatives to address identified risks include business continuity plans and disaster recovery plans for unscheduled events or occurrences and stakeholder concerns. These include information technology and communications solutions, as appropriate. While this planning is regularly reviewed at executive and board levels, internal audit also has a significant role in reviewing required processes and procedures.

Sustainability report – Approach to sustainability *(continued)*

Barloworld group top risks (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 and management of possible synergies.
Competitor actions Competitor actions 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. • Develop key customer plans which contain all the information and strategies to satisfy the customer.
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 to be utilised. • 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 to our principals on market movements and product competitiveness. • 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. • Align strategies and targets with those of our major principals as far as possible.
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.

Key risks	Category of risk and management response
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 businesses 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. • Develop new channels.
Global economic slowdown/credit crisis The effect of the slowdown on our businesses, customers, suppliers and funders and the risk that funding constraints within the supply chains will extend the recession or at least delay any recovery.	**Financial risk** • Inflationary pressures to be carefully monitored and managed, as appropriate, in each business. • Reduce costs and improve operating efficiencies. • Monitor our customers' ability to spend. • Reduce working capital, limit capital expenditure and improve cash flow. • Secure adequate committed short-term borrowing facilities.
Regulatory environment Many of the group's activities are governed 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 and value creation competence. • Through performance management systems, employees' purpose, role, function and accountabilities are defined, and using competency–based assessments, employees are regularly reviewed to ensure the appropriate skill sets are available to enable performance at optimum levels. Extensive training resources and facilities are in place to assist and encourage employees to enhance their levels of competence and performance. • An appropriate suite of reward and incentive schemes ensures recognition, value creation for employees and retention of high-performing employees. • Focused initiatives and arrangements have minimised the negative effects of difficult economic conditions on employees and the company's skill base. These also ensure the required skills are in place to optimise any opportunities presented by improved economic circumstances.

Sustainability report – Economic aspects

Economic aspects

Sharing in the value created

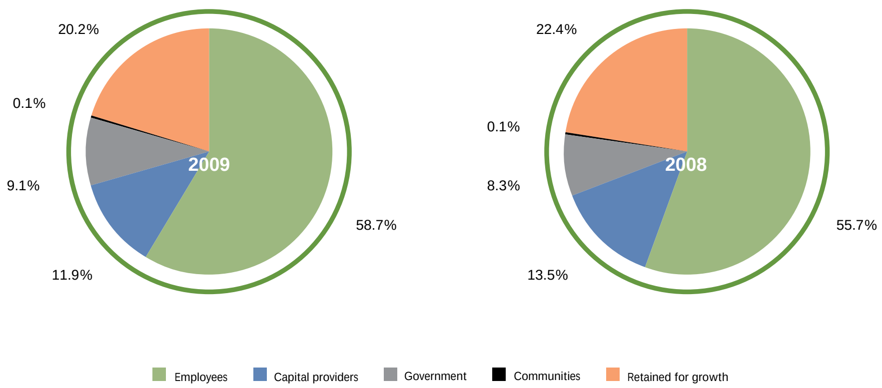
- *Commitment to create and reflect value created for all stakeholders in a transparent and meaningful manner*

Value added statement

A measure of the value created by the group is the amount of value added by its diverse 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.

	2009 Rm	**%**	2008 Rm	%	2007 Rm	%
Revenue from continuing operations	**42 232**		46 830		39 757	
Revenue from discontinued operations	**1 121**		1 900		10 502	
Paid to suppliers for materials and services	**31 553**		36 729		34 365	
Value added	**11 800**		12 001		15 894	
Income from investments^	**203**		208		340	
Total value created	**12 003**		12 209		16 234	
Value distribution						
Employees (note 1)	**7 054**	**59**	6 793	56	8 362	52
Capital providers:	**1 428**	**12**	1 654	14	4 047	25
Finance costs	**994**		980		805	
Dividends to Barloworld Limited shareholders	**396**		614		2 285	
Dividends to minority shareholders in subsidiaries	**38**		8		344	
Unbundling of Coatings			52			
Unbundling of Cement					613	
Government (note 2)	**1 093**	**9**	1 010	8	1 667	10
Communities (Corporate social investment)	**8**		13		16	
Reinvested in the group to maintain and develop operations	**2 420**	**20**	2 739	22	2 142	13
Depreciation	**2 145**		2 121		2 157	
Retained profit	**428**		671		(144)	
Deferred taxation	**(153)**		(53)		129	
	12 003	**100**	12 209	100	16 234	100
Value added ratios						
Number of employees (30 September)	**18 918**		20 471*		21 960	
Revenue per employee (Rand)#	**2 201 274**		2 296 906		2 108 369	
Value created per employee (Rand)#	**609 476**		575 475		681 026	
Corporate social investment – % of profit after taxation	**1.0**		0.9		0.6	
Notes:						
1. Employees						
Salaries, wages, overtime payments, commissions, bonuses and allowances**	**6 055**		5 932		7 114	
Employer contributions+	**999**		861		1 248	
	7 054		6 793		8 362	
2. Central and local government						
Current taxation	**603**		830		1 412	
Regional Service Council levies					36	
Rates and taxes paid to local authorities	**59**		60		86	
Customs duties, import surcharges and excise taxes	**418**		105		118	
Skills development levy	**13**		15		18	
Cash grants and cash subsidies granted by the government					(3)	
	1 093		1 010		1 667	

Value distribution (%)



^ *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*

* *2008 Logistics off-shore statistics restated to include 803 employees from Swift and Flynt.*

Sustainability report – Environmental aspects

Environmental aspects

Overview

- *Commitment entrenched in values, policies and procedures*
- *Focus on both internal activities as well as products and solutions provided to customers*
- *Commitment to measuring, reporting, and managing environmental impacts*
- *Commitment to reducing and offsetting negative environmental consequences, where possible*
- *Ongoing review and assessment of risks and opportunities*

Barloworld recognises that its activities and customer solutions have certain adverse environmental impacts. It is committed to good environmental stewardship and minimising its total environmental impact which includes its carbon footprint. Understanding that its customer solutions affect the environment and have concomitant negative consequences for climate change, the group is committed, together with its principals, to offering customer solutions which mitigate these impacts. The group endeavours to support customers in their efforts to reduce the negative impacts of their commercial activities.

Due to the nature of its business activities and the predominantly urban locations of its operations the group is not required to apply the precautionary principle to decision making although it remains mindful of the central tenets of the principle.

Climate change has exposed the group to various grades of physical, regulatory, financial and reputational risk, as well as certain opportunities. These risks and opportunities have been publicly disclosed in the group's CDP7 response.

As a global company, Barloworld acts on its concerns about the environment by partnering with organisations such as the UN Global Compact (Principles 7 to 9), the World Wide Fund for Nature (WWF), the National Business Initiative (NBI) and the Endangered Wildlife Trust (EWT). Barloworld is a signatory of the Energy Efficiency Accord (EEA) with the Department of Minerals and Energy in South Africa, and is also a member of the NBI's Energy Efficiency Committee, through which the group is linked to a range of energy and climate change initiatives.

In addition to the general commitment to the environment contained in the group's code of ethics, strategic framework and 10 Pillars of Sustainability, its approach to environmental management is informed by:

- Barloworld's Environmental Policy which sets the overall standards and expectations throughout the group and includes the organisation's commitment to duty of care, waste avoidance and minimisation of use of natural resources;
- Barloworld's Good Practice Guidelines On Environmental Management for Non-ISO 14001 Certified Operations which cover all Barloworld operations;
- Barloworld's Climate Change Policy which outlines the group's approach and commitments in this regard; and
- ISO 14001 is currently applicable to Avis and Budget operations in Norway and Sweden.

Barloworld's Environmental Policy, Climate Change Policy and Guidelines for Non-ISO 14001 Certified Operations can be accessed on our website: www.Barloworld.com/content/sustainability.

The group did not receive any fines for non-compliance with environmental laws and regulations during the year. In South Africa, two notices were received for high mineral oil content in a washbay discharge system. This matter has been addressed.

Environmental expenditure is incorporated into development and construction activities to ensure responsible environmental stewardship, compliance with environmental legislation, internal standards and good practice.

Additional aspects cover ongoing maintenance expenditure, principals' requirements and ISO systems. It also includes water recycling and waste disposal initiatives as well as carbon offset programmes. These are not reported separately but specific aspects are highlighted in the report where appropriate.

Nature of products and services

- *Commitment to provide leading environmentally sound solutions to customers which will assist them to achieve their sustainable development objectives*
- *Original Equipment Manufacturers' (OEMs')/principals' focus on developing appropriate and leading technologies*
- *Internal activities measured and reviewed*
- *Carbon emissions are an area of focus*

Barloworld is committed to providing products and leading customer solutions that enable customers to achieve their sustainable development objectives including environmental stewardship.

New technologies employed in the integrated customer solutions which Barloworld operations offer are resulting in enhanced energy and carbon efficiencies, as well as addressing the needs of a wide range of stakeholders.

An example is Caterpillar's innovative ACERT® technology which was developed to meet American and European regulations restricting harmful emissions from diesel engines utilised in both "on highway" and "off-road" applications.

Bulldozing may never be the same...

Caterpillar's new earthmoving machine, the D7E tractor, features the first all-electric drivetrain. Hybrid-electric drives aren't just for passenger cars and on-highway vehicles anymore. Bulldozing may never be the same.

Sustainability report – Environmental aspects *(continued)*

In Barloworld Automotive, the motor retail operations represent leading global vehicle manufacturers which are continuing to develop and introduce energy efficient vehicles, low emission vehicles, hybrid vehicles and electric vehicles.

Also, offered in car rental fleets are hybrid and flexi-fuel vehicles such as the Toyota Prius, SAAB Bio-Power, Volvo V50 and V70 Flexi-fuel and Mercedes Benz NGT Blue Efficiency vehicles. Diesel and bio-fuel cars are becoming far more prevalent in car rental fleets. All fleets include the latest vehicle models and technology which results in general improvement in energy efficiency and emission reductions.

Barloworld Logistics provides, through the CAST-CO_2 module of its leading supply chain design system, provides the ability to calculate the carbon emissions from any supply chain model and therefore to design supply chains with modes, loads, inventories and routes which optimise carbon emissions.

CAST-CO_2: Carbon emission modelling

The CAST suite of solutions uses advanced mathematical modelling techniques to optimise the supply chain network from both a cost and environmental perspective. The CAST-CO_2 module of this suite calculates the carbon footprint of any supply chain network, and can provide the optimal supply chain network configuration based on cost, service levels and/or carbon emissions. Thus, the module can calculate the environmental impact of any supply chain network modelled by the CAST suite. The tool's parameters are based on the internationally benchmarked Greenhouse Gas Protocol.

Logistics is also at the forefront of designing sustainable road transportation solutions which provide both commercial and environmental benefits.

The handling division's principal, Hyster, has launched a new electric truck range, emphasising lower whole-life costs and emissions. Looking forward, Hyster is facilitating the development of hydrogen fuel cells and lithium ion batteries. Hydrogen fuel cells enable a zero-emission lift truck with very short refuel times, while lithium ion batteries promise a zero-emission lift truck with long battery life and zero battery maintenance.

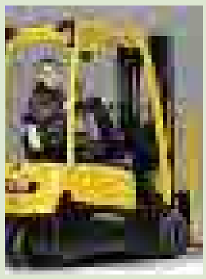
The principal environmental impact of transporting products and services relates to the consumption of fossil fuel, consequent greenhouse gas emissions and the associated risks.

Logistics in market-leading green transport initiative

Barloworld Logistics has become one of the first supply chain and logistics service providers in South Africa to voluntarily adopt the Road Traffic Management System (RTMS) standard, ARP 067-1:2007, which is a pre-requisite for the performance based standards (PBS) approach to vehicle design and operations. The design of a PBS vehicle by Barloworld Logistics represents a mindset change from traditional vehicle design to an approach where the focus is on optimisation of vehicle design to maximise productivity at enhanced safety levels.

The company's participation in the independently-audited RTMS accreditation programme was necessitated due to plans to design and build an abnormally long, aerodynamic trailer. At 27m long, as opposed to the standard permissible maximum vehicle combination length of 22m, the Barloworld Logistics vehicle has a payload of 45 tons, compared to a standard 36 tons. The volumetric space of the trailer changes from 128,1m^3 to 162,8m^3. The trailer configuration can reduce carbon emissions by up to 18%, based on the initial testing phase.

Focused on energy management and performance



With warehousing operators continually looking to achieve increased efficiency, warehousing equipment supplier Barloworld Handling is offering a next-generation electric lift truck range built to boost driver productivity and to be gentle on the environment.

Hyster launched the XN electric truck series in January 2009. These use 10% less energy than their predecessor in the Hyster range, and offer up to 31% lower power consumption than equivalent competitor trucks. The new truck provides similar performance as a diesel or gas powered internal combustion forklift – without forgoing performance.

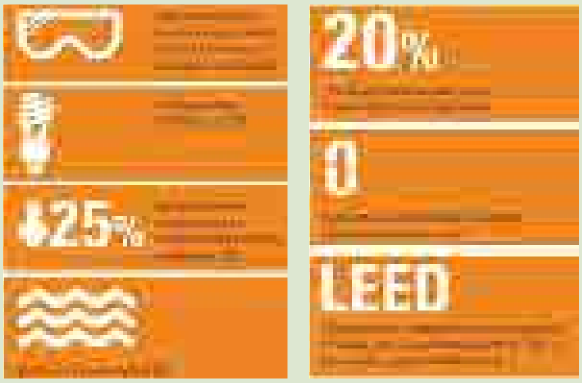
Principals' standards

- *Represent leading global Original Equipment Manufacturers (OEMs)*
- *OEM's standards and commitments reflected in products, technologies and services offered by Barloworld*
- *OEM's targets and objectives provide a framework and focus attention*

In representing major international brands such as Caterpillar, Hyster, Avis, Budget and other world-class equipment and motor vehicle manufacturers, Barloworld is part of supply chains which embrace values and standards in the manufacture, sale, service and disposal of products that reflect international best practice. Barloworld is committed to working with its suppliers to ensure that their requirements are met, including environmental objectives, and their competitive position enhanced.

Caterpillar: 2020 goals for operations

(Source: Caterpillar Inc.)



Caterpillar Inc.

Named in Newsweek's Top 100 Greenest Companies in America. September 2009

Caterpillar's commitment to align its sustainability efforts with business strategy has earned the company a place on Newsweek's Green Rankings, securing the number 73 spot out of 500 companies listed. Caterpillar was named number 5 in the Industrial Goods sector. The rankings are based on the company's environmental policies, practices and overall reputation.

Indicators and collection systems

- *Focus on material aspects*
- *Entrenched monthly, quarterly and annual reporting*

The group has identified indicators which it believes are relevant and material to its activities, given its retail and after-market service nature. The scope of Barloworld's data monitoring and environmental management includes:

- Energy consumption
- Carbon emissions (Scope 1 and Scope 2)
- Emissions intensity
- Water usage, source and recycling
- Materials consumed
- Use of recycled input materials
- Waste (hazardous and non-hazardous) and destination or disposal methods
- Non-compliance/fines

The relevant data on energy, emissions, water, materials waste and occupational health and safety is collected throughout the group. Appropriate structures and teams in all divisions are responsible for management systems, data collection and reporting.

Targets

- *Signatory to the Energy Efficiency Accord*
- *Aspirational energy and emissions efficiency targets set for the group*
- *2009 set as an appropriate baseline year*
- *Targets to be reviewed "post Copenhagen"*
- *Commitment to report progress against targets*

Barloworld is committed to setting sensible targets for improved energy efficiency in respect of fossil fuels and the resulting greenhouse gas emissions.

Pending clarity from the United Nations Climate Change Conference in Copenhagen scheduled for December 2009, and any consequent national or industry targets being set, the group is guided in South Africa by the content of the Energy Efficiency Accord with the Department of Minerals and Energy in South Africa which reflects the South African objective of a national final energy demand reduction of 12% by 2015 off a 2000 baseline year.

In order to make this a more tangible objective, the group has set an overall aspirational target of a 12% efficiency improvement of its non-renewable energy consumption by 2014 off a 2009 baseline year. This applies to petrol and diesel as well as to purchased electricity generated by fossil fuels.

The period coincides with the group's five year strategic planning horizon and indicative consequences can be internally projected using anticipated turnover levels as a proxy for business activity.

The diverse and divisional nature of the Barloworld group requires that specific energy consumption targets are set in the respective divisions based on their relevant operational and industry specific requirements as well as the perspective of their global region of activity.

The group's emissions predominantly result from the consumption of fossil fuels and the purchase of fossil fuel generated electricity. Accordingly, the group has adopted a similar approach in respect of its emissions targets.

Targets will be subject to ongoing review during the year and will be incorporated into executive scorecards for 2010.

Energy consumption

- *Aspirational targets set*
- *Measurement, reporting and management of energy consumption*
- *Third party assurance of consumption levels*
- *Commitment to improve efficiencies of consumption of non-renewable fossil fuels*
- *Identification of related risks and opportunities*
- *Environmental and commercial benefits*

Barloworld is committed to the measurement, reporting and efficiency improvements of its consumption of non-renewable fossil fuels. The group understands the environmental and commercial benefits of such commitment. Over the past years the group has implemented processes and systems to record such data and to ensure its measurement is in accordance with related initiatives such as the Greenhouse Gas Protocol so that the consequent emissions are properly reported.

Sustainability report – Environmental aspects *(continued)*

Measures in place and in planning around the globe, such as increased fuel tariffs, electricity surcharges and carbon taxes, will profoundly alter approaches to the sourcing, cost and consumption of energy. Electricity supply constraints and significant price increases in South Africa have been identified as risks to our business and those of our customer base. These also present opportunities for our various divisions which are being investigated and pursued. The possible introduction of the Power Conservation Programme in South Africa is an example of anticipated energy reduction measures that may be introduced. In response, the group is closely monitoring its energy costs and consumption and implementing appropriate energy efficiency improvement measures. It is also actively promoting customer solutions that address these aspects and identifying related business opportunities.

Only internal energy consumption is reported.

The general decline in year on year fuel consumption is primarily attributed to reduced business activity although attention to energy efficiency also supports this trend.

Petrol and diesel consumption (million litres)

Division	**2009**	2008	2007
Automotive	**13,4**	13,9	12,5
Equipment	**10,0**	9,7	8,1
Handling	**5,5**	6,4	4,8
Logistics	**14,4**	17,1	9,6
Corporate	**0,02**	nr	nr
Total	**43,32**	47,1	35,0

The abbreviation 'nr' stands for 'not reported'

In addition to petrol and diesel the group also consumed 225 tons of Liquid Petroleum Gas (LPG) and 101 tons of Compressed Natural Gas (CNG) or Liquid Natural Gas (LNG).

Electricity consumption (MWh)

Division	**2009**	2008	2007
Automotive	**43 241**	42 297	56 166
Equipment	**25 644**	23 185	19 200
Handling	**9 094**	8 458	8 588
Logistics	**10 493**	4 913	nr
Corporate	**810***	4 699	5 116
Total	**89 282**	83 552	89 070

** 2009 Corporate only. Proportional consumption reallocated to resident tenants at Barlow Park. The abbreviation 'nr' stands for 'not reported'*

Group electricity consumption indicates an increase of 6.9% year-on-year. A portion of this increase can be attributed to a much improved universe and better data collection.

Electricity consumed at Barlow Park reported under corporate in previous years has been reallocated to its tenants on a per capita basis for 2009.

Logistics' reported electricity consumption, for example, has increased by 114% although some 35% of this increase is attributable to an allocation in respect of their occupation of leased facilities at Barlow Park.

All operations are committed to the optimisation of their energy consumption and a variety of initiatives are underway or in planning across the group. These include efforts to reduce air travel by using video-conferencing, retro-fitting energy efficiency systems and timing switches and improving consumption metering at their facilities. Also addressed are efficient lighting systems and the replacement of inefficient lighting equipment. New facilities will incorporate appropriate heating, ventilation and air conditioning (HVAC) systems.

Initiatives such as these have led to the conceptualisation of a "green buildings" programme which will result in generally more resource-efficient facilities across the group. The recently established Barloworld Power division will drive and coordinate these activities internally as well as offering leading energy solutions, including efficiency and renewable aspects, to customers.

Greenhouse gas (GHG) emissions

- *Measurement, reporting and management of Scope 1 and Scope 2 emissions*
- *Third party assurance of carbon emissions calculated according to the GHG Protocol*
- *Commitment to minimise and offset carbon footprint where appropriate.*
- *Internal operations of car rental in South Africa and Norway are carbon neutral*
- *Environmental and commercial benefits*
- *Aspirational emissions efficiency targets set*

Barloworld appreciates the causal link between greenhouse gas (GHG) emissions and climate change, and the forecast for the increasingly negative effects of climate change on the environment. Given the nature of Barloworld, the material sources of its GHG emissions are the direct consumption of fossil fuels (Scope 1) and its consumption of purchased electricity generated from fossil fuels (Scope 2).

During the year, the group progressed its programme to accurately record and report its emissions and has calculated its GHG inventory in terms of the GHG Protocol Corporate Standard (www.Barloworld.com/content/sustainability).

Although Barloworld's operations are considered by the Johannesburg Stock Exchange's Socially Responsible Investment Index (SRI) to have a low impact on climate change, the group is committed to achieving greater energy (fossil fuel) efficiencies in the day-to-day activities of its operations and consequently, improving its emissions efficiency.

CO_2e is the universal unit of measure used to indicate the global warming potential of the main greenhouse gases.

Barloworld also works to raise awareness amongst its employees through communication and training, and supports the efforts of civil society to educate and inform the public on the importance of adopting environmentally sustainable lifestyles. Barloworld's car rental operations in Norway remain carbon neutral (excluding rental fleets and licensee operations). Approximately 62% of the electricity for Avis and Budget car rental operations in Scandinavia is either wind or hydro-generated. Avis and Budget in Norway and Sweden offer their customers the opportunity to purchase carbon credits to offset the emissions from their vehicle rental transactions. On 1 September 2009 Avis Rent a Car became the first rental fleet in South Africa to be accredited CarbonNeutral® for internal business carbon emissions from fuel and electricity usage.

Barloworld has adopted the following approach to managing its emissions:

- Measure the emissions relating to particular activities, then consider the following strategies:
  - o Avoid emission producing activities;
  - o Reduce emissions of unavoidable activities;
  - o Switch to appropriate energy reduction technologies, where feasible; and
  - o Offset remaining emissions from commercial activities where appropriate.

Emissions (CO_2e tons)

Division	2009	2008	2007
Automotive	**82 388**	81 126	79 346
Equipment	**52 063**	49 296	37 462
Handling	**20 219**	22 355	18 880
Logistics	**50 700**	53 592	22 869
Corporate	**1 019**	5 639	4 435
Total	**206 389**	212 008	162 992

Group carbon emissions year-on-year have reduced by 2.7%. This decrease has been attributed to a reduction in business activity and the corporate electricity reallocation to Barlow Park tenants. Improved measurement has resulted in absolute emission reductions trailing business fall-off. Focus on fuel efficiency and efforts to reduce energy consumption during the year supported this result.

Scope 1 and Scope 2 emissions (CO_2e tons)

	2009		2008	
Division	Scope 1	Scope 2	Scope 1	Scope 2
Automotive	**33 938**	**48 450**	35 173	45 953
Equipment	**27 153**	**24 910**	26 367	22 929
Handling	**14 356**	**5 863**	16 908	5 447
Logistics	**39 747**	**10 953**	47 697	5 895
Corporate	**47**	**972**	nr	5 639
Total	**115 241**	**91 148**	126 145	85 863

The abbreviation 'nr' stands for 'not reported'

The Barloworld group participates in the Carbon Disclosure Project (CDP), which was launched in 2000 to collect information that could be used to motivate investors, corporations and governments to take action to prevent climate change. Data collected from some 5 500 of the world's leading companies and disseminated by the CDP provides valuable insights into the risks and opportunities presented by climate change and a post-carbon era. Increasingly, evidence points to the shift of consumers and investors to companies who limit their carbon footprints and see opportunities in a carbon constrained world. Barloworld's CDP7 response can be viewed on website: www.cdproject.net.

Emissions intensity (CO_2e tons)

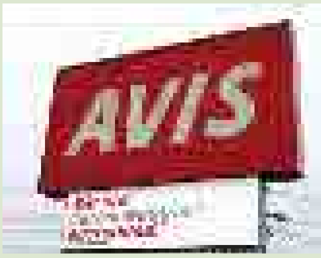
	Per Rm revenue		Per employee#	
Division	2009	2008	2009	2008
Automotive+	**4,56**	4,46	**10,32**	10,65
Equipment	**3,16**	2,42	**7,86**	7,26
Handling	**4,29**	3,64	**7,32**	7,99
Logistics++	**12,41**	16,71	**22,83**	25,37
Corporate	**n/a**	n/a	**9,85**	24,79
Group	**4,76**	4,42	**10,48**	10,85

+ *Including revenue from discontinued operations*

Based on average number of employees

++ *Excludes inter group revenue*

Avis leads the carbon neutral drive in car rental in South Africa



Avis Rent a Car South Africa has achieved CarbonNeutral® accreditation for the offset of its internal fuel and energy usage CO_2 emissions. Wayne Duvenage, Avis chief executive, explains, "For Avis South Africa, becoming carbon neutral is an important step not only for our business, but for the industry as a whole.

"By committing to reduce its measured internal business CO_2 emissions of 11 000t to net zero, Avis has set the benchmark within the industry, and this we hope will encourage more businesses and also our customers to start taking action for their own carbon footprint."

Emissions per energy source (CO_2e tons)

Year	Diesel	Petrol	Heavy Oil	LPG	CNG/LNG	Electricity
2008	84 358	40 533	1 036	169	49	85 863
2009	**77 861**	**36 670**		**554**	**156**	**91 148**

Sustainability report – Environmental aspects *(continued)*

Water

- *Appreciation of scarcity and limitation of this resource*
- *Measurement, reporting and management in place*
- *Extensive recycling initiatives in group*
- *Environmental and commercial benefits*

Barloworld appreciates that water is a scarce resource. The group obtains the majority of its water from local municipal and local government water supply systems. The automotive division is the largest consumer of water in the group due to the washing of its car rental fleets and motor retail activities.

Avis Rent a Car South Africa has invested some R1.9 million in its water recycling programme at its three main depots and estimates that it will save around 95 million litres of water per annum. Equipment Iberia invested R3.7 million in new water treatment plants during the year.

Water consumption (million litres)

Division	2009	2008	2007
Automotive	490	489	542
Equipment	271	180	115
Handling	46	47	43
Logistics	39	37	0.2
Corporate	21	22	10
Total	867	775	710.2

Avis Rent a Car South Africa recycles water

Barloworld's Bayside dealership in Melbourne Australia is serious about water conservation

The increase in water consumption is due largely to a much improved standard of reporting by equipment SA. Reduced business activity and recycling initiatives have resulted in a 30% reduction in consumption in Equipment Iberia.

A number of water conservation projects, including rainwater harvesting and water recycling projects, have been implemented across Barloworld operations in South Africa, Australia and Iberia. These resulted in automotive recycling 20%, equipment Iberia 14% and logistics 12% of their metered water consumption this year.

In a move to decrease water consumption at all major equipment sites, the division has recently upgraded waste water systems and installed additional meters to investigate the viability of increasing their recycling efforts. In 2009 12% of water used in the Barloworld group was recycled, following appropriate separation and filtration processes.

Any sludge from the filtration process in wash bays is disposed of through certified waste disposal contractors. The bulk of the group's waste water is discharged legally into municipal systems and no protected areas were affected by its water discharges and runoff. Due to its urban locations and the nature of its water use, no water sources were significantly affected by the group's withdrawal of water over the past year.

Materials

- *No extraction or beneficiation of raw materials*
- *Focus on managing and reporting materials that are environmentally aggressive*
- *Progress made towards measuring direct and indirect consumption*
- *Limited opportunity to consume recycled materials*

Barloworld's retail and customer service activities do not involve the purchase or beneficiation of raw materials, nor do they consume significant volumes of materials, although the range of inputs in small quantities is relatively diverse. Materials are sourced from legitimate suppliers and the group tracks the use of those that it considers would have the highest potential impact on the environment: paper, solvents, lubricants, tyres and batteries.

The group has progressed with its intention to distinguish between the direct (own) and indirect (customer) consumption. This process is not complete and will receive ongoing attention although initial results present indicative patterns. As anticipated, the split depends on the nature of the material.

Given the service solutions of the automotive, equipment and handling divisions, the majority, some 64% of lubricants used, was customer consumption with most of the remainder going into company owned rental fleets. The majority of tyre usage was for internal fleets which aligns with the outsourcing of tyre replacement for customer vehicles.

The group remains committed to reporting all material usage by weight in order to ensure consistency and comparability. However, until systems and processes have been sufficiently refined and adapted, certain materials will continue to be reported in units.

Materials used – 2009

Paper (kgs)	1 118 640
Solvents (lts)	277 794
Lubricants (grease & oils) (lts)	7 571 297
Tyres (kgs)	1 712 620
Tyres (units)	4 107
Batteries (kgs)	977 916
Batteries (units)	5 405

Although materials used have been reported over the past years, in light of the revised reporting structure, 2009 will form the baseline year going forward.

Recycled Input materials used

Use of recycled materials is not significant, comprising for the most part paper and retreaded tyres. This is predominantly related to the nature of the group and the use of OEM products.

Recycled input materials used – 2009

Paper (kgs)	10 922
Lubricants (grease & oils) (lts)	2 725
Tyres (kgs)	44 762
Batteries (kgs)	661

Waste

- *No significant waste generation*
- *Focus on material aspects including hazardous and non-hazardous waste*
- *Recycling of waste oil*
- *Certified waste disposal processes in place*

Barloworld's operations do not generate significant volumes of waste. That which is produced is either recycled or disposed of through certified waste contractors or accredited service providers. Both non-hazardous and hazardous streams of waste are monitored by type, volume, disposal method and destination. Hazardous waste is safely disposed of at legitimate sites and all oil is recycled.

Streams of waste monitored at group level are paper, tyres, solvents, lubricants (oil and grease), oil filters, batteries and e-waste. Appropriate divisional reporting covers such materials as acids, aerosols, anti-freeze, cardboard, glass, packaging, coatings/paints, plastics, scrap metal, sludge, wood, and any other type of waste which might be specific to a particular operation.

Barloworld appreciates the responsibility it has concerning the products and services it provides. However, due to the nature of its operations and that the majority of its products are supplied by OEMs and principals, its focus is not on manufacture or disposal, but on ensuring maximum effective and efficient use of the products, including extending their operating lifetime. In this regard a relatively high percentage of Caterpillar and Hyster equipment and components are rebuilt, prolonging their life and reducing waste.

Hyster's truck remanufacturing process recovers some 50% of the original components whilst their rebuilt engines are 50% and 67% more efficient in terms of energy and labour respectively. Approximately 90% of a scrapped lift truck can be reclaimed and some 70% of Caterpillar components are rebuilt. Equipment SA transported without incident some 623 tons of hazardous waste consisting of its waste oil and water, hydrocarbons and water mixtures and emulsions. Barloworld Logistics successfully transported 15 586 tons of spent pot linings which are deemed hazardous waste. There were no significant spills during the year.

Waste – 2009

Non-hazardous	
Paper (kgs)	511 951
Tyres (kgs)	615 420
Tyres (units)	3 883
Hazardous	
Solvents (lts)	77 131
Lubricants (grease & oils) (lts)	3 230 623
Oil filters (kgs)	71 380
Oil filters (units)	8 083
Batteries (kgs)	152 791
Batteries (units)	629
Computers (kgs)	810
Computers (units)	175

Barloworld Equipment SA's rebuild activities

A total of 40 machines were rebuilt in Barloworld Equipment facilities in the past year. These machines were mainly large mining machines. This number also includes Caterpillar construction machines, such as motor graders that have built-in second life capability. This growing aspect of the business not only helps customers to overcome delays in the delivery of new machines, but it saves cost and ensures that machines are used to their full capacity.

Barloworld Reman is a process whereby components are remanufactured and sold off-the-shelf to customers as immediate replacements for damaged components. This saves the customer valuable production time and cost. The Component Rebuild Centre (CRC) Engine facility rebuilt 499 engines in 2009. It is estimated that 80 of these were for Reman stock. Between October 2008 and September 2009, CRC Drive Train repaired 2 502 components, including 532 final drives and differentials, 367 transmissions, 787 hydraulic cylinders and 563 hydraulic pumps. The component rebuild capability has doubled as a result of the engine and drive-train facilities having been combined into a single expanded state-of-the-art CRC.

Sustainability report – Environmental aspects *(continued)*

The group remains committed to reporting waste by weight in order to ensure consistency and comparability. However, until systems and processes have been sufficiently refined and adapted, certain waste will still be reported in units.

Although waste has been reported over the past years, in light of the revised reporting structure, 2009 will form the baseline year going forward.

Biodiversity

- *Majority of operations are located in established urban locations with limited impact*

Barloworld operations do not directly affect any terrestrial, fresh water or marine environments. Since sites are primarily in industrialised and urbanised environments, they do not impact on protected areas or areas which have a high biodiversity value. However, operations are situated adjacent to protected areas: a vehicle maintenance and repair facility operates outside the Kruger National Park in South Africa, and a handling USA branch at Little Rock, Arkansas, USA is adjacent to protected wetlands.

The handling site is 14 164m^2 in extent. These operations have not negatively affected these areas. In the circumstances, the group has not needed to address any biodiversity protection or rehabilitation matters during the year, nor have its activities impacted on threatened species or their habitats.

Social aspects

Human rights

- *Entrenched in group's ethics, codes and policies*
- *Applicable to all geographies of operation and to suppliers*
- *Structures in place for anonymous reporting of transgressions*
- *Zero tolerance of fraudulent, corrupt and dishonest behaviour*
- *No political affiliation or bias*

Human rights are central to Barloworld's legitimacy and are principally addressed in the group's code of ethics. In this regard human rights are covered in the constitutions, legislation and common law of countries in which Barloworld operates. Barloworld is also a signatory to the UN Global Compact of which Principles 1 and 2 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.

People, and empowerment and transformation, comprise two of the group's five key strategic focus areas and the group strives to ensure that it acts as a responsible custodian for current and future generations on sustainability issues, that its business strategies are legitimate in the eyes of its stakeholders, and that it adopts a caring approach towards sustainable socio-economic development in the countries in which it operates.

No specific record is kept of investment agreements that include human rights clauses as any such agreement would necessarily comply with applicable legislation and fulfil the standards reflected in Barloworld's values, internal policies and procedures. Full due diligence processes are conducted for any significant investment and human rights issues are covered in this process.

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. The group sources the majority of its products from leading global OEMs with established and entrenched human rights policies and practices.

In South Africa, the BBBEE status of suppliers and contractors is closely reviewed.

Breaches of human rights can be addressed through the applicable legal system, internal procedures including the anonymous "Ethics Line" call centre which is entrenched in Barloworld. In addition, employees may use established grievance procedures which prohibit victimisation and may also seek union or industry assistance in this regard (refer to page 62 for further details on the Barloworld Ethics Line).

All breaches of human rights 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.

The urban and industrial locations of Barloworld operations ensure that they do not negatively impact the communities within which they are located. All operations comply with applicable legislation and the 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.

Facilitated by legal practitioners, structured sessions take place with group and divisional executives to review all business conduct and ensure compliance with legislation, internal values, standards, policies and procedures.

Induction and other staff training initiatives address these aspects as components of required and expected behaviour. In South Africa, such issues are also addressed in the consultation forums required in the employment equity and workskills planning process.

In addition to the group's anti-fraud policy, the "Barloworld Group Policy On Dealing With: Public Officials, Agents, Distributors, Intermediaries: Trade Restrictions, Export Controls and Sanctions" was distributed throughout the group and all staff are required to comply with this policy.

These policies highlight the group's "Zero Tolerance" towards fraud, corruption and related activities. They also protect employees who raise serious concerns, relating to such unacceptable conduct, against 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 practices may be more prevalent than in others.

Sustainability report – Social aspects

In order to ensure that conflicts of interests are avoided, staff are required to formally declare any interests in contracts and/or businesses, whether direct or indirect.

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.

Equality

- *Addressed in code of ethics and related policies*

Equality approach

- As a responsible corporate citizen, Barloworld is committed to a workforce that reflects the demographics of the societies in which it operates
- The group:
  - does not unfairly discriminate on grounds of gender, race, religion, disability or sexual preference;
  - proactively pursues programmes and initiatives to achieve its objectives; and
  - complies with relevant legislation and regulation in all the countries in which it operates.
- In South Africa, Barloworld follows the structure set out in the Department of Trade and Industry's (DTI) broad based black economic empowerment (BBBEE) scorecard with the specific objective of achieving a level 3 rating for all South African operations by the end of 2011.

Barloworld subscribes to the principle of equal opportunity and embraces diversity in all its operations and in all geographies in which it operates. This commitment is explicit in the group's codes and values framework and extends to the removal of any unfair discrimination based on gender, sexual preference, race, religion or disability. Empowerment and transformation are included as one of the group's five strategic focus areas.

Leadership diversity

Barloworld Limited's board consists of a diverse group of executive and non-executive directors led by a black chairman. Its demographics are:

7	black directors
7	white directors
12	males
2	females
11	South African directors
3	non-South African directors (American, British, Spanish)
5	executive directors (incorporated into permanent employees statistics)
9	non-executive directors.

The two cases of alleged age discrimination mentioned in the 2008 report have been withdrawn by the complainants. In Handling there were two cases of alleged discrimination based on disability. One has been resolved and the other, in the US, is in the process of being defended. A discrimination matter in Logistics was addressed in terms of the division's disciplinary procedures.

Employment equity, transformation and empowerment targets, which include race, gender and disability, are in place in South Africa in line with local legislation, and localisation and gender objectives are set for non-South African operations. In South Africa and other southern African countries where required by authorities, employment equity plans are submitted as well as progress reports against such plans.

These plans specifically set out employment targets which address race, gender and disability. In addition, in South Africa, the DTI's BBBEE scorecard sets out specific targets and levels to be attained in order for specified levels of accreditation to be reached. All Barloworld operations in South Africa have such scorecards.

Women's empowerment

An initiative focused on supporting women in management is being progressed by Group executive: Global human resources and transformation, Khanya Kweyama, is one of many initiatives in the group aimed at building human capital and managing diversity.

Initiated in 2008, this process is aimed at inspiring and retaining quality female managers and promoting gender equality in the Barloworld group. The focus this year has been on providing inspired leadership by sharing more widely the experiences and advice of a number of popular and successful female executives who currently act as role models and coaches across the group. An event was convened at Barlow Park to coincide with the South African national Women's Day in August to facilitate sharing experiences as women in the workplace.

On an ongoing basis the group reviews its remuneration practices and is committed to removing unfair discrimination in this regard. In South Africa pay differentials are disclosed in terms of employment equity legislation. Discrimination or victimisation in the group is addressed through established processes, including disciplinary and grievance procedures which may include union or industry support, through the Barloworld Ethics Line, or the prevailing legal system.

Sustainability report – Social aspects *(continued)*

Group – Employees by employment category and gender

	2009			2008*		
Category	Male	Female	Total	Male	Female	Total
Board	5		5	6		6
Executive	25	2	27	24	2	26
Senior management	70	8	78	76	10	86
Middle management	1 910	686	2 596	1 883	599	2 482
Skilled upper	6 580	2 253	8 833	7 733	2 109	9 842
Semi skilled/apprentices/trainees	5 306	1 483	6 789	4 913	1 848	6 761
Labour/unskilled	447	143	590	1 026	242	1 268
Total	14 343	4 575	18 918	15 661	4 810	20 471

** 2008 Logistics off-shore statistics restated to include 803 employees from Swift and Flynt.*

Disability confidence policy

Championed by the group's disability concerns ambassador Thuli Matlala, Barloworld has embarked on a process of rolling out a disability confidence policy which focuses on:

- Sensitising the workplace to various disabilities;
- Providing information on relevant legislation and policy;
- Placement, equity and the provision of reasonable accommodation;
- Assisting with the formulation of workplace policies to address disability and non-discrimination;
- Politically correct terminology regarding disability;
- Advice on the accessibility of the built environment;
- Access to information and communication for persons with hearing loss; and
- Disability etiquette.

Empowerment and transformation in South Africa

- *Achieved at least DTI Level 4 rating for South African operations*
- *A target of DTI Level 3 to be achieved by all South African operations by end 2011*
- *Employment equity targets also set in terms of relevant legislation*
- *Three major business units have black CEOs*
- *Focus on preferential procurement*

BBBEE in South Africa is aimed at broadening participation in the economy and sharing its benefits to include individuals who were excluded and disadvantaged in the past on the basis of race. Barloworld believes that the successful implementation of BBBEE will underpin the future sustainable development of the country and its people as well as ensuring the ongoing success, competitiveness and sustainability of the group. Accordingly, it is one of the five strategic focus areas of the group. In 2008 Barloworld implemented a BBBEE equity transaction at holding company level which resulted in an effective 29% empowerment of its South African businesses in terms of the BBBEE Codes of Good Practice. Participants included strategic black partners, black management, South African employees, an education trust and community service groups.

The General Staff Trust established in terms of the transaction has allocated Barloworld shares to its members. The General Staff Trust and the Black Non-executive Directors Trust have received two sets of dividends since inception.

Trustees have been elected for the Black Managers Trust whose members' shares vest over a period of time.

The Barloworld Education Trust is in the process of selecting bursars for the 2010 academic year. The trust has also received two sets of dividends.

Barloworld's strategic black partners continue to make a significant contribution to Barloworld, particularly those directly involved in the automotive, equipment and logistics operations. In line with the group's stated transformation and empowerment objective for 2009, all Barloworld's South African businesses have achieved at least a DTI Level 4 rating.

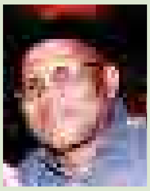
BBBEE ratings in terms of DTI's scorecard

SA business unit	2009	2008	2007
Motor Retail	3	4	6
Avis Fleet Services	4	4	7
Avis Rent a Car	2	3	6
Equipment	3	4	6
Logistics	4	4	6
Handling	3	4	n/a

Barloworld's objective is that all its South African business units achieve at least a Level 3 rating by the end of 2011. Progress on the various elements of the scorecard varies by business unit.

Given the nature of the group's South African ownership structure and its BBBEE transaction, the business units all score highly under the ownership element. Similarly the business units achieved full scores under the enterprise development (ED) and social economic development (SED) elements with their activities in this regard being supported by Barloworld Siyakhula and the group's South African Corporate Social Investment programme respectively. These centralised programmes assist the business units in meeting their investment targets of 3% and 1% of net profits after tax for these elements of the BBBEE scorecard.

Barloworld Education Trust (BET)



One of four trusts established when Barloworld concluded a major empowerment transaction at holding company level in 2008, the BET's aim is to facilitate broad based black economic empowerment through education.

The BET is currently reviewing bursary applications for support in 2010 to study in disciplines that are in line with the business and development needs of the country: Engineering: industrial, mechanical, mining, civil, electrical; supply chain management, agronomy, information technology, marketing (brand management) and risk management.

The BET is managed by a board of trustees, the majority of whom are independent persons. Prof Pitika Ntuli, a well known academic (previous dean of students and professor of fine arts at the University of Durban-Westville and deputy vice-chancellor of the University of Durban-Westville), a writer, poet and sculptor, is the current chairperson of the BET board of trustees.

Preferential procurement and the support of local emerging businesses also varies by business unit, and their ability to do so is influenced by the nature of their products and services as well as the BBBEE status of represented principals/OEMs. Scores in this regard range from 18.23 (out of 20) to 9.66. Good progress is being made under the management and control element and in this regard, equipment South Africa, motor retail southern Africa and the logistics division continued to be managed by black CEOs. Special focus is on the employment equity and skills development elements of the scorecard. These activities are complemented by Employment Equity legislation that requires targets and workskills plans for all operations. Focused recruitment and extensive training and development activities target previously disadvantaged employees.

The community service group partners who participate in Barloworld's empowerment transaction remain the DEC Investment Holding Company which addresses disability empowerment 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 needs of disadvantaged communities.

Ikamva Labantu multi-purpose centres

Ikamva Labantu's community-based activities have addressed the social, economic, educational and health and nutritional needs of children, youth, women and seniors over many years. In order to deliver an integrated, holistic service, the organisation uses centralised community hubs, or multi-purpose centres, as bases. These centres offer:

- Senior club facilities;
- Crèche and after school care facilities;
- Food gardens;
- Youth programmes;
- Psycho-social services;
- Home-based care;
- Educational and capacity building assistance;
- Recreational and sporting facilities;
- Life skills training; and
- Provision of transport to and from the activity centres .

Ikamva Labantu currently provides services from five centres in the Western Cape province of South Africa.

Employees by ethnic background in South Africa

Category	**2009** AIC	**2009** White	2008 AIC	2008 White	2007 AIC	2007 White
Board	**1**	**3**	1	4	1	4
Executive	**6**	**12**	6	10	7	60
Senior management	**9**	**40**	5	36		
Middle management	**509**	**1 009**	469	1 041	377	986
Skilled upper	**3 379**	**2 347**	3 316	2 571	2 849	2 617
Semi skilled/apprentices/trainees	**2 980**	**463**	2 886	607	2 631	439
Labour/unskilled	**257**	**3**	602	27	563	9
Total	**7 141**	**3 877**	7 285	4 296	6 428	4 115

Sustainability report – Social aspects *(continued)*

Barloworld Siyakhula

Barloworld Siyakhula operates a R34.6 million fund that supports black-empowered companies in the small and medium enterprise (SME) sector and assists Barloworld's South African operations by introducing diversity and empowered partners into their supply chains.

Supplier diversity is an ongoing and strategic business activity that seeks to bring sustainability into the supply chain and ensure that transformation takes place in the right places, at the right times and with the right people. It also boosts the Barloworld value chain, both upstream (shareholders and suppliers) and downstream (distributors and customers), ensuring that the value of supplier diversity is mutually beneficial in terms of the BBBEE scorecard. Barloworld Siyakhula, the group's enterprise development initiative, is charged with making this happen.

In the short term, the focus on supplier diversity creates value for the group by: ensuring cost effective compliance with BBBEE and sectoral codes (specifically enterprise development and preferential procurement); investing in the development and growth of sustainable and empowered small and medium enterprises; minimising reputational and legislative risk and reducing compliance administration for all divisions.

In the longer term, Barloworld Siyakhula should become a self-funding asset within the group, continuing to ensure that Barloworld is relevant in a transformed business world and contributing to the socio-economic stability of South Africa.

Barloworld is dedicating resources to grow and develop enterprises and businesses into competitive, commercially sustainable enterprises.

For further details visit: www.barloworldsiyakhula.com.

Socio-economic development

Barloworld views corporate social investment (CSI) as a vital response to the socio-economic development (SED) imperative to empower previously disadvantaged individuals and uplift communities in South Africa, to the benefit of all. The group's South African operations target 1% of their profits after tax for social investment. The group has allocated a total of R75 million to social investment initiatives over the past five years (2005 – 2009), the majority of it in South Africa and much of it through a centralised programme, although a number of Barloworld divisions also make direct contributions to local initiatives which add community value or which have an industry orientation.

The centralised programme is implemented primarily through the Barloworld Trust and works in development partnerships with a number of carefully selected non-governmental organisations (NGOs). It seeks to strategically align with the key social development needs highlighted by government and the group's stated business objectives, for example facilitating the development of scarce skills which require a university entrance pass in mathematics and science, facilitating transformation and empowerment, and building awareness of the need to address climate change at community level.

Focus is on education and skills development, leadership development, poverty alleviation and job creation, the empowerment of youth and women, health and welfare – with the emphasis on orphaned and vulnerable children, disability concerns, HIV/AIDS and palliative care for the terminally ill, and the environment. Corporate programmes include the Maths and English Programme of the Independent Schools Association of SA (ISASA), Penreach, Teach South Africa, the Rural Education Access Programme (REAP) and READ. Barloworld supports the Africa Leadership Initiative (ALI), The President's Award for Youth Empowerment and loveLife's Connected! programme. The group enjoys strong working relationships with the WWF and the Endangered Wildlife Trust and supports Food and Trees for Africa in their efforts to "green" townships and sequester carbon.

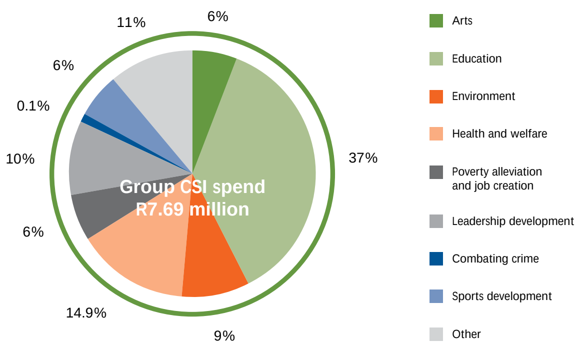
It partners with the National Business Initiative, The Business Trust and Ikamva Labantu to address its poverty alleviation and job creation objectives. The Barloworld *Artworks* programme facilitates the transfer of business skills to arts organisations through mentorship. The group spent 87% of its CSI in South Africa and the remainder in the rest of the world. For further information on Barloworld's corporate social investment activities over the past five years, visit: www.Barloworld.com/content/sustainability.

Barloworld partners with Noah to assist children impacted by HIV/AIDS in South Africa

It is anticipated that by 2050 the AIDS pandemic will be one of the most significant factors to have shaped humanity in this century. South Africa is one of the most severely affected countries in the world. As new HIV/AIDS infections are mainly heterosexual, sexually active young adults, the people who are dying, are primarily the young parents of the country.

Noah (Nurturing Orphans of AIDS for Humanity) builds the capacity of communities to care for their own orphaned and vulnerable children (OVC), currently assisting over 30 000 children in 101 communities around the country.

Group CSI spend total (%) – 2009



Employees

- *A group strategic focus area*
- *Value creation by and for employees*
- *A comprehensive employee value creation initiative is entrenched throughout the group*
- *Reduction in employee complement due to economic downturn*
- *Continued commitment to, and investment into, training and development*

Barloworld understands that its employees are the foundation of the group's success. Accordingly, "People" is one of the group's five strategic focus areas. The ability to attract, develop and retain the necessary skills and competencies it requires to implement its value driving strategies and meet its growth objectives remains one of the group's most vital attributes.

The group is committed to recruiting from the local communities in which it operates. As it predominately operates in developed urban locations, the required skills are available and the majority of the workforce is locally based. This also applies to local sub-contracting. In those instances and regions where the required skills are not available, the focus is on expatriate assignments with the commitment to develop a local skills base. There is a small contingent of international assignees.

Number of employees – Group

Division	2009	2008	2007
Automotive	**7 902**	8 057	7 183
Equipment	**6 436**	6 820	6 752
Handling	**2 534**	2 992	2 602
Logistics	**1 943**	2 498*	1 727
Corporate	**103**	104	351
Total	**18 918**	20 471	18 615

** 2008 Logistics off-shore statistics restated to include 803 employees from Swift and Flynt.*

Employees by region

Region	2009	2008	2007
Within South Africa	**11 018**	11 581	10 543
Outside South Africa	**7 900**	8 890*	8 072
Total	**18 918**	20 471	18 615

** 2008 Logistics off-shore statistics restated to include 803 employees from Swift and Flynt.*

Critical success factors for employee value creation

The group has identified six critical success factors to ensure optimal value creation by employees and for employees. These are: Clear purpose and direction; Alignment; Inspiring climate; Sustainable competence; Performance management; Structured team forums. These are appropriately implemented throughout the group through a range of interfaces and interventions.

Salient aspects of the critical success factors are:

Clear purpose and direction

Focused interventions and communications ensure that employees in the respective operations understand the priorities and goals of their organisation and their particular roles in achieving these, a process which provides stability and purpose. This fosters a sense of duty and results in commitment and pride throughout the organisation.

Alignment

The alignment of individual roles and activities with key objectives and timeframes is endorsed and supported by mechanisms to access collective wisdom and employee participation. Reward and recognition systems are underscored by appropriate values and structures.

Inspiring climate

Barloworld seeks to provide a caring, equitable and professional environment for employees in which they are motivated to engage and contribute their best efforts to an organisation with which they are proud to be associated.

This is ensured through:

- Strong leadership founded in a culture and value system that guides responsible conduct, establishes a fair and equitable environment, and deals effectively with unacceptable conduct.

- Employee benefits, including terms and conditions of employment, are well structured, competitive and in accordance with relevant legislation. Remuneration is generally in excess of legislated minimum wage levels. However, where industry negotiated agreements and other relevant legislation is applicable, appropriate remuneration is paid in accordance with these requirements. Retirement funding, medical aid, employee wellness and assistance programmes are in place.

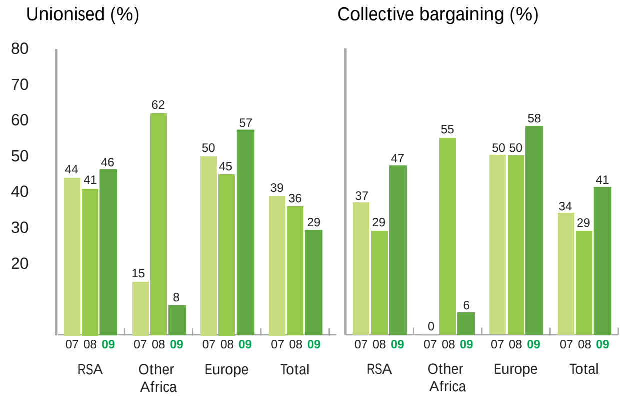
- Defined benefit schemes are limited (refer to pages 105 and 162). To ensure consistency and equity, the global Watson Wyatt job grading methodology is used throughout the group. Benefits provided to employees that are not provided to temporary or part-time employees vary by division and region. In addition to benefits already mentioned, they also include maternity leave, study leave, long–term incentive and retention schemes, disability cover and life cover.

- Transfer opportunities across departments, companies and regions offer employees opportunities to broaden their horizons by working in different business sectors and cultures. Although hiring is primarily done on a localised basis, Barloworld cannot be regarded as a primary employer in any region.

- Collective labour relations are constructively managed based on the principle of freedom of association. Trade unions are recognised at appropriate operational levels and the operations covered by specific industry agreements participate in relevant industry forums. There were only 1 772 "employee-days" of industrial action throughout the group during the year. These related to matters in equipment Iberia and equipment South Africa.

Sustainability report – Social aspects *(continued)*

Employees represented by trade unions and collective bargaining agreements by region



- Effective communication takes place across the organisation through a range of channels, interfaces and interventions, including internet and intranet systems, publications, notice boards, poster campaigns, briefing sessions, induction programmes for new employees and structured team forums. At a group level, information is shared by the CEO on a regular basis through the *"Briefing Barloworld"* newsletter.

- Occupational health and safety (OHS) standards are covered by prevailing legislation and Barloworld operations conform to the principles of the International Labour Organisation's (ILO) Guidelines on Occupational Health & Safety.

  The group has a philosophy of "Zero injuries or harm to" employees and business units operate under a strict risk management audit protocol. OHS is the direct responsibility of Barloworld's divisional CEOs, and formal health and safety committees comprising management and worker representatives covering all South African staff. In other regions the applicable laws apply, with staff in Spanish, UK and US operations all being covered. Both the Netherlands and Belgium operations also have such committees in place. During the year no fines or instances of non-compliance were recorded.

  Employee safety is a primary concern. Conformance with safety rules and procedures is rigorously enforced, including the wearing of personal protection equipment. Operations comply with prevailing legislation in this regard. Formal risk management audit protocols are entrenched throughout the group. These include in depth analysis of occupational health and safety and external verification. Tragically there were three work related deaths during the year as a result of motor accidents. All three instances have been fully investigated and, where necessary, steps taken to avoid future incidents. A number of employee wellness and support programmes are in place, including medical aid schemes and assistance programmes. HIV/AIDS receives particular attention in countries with high prevalence rates, and programmes cover education, prevention, voluntary counselling and testing (VCT) and disease management, including the provision of anti-retroviral medication. All employees are encouraged to take the necessary precautions to prevent infection and to regularly check their status. Currently 108 employees receive HIV/AIDS assistance, 31 from company sponsored anti-retroviral medication schemes, and 77 from existing medical aid schemes.

  The reduction in the number of employees who know their status is influenced by the rolling three year VCT cycle and reduced counselling and testing was done during the year. It is also significantly affected by the inclusion of handling as a separate reporting entity in South Africa. No testing has taken place in this division since its stand-alone status.

  Barloworld Equipment has on-site clinics in South Africa and Spain which provide primary health care and occupational health services to staff, including confidential and anonymous counselling and assistance on any issue that could impact on productivity and wellbeing. This includes counselling on various communicable diseases. Automotive's businesses in South Africa have the Independent Counselling and Advisory Services (ICAS) support system which covers health related issues. Other divisions have appropriate resources.

  The group proactively introduced measures within its businesses to deal with the H1N1 influenza pandemic. The impact on employees was minimal. In the event of a serious communicable disease, guidance notes would be issued to employees for their protection and that of their families. There are no formal Health and Safety agreements with trade unions although this aspect is regularly included on the agenda of trade union meetings with management in the various operations.

  There is currently one claim against the company originating in handling for noise induced hearing loss. The company is refuting the claim. There were no other instances which require employees be compensated for health and safety matters.

- Freedom of association is formally assured and employees may associate or not with employee representative organisations and trade unions. Barloworld recognises trade unions that are

Health and safety statistics

	LTIFR			Fatalities			Occupational diseases		
Division	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Automotive	**0.94**	0.58	0.36	**1**	1	1			
Equipment	**1.40**	1.81	3.73		1	1		4	4
Handling	**1.67**	1.47	1.70				**1**	2	5
Logistics	**1.27**	1.67	1.77	**2**	1			1	
Corporate			1.19						
Total	**1.23**	1.34	2.00	**3**	3	2	**1**	7	9

HIV/AIDS statistics in Barloworld South Africa

	Employees			Employees who know their status			% who know their status			% of those tested who are HIV positive		
Division	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Automotive	**6 307**	6 478	5 645	**3 688**	3 308	3 141	**58**	51	56	**4**	4	4
Equipment	**3 020**	3 113	3 188	**1 411**	2 684	2 684	**47**	86	84	**6**	4	4
Handling	**414**			**nr**			**nr**			**nr**		
Logistics	**1 174**	1 446	1 475	**846**	394	394	**72**	27	27	**8**	17	17
Corporate	**103**	104	235	**103**	45	163	**100**	43	70	**6**	9	3
Total	**11 018**	11 141*	10 543	**6 048**	6 431	6 382	**55**	58	60	**5**	5	5

The abbreviation 'nr' stands for 'not reported'

** Excludes 440 employees from handling division as testing was not conducted in 2008*

sufficiently representative of employees at the appropriate organisational level. There were no violations of freedom of association and collective bargaining during the year.

- There is no child, forced or compulsory labour in any Barloworld operation. Such employment would be contrary to the organisation's values, policies and recruitment practices, and illegal in the countries in which the group operates.

- Indigenous rights are respected in all operations. No complaints or cases were made against the group in this regard during the year.

- Generally the security of Barloworld operations and sites is outsourced to reputable third party service providers. Suppliers are investigated on an ongoing basis to ensure that all aspects of their services conform to prevailing legislation and to Barloworld's ethics and standards, including those pertaining to human dignity and human rights.

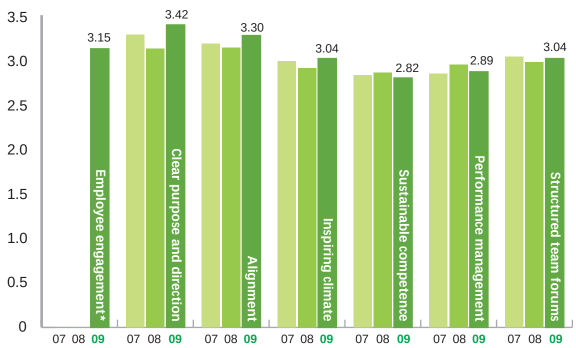
- Responsible societal conduct is a feature of Barloworld's approach to good corporate citizenship and social responsibility. As far as corporate social investment and other related investments are concerned, the group is committed to adding community value. (see page 84).

- Employees' perceptions about the company and its progress in addressing the six critical success factors are routinely monitored and assessed. A structured Individual Perception Monitor (IPM) takes place bi-annually through an anonymous survey. The IPM assessment is on a scale of 1 – 4, with a rating of above 3 considered the Barloworld standard. The results are carefully analysed and shared, and detailed feedback is provided to relevant parties. Where areas of concern are indicated, solutions are developed with employees and remedial action taken. During the current year, all operations except Handling and Equipment Iberia participated in the IPM.

  Whilst not directly comparable due to differences in the group's composition and scope of participating operations, the group's aggregated performance is monitored. Divisions and business units focus on their respective IPM scores. "Employee engagement" is a new survey category introduced during the year to measure employee commitment and loyalty to the group. It is particularly pleasing to note the result in this regard given the difficult trading and operational conditions over the past year.

  It is also pleasing to note a general improvement in the "Clear purpose and direction", the "Alignment", the "Inspiring climate" and the "Structured team forums" categories. The decline in rating for "Sustainable competence" and "Performance management" is a concern. While such results may be understandable given the prevailing operational circumstances and focus on operational continuity, these areas are receiving attention as they are critical aspects for the sustainability of the group.

Group IPM scores



** New category introduced 2009*

Sustainable competence

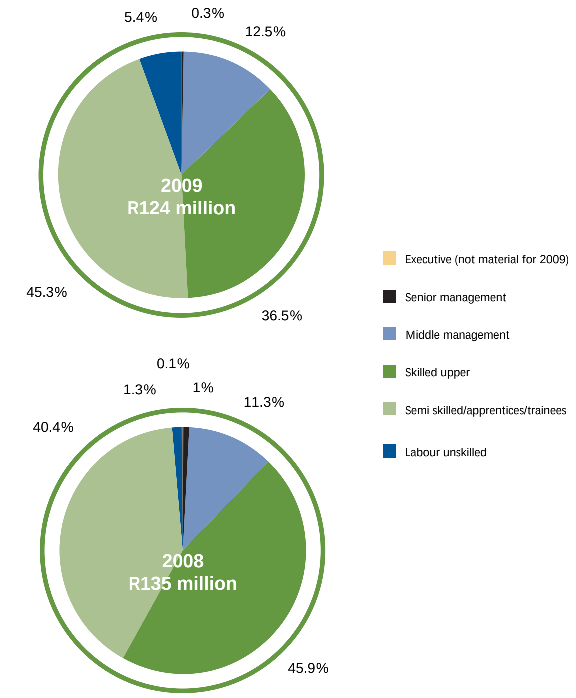
Maintaining the necessary skills and attributes in its human resource base is critical for the group's ongoing ability to compete in global markets and create value. This objective is achieved through focused recruitment, individual development plans, career planning, training and development programmes, competitive reward systems and careful succession planning.

The loss of strategic employees and shortages of intellectual capital are identified as high ranking risks in the group and managed through comprehensive processes. Although operational requirements resulted in a reduction in the number of employees, the group was mindful of the skills required to fulfil its sustainable value creation mandate once economic conditions improve.

- Training and development is provided through a wide range of internal and external programmes, courses and initiatives that ensure the ongoing development of employees at all levels of the organisation. Individual development plans are prepared and linked to future opportunities.

Sustainability report – Social aspects *(continued)*

Total training spend by occupational level



- Although 2009 training spend was below 2008 levels, the group remained committed to ensuring its skills pipeline and expenditure was marginally increased in respect of its semi skilled/apprentices/trainees category which increased relatively from 40% in 2008 to 45% in 2009. Proportionate spend on middle management also increased year-on-year. The average hours of training per occupational level also indicates the focus on the skills pipeline with the significant averages being in the middle management, skilled and semi skilled/apprentices/trainees levels.

  During the year, there was limited board and executive training and the amount spent in this regard was not material. Training programmes address management and technical skills that provide for continued employability and also assist with career endings.

- On an annual basis an intellectual capital review (ICR) is conducted by the CEO to review the positions and performance of the most senior employees in the organisation, including those in critical positions, to consider future opportunities, development requirements and succession plans.

- Leadership and executive development programmes have been created in conjunction with leading universities and usually run on an annual basis. These programmes provide unique opportunities to inculcate values and culture and share strategic information with identified talent and future leaders, senior managers and executives. A Leadership Development Programme (LDP) was run in 2009. To date 96 employees have completed the Executive Development Programme (EDP) and 369 the LDP.

  These programmes also have an important role in addressing the group's diversity commitments. As an example, the delegate demographics of the recent LDP reflected all divisions, eight countries, 30 males, 5 females and a 32% to 68% breakdown between black and white South Africans.

A key aspect of these development programmes is the Action Learning Projects (ALP) which required delegates to address current work-related issues. Formal feedback is given to group executives by the various teams and, in many instances, the projects are incorporated into the relevant operation.

2009 LDP Action Learning Projects

- Creating environmental sustainability for Barloworld
- What is the optimal kilometre usage and time period before a rental vehicle should be disposed?
- Increasing market share in a declining market
- To evaluate potential methods and propose a feasible model of delivering appropriate integrated customer solutions, incorporating all divisional offerings
- Partnership between Barloworld Equipment and Barloworld Logistics Supply Chain Management
- "Cash to cash cycle".

- Technical skills development remained a high priority despite the difficult economic conditions and significant learnership and apprentice programmes are in place to build a strong pipeline of skills to meet present and future requirements in the group. Both automotive and equipment have made significant investments in training facilities over the period. Equipment SA invested R120 million in its technical training centre and associated accommodation.

  Equipment Iberia's training facility has also received recognition as a leader in technical career development and received the Caterpillar Excellence Award for achieving a three star rating in the Learning Capability Assessment Tools (LCAT) audit.

"You're hired" Barloworld takes on the Apprentice

Barloworld Handling in the UK has hired another nineteen new apprentices through its highly popular apprentice scheme. Despite difficult trading conditions Barloworld sees continued investment in apprentice training and development as a key factor in the future success of its business and wider industry. The business currently employs 52 apprentices throughout the UK and is committed to maintaining a talented team of professional engineers across the country to ensure high levels of service excellence and customer satisfaction.

In September 2008, in response to a shortage of critical skills in South Africa, particularly of artisans, technicians and technologists, the member CEOs of Business Leadership South Africa committed to assisting government in the development of human capital. This includes monitoring and reporting on the status of in-house initiatives, as well as reaching out beyond their factory gates in collaboration

Commitment to skills development sets Barloworld apart

Mr Membathisi Mdladlana, South Africa's Minister of Labour (pictured with Mr Peter Bulterman, CEO of Barloworld Equipment Southern Africa to his left) and Mr Jim Owens, Chairman and CEO of Caterpillar Inc., officially opened the Barloworld Equipment Technical Training Centre on Thursday, 29 October 2009. "This occasion demonstrates Barloworld Equipment's commitment to the future of our country and the entire SADC region," said Mr Mdladlana. "Your effort in taking a strategic decision to press on with an investment in a training centre that has the capacity to train more than 2 000 learners is commendable." The new Technical Training Centre in Isando, together with an accommodation block for learners, will provide Barloworld Equipment with the sustainable technical skills to deliver on its solutions-based value proposition to customers. "While other capital expenditure was halted due to the economic downturn, this was considered essential to the company's business sustainability and continued market leadership," said Dumisa Ntsebeza, chairman of Barloworld Limited. The facility will provide skills for all Barloworld Equipment's southern African operations, as well as other African Caterpillar dealers and Barloworld's automotive, handling and logistics divisions.

with other companies, government, educational institutions, sectoral education training authorities (SETAs), industry associations and national business organisations to monitor the skills situation and report on training and development efforts. The South African operations have some 997 graduates and diplomates with an average age of 38 and 1 696 artisans, technicians and technologists with an average age of 39. Barloworld Automotive has 380 apprentices in South Africa which is approximately 18% of the industry total, while equipment has 394 learnerships. In total the South African operations have a skills pipeline of 803 apprentices and learnerships, as well as 80 individuals studying for either degrees or diplomas.

Automotive: Grooming tomorrow's professionals today....

Barloworld Motor Retail SA's focused approach to employee development is paying dividends. Not only did 31 artisans qualify through its apprentice programme in the past 12 months, but also seven of their current black managers are graduates of its management development programme.

The Barloworld Automotive Academy commenced training some two years ago. It currently has over 380 apprentices (including eight females) and training facilities in three provinces in South Africa to fast-track the training of future artisans. Automotive's track record of appointment after qualification is more than 90%.

- During the reporting period the group did not escape the effects of the global economic crisis on labour turnover. While all attempts were made to avoid an active reduction of the workforce, in a number of business units this was unavoidable and only undertaken after all alternatives had been thoroughly investigated. Significant effort was made to passively reduce the headcount by not filling vacancies left by resignations, retirements and dismissals. In many instances a reduction of the workforce was avoided though agreed restructuring of tasks, a reallocation of resources and relocation of employees. In Iberia, temporary suspension of employees on a rotation basis also reduced the workforce and resulted in cost savings.

Across the group some 1 114 employees were retrenched or made redundant. These steps were only taken after extensive consultation with employees and employee representatives and, in every instance, all legal and applicable agreements and procedures were adhered to. This included applicable minimum notice periods contained in relevant industry, collective and individual agreements which vary by industry, region and individual. Significant reduction in employee numbers took place in equipment (Iberia and southern Africa), handling (UK and US) and logistics (Middle East, Asia and Africa).

Assistance is provided to employees in case of involuntary termination and employees have access to pre-retirement advice and assistance. While the difficult economic circumstances required such action, the group is mindful of the inevitable recovery of the economies and the concomitant requirement of the businesses for relevant skills. Due consideration was given to this aspect in all staff reduction exercises.

Employee Turnover

	Resignations	Transfers	Retrenchments/ redundancies*	Retirements**	Dismissals	Deaths***	Other****
Total 2009	**1 625**	**110**	**1 114**	**208**	**577**	**65**	**422**
Total 2008	2 360	281	238	148	728	74	241
Total 2007	2 481	60	191	135	423	62	968

** Includes voluntary terminations ** Including retirements due to ill health *** Including accidental deaths (work related/non-work related) and death due to illness **** Reflects sales of business and termination of fixed term contracts*

Sustainability report – Social aspects *(continued)*

Performance management

A structured performance management process utilising integrated balanced scorecard methodologies is entrenched in the organisation. These set out clear objectives and targets, provide direction, guidance and feedback on performance, as well as actions to reinforce accountability and ownership. Performance and reward systems are linked through salary reviews, bonuses and benefits such as incentive schemes and promotional opportunities. Approximately half of all employees received formal performance and career development reviews during the year.

Structured team forums

The ongoing success of the organisation depends on its ability to harness, focus and direct the collective wisdom and experience of all employees across the group. This is achieved through regular structured team meetings at all levels of the organisation which have become an established feature of management. These provide an opportunity to share information, improve motivation and commitment, encourage collective problem solving, build cohesive teams, recognise performance and provide efficient communication structures across the group.

CEO award

Exceptional excellence on the part of individuals is recognised through nomination for the prestigious annual CEO award. Candidates are formally nominated by their peers at divisional level and then put forward for group selection. The winner is selected by the CEO.

Nominees (From left to right):

Abeeda Motlekar, Branch Manager, Kimberley

Avis Rent a Car South Africa

For leading a team that exclusively comprises previously disadvantaged individuals and which has consistently won external accolades and recognition awards.

Ruben Baloyi, Employee Relations Manager

Barloworld Equipment South Africa

For outstanding work during employee restructuring initiatives in South Africa, minimising the impact and ensuring dignity and fairness for those affected.

Thuli Matlala, Corporate Social Investment (CSI) Officer

Barloworld Corporate Office South Africa

For assisting Barloworld companies to confront insensitivity and prejudice against disabled people in the workplace, and in broader society.

Lucía Ríos Segura, CRM-Call Centre

Barloworld Finanzauto Spain

For her leading role in the internal development of a personal digital assistant (PDA) that significantly benefits the salesforce, adding value to all of the business areas and enhancing the competitive position of the company.

Victor Temlett, National Accounts Manager

Barloworld Handling South Africa

For his vital role in securing the company's single biggest outright sale and largest single materials handling equipment transaction in South African warehousing, which also significantly increased the company's market presence.

Regina Ramesar, Proof Of Delivery (POD) Administrator

Barloworld Logistics South Africa

For significantly exceeding contractual obligations and achieving a "zero defect" record, which resulted in substantial incentive payments being received by the company.

Nominees

The Winner: Thuli Matlala

In making the award, Clive Thomson highlighted the multifaceted criteria of his selection. "It is the degree to which the person ventures outside the boundaries of their job, exercises effort beyond the call of duty, creates value in one or more Value Based Management (VBM) elements and demonstrates leadership attributes consistent with what Barloworld is striving for. Each nominee is a winner in their own right and tonight Thuli is a deserving winner. Thuli is able to demonstrate to the world that she can do anything an 'abled' person can do, but walk."

Product responsibility

- *Majority of products and technologies are sourced from leading global OEMs which address health and safety issues as well as product information*
- *OEMs provide warranties*
- *OEMs responsible for product review and development*
- *Group solutions and services comply with legislation*
- *Extensive customer satisfaction surveys and follow-up processes*
- *Customer privacy respected*

Most of the products that Barloworld offers carry OEM warranties and guarantees and product responsibility resides with the OEMs. However, appropriate insurance is raised to cover liabilities which may arise from product use, rental or after-markets activities. All products sold have the certification, labelling, product and service information required by legislation.

Detailed hand-over procedures are followed and the OEMs' recommended inspection, maintenance and continual safety system upgrade and training programmes are promoted to ensure customer health and safety.

OEMs continue to improve the safety of their products as well as reduce the negative environmental consequences arising from the use of their products. Both equipment and handling divisions offer operator training to customers to ensure safe working and operation of plant and equipment.

Barloworld Logistics lifts inaugural industry enviro award

Barloworld Logistics was recognised for the work it does in deploying a customised software tool, CAST-CO_2, which can be used anywhere in the world to measure and optimise the impact of a supply chain network on carbon emissions.

The logistics division has software products in respect of which customers' rights are clearly delineated in licence agreements as well as in maintenance and support agreements. Its CAST-CO_2 product offers customers the opportunity to optimise the carbon footprint of their supply chain.

Customer satisfaction is critical 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. Dissatisfied customers are identified as those with an average score of 70% and less.

Responses from the BIG surveys are analysed and the average level of satisfaction (per region and product group) is established. This in turn is compared to the set satisfaction and loyalty target of 81%.

Equipment SA's trend over the past five years has been positive (with variances per product). An average of 89% was achieved in the past year.

In addition to the Caterpillar BIG analysis, customer satisfaction data is maintained and managed in a database package called Saleslogix.

In automotive operations, all dealerships participate in external, independent customer satisfaction index surveys. These are normally conducted by OEMs. In addition, individual motor dealerships conduct their own surveys, particularly in respect of their service departments.

Car rental operations also conduct regular independent customer surveys and consistently score well. In this regard Avis Rent a Car South Africa conducts some 3 500 independent customer interviews per month and achieves scores which are generally above 82% with peaks up to 87%.

Avis cares

To accommodate disabled drivers, Avis has fitted 10 vehicles in South Africa with hand control systems. They also have six temporary hand control units that can be fitted on request.

A Paraplegic Toyota Quantum has been introduced to its Avis Chauffeur Drive offerings. This vehicle has a hydraulic side-lift that hoists passengers in their wheelchairs onto a customised platform in the vehicle where they are securely strapped.

Avis Rent a Car South Africa was again voted Best Car Rental Brand in South Africa for the sixth consecutive year in an independent survey. Avis Rent a Car Norway and Avis Rent a Car Sweden received the Grand Travel Award for the 14th and 17th consecutive year respectively.

Fleet Services operations are monitored with their scores at around 85%.

Handling operations have a number of customer interface interventions which include Customer Focus Meetings, a National Response Centre in the UK and a variety of customer surveys and a call centre in South Africa.

Customer surveys, together with direct customer interventions 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.

Sustainability report – Social aspects *(continued)*

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.

Quality and customer satisfaction are elements of the ISO 9001 quality management system certification and this rating is maintained in the following operations:

- Automotive:
  - Avis Rent a Car: South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland
  - Avis Fleet Services: South Africa, Namibia
  - Motor Retail: Four Australian VW dealerships (Two in Sydney and two in Melbourne)
- Equipment South Africa: Bellville, Bloemfontein, CRC Boksburg, Durban, Isando, Middelburg
- Equipment Botswana: Gaborone
  Equipment Iberia: Finanzauto's Central warehouse in Madrid and Services in Arganda
- Handling: Handling UK (except for Barloworld Handling Ireland) including Defence Logistics Support.

All marketing and advertising conforms to Barloworld's principals' standards, local adaptations of which require their prior consent. Apart from one instance in the US regarding non-solicited emails, which was quickly resolved, there were no other instances of non-compliance with regulations concerning advertising, promotion and sponsorship nor were any other complaints received in this regard. There were no instances of customer privacy being compromised nor were there any substantial losses of customer data or incidents of non-compliance concerning product and service information and labelling.

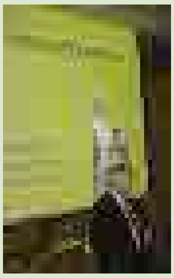
Stakeholder engagement

- *Extensive stakeholder engagement processes that include shareholders, principals/suppliers, customers, employees and society*
- *Strategic, operational and legitimacy imperatives*
- *Fundamental aspect of responsible corporate citizenship*

Barloworld believes that ongoing, open and transparent dialogue with stakeholders is essential, since they have legitimate interests in the activities and performance of the group, and their inputs are required to inform strategic direction. The group engages with formal and informal constituencies in a variety of ways on a wide range of issues.

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 and undertakes at least two formal investor communication initiatives per annum. Furthermore, financial analysts are hosted on a regular basis by the company and its various divisions, with interviews conducted frequently and questions responded to on an ongoing basis. The content and purpose of such meetings is to communicate and clarify strategy, financial performance and related sustainability matters. The group's website provides detailed investor information, announcements and presentations. A senior group executive is responsible for investor relations.



Caterpillar chairman and CEO engages with Barloworld stakeholders

Caterpillar chairman and CEO Jim Owens addressed a broad grouping of Barloworld stakeholders including: dealers, customers, business peers, capital and service providers, investors,

analysts and the media in a breakfast presentation at Barloworld's head office in October 2009. Sales of capital goods are considered an indicator of future economic growth.

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 review, as well as ongoing informal communication, ensures constant contact with principals. Such interaction covers product issues, market share, financial performance, customer issues, customer satisfaction, sustainability matters and the relationship in general.

Barloworld benefits from supplier diversity

Barloworld has expressed a willingness to work collaboratively with its suppliers in South Africa to achieve their own supplier diversity goals.

In August 2009 Barloworld, a National Business Initiative (NBI) Enterprise Linkages Initiative (ELI) founding member, hosted a workshop with 20 Equipment SA suppliers to open a constructive dialogue with them and share its approach to deriving the benefits of supplier diversity.

The workshop provided a platform for the NBI programme and the South Africa International Business Linkages (SAIBL), which were introduced as partners in these efforts.

SAIBL is a business linkage programme aimed at building the competitiveness of black enterprises through improvements in management, productivity and quality, use of modern technology and linking them to domestic and international markets in sustainable business relationships. SAIBL is in strategic partnership with the Department of Trade and Industry.

Regular meetings take place with financial institutions (providers of capital) and information is provided as required. Providers of employee benefits such as medical aids and retirement funds are also engaged in structured meetings, reports and review.

Customers

Numerous individual and collective interactions take place with customers and exceeding customer expectations is foremost in every employee's 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 its website.

Sustainable green supply chain strategies?

The **supply**chain**foresight** survey sponsored and facilitated by Barloworld Logistics has been the leading source of information on South African logistics and supply chains for the last six consecutive years. This qualitative industry survey covers the perceptions and opinions of respondents with regard to supply chains and logistics practices. It has been conducted annually since 2003 and was the first survey of its kind in the industry.

One of the key trends that was investigated in the 2009 survey was green supply chains and whether SA can find sustainable green supply chain strategies.

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 and achieving the value creation objectives of the group as well as ensuring employee commitment and development. The IPM survey is a core component of this engagement. Employee representatives, including trade unions and industry bodies, are engaged in an open and appropriate manner.

Community engagement

A wide range of stakeholders is engaged including government institutions and departments, municipal and local authorities, industry organisations, as well as recipients of corporate social investment donations and grants. Mindful of its role as a responsible corporate, the group is involved in a number of external initiatives including being a signatory to the UN Global Compact and is a founding member of the South African National Business Initiative and The Business Trust. The group also has membership of a number of organisations including Business Unity South Africa, Business Leadership South Africa, and the South African Chambers of Commerce and Industry. In addition, the various divisions and their respective operations belong to numerous industry associations and advocacy groups in the countries and regions in which they are situated.

Barloworld former chairman receives award of the Grand Counsellor of the Baobab: Silver

On 27 March 2009 at the Union Buildings, Pretoria, Aanon Michael (Mike) Rosholt, former Barlow Rand chairman, received this award from President K.P. Motlanthe for "his keen sense of justice; his indelible mark in fostering black trade unions and pioneering non-racialism in the workplace". Mike was instrumental in founding the National Business Initiative (NBI) in South Africa in 1993, and was its chairman from the official launch by Nelson Mandela in 1995, until his retirement in 2007.

This prestigious award is presented by the President of South Africa to South African citizens for distinguished service. The service awarded is well above and beyond the ordinary call of duty. It is for exceptional and distinguished contributions. Mike's award was in the "Business and the economy" category.

It is by participation in such initiatives that a contribution to the wider society can be made, and direction and policy influenced. Significant time and effort is dedicated to such participation. Further details in this regard are available at www.Barloworld.com/content/sustainability. Employees are also encouraged to join their relevant professional associations and to take up significant societal roles and leadership positions.

The communities in which the businesses operate are our stakeholders and accordingly Barloworld is mindful of the value it creates for such communities. Significant value is created through spending on locally based suppliers which include OEMs and sub-contractors. In these instances up to 100% of spend is locally based.

Local spend is reduced where plant and equipment can only be sourced from offshore principals. However the commitment remains to spend the balance locally. In South Africa, handling and equipment products are sourced from overseas principals while automotive sources vehicles through locally based OEMs. This varies by regions of activity and division. Logistics sub-contracts a large portion of its business to local contractors.

Value created also includes both direct and indirect employment together with related benefits, paid rates and taxes, and other assistance. Initiatives under the Barloworld Siyakhula umbrella also benefit stakeholders in South Africa as do the preferential procurement initiatives. Refer to page 72 for the group's value added statement and page 84 for its SED and CSI activities for the year.

Sustainability report – Going forward

Going forward

- *Integrated nature of long-term value creation*
- *Internal and customer focus on sustainable development*
- *Importance of climate change, carbon emissions, product life-cycle responsibility, and supply chains*
- *Sustainable development integrated into strategic planning and operations through employees and targets*
- *Transparent and accurate reporting*
- *Commitment to corporate governance*
- *Responsible corporate citizen creating sustainable value for all stakeholders*

Barloworld will continue to pursue sustainable value creation initiatives mindful of its obligations to all stakeholders. It understands the long-term consequences of its activities and will conduct its operations in a manner that ensures economic, social and environmental harmony.

This approach is entrenched throughout the group through its value creation philosophy, its strategic framework, code of ethics and is underscored by its 10 Pillars of sustainability.

Climate change and related activities will continue to receive focus as current initiatives are improved and refined. In particular, the group's carbon footprint will receive close attention with the understanding that product lifecycle and supply-chain aspects need to be addressed. Related risks and opportunities will be reviewed in terms of the group's established risk assessment processes and identified matters will be addressed.

Aspirational targets have been set for efficiency improvements in energy consumption and carbon emissions. These will focus attention and direct activity. These targets will continue to be assessed and monitored in terms of emerging international and national obligations as well as local industry and operational requirements. They will be adjusted if necessary.

Water is identified as a scarce resource, the consumption of which also requires close attention and monitoring. Relevant targets and related recycling initiatives will be considered. Waste management will continue to concentrate on recycling initiatives, particularly relating to waste oil, and the legitimate disposal of hazardous waste.

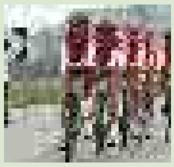
Corporate governance is central to the group's activities in all geographies of operation. In addition to adherence to legislation, the group's behaviour is informed by its commitment to the UN Global Compact, its code of ethics and policies which together set the standards of conduct required from all employees.

Stakeholder engagement is a priority in the group on the understanding that Barloworld's success is inextricably intertwined with that of its stakeholders. Understanding and addressing their requirements ensures sustainable development for all.

All these aspects are included in the group's strategic planning process, distilled into group strategic focus areas, incorporated into critical success factors and implemented by employees through the comprehensive employee value creation approach.

Ongoing review and refinement of the group's activities, together with a holistic perspective of responsible corporate citizenship, will ensure Barloworld creates sustainable stakeholder value which will be reported in an integrated, transparent and accurate manner with third party assurance of material aspects.

Barloworld understands that legitimate value creation is not achieved by pursuing short-term objectives for a narrow range of interest groups. The interests of all stakeholders must be balanced and all should derive lasting benefit. This is the cornerstone of the group's sustainable development philosophy and the value creation approach it will follow into the future.



Team Barloworld has ridden its last race

The Tour of Britain's final stage in September was won by team sprinter Michele Merlo in front of massive crowds on the streets of London. It ended one of the most successful corporate sponsorships ever undertaken. Over seven years Team Barloworld won races all over the world, ensuring that Barloworld became a household name in the group's global target markets. A phenomenal return on total sponsorship of 27 to 1 and an estimated media exposure of some R3.6 billion underscores the value created from this sponsorship.

All of Barloworld's stakeholders benefited from the team's success with co-sponsoring principals' brands enjoying extensive media exposure, customers attending prestigious cycling events, employees excited and united behind their team, and a sense of pride from a South African base who tended to regard Team Barloworld as their own.

It is also a story of commitment, resolve, dedication and loyalty: strong Barloworld characteristics that saw the company stand by its team through victorious as well as difficult times. The team has dispersed, and no doubt individual members will go on to achieve success with new teams. However, the memory of Team Barloworld and its indelible mark on all our stakeholders remains and will be remembered for years to come.

In order to ensure relevant and topical sustainability reporting for all our stakeholders, we request that you kindly forward comments, suggestions or questions regarding this section of our report to Chris Whitaker at:

christopherw@barloworld.com

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 2008 TO 30 SEPTEMBER 2009.

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 2009. 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 2009;
- 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;
- Electricity usage; and
- Carbon emissions.

Methodology

We conducted our audit in accordance with International Standards for Assurance Engagements 3000 (Revised), "Assurance Engagements other than audits or reviews of historical financial information" (ISAE 3000). This standard requires that we plan and perform the procedures to obtain limited assurance that the selected performance indicators are presented fairly in accordance with the criteria set out in the Sustainability Report.

Considerations and limitations

Non-financial data are subject to more inherent limitations than financial data, given both their nature and the methods used for determining, calculating or estimating such data. We have not undertaken work to confirm that all relevant issues are included, nor have we carried out any work on data reported in respect of future projections and targets.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the selected performance indicators listed above are not presented fairly.

We can also conclude with limited assurance that the calculation of the carbon inventory for the period 1 October 2008 to 30 September 2009 is compliant with the requirements of the GHG Protocol Corporate Standard for the accounting and reporting of greenhouse gas emissions.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per AG Waller
Partner

16 November 2009

National Executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Tax & Legal and Risk Advisory, L Geeringh Consulting, L Bam Corporate Finance, CR Beukman Finance, TJ Brown Clients & Markets, NT Mtoba Chairman of the Board, CR Qually Deputy Chairman of the Board

A full list of partners and directors is available on request.

Finance director's review

DON WILSON *Finance director*

Particular focus has been given this year to improving cash flows in all our businesses

Group operating performance

Continuing operations

Revenue declined by 10% to R42 232 million. The financial crisis and the resultant global recession contributed to lower demand for our products in most of our businesses and in all regions during this financial year. Our European and USA businesses experienced lower revenues from the start of this financial year while in southern Africa, declines in revenue became more pronounced in the second half of the year. As a result, whilst revenue in southern Africa declined by 4% this year, it was down by a combined 20% in the other regions.

Operating profit, before the BEE transaction charge, declined by 33% to R2 000 million. Operating profit, including the BEE charge, declined by 25% to R1 994 million. The decline in the second half of the year (-29%) was higher than the first half (-20%) as the slowdown spread to the southern African equipment and handling businesses. Lower revenue contributed to the decline in profit in the equipment and handling divisions. A strong performance, under difficult trading conditions, resulted in the automotive division improving profits by 30%. Logistics division increased revenue following the acquisitions last year, but the decline in world trade adversely impacted profits outside South Africa. Group operating profit was reduced by redundancy and restructuring charges totalling R139 million, particularly in Iberia (R95 million) where the expense base was realigned with the lower activity levels.

The volatility and strength of the rand, particularly since January 2009, resulted in losses mainly arising from marking to market foreign currency contracts on both hedged as well as unhedged transactions in equipment southern Africa and the agriculture business. The total negative fair value adjustments on financial instruments of R201 million compares with R80 million in 2008. That year however includes a mark to market loss of R115 million on shares in Pretoria Portland Cement Limited, held as a hedge against the company's liability to share option holders (2009: R1 million gain).

Finance costs increased by R49 million to R938 million. This was largely due to higher working capital, particularly in the equipment southern Africa business. Working capital in this business has been declining since May, favourably impacting our funding costs. Finance costs in the second half of this year reduced by 13% as borrowings and interest rates declined.

Taxation declined by 66% to R207 million. Secondary taxation on companies (STC) declined to R41 million (2008: R67 million) due to lower dividends paid. The effective taxation rate (excluding the BEE charge, exceptional items, STC and prior year taxation) was 22.0% (2008: 29.6%). The reduction was largely due to the recognition of deferred taxation assets not previously raised.

Income from associates fell by R29 million to R43 million. Good results in the equipment joint venture in the Democratic Republic of Congo were offset by lower contributions from the European equipment joint ventures.

The minority interest in the current year's earnings has increased by R54 million to R68 million. This includes R28 million representing the dividends paid to the holders of 14 485 013 ordinary shares in terms of the BEE transaction concluded in 2008. While these shares qualify for dividends, they are not included in issued shares for purposes of calculating headline earnings per share (HEPS). HEPS from continuing operations of 351 cents is 43% lower than 2008 (616 cents).

Discontinued operations

Discontinued operations for 2009 comprise the results of the Scandinavian car rental business for twelve months and the reversal of a provision for costs of R61 million relating to the disposal of the laboratory business, which is no longer required.

Cash flow

Particular focus has been given this year to improving cash flows in all our businesses following the drop in demand for our products and the tightening of lending conditions by the banks.

Action commenced in the first quarter when equipment orders were curtailed. By March 2009 working capital in equipment Iberia had declined by R494 million and in our automotive division, by R247 million. Subsequently we have seen further reductions in Iberia of R500 million. The southern African equipment business, which only experienced a drop off in demand after March 2009, reduced working capital by R620 million in the second half of this year. In addition capital expenditure in the group was curtailed to essential projects only.

The effect of these actions has been to reduce group working capital by R882 million this year (2008: increase R1 547 million), and to limit net cash used in investing activities to R1 211 million (2008: R2 606 million). At March the group had utilised working capital of R777 million which means that working capital was reduced by R1 659 million in the second half.

As a consequence, net cash flow generated from operations in 2009 increased by R735 million (20%) to R4 469 million. Net cash flow before financing activities for the year was an inflow of R1 207 million compared with last year's outflow of R1 247 million.

Further improvement in working capital is expected during 2010 as the southern African equipment business continues to align its requirements to the lower trading activity.

Summarised cash flow statement

R million	2009	2008
Operating cash flows before working capital	**3 587**	5 281
Decrease (increase) in working capital	**882**	(1 547)
Cash generated from operations	**4 469**	3 734
Other net operating cash flows	**(1 617)**	(1 753)
Dividends paid (including minority shareholders)	**(434)**	(622)
Cash retained from operating activities	**2 418**	1 359
Cash flows from investing activities	**(1 211)**	(2 606)
Net cash inflow (outflow)	**1 207**	(1 247)

Balance sheet and borrowings

Total assets employed in the group decreased by R3 862 million (11%) to R30 095 million. The decrease was largely due to the focus on reducing working capital and limiting capital expenditure. The stronger rand resulted in a further decrease of R905 million.

Assets classified as held for sale amount to R2 657 million (2008: R3 156 million) and comprise mainly the car rental assets in Scandinavia.

Total interest-bearing borrowings were R9 813 million (2008: R10 644 million) including R968 million (2008: R1 280 million) attributable to the Scandinavian car rental business. This represented a total debt to equity ratio of 81% at September 2009 (2008: 82%) as set out in the table below:

Total debt to equity (%)	Trading	Leasing	Car rental	Total group
Target range	30 – 50	600 – 800	200 – 300	
Ratio at 30 September 2009	**49**	**567**	**205**	**81**
Ratio at 30 September 2008	51	552	165	82

Strong collections from customers in the closing days of the financial year and reduced supplier and short-term funding commitments resulted in cash and cash equivalents increasing to R1 772 million (2008: R1 269 million) including R145 million in assets held for sale. Net debt after deducting cash and cash equivalents reduced by R1 334 million to R8 041 million.

The initiative to reduce the company's reliance on short-term funding, which started in 2008, contributed to a further improvement in the borrowings profile. The long-term maturity profile at 30 September 2009 was 63% (2008: 57%). Long-term debt raised during the year included a seven year corporate bond of R750 million (BAW2) in October 2008 and a five year loan of R700 million with a South African bank. In addition the UK syndicated facility was renewed ahead of its maturity in 2010. With lower forecast requirements the facility was reduced from £120 million to £80 million and matures in 2012.

Finance director's review *(continued)*

Debt maturity profile

R million	Total debt September 2009	Redemption 2010	2011	2012	2013 onwards
South Africa	**8 115**	3 191	1 648	85	3 191
Offshore	**1 698**	481	161	932	124
Total	**9 813**	3 672	1 809	1 017	3 315

In South Africa, short-term borrowings due for redemption in 2010 include a maturing long-term loan of R500 million and commercial paper totaling R2 022 million. The commercial paper market has remained fairly liquid during the current year and it is expected that maturing paper will be rolled over as required in future. At 30 September 2009 the company had unutilised borrowing facilities totaling R8 980 million.

The Scandinavian car rental business is mainly funded by a term facility of Norwegian kroner 1 000 million (R1 306 million) which matures in 2012.

Following a sharp reduction in our share price earlier this year, the value of the Barloworld shares held by the banks as security for funding our Black Economic Empowerment partners, declined below specified levels. In the interests of the sustainability of the transaction our board resolved to place R125 million in an interest-bearing deposit account to underpin the security held by the banks. Following a recovery in our share price, approximately R31 million of this deposit was refunded early in September 2009 with the balance refunded in November 2009.

Financial ratios

Following the onset of the financial crisis and the consequent economic recession, the company has not achieved a number of its financial targets this year. A number of short-term financial measures were introduced in 2008 to protect the company's balance sheet and to enable the company to meet its short-term commitments. These measures included reducing the company's reliance on short-term debt, increasing committed facilities from lenders, reducing working capital and limiting capital expenditure to essential items only.

The company has been successful with these short-term measures. Working capital declined, year on year, in most of our businesses, with further reductions expected next year in some of our southern African operations. The company's long-term debt and committed borrowing facilities are sufficient to fund future requirements.

Accounting policies

New accounting standards adopted this year include IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and IFRIC 18 Transfers of Assets from Customers. These standards had no material effect on current or prior results of the company.

There are a number of material amendments to international accounting standards which will be adopted next year. In most instances the amendments will not have a material effect on the company's results. An amendment to IAS 16 Property, Plant and Equipment requires the company to report as revenue, the proceeds from the disposal of rental assets. This will increase future revenue and the revenue reported in 2009 and 2008. There is no impact on operating profit but operating margins will be reduced by this change.

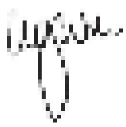
Dividends

Dividends totalling 110 cents per share were declared in respect of this year's earnings (2008: 250 cents). Dividends are payable on 17 837 387 of the shares issued in respect of the BEE transaction. The dividends declared this year are covered 3.0 times by headline earnings from continuing operations (2008: 2.9 times).

The year ahead

In the coming year focus will remain on cash flow. While there has been a reduction in working capital in most divisions, further improvement can be made particularly in the southern African equipment and agriculture businesses.

Further investment will be made next year ahead of the 2010 World Cup, specifically in our car rental fleet. This expenditure will be funded from operating cash flows, and where necessary, existing funding facilities.



Don Wilson
Finance director

Directors' responsibility and approval

for the year ended 30 September 2009

The directors of Barloworld Limited have pleasure in presenting the annual financial statements for the year ended 30 September 2009.

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:

- directors' report;
- audit committee report;
- 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 2009 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 forecasts and believe that the Barloworld group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going-concern basis and the external auditors concur.

The annual financial statements were approved by the board of directors and were signed on their behalf by:

DB Ntsebeza
Chairman

CB Thomson
Chief executive officer

DG Wilson
Finance director

Sandton

16 November 2009

Certificate by secretary

for the year ended 30 September 2009

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

S Mngomezulu
Secretary

Sandton

16 November 2009

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 audit committee report on page 63, the balance sheet and consolidated balance sheet as at 30 September 2009, 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 101 to 215.

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

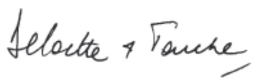
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 2009 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

16 November 2009

National Executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Tax & Legal and Risk Advisory, L Geeringh Consulting, L Bam Corporate Finance, CR Beukman Finance, TJ Brown Clients & Markets, NT Mtoba Chairman of the Board, CR Qually Deputy Chairman of the Board

A full list of partners and directors is available on request.

Directors' report

for the year ended 30 September 2009

Nature of business

Barloworld Limited (Barloworld or the 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.

The company comprises the following main 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 2009 are set out in detail on pages 101 to 215 of these annual financial statements.

Audit committee report

The report of the audit committee in terms of section 270A (f) of the Companies Act 1973, as amended, for the year ended 30 September 2009 is set out in detail on page 63.

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 156.

Dividends

Details of the dividends and distributions declared and paid are shown in note 28 to the annual financial statements on page 174.

Disposals

Proposed disposal of Avis Scandinavia

Discussions are continuing with interested parties on the disposal of our Scandinavian car rental operations.

Directors

Biographical notes of the current directors are given on pages 52 to 53. Details of directors' remuneration, share appreciation rights and options appear on pages 191 to 195.

Changes in directorate

During the financial year under review, Mr MJN Njeke was appointed to the board as an independent non-executive director. Mr MJ Levett retired from the board.

According to the company's articles of association, at the forthcoming annual general meeting, Mr MJN Njeke, being a director appointed during the financial year under review, retires and Messrs SAM Baqwa, DB Ntsebeza, OI Shongwe and DG Wilson retire by rotation. All are eligible and have offered themselves for election/re-election.

Company secretary and registered office

The company secretary is Mr Sibani 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

Auditors

Deloitte & Touche continued in office as auditors for the company and its subsidiaries.

At the annual general meeting shareholders will be requested to reappoint Deloitte & Touche as auditors of Barloworld Limited and to confirm that Mr AG Waller will be the designated lead audit partner.

Insurance

The group has placed cover in the London and South African traditional insurance markets up to €200 million in excess of R15 million. Group captive insurers provide cover for losses that may occur below the R15 million level, retaining R30 million in the aggregate.

Subsidiary companies

Details of principal subsidiary companies appear on pages 196 to 197 of the annual financial statements.

International Financial Reporting Standards (IFRS)

The company's financial statements were prepared in accordance with International Financial Reporting Standards.

Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going-concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of 5% of the issued share capital of the company are detailed on page 64 of the annual report.

Events subsequent to the balance sheet date

No other material events have occurred between the date of these financial statements and the date of approval, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.

Accounting policies

Definitions

Refer to www.barloworld.com 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

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 corrected 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 amount at which the settlement would take place 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 group 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, 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 date, the minorities' interest is measured at the proportion of the 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 a Non-current Asset 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 17 below with the exception of impairment testing which is done in accordance with note 35 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 represent tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the estimated cost of dismantling and removing the assets.

Owner occupied properties and investment properties in the course of construction are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees and, for qualifying assets, borrowings costs capitalised in accordance with the group's accounting policy. Depreciation commences, on the same basis as other property assets, when the assets are ready for their intended use.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives to estimated residual values, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their individual 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 useful 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 recorded in 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 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

Accounting policies *(continued)*

for the year ended 30 September

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 immediately 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 using the effective interest rate method 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 in note 35 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 using the effective interest rate method. 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 31 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 is recognised as a liability when the dividends are recognised as a liability and is 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. The provision is measured at the lower of cost of fulfilment and penalties arising from failure to fulfil.

Restructuring

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and

Accounting policies *(continued)*

for the year ended 30 September

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 fair value of the consideration of 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 and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

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 and a reliable estimate of the obligation can be made.

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.

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.

Secondary taxation on companies (STC) is recognised as part of the current taxation charge when the related dividend is declared. Deferred STC 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.

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. The recoverable amount is the higher of fair value less cost to sell or value in use. 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.

Intangible assets with indefinite useful lives or not yet available for use, goodwill 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.

Accounting policies *(continued)*

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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 is 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; or
- 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 which fall 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:

- 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 and cash flow forecasts 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.

- Non-current assets held for sale
  Management has assessed the status of the disposal of the Avis Scandinavian businesses and believes that the disposal will be completed within one year.

- 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 discounted cash flow and the CFROI® valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by 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

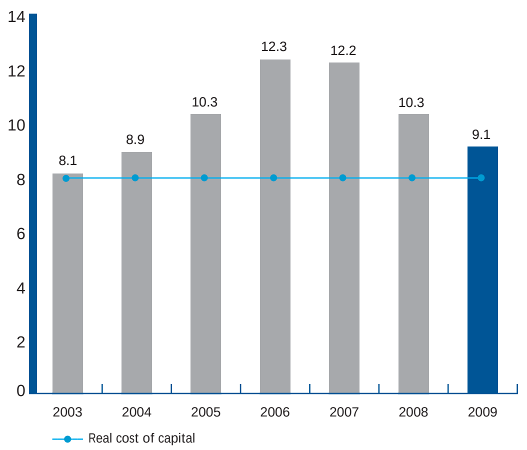
There are no significant assumptions made concerning the future or other sources of estimation uncertainty that have been identified as giving rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Consolidated seven-year summary

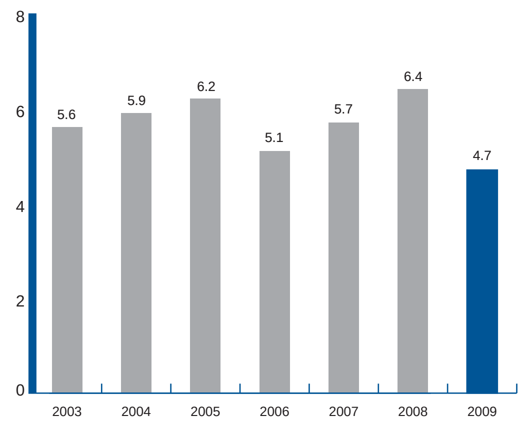
for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003* Rm
Balance sheet							
Assets							
Property, plant and equipment	7 854	8 056	6 847	8 299	7 922	7 706	6 655
Goodwill and intangible assets	2 599	2 626	2 320	3 328	2 745	2 675	1 580
Investments in associates and joint ventures and other non-current assets	1 473	2 099	2 233	1 912	2 668	2 843	3 503
Deferred taxation assets	656	488	619	750	823	766	472
Non-current assets	12 582	13 269	12 019	14 289	14 158	13 990	12 210
Current assets	17 513	20 688	18 636	21 365	14 465	13 831	11 548
Total assets	30 095	33 957	30 655	35 654	28 623	27 821	23 758
Equity and liabilities							
Capital and reserves							
Share capital and premium	252	242	223	327	1 397	1 209	712
Reserves and retained income	11 601	12 606	10 918	13 342	10 089	9 308	8 972
Interest of shareholders of Barloworld Limited	11 853	12 848	11 141	13 669	11 486	10 517	9 684
Minority interest	217	185	80	691	644	718	706
Interest of all shareholders	12 070	13 033	11 221	14 360	12 130	11 235	10 390
Non-current liabilities	6 486	6 252	6 638	7 920	7 761	7 540	4 916
Deferred taxation liabilities	249	266	610	870	905	795	617
Non-current liabilities	6 237	5 986	6 028	7 050	6 856	6 745	4 299
Current liabilities	11 539	14 672	12 796	13 374	8 732	9 046	8 452
Total equity and liabilities	30 095	33 957	30 655	35 654	28 623	27 821	23 758

Cash flow return on investment CFROI (%)



Operating margin – continuing operations* (%)



** Before BEE transaction charge and pension fund gain in 2006.*

	Compound annual growth %	**2009 Rm**	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003* Rm
Income statement#								
Continuing operations								
Revenue	9.0	**42 232**	46 830	39 757	32 452	29 211	26 970	25 198
Operating profit before items listed below	6.9	**2 000**	2 988	2 277	1 658	1 572	1 423	1 342
BEE transaction charge		**(6)**	(337)					
Goodwill amortisation							(121)	(90)
Pension fund gain					149			
Operating profit	8.1	**1 994**	2 651	2 277	1 807	1 572	1 302	1 252
Fair value adjustments on financial instruments		**(201)**	(80)	295	224	(50)	(108)	(363)
Finance costs	14.7	**(938)**	(889)	(631)	(435)	(333)	(365)	(413)
Income from investments		**149**	195	164	139	101	143	139
Profit before exceptional items	8.5	**1 004**	1 877	2 105	1 735	1 290	972	615
Exceptional items		**22**	(17)	(74)	116	(20)	(62)	14
Profit before taxation		**1 026**	1 860	2 031	1 851	1 270	910	629
Taxation		**(248)**	(675)	(697)	(556)	(364)	(354)	(193)
Profit after taxation		**778**	1 185	1 334	1 295	906	556	436
Income from associates and joint ventures		**43**	72	53	54	31	61	73
Net profit from continuing operations		**821**	1 257	1 387	1 349	937	617	509
Discontinued operations								
(Loss)/profit from discontinued operations		**(82)**	(11)	1 172	1 397	1 226	1 151	824
Net profit		**739**	1 246	2 559	2 746	2 163	1 768	1 333
Attributable to:								
Minority shareholders		**68**	14	289	389	314	258	211
Barloworld Limited shareholders		**671**	1 232	2 270	2 357	1 849	1 510	1 122
		739	1 246	2 559	2 746	2 163	1 768	1 333
Headline earnings from continuing operations	1.7	**731**	1 259	1 362	1 233	1 148	1 057	661
Cash flow statement								
Cash flow from operations		**2 852**	1 981	3 888	4 931	3 576	3 153	2 419
Dividends paid (including minority shareholders)		**(434)**	(622)	(2 629)	(1 295)	(1 197)	(871)	(940)
Net cash retained from operating activities		**2 418**	1 359	1 259	3 636	2 379	2 282	1 479
Net cash used in investing activities		**(1 211)**	(2 606)	(880)	(2 938)	(2 980)	(2 124)	(1 812)
Net cash (used in)/from financing activities		**(647)**	1 347	(988)	(224)	601	(258)	487
Net increase/(decrease) in cash and cash equivalents		**560**	100	(609)	474		(100)	154

* *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 (continuing operations) + 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 to www.barloworld.com 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 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.*

		2009	2008	2007	2006	2005	2004	2003*
(000)		**208 518**	204 559	202 673	206 959	207 367	199 375	196 028
SA cents		**321.8**	602.2	1 120.0	1 138.9	891.7	757.4	572.4
US cents		**36.2**	81.1	155.9	173.4	143.6	114.2	71.2
SA cents		**361.1**	608.1	679.4	643.1	554.6	280.9	213.3
US cents		**40.6**	81.8	94.6	97.9	89.3	42.3	26.5
SA cents		**282.5**	614.0	1 181.2	1 170.8	887.8	853.7	588.7
US cents		**31.8**	82.6	164.4	178.2	143.0	128.7	73.2
SA cents		**350.6**	615.5	672.0	595.8	553.6	530.2	337.0
US cents		**39.4**	82.9	93.7	90.7	89.1	79.9	41.9
SA cents		**110**	250	375	600	455	380	290
US cents		**12.4**	33.7	52.2	91.3	73.3	57.3	36.1
times		**3.0**	2.9	3.1	2.0	2.0	2.2	2.0
SA cents		**5 731**	6 451	5 713	6 973	5 620	5 263	5 100
US cents		**756**	779	828	898	884	814	725
	Targets							
%		**4.3**	6.3	8.7	9.2	9.1	8.4	7.1
%	>5	**4.7**	6.4	5.7	5.1	6.2	5.9	5.6
times	>2.5	**1.9**	2.2	2.2	1.9	2.0	2.0	2.0
%	>18	**9.1**	15.1	20.2	19.5	18.6	17.5	14.7
%	>20	**10.3**	20.6	28.8	27.9	26.0	22.8	18.5
%	>15	**4.8**	13.6	18.9	18.0	16.8	14.8	9.9
%	>8	**9.1**	10.3	12.2	12.3	10.3	8.9	8.1
%		**24.4**	14.4	23.0	26.3	43.1	36.6	183.7
%		**22.2**	32.7	28.5	28.9	30.2	25.9	32.5

Consolidated seven-year summary *(continued)*

for the year ended 30 September

Liquidity and leverage^	
Total liabilities to total shareholders' funds	Non-current liabilities – deferred tax liabilities + current liabilities / Interest of all shareholders
Total borrowings to total shareholders' funds	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond / Interest of all shareholders
– Total group	
– Trading businesses	
– Leasing businesses	
– Car rental businesses	
Net borrowings/EBITDA	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond – cash and cash equivalents / Operating profit + amortisation of goodwill and intangible assets + depreciation charge
Number of years to repay interest-bearing debt	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond / Cash flow from operations
Current ratio	Current assets / Current liabilities
Quick ratio	Current assets – inventories / Current liabilities
Interest cover – continuing operations	Profit before exceptional items + goodwill amortisation + BEE transaction charge + interest paid (incl interest capitalised and interest included in cost of sales) / 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	Revenue / Average number of employees
Value created per employee	Total value created per value added statement / Average number of employees
Employment cost per employee	Salaries, wages and other benefits paid to employees / 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	**2009**	2008	2007	2006	2005	2004	2003*
%	<150	**147.3**	158.5	167.8	142.2	128.5	140.6	122.7
%		**81.3**	81.7	80.8	68.8	66.3	68.6	59.1
%	30 – 50	**48.7**	51.4	38.2	31.3	20.9	41.4	29.2
%	600 – 800	**567.1**	552.3	646.3	563.5	633.8	598.2	814.6
%	200 – 300	**204.9**	165.3	216.3	233.5	259.2	299.5	
times	<2.5	**2.0**	1.8	1.3	1.4	1.3	1.4	1.2
years	<5	**3.4**	5.4	2.3	2.1	2.2	2.4	2.5
	>1	**1.5**	1.4	1.5	1.6	1.7	1.5	1.4
	>0.5	**0.9**	0.9	1.0	1.2	1.1	1.0	0.8
times	>3	**1.9**	3.1	3.8	3.6	3.9	3.0	2.2
times	>4	**2.1**	4.4	5.3	6.9	7.7	4.2	2.8
times	>1	**2.2**	1.6	1.6	1.3	1.6	1.5	1.3
times	>1.25	**1.2**	1.0	1.8	1.7	1.9	1.7	
		18 918	19 668	21 960	25 716	25 963	25 233	22 749
R000's		**2 247.1**	2 341.2	2 108.4	1 720.9	1 472.6	1 452.2	1 506.4
R000's		**622.2**	586.6	681.0	531.4	474.9	452.2	407.3
R000's		**365.6**	326.4	350.8	268.6	252.0	250.5	237.3

Consolidated seven-year summary *(continued)*

for the year ended 30 September

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/(loss) 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 (under)/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.*

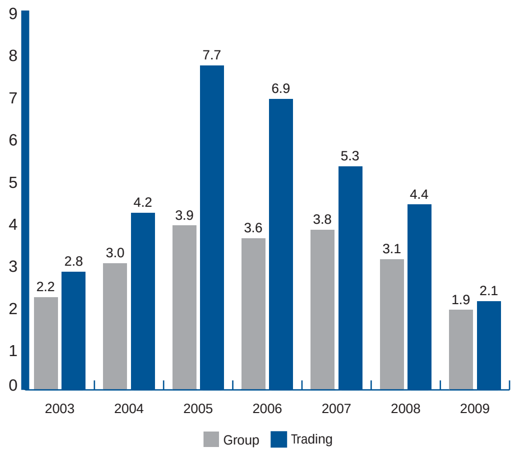
The number of shares in issue excludes shares issued in the respect of the BEE transaction other than to the General staff trust and has been reduced by 19 million purchased by a subsidiary company in terms of a programme to buy back the company's shares in 2005, 2004 and 2003 (refer note 13).

" *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.*

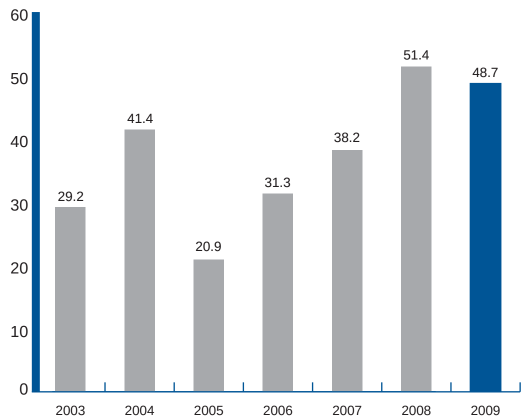
Calculated taking into account the growth in the Barloworld share price, the value of PPC shares distributed to shareholders per the entitlement ratio, the Barloworld interim, final and special dividends and the PPC final and special dividends.

	2009	2008	2007	2006	2005	2004	2003*
SA cents	**4 900**	6 450	12 960	12 950	11 629	7 800	5 675
US cents	**647**	779	1 879	1 667	1 829	1 205	807
SA cents	**6 642**	13 399	21 750	14 050	11 730	7 979	6 359
SA cents	**2 451**	5 900	10 651	10 010	7 790	5 610	4 750
million	**209**	208	204	201	209	204	196
million	**331**	293	204	234	187	147	147
Rm	**13 827**	26 423	32 111	27 465	18 230	9 902	8 196
%	**5.8**	9.5	9.1	9.0	7.6	10.9	10.4
%	**2.2**	3.9	2.9	4.6	3.9	4.9	5.1
%	**(24.0)**	(50.2)	0.1	11.4	49.1	37.4	(3.8)
%	**(21.8)**	(46.4)	78.6#	16.0	53.0	42.3	1.3
	24 911	23 836	29 959	22 375	16 875	11 761	8 926
%	**4.5**	(20.4)	43.5	43.5	43.5	31.8	(5.7)
%	**3.9**	3.7	2.4	2.5	2.5	2.7	3.6
%	**8.4**	(16.8)	36.3	35.0	46.0	34.5	(2.1)
times	**17.3**	10.5	11.0	11.1	13.1	9.1	9.6
	12.6	10.6	16.4	16.1	15.2	14.6	9.7
Rm	**11 145**	13 427	26 418	25 993	24 260	15 897	11 142
Rm	**(708.4)**	579.1	15 277	12 324	12 774	5 380	1 458

Interest cover – continuing operations (times)



Total borrowings to shareholders' funds (Trading businesses) (%)



Consolidated summary in other currencies#

for the year ended 30 September

	US dollar			Pound sterling			Euro		
	2009	2008	2007	**2009**	2008	2007	**2009**	2008	2007
	$m	$m	$m	**£m**	£m	£m	**€m**	€m	€m
Balance sheet									
Assets									
Property, plant and equipment	**1 037**	973	993	**648**	546	487	**709**	693	698
Goodwill and intangible assets	**343**	317	336	**214**	178	165	**235**	226	237
Investment in associates and joint ventures and other non-current assets	**194**	253	324	**122**	142	159	**133**	180	228
Deferred taxation assets	**87**	59	90	**54**	33	44	**59**	42	63
Non-current assets	**1 661**	1 602	1 743	**1 038**	899	855	**1 136**	1 141	1 226
Current assets	**2 311**	2 499	2 702	**1 445**	1 402	1 327	**1 582**	1 779	1 900
Total assets	**3 972**	4 101	4 445	**2 483**	2 301	2 182	**2 718**	2 920	3 126
Equity and liabilities									
Capital and reserves									
Share capital and premium	**33**	29	32	**21**	16	16	**23**	21	23
Reserves and retained income	**1 245**	1 149	1 241	**778**	644	609	**852**	818	872
Non-distributable reserves – foreign currency translation	**286**	374	343	**179**	210	168	**196**	266	241
Interest of shareholders of Barloworld Limited	**1 564**	1 552	1 616	**978**	870	793	**1 071**	1 105	1 136
Minority interest	**29**	22	12	**18**	13	6	**20**	16	8
Interest of all shareholders	**1 593**	1 574	1 628	**996**	883	799	**1 091**	1 121	1 144
Non-current liabilities	**856**	755	962	**535**	424	472	**585**	538	677
Deferred taxation liabilities	**33**	32	88	**20**	18	43	**22**	23	62
Non-current liabilities	**823**	723	874	**515**	406	429	**563**	515	615
Current liabilities	**1 523**	1 772	1 855	**952**	994	911	**1 042**	1 261	1 305
Total equity and liabilities	**3 972**	4 101	4 445	**2 483**	2 301	2 182	**2 718**	2 920	3 126
Cash flow statement									
Cash flow from operations	**321**	267	541	**208**	135	274	**238**	177	406
Dividends paid (including minority shareholders)	**(49)**	(84)	(366)	**(32)**	(42)	(185)	**(36)**	(56)	(274)
Cash retained from operating activities	**272**	183	175	**176**	93	89	**202**	121	132
Net cash used in investing activities	**(136)**	(351)	(122)	**(88)**	(178)	(62)	**(101)**	(232)	(92)
Net cash (used in)/from financing activities	**(73)**	181	(138)	**(47)**	92	(70)	**(54)**	120	(103)
Net increase/(decrease) in cash and cash equivalents	**63**	13	(85)	**41**	7	(43)	**47**	9	(63)
Exchange rates used:									
Balance sheet – closing rate (rand)	**7.58**	8.28	6.90	**12.12**	14.76	14.05	**11.08**	11.63	9.81
Income statement and cash flow statement – average rate (rand)	**8.89**	7.43	7.18	**13.72**	14.68	14.18	**11.97**	11.21	9.58

	US dollar			Pound sterling			Euro		
	2009 $m	2008 $m	2007 $m	2009 £m	2008 £m	2007 £m	2009 €m	2008 €m	2007 €m
Income statement									
Continuing operations									
Revenue	4 751	6 303	5 537	3 078	3 190	2 804	3 528	4 178	4 150
Operating profit before items listed below	225	402	317	146	204	161	167	266	238
BEE transaction charge	(1)	(45)			(23)		(1)	(30)	
Operating profit	224	357	317	146	181	161	166	236	238
Fair value adjustments on financial instruments	(23)	(11)	41	(15)	(5)	21	(17)	(7)	31
Finance costs	(106)	(120)	(88)	(68)	(61)	(45)	(78)	(79)	(66)
Income from investments	17	26	23	11	13	11	12	17	17
Profit before exceptional items	112	252	293	74	128	148	83	167	220
Exceptional items	2	(2)	(10)	2	(1)	(5)	2	(1)	(8)
Profit before taxation	114	250	283	76	127	143	85	166	212
Taxation	(23)	(82)	(76)	(15)	(41)	(39)	(17)	(54)	(57)
Secondary taxation on companies	(5)	(9)	(21)	(3)	(5)	(10)	(3)	(6)	(16)
Profit after taxation	86	159	186	58	81	94	65	106	139
Income from associates and joint ventures	5	10	7	3	5	4	4	6	6
Net profit from continuing operations	91	169	193	61	86	98	69	112	145
Income statement									
Discontinued operations									
(Loss)/profit from discontinued operations	(9)	(1)	163	(6)	(1)	83	(7)	(1)	122
Net profit	82	168	356	55	85	181	62	111	267
Attributable to:									
Minority shareholders	8	2	40	5	1	20	6	1	30
Barloworld Limited shareholders	74	166	316	50	84	161	56	110	237
	82	168	356	55	85	181	62	111	267
Headline earnings from continuing operations	82	169	190	53	86	96	61	112	142
Earnings per share from continuing operations (cents)	40.6	81.8	94.6	26.3	41.4	47.9	30.2	54.2	70.9
Headline earnings per share from continuing operations (cents)	39.4	82.6	93.7	25.6	42.0	47.4	29.3	54.8	70.1
Ordinary dividends per share (cents)	12.4	33.7	52.2	8.0	17.0	26.4	9.2	22.3	39.1

These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African rand.

Consolidated balance sheet

at 30 September

	Notes	2009 Rm	2008 Rm	2007 Rm
Assets				
Non-current assets		**12 582**	13 269	12 019
Property, plant and equipment	2	**7 854**	8 056	6 847
Goodwill	3	**2 319**	2 421	2 046
Intangible assets	4	**280**	205	274
Investment in associates and joint ventures	5	**731**	1 095	928
Finance lease receivables	6	**463**	436	619
Long-term financial assets	7	**279**	568	686
Deferred taxation assets	8	**656**	488	619
Current assets		**17 513**	20 688	18 636
Vehicle rental fleet	2	**1 692**	1 934	3 902
Inventories	9	**6 737**	7 495	5 869
Trade and other receivables	10	**4 747**	6 854	6 185
Taxation		**53**	11	32
Cash and cash equivalents	11	**1 627**	1 238	1 201
Assets classified as held for sale	12	**2 657**	3 156	1 447
Total assets		**30 095**	33 957	30 655
Equity and liabilities				
Capital and reserves				
Share capital and premium	13	**252**	242	223
Other reserves	14	**2 688**	3 745	2 584
Retained income	14	**8 913**	8 861	8 334
Interest of shareholders of Barloworld Limited		**11 853**	12 848	11 141
Minority interest	14	**217**	185	80
Interest of all shareholders		**12 070**	13 033	11 221
Non-current liabilities		**6 486**	6 252	6 638
Interest-bearing	15	**5 278**	5 022	4 379
Deferred taxation liabilities	8	**249**	266	610
Provisions	16	**185**	325	344
Other non-interest-bearing	17	**774**	639	1 305
Current liabilities		**11 539**	14 672	12 796
Trade and other payables	18	**5 775**	7 335	6 854
Provisions	16	**580**	731	600
Taxation		**108**	344	445
Amounts due to bankers and short-term loans	19	**3 567**	4 266	4 687
Liabilities directly associated with assets classified as held for sale	12	**1 509**	1 996	210
Total equity and liabilities		**30 095**	33 957	30 655

Consolidated income statement

for the year ended 30 September

	Notes	2009 Rm	2008 Rm	2007 Rm
Continuing operations				
Revenue	20	**42 232**	46 830	39 757
Operating profit before items listed below		**2 000**	2 988	2 277
BEE transaction charge		**(6)**	(337)	
Operating profit	21	**1 994**	2 651	2 277
Fair value adjustments on financial instruments	22	**(201)**	(80)	295
Finance costs	23	**(938)**	(889)	(631)
Income from investments	24	**149**	195	164
Profit before exceptional items		**1 004**	1 877	2 105
Exceptional items	25	**22**	(17)	(74)
Profit before taxation		**1 026**	1 860	2 031
Taxation	26	**(207)**	(608)	(549)
Secondary taxation on companies	26	**(41)**	(67)	(148)
Profit after taxation		**778**	1 185	1 334
Income from associates and joint ventures	5	**43**	72	53
Net profit from continuing operations		**821**	1 257	1 387
Discontinued operations				
(Loss)/profit from discontinued operations	12	**(82)**	(11)	1 172
Net profit		**739**	1 246	2 559
Attributable to:				
Minority shareholders		**68**	14	289
Barloworld Limited shareholders	29	**671**	1 232	2 270
		739	1 246	2 559
Earnings per share (cents)				
– basic	27	**321.8**	602.2	1 120.0
– diluted	27	**319.6**	594.5	1 099.6
Earnings per share from continuing operations (cents)				
– basic	27	**361.1**	608.1	679.4
– diluted	27	**358.6**	600.3	667.0
(Loss)/earnings per share from discontinued operations (cents)				
– basic	27	**(39.3)**	(5.9)	440.6
– diluted	27	**(39.0)**	(5.8)	432.6

Consolidated cash flow statement

for the year ended 30 September

	Notes	2009 Rm	2008 Rm	2007 Rm
Cash flows from operating activities				
Cash receipts from customers		**45 525**	46 589	49 697
Cash paid to employees and suppliers		**(41 056)**	(42 855)	(43 858)
Cash generated from operations	A	**4 469**	3 734	5 839
Finance costs		**(994)**	(980)	(902)
Realised fair value adjustments on financial instruments		**(180)**	(157)	(16)
Dividends received from investments and associates		**14**	26	41
Interest received		**146**	188	338
Taxation paid	B	**(603)**	(830)	(1 412)
Cash flow from operations		**2 852**	1 981	3 888
Dividends paid (including minority shareholders)		**(434)**	(622)	(2 629)
Cash retained from operating activities		**2 418**	1 359	1 259
Cash flows from investing activities				
Acquisition of subsidiaries, investments and intangibles	C	**219**	(996)	(349)
Proceeds on disposal of subsidiaries, investments and intangibles	D	**7**	1 098	1 432
Net investment in fleet leasing and rental assets	E	**(707)**	(1 904)	(2 283)
Acquisition of other property, plant and equipment		**(910)**	(973)	(1 485)
Replacement capital expenditure		**(522)**	(305)	(451)
Expansion capital expenditure		**(388)**	(668)	(1 034)
Proceeds on disposal of property, plant and equipment		**180**	169	121
Proceeds on sale of leasing assets				1 684
Net cash used in investing activities		**(1 211)**	(2 606)	(880)
Net cash inflow/(outflow) before financing activities		**1 207**	(1 247)	379
Cash flows from financing activities				
Proceeds on share issue		**12**	23	139
Pension fund payment			(759)	
Proceeds from long-term borrowings		**4 379**	3 298	1 376
Repayment of long-term borrowings		**(4 328)**	(1 285)	(3 207)
(Decrease)/increase in short-term interest-bearing liabilities		**(710)**	70	704
Net cash (used in)/from financing activities		**(647)**	1 347	(988)
Net increase/(decrease) in cash and cash equivalents		**560**	100	(609)
Cash and cash equivalents at beginning of year		**1 238**	1 201	2 134
Cash and cash equivalents held for sale at beginning of year		**31**		
Effect of foreign exchange rate movement on cash balance		**(57)**	54	(6)
Effect of cash balances classified as held for sale		**(145)**	(31)	
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		**1 627**	1 238	1 201
Cash balances not available for use due to reserving restrictions		**360**	292	235

	2009 Rm	2008 Rm	2007 Rm
Cash flows from operating activities (before dividends paid)			
Per business segment:			
Continuing operations			
– Equipment	**1 121**	64	483
– Automotive	**1 614**	1 204	1 171
– Handling	**(94)**	470	230
– Logistics	**251**	145	120
– Corporate	**(187)**	(191)	120
Total continuing operations	**2 705**	1 692	2 124
Discontinued operations			
– Car rental – Scandinavia	**147**	210	212
– Cement			1 002
– Coatings		(5)	352
– Scientific		84	176
– Steel tube			22
Total discontinued operations	**147**	289	1 764
Total group	**2 852**	1 981	3 888
Cash flows from investing activities			
Per business segment:			
Continuing operations			
– Equipment	**(103)**	(771)	(778)
– Automotive	**(696)**	(1 678)	(1 833)
– Handling	**(194)**	(109)	1 761
– Logistics	**(63)**	(795)	(26)
– Corporate	**(163)**	58	(36)
Total continuing operations	**(1 219)**	(3 295)	(912)
Discontinued operations			
– Car rental – Scandinavia	**8**	(360)	(211)
– Cement			(644)
– Coatings		(24)	136
– Scientific		1 073	321
– Steel tube			430
Total discontinued operations	**8**	689	32
Total group	**(1 211)**	(2 606)	(880)
Cash flows from financing activities			
Per business segment:			
Continuing operations			
– Equipment	**(433)**	1 630	317
– Automotive	**(904)**	762	488
– Handling	**61**	(87)	(2 050)
– Logistics	**(178)**	773	(96)
– Corporate	**847**	(1 178)	963
Total continuing operations	**(607)**	1 900	(378)
Discontinued operations			
– Car rental – Scandinavia	**(40)**	141	190
– Cement			620
– Coatings		86	(438)
– Scientific		(780)	(529)
– Steel tube			(453)
Total discontinued operations	**(40)**	(553)	(610)
Total group	**(647)**	1 347	(988)

Notes to the consolidated cash flow statement

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
A. Cash generated from operations is calculated as follows:			
Profit before taxation – continuing operations	**1 026**	1 860	2 031
(Loss)/profit before taxation – discontinued operations	**(182)**	(335)	1 932
Adjustments for:			
Depreciation	**2 145**	2 121	1 961
Amortisation of intangible assets	**65**	57	70
Profit on disposal of plant and equipment including rental assets and intangibles	**(258)**	(142)	(44)
Profit on disposal of properties		(30)	(45)
Profit on disposal of subsidiaries and investments			65
Dividends received	**(14)**	(26)	(2)
Interest received	**(146)**	(188)	(338)
Finance costs	**994**	980	902
Fair value adjustments on financial instruments	**202**	83	(300)
(Reversal of)/impairment losses	**(4)**	382	323
Realisation of translation reserve on disposal of offshore subsidiaries			(197)
BEE IFRS 2 charge	**6**	337	
Non-cash movement in provisions	**(233)**	155	
Other non-cash flow items	**(14)**	27	12
Operating cash flows before movements in working capital	**3 587**	5 281	6 370
Continuing operations	**3 403**	4 914	3 970
Discontinued operations	**184**	367	2 400
Decrease/(increase) in working capital	**882**	(1 547)	(531)
Decrease/(increase) in inventories	**522**	(1 265)	(1 113)
Decrease/(increase) in receivables	**2 195**	(887)	(860)
(Decrease)/increase in payables	**(1 835)**	605	1 442
Cash generated from operations	**4 469**	3 734	5 839
B. Taxation paid is reconciled to the amounts disclosed in the income statement as follows:			
Amounts unpaid less overpaid at beginning of year	**(325)**	(430)	(688)
Per the income statement (excluding deferred taxation)	**(362)**	(756)	(1 376)
Adjustment in respect of subsidiaries acquired and sold including translation adjustments	**31**	(3)	7
Effect of unbundlings		34	215
Amounts unpaid less overpaid at end of year	**53**	325	430
Cash amounts paid	**(603)**	(830)	(1 412)

		2009 Rm	2008 Rm	2007 Rm
C.	**Acquisition of subsidiaries, investments and intangibles:**			
	Inventories acquired		335	
	Receivables acquired		327	
	Payables, taxation and deferred taxation acquired		(526)	
	Borrowings net of cash		(256)	
	Property, plant and equipment, non-current assets, goodwill and minority shareholders		532	
	Total net assets acquired		412	
	Less: Existing share of net assets of associates before acquisition		(234)	
	Net assets acquired		178	
	Goodwill arising on acquisitions		566	
	Total purchase consideration		744	
	Less: Non-cash purchase consideration		(33)	
	Net cash cost of subsidiaries acquired		711	
	Investment and intangible assets (repaid)/acquired*	**(219)**	285	349
	Cash amounts (received)/paid to acquire subsidiaries, investments and intangibles	**(219)**	996	349
	Bank balances and cash in subsidiaries acquired		98	
D.	**Proceeds on disposal of subsidiaries, investments and intangibles:**			
	Inventories disposed	**96**	271	932
	Finance lease receivables disposed		259	676
	Receivables disposed	**52**	298	(670)
	Payables, taxation and deferred taxation balances disposed	**(31)**	(209)	50
	Borrowings net of cash	**(117)**	(189)	
	Property, plant and equipment, non-current assets, goodwill and intangibles	**4**	322	501
	Net assets disposed	**4**	752	1 489
	Less: Non-cash consideration on deconsolidation of subsidiary	**(2)**	(26)	
	Total net assets disposed	**2**	726	1 489
	Profit/(loss) on disposal		370	(69)
	Net cash proceeds on disposal of subsidiaries	**2**	1 096	1 420
	Proceeds on disposal of investments and intangibles	**5**	2	12
	Cash proceeds on disposal of subsidiaries, investments and intangibles	**7**	1 098	1 432

* *This movement includes the repayment of loans by joint ventures and associates.*

Notes to the consolidated cash flow statement *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
E. Net investment in fleet leasing and rental assets:			
Net investment in fleet leasing and equipment rental assets	**(642)**	(1 155)	(1 310)
Additions to fleet leasing and equipment rental assets	**(2 213)**	(2 983)	(2 314)
Less: Proceeds on disposal of fleet leasing and equipment rental assets	**1 571**	1 828	1 004
Net investment in leasing receivables	**(139)**	(13)	(46)
Net investment in car rental vehicles	**74**	(736)	(927)
Additions to vehicle rental fleet during the year	**(3 387)**	(4 515)	(3 741)
Less: Proceeds on disposal of vehicle rental fleet	**3 461**	3 779	2 814
Net investment in fleet leasing and rental assets	**(707)**	(1 904)	(2 283)

Consolidated statement of recognised income and expense

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
Exchange (losses)/gains on translation of foreign operations	**(926)**	934	(229)
Translation reserves realised on disposal of foreign subsidiaries		(201)	(284)
(Loss)/gain on cash flow hedges	**(105)**	81	(163)
Deferred taxation on cash flow hedges	**25**	(20)	39
Loss on revaluation of available for sale investments	**(1)**		(22)
Net actuarial losses on post-retirement benefit obligations	**(232)**	(96)	(54)
Actuarial losses on post-retirement benefit obligations	**(321)**	(133)	(42)
Taxation effect of net actuarial losses	**89**	37	(12)
Net (loss)/income recognised directly in equity	**(1 239)**	698	(713)
Profit for the period	**739**	1 246	2 559
Total recognised income and expense for the year	**(500)**	1 944	1 846
Attributable to:			
Minority shareholders	**68**	14	289
Barloworld Limited shareholders	**(568)**	1 930	1 557
	(500)	1 944	1 846

Notes to the consolidated annual financial statements

for the year ended 30 September

	Continuing operations											
	Consolidated*			Eliminations			Equipment			Automotive Trading		
R million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
1. Business and geographical segments**												
Revenue												
Southern Africa	**28 119**	29 166	22 332				**10 902**	11 930	8 568	**11 381**	11 622	9 948
Europe	**9 500**	12 965	10 643				**5 559**	8 459	7 422			
North America	**1 676**	1 850	4 334									
Australia and Asia	**2 937**	2 849	2 448							**2 937**	2 849	2 448
	42 232	46 830	39 757				**16 461**	20 389	15 990	**14 318**	14 471	12 396
Inter-segment revenue***				**(1 172)**	(1 259)	(1 608)	**760**	407	389	**51**	74	51
	42 232	46 830	39 757	**(1 172)**	(1 259)	(1 608)	**17 221**	20 796	16 379	**14 369**	14 545	12 447
Segment result												
Operating profit/(loss)												
Southern Africa	**2 056**	1 967	1 522				**1 282**	1 523	918	**232**	143	184
Europe	**(67)**	586	643				**11**	534	612			
North America	**(54)**	36	64									
Australia and Asia	**59**	62	48							**59**	62	48
Operating profit/(loss)	**1 994**	2 651	2 277				**1 293**	2 057	1 530	**291**	205	232
Fair value adjustments on financial instruments	**(201)**	(80)	295				**(151)**	49	(5)	**2**	10	(13)
Total segment result	**1 793**	2 571	2 572				**1 142**	2 106	1 525	**293**	215	219
By geographical region												
Southern Africa	**1 856**	1 879	1 819				**1 128**	1 570	913	**234**	153	171
Europe	**(68)**	594	641				**14**	536	612			
North America	**(54)**	36	64									
Australia and Asia	**59**	62	48							**59**	62	48
Total segment result	**1 793**	2 571	2 572				**1 142**	2 106	1 525	**293**	215	219
Income from associates and joint ventures	**43**	72	53				**51**	62	36	**(6)**	8	20
Segment result including associate income	**1 836**	2 643	2 625				**1 193**	2 168	1 561	**287**	223	239
Finance costs	**(938)**	(889)	(631)									
Income from investments	**149**	195	164									
Exceptional items	**22**	(17)	(74)									
	1 069	1 932	2 084									
Taxation	**(248)**	(675)	(697)									
Net profit	**821**	1 257	1 387									
Non cash expenses per segment												
Depreciation	**1 854**	1 833	1 487				**481**	488	406	**83**	64	46
Amortisation of intangibles	**61**	52	54				**25**	21	23	**4**	4	3
Impairment (reversals)/losses	**(4)**	47	262				**(21)**	19	158		3	

* *The consolidated total excludes discontinued operations for income statement items but includes it for balance sheet items.*

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

*** *Inter-segment revenue is priced on an arms 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		
Car rental Southern Africa			Leasing			Trading			Leasing								
2009	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
1 516	1 586	1 209	**1 111**	948	701	**930**	1 027	765				**2 257**	1 970	1 088	**22**	83	53
						2 052	3 193	2 690	**59**	75	160	**1 830**	1 238	371			
						1 675	1 849	4 330	**1**	1	4						
1 516	1 586	1 209	**1 111**	948	701	**4 657**	6 069	7 785	**60**	76	164	**4 087**	3 208	1 459	**22**	83	53
6	9	3				**54**	91					**81**	400	747	**220**	278	410
1 522	1 595	1 212	**1 111**	948	701	**4 711**	6 160	7 785	**60**	76	164	**4 168**	3 608	2 206	**242**	361	463
254	250	325	**158**	85	76	**80**	124	54				**92**	105	76	**(42)**	(263)	(111)
						(76)	8	55	**23**	4	14	**(15)**	30	19	**(10)**	10	(57)
						(54)	40	72		(4)	(8)						
254	250	325	**158**	85	76	**(50)**	172	181	**23**		6	**77**	135	95	**(52)**	(253)	(168)
(1)	(7)	7	**(3)**	1	(1)	**(29)**	(25)	(4)				**(6)**	1		**(13)**	(109)	311
253	243	332	**155**	86	75	**(79)**	147	177	**23**		6	**71**	136	95	**(65)**	(362)	143
253	243	332	**155**	86	75	**51**	99	50				**91**	105	76	**(56)**	(377)	202
						(76)	8	55	**23**	4	14	**(20)**	31	19	**(9)**	15	(59)
						(54)	40	72		(4)	(8)						
253	243	332	**155**	86	75	**(79)**	147	177	**23**		6	**71**	136	95	**(65)**	(362)	143
			(5)	(2)	(3)	**4**	3								**(1)**	1	
253	243	332	**150**	84	72	**(75)**	150	177	**23**		6	**71**	136	95	**(66)**	(361)	143
411	454	271	**476**	413	344	**300**	312	299	**22**	31	43	**68**	53	47	**13**	18	31
3	1		**1**	1	1	**8**	8	10				**18**	15	14	**2**	2	3
							6	68					2		**17**	17	36

Notes to the consolidated annual financial statements *(continued)*

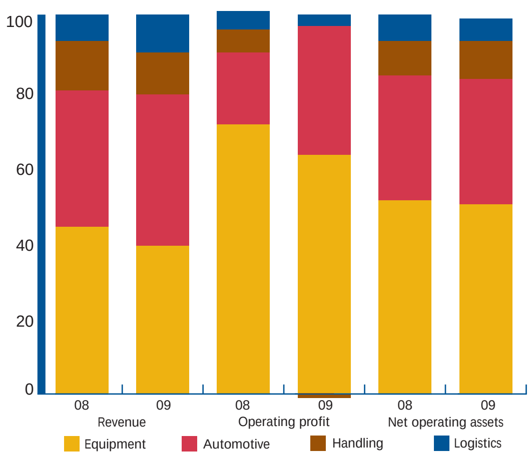
for the year ended 30 September

	Discontinued operations														
	Automotive Car rental – Scandinavia			Cement			Coatings			Scientific			Steel Tube		
R million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
1. Business and geographical segments**															
Revenue															
Southern Africa						4 016		517	2 347						348
Europe	**1 121**	1 174	1 134								193	1 191			
North America											16	388			
Australia and Asia									957			121			
	1 121	1 174	1 134			4 016		517	3 304		209	1 700			348
Inter-segment revenue ***									8						
	1 121	1 174	1 134			4 016		517	3 312		209	1 700			348
Segment result															
Operating (loss)/profit															
Southern Africa						1 527		78	383						32
Europe	**(135)**	(10)	81								14	104			
North America											(1)	(4)			
Australia and Asia									(33)			4			
Operating (loss)/ profit	**(135)**	(10)	81			1 527		78	350		13	104			32
Fair value adjustments on financial instruments	**(1)**	(2)				13		(1)	(8)						
Total segment result	**(136)**	(12)	81			1 540		77	342		13	104			32
By geographical region															
Southern Africa								77	375						32
Europe	**(136)**	(12)	81			1 540					14	104			
North America											(1)	(4)			
Australia and Asia									(33)			4			
Total segment result	**(136)**	(12)	81			1 540		77	342		13	104			32
Income from associates and joint ventures						5		5	15						1
Segment result including associate income	**(136)**	(12)	81			1 545		82	357		13	104			33
Non cash expenses per segment															
Depreciation	**291**	274	231			138		8	53		6	47			5
Amortisation of intangibles	**4**		3			3		3	7			3			
Impairment losses		335	101												

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

*** *Inter-segment revenue is priced on an arm's length basis.*

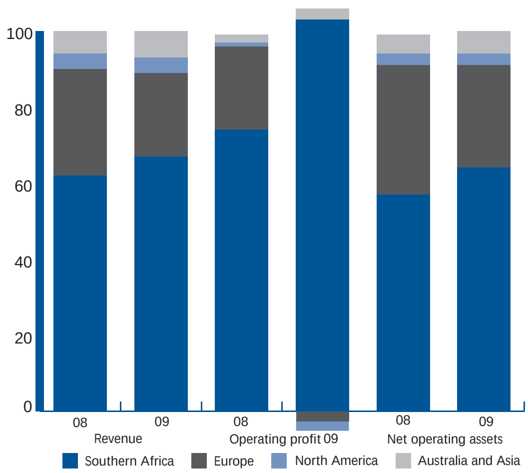
Segmental analysis – continuing operations (%)



Strong operating performances from equipment southern Africa and automotive in difficult markets

Solid performances from our southern African operations

Geographical analysis – continuing operations (%)



Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

				Continuing operations					
	Consolidated*			Equipment			Automotive Trading		
R million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
1. Business and geographical segments**									
Assets									
Property, plant and equipment	**7 854**	8 056	6 847	**2 178**	2 590	2 005	**1 671**	1 534	918
Goodwill	**2 319**	2 421	2 046	**207**	239	220	**244**	244	120
Intangible assets	**280**	205	274	**59**	68	3	**13**	14	15
Investment in associates and joint ventures	**731**	1 095	928	**680**	822	523	**(5)**	7	114
Long-term finance lease receivables	**463**	436	619	**102**					
Long-term financial assets	**279**	568	686	**23**	17	14		1	5
Vehicle rental fleet	**1 692**	1 934	3 902						
Inventories	**6 737**	7 495	5 869	**4 296**	4 955	3 184	**1 689**	1 746	1 717
Trade and other receivables	**4 747**	6 854	6 185	**2 430**	3 817	2 932	**444**	490	343
Assets classified as held for sale	**2 657**	3 156	1 447	**90**	55	30	**30**	185	
Segment assets	**27 759**	32 220	28 803	**10 065**	12 563	8 911	**4 086**	4 221	3 232
By geographical region									
Southern Africa	**16 671**	18 267	15 817	**5 903**	6 444	3 847	**2 979**	3 127	2 370
Europe	**9 278**	11 888	11 124	**4 162**	6 119	5 064			
North America	**703**	971	990						
Australia and Asia	**1 107**	1 094	872				**1 107**	1 094	862
Total segment assets	**27 759**	32 220	28 803	**10 065**	12 563	8 911	**4 086**	4 221	3 232
Taxation	**53**	11	32						
Deferred taxation assets	**656**	488	619						
Cash and cash equivalents	**1 627**	1 238	1 201						
Consolidated total assets	**30 095**	33 957	30 655						
Liabilities									
Interest-bearing liabilities (Leasing)	**2 029**	2 016	2 068						
Long-term non-interest bearing including provisions	**959**	964	1 649	**98**	162	157	**57**	57	104
Trade and other payables including provisions	**6 355**	8 066	7 454	**1 802**	3 251	2 747	**1 401**	1 215	1 022
Liabilities directly associated with assets classified as held for sale	**1 509**	1 996	210					116	
Segment liabilities	**10 852**	13 042	11 381	**1 900**	3 413	2 904	**1 458**	1 388	1 126
By geographical region									
Southern Africa	**6 401**	7 822	6 698	**1 200**	2 266	1 577	**1 297**	1 277	1 007
Europe	**4 067**	4 756	4 191	**700**	1 147	1 327			
North America	**223**	353	371						
Australia and Asia	**161**	111	121				**161**	111	119
Total segment liabilities	**10 852**	13 042	11 381	**1 900**	3 413	2 904	**1 458**	1 388	1 126
Interest-bearing liabilities (excluding Leasing and held for sale amounts)	**6 816**	7 272	6 998						
Deferred taxation liabilities	**249**	266	610						
Taxation	**108**	344	445						
Consolidated total liabilities	**18 025**	20 924	19 434						
Capital additions									
Southern Africa	**4 397**	5 269	4 436	**370**	923	503	**179**	275	179
Europe	**2 058**	2 820	2 852	**360**	523	630			
North America	**102**	118	169						
Australia and Asia	**19**	138	96				**19**	138	74
	6 576	8 345	7 553	**730**	1 446	1 133	**198**	413	253

* *The consolidated total excludes discontinued operations for income statement items but includes it for balance sheet items.*

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

^ *The Logistics acquisitions made during 2008 in the Middle East and Asia have been included under Europe.*

Continuing operations																	
Automotive						Handling						Logistics^			Corporate		
Car rental Southern Africa			Leasing			Trading			Leasing								
2009	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
348	283	173	**2 039**	1 895	1 605	**838**	1 018	1 124	**41**	68	108	**314**	366	207	**425**	302	336
784	784	784	**282**	282	282	**157**	187	179				**645**	685	127			
7	3		**1**	2	2	**84**	17	89				**80**	76	52	**36**	25	24
2	2		**2**	225	190	**28**	26					**2**	2		**22**	11	13
			103	85	66	**19**			**239**	339	544					12	8
41	42	2				**64**	53	12	**20**	109	104	**7**	16	3	**124**	330	529
1 692	1 934	1 968															
5	6	(6)	**1**	1		**738**	786	602		(17)		**5**	7	5	**3**	11	5
351	513	359	**192**	176	134	**503**	773	796	**126**	114	120	**813**	1 065	617	**(112)**	(94)	(33)
103	138	167	**31**	54	54	**52**	26	66	**6**	16	51			5			50
3 333	3 705	3 447	**2 651**	2 720	2 333	**2 483**	2 886	2 868	**432**	629	927	**1 866**	2 217	1 016	**498**	597	932
3 333	3 705	3 447	**2 651**	2 720	2 333	**779**	662	768				**936**	1 030	822	**90**	579	893
						1 016	1 272	1 215	**417**	610	905	**930**	1 187	194	**408**	18	39
						688	952	885	**15**	19	22						
3 333	3 705	3 447	**2 651**	2 720	2 333	**2 483**	2 886	2 868	**432**	629	927	**1 866**	2 217	1 016	**498**	597	932
			1 754	1 672	1 456				**275**	344	612						
14	12	31	**193**	334	267	**71**	106	58	**72**	185	172	**5**	15	4	**449**	93	810
1 053	844	596	**317**	348	264	**802**	1 247	1 074	**16**	24	36	**812**	917	545	**152**	220	296
1 067	856	627	**2 264**	2 354	1 987	**873**	1 353	1 132	**363**	553	820	**817**	932	549	**601**	313	1 106
1 067	856	627	**2 264**	2 354	1 987	**261**	403	298				**594**	600	422	**(282)**	66	260
						423	636	528	**329**	514	767	**223**	332	127	**883**	247	846
						189	314	306	**34**	39	53						
1 067	856	627	**2 264**	2 354	1 987	**873**	1 353	1 132	**363**	553	820	**817**	932	549	**601**	313	1 106
2 061	2 403	1 912	**1 270**	1 220	977	**243**	269					**79**	84	31	**195**	72	41
						238	216	129	**6**	11	106	**17**	21	11			
						102	118	164									
2 061	2 403	1 912	**1 270**	1 220	977	**583**	603	293	**6**	11	106	**96**	105	42	**195**	72	41

Notes to the consolidated annual financial statements *(continued)*

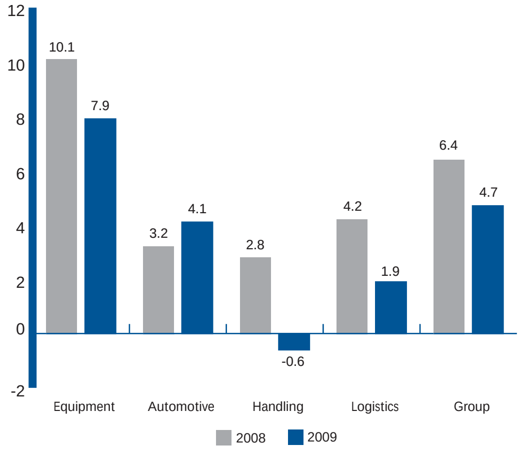
for the year ended 30 September

	Discontinued operations														
	Automotive Car rental – Scandinavia			Cement			Coatings			Scientific			Steel Tube		
R million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
1. Business and geographical segments**															
Assets															
Property, plant and equipment			54						317						
Goodwill			301						33						
Intangible assets			8						81						
Investment in associates and joint ventures			2						85						
Long-term finance lease receivables									1						
Long-term financial assets									17						
Vehicle rental fleet			1 934												
Inventories									362						
Trade and other receivables			476						441						
Assets classified as held for sale	**2 345**	2 682	52									972			
Segment assets	**2 345**	2 682	2 827						1 337			972			
By geographical region															
Southern Africa									1 337						
Europe	**2 345**	2 682	2 827									879			
North America												83			
Australia and Asia												10			
Total segment assets	**2 345**	2 682	2 827						1 337			972			
Liabilities															
Long-term non-interest bearing including provisions			2						44						
Trade and other payables including provisions			398						476						
Liabilities directly associated with assets classified as held for sale#	**1 509**	1 880										210			
Segment liabilities	**1 509**	1 880	400						520			210			
By geographical region															
Southern Africa									520						
Europe	**1 509**	1 880	400									196			
North America												12			
Australia and Asia												2			
Total segment liabilities	**1 509**	1 880	400						520			210			
Capital additions															
Southern Africa						671		23	116						6
Europe	**1 437**	2 045	1 961								4	15			
North America												5			
Australia and Asia									12			10			
	1 437	2 045	1 961			671		23	128		4	30			6

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

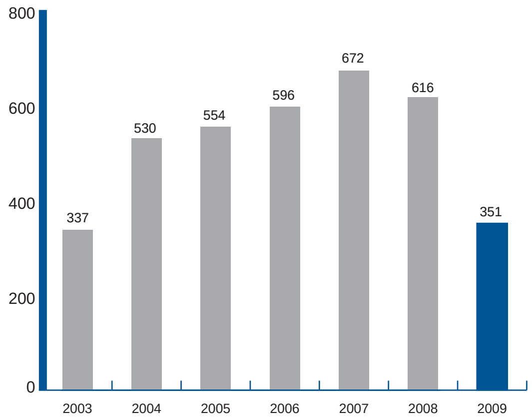
\# *Includes interest-bearing liabilities in Car rental Scandinavia of R968 million (2008: R1 280 million).*

Operating margin – continuing operations (%)
before BEE transaction charge



Improved margins in automotive

Headline earnings per share – continuing operations (cents)



Headline earnings per share from continuing operations down 43%

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

1. Business and geographical segments (continued)**

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 R1 748 million (2008: R2 337 million; 2007: R2 166 million) are included as part of the Trading operations.

	Total Group			Trading			Leasing#			Car rental		
	2009 Rm	2008 Rm	2007 Rm	**2009 Rm**	2008 Rm	2007 Rm	**2009 Rm**	2008 Rm	2007 Rm	**2009 Rm**	2008 Rm	2007 Rm
Consolidated balance sheet												
Assets												
Property, plant and equipment												
Cost	**16 366**	17 478	16 822	**8 684**	9 174	9 247	**3 042**	3 027	2 725	**4 640**	5 277	4 850
Accumulated depreciation	**4 795**	5 044	5 417	**3 116**	3 279	3 982	**930**	1 007	920	**749**	758	515
Net book value	**11 571**	12 434	11 405	**5 568**	5 895	5 265	**2 112**	2 020	1 805	**3 891**	4 519	4 335
Less: Items reflected under current assets as vehicle rental fleet and assets classified as held for sale	**3 717**	4 378	4 558	**142**	85	358	**32**	57	92	**3 543**	4 236	4 108
Property, plant and equipment – net book value	**7 854**	8 056	6 847	**5 426**	5 810	4 907	**2 080**	1 963	1 713	**348**	283	227
Goodwill	**2 319**	2 421	2 046	**1 253**	1 355	679	**282**	282	282	**784**	784	1 085
Intangible assets	**280**	205	274	**272**	200	264	**1**	2	2	**7**	3	8
Finance lease receivables	**463**	436	619	**121**	13	9	**342**	423	610			
Long-term financial assets, investment in associates and joint ventures	**1 010**	1 663	1 614	**945**	1 285	1 315	**22**	334	295	**43**	44	4
Deferred taxation assets	**656**	488	619	**635**	435	583	**21**	48	32		5	4
Non-current assets	**12 582**	13 269	12 019	**8 652**	9 098	7 757	**2 748**	3 052	2 934	**1 182**	1 119	1 328
Current assets	**17 513**	20 688	18 636	**12 548**	14 929	13 206	**375**	371	371	**4 590**	5 388	5 059
Finance lease receivables	**270**	161	150	**60**	8	21	**210**	153	129			
Cash and cash equivalents	**1 627**	1 238	1 201	**1 519**	1 097	1 086	**14**	26	9	**94**	115	106
Assets classified as held for sale	**2 657**	3 156	1 447	**172**	267	1 124	**38**	70	105	**2 447**	2 819	218
Other current assets	**12 959**	16 133	15 838	**10 797**	13 557	10 975	**113**	122	128	**2 049**	2 454	4 735
Total assets	**30 095**	33 957	30 655	**21 200**	24 027	20 963	**3 123**	3 423	3 305	**5 772**	6 507	6 387
Equity and liabilities												
Interest of all shareholders	**12 070**	13 033	11 221	**10 383**	10 811	9 308	**358**	365	320	**1 329**	1 857	1 593
Non-current liabilities	**6 486**	6 252	6 638	**2 351**	3 604	2 861	**2 320**	2 528	2 464	**1 815**	120	1 313
Deferred taxation liabilities	**249**	266	610	**24**	8	171	**134**	150	158	**91**	108	281
Interest-bearing	**5 278**	5 022	4 379	**1 647**	3 163	1 513	**1 921**	1 859	1 867	**1 710**		999
Non-interest-bearing	**959**	964	1 649	**680**	433	1 177	**265**	519	439	**14**	12	33
Current liabilities	**11 539**	14 672	12 796	**8 466**	9 612	8 794	**445**	530	521	**2 628**	4 530	3 481
Amounts due to bankers and short-term loans	**3 567**	4 266	4 687	**3 415**	2 319	2 040	**108**	157	201	**44**	1 790	2 446
Liabilities directly associated with assets classified as held for sale												
– Interest-bearing	**968**	1 356			76					**968**	1 280	
– Non-interest-bearing	**541**	640	210	**1**	40	210				**540**	600	
Other current liabilities	**6 463**	8 410	7 899	**5 050**	7 177	6 544	**337**	373	320	**1 076**	860	1 035
Total equity and liabilities	**30 095**	33 957	30 655	**21 200**	24 027	20 963	**3 123**	3 423	3 305	**5 772**	6 507	6 387

	Total Group			Trading			Leasing#			Car rental		
	2009 Rm	2008 Rm	2007 Rm	**2009 Rm**	2008 Rm	2007 Rm	**2009 Rm**	2008 Rm	2007 Rm	**2009 Rm**	2008 Rm	2007 Rm
Consolidated income statement												
Continuing operations												
Revenue	**42 232**	46 830	39 757	**39 545**	44 220	37 683	**1 171**	1 024	865	**1 516**	1 586	1 209
Operating profit before depreciation and leasing interest paid	**4 000**	4 637	3 898	**2 507**	3 250	2 698	**831**	683	604	**662**	704	596
Leasing interest paid included in cost of sales	**(152)**	(153)	(134)				**(152)**	(153)	(134)			
Depreciation	**(1 854)**	(1 833)	(1 487)	**(948)**	(934)	(828)	**(498)**	(445)	(388)	**(408)**	(454)	(271)
Operating profit	**1 994**	2 651	2 277	**1 559**	2 316	1 870	**181**	85	82	**254**	250	325
Fair value adjustments on financial instruments	**(201)**	(80)	295	**(197)**	(74)	289	**(3)**	1	(1)	**(1)**	(7)	7
Finance costs	**(938)**	(889)	(631)	**(696)**	(618)	(437)	**(1)**			**(241)**	(271)	(194)
Income from investments	**149**	195	164	**121**	166	153	**2**	1	1	**26**	28	10
Profit before exceptional items	**1 004**	1 877	2 105	**787**	1 790	1 875	**179**	87	82	**38**		148
Exceptional items	**22**	(17)	(74)	**22**	(15)	(73)		(2)	(1)			
Profit before taxation	**1 026**	1 860	2 031	**809**	1 775	1 802	**179**	85	81	**38**		148
Taxation	**(248)**	(675)	(697)	**(177)**	(657)	(638)	**(55)**	(9)	(15)	**(16)**	(9)	(44)
Profit/(loss) after taxation	**778**	1 185	1 334	**632**	1 118	1 164	**124**	76	66	**22**	(9)	104
Income from associates and joint ventures	**43**	72	53	**48**	74	56	**(5)**	(2)	(3)			
Net profit/(loss) from continuing operations	**821**	1 257	1 387	**680**	1 192	1 220	**119**	74	63	**22**	(9)	104
Discontinued operations												
(Loss)/profit from discontinued operations	**(82)**	(11)	1 172	**58**	306	1 144				**(140)**	(317)	28
Net profit/(loss)	**739**	1 246	2 559	**738**	1 498	2 364	**119**	74	63	**(118)**	(326)	132
Attributable to:												
Minority shareholders	**68**	14	289	**56**	5	282	**12**	9	7			
Barloworld Limited shareholders	**671**	1 232	2 270	**682**	1 493	2 082	**107**	65	56	**(118)**	(326)	132
	739	1 246	2 559	**738**	1 498	2 364	**119**	74	63	**(118)**	(326)	132
Key financial ratios by segment												
Total borrowings to total shareholders' funds (%)**												
Actual	**81**	82	81	**49**	51	38	**567**	552	646	**205**	165	216
Target*					30 – 50			600 – 800			200 – 300	
Interest cover (times)**												
Actual	**1.9**	3.1	3.8	**2.1**	4.4	5.3	**2.2**	1.6	1.6	**1.2**	1.0	1.8
Target		> 3			> 4			> 1			> 1.25	

The income received on the leasing net assets (finance and rental income) and the interest paid on the borrowings are regarded as operational items and are included in operating profits. Leasing results are stated excluding consolidation adjustments and inter-group eliminations.

* *The group gearing target is dependent on the relative mix of assets between the three segments.*

** *Refer to www.barloworld.com for definitions.*

^ *All years have been reclassified for the treatment of the Car rental Scandinavia as discontinued operations.*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Cost Rm	2009 Accumulated depreciation and impairments Rm	2009 Net book value Rm
2. Property, plant and equipment			
Freehold land and buildings	2 222	284	1 938
Leasehold land and buildings	702	201	501
Investment property	22	8	14
Plant, equipment and furniture	1 948	1 324	624
Vehicles and aircraft	490	231	259
Capitalised leased plant and equipment, vehicles and furniture	594	110	484
Rental assets – vehicles	6 868	1 310	5 558
Rental assets – equipment	3 520	1 327	2 193
	16 366	4 795	11 571
Less: Vehicle rental fleet reflected under current assets			
– continuing operations			1 692
Rental assets and other assets classified as held for sale			277
Disposal group assets classified as held for sale			
– Property, plant and equipment			51
– Vehicle rental fleet reflected under current assets			1 697
			7 854
Per business segment:			
Continuing operations			
– Equipment			2 178
– Automotive			4 058
– Handling			879
– Logistics			314
– Corporate			425
Total continuing operations			7 854
Discontinued operations			
– Car rental – Scandinavia			51
– Coatings			
– Scientific			
Total discontinued operations			51
Total group			7 905
Amounts classified as held for sale			(51)
Total per balance sheet			7 854
Investment properties:			
Five investment properties (2008: four and 2007: ten) are held of which all are income generating (2008: four and 2007: ten) and none are vacant (2008 and 2007: none).			
Income earned from investment properties			2
Direct operating expenses incurred on investment properties			
Fair value of investment properties			56
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)			749
Historic value of land and residual value of plant and equipment			3 739
Insurable value of property, plant and equipment			14 332
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.

	2008			2007	
Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm
1 825	266	1 559	1 637	290	1 347
702	172	530	430	129	301
22	8	14	16	8	8
1 909	1 310	599	2 273	1 605	668
614	274	340	763	375	388
621	105	516	456	69	387
7 489	1 061	6 428	6 761	731	6 030
4 296	1 848	2 448	4 486	2 210	2 276
17 478	5 044	12 434	16 822	5 417	11 405
		1 934			3 902
		280			450
		62			206
		2 102			
		8 056			6 847
		2 590			2 005
		3 712			2 696
		1 086			1 232
		366			207
		302			336
		8 056			6 476
		62			54
					317
					206
		62			577
		8 118			7 053
		(62)			(206)
		8 056			6 847
		5			7
		2			3
		80			172
		1 058			1 793
		3 866			2 290
		12 452			21 498

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

Movement of property, plant and equipment	Freehold and lease-hold land and buildings Rm	Investment property Rm
2. Property, plant and equipment (continued)		
2009		
Net balance at 1 October 2008	**2 089**	**14**
Subsidiaries disposed		
Other additions	**507**	
Impairment of assets		
Translation differences (net)#	**(26)**	
	2 570	**14**
Other disposals	**(46)**	
Depreciation	**(85)**	
Net balance at 30 September 2009	**2 439**	**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	**33**	
Balance reflected as property, plant and equipment	**2 406**	**14**
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

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
599	340	516		6 428	2 448	12 434
(3)						(3)
309	77	17		4 641	1 025	6 576
				(2)		(2)
(34)	(6)	(4)		(121)	(135)	(326)
871	411	529		10 946	3 338	18 679
(31)	(92)	(8)		(4 265)	(521)	(4 963)
(216)	(60)	(37)		(1 123)	(624)	(2 145)
624	259	484		5 558	2 193	11 571
				1 692		1 692
				134	143	277
18				1 697		1 748
606	259	484		2 035	2 050	7 854
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

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
2. Property, plant and equipment (continued)			
#Translation difference:			
The translation differences are made up as follows:			
Cost	**(624)**	1 114	(170)
Accumulated depreciation	**298**	(454)	103
	(326)	660	(67)
***Rental asset disclosures:**			
Future minimum lease receivables under non-cancellable operating leases:			
Within one year	**41**	47	122
Two to five years	**117**	128	274
More than five years	**55**	21	8
	213	196	404

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 10.9% (2008: 19.4% and 2007: 18.3%) of the fleet value carries a guaranteed buyback from the manufacturer and 72.1% (2008: 100% and 2007: 70%) in Scandinavia.
- Long-term vehicle fleet in southern Africa leased to customers for periods in excess of 12 months with an average lease term of 39 months (2008: 43 months, 2007: 38 months) and an average residual value of 46% (2008: 45% and 2007: 46%).

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.

	2009 Rm	2008 Rm	2007 Rm
3. Goodwill			
Cost			
At 1 October	**3 151**	2 381	3 496
Additions		684	41
Subsidiaries disposed	**(4)**	(32)	(479)
Unbundling of Cement			(382)
Unbundling of Coatings		(33)	
Amounts classified as held for sale			(260)
Translation differences	**(106)**	151	(35)
At 30 September	**3 041**	3 151	2 381
Accumulated impairment losses			
At 1 October	**730**	335	491
Subsidiaries acquired		9	
Subsidiaries disposed	**(2)**	(8)	(327)
Impairment		337	169
Translation differences	**(6)**	57	2
At 30 September	**722**	730	335
Carrying amount			
At 30 September	**2 319**	2 421	2 046

	2009 Rm	2008 Rm	2007 Rm
3. Goodwill (continued)			
Per business segment:			
Continuing operations			
– Equipment	**207**	239	220
– Automotive	**1 310**	1 310	1 186
– Handling	**157**	187	179
– Logistics	**645**	685	127
Total continuing operations	**2 319**	2 421	1 712
Discontinued operations			
– Car rental – Scandinavia			301
– Coatings			33
– Scientific			260
Total discontinued operations			594
Total group	**2 319**	2 421	2 306
Amounts classified as held for sale			(260)
Total per balance sheet	**2 319**	2 421	2 046
The impairments relate to the following:			
Avis and Budget Scandinavia		333	101
Truck Center (Freightliner)			60
Ditch Witch			8
Other		4	
		337	169

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 five 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 five years is estimated by using economic returns (CFROI)®, asset base, growth rate and fade principles. Growth rates are aligned to the long-term sustainable level of growth in the economic region in which cash-generating units operate.

Discount rates applied to cash flow projections are based on a country or region specific real cost of capital, dependent upon the location of cash-generating segment operations. The cost of capital is adjusted for size and leverage and other known risks. The after tax, real cost of capital rates applied as at September are as follows:

Country	2009 %	2008 %	2007 %
United States	**6.0**	6.0	5.8
Spain	**6.4**	6.4	5.6
United Kingdom	**6.7**	6.7	6.2
Norway	**6.4**	6.4	5.6
Sweden	**6.4**	6.4	5.6
Denmark	**6.4**	6.4	5.6
Australia	**5.9**	5.9	5.2
South Africa	**7.4**	7.4	6.9

The 2008 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).

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Capitalised software Rm	2009 Patents, trademarks and development costs Rm	2009 Total intangible assets Rm
4. Intangible assets			
Cost			
At 1 October	403	135	538
Subsidiaries acquired			
Other additions	127	14	141
Subsidiaries disposed	(3)		(3)
Other disposals	(7)	(1)	(8)
Unbundling of Cement			
Amounts classified as held for sale			
Other reclassification	13	5	18
Impairment		(4)	(4)
Translation differences	(23)	(4)	(27)
At 30 September	510	145	655
Accumulated amortisation and impairment			
At 1 October	293	40	333
Charge for the year (note 21)	53	12	65
Subsidiaries disposed			
Other disposals	(6)		(6)
Unbundling of Cement			
Amounts classified as held for sale			
Other reclassification	1	4	5
Impairment			
Translation differences	(20)	(2)	(22)
At 30 September	321	54	375
Carrying amount			
At 30 September	189	91	280
Per business segment:			
Continuing operations			
– Equipment			59
– Automotive			21
– Handling			84
– Logistics			80
– Corporate			36
Total continuing operations			280
Discontinued operations			
– Car rental – Scandinavia			7
– Coatings			
– Scientific			
Total discontinued operations			7
Total group			287
Amounts classified as held for sale			(7)
Total per balance sheet			280

2008			2007		
Capitalised software Rm	Patents, trademarks and development costs Rm	Total intangible assets Rm	Capitalised software Rm	Patents, trademarks and development costs Rm	Total intangible assets Rm
369	175	544	517	183	700
1	19	20			
36	15	51	45	17	62
	(78)	(78)	(71)	(2)	(73)
(4)	(3)	(7)	(66)	(7)	(73)
			(8)	(32)	(40)
(25)		(25)	(25)	(6)	(31)
4	6	10	(18)	34	16
22	1	23	(5)	(12)	(17)
403	135	538	369	175	544
240	30	270	341	36	377
45	12	57	60	10	70
3		3	(66)	(1)	(67)
(4)		(4)	(48)	(8)	(56)
			(2)	(23)	(25)
(14)		(14)	(19)	(6)	(25)
8	(1)	7	(16)	27	11
	(1)	(1)	(6)	(1)	(7)
15		15	(4)	(4)	(8)
293	40	333	240	30	270
110	95	205	129	145	274
		68			3
		19			17
		17			89
		76			52
		25			24
		205			185
		11			8
					81
					6
		11			95
		216			280
		(11)			(6)
		205			274

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm	2009 Rm	2008 Rm	2007 Rm
5. Investment in associates and joint ventures*						
		(Loss)/income			**Investment**	
Associates	**(21)**	8	21	**201**	195	409
Joint ventures	**64**	64	32	**530**	900	519
	43	72	53	**731**	1 095	928
Per business segment:						
Continuing operations						
– Equipment	**51**	62	36	**680**	822	523
– Automotive	**(11)**	6	17	**(1)**	234	304
– Handling	**4**	3		**28**	26	
– Logistics				**2**	2	
– Corporate	**(1)**	1		**22**	11	13
Total continuing operations	**43**	72	53	**731**	1 095	840
Discontinued operations						
– Car rental – Scandinavia						2
– Cement			5			
– Coatings		5	15			86
– Steel tube			1			
Total discontinued operations		5	21			88
Total group	**43**	77	74	**731**	1 095	928
Amounts classified as held for sale		(5)	(21)			
Total per income statement/ balance sheet	**43**	72	53	**731**	1 095	928
		Associates			**Joint ventures**	
Cost of investment	**203**	147	136	**230**	230	179
Share of associates and joint ventures' reserves	**1**	39	76	**214**	174	107
Beginning of year	**39**	76	83	**174**	107	64
Normal and exceptional (loss)/profit for the year	**(21)**	13	27	**64**	64	47
Dividends received			(25)		(6)	(14)
Unbundling of Coatings		(63)				
Unbundling of Cement			(8)			
Reclassifications		(6)			(9)	
Disposals and other reserve movements	**(15)**	19	8	**(30)**	18	10
Impairments during the year			(9)			
Other reallocation and movements	**(2)**			**6**		
Amounts classified as held for sale	**(8)**					
Carrying value excluding amounts owing	**196**	186	212	**444**	404	286
Loans and advances to associates and joint ventures**	**5**	9	197	**86**	496	233
Carrying value including amounts owing	**201**	195	409	**530**	900	519

	Associates 2009 Rm	Associates 2008 Rm	Associates 2007 Rm	Joint ventures 2009 Rm	Joint ventures 2008 Rm	Joint ventures 2007 Rm
5. Investment in associates and joint ventures* (continued)						
Carrying value by category						
Unlisted associates and joint ventures – shares at carrying value	**196**	186	212	**444**	404	286
	196	186	212	**444**	404	286
Valuation of shares						
Directors' valuation of unlisted associate companies and joint ventures	**196**	461	307	**554**	711	696
	196	461	307	**554**	711	696
Aggregate of group associate companies and joint ventures' net assets, revenue and profit						
Property, plant and equipment and other non-current assets	**281**	244	245	**178**	159	172
Current assets	**61**	73	126	**837**	1 255	844
Long-term liabilities	**141**		25	**141**	719	154
Current liabilities	**31**	18	103	**422**	258	476
Revenue	**213**	241	377	**744**	2 633	1 698
(Loss)/profit after taxation	**(21)**	6	18	**64**	63	47
Cash flow from operations	**(18)**	(34)	(12)	**(114)**	(279)	(118)

* *Refer to note 39 and 40 for a detailed list of associate and joint venture companies.*
In the current year 50% of the investment in Subaru was sold and it has been classified as a joint venture.

** *In 2007 associate loans amounting to R99 million were impaired relating to the investment in Finaltair. The impairment was based on deteriorating prospects in the market that Finaltair operates.*

	2009 Rm	2008 Rm	2007 Rm
6. Finance lease receivables			
Amounts receivable under finance leases:			
Gross investment	**850**	711	912
Less: Unearned finance income	**(117)**	(114)	(143)
Present value of minimum lease payments receivable	**733**	597	769
Receivable as follows:			
Present value			
Within one year (note 10)	**270**	161	150
Non-current portion	**463**	436	619
In the second to fifth year inclusive	**456**	419	563
After five years	**7**	17	56
	733	597	769

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
6. Finance lease receivables (continued)			
Per business segment (non-current portion):			
Continuing operations			
– Equipment	102		
– Automotive	103	85	66
– Handling	258	339	544
– Corporate		12	8
Total continuing operations	463	436	618
Discontinued operations			
– Coatings			1
Total discontinued operations			1
Total group	463	436	619
Minimum lease payments			
Within one year	342	223	204
In the second to fifth year inclusive	500	322	644
After five years	8	166	64
	850	711	912
Less: Unearned finance income	(117)	(114)	(143)
	733	597	769
Fair value of finance lease receivables	733	597	769
Allowance for uncollectible finance lease receivables			
At 1 October	37	45	18
Additional allowance charged to profit or loss			31
Allowance reversed to profit or loss	(19)	(11)	(1)
Translation	(6)	3	(3)
At 30 September	12	37	45
Unguaranteed residual values of assets leased under finance leases	242	225	241

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 ended 30 September 2009 was 8% per annum (2008: 9%; 2007: 7.7%).

	2009 Rm	2008 Rm	2007 Rm
7. Long-term financial assets			
Listed investments at fair value	100	160	332
Unlisted investments at fair value	46	47	28
Bills and leases discounted with recourse and repurchase obligations	20	110	104
Pension fund assets (note 17)			6
Other receivables	66	175	119
Other derivatives	19	47	53
Other non-current loans and deposits	8	4	5
Barloworld Share Purchase Scheme**	20	25	39
	279	568	686

		2009 Rm	2008 Rm	2007 Rm
7.	**Long-term financial assets (continued)**			
	Per category:			
	Financial assets at fair value through profit or loss			
	– Designated as such at initial recognition	100	160	332
	– Held for trading items	15	36	41
	Available-for-sale financial assets	46	47	28
	Loans and receivables	59	313	267
	Derivative assets designated as effective hedging instruments	4	12	12
	Other assets	55		6
		279	568	686
	Per business segment:			
	Continuing operations			
	– Equipment	23	17	14
	– Automotive	41	43	7
	– Handling	84	162	116
	– Logistics	7	16	3
	– Corporate	124	330	529
	Total continuing operations	279	568	669
	Discontinued operations			
	– Coatings			17
	Total discontinued operations			17
	Total per balance sheet	279	568	686
	Available-for-sale investments (note 38)			
	Listed investments opening balance			10
	Impairment of investments~			(10)
	Fair value of listed investments			0
	Unlisted investments			
	Opening balance	47	28	37
	Additions and other movements		20	24
	Impairment of investments@	(1)	(2)	
	Unbundling of Cement			(27)
	Fair value adjustment in current year		1	(6)
	Fair value of unlisted investments	46	47	28
	Total fair value of available-for-sale investments	46	47	28
	Other listed investments			
	PPC shares^	100	160	332
	Valuation of shares:			
	Market value – listed investments	100	160	332
	Directors' valuation of unlisted investments	46	47	28
	Total fair value	146	207	360

***Barloworld Share Purchase Scheme*

Included are loans to executive directors for the purchase of shares amounting to R5.2 million (2008: R7.7 million; 2007: R8.6 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% to 12% (2008: 8.85% to 12%; 2007: 4.39% to 10%).

~ *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. Refer to note 38 for details of these listed investments.*

@ *The impairment relates to the write off of an investment held in Norway by the Car rental Scandinavia business unit.*

^ *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.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
8. Deferred taxation			
Movement of deferred taxation			
Balance at beginning of year			
– deferred taxation assets	488	619	750
– deferred taxation liabilities	(266)	(610)	(870)
Net asset/(liability) at beginning of the year	222	9	(120)
Recognised in income statement this year	114	53	(45)
– Continuing operations	114	51	(54)
– Rate change adjustment		2	9
Recognised in income statement this year			
– Discontinued operations	39	(28)	5
Arising on acquisition and disposal of subsidiaries	(10)	(16)	(23)
Translation differences	(63)	33	(20)
Accounted for directly in equity	113	4	27
Unbundling of Cement			158
Unbundling of Coatings		(21)	
Reclassified as held for sale	(36)	154	
Other movements	28	34	27
Net asset at end of the year	407	222	9
– Deferred taxation assets	656	488	619
– Deferred taxation liabilities	(249)	(266)	(610)
Analysis of deferred taxation by type of temporary difference			
Deferred taxation assets			
Capital allowances	(115)	(81)	39
Provisions and payables	182	220	196
Prepayments and other receivables	45	39	19
Effect of tax losses	346	133	103
Retirement benefit obligations	199	178	256
Other temporary differences	(1)	(1)	6
	656	488	619
Deferred taxation liabilities			
Capital allowances	(323)	(345)	(516)
Provisions and payables	70	86	105
Prepayments and other receivables	60	50	(191)
Effect of tax losses	45	54	56
Retirement benefit obligations	(4)	(4)	(7)
Other temporary differences	(97)	(107)	(57)
	(249)	(266)	(610)
Amount of deferred taxation income/(expense) recognised in the income statement			
Capital allowances	(13)	53	54
Provisions and payables	(46)	29	(62)
Prepayments and other receivables	16		(2)
Effect of tax losses	226	100	(48)
Retirement benefit obligations	(42)	(75)	(50)
Other temporary differences	(27)	(54)	63
	114	53	(45)

	2009 Rm	2008 Rm	2007 Rm
9. Inventories			
Raw materials and components			116
Work in progress	295	291	321
Finished goods	3 318	3 939	2 740
Merchandise	3 054	3 219	2 647
Consumable stores	21	26	17
Other inventories	49	20	28
Total inventories	6 737	7 495	5 869
Per business segment:			
Continuing operations			
– Equipment	4 296	4 955	3 184
– Automotive	1 695	1 870	1 711
– Handling	738	769	602
– Logistics	5	7	5
– Corporate	3	11	5
Total continuing operations	6 737	7 612	5 507
Discontinued operations			
– Coatings			362
– Scientific			231
Total discontinued operations			593
Total group	6 737	7 612	6 100
Amounts classified as held for sale		(117)	(231)
Total per balance sheet	6 737	7 495	5 869
The value of inventories has been determined on the following bases:			
First-in first-out and specific identification	6 381	7 081	5 394
Weighted average	356	414	475
	6 737	7 495	5 869
Inventory pledged as security for liabilities	109	170	29
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	22	13	5
Amount of reversals of inventory previously written down	7	5	1
Amounts removed during the year from cash flow hedge reserve and included in the initial cost of inventory	(55)	(2)	2

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
10. Trade and other receivables			
Trade receivables	**4 172**	5 883	5 107
Less: Allowance for doubtful receivables	**(350)**	(314)	(248)
Finance lease receivables (note 6)	**270**	161	150
Fair value of derivatives	**21**	138	38
Other receivables and prepayments	**634**	986	1 138
	4 747	6 854	6 185
Per category:			
Financial assets at fair value through profit or loss			
– Designated as such at initial recognition	**21**		
– Held for trading items		41	21
Loans and receivables	**4 456**	6 555	5 997
Derivative assets designated as effective hedging instruments		97	17
Finance lease receivables	**270**	161	150
	4 747	6 854	6 185
Per business segment:			
Continuing operations			
– Equipment	**2 430**	3 817	2 932
– Automotive	**987**	1 229	836
– Handling	**629**	887	916
– Logistics	**813**	1 065	617
– Corporate (including inter-group elimination)	**(112)**	(94)	(33)
Total continuing operations	**4 747**	6 904	5 268
Discontinued operations			
– Car rental – Scandinavia	**445**	471	476
– Scientific			260
– Coatings			441
Total discontinued operations	**445**	471	1 177
Total group	**5 192**	7 375	6 445
Amounts classified as held for sale	**(445)**	(521)	(260)
Total per balance sheet	**4 747**	6 854	6 185
Allowance for doubtful receivables			
At 1 October	**314**	248	222
Additional allowance charged to profit or loss	**111**	70	72
Allowance reversed to profit or loss	**(43)**	(7)	(17)
Allowance utilised	**(19)**		(17)
Acquisition of subsidiaries		16	1
Disposal of subsidiaries		(4)	(8)
Translation	**(13)**	(9)	(5)
At 30 September	**350**	314	248

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.

		2009 Rm	2008 Rm	2007 Rm
10.	**Trade and other receivables (continued)**			
	Age analysis of carrying value of items past due but not impaired per class			
	Industry			
	Less than 30 days	**283**	485	375
	Between 31 – 60 days	**160**	361	235
	Between 60 – 90 days	**56**	140	148
	Greater than 90 days	**101**	158	159
		600	1 144	917
	Government			
	Less than 30 days	**8**	13	14
	Between 31 – 60 days	**2**	12	26
	Between 60 – 90 days	**3**	11	8
	Greater than 90 days	**13**	4	19
		26	40	67
	Consumers			
	Less than 30 days	**9**	13	38
	Between 31 – 60 days	**1**	37	24
	Between 60 – 90 days	**2**	15	15
	Greater than 90 days	**1**	7	36
		13	72	113
	Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	**84**	78	121
	The financial assets pledged consist of the accounts receivable in the Logistics Middle East division given as security for interest-bearing borrowings (note 15).			
11.	**Cash and cash equivalents**			
	Cash on deposit	**1 458**	913	957
	Other cash and cash equivalent balances	**169**	325	244
		1 627	1 238	1 201
	Per category:			
	Loans and receivables	**1 627**	1 238	1 201
		1 627	1 238	1 201
	Per currency:			
	South African rand	**926**	304	292
	Foreign currencies	**701**	934	909
		1 627	1 238	1 201

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
12. Discontinued operations and assets classified as held for sale			
Following the decision to dispose of the Car rental Scandinavia business this segment was classified as discontinued in 2008, and management believe that the disposal will be completed within the next year.			
Results from discontinued operations are as follows:			
Revenue	**1 121**	1 900	10 502
Operating (loss)/profit	**(135)**	81	2 094
Fair value adjustments on financial instruments	**(1)**	(3)	5
Finance costs	**(56)**	(91)	(174)
Income from investments	**11**	13	79
(Loss)/profit before exceptional items	**(181)**		2 004
Exceptional items	**(1)**	(335)	(72)
(Loss)/profit before taxation	**(182)**	(335)	1 932
Taxation	**39**	(7)	(721)
(Loss)/profit after taxation	**(143)**	(342)	1 211
Income from associates and joint ventures		5	21
Net (loss)/profit of discontinued operations before loss on disposal	**(143)**	(337)	1 232
Profit/(loss) on disposal of discontinued operations before taxation*		168	(150)
Realisation of translation reserve		201	87
Taxation effect of disposal		(43)	3
Release of contingency provision on prior year disposal	**61**		
Net profit/(loss) on disposal of discontinued operations after taxation	**61**	326	(60)
(Loss)/profit from discontinued operations per income statement	**(82)**	(11)	1 172
Included in the (loss)/profit from discontinued operations are the following non-trading items:			
(Loss)/profit on sale of properties and investments	**(1)**	(2)	29
Profit on sale of plant and equipment (excluding rental assets) and intangible assets			1
Net impairment of goodwill		(363)	(150)
Net impairment of other assets and costs to sell		(2)	(98)
The cash flows from the discontinued operations are as follows:			
Cash flows from operating activities	**147**	289	550
Cash flows from investing activities	**8**	689	32
Cash flows from financing activities	**(40)**	(553)	(610)

* *Based on disposal prices agreed with external parties.*

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:

	Total Held for sale Rm	Car rental Scandinavia[1] Rm	Rental fleets, leasing and other assets[2] Rm
2009			
Property, plant and equipment	**328**	**51**	**277**
Intangible assets	**7**	**7**	
Investment in associates	**8**		**8**
Vehicle rental fleet	**1 719**	**1 697**	**22**
Trade and other receivables	**445**	**445**	
Finance lease receivables	**5**		**5**
Cash balances	**145**	**145**	
Assets classified as held for sale	**2 657**	**2 345**	**312**
Trade and other payables – short and long-term	**(424)**	**(424)**	
Other current and non-current liabilities	**(117)**	**(117)**	
Interest-bearing liabilities	**(968)**	**(968)**	
Total liabilities associated with assets classified as held for sale	**(1 509)**	**(1 509)**	
Net assets classified as held for sale	**1 148**	**836**	**312**

	Total Held for sale Rm	Car rental Scandinavia[1] Rm	Rental fleets, leasing and other assets[2] Rm	Subaru[3] Rm
2008				
Property, plant and equipment	342	62	277	3
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	290	186
Trade and other payables – short and long-term	(464)	(435)		(29)
Other current and non-current 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	290	70

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	Total Held for sale Rm	Rental fleets, leasing and other assets[2] Rm	Scientific Laboratory[4] Rm
12. Discontinued operations and assets classified as held for sale (continued)			
2007			
Property, plant and equipment and intangibles	662	450	212
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	475	972
Trade and other payables	(174)		(174)
Other current and non-current liabilities	(36)		(36)
Total liabilities associated with assets classified as held for sale	(210)		(210)
Net assets classified as held for sale	1 237	475	762

1. A decision was taken to sell the Car rental Scandinavian business in 2008. A plan was formulated and an agreement was 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 within the next financial period.

2. Rental assets become available for sale on an ongoing basis as and when they are removed from rental fleets.

3. The sale of 50% of Subaru Southern Africa (Pty) Limited to Japan's Toyota Tsusho Corporation took place on 1 November 2008 and has since been accounted for as a joint venture of the group.

4. The Scientific Laboratory group of businesses were 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 (GBP 24 million) in July 2007.

	2009 Rm	2008 Rm	2007 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 (2008: 375 000; 2007: 375 000)	**1**	1	1
208 733 228 ordinary shares of 5 cents each, excluding BEE shares (2008: 208 171 343; 2007: 203 843 388)	**11**	11	10
	12	12	11
Share premium:	**240**	230	212
Balance at beginning of year	**230**	212	316
Premium on share issues	**12**	23	139
Adjustment – other	**(2)**	(5)	
Premium utilised for payment of distribution			(226)
Premium utilised for PPC unbundling			(17)
Total issued share capital and premium	**252**	242	223

	2009 Rm	2008 Rm	2007 Rm
13. Share capital and premium (continued)			
Issued shares:			
Total number of shares in issue at beginning of year including BEE shares	**226 878 609**	203 843 388	200 715 557
Issued during the year:			
Share options exercised	**561 885**	1 347 125	3 127 831
Shares issued to the General staff trust in terms of the BEE transaction		2 980 830	
Total number of ordinary shares in issue at end of year, including BEE shares	**227 440 494**	208 171 343	203 843 388
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	**227 440 494**	226 878 609	203 843 388
Treasury shares held in respect of the BEE transaction	**(4 258 532)**	(4 222 254)	
Net number of ordinary shares in issue at end of year	**223 181 962**	222 656 355	203 843 388
Unissued shares:			
Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme (note 2 below)	**22 744 049**	22 687 861	20 384 339
Ordinary shares	**49 815 457**	50 433 530	75 772 273
	72 559 506	73 121 391	96 156 612
6% non-redeemable cumulative preference shares	**125 000**	125 000	125 000

Notes:

1. The members in general meeting on 20 January 2005 reserved shares for the purposes of the Barloworld Share Option Scheme.
2. The directors do not have authority over unissued shares in terms of section 221 of the Companies Act.
3. Refer note 34 for detail about the Barloworld share incentive schemes and share-based payments disclosure.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	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 2006		327	2 869	42	100
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 recognised directly in equity			(513)	(22)	(124)
Profit for the year					
Total recognised expense and income 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)		
Increase 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	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
Changes in equity recognised during 2009					
Movement on foreign currency translation reserve			**(926)**		
Decrease in fair value of hedging instruments					**(105)**
Decrease in fair value of available for sale investments				**(1)**	
Deferred taxation charge directly to equity					**25**
Net actuarial losses on post-retirement benefit obligations					
Net loss recognised directly in equity			**(926)**	**(1)**	**(80)**
Profit for the year					
Total recognised expense and income for the year			**(926)**	**(1)**	**(80)**
Other reserve movements		**(2)**			
Dividends	28				
BEE charge in terms of IFRS 2					
Shares issued in current year	13	**12**			
Balance at 30 September 2009		**252**	**2 169**	**2**	**(53)**

	Legal and other reserves Rm	Equity com-pensation reserves Rm	Total other reserves Rm	Retained income Rm	Net actuarial losses on post-retirement benefits Rm	Total retained income Rm	Attribu-table to Barloworld Limited share-holders Rm	Minority interest Rm	Interest of all share-holders Rm
	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
			(926)				**(926)**		**(926)**
			(105)				**(105)**		**(105)**
			(1)				**(1)**		**(1)**
			25				**25**		**25**
					(232)	**(232)**	**(232)**		**(232)**
			(1 007)		**(232)**	**(232)**	**(1 239)**		**(1 239)**
				671		**671**	**671**	**68**	**739**
			(1 007)	**671**	**(232)**	**439**	**(568)**	**68**	**(500)**
	(43)	**(13)**	**(56)**	**9**		**9**	**(49)**	**2**	**(47)**
				(396)		**(396)**	**(396)**	**(38)**	**(434)**
		6	**6**				**6**		**6**
							12		**12**
	359	**211**	**2 688**	**9 850**	**(937)**	**8 913**	**11 853**	**217**	**12 070**

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
15. Interest-bearing liabilities			
Total long-term borrowings (note 33.2)	**5 970**	5 196	4 909
Less: Current portion redeemable and repayable within one year (note 19)	**(692)**	(174)	(530)
Interest-bearing liabilities	**5 278**	5 022	4 379
Per category:			
Financial liabilities measured at amortised cost	**5 278**	5 022	4 379
	5 278	5 022	4 379

Summary of group borrowings by currency and by year of redemption or repayment

R million	Total owing 2009	Repayable during the year ending 30 September 2010	2011	2012	2013	2014 and onwards	Total owing 2008	Total owing 2007
Total SA rand	**5 463**	539	1 648	85	246	2 945	4 071	3 022
US dollar	**74**	31	23	12	7	1	618	99
UK sterling	**239**	77	106	28	17	11	270	341
Norwegian krone								488
Swedish kronor								464
Euro	**190**	44	31	28	29	58	193	462
Other	**4**	1	1	1	1		44	33
Total foreign currencies	**507**	153	161	69	54	70	1 125	1 887
Total SA rand and foreign currency liabilities	**5 970**	692	1 809	154	300	3 015	5 196	4 909

Included above are secured liabilities as follows:	Liabilities secured 2009 Rm	2008 Rm	2007 Rm	Net book value of assets encumbered 2009 Rm	2008 Rm	2007 Rm
Secured liabilities						
Secured loans						
South African rand	**64**	105	60	**131**	135	50
Foreign currencies		39	968		76	959
Liabilities under capitalised finance leases (note 30)						
South African rand	**499**	512	372	**468**	481	353
Foreign currencies	**487**	432	505	**234**	444	552
Total secured liabilities	**1 050**	1 088	1 905	**833**	1 136	1 914
Assets encumbered are made up as follows:						
Property, plant and equipment (note 2)				**749**	1 058	1 793
Trade receivables (note 10)				**84**	78	121
				833	1 136	1 914

	2009 Rm	2008 Rm	2007 Rm
16. Provisions			
Non-current	**185**	325	344
Current	**580**	731	600
	765	1 056	944
Per business segment:			
Continuing operations			
– Equipment	**340**	446	422
– Automotive	**211**	390	253
– Handling	**56**	67	31
– Logistics	**11**	9	15
– Corporate	**147**	155	190
Total continuing operations	**765**	1 067	911
Discontinued operations			
– Car rental – Scandinavia		1	2
– Coatings			31
– Scientific			11
Total discontinued operations		1	44
Total group	**765**	1 068	955
Amounts classified as held for sale		(12)	(11)
Total per balance sheet	**765**	1 056	944

Movement of provisions	Total 2009 Rm	Insurance claims Rm	Warranty claims Rm	Credit life and warranty products Rm	Maintenance contracts Rm	Post-retirement benefits Rm	Restructuring Rm	Other Rm
Balance at beginning of year	**1 056**	72	186	58	406	139	20	175
Amounts added	**1 043**	26	420	4	398	27	20	148
Amounts used	**(1 242)**	(26)	(458)	(21)	(537)	(30)	(10)	(160)
Amounts reversed unused	**(76)**	(2)	(5)		(45)			(24)
Disposal of subsidiaries	**(2)**							(2)
Translation adjustments	**(14)**	(11)	(4)	2	(2)	(8)	9	
Balance at end of year	**765**	59	139	43	220	128	39	137
To be incurred								
Within one year	**580**	58	138	43	156	18	39	128
Between two to five years	**134**	1	1		64	60		8
More than five years	**51**					50		1
	765	59	139	43	220	128	39	137

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 R14 million (refer note 34) as well as unearned premium provisions amounting to R59 million in the Automotive division.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
17. Other non-interest bearing liabilities			
Bills and leases discounted with recourse and repurchase obligations	**20**	111	103
Fair value of derivatives	**79**	20	2
Retirement benefit obligation	**321**	6	694
Other payables	**354**	502	506
Total non-interest bearing liabilities	**774**	639	1 305
Per category:			
Financial liabilities at fair value through profit or loss			
– Designated as such at initial recognition	**21**	11	26
– Held for trading items		20	2
Financial liabilities measured at amortised cost	**685**	602	583
Derivative liabilities designated as effective hedging instruments	**68**		
Other liabilities		6	694
	774	639	1 305
Per business segment:			
Continuing operations			
– Equipment	**48**	84	66
– Automotive	**191**	225	269
– Handling	**141**	287	221
– Logistics	**4**	14	4
– Corporate	**390**	29	722
Total continuing operations	**774**	639	1 282
Discontinued operations			
– Coatings			23
Total discontinued operations			23
Total group	**774**	639	1 305

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 48% of employees belong to one defined benefit and nine 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. 38% 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 R390 million (2008: R307 million; 2007: R381 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:

	2009 Rm	2008 Rm	2007 Rm
Current service cost	**17**	28	54
Interest costs	**285**	326	270
Expected return on plan assets	**(286)**	(357)	(285)
Net loss/(gain) recognised in profit or loss (note 21)	**16**	(3)	39
Actual return on plan assets	**369**	(364)	378

The triennial valuation of the United Kingdom defined benefit pension schemes was completed as at 1 April 2008 and updated at September 2009. The schemes reflected a deficit, calculated in terms of IAS19 Employee Benefits of £25.2 million at the end of the financial year. The scheme was closed to new entrants from 1 April 2002, with all new employees in the United Kingdom required to join the defined contribution scheme.

The estimated contributions to be paid to the plan during the next financial year amounts to £1.9 million (R23 million).

	2009 Rm	2008 Rm	2007 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	**4 824**	5 270	5 504
Fair value of plan assets	**4 503**	5 264	4 816
Net liability	**321**	6	688
Amount recognised as an asset (note 7)			6
Net liability per balance sheet	**321**	6	694
Movement in present value of funded obligation:			
At beginning of year	**5 270**	5 504	5 457
Current service cost	**17**	28	54
Interest cost	**285**	326	270
Actuarial losses/(gains) recognised in the statement of recognised income and expense	**411**	(578)	135
Benefits paid	**(231)**	(292)	(264)
Employee contributions	**14**	21	28
Other movements			(5)
Exchange differences	**(942)**	261	(171)
At the end of year	**4 824**	5 270	5 504
Movement in fair value of plan assets:			
At beginning of year	**5 264**	4 816	4 685
Expected return on plan assets	**286**	357	285
Actuarial gains/(losses) recognised in the statement of recognised income and expense	**90**	(711)	93
Contributions	**24**	826	145
Benefits paid	**(231)**	(292)	(264)
Employee contributions	**14**	21	28
Other movements		(1)	(10)
Exchange differences	**(944)**	248	(146)
At the end of year	**4 503**	5 264	4 816
Cumulative actuarial losses	**1 289**	968	835
Plan assets consist of the following:			
– Equity instruments (%)	**51**	41	58
– Bonds (%)	**47**	58	42
– Cash (%)	**2**	1	

Amount included in the fair value of assets for Barloworld Limited shares and property occupied by the group is nil.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

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

Key assumptions used:

	UK			Australia^		
	2009	2008	2007	**2009**	2008	2007
Discount rate (%)	**5.6**	6.6	5.7	**n/a**	n/a	7.4
Expected return on plan assets (%)	**7.7**	7.2	7.2	**n/a**	n/a	6.5
Expected rate of salary increases (%)	**3.8**	4.3	4.2	**n/a**	n/a	4.0
Future pension increases (%)	**3.0**	3.5	3.4	**n/a**	n/a	2.5

Historical disclosures:

	2009	2008	2007	2006	2005
Present value of obligation	**4 824**	5 270	5 504	5 457	4 166
Fair value of plan assets	**4 503**	5 264	4 816	4 685	3 419
Net liability	**321**	6	688	772	747
Experience adjustments (%):					
Plan liabilities	**8.5**	(5.6)			
Plan assets	**2.0**	(13.9)	2.0	2.3	8.8

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 2008 financial year.*

	2009 Rm	2008 Rm	2007 Rm
18. Trade and other payables			
Trade and other payables	**5 682**	7 282	6 763
Fair value of derivatives	**93**	53	91
	5 775	7 335	6 854
Per category:			
Financial liabilities at fair value through profit or loss			
– Designated as such at initial recognition	**57**		
– Held for trading items	**11**	11	7
Financial liabilities measured at amortised cost	**5 633**	7 282	6 763
Derivatives designated as effective hedging instruments	**74**	42	84
	5 775	7 335	6 854
Per business segment:			
Continuing operations			
– Equipment	**1 512**	2 883	2 714
– Automotive	**2 632**	2 236	1 762
– Handling	**764**	1 206	788
– Logistics	**802**	908	530
– Corporate (including inter-group elimination)	**65**	131	195
Total continuing operations	**5 775**	7 364	5 989
Discontinued operations			
– Car rental – Scandinavia	**424**	431	398
– Coatings			467
– Scientific			174
Total discontinued operations	**424**	431	1 039
Total group	**6 199**	7 795	7 028
Amounts classified as held for sale	**(424)**	(460)	(174)
Total per balance sheet	**5 775**	7 335	6 854

Refer note 9 for details of inventory pledged a security for payables.

	2009 Rm	2008 Rm	2007 Rm
19. Amounts due to bankers and short-term loans			
Bank overdrafts and acceptances	633	1 488	2 058
Short-term loans	2 348	2 604	2 099
Current portion of long-term borrowings (note 15)	692	174	530
Total group	3 673	4 266	4 687
Amounts classified as held for sale	(106)		
Total per balance sheet	3 567	4 266	4 687
Per category:			
Financial liabilities measured at amortised cost	3 567	4 266	4 687
	3 567	4 266	4 687
Per currency:			
South African rand	3 191	3 548	3 957
Foreign currencies	376	718	730
	3 567	4 266	4 687
20. Revenue			
Sale of goods	29 546	34 223	30 176
Rendering of services	8 483	8 060	5 737
Rentals received	3 897	4 110	3 330
Finance lease income	32	205	333
Other	274	232	181
	42 232	46 830	39 757
Per business segment:			
Continuing operations			
– Equipment	16 461	20 389	15 990
– Automotive	16 945	17 005	14 306
– Handling	4 717	6 145	7 949
– Logistics	4 087	3 208	1 459
– Corporate	22	83	53
Total continuing operations	42 232	46 830	39 757
Discontinued operations			
– Car rental – Scandinavia	1 121	1 174	1 134
– Cement			4 016
– Coatings		517	3 304
– Scientific		209	1 700
– Steel tube			348
Total discontinued operations	1 121	1 900	10 502
Total group	43 353	48 730	50 259
Value of business handled on behalf of customers but not recognised in revenue	2 390	3 617	1 885

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
21. Operating profit			
Operating profit is arrived at as follows:			
Revenue	**42 232**	46 830	39 757
Less: Net expenses	**40 238**	44 179	37 480
Cost of sales	**32 528**	36 074	30 588
Distribution costs	**1 134**	2 080	1 705
Administrative costs	**4 571**	4 349	4 208
Other operating costs	**2 359**	1 923	1 268
Other operating income	**(354)**	(247)	(289)
Operating profit	**1 994**	2 651	2 277
Per business segment:			
Continuing operations			
– Equipment	**1 293**	2 057	1 530
– Automotive	**703**	540	633
– Handling	**(27)**	172	187
– Logistics	**77**	135	95
– Corporate	**(52)**	(253)	(168)
Total continuing operations	**1 994**	2 651	2 277
Discontinued operations			
– Car rental – Scandinavia	**(135)**	(10)	81
– Cement			1 527
– Coatings		78	350
– Scientific		13	104
– Steel tube			32
Total discontinued operations	**(135)**	81	2 094
Total group	**1 859**	2 732	4 371

	2009 Rm	2008 Rm	2007 Rm
21. Operating profit (continued)			
Expenses include the following:			
Interest paid by leasing operations included in cost of sales	**152**	153	134
Depreciation	**2 145**	2 121	1 961
Continuing operations	**1 854**	1 833	1 487
Discontinued operations	**291**	288	474
Amortisation of intangibles	**65**	57	70
Continuing operations	**61**	52	54
Discontinued operations	**4**	5	16
Amounts removed from equity in respect of effective cash flow hedges	**24**	10	
Operating lease charges	**833**	618	558
Operating lease charges* – continuing operations	**759**	551	395
Land and buildings	**433**	329	234
Plant, vehicles and equipment	**326**	222	161
Operating lease charges – discontinued operations	**74**	67	163
Land and buildings	**70**	66	139
Plant, vehicles and equipment	**4**	1	24
Research and development costs		57	36
Administration, management and technical fees paid	**158**	149	175
Auditors' remuneration:	**67**	63	65
Audit fees	**58**	52	52
Fees for other services#	**9**	11	12
Expenses			1
Directors' emoluments paid by holding company and subsidiaries (note 36):			
Total directors' emoluments**	**36**	63	95
Executive directors	**30**	54	85
Salaries	**15**	17	22
Bonuses	**10**	14	23
Retirement and medical contributions	**3**	3	7
Share options/share appreciation rights awarded		(3)	11
Car allowances	**1**	2	2
Other benefits	**1**	21	20
Non-executive directors	**6**	9	10
Fees	**5**	6	6
Fees for services to subsidiaries and other services	**1**	3	4
Staff costs (excluding directors' emoluments)	**7 054**	6 785	7 157
Continuing operations	**6 667**	6 380	5 126
Discontinued operations	**387**	405	2 031
Profit on disposal of rental assets, car hire and fleet rental vehicles	**(258)**	(141)	(37)
Continuing operations	**(269)**	(116)	(41)
Discontinued operations	**11**	(25)	4
Profit on disposal of other plant and equipment		(3)	(5)
(Profit)/loss on disposal of intangible assets	**(1)**	2	(2)
Corporate office redundancies and closure costs			92
Amounts recognised in respect of retirement benefit plans (note 17):			
Defined contribution funds	**390**	307	381
Defined benefit funds	**16**	(3)	39

* *There is no contingent rent included in operating lease charges in 2009 (2008:Nil; 2007: R23 million).*

\# *In addition to this, fees of R3 million for 2008 (2007: R11 million) was 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.*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

		2009 Rm	2008 Rm	2007 Rm
22.	**Fair value adjustments on financial instruments**			
	Realised	**(151)**	44	(10)
	Unrealised	**(50)**	(124)	305
	Fair value adjustments on financial instruments	**(201)**	(80)	295
	Per category:			
	Financial assets/liabilities at fair value through profit or loss			
	– Designated as such at initial recognition	**(1)**	(114)	315
	– Held for trading items	**(63)**	17	(385)
	Available-for-sale (reclassified from equity to profit or loss)	**(1)**		3
	Loans and receivables	**(28)**	30	5
	Financial liabilities measured at amortised cost	**(110)**	(13)	357
	Total fair value adjustments on financial instruments	**(201)**	(80)	295
	Per business segment:			
	Continuing operations			
	– Equipment	**(151)**	49	(5)
	– Automotive	**(2)**	4	(7)
	– Handling	**(29)**	(25)	(4)
	– Logistics	**(6)**	1	
	– Corporate	**(13)**	(109)	311
	Total continuing operations	**(201)**	(80)	295
	Discontinued operations			
	– Car rental – Scandinavia	**(1)**	(2)	
	– Cement			13
	– Coatings		(1)	(8)
	Total discontinued operations	**(1)**	(3)	5
	Total group	**(202)**	(83)	300
	Fair value adjustments on financial instruments include:			
	Ineffectiveness recognised in profit or loss arising from cash flow hedges	**(61)**	8	
23.	**Finance costs**			
	Interest on financial liabilities not at fair value through profit or loss:			
	Corporate bond and other long-term borrowings	**(484)**	(242)	(220)
	Bank and other short-term borrowings	**(558)**	(727)	(466)
	Capitalised finance leases	**(68)**	(59)	(42)
	Leasing inter-group interest classified as cost of sales (note 21)	**172**	139	97
	Total continuing operations	**(938)**	(889)	(631)
	Discontinued operations – group interest paid	**(9)**	(15)	(51)
	Discontinued operations – external interest paid	**(47)**	(76)	(123)
	Total group	**(994)**	(980)	(805)
	Finance costs include:			
	Amounts removed from equity in respect of effective cash flow hedges – (loss)/gain	**(20)**	24	9
24.	**Income from investments**			
	Dividends – listed and unlisted investments	**14**	20	2
	Interest on financial assets not at fair value through profit or loss	**135**	175	162
	Total continuing operations	**149**	195	164
	Discontinued operations	**11**	13	79
	Total group	**160**	208	243

	2009 Rm	2008 Rm	2007 Rm
25. Exceptional items			
Profit/(loss) on disposal of properties, investments and subsidiaries	**18**	30	(9)
Realisation of translation reserve on disposal of foreign subsidiaries			197
Impairment of goodwill**		(10)	(68)
Reversal/(impairment) of investments	**4**	(35)	(149)
Impairment of property, plant and equipment**		(2)	(45)
Gross exceptional profit/(loss) from continuing operations	**22**	(17)	(74)
Taxation (charge)/benefit on exceptional items	**(5)**	1	83
Net exceptional profit/(loss) from continuing operations	**17**	(16)	9
Gross exceptional loss from discontinued operations	**(1)**	(335)	(72)
Taxation on exceptional items from discontinued operations			(4)
Minority interest on exceptional profit from discontinued operations			(4)
Net exceptional profit/(loss) – total group	**16**	(351)	(71)
** *Refer notes 2, 3, 5 and 7 for an explanation of the assumptions and circumstances underlying the impairments.*			
26. Taxation			
South African normal taxation			
Current year	**(123)**	(329)	(193)
Prior year	**20**	(3)	(14)
	(103)	(332)	(207)
Foreign and withholding taxation			
Current year	**(219)**	(319)	(331)
Prior year	**1**	(12)	(8)
	(218)	(331)	(339)
Deferred taxation			
Current year	**114**	33	(17)
Prior year		20	5
Attributable to a change in the rate of income tax		2	9
	114	55	(3)
Secondary taxation on companies			
Current year	**(41)**	(65)	(107)
Deferred		(2)	(41)
	(41)	(67)	(148)
Taxation attributable to the company and its subsidiaries	**(248)**	(675)	(697)
Per business segment:			
Continuing operations			
– Equipment	**(259)**	(610)	(446)
– Automotive	**(110)**	(17)	(112)
– Handling	**27**	(18)	8
– Logistics	**(21)**	(24)	(23)
– Corporate	**115**	(6)	(124)
Total continuing operations	**(248)**	(675)	(697)
Discontinued operations			
– Car rental – Scandinavia	**39**	26	
– Cement			(586)
– Coatings		(22)	(102)
– Scientific		(11)	(26)
– Steel tube			(7)
Total discontinued operations	**39**	(7)	(721)
Total group	**(209)**	(682)	(1 418)

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

		2009 %	2008 %	2007 %
26.	**Taxation (continued)**			
	Reconciliation of rate of taxation:			
	South Africa normal taxation rate	**28.0**	28.0	29.0
	Reduction in rate of taxation	**(15.0)**	(1.7)	(7.3)
	Exempt income	**(5.1)**	(0.7)	(4.6)
	Exceptional tax	**(0.1)**		(1.4)
	Rate change adjustment		(0.1)	(0.4)
	Tax losses of prior periods	**(7.7)**	(0.6)	(0.9)
	Prior year taxation	**(2.1)**	(0.3)	
	Increase in rate of taxation	**11.2**	10.0	12.6
	Disallowable charges	**4.7**	5.1	0.4
	Exceptional tax		0.2	
	Foreign tax differential	**2.5**	1.1	3.2
	Current year tax losses not utilised			1.8
	Prior year taxation			0.7
	Secondary taxation on companies	**4.0**	3.6	6.5
	Taxation as a percentage of profit before taxation	**24.2**	36.3	34.3
	Taxation (excluding prior year taxation, exceptional taxation and secondary taxation on companies) as a percentage of profit before taxation (excluding exceptional items)	**22.2**	32.7	28.5
		Rm	Rm	Rm
	Group tax losses and STC credits at the end of the year:			
	South African – taxation losses	**(587)**	(342)	(388)
	South African – unutilised STC credits			(23)
	Foreign – taxation losses	**(826)**	(391)	(595)
		(1 413)	(733)	(1 006)
	Utilised to reduce deferred taxation liabilities or create deferred taxation assets	**1 256**	504	512
	Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	**(157)**	(229)	(494)
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)	**208 517 521**	204 558 742	202 673 141
	Increase in number of shares as a result of unexercised share options	**1 449 605**	2 657 567	3 770 963
	Fully converted weighted average number of shares	**209 967 126**	207 216 309	206 444 104
	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.			
		Rm	Rm	Rm
	Net profit for the year attributable to shareholders of parent company	**671**	1 232	2 270
	Net profit for the year from continuing operations	**753**	1 244	1 377
	Net (loss)/profit for the year from discontinued operations	**(82)**	(12)	893

	2009	2008	2007	2009 Cents	2008 Cents	2007 Cents
27. Earnings and headline earnings per share (continued)						
27.2 Earnings per share						
BASIC						
The weighted average number of ordinary shares	**208 517 521**	204 558 742	202 673 141			
Earnings per share (basic)				**321.8**	602.2	1 120.0
Earnings per share from continuing operations (basic)				**361.1**	608.1	679.4
Earnings per share from discontinued operations (basic)				**(39.3)**	(5.9)	440.6
DILUTED						
Fully converted weighted average number of shares (note 27.1)	**209 967 126**	207 216 309	206 444 104			
Earnings per share (diluted)				**319.6**	594.5	1 099.6
Earnings per share from continuing operations (diluted)				**358.6**	600.3	667.0
(Loss)/earnings per share from discontinued operations (diluted)				**(39.0)**	(5.8)	432.6
Percentage dilution	**0.7**	1.3	1.8			

	2009 Rm	2008 Rm	2007 Rm
27.3 Headline earnings per share			
BASIC			
Profit for the year attributable to Barloworld Limited shareholders	**671**	1 232	2 270
Adjusted for the following:			
Gross remeasurements excluded from headline earnings	**(87)**	(18)	202
(Profit)/loss on disposal of discontinued operations (IFRS 5)	**(60)**	(168)	150
Loss on disposal of subsidiaries (IAS 27)			36
Profit on derecognition of subsidiary (IAS 27)			(11)
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)		(201)	(284)
Profit on disposal of properties (IAS 16)	**(14)**	(30)	(45)
Impairment of goodwill (IFRS 3)		343	169
(Reversal)/impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	**(12)**	37	149
Impairment of plant and equipment (IAS 16)		2	45
(Profit)/loss on sale of intangible assets (IAS 38)	**(1)**	2	(2)
Profit on sale of plant and equipment excluding rental assets (IAS 16)		(3)	(5)
Taxation effects of remeasurements	**5**	42	(82)
Taxation benefit on disposal of discontinued operations (IFRS 5)	**(1)**		
Taxation charge/(benefit) on disposal of subsidiaries (IAS 27)		43	(14)
Taxation charge on disposal of properties (IAS 16)			4
Taxation benefit on impairment of goodwill (IFRS 3)			(23)
Taxation charge/(benefit) on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	**6**		(49)
Taxation benefit on impairment of plant and equipment (IAS 16)		(1)	
Interest of outside shareholders in remeasurements			4
Net remeasurements excluded from headline earnings	**(82)**	24	124
Headline earnings	**589**	1 256	2 394

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
27. Earnings and headline earnings per share (continued)			
27.3 Headline earnings per share (continued)			
Profit from continuing operations	**821**	1 257	1 387
Minority shareholders' interest in net profit from continuing operations	**(68)**	(13)	(10)
Profit from continuing operations attributable to Barloworld Limited shareholders	**753**	1 244	1 377
Adjusted for the following items in continuing operations:			
Gross remeasurements excluded from headline earnings from continuing operations	**(28)**	16	68
Profit on disposal of subsidiaries (IAS 27)			36
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)			(197)
Profit on disposal of properties (IAS 16)	**(15)**	(30)	(27)
Impairment of goodwill (IFRS 3)		10	68
(Reversal)/impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	**(12)**	35	149
Impairment of plant and equipment (IAS 16)		2	45
(Profit)/loss on sale of intangible assets (IAS 38)	**(1)**	2	(1)
Profit on sale of plant and equipment excluding rental assets (IAS 16)		(3)	(5)
Taxation effects of remeasurements	**6**	(1)	(83)
Taxation benefit on disposal of subsidiaries (IAS 27)			(11)
Taxation benefit on impairment of goodwill (IFRS 3)			(23)
Taxation charge/(benefit) on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	**6**		(49)
Taxation benefit on impairment of plant and equipment (IAS 16)		(1)	
Net remeasurements excluded from headline earnings from continuing operations	**(22)**	15	(15)
Headline earnings from continuing operations	**731**	1 259	1 362
(Loss)/profit from discontinued operations	**(82)**	(11)	1 172
Minority shareholders' interest in net profit from discontinued operations		(1)	(279)
(Loss)/profit from discontinued operations attributable to Barloworld Limited shareholders	**(82)**	(12)	893
Adjusted for the following items in discontinued operations:			
Gross remeasurements excluded from headline earnings from discontinued operations	**(59)**	(34)	134
(Profit)/loss on disposal of discontinued operations (IFRS 5)	**(60)**	(168)	150
Profit on derecognition of subsidiary (IAS 27)			(11)
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)		(201)	(87)
Loss/(profit) on disposal of properties (IAS 16)	**1**		(18)
Impairment of goodwill (IFRS 3)		333	101
Impairment of investments in associates (IAS 28) and joint ventures (IAS 31)		2	
Profit on sale of intangible assets (IAS 38)			(1)
Taxation effects of remeasurements	**(1)**	43	1
Taxation benefit on disposal of discontinued operations (IFRS 5)	**(1)**		
Taxation charge/(benefit) on disposal of subsidiaries (IAS 27)		43	(3)
Taxation charge on disposal of properties (IAS 16)			4
Interest of outside shareholders in remeasurements			4
Net remeasurements excluded from headline earnings from discontinued operations	**(60)**	9	139
Headline (loss)/earnings from discontinued operations	**(142)**	(3)	1 032

	2009	2008	2007	2009 Cents	2008 Cents	2007 Cents
27. Earnings and headline earnings per share (continued)						
27.3 Headline earnings per share (continued)						
BASIC						
The weighted average number of ordinary shares	**208 517 521**	204 558 742	202 673 141			
Headline earnings per share (basic)				**282.5**	614.0	1 181.2
Headline earnings per share from continuing operations (basic)				**350.6**	615.5	672.0
Headline (loss)/earnings per share from discontinued operations (basic)				**(68.1)**	(1.5)	509.2
DILUTED						
Fully converted weighted average number of shares (note 27.1)	**209 967 126**	207 216 309	206 444 104			
Headline earnings per share (diluted)				**280.5**	606.1	1 159.6
Headline earnings per share from continuing operations (diluted)				**348.1**	607.6	659.7
Headline (loss)/earnings per share from discontinued operations (diluted)				**(67.6)**	(1.5)	499.9
Percentage dilution	**0.7**	1.3	1.8			

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
28. Dividends			
Ordinary shares			
Final dividend No 160 paid on 19 January 2009: 150 cents per share (2008: No 158 – 200 cents per share; 2007: No 155 – 450 cents per share)	312	409	911
Special dividend paid on 2 April 2007: 500 cents per share			1 017
Interim dividend No 161 paid on 8 June 2009: 40 cents per share (2008: No 159 – 100 cents per share; 2007: No 157 – 175 cents per share)	84	205	357
Paid to Barloworld Limited shareholders	396	614	2 285
Paid to minorities	38	8	344
	434	622	2 629

On 16 November 2009 the directors declared dividend No 162 of 70 cents per share.

An estimated dividend liability of R157 million and an estimated STC liability of R11 million have not been included in these financial statements.

In compliance with the requirements of the JSE Limited, the following dates are applicable:

Date declared	Monday	16 November 2009
Last day to trade *cum* dividend	Friday	8 January 2010
Shares trade *ex* dividend	Monday	11 January 2010
Record date	Friday	15 January 2010
Payment date	Monday	18 January 2010

Share certificates may not be dematerialised or rematerialised between Monday, 11 January 2010 and Friday, 15 January 2010, both days inclusive.

Analysis of dividends declared in respect of current year's earnings:

Ordinary dividends per share	2009 Cents	2008 Cents	2007 Cents
Interim dividend	40	100	175
Final dividend	70	150	200
	110	250	375

6% cumulative non-redeemable preference shares

Preference dividends totalling R22 500 were declared on each of the following dates:

– 28 April 2009 (paid on 25 May 2009)
– 14 November 2008 (paid on 24 November 2008)
– 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)

	2009 Rm	2008 Rm	2007 Rm
29. Barloworld shareholders' attributable interest in subsidiaries			
Holding company	4 540	551	22 627
Less: Dividends received from subsidiaries	(4 455)	(801)	(22 814)
	85	(250)	(187)
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation, including associate companies:			
Profits	1 165	2 384	2 831
Losses	(579)	(902)	(374)
Barloworld Limited shareholders' interest	671	1 232	2 270

	2009 Rm	2008 Rm	2007 Rm
30. Commitments			
Capital expenditure commitments to be incurred:			
Contracted	**920**	953	1 908
Approved but not yet contracted	**503**	131	383
	1 423	1 084	2 291
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.

Lease commitments	Long-term > 5 years Rm	Medium-term 2 – 5 years Rm	Short-term <1 year Rm	2009 Total Rm	2008 Total Rm	2007 Total Rm
Operating lease commitments						
Land and buildings	596	801	308	**1 705**	1 850	1 638
Motor vehicles	1	189	111	**301**	308	261
Other		50	95	**145**	120	40
	597	1 040	514	**2 151**	2 278	1 939

Land and building commitments include the following items:
- Commitments for the operating and administrative facilities used by the majority of business segments. The average lease term is five years. Many lease contracts contain renewal options at fair market rates.
- Properties used for office accommodation and used car outlets in the major southern African cities. Rentals escalate at rates which are in line with the historical inflation rates applicable to the southern African environment. Lease periods do not exceed five years.
- Properties at airport locations. The leases are in general for periods of five years and the rental payments are based on a set percentage of revenues generated at those locations subject to certain minimums.

Motor vehicle commitments are mainly for vehicles in use in the offshore operations. The average lease term is four years.

Finance lease commitments	Long-term > 5 years Rm	Medium-term 2 – 5 years Rm	Short-term <1 year Rm	2009 Total Rm	2008 Total Rm	2007 Total Rm
Present value of minimum lease payments						
Land and buildings	304	239	28	**571**	600	436
Motor vehicles		33	27	**60**	74	99
Rental fleets		156	76	**232**	270	341
Other		85	38	**123**		1
	304	513	169	**986**	944	877
Minimum lease payments						
Land and buildings	442	471	88	**1 001**	1 082	849
Motor vehicles		33	28	**61**	84	123
Rental fleets		158	76	**234**	303	382
Other		84	38	**122**		1
Total including future finance charges	442	746	230	**1 418**	1 469	1 355
Future finance charges				**(432)**	(525)	(478)
Present value of lease commitments (note 15)				**986**	944	877

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 division 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.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
31. Contingent liabilities			
Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	**1 212**	1 066	989
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	**294**	517	449

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 IFRS 4 Insurance Contracts. Significant items included are the following:

– Credit life and warranty products sold with vehicles in the automotive segment;
– Specific portions of maintenance contracts on equipment and vehicles sold in the equipment, handling and automotive segments; and
– Guaranteed residual values on equipment and vehicles in the equipment, handling and automotive segments.

	2009 Rm	2008 Rm	2007 Rm
Income	**1 336**	1 315	1 195
Expenses	**1 034**	1 021	933
Cash inflow/(outflow)	**8**	(67)	(96)
(Gains)/losses recognised on buying reinsurance	**(4)**	5	3
Deferral of gains and losses on reinsurance:			
Unamortised amount at the beginning of the period		2	4
Amortisation for the period		(2)	(2)
Unamortised amount at the end of the period			2
Liabilities			
At the beginning of the period	**650**	482	434
Amounts added	**898**	1 261	737
Amounts used	**(951)**	(1 080)	(682)
Amounts reversed unused	**(66)**	(36)	
Translation difference	**(18)**	23	(7)
At the end of the period	**513**	650	482
Maturity profile:			
Within one year	**296**	372	344
Two to five years	**215**	267	137
More than five years	**2**	11	1
	513	650	482
Assets			
At the beginning of the period	**222**	220	162
Amounts added	**586**	616	309
Amounts used	**(595)**	(614)	(276)
Acquisitions			25
At the end of the period	**213**	222	220
Age analysis of items overdue but not impaired:			
Overdue 30 to 60 days	**3**	10	
Overdue 60 to 90 days		1	
Overdue 90+ days		3	5
	3	14	5

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 the 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.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

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, 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	2009 Rm	2008 Rm	2007 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	7,10	**121**	160	332
– Held for trading items	7,10	**15**	77	62
Available-for-sale financial assets	7	**46**	47	28
Loans and receivables	7,10,11	**6 197**	8 107	7 465
Derivative assets designated as effective hedging instruments	7,10	**4**	109	29
Finance lease receivables	6	**733**	597	769
Total carrying value of financial assets		**7 116**	9 097	8 685
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
– Designated as such at initial recognition	17,18	**78**	11	26
– Held for trading items	17,18	**11**	31	9
Financial liabilities measured at amortised cost	15,17,18,19	**15 163**	17 172	16 412
Derivative liabilities designated as effective hedging instruments	17,18	**142**	42	84
Total carrying value of financial liabilities		**15 394**	17 256	16 531
Carrying value of financial instruments by class:				
Financial assets:				
Trade receivables				
– Industry		**3 379**	5 059	4 214
– Government		**136**	202	177
– Consumers		**307**	309	468
Other loans and receivables, prepayments and cash balances		**2 396**	2 538	2 605
Finance lease receivables		**733**	597	769
Derivatives (including items designated as effective hedging instruments)				
– Forward exchange contracts			144	48
– Interest rate swaps		**15**	40	40
– Other derivatives		**4**	1	3
Other financial assets at fair value		**146**	207	361
Total carrying value of financial assets		**7 116**	9 097	8 685
Financial liabilities:				
Trade payables				
– Principals		**1 553**	1 923	2 460
– Other suppliers		**4 129**	5 359	4 303
Other non-interest-bearing payables		**636**	602	583
Derivatives (including items designated as effective hedging instruments)				
– Forward exchange contracts		**28**	11	47
– Interest rate swaps			55	43
– Other derivatives		**125**	7	3
Other financial liabilities at fair value		**78**	11	26
Interest-bearing debt measured at amortised cost		**8 845**	9 288	9 066
Total carrying value of financial liabilities		**15 394**	17 256	16 531

	2009 Rm	2008 Rm	2007 Rm
33. Financial instruments (continued)			
33.1 Summary of the carrying and fair value of financial instruments (continued)			
Fair value of financial instruments by class:			
Financial assets:			
Trade receivables			
– Industry	3 379	5 059	4 214
– Government	136	202	177
– Consumers	307	309	468
Other loans and receivables, prepayments and cash balances	2 396	2 538	2 605
Finance lease receivables	733	597	769
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts		144	48
– Interest rate swaps	15	40	40
– Other derivatives	4	1	3
Other financial assets at fair value	146	207	361
Total fair value of financial assets	7 116	9 097	8 685
Financial liabilities:			
Trade payables			
– Principals	1 553	1 923	2 460
– Other suppliers	4 129	5 359	4 303
Other non-interest-bearing payables	636	602	583
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	28	11	47
– Interest rate swaps		55	43
– Other derivatives	125	7	3
Other financial liabilities at fair value	78	11	26
Interest-bearing debt measured at amortised cost	8 845	9 245	9 034
Total fair value of financial liabilities	15 394	17 213	16 499

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.

33.2 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 optimization 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).

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.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

33. Financial instruments (continued)

33.2 Financial risk management (continued)

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 to 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 R43 million (2008: R140 million; 2007: R246 million), of which R31 million (2008: R124 million; 2007: R164 million) will impact equity and R12 million (2008: R16 million; 2007: R82 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
Net foreign currency monetary assets/(liabilities)									
Functional currency of group operation:									
SA rand	**n/a**	**(3)**	**6**	**344**	**17**		**1**	**1**	**366**
Euro	**1**	**n/a**		**2**					**3**
British sterling		**3**	**n/a**	**(80)**					**(77)**
US dollar	**2**	**52**	**11**	**n/a**	**9**		**50**	**1**	**125**
Other African currencies	**(8)**	**(11)**		**6**			**n/a**		**(13)**
Other currencies				**29**				**n/a**	**29**
As at 30 September 2009	**(5)**	**41**	**17**	**301**	**26**		**51**	**2**	**433**
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

	Fair value		
	2009 Rm	2008 Rm	2007 Rm
Hedge accounting applied in respect of foreign currency risk			
Cash flow hedges			
– fair value of asset/(liability) – foreign currency forward exchange contracts	**(19)**	73	(41)

The foreign currency contracts have been acquired to hedge the underlying currency risk arising from a firm commitment 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.

33. Financial instruments (continued)

33.2 Financial risk management (continued)

Hedges of net investments in foreign operations

As at September 2009, 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:

	Currency	Foreign amount notional (000's)	Interest rate %	Maturity date	Fair value 2009 Rm	Fair value 2008 Rm	Fair value 2007 Rm
Fair value of asset/(liability) – cross-currency interest rate swap contracts	EUR	(99 569)	2.7	2011 – 2012			
Fair value of asset/(liability) – cross-currency interest rate swap contracts	GBP	86 167	2.9	2009 – 2011	**(59)**	(28)	(23)
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	**(45)**	(14)	(19)
Total					**(104)**	(42)	(42)

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 to this approach in the current year.

The interest rate profile of total borrowings is as follows:

	Currency	Year of redemption/ repayment	Interest rate (%)	2009 Rm	2008 Rm	2007 Rm
Liabilities in foreign currencies						
Secured loans	NOK	2012	Nibor'' + 0.4			488
	SEK	2012	Stibor% + 0.4			464
	BWP	2009 – 2013	15.4		20	16
	UAE	2009 – 2011	EIBOR** 3m + 2.5%		18	
Unsecured loans	USD	2010	Libor* + 2.5		522	
	EUR	2009 – 2012	Euribor*** + .77		104	379
	USD	2007 – 2008	8.8			35
	USD	2010	3 month Libor* + 1.5	**4**		
	USD	2009 – 2011	Libor* + 1.5	**16**	28	
Liabilities under capitalised finance leases	GBP	2009	6 to 7	**239**	270	341
	EUR	2020	Euribor*** + 5.68	**190**	89	83
	USD	2010 – 2014	US 3yr swap rate +.38%	**54**	69	64
	BWP	2010 – 2013	15.5	**4**	5	17
Total foreign currency liabilities (note 15)				**507**	1 125	1 887
Liabilities in South African rand						
Secured loans		2010 – 2023	9.0	**64**	105	60
Unsecured loans		2010 – 2015	7.8 – 11.78	**4 900**	3 454	2 590
Liabilities under capitalised finance leases		2010 – 2022	12	**499**	512	372
Total South African rand liabilities (note 15)				**5 463**	4 071	3 022
Total South African rand and foreign currency liabilities (note 15)				**5 970**	5 196	4 909

* *Libor – London inter-bank offered rate*
'' *Nibor – Norwegian inter-bank offered rate*
% *Stibor – Swedish inter-bank offered rate*
** *EIBOR – Emirates inter-bank overdraft rate*
*** *Euribor – European inter-bank offered rate*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

33. Financial instruments (continued)

33.2 Financial risk management (continued)

	2009 Rm	2008 Rm	2007 Rm
Interest rates			
Loans at fixed rates of interest	**4 414**	3 678	2 975
Loans linked to South African money market	**1 332**	734	473
Loans linked to offshore money markets	**224**	784	1 461
	5 970	5 196	4 909

Hedge accounting applied in respect of interest rate risk

As at September 2009, the group had the following designated cash flow hedge interest rate swap contract:

	Currency	Amount-notional (000's)	Interest rate %	Maturity date	Fair value 2009 Rm	Fair value 2008 Rm	Fair value 2007 Rm
Fair value of asset/(liability) – designated cash flow hedge interest rate swap contract	ZAR	500 000	7.96 (fixed)	2010	**(4)**	24	17
Total					**(4)**	24	17
Cash flow hedges							
– fair value of interest rate swaps					**(4)**	24	17

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 2009, the group had two other interest rate swap contracts. Details are as follows:

	Currency	Amount-notional (000's)	Interest rate %	Maturity date	Fair value 2009 Rm	Fair value 2008 Rm	Fair value 2007 Rm
Fair value of asset/(liability) – interest rate swap contracts	ZAR	750 000	3m Jibar# + 55 bps	2011	**33**	(5)	10
Fair value of asset/(liability) – interest rate swap contracts	ZAR	750 000	7.83 (fixed)	2011	**(1)**	49	47
Total					**32**	44	57

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).

Jibar – Johannesburg inter-bank acceptance rate.

	2009 Rm	2008 Rm	2007 Rm
33. Financial instruments (continued)			
33.2 Financial risk management (continued)			
Interest rate sensitivity analysis			
Impact of a 1% increase in South African interest rates			
– charge to profit or loss	39	43	42
– increase in equity	4	12	18
Impact of a 1% increase in offshore interest rates			
– charge to profit or loss	13	23	31
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	10	33	16
– charge to profit or loss in respect of the liability	10	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)			
Baw share price sensitivity analysis			
Impact of a 10% increase in the Baw share price as at 30 September			
– charge to profit or loss in respect of the liability	3		
– 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.

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%.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
33. Financial instruments (continued)			
33.2 Financial risk management (continued)			
c. Credit risk (continued)			
Maximum exposure to credit risk (excluding collateral held)			
Trade receivables			
– Industry	**3 379**	5 059	4 214
– Government	**136**	202	177
– Consumers	**307**	309	468
Other loans and receivables, prepayments and cash balances	**2 396**	2 538	2 605
Finance lease receivables	**733**	597	769
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts		144	48
– Interest rate swaps	**15**	40	40
– Other derivatives	**4**	1	3
Other financial assets at fair value	**146**	207	361
Other items, including financial guarantees	**1 212**	1 066	776
	8 328	10 163	9 461
Carrying value of financial assets, the terms of which have been renegotiated			
Trade receivables			
– Industry	**1**	1	
– Government		3	
Impairment losses/(gains) on financial assets			
Trade receivables			
– Industry		58	36
– Government		(2)	
– Consumers		7	20
Finance lease receivables		(10)	29
Fair value of collateral held on overdue or impaired amounts		1	5
Fair value of collateral held on amounts not overdue or impaired		123	145

The collateral for 2007 and 2008 consists 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 was repaid in the current year.

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. Unutilised borrowing facilities amounted to R9.0 billion (2008: 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 2009	Repayable during the year ending 30 September 2010	2011 to 2014	2015 and onwards
Interest-bearing liabilities	**11 797**	4 853	4 303	2 641
Trade payables and other non-interest-bearing liabilities	**8 077**	7 250	738	89

	2009 Rm	2008 Rm	2007 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	6	337	5
Compensation expense arising from equity-settled share option incentive plan	1	2	16
Compensation expense arising from cash settled share appreciation rights incentive plan	(2)	(4)	20
Share-based payment expense included in operating profit	5	335	41
Taxation benefit on cash-settled share appreciation rights and BEE transactions	(6)	(40)	(6)
Net share-based payment expense after taxation	(1)	295	35
Balance sheet effect			
Non-current liability raised for cash-settled share appreciation rights granted (to be incurred within 1 – 5 years)	(14)	(16)	(20)
Deferred taxation asset raised on share appreciation rights liability and BEE transactions	20	40	6
Net reduction in shareholders' interest as a result of share-based payment transactions	6	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 and those vested but not exercised, 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.

Fair value estimates

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at balance sheet date.

The estimated fair value of the share appreciation rights was calculated using a binomial pricing model, with inputs as set out below.

Date of grant	15 Nov 2006*	12 July 2007*	29 Sept 2008
Number of share appreciation rights granted	624 929	3 730 345	3 094 816
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)	49.00	49.00	49.00
Expected volatility (%)	42.0	42.0	42.0
Expected dividend yield (%)	4.6	6.2	6.9
Risk free rate (%)	7.2	7.4	7.9
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)	9.67	4.08	11.50

* *The 15 November 2006 and 12 July 2007 grants were modified due to the Cement and Coatings unbundling as set out in note 34.4 and 34.5 below.*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

34. Share incentive schemes and share-based payments (continued)

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 IFRS 2 . The estimated fair value of these equity settled options were calculated at grant date using a binomial model with the following inputs:

Date of grant	1 April 2003	26 May 2004
Number of options granted	2 168 400	2 205 200
Exercise price (R)	47.50	67.80
Share price at grant date (R)	47.50	67.80
Expected volatility (%)	35.0	35.0
Expected dividend yield (%)	5.8	4.3
Risk free rate (%)	10.4	10.9
Exercise multiple (Share price at exercise date/option exercise price)	2.0	2.0
Estimated fair value per option at grant date (R)	16.59	25.37

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 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. Share incentive schemes and share-based payments (continued)

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	0.7	36.70	8.80		90 011		90 011
25 Sept 2001	25 Sept 2004	25 Sept 2011	2.0	45.70	13.63		177 279		177 279
25 Sept 2002	25 Sept 2005	25 Sept 2012	3.0	58.20	20.33		21 000		21 000
1 April 2003	1 April 2006	1 April 2013	3.5	47.50	14.59	6 667	687 360	30 349	724 376
26 May 2004	26 May 2007	26 May 2010	0.7	67.80	25.48	97 202	1 380 353	147 488	1 625 043
Total equity-settled share options granted and unexercised						103 869	2 356 003	177 837	2 637 709
15 Nov 2006	15 Nov 2009	15 Nov 2012	3.1	140.00	64.18	270 492	354 437		624 929
12 July 2007	12 July 2010	12 July 2013	3.8	123.88	113.01	328 614	3 050 352		3 378 966
29 Sept 2008	29 Sept 2011	29 Sept 2014	5.0	61.01	n/a	539 822	2 407 108		2 946 930
Total cash-settled share appreciation rights granted and unexercised						1 138 928	5 811 897		6 950 825
Total unexercised						1 242 797	8 167 900	177 837	9 588 534

The weighted average share price of options exercised during the period was R43.91 (2008: R96.51; 2007: R174.67).

Share options and appreciation rights movement for the year	Number of appreciation rights	Number of share options	Weighted average exercise price (R)
Share options and appreciation rights movement for the year			
2009			
Unexercised at the beginning of the year	**7 114 885**	**3 261 917**	**66.19**
Options forfeited		**(62 323)**	**65.63**
Appreciation rights forfeited	**(164 060)**		**100.11**
Options exercised		**(561 885)**	**58.71**
Options and appreciation rights unexercised at year end	**6 950 825**	**2 637 709**	**68.56**
Held by:			
Directors, employees and ex-employees of Barloworld	**6 950 825**	**2 459 872**	**69.41**
Financial institutions		**177 837**	**23.62**
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 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

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

** *Scheme rules dictate that the number of unexercised options may not exceed 10% of the total number of issued shares of the company at any time.*

\# *The unexercised share options granted to retired directors and employees are included in this column.*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

34. Share incentive schemes and share-based payments (continued)

34.6 Other share-based payment transactions

During 2008 the group implemented a Broad Based Black Economic Empowerment transaction.

The impact of this transaction, calculated in terms of IFRS 2 Share-based Payment, was a charge to profit or loss in the current year of R6 million (2008: R337 million) which was determined on assumptions and inputs as set out below:

	Number of shares issued	Weighted average fair value per share (R)
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. 36 278 shares were not issued and are treated as treasury shares (note 13).	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 IASB on a basis consistent with the prior year except for the adoption of the following new and amended standards and new interpretations:

IFRIC Interpretation 18 Transfers of Assets from Customers (IFRIC 18)

IFRIC 18 is effective for the group from the year ending 30 September 2009 and the interpretation applies prospectively to transfers of assets received from customers on or after 1 July 2009. The interpretation is particularly relevant for the utility sector and did not have a significant impact on the group.

The South African Institute of Chartered Accountants Circular 3/2009 on headline earnings

This circular is effective for the group from the year ending 30 September 2009. It replaces circular 8/2007 and provides a link to IFRS and accounting policy choices through guidance on the calculation of headline earnings including rules for every IFRS. The focus is to ensure that headline earnings reflect the operating/trading earnings of an entity and generally excludes re-measurements (changes – realised and unrealised – to the initial recognition of assets and liabilities) processed through profit and loss (with certain exceptions). The impact of the adoption of this circular on the group was not significant.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amended – April 2009) (IFRS 5)

The amendment to IFRS 5 is effective for the group from the year ending 30 September 2010 and relate to the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. Disclosures in other IFRSs do not apply to such assets (or disposal groups) unless those IFRSs require specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. The amendment clarifies that the disclosures under note 33 is not applicable to non-current assets (or disposal groups) classified as held for sale or discontinued operations and was early adopted in the current year.

35.2 Changes to comparative information

No changes to comparative information have been made.

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 (IFRS 8)

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 current group segment reporting is similar to the group management reporting and no material change is anticipated when this standard will be adopted from the year ending 30 September 2010.

IAS 1 Presentation of Financial Statements (Revised) (IAS 1)

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.

IFRS 2 Share-based Payments (Revised) (IFRS 2)

The amendments to IFRS 2 are effective for the group from the year ending 30 September 2010 and clarify the definition of vesting conditions and the accounting treatment of cancellations, whether by the entity or other parties, to a share-based arrangement. The group is in the process of evaluating the detailed requirements of the amendments.

IFRS 2 Group Cash-settled Share-based Payment Transactions (Revised – June 2009) (IFRS 2)

In June 2009 the IASB amended IFRS 2 to clarify its scope and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction. The amendments also incorporate the guidance contained in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2 – Group and Treasury Share Transactions. As a result IFRIC 8 and IFRIC 11 were withdrawn. The amendments are effective for the group from the year ending 30 September 2011 and the group is in the process of evaluating the requirements of the amendments.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

35. Changes in accounting policy and disclosures (continued)

35.3 New standards and interpretations not yet adopted (continued)

Annual improvements project 2008

In May 2008 the International Accounting Standards Board 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.

Annual improvements project 2009

In April 2009 the International Accounting Standards Board 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. Most of these amendments are effective from the year ending 30 September 2011. The group is in the process of evaluating the detailed requirements of the amendments.

IFRIC Interpretation 17 Distributions of Non-cash Assets to Owners (IFRIC 17)

IFRIC 17 provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its owners or when the owners are given a choice of taking cash in lieu of the non-cash assets. The interpretation clarifies that:

- A dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity.
- An entity should measure the dividend payable at the fair value of the net assets to be distributed.
- An entity should re-measure the liability at each reporting date and at settlement, with changes recognised directly in equity.
- An entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss, and should disclose it separately.

The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. The interpretation is effective for the group from the year ending 30 September 2010 and will apply to non-cash distributions to owners after 1 October 2009.

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 57 to 60. Other benefits determined below include company cars, Share Purchase Trust loans, expatriate 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 2009 was as follows:

	Salary R000	Bonus R000	Retirement and medical contributions R000	Share appreciation rights awarded* R000	Car allowances R000	Other benefits R000	**Total 2009 R000**
2009							
Executive directors							
PJ Blackbeard	2 888	227	327	(85)	201	876	**4 434**
M Laubscher	3 141	3 826	604	(91)	236	17	**7 733**
OI Shongwe	1 928	1 285	270	100	228	20	**3 831**
CB Thomson	4 761	3 219	818	39	266	355	**9 458**
DG Wilson	2 450	1 463	518	(163)	246	23	**4 537**
	15 168	10 020	2 537	(200)	1 177	1 291	**29 993**

No share options issued in previous years were exercised/ceded during the year.

	Fees R000	Car allowances R000	Fees for services to subsidiaries/ other services R000	**Total 2009 R000**
Non-executive directors				
S Baqwa	298			**298**
AGK Hamilton	1 060			**1 060**
MJ Levett (retired 30 January 2009)	283			**283**
S Mkhabela	316			**316**
DB Ntsebeza	1 438	266	2	**1 706**
TH Nyasulu	198			**198**
SB Pfeiffer	880			**880**
G Rodriguez de Castro Garcia de los Rios	690		790	**1 480**
SS Ntsaluba	265			**265**
MJN Njeke (appointed 16 September 2009)	11			**11**
	5 439	266	792	**6 497**
Total directors' remuneration				**36 490**

* *This amount relates to the IFRS 2 Share Based Payment (credit)/charge for the year on share appreciation rights and share options awarded in previous years.*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

36. Directors' remuneration and interests (continued)

Directors' remuneration (continued)

2008

	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
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 R 000	Car allow-ances R 000	Fees for services to sub-sidiaries/ other services R 000	Total 2008 R 000
Non-executive directors				
SAM Baqwa	252			252
AGK Hamilton	1 061			1 061
MJ Levett (retired 30 January 2009)	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

36. Directors' remuneration and interests (continued)

Directors' remuneration (continued)

2007

	Salary R000	Bonus R000	Retirement and medical contri-butions R000	Share options 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 R 000	Car allow-ances R 000	Fees for services to sub-sidiaries R 000	Total 2007 R 000
Non-executive directors				
SAM Baqwa	172			172
WAM Clewlow (retired 25 January 2007)	479	64	275	818
AGK Hamilton	474			474
MJ Levett (retired 30 January 2009)	961			961
S Mkhabela	172			172
DB Ntsebeza (appointed as chairman 26 January 2007)	1 048	66		1 114
TH 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

* *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.*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

36. Directors' remuneration and interests (continued)

Interest of directors in contracts

The group has guaranteed a loan from a financial institution amounting to R50 million (2008: R98 million; 2007: R91 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 2009 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					
	2009 Direct	**2009 Indirect**	2008 Direct	2008 Indirect	2007 Direct	2007 Indirect
Executive directors						
PJ Blackbeard	**38 334**		38 334		73 334	
M Laubscher	**46 101**		46 101		15 000	
OI Shongwe	**2 100**		2 100			
CB Thomson	**108 270**	**103**	108 270	103	86 499	103
DG Wilson	**5 000**		5 000			
	199 805	**103**	199 805	103	174 833	103
Non-executive directors						
AGK Hamilton	**1 850**		1 850			1 000
S Mkhabela	**1 420**					
HT Nyasulu	**650**		100			
DB Ntsebeza	**5 950**		4 500		2 500	
SB Pfeiffer	**10 000**		10 000		10 000	
	19 870		16 450		12 500	1 000
	219 675	**103**	216 255	103	187 333	1 103

36. Directors' remuneration and interests (continued)

Directors' remuneration (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 2008	Number of options/ rights as at 30 Sep 2009	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	2009/14/09
	46 627	46 627	113.01	2010/07/12
	43 296	43 296	16.95	2007/05/26
	88 978	88 978	61.01	2011/09/29
M Laubscher	18 660	18 660	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
CB Thomson	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
Baw share options	103 869	103 869		
Baw share appreciation rights	1 138 928	1 138 928		
PPC options	43 296	43 296		

* *The original option price has been modified for the changes in share price as a result of the PPC and Coatings unbundlings.*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

		Type	Issued capital Currency	Local currency amount
37.	**Principal subsidiary companies**			
	Avis Southern Africa Limited	H	ZAR	17 897 036
	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 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	22 180 000
	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
	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 coating businesses were transferred at market value in 2007 to Freeworld Coatings Limited, the shares of which were unbundled subsequent to 30 September 2007.*

	Interest of holding company											
	Effective percentage holdings			Shares			Indebtedness			Amounts owing to subsidiaries		
	2009 %	2008 %	2007 %	**2009 Rm**	2008 Rm	2007 Rm	**2009 Rm**	2008 Rm	2007 Rm	**2009 Rm**	2008 Rm	2007 Rm
	100	100	100	**106**	107	477	**70**	70	70			
	100	100	100									32
	100	100	100									
	100	100	100	**30**	30	30	**979**		3 647			1 159
			100									
	100	100	100							**95**	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	**2 590**	2 642	2 963			
	100	100	100									
	100	100	100	**1**	1	1	**9 430**	5 326		**154**	5	5
	100	100	100	**4**	4	4						32
			100									
	99.7	99.7	99.7									
			100			2 419			686			
	100	100	100	**131**	131	131						
	100	100	100									
	98.8	98.8	98.8									
	100	100	100									
	100	100	100									
				31	31	31						23
				56	56	55	**246**	360	367	**43**	73	86
				530	531	3 319	**13 315**	8 398	7 733	**292**	124	1 383

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	Securities exchange	Number of shares 2009	2008	2007
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	**2 945 216**	5 131 797	6 952 955
Unlisted investments				
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	20 000 000
First Rand Bank – preference shares		**20 000 000**	20 000 000	

* *The group's investment in these companies were fully impaired during 2007 due to the uncertain economic conditions in Zimbabwe (refer note 7).*

Investor company/associate	Principal products or activities	Issued share capital R000	Percentage held by investors 2009	2008	2007
39. Investment in associate companies					
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
International Paints (Pty) Limited	Industrial coatings	20			49
Jatran Logistics (Pty) Limited	Transport				25
Sizwe Paints (Pty) Limited	Decorative paint distributor	1			30
Valspar (SA) (Pty) Limited	Can coatings manufacturer	17			20
Barloworld Holdings PLC					
Barzem Enterprises (Pty) Limited[2]	Caterpillar dealer	48	**35**	35	35
Energyst B.V.[3]	Caterpillar engines rental	5 041	**22**	22	22
Barloworld South Africa (Pty) Limited					
Investment Facility Company 383 (Pty) Limited t/a Sizwe Car Rental	Short-term car rental		**49**	49	49

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

Investor companies/joint ventures	Principal products or activities	Percentage held by investors 2009	2008	2007
40. Significant joint ventures				
Barloworld Equipment Company				
Barloworld Optron Technologies (Pty) Limited	GPS technology on earthmoving equipment			50
The Used Equipment Company (Pty) Limited	Traders in used Caterpillar equipment			50
Bartrac Equipment (includes Democratic Republic of Congo)	Caterpillar dealer	**50**	50	50
Barloworld South Africa (Pty) Limited				
NMI Durban South Motors (Pty) Limited	Motor retailer			50
PhakisaWorld Fleet Solutions	Fleet leasing	**50**	50	50
Subaru Southern Africa (Pty) Limited	Motor retailer	**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**	50	

Under liquidation

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 venture
2009		
Goods and services sold to		
Bartrac Equipment		**5**
Barloworld Heftruck Verhuur B.V.		**97**
		102
Goods and services purchased from		
Barloworld Heftruck Verhuur B.V.		**11**
		11
Other transactions		
Management fees received from joint ventures		**5**
Other transactions		**1**
		6
Amounts due from related parties as at end of year		
Vostochnaya Technica Siberia loan		**73**
PhakisaWorld Fleet Solutions loan		**2**
Subaru Southern Africa (Pty) Limited		**11**
Barloworld Siyakhula (Pty) Limited	**5**	
	5	**86**

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

R million	Associates of the group	Joint ventures in which the group is a venture
41. Related party transactions (continued)		
2008		
Goods and services sold to		
Bartrac Equipment		87
The Used Equipment Company (Pty) Limited		9
Vostachnaya 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
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

41. Related party transactions (continued)

Terms on other outstanding balances

Unless otherwise noted, all outstanding balances are payable within 30 days, unsecured and not guaranteed.

Except for the impairment of the Finaltair loan, there are no doubtful debt provisions raised in respect of amounts due to/from related parties and no bad debts incurred during the year on these balances.

Associates and joint ventures

The loans to associates and joint ventures are repayable on demand and bear interest at market related 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 64.

Barloworld Medical Scheme

Contributions of R84 million were made to the Barloworld Medical Scheme on behalf of employees (2008: R73 million; 2007: R92 million).

42. Post balance sheet events

No material events have occurred between year end and the date of these financial statements.

Company balance sheet

at 30 September

	Notes	2009 Rm	2008 Rm	2007 Rm
Assets				
Non-current assets		**14 097**	9 142	9 889
Property, plant and equipment	2	**449**	267	132
Intangible assets	3	**22**	23	24
Long-term financial assets	4	**13 561**	8 837	9 731
Deferred taxation assets	5	**65**	15	2
Current assets		**4**	42	155
Trade and other receivables	6	**4**	42	45
Cash and cash equivalents	7			6
Assets classified as held for sale	8			104
Total assets		**14 101**	9 184	10 044
Equity and liabilities				
Capital and reserves				
Share capital and premium	9	**49**	40	11
Other reserves	11	**160**	149	15
Retained income	11	**8 232**	4 117	6 762
Interest of shareholders of Barloworld Limited		**8 441**	4 306	6 788
Non-current liabilities		**3 582**	2 783	1 617
Interest-bearing	10	**3 578**	2 775	1 576
Provisions	12	**3**	8	41
Other non-interest-bearing	13	**1**		
Current liabilities		**2 078**	2 095	1 639
Trade and other payables		**54**	51	96
Provisions	12	**2**	8	17
Amounts due to bankers and short-term loans	14	**2 022**	2 036	1 526
Total equity and liabilities		**14 101**	9 184	10 044

Company income statement

for the year ended 30 September

	Notes	2009 Rm	2008 Rm	2007 Rm
Revenue	15	**46**	162	284
Operating profit	16	**5 136**	1 025	23 052
Fair value adjustments on financial instruments	17	**(5)**	(5)	1
Finance costs	18	**(602)**	(424)	(351)
Income from investments	19		2	2
Profit before exceptional items		**4 529**	598	22 704
Exceptional items	20			132
Profit before taxation		**4 529**	598	22 836
Taxation	21	**11**	(47)	(209)
Net profit		**4 540**	551	22 627

Company cash flow statement

for the year ended 30 September

		2009 Rm	2008 Rm	2007 Rm
Cash flows from operating activities				
Cash generated/(utilised) from operations	A	**89**	(80)	(89)
Finance costs		**(602)**	(424)	(351)
Realised fair value adjustments on financial instruments		**(5)**	(5)	1
Dividends received		**4 455**	801	3 934
Interest received		**664**	409	301
Taxation paid	B	**(37)**	(60)	(112)
Cash flow from operations		**4 564**	641	3 684
Dividends paid		**(425)**	(614)	(2 059)
Cash retained from operating activities		**4 139**	27	1 625
Cash flows from investing activities				
Acquisition of property, plant, equipment and intangibles		**(191)**	(149)	(21)
Replacement capital expenditure		**(83)**	(146)	(21)
Expansion capital expenditure		**(108)**	(3)	
Proceeds from disposals of property, plant and equipment			102	2
Increase in long-term financial assets		**(4 748)**	(1 718)	(1 968)
Net cash used in investing activities		**(4 939)**	(1 765)	(1 987)
Net cash outflow before financing activities		**(800)**	(1 738)	(362)
Cash flows from financing activities				
Proceeds on share issue		**11**	23	139
Increase/(decrease) in long-term borrowings		**803**	1 199	(11)
(Decrease)/increase in short-term interest-bearing liabilities		**(14)**	510	238
Net cash from financing activities		**800**	1 732	366
Net (decrease)/increase in cash and cash equivalents			(6)	4
Cash and cash equivalents at beginning of year			6	2
Cash and cash equivalents at end of year		**0**	0	6

Notes to the company cash flow statement

	2009 Rm	2008 Rm	2007 Rm
A. Cash generated/(utilised) from operations is calculated as follows:			
Profit before taxation	**4 529**	598	22 836
Adjustments for:			
Depreciation	**8**	7	20
Loss on disposal of property, plant and equipment		2	
Impairments			37
Amortisation of intangible assets	**2**	2	3
Dividends received	**(4 455)**	(801)	(3 934)
Dividend received following the acquisition of PPC share distributed			(18 879)
Interest received	**(664)**	(409)	(301)
Finance costs	**602**	424	351
Fair value adjustments on financial instruments	**5**	5	(1)
Profit on disposal of investments and subsidiaries			(169)
BEE IFRS 2 charge	**3**	146	
Other non-cash flow items	**18**	(42)	(39)
Operating cash flows before movements in working capital	**48**	(68)	(76)
Decrease/(increase) in trade and other receivables	**38**	33	(20)
Increase/(decrease) in payables	**3**	(45)	7
Cash generated/(utilised) from operations	**89**	(80)	(89)
B. Taxation (paid) 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)	**(37)**	(60)	(112)
Cash amounts paid	**(37)**	(60)	(112)

Company statement of recognised income and expense

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
Coatings unbundling		(2 582)	
PPC unbundling			(18 879)
Net loss recognised directly in equity		(2 582)	(18 879)
Profit for the year	**4 540**	551	22 627
Total recognised income and expense for the year	**4 540**	(2 031)	3 748

Notes to the company annual financial statements

for the year ended 30 September

1. Accounting policies

Refer to group accounting policies on pages 102 to 109.

2. Property, plant and equipment

	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm
2009			
Freehold land and buildings	**492**	**52**	**440**
Investment property	**11**	**6**	**5**
Equipment, vehicles and furniture	**13**	**9**	**4**
	516	**67**	**449**
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

There are no assets encumbered.

The insurable value of the company's property, plant and equipment as at 30 September 2009 amounted to R564 million (2008: R379 million; 2007: R249 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 Rm	Total Rm
Movement of property, plant and equipment					
2009					
Net balance at 1 October 2008	**257**	**5**	**5**		**267**
Additions	**190**				**190**
	447	**5**	**5**		**457**
Depreciation (note 16)	**(7)**		**(1)**		**(8)**
Net balance at 30 September 2009	**440**	**5**	**4**		**449**
Balance reflected as property, plant and equipment	**440**	**5**	**4**		**449**
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 16)	(3)		(4)		(7)
Net balance at 30 September 2008	257	5	5	0	267
Balance reflected as property, plant and equipment	257	5	5	0	267

		Freehold land and buildings Rm	Equipment and furniture Rm	Vehicles and aircraft Rm	Total Rm
2.	**Property, plant and equipment**				
	Movement of 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 16)	(2)	(5)	(13)	(20)
	Impairment (note 16)			(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

The register of land and buildings is open for inspection at the registered office of the company.

		Capitalised software Rm	Patents trademarks and develop-ment costs Rm	Total intangible assets Rm
3.	**Intangible assets**			
	2009			
	Cost			
	At 1 October	**7**	**37**	**44**
	Additions	**1**		**1**
	At 30 September	**8**	**37**	**45**
	Accumulated amortisation			
	At 1 October	**6**	**15**	**21**
	Charge for the year (note 16)		**2**	**2**
	At 30 September	**6**	**17**	**23**
	Carrying amount			
	At 30 September	**2**	**20**	**22**
	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 16)		2	2
	At 30 September	6	15	21
	Carrying amount			
	At 30 September	1	22	23

Notes to the company annual financial statements *(continued)*

for the year ended 30 September

	Capitalised software Rm	Patents trademarks and develop-ment 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 16)	1	2	3
At 30 September	6	13	19
Carrying amount			
At 30 September	0	24	24

	2009 Rm	2008 Rm	2007 Rm
4. Long-term financial assets			
Interest in subsidiaries			
Opening balance			10 675
Prior year adjustment			(1 006)
Interest in subsidiaries	**13 553**	8 805	9 669
Unlisted investments	**5**	5	5
Other derivatives	**3**	27	29
Barloworld Share Purchase Scheme#			28
	13 561	8 837	9 731
Interest in subsidiaries			
Shares as originally stated (group note 37)	**530**	531	3 319
Amounts owing by subsidiaries (group note 37)	**13 315**	8 398	7 733
	13 845	8 929	11 052
Amounts owing to subsidiaries (group note 37)	**(292)**	(124)	(1 383)
	13 553	8 805	9 669
Fair value of unlisted investments – directors' valuation	**5**	5	5

 # Barloworld Share Purchase Scheme

Loans to executive directors for the purchase of shares amounts to R5.2 million (2008: R7.7 million, 2007: R8.6 million). In 2009 and 2008 these loans were granted by Barloworld South Africa (Pty) Limited, a subsidiary of Barloworld Limited. 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% to 12% (2008: 8.85% to 12%, 2007: 4.39% to 10%).

		2009 Rm	2008 Rm	2007 Rm
5.	**Deferred taxation assets**			
	Movement of deferred taxation			
	Balance at beginning of year	**15**	2	99
	Recognised in income statement	**48**	13	(97)
	Other movements	**2**		
	Balance at end of the year	**65**	15	2
	Analysis of deferred taxation by type of temporary difference			
	Capital allowances			(25)
	Provisions	**2**		16
	Effect of tax losses	**43**	15	8
	Other temporary differences	**20**		3
		65	15	2
	Amount of deferred tax recognised in the income statement			
	Capital allowances			4
	Provisions	**2**		5
	Effect of tax losses	**28**	15	(101)
	Other temporary differences	**18**		(5)
		48	15	(97)
6.	**Trade and other receivables**			
	Other receivables and prepayments	**4**	42	45
7.	**Cash and cash equivalents**			
	Cash and cash equivalent balances (South African rand)			6
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 year.			
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 (2008: 375 000, 2007: 375 000)	**1**	1	1
	227 440 494 ordinary shares of 5 cents each (2008: 226 878 609, 2007: 203 843 388)	**11**	11	10
		12	12	11
	Share premium:	**37**	28	0
	Balance at beginning of year	**28**	0	104
	Premium on share issues	**11**	23	139
	Premium on non-executive directors trust BEE share issues		9	
	BEE equity expenses	**(2)**	(3)	
	Premium utilised for payment of distribution			(226)
	Premium utilised for Coatings unbundling		(1)	
	Premium utilised for PPC unbundling			(17)
	Total issued share capital and premium	**49**	40	11

For further information refer to note 13 in the consolidated financial statements.

Notes to the company annual financial statements *(continued)*

for the year ended 30 September

	2009 Rm	2008 Rm	2007 Rm
10. Interest-bearing liabilities			
Total South African rand: interest-bearing	**3 578**	2 775	1 576

Of this amount R1 553 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 rate 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 loss of R26 million (2008: R27 million gain, 2007: R17 million gain) has been recognised in the current year.

Of this liability R1 232 million, is 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.

The balance of this liability of R793 million represents the issue of a corporate bond in October 2008 which is listed on the South African Bond Exchange under the code BAW2. The bond matures in October 2015 and carries a fixed coupon rate of 11.67% per annum which represents a premium of 275 basis points above the comparable Treasury stock R157 at the time of issue.

	Notes	Share capital and premium Rm	Revaluation reserves Rm	Cash flow hedging reserves Rm	Equity compensation reserves Rm	Total other reserves Rm	Total retained income Rm	Total shareholders Interest Rm
11. Company statement of changes in equity								
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
Changes in equity recognised during 2009								
Net profit for the year							**4 540**	**4 540**
Total recognised income and expense for the year							**4 540**	**4 540**
Other reserve movements				**8**	**3**	**11**		**11**
BEE equity expenses	9	**(2)**						**(2)**
Dividends on ordinary shares							**(425)**	**(425)**
Shares issued in current year	9	**11**						**11**
Balance at 30 September 2009		**49**	**3**	**(4)**	**161**	**160**	**8 232**	**8 441**

	2009 Rm	2008 Rm	2007 Rm
12. Provisions			
Non-current	**3**	8	41
Current	**2**	8	17
	5	16	58

	Post-retirement benefits Rm	Other# provisions Rm	Share^ appreciation rights Rm	Total Rm
Balance at 1 October 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)
Balance at 30 September 2008		8	8	16
Net movements		(6)	(5)	(11)
Raised		6		6
Utilised		(12)	(5)	(17)
Balance at 30 September 2009		**2**	**3**	**5**

\# *Other provisions*
These provisions comprise the following:
Unvested share options of former employees R1 million (2008: R6 million and 2007: R3 million), directors fees R1 million (2008: R1 million and 2007: nil), severence pay nil, (2008: nil and 2007: R10 million), pension, medical aid nil (2008: nil and 2007: R1 million), retirement gratuities nil (2008: nil and 2007: R1 million), and employee benefits nil (2008 and 2007: R2 million).

^ *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 34 on the group financial statements section.

	2009 Rm	2008 Rm	2007 Rm
13. Other non-interest bearing liabilities			
Other payables	**1**		
Per category			
Other liabilities	**1**		
14. Amounts due to bankers and short-term loans			
Bank overdrafts and acceptances – South African rand	**2 022**	2 036	1 526
15. Revenue			
Rendering of services		133	222
Rentals received	**46**	29	62
	46	162	284

Interest and dividends received are not included in revenue, but reflected as income under operating profit.

Notes to the company annual financial statements *(continued)*

for the year ended 30 September

		2009 Rm	2008 Rm	2007 Rm
16.	**Operating profit**			
	Operating profit is arrived at as follows:			
	Revenue	**46**	162	284
	Add: Net income	**5 090**	863	22 768
	Interest from subsidiaries	**664**	407	299
	Dividend received to unbundle PPC			18 879
	Dividends from subsidiaries	**4 455**	801	3 934
	Administrative costs	**(29)**	(345)	(344)
	Operating profit	**5 136**	1 025	23 052
	Administrative costs include the following:			
	Depreciation (note 2)	**8**	7	20
	BEE IFRS 2 charge	**3**	146	
	Loss on disposal of property, plant, and equipment		2	
	Amortisation of intangible assets (note 3)	**2**	2	3
	Administration, management and technical fees paid	**1**	7	12
	Auditors' remuneration	**2**	6	5
	Audit fees	**2**	6	5
	Other fees			
	Staff costs (excluding directors' emoluments)		205	169
	Amounts expensed in respect of retirement benefit plans:			
	Defined-contribution funds		8	13
17.	**Fair value adjustments on financial assets**			
	Financial assets at fair value through profit – held for trading items	**(5)**	3	
	Ineffectiveness recognised in loss arising from cashflow hedges		(8)	
	Profit on other financial instruments			1
		(5)	(5)	1
18.	**Finance costs**			
	Interest paid:			
	Bank	**(609)**	(329)	(252)
	Group	**7**	(95)	(99)
		(602)	(424)	(351)
19.	**Income from investments**			
	Interest received on loans		2	2
20.	**Exceptional items**			
	Profit on disposal of subsidiaries and investments			169
	Impairment of fixed assets			(37)
	Exceptional profits			132
21.	**Taxation**			
	Foreign and withholding taxation			
	Current year	**(4)**	(4)	(7)
	Deferred taxation			
	Current year	**48**	15	(55)
	Prior year			(1)
		48	15	(56)
	Secondary taxation on companies			
	Current	**(33)**	(56)	(105)
	Deferred		(2)	(41)
		(33)	(58)	(146)
	Taxation attributable to the company	**11**	(47)	(209)

	2009 %	2008 %	2007 %
21. Taxation (continued)			
Reconciliation of rate of taxation:			
South Africa normal taxation rate	**28.0**	28.0	29.0
Reduction in rate of taxation	**(29.2)**	(53.8)	(29.1)
Exempt income		(0.2)	(0.2)
Adjustment due to inclusion of dividend income	**(27.5)**	(37.5)	(28.9)
Tax on unprovided temporary differences	**(1.7)**	(16.1)	
Increase in the rate of taxation	**1.0**	33.7	1.0
Disallowable charges	**0.2**	9.7	
Tax on unprovided temporary differences		13.6	0.4
Withholding taxation	**0.1**	0.7	
Secondary taxation on companies	**0.7**	9.7	0.6
Taxation as a percentage of profit before taxation	**(0.2)**	7.9	0.9
	Rm	Rm	Rm
Tax losses and STC credits at the end of the year			
Taxation losses	**(162)**	(291)	(341)
Unutilised STC credits			(22)
	(162)	(291)	(363)
Utilised to reduce deferred taxation or create deferred taxation asset	**162**	56	22
Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation		(235)	(341)
22. Contingent liabilities			
Guarantees for loans, overdrafts and liabilities of subsidiaries	**6 476**	6 171	8 518

The company has given an indemnity to Freeworld Coatings Limited in respect of environmental claims exceeding AUD$5 million and is for a maximum period of eight years. The claims relate to the coatings Australian business sold to PPG Industries during 2007.

Barloworld has agreed to provide capital as and when Barloworld Siyakhula requires further funding to discharge some or all of its liabilities limited to R25 million. As at year end, the amount was undrawn.

23. 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.

Notes to the company annual financial statements *(continued)*

for the year ended 30 September

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	2009 Rm	2008 Rm	2007 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
Available-for-sale financial assets	4	**5**	5	5
Loans and receivables	4, 6, 7	**4**	42	79
Derivative assets designed as effective hedging instruments	4	**3**	3	
Interest in subsidiaries	4	**13 553**	8 805	9 669
		13 565	8 879	9 782
Financial liabilities:				
Financial liabilities measured at amortised cost		**54**	51	96
Interest-bearing loans	10, 14	**5 600**	4 811	3 102
		5 654	4 862	3 198
Fair value of financial instruments by category:				
Financial assets:				
Financial assets at fair value through profit or loss				
– Held for trading items			24	29
Available-for-sale financial assets		**5**	5	5
Loans and receivables		**4**	42	79
Derivative assets designed as effective hedging instruments		**3**	3	
Interest in subsidiaries		**13 553**	8 805	9 669
		13 565	8 879	9 782
Financial liabilities:				
Financial liabilities measured at amortised cost		**54**	51	96
Interest-bearing loans		**5 600**	4 768	3 070
		5 654	4 819	3 166

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.

24.2 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.

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:

	2009 Rm	2008 Rm	2007 Rm
Interest rates			
Loans at fixed rates of interest	**3 578**	2 775	1 576
Loans linked to South African money market	**2 022**	2 036	1 526
	5 600	4 811	3 102

Interest rate sensitivity analysis

The impact of changes in the interest rates is not significant as interest costs are recovered from other group companies.

	2009 Rm	2008 Rm	2007 Rm
24. Financial instruments (continued)			
iii) Other price risk			
Barloworld share price			
The company has a liability to option holders in terms of the Share Appreciation Right Scheme (as per group note 34.2)			
Barloworld share price sensitivity analysis			
Impact of a 10% increase in the Baw share price as at 30 September			
– charge to profit or loss in respect of the liability	1		

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 group note 34.2. 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.

	2009 Rm	2008 Rm	2007 Rm
Maximum exposure to credit risk (excl collateral held)			
Financial assets:			
Financial assets at fair value through profit or loss			
– Held for trading items		24	29
Available-for-sale financial assets	5	5	5
Loans and receivables	4	42	79
Derivative assets designed as effective hedging instruments	3	3	
Interest in subsidiaries	13 553	8 805	9 669
Other items including financial guarantees	6 476	6 171	8 518
	20 041	15 050	18 300

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):

		Repayable during the year ending 30 September		
	Total owing 2009	2010	2011 to 2014	2015 and onwards
Interest-bearing liabilities	7 153	2 419	2 548	2 186
Trade payables and other non-interest bearing liabilities	56	56		

	2009 Rm	2008 Rm	2007 Rm
25. Related party transactions			
With subsidiaries of the company			
Goods and services sold to	46	154	284
Dividends and interest – income	5 119	1 208	23 112
Dividends and interest – expense	(7)	95	99
Freehold land and buildings purchased from group companies		139	
Inter group loans and other amounts due from related parties as at end of year*	13 315	8 398	7 733
Inter group loans and other amounts due to related parties as at end of year*	292	124	1 383

26. Post balance sheet events

The company has subscribed R650 million for the issue of new ordinary shares in Barloworld South Africa (Pty) Limited on 9 October 2009.

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.	6 – 9, 10 – 15, 67
1.2	Description of key impacts, risks, and opportunities.	69, 70 – 71
	Organisational profile	
2.1	Name of reporting organisation.	Inside back cover
2.2	Primary brands, products, and/or services.	1, 4
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	4, 196 – 199
2.4	Location of organisation's headquarters.	45, 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.	17, 25, 33, 39, 45
2.6	Nature of ownership, legal form.	46, 64 – 65
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	17, 25, 33, 39, 45
2.8	Scale of organisation	
	• Number of employees;	85
	• Net sales (for private sector organisations) or	
	• Net revenues (for public sector organisations);	3 – 5
	• Total capitalisation broken down in terms of debt and equity (for private sector organisations); and	
	• Quantity of products or services provided.	17, 25, 33, 39
	• Total assets;	3, 110
	• Beneficial ownership (including identity and percentage of ownership of largest shareholders); and	64 – 65
	• Breakdowns by country/region of the following:	
	– Sales/revenues by countries/regions that make up 5% or more of total revenues;	128 – 130
	– Costs by countries/regions that make up 5% or more of total revenues; and	
	– Employees.	85
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).	64, 96 – 98, 135
2.10	Awards received in the reporting period.	31
	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, 94
	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.	67 – 68
3.6	Boundaries of report.	Inside front cover, 67 – 68
3.7	State any specific limitations on the scope or boundary of the report.	67 – 68, 76, 78, 79
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.	67 – 68, 103
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.	67 – 68, 76 – 77
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).	67 – 68
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	67 – 68, 189
	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

GRI Ref		Pages
	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).	68, 95, 100
	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.	47 – 57
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).	48
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organisation defines 'independent 'and 'non-executive'. This element applies only for organisations that have unitary board structures. See the glossary for a definition of 'independent'.	50 – 53
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.	62, 80, 85 – 87 90 – 93, 221, 223
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).	57 – 60, 75, 90
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	47 – 49, 61 – 62
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.	47 – 49, 56, 61 – 62
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.	Inside front cover, 61, 66, 68
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.	60, 69
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	49, 62, 221
	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.	73, 80, 91
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.	46, 61, 67 – 68 73, 75, 81 – 82
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.	93

Global reporting initiative (GRI) index *(continued)*

GRI Ref		Pages
	Aspect: 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.	92 – 94
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.	92 – 94
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.*	62, 91 – 94
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.	87, 92 – 94
	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.	72
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	68 – 69
EC3	Coverage of the organisation's defined benefit plan obligations.	105, 162
EC4	Significant financial assistance received from government.	Nil
	Aspect: Market presence	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	85
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	83 – 84, 93
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	85
	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.	84
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	72, 83 – 84, 93
	Environmental performance indicators	
	Aspect: Materials	
EN1	Materials used by weight or volume.	79
EN2	Percentage of materials used that are recycled input materials.	79
	Aspect: Energy	
EN3	Direct energy consumption by primary energy source.	76
EN4	Indirect energy consumption by primary source.	76
EN5	Energy saved due to conservation and efficiency improvements.	76
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	76 – 77
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	76
	Aspect: Water	
EN8	Total water withdrawal by source.	78
EN9	Water sources significantly affected by withdrawal of water.	78
EN10	Percentage and total volume of water recycled and reused.	78
	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.	80
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	80
EN13	Habitats protected or restored.	80
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	80
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	80

GRI Ref		Pages
	Aspect: Emissions, effluents, and waste	
EN16	Total direct and indirect greenhouse gas emissions by weight.	77
EN17	Other relevant indirect greenhouse gas emissions by weight.	77
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	76 – 77
EN19	Emissions of ozone-depleting substances by weight.	77
EN20	NO, SO, and other significant air emissions by type and weight.	77
EN21	Total water discharge by quality and destination.	78
EN22	Total weight of waste by type and disposal method.	79
EN23	Total number and volume of significant spills.	79
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.	79
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting.	80
	Aspect: Products and services	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	73 – 79
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	79
	Aspect: Compliance	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	73
	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.	74
	Aspect: Overall	
EN30	Total environmental protection expenditures and investments by type.	73, 77 – 78
	Labour practices and decent work performance indicators	
	Aspect: Employment	
LA1	Total workforce by employment type, employment contract, and region.	85
LA2	Total number and rate of employee turnover by age group, gender, and region.	89
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	85
	Aspect: Labour/management relations	
LA4	Percentage of employees covered by collective bargaining agreements.	86
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	89
	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.	86
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	86
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	86
LA9	Health and safety topics covered in formal agreements with trade unions.	86
	Aspect: Training and education	
LA10	Average hours of training per year per employee by employee category.	88
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	89
LA12	Percentage of employees receiving regular performance and career development reviews.	90
	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.	53 – 57, 82, 83
LA14	Ratio of basic salary of men to women by employee category.	81
	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.	80
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	80
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.	80

Global reporting initiative (GRI) index *(continued)*

GRI Ref		Pages
HR4	**Aspect: Non-discrimination** Total number of incidents of discrimination and actions taken.	81
HR5	**Aspect: Freedom of association and collective bargaining** 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.	85 – 86
HR6	**Aspect: Child labour** Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	87
HR7	**Aspect: Forced and compulsory labour** 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.	87
HR8	**Aspect: Security practices** Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	80
HR9	**Aspect: Indigenous rights** Total number of incidents of violations involving rights of indigenous people and actions taken.	87
SO1	**Society performance indicators** **Aspect: Community** Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	80
SO2	**Aspect: Corruption** Percentage and total number of business units analysed for risks related to corruption.	80
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	80
SO4	Actions taken in response to incidents of corruption.	80
SO5	**Aspect: Public policy** Public policy positions and participation in public policy development and lobbying.	93
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	81
SO7	**Aspect: Anti-competitive behaviour** Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.	Not reported
SO8	**Aspect: Compliance** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	73, 92
PR1	**Product responsibility performance indicators** **Aspect: Customer health and safety** 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.	91
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.	92
PR3	**Aspect: Product and service labelling** Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	91
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	92
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	91 – 93
PR6	**Aspect: Marketing communications** Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	92
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.	92
PR8	**Aspect: Customer privacy** Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	92
PR9	**Aspect: Compliance** Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	92

Letter from the chairman

Dear Member

I have pleasure in inviting you to attend the 93rd annual general meeting (AGM) of Barloworld Limited, to be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Thursday, 28 January 2010 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 2010; or

- Faxed, together with the form of proxy, to our transfer secretaries in South Africa:
  Link Market Services South Africa (Pty) Limited
  11 Diagonal Street, Johannesburg 2001
  (PO Box 4844, Johannesburg 2000) South Africa
  Fax number +27 11 834 4398
  to be received no later than 12:30 on Tuesday, 26 January 2010; 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 2010; 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
11 December 2009

Head office
180 Katherine Street
PO Box 782248
Sandton, 2146
South Africa
Tel: +27 11 445 1000
Fax: +27 11 444 4170
Website: www.barloworld.com

Barloworld Limited (Reg No 1918/000095/06)

Directors
DB Ntsebeza (Chairman)
SAM Baqwa
PJ Blackbeard
PJ Bulterman
AGK Hamilton*
M Laubscher
SS Mkhabela
MJN Njeke
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 2009

Financial year-end		30 September
Annual general meeting		28 January 2010
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	April	May
	November	November
• Ordinary shares – interim	May	June
– final	November	January
Details of final dividend declared		
• Cents per share		70
• Date declared		Monday, 16 November 2009
• Last day to trade *cum* dividend		Friday, 8 January 2010
• First trading day *ex* dividend		Monday, 11 January 2010
• Record date		Friday, 15 January 2010
• Payment date		Monday, 18 January 2010

Share certificates may not be dematerialised or rematerialised between Monday, 11 January 2010 and Friday, 15 January 2010, 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
("the company")

Notice is hereby given that the ninety-third 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, 28 January 2010, 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 2009, 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 2009, 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 MJN Njeke, having been appointed during the financial year, is required to retire. Messrs SAM Baqwa, DB Ntsebeza, OI Shongwe and DG Wilson are required to retire by rotation. All retiring directors are eligible and they have offered themselves for re-election respectively. Brief biographical notes of each director standing for election or re-election are set out on pages 52 to 53 of the annual report.

The nomination committee of the company has conducted an assessment of the performance of each of the retiring candidates and the board accepted the results of that assessment. Accordingly, the board recommends to shareholders the election or re-election of each of the retiring directors referred to in Resolutions 2 to 6.

1.2.1 Ordinary resolution 2

"Resolved that Mr SAM Baqwa who retires in terms of article 66 of the articles of association of the company and is eligible and available for election, be and he is hereby re-elected as a director of the company."

1.2.2 Ordinary resolution 3

"Resolved that Mr MJN Njeke who retires in terms of article 59.3.1 of the articles of association of the company and is eligible and available for election, be and he is hereby elected as a director of the company."

1.2.3 Ordinary resolution 4

"Resolved that Mr DB Ntsebeza 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."

1.2.4 Ordinary resolution 5

"Resolved that Mr OI Shongwe 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."

1.2.5 Ordinary resolution 6

"Resolved that Mr DG Wilson 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."

1.3 To appoint the audit committee in terms of section 94 of the Companies Act 71, 2008 which will be applicable from 1 April 2010.

1.3.1 Ordinary resolution 7

"Resolved that the audit committee be appointed in terms of section 94(2). The board has determined that each of the members standing for appointment is independent in accordance with the requirements of section 94(4)(b), and that they possess the required qualifications and experience as determined by the board.

The proposed members of the audit committee are as follows:

Mr AGK Hamilton	Chairman
Mr MJN Njeke	Member
Mr SS Ntsaluba	Member

Brief biographical notes of each member standing for appointment are set out on pages 52 to 53 of the annual report.

1.4 To reappoint Deloitte & Touche as external auditors and to authorise the directors to determine their remuneration for the past audit.

1.4.1 Ordinary resolution 8

"Resolved that Deloitte & Touche be reappointed as the external auditors of the company and of the group until the conclusion of the next annual general meeting, and that their remuneration for the past audit be determined by the directors."

It is noted that the individual registered auditor who will undertake the audit during the financial year ending 30 September 2010 is Mr AG Waller.

1.5 To approve the non-executive directors' fees.

1.5.1 Ordinary resolution 9

"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 2010 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	R204 500	R220 000
Non-resident non-executive directors	£51 600	£52 600
Chairman of the audit committee	£25 000	£25 500
Resident members of the audit committee	R68 150	R73 500
Chairman of the remuneration committee (non-resident)	£16 000	£16 300
Chairman of the empowerment and transformation committee (resident)	R75 000	R81 000
Chairman of the risk and sustainability committee (resident)	–	R81 000
Resident members of each of the board committees	R51 120	R55 210
Non-resident members of each of the board committees	£3 405	£3 475

1.6 To place 5% of the issued shares under the control of directors, thus providing the company with flexibility to take advantage of opportunities that may arise including the possibility of payment of a scrip dividend if the board deems appropriate.

1.6.1 Ordinary resolution 10

"Resolved that the directors of the company be and are hereby authorised as a general authority, to allot and issue, after providing for the requirements of the Barloworld 1985 Share Option Scheme, up to 5% of the authorised but unissued ordinary shares of 5 cents each in the share capital of the company, at such time or times to such person or persons; or bodies corporate upon such terms and conditions as the directors may from time to time in their sole discretion determine, subject to the provisions of the Companies Act and the JSE Listings Requirements."

This ordinary resolution 9 is required in order to comply with the provisions of section 221 of the Companies Act and has been limited to ensure that not all of the current unissued share capital, being 72 559 506 ordinary shares as at 30 September, be placed under the control of the directors.

1.7 To advance the objectives of retention of key talent while aligning the interests of participants with those of shareholders.

1.7.1 Ordinary resolution 11

"Resolved that the Barloworld Limited Forfeitable Share Plan (FSP) tabled at the meeting and initialled for purposes of identification be and is hereby adopted by the company and the directors are authorised to take all steps necessary to implement the FSP."

In terms of JSE Listings Requirements, a 75% majority of all votes cast is required for the adoption of this ordinary resolution.

The FSP scheme rules will be available for inspection to shareholders at the registered office of the company: Barloworld Corporate Office, 180 Katherine Street, Sandton, for a period of 14 (fourteen) days prior to the annual general meeting to be held on 28 January 2010.

1.7.2 Ordinary resolution 12

"Resolved that, subject to the passing of ordinary resolution 11, and subject also to the provisions of the Companies Act, 1973, as amended, and the Listings Requirements of the JSE Limited, the authorised but unissued ordinary shares of 5 cents each in the share capital of the company comprising the ordinary shares that may be purchased in the market and allocated to participants in settlement of the Forfeitable Share Plan (FSP) be placed at the disposal of and directly under the control of the directors, who are hereby authorised to allot and issue such shares in their discretion to such persons, on such terms and conditions and at such times as the directors may determine in accordance with the Rules of the FSP."

2. Special business

As special business, to consider and, if deemed fit, pass with or without modification the following resolutions:

2.1 Special resolution 1

"Resolved as a special resolution and subject to the passing of ordinary resolutions 11 and 12 that in accordance with section 38(2A) of the Companies Act, as amended, the company be authorised to provide financial assistance for the purchase of or subscription for shares in respect of the Barloworld Forfeitable Share Plan (FSP) upon the terms expressly set out in the Share Scheme Rules."

The reason and effect of the special resolution is to permit the company to provide financial assistance for the purchase of or subscription for shares to give effect to the requirements and implementation of the Barloworld FSP.

2.2 Special resolution 2

"Resolved that the authorised ordinary share capital of the company be increased from 300 000 000 ordinary shares of 5 cents each, to 400 000 000 ordinary shares of 5 cents each."

The reason for special resolution 2 is to increase the authorised ordinary share capital of the company so as to provide the company with sufficient authorised ordinary shares to enable it to have available adequate unissued ordinary shares to, *inter alia*, take advantage of any opportunities which may arise in the future and which would require the allotment and issue by the company of ordinary shares in the company. Shareholder approval would be required for any allotment of shares, other than those placed under the control of directors, in terms of ordinary resolutions 10 and 11 above. The effect of passing special resolution 2 will be to increase the authorised ordinary share capital of the company by R5 000 000 by the creation of 100 000 000 new ordinary shares having a par value of 5 cents each.

The authorised share capital of the company was last increased in 1997 and after taking into account the shares to be set aside from the unissued shares of the company, as previously approved by shareholders for purposes of the company's share incentive scheme and the employee share ownership plans to be implemented outside of South Africa totalling 2 637 709 ordinary shares as at 30 September 2009, the company has minimal shares in reserve for this purpose.

2.3 Special resolution 3

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, of 10% of the issued ordinary share capital in the aggregate;

(d) in the event that the directors are granted general authority to buy back a maximum 10% of the issued share capital of Barloworld, or in the case of acquisition by any of the company's subsidiaries, 10% of the issued ordinary share capital in the aggregate, it is the opinion of the directors that following such maximum repurchase of shares:
  - the company and the group would be able in the ordinary course of business to pay its debts for a period of 12 months after the date of notice issued in respect of the annual general meeting;
  - the assets of the company and the group would be in excess of the liabilities of the company and the group. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;
  - the ordinary capital and reserves of the company and the group would be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting; and
  - the working capital of the company and the group would be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting;

(e) the repurchase of securities to be effected through the order book operated by the JSE trading system and to be done without any prior understanding or arrangement between the company and the counterparty;

(f) the authorisation to repurchase the shares is in accordance with the company's articles of association;

(g) that only one agent will effect the buy-back on behalf of the company;

(h) that after the repurchase has been effected the company will still comply with shareholder spread requirements of the JSE Limited;

Notice of annual general meeting *(continued)*

(i) the company and its subsidiary will not repurchase shares during a prohibited period;

(j) the company and its subsidiaries, prior to undertaking a repurchase, will obtain a working capital letter from its sponsor."

The reason for proposing and the effect of special resolution 3 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 3:

Details of the directors
Directors' details can be found by referencing the table on pages 52 to 53.

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 194.

Major shareholders
Details of major shareholders of the company are set out on page 64.

Share capital of the company
Details of the share capital of the company are set out on page 209.

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 16 November 2009.

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 12:00 (South African time) on 26 January 2010.

Shareholders who have dematerialised their shares through a Central Securities Depository 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.

3. To transact such other business as may be transacted at an annual general meeting.

By order of the board

S Mngomezulu
Secretary
Sandton

11 December 2009

Appendix A

Salient features of the Barloworld Limited Forfeitable Share Plan

Introduction

In line with global best practice and emerging South African practice, the Company intends to adopt a new share incentive plan for its senior management, a Forfeitable Share Plan (FSP). This plan is in line with practice in FTSE 100 and FTSE 250 companies in the United Kingdom and with several recently adopted schemes for large JSE-listed companies.

The purpose of the FSP is to assist senior management retention and to provide executive directors and selected employees with the opportunity to receive shares in the Company thereby aligning their interests with those of shareholders. The FSP could be used as part of future regular allocations, to complement the existing Cash-Settled Share Appreciation Right Scheme, provided that the combined value of such awards is within market benchmarks.

In the case of executive directors, the Vesting of a significant majority of the Shares, as determined by the Remuneration Committee, will be subject to the achievement of Performance Targets, while the Vesting of all Forfeitable Shares will be subject to the Vesting Condition.

In certain jurisdictions where the delivery of Shares is impossible or impractical, the Company retains the right to adopt a Country Schedule in respect of such jurisdiction and pay such Participants a cash amount in lieu of Shares on the Vesting Date.

As the intent of the FSP will be to purchase Shares in the market to settle the benefits, the FSP is not expected to be dilutive. This can be contrasted with conventional share option schemes, which typically use newly issued shares to settle the share options.

Glossary of terms

"Agreed Termination" the termination of a Participant's employment with the Group where such termination is by mutual agreement between the Group and the Participant;

"Allocated" for purposes of setting the FSP limits, one Share allocated per any one Award made;

"Award" an award of a specified number of Forfeitable Shares to the Participant on terms that he may forfeit the Forfeitable Shares in the circumstances set out in the Award Letter, and "Awarded" shall bear a similar meaning;

"Award Date" the date, specified in the Award Letter, on which an Award is made to an Employee and the Employee will be deemed to have automatically accepted the Award on this date, unless otherwise specified in the Rules;

"Award Letter" a letter, sent by the Company or its nominee, and on the recommendation of the Employer Company to a Participant informing the Participant of the grant of an Award to him;

"Company" Barloworld Limited (Registration Number 1918/000095/06);

"Directors" the board of directors of the Company;

"Employee" a person eligible for participation in the FSP namely an Employee of an Employer Company who is not a non-executive director of the Company;

"Employer Company" a company in the group which employs an Employee and which will have an obligation to procure the delivery of Shares to such Participant;

"Forfeitable Shares" the Shares comprised in the Award registered in the name of the Participant or held for his benefit in dematerialised form;

"FSP" Barloworld Limited Forfeitable Share Plan 2009 constituted by these Rules, as amended from time to time;

"Group" the Company and its subsidiaries; from time to time, and such joint ventures and other entities as identified by the Directors;

"JSE" the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, licensed as an exchange under the Securities Services Act, No. 36 of 2004;

"Participant" an Employee who has accepted or is deemed to have accepted an Award made to him in terms of the FSP and includes the executor of such Employee's deceased estate where appropriate;

"Performance Period" the period in respect of which a Performance Target is to be satisfied, as set out in the Award Letter;

"Performance Target" a performance target imposed as a condition of the Vesting of an Award;

"Reconstruction or Takeover" any takeover, merger or reconstruction, however effected, including a reverse takeover, reorganisation or scheme of arrangement sanctioned by the court, but does not include any event which consists of or is part of an internal reconstruction of the Company or Group which does not involve any change of control of the Company;

"Remuneration Committee" the remuneration committee of the board of Directors of the Company or any other committee appointed by the board of Directors of the Company for purposes of the FSP, the members of which do not hold any executive office with the Group;

"Retirement" in relation to a Participant, retirement in terms of the rules of the Participant's Employer Company's pension or provident fund or, in relation to a Participant who is not a member of such fund, reaching the age of 63 years or retirement pursuant to a service contract between the Participant and his current employer;

"Settlement" delivery by the Employer Company to a Participant of the required number of Forfeitable Shares to which a Participant is entitled pursuant to the making of the Award to a Participant and "Settled" shall bear a corresponding meaning;

"Settlement Date" the date on which Settlement shall occur;

"Shares" an ordinary share in the capital of the Company;

"Vesting Condition" the condition of continued employment with an Employer Company for the duration of the Vesting Period up to and including the Vesting Date;

"Vesting Date" the date on which a Participant becomes unconditionally entitled to the Forfeitable Shares free of any restrictions and forfeiture, and "Vest", "Vesting" and "Vested" shall be construed accordingly; and

"Vesting Period" the period specified in the Award Letter for which the Participant should fulfil the Vesting Condition.

Salient features of the FSP

The FSP

In the case of executive directors, the Vesting of a significant majority of Forfeitable Shares, as determined by the Remuneration Committee, will be subject to the achievement of Performance Targets over the Performance Period, while the Vesting of all Forfeitable Shares will be subject to the Vesting Condition.

Following the grant of the Award, the relevant Employer Company shall, within 30 (thirty) days of the Award Date, procure the Settlement of that number of Forfeitable Shares to the Participant. With effect from the Settlement Date, Participants shall have all shareholder rights in respect of the Shares.

The Award shall be subject to restrictions such that the Forfeitable Shares to which the Forfeitable Award relates may not be disposed of, ceded, transferred or otherwise encumbered at any time before the Vesting Date.

Eligibility

Directors (excluding non-executive directors of the Company) and Employees of the Group are eligible to participate in the FSP. The Employer Companies will recommend participation in the FSP to the Remuneration Committee.

Vesting

In the case of executive directors, the Vesting of a significant majority of Forfeitable Shares, as determined by the Remuneration Committee, will be subject to the achievement of Performance Targets over the Performance Period, while the Vesting of all Forfeitable Shares will be subject to the Vesting Condition.

Performance targets

The Performance Targets will be set by the Remuneration Committee and will be based on shareholder returns and company performance.

Limits

Overall Company limit

The aggregate number of Shares at any one time which may be Allocated under the FSP when added to options granted in accordance with the rules of the Barloworld 1995 Share Options Scheme and share appreciation rights granted over representative shares in accordance with the Barloworld Cash-Settled Share Appreciation Right Scheme 2007 shall not exceed 22 744 049 (twenty two million seven hundred and forty four thousand and forty nine) Shares equating to approximately

Appendix A *(continued)*

10% (ten percent) of the current issued share capital of the Company. In the event of a discrepancy between the number of Shares and the percentage of issued Shares it represents, the number of Shares shall prevail over the stated percentage. The limit referred to shall exclude Shares allocated to Participants which have been forfeited and shares purchased in the market in Settlement of Awards.

Individual limit

The maximum number of Shares which may be Allocated to any Participant under the FSP shall not exceed 568 601 (five hundred and sixty eight thousand six hundred and one) Shares, representing approximately 0.25% (zero point two five percent) of the current issued ordinary share capital of the Company. In the event of a discrepancy between the number of Shares and the percentage of issued Shares it represents, the number of Shares shall prevail over the stated percentage.

Cessation of employment and death

Resignation or dismissal

If a Participant's employment with an Employer Company terminates prior to the Vesting Date by reason of his resignation (other than Agreed Termination) or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by him or otherwise or where he resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) before the Vesting Date, all his Awards will be forfeited and will lapse.

Voluntary Retirement

Subject to the provisions of this Rule, if a Participant's employment with any Employer Company terminates before the Vesting Date by reason of Voluntary Retirement, a portion of his Award shall continue to exist subject to the Rules and the conditions set out in the Award Letter as though the Participant had continued to be an Employee. The portion of the Award which shall continue to exist will reflect the number of months served since the Award Date over the total months over the Vesting Period (the Continuing Portion). The remainder of the Award shall lapse on the Date of Termination of Employment. The Continuing Portion will Vest on the Vesting Date provided that, at any date between the Date of Termination of Employment and the Vesting Date, the Participant has not been employed by a competitor of the Company. Where this condition has not been met and the Participant has been employed by a competitor of the Company, the Continuing Portion will lapse on the Vesting Date and the Forfeitable Shares in respect of the Continuing Portion will be forfeited in their entirety.

Agreed termination, retrenchment, retirement, death, ill health, injury, disability, Employer Company ceasing to be a subsidiary or other reasons for cessation of employment

If a Participant ceases to be an employee of an Employer Company by reason of agreed termination, retrenchment, retirement, death, ill health, injury, disability, the Employer Company ceases to be a subsidiary of the Company or other reasons for cessation of employment other than resignation or dismissal or retirement, then the Vesting Date in respect of a proportion of his Forfeitable Shares shall be advanced to a date as soon as practical after the Date of Termination of Employment. The proportion of Forfeitable Shares which will Vest will reflect the number of months served since the Award Date and the extent to which the Performance Target has been met, as applicable. To the extent that the Forfeitable Award does not Vest, the balance of the Forfeitable Shares not Released will lapse immediately.

Change of control

In the event of a change of control of the Company or Reconstruction or Takeover occurring before the Vesting Date, the Remuneration Committee shall, by written notice to the Participants, deem a pro-rata portion of the Awards that have not yet Vested (unvested) to Vest on the date of the change of control or Reconstruction or Takeover. The pro-rata portion of the unvested Awards that Vest will reflect the number of months served since the Award Date until the date of the change of control or Reconstruction or Takeover and the extent to which the Performance Target has been met, as applicable. The portion of the Awards that do not Vest at this time, will continue to be subject to the terms of the Award Letter relating thereto unless the Remuneration Committee, in its absolute discretion, determines that the terms of the Award Letter relating thereto are no longer appropriate, in which case the Remuneration Committee shall make such adjustment to the number of Awards or take such other action as may be required.

If there is an internal reconstruction or other event which does not involve any change in the ultimate Control of the Company, and therefore is not a Reconstruction or Takeover, or if any other event happens which may affect Awards, including the Shares ceasing to be listed on the JSE, the Remuneration Committee may take such action as it considers appropriate to protect the interests of Participants, including converting Awards into forfeitable share awards in respect of shares in one or more other companies, provided the Participant is no worse off.

Variation in share capital

In the event of a rights issue, capitalisation issue, a subdivision of shares, consolidation of shares, the Company being put into liquidation, any other corporate action or other event affecting the share capital of the Company, or in the event that the Company makes a distribution in specie or a payment in terms of section 90 of the Companies Act 61 of 1973 (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), Participants shall continue to participate in the FSP and the Remuneration Committee shall make such adjustment to the number of Shares comprised in the Award, or take such other action, as is thought appropriate. Such adjustment should give the Participant an entitlement to the same proportion of the equity capital as that to which he was entitled prior to the occurrence of the relevant event.

Amendments to the FSP

Amendments to the provisions of the FSP relating to:

- eligibility to participate in the FSP
- the number of Shares which may be utilised for the purpose of the FSP;
- the basis for determining Awards;
- the voting, dividend, transfer and other rights attached to the Awards, including those arising on a liquidation of the Company;
- the adjustment of Awards in the event of a variation of capital of the Company or a Reconstruction or Takeover of the Company;
- the procedure to be adopted in respect of the Vesting of Awards in the event of termination of employment; and
- the limitations on benefits or maximum entitlements,

may not be amended without the prior approval by ordinary resolution of 75% (seventy five percent) of shareholders of the Company present or by proxy in general meeting and the JSE.

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, 28 January 2010 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. SAM Baqwa			
3. MJN Njeke			
4. DB Ntsebeza			
5. OI Shongwe			
6. DG Wilson			
7. Appointment of audit committee			
8. Appointment of auditors			
9. *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			
Chairman of the remuneration committee (non-resident)			
Chairman of the empowerment and transformation committee (resident)			
Chairman of the risk and sustainability committee (resident)			
Resident members of each of the board committees			
Non-resident members of each of the board committees			
10. Place 5% of the unissued shares under the control of directors			
11. Approval of Forfeitable Share Plan (FSP)			
12. Acquisition of FSP shares on market			
Special resolutions 1. Approval for financial assistance for FSP			
2. Increase of authorised share capital			
3. 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 ______________________ 2009/2010

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 Tuesday, 26 January 2010.
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.

Corporate information

Registered office and business address
Barloworld Limited
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Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex
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Tel: +44 190 383 3381

Transfer secretaries – South Africa
Link Market Services South Africa
(Proprietary) Limited
(Registration number 2000/007239/07)
11 Diagonal Street
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Tel: +27 11 630 0000

Transfer secretaries – Namibia
Transfer Secretaries (Proprietary) Limited
(Registration number 93/713)
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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 2009. 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.

Accounting policies are set out on pages 102 to 109. 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.

Accounting definitions can be found on our website www.barloworld.com under Investor centre.

The previous report was published in December 2008.

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

A full GRI index is included on pages 216 to 220. 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:
Sibani Mngomezulu, Head of investor relations, Barloworld Limited,
180 Katherine Street, Sandton, 2146, South Africa
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