About Barloworld

Barloworld is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. The core divisions of the group comprise Equipment (earthmoving and power systems), Automotive (car rental, motor retail and fleet services), Handling (materials handling and agriculture) and Logistics (logistics management and supply chain optimisation). We offer flexible, value adding, integrated business solutions to our customers backed by leading global brands. The brands we represent on behalf of our principals include Caterpillar, Hyster, Avis, Audi, BMW, Ford, General Motors, Mercedes-Benz, Toyota, Volkswagen and others.

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

The company was founded in 1902 and currently has operations in 38 countries around the world with approximately 60% of our eighteen thousand employees in South Africa.

About this report

Barloworld's annual report covers the economic, environmental and social activities of the group and their consequences for stakeholders for the year ended 30 September 2010. It provides an account of the group's progress to date and offers a forward-looking perspective in terms of future goals, targets and value creating strategies. It aims to provide a broad range of stakeholders with a transparent, balanced and holistic view of the group's performance.

The report is evolving to present these aspects in an integrated manner confirming operational responsibility and accountability for business sustainability and highlighting stakeholder interdependence.

A print version of this annual report has been sent to shareholders The report includes comparative information on Barloworld's performance in prior years, with information disclosed in past annual reports being restated where appropriate.

The front section summarises key aspects of the group and provides a strategic overview of its activities. Salient indicators, an overview of operations and a strategic framework are underpinned by a commitment to corporate governance and ethical behaviour.

The chairman's review and chief executive's report give oversight of the business, addressing past performance, covering important aspects, indicating strategic direction and future opportunities.

Divisional overviews provide details of their activities and insight into performance and are followed by the governance section which covers legal and ethical corporate conduct.

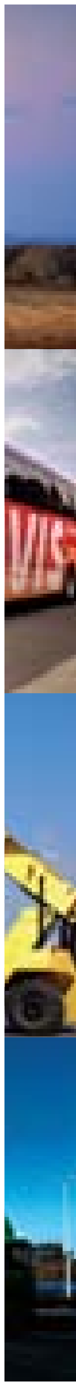
Whilst progress is made towards disclosing sustainability issues throughout the report, the section on underscoring sustainability highlights and consolidates information required to provide an overall perspective of the group's value creation activities to all stakeholders.

Barloworld reporting continues to be influenced by the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines in determining relevant content and performance metrics.

Any questions or suggestions on the report can be forwarded to invest@barloworld.com

For the third consecutive year the Barloworld 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.



Content

Salient features

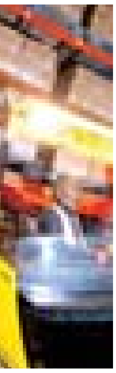
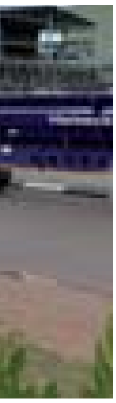
- **Revenue R40 830 million** (2009: R45 269 million)
- **EBITDA R3 318 million** (2009: R4 061 million)
- **HEPS** from continuing operations **212 cents** (2009: 351 cents)
- Agreement to acquire remaining **50%** of Caterpillar dealership in Russia
- Disposal of car rental Scandinavia concluded for **R1 billion** enterprise value
- **Net cash inflow** before financing **R2 286 million** (2009: R1 207 million)
- Net debt reduced by **R3 billion**
- Strong working capital management
- Order books starting to rebuild across most businesses
- Total dividend of **75 cents** per share (2009: 110 cents)

Financial highlights

	2010 Rand	2009 Rand	**2010 US$**	2009 US$
Revenue (million)*	**40 830**	45 269	**5 454**	5 092
EBITDA (million)*	**3 318**	4 061	**443**	457
Operating profit (million)*	**1 376**	1 994	**183**	224
Net cash inflow before financing activities (million)	**2 286**	1 207	**305**	136
Net debt (million)	**5 049**	8 041	**724**	1 061
HEPS (cents)*	**212**	351	**28**	39
Ordinary dividends per share declared in respect of current year's earnings (cents)	**75**	110	**10**	12
Total assets (million)	**25 690**	30 095	**3 683**	3 972
Net asset value per share (cents)	**5 032**	5 731	**721**	756

** From continuing operations*



Clear vision

- Market leader – providing integrated solutions in distribution, rental, fleet management, product support and logistics
- Service excellence underpin to integrated solutions

Strategic focus

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

Leading international brands

- Caterpillar, Hyster, Avis and leading automotive brands

Attractive growth prospects

- Exposure to mining, infrastructure, power, agriculture, tourism and logistics sectors with above average long term growth potential particularly in emerging markets
- Well positioned in southern Africa and Russia

Business and geographic diversity

- Operations across various lines of business in 38 countries enhances resilience through the business cycle
- Business diversity and exposure to mix of commodities, brands and sector opportunities adds to the overall resilience

Strong financial position

- Limited reliance on short-term funding facilities
- Gearing levels within target ranges, reducing net debt levels with strong operational cash flows and significant unutilised borrowing facilities
- Fitch credit rating maintained at investment grade A+

Experienced management team

- Proven ability to execute strategy with effective cash flow, capex, working capital and expense management focus
- Capable and adaptable Barloworld people at all levels

Responsible corporate citizenship

- 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




Barloworld Equipment

Barloworld Equipment and Caterpillar have shared a partnership for 83 years in South Africa. Today Barloworld's Caterpillar 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), as well as Spain, Portugal, Andorra, Cape Verde, São Tomé and Príncipe, Siberia and the Russian Far East. Barloworld Equipment also represents MAK and Perkins engines, Atlas Copco rotary blasthole drills and Metso mobile crushing and screening equipment for mining and construction. Customers are provided 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.

Barloworld Automotive

Barloworld Automotive provides a range of integrated motor vehicle usage solutions through the successful operation of complementary business units. These include vehicle ownership, short- and long-term rental, and asset disposal solutions.

Avis short-term vehicle rental is available throughout southern Africa. Motor retail operates leading motor vehicle franchise dealerships in South Africa, Australia and Botswana. Additional products and services include coachworks repair centres, motor vehicle finance and insurance and related products and services.

Avis Fleet Services provides long-term rental and value added services to passenger and commercial fleet operators in southern Africa. Used and disposal solutions are provided in South Africa through innovative asset disposal systems.

Barloworld Handling

Barloworld Handling is the world's largest independent Hyster lift truck dealer, offering customers a full range of lift trucks and warehouse/handling equipment solutions in the south-eastern United States of America, United Kingdom, The Netherlands, Belgium, Mozambique and South Africa. The handling division has represented the market-leading Hyster brand for over 80 years, leveraging the strength of the brand through innovative solutions for customers' materials handling needs.

Barloworld Handling also represents the CLAAS, Challenger and Massey Ferguson ranges of agriculture equipment in southern Africa as well as SEM wheel-loader products.

Barloworld Logistics

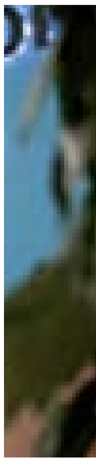
Barloworld Logistics has grown into one of the leading logistics and supply chain management businesses in southern Africa, with complementary operations in China, the United Arab Emirates, Iberia, Germany and the United Kingdom. The division creates unique value for its clients through a more holistic approach to supply chain management and skilful, technology-enabled integration of the various logistics components in a typical supply chain. Clients benefit from the competitive advantage of enabling business strategy through an aligned supply chain strategy. Barloworld Logistics also offers traditional logistics services such as transportation, warehousing and freight forwarding.

R million	Revenue Year ended 30 Sept 2010	 2009 Restated	Operating profit/(loss) Year ended 30 Sept 2010	 2009	Net operating assets 30 Sept 2010	 2009
– Southern Africa	**8 379**	11 187	**725**	1 282	**2 990**	4 703
– Europe	**3 854**	5 892	**(69)**	11	**2 626**	3 462
	12 233	17 079	**656**	1 293	**5 616**	8 165
Share of associate income			**8**	51		

R million	Revenue Year ended 30 Sept 2010	 2009 Restated	Operating profit/(loss) Year ended 30 Sept 2010	 2009	Net operating assets 30 Sept 2010	 2009
Car rental southern Africa	**3 204**	3 059	**283**	254	**2 580**	2 266
– Southern Africa	**12 341**	11 525	**258**	232	**1 599**	1 682
– Australia	**3 737**	2 937	**82**	59	**1 009**	946
Motor retail	**16 078**	14 462	**340**	291	**2 608**	2 628
Leasing southern Africa*	**1 545**	1 552	**149**	158	**441**	387
	20 827	19 073	**772**	703	**5 629**	5 281
Share of associate income/(loss)			**4**	(11)		

** For Leasing southern Africa, operating profit before interest paid is R278 million (2009: R293 million) resulting in total divisional operating profit before interest of R901 million (2009: R838 million). Net operating assets is after deducting interest-bearing debt.*

R million	Revenue Year ended 30 Sept 2010	 2009 Restated	Operating profit/(loss) Year ended 30 Sept 2010	 2009	Net operating assets 30 Sept 2010	 2009
– Southern Africa	**912**	1 156	**42**	80	**369**	518
– Europe	**1 734**	2 127	**(40)**	(53)	**573**	681
– North America	**1 440**	1 725	**(19)**	(54)	**383**	480
	4 086	5 008	**(17)**	(27)	**1 325**	1 679
Share of associate income			**3**	4		

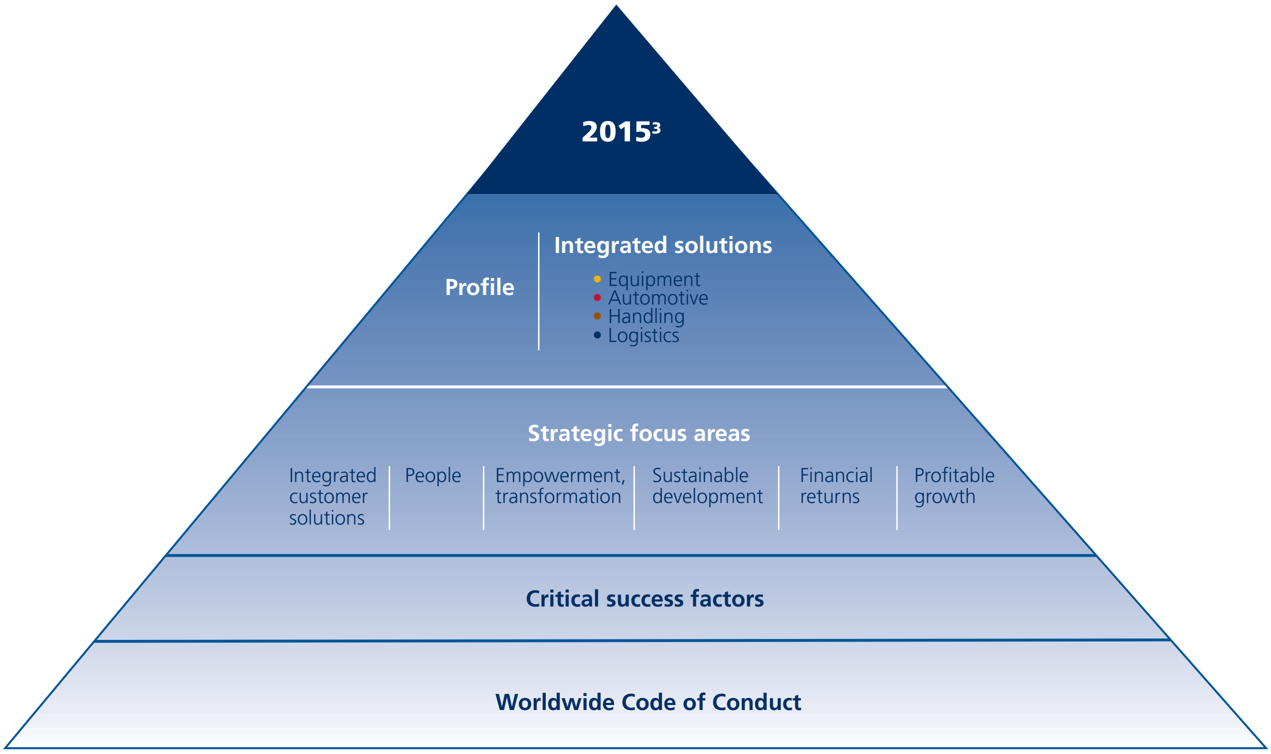


R million	Revenue Year ended 30 Sept 2010	 2009 Restated	Operating profit/(loss) Year ended 30 Sept 2010	 2009	Net operating assets 30 Sept 2010	 2009
– Southern Africa	**2 256**	2 257	**50**	92	**398**	342
– Europe, Middle East and Asia	**1 422**	1 830	**(40)**	(15)	**457**	707
	3 678	4 087	**10**	77	**855**	1 049

Vision 2015[3]

Our target is to deliver significant incremental value for our stakeholders through 2015

We will achieve this by being a recognised global market leader, providing integrated solutions in distribution, rental, fleet management, product support and logistics to customers in our chosen business segments.



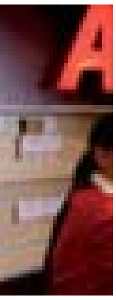
The group's strategic framework outlines the six Strategic Focus Areas to which the executive team will give priority attention in order to ensure sustainable value creation for all stakeholders.

Strategic profile

The Barloworld organisation incorporates many defining characteristics and competencies:

- Providing flexible, value added integrated customer solutions in the following businesses: Equipment (earthmoving and power systems); Automotive (car rental, fleet services and motor trading); Handling (forklift truck distribution and fleet management, agricultural equipment); and Logistics (logistics and supply chain management)
- Representing leading global brands supported by Barloworld's service excellence
- Managing effectively our long-term relationships with global principals and customers
- Developing businesses in multiple geographies including challenging territories with high growth prospects
- Leveraging core competencies, systems and best practices across our chosen business segments
- Firm commitment to lead in empowerment, transformation and sustainable development.

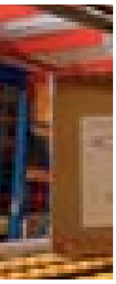
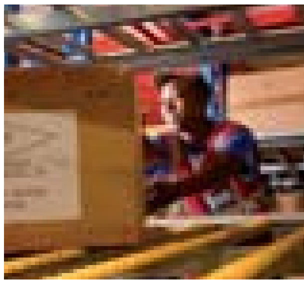
Strategic focus areas




Integrated customer solutions

Transform our business model to accelerate the evolution from pure distribution to the provision of flexible, value added integrated solutions. These include customised maintenance and repair contracts, cost efficient combinations of 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 integrated supply chain management and integrated logistics contracts.

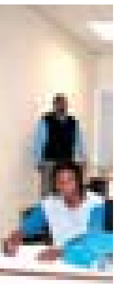
KPI: Market leadership in targeted segments

People

Create value through and for all our employees by attracting, developing and retaining globally competitive people and skills necessary to deliver our integrated customer solutions strategy and achieve our growth targets. Achieve this through individual development action plans supported by comprehensive skills development programmes, performance related reward and employee participation systems.

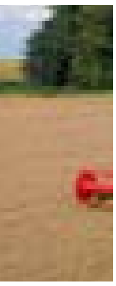
KPI: Overall employee engagement score greater than 75% for all businesses




Empowerment and transformation

Enhance our competitiveness and legitimacy by leading in transformation and diversity while ensuring equality and fairness across the entire organisation.

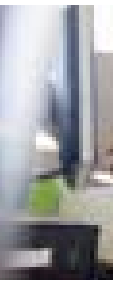
KPI: DTI BBBEE level 2 or 3 for each South African business unit




Sustainable development

Enhance our competitiveness and legitimacy by leading in sustainable development and ensuring long-term value creation for all our stakeholders by responsible business conduct, developing products and services to capitalise on business opportunities allied to core businesses and realising cost savings through energy efficiency initiatives and other sustainable business practices.

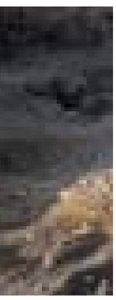
KPI: Aspirational target of a 12% non-renewable energy and greenhouse gas (GHG) emissions efficiency improvement by end 2014 off a 2009 baseline year




Financial returns

Consistently achieve top quartile returns, at or above our cost of equity, as measured against relevant peer groups in each of our chosen business segments.

KPI: Achieve top quartile financial returns on average through the cycle




Profitable growth

Achieve top quartile growth in total shareholder returns (TSR) over five years to September 2015. Pursue opportunities in high growth sectors such as mining, infrastructure, power, agriculture, tourism and logistics with a focus on emerging markets.

KPI: Achieve top quartile growth in TSR over five years to 2015

Our Value Based Management philosophy embraces responsible corporate citizenship and acknowledges the legitimate interests of our various stakeholders. Economic, environmental and social aspects are regarded as integrated components of our overall value creation system and are measured and managed holistically for the long-term benefit of our stakeholders. This is underpinned by our Governance system and Worldwide Code of Conduct (refer www.barloworld.com).

ECONOMIC

- *Operating performance*

As we emerge from the global downturn our objective is to deliver top quartile financial returns as measured against peer groups in each of our business segments.

- *Financial position*

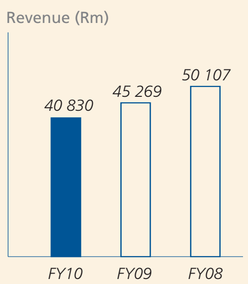
A priority is to maintain a strong financial position, conservative gearing targets and investment grade credit rating which will provide the financial flexibility to pursue organic and acquisitive growth opportunities.

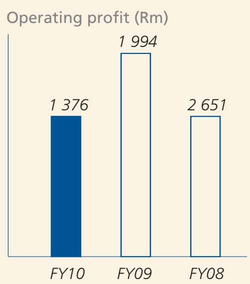
- *Cash generation*

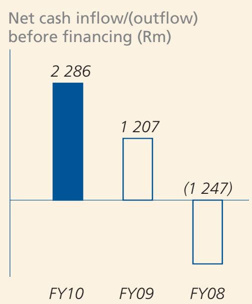
Tight working capital management and optimising capital expenditure remains an important focus in driving strong cash flows for the group.

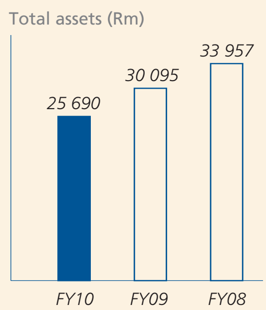
- *Stakeholder value added*

The group understands the direct and indirect economic value it generates for its stakeholders through its commercial activities and is committed to long-term value creation for all stakeholders. The group's value added statement reflects direct economic value created for stakeholders.









ENVIRONMENTAL

• *Products and services*

Supported by our principals we are committed to providing globally competitive products and services that enable customers to achieve their sustainable development objectives.

• *Energy efficiency and GHG emissions*

Measurements have been put in place and targets set to underscore our commitment to improving efficiencies in fuel and electricity usage and resulting GHG emissions. Innovative new products and services are being developed to assist customers in their quest for environmental sustainability.

• *Water usage*

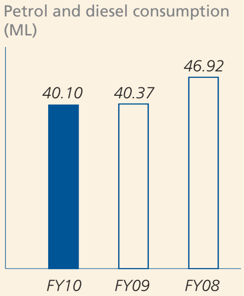
Water scarcity is becoming an increasing reality and our water efficiency programmes include conservation and recycling.

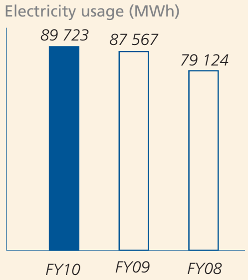
• *Materials and waste*

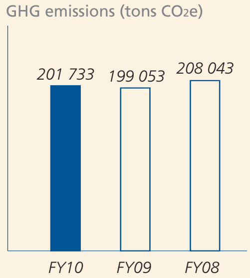
Our initiatives around materials and waste focus on recycling, certified waste disposal, extending the useful life of plant and equipment as well as rebuilding components.

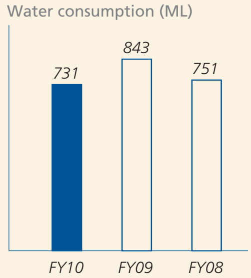
• *Biodiversity*

The predominantly urban locations of our operations do not impact on protected areas.









SOCIAL

• *Product responsibility*

We are committed to providing value for customers through products, services and solutions that do not harm the health and safety of their people and offer customers skills development programmes that assist in safe and sustainable operation of our plant, equipment and vehicles.

• *Human rights*

Our Code of Ethics and Worldwide Code of Conduct prohibit the abuse of human rights within and by the group.

• *Equality, empowerment and transformation*

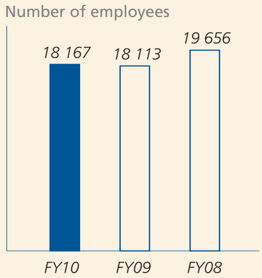
Our broad-based black economic empowerment and diversity initiatives underpin our commitment to achieving a workforce that reflects the demographics of the societies in which we operate.

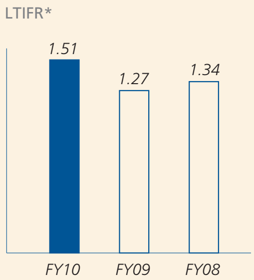
• *Socio-economic development*

Our corporate social investment programmes focus on education, health and welfare and the environment to empower previously disadvantaged individuals and uplift communities. These are complemented by a fund to develop and empower small and medium enterprises in South Africa.

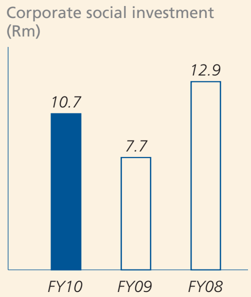
• *Employees*

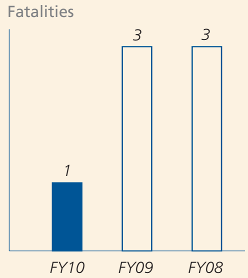
Our employee value creation approach focuses on safety, health and skills development for all employees. Our people are the cornerstones of our ability to meet growth objectives.





** Lost time injuries X 200 000 divided by total hours worked*





"In 2009 I mentioned the pockets of excellence that kept Barloworld relatively strong through the worst recession in living memory. Today I can say that we have not only survived the downturn but, in some areas of our business, performed significantly above expectation."

Dumisa Ntsebeza
Chairman

Introduction

In 2009 I mentioned the pockets of excellence that kept Barloworld relatively strong through the worst recession in living memory. Today I can say that we have not only survived the downturn but, in some areas of our business, performed significantly above expectation.

At the board's strategic session in September, our executives were buoyant about projected outcomes over the next five years and I share their optimism for the coming year and beyond.

The downturn has given us pause to do some introspection, to change what did not work, to strengthen our skills base, to weed out waste and to generally prepare ourselves to take full advantage of the recovery. We are now ready to grow our business through all our divisions and, in line with our new vision, to leverage financial returns and drive value creation for all our stakeholders in the year ahead.

In southern Africa and Russia the opportunities that were hard to find in the economic gloom are beginning to come to light. We are also more determined than ever to find sustainable solutions to grow our business and improve returns in areas where the outcome has not been so positive such as Europe and the United States (US).

I am reminded of our announcement in January 2007 to undertake an unbundling process repositioning Barloworld as a focused distribution company with an offering including integrated product support, rental and logistics solutions. We were confident that the new, streamlined Barloworld was built on a solid foundation that would ensure its future success. I am pleased to say that this has been proven over the past two recessionary years. Overall, Barloworld has shown a resilience that will, I have no doubt, take us to new levels of excellence as sentiment picks up and we start to rise out of the economic trough.

Our strategy articulated in 2007 focused on maintaining long-term relationships with global principals and customers, and developing businesses in multiple geographies including challenging territories with high growth prospects. We have remained true to our word in these focus areas. Our relationships with our global principals are firmer than ever and some very exciting geographic expansion programmes have been announced by certain of our business units in the past year.

Global and national economic environments

The global economic climate augurs well for an upturn in most of our business sectors. The African political climate is a particularly important indicator for our African operations and here, too, the signs are positive.

The announcement by the Angolan government that outstanding monies are beginning to be paid to contractors is starting to restore confidence. There are developments in the Democratic Republic of Congo (DRC) that seek to end the war and will accelerate investments into copper mining projects in the region. Mozambique is liberalising its economy, providing guarantees to investors that they will be able to repatriate their profits. This, in turn, is good news for the emerging and potentially substantial coal mining sector in Mozambique, in which our equipment division is already playing a significant role.

Despite questions around indigenisation legislation, some mining companies are showing interest in returning to Zimbabwe after two years of relative political stability. The political agreement between Zanu PF and the Movement for Democratic Change (MDC) has restored some degree of confidence. Once certainty around ownership structures and property rights is restored, we will be well placed to re-commence investments into the country.

South Africa has played a major role in promoting democracy in the Sudan and, if Southern Sudan opts for independence, this will give rise to another new opportunity for South African business.

During South African President Jacob Zuma's recent visit to Egypt, there was talk of the South African government assisting Egypt in an effort to combine the regional trading markets of all five African regions to form a common market economic corridor from Cape to Cairo.

The African Union speaks confidently of stability and growth and there is a refreshing new awareness on the African continent that there is much we can do for ourselves instead of relying just on direct foreign investment.

Overall the African environment is more favourable for business opportunities than it has been for many years. True to our strategy of succeeding in challenging territories, Barloworld started to establish roots in southern African countries such as Angola, Mozambique and the DRC at a time when this was regarded by some as particularly risky. Today we have a firm African footprint that will both contribute to and benefit from the new spirit of confidence on the continent.

Globally the risk of a double dip recession has receded and our base line economic outlook is for a continuing recovery driven by growth in China and other emerging markets. The developed economies where we operate, namely the US and Europe, are expected to show positive growth, albeit at a slower rate than the developing world. These trends are positive for our businesses operating in these regions.

Group performance

The resilience shown by all Barloworld's divisions in the adverse economic conditions of 2009 continued in 2010, with the equipment and automotive businesses in particular continuing to perform well.

Handling and logistics produced satisfactory performances in southern Africa, although the international operations struggled in depressed markets. True to our fighting spirit, however, these operations have restructured and put systems and strategies in place to cushion the worst of the recession and to focus on the opportunities that do exist.

Retrenchments were kept to a minimum through redeployments and temporary suspensions that have ensured retention of our essential skills base. In fact, we are now actively employing new skills and expanding skills development programmes in most of our businesses.

I must congratulate South Africa on hosting a flawless World Cup and say well done to those Barloworld business units that showed true leadership by delivering various world class goods and services associated with this event. Our logistics business unit assisted Nike SA in providing an outstanding supply chain solution to teams and fans throughout the tournament. Barloworld Power supplied back-up power for Soccer City in Soweto and the Green Point stadium in Cape Town among others. Avis Rent a Car fleeted up to ensure readiness for this event and was rewarded with rental day growth over the period of the World Cup, albeit not to the extent expected.

All this contributed to the extremely positive perceptions of all who visited South Africa over the World Cup period and bodes well for future business in the tourism and allied sectors.

I am proud of the fact that Barloworld declared a dividend, in line with our dividend cover policy of 2.5 to 3 times, even while feeling the effects of particularly tough market conditions. This reflects our commitment to our shareholders and confidence in our own future and that of our markets.

Divisional overview

The equipment division has begun to have a growing book in the mining sector, with exciting projects now taking place on the new Mozambique coal mines, among others. In Russia we have just completed the transaction to acquire the remaining 50% shareholding in our Cat dealership, Vostochnaya Technica, from our joint venture partner, Wagner Equipment. Covering a vast territory with enormous potential, this is one of our biggest and most exciting acquisitions in recent years and will result in a major increase in revenue streams.

We continue to increase market share in Iberia despite the serious economic challenges in southern Europe. Barloworld is well positioned to benefit as a leading supplier of both earthmoving and power generating equipment when the economy finally turns.

The automotive division delivered a record result and has successfully disposed of the car rental business in Scandinavia, providing an injection of cash for potential growth into other, more

Overall the African environment is more favourable for business opportunities than it has been for many years. True to our strategy of succeeding in challenging territories, Barloworld started to establish roots in southern African countries such as Angola, Mozambique and the DRC at a time when this was regarded by some as particularly risky. Today we have a firm African footprint that will both contribute to and benefit from the new spirit of confidence on the continent.

profitable, areas. The Avis Fleet Services and Car Rental operations, for example, are looking at expanding their footprint on the African sub-continent.

Despite the fact that our handling business continued to experience losses in the US and the UK, this division has shown an improved performance towards the end of the financial year. Order books are at three year highs and this bodes well for a recovery of activity into 2011.

Handling's agricultural business has done well in South Africa and is now expanding into Mozambique, Angola and Siberia, where the infrastructure already established by the equipment division will help provide a solid base for growth.

The logistics division performed satisfactorily in southern Africa but has struggled internationally, particularly the acquisitions in the Middle East and Asia. This business is in the process of disposing of the non-corporate trader operations and I am confident that this will assist in the turnaround strategy currently underway.

Stakeholder engagement, transformation and diversity

Companies stand or fall by the calibre of their people. There are many reasons why people want to join certain companies. It may be because they have proud histories or impeccable reputations, they are innovative, have a culture of diversity, develop skills, or offer a wealth of opportunity. I believe Barloworld does all these things. That is why we attract and retain special people.

It never ceases to amaze me how many long service awards – some up to 40 and 45 years – we hand out every year or how willing Barloworld people are to take on and beat the challenges of new and difficult territories. Within our equipment division are people who have opened up new opportunities in Angola during the civil war, who have gone to live in the DRC with absolutely no infrastructure, and who happily move with their families to Siberia to broaden our frontiers in desolate areas where freezing conditions endure for more than half of the year.

This helps us to stand out as a company, as does our BBBEE transaction concluded in 2008, which is generally regarded as one of the most broad-based in South Africa's young democracy. We have also stood by our BEE partners in times of economic and share price volatility and currently have R79 million on deposit with the funders as security for the transaction. This commitment by the company has ensured the sustainability of the BEE deal and the amount will be refunded to the company once the share price maintains a volume weighted price above R59 for a specified period.

In the year under review we have thoroughly assessed our transformation efforts throughout the group. Our empowerment and transformation committee has been tasked with identifying future transformation strategies and targets for board approval.

This committee has, in turn, charged business unit management teams with promoting a culture of diversity that precludes all forms of discrimination within Barloworld. To this end diversity training has been rolled out throughout the group.

I have been impressed by the progress on BEE shown within all our divisions. Barloworld has made serious strides forward to achieve a creditable 21st position in the 2010 *Financial Mail*/Empowerdex Top Empowerment Companies, as well as pole position in the general industrial sector of the JSE.

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While we have made significant progress on our Department of Trade and Industry scorecards, there is still room for improvement. Like many companies in South Africa, there is much work to be done on employment equity and skills development.

We pride ourselves in having a relatively low employee turnover, a double edged sword that reduces the potential for new employment while also contributing to a stable business. Added to this, the economic downturn resulted in retrenchments and a moratorium on new employment. We are now starting to re-employ in our South African operations and this should help improve our employment equity figures.

We have cutting edge skills development policies and structures in place and I believe that we will not only achieve our BEE skills development targets in time, but also that we will have the appropriate skills in place to meet the needs of growth throughout our businesses.

Corporate social investment

The revenue produced by our four divisions directly influences what we are able to invest in CSI and our empowerment and transformation committee has given much thought to where, as a responsible corporate citizen of South Africa, we can make the most positive impact.

Our primary focus is education and our secondary focus is to integrate health, poverty alleviation and environmental concerns into education. We are also involved in several initiatives together with other South African businesses to make a sustainable difference in our communities.

The environment

The future of our environment is a matter for grave concern. We strive to ensure, through our risk management policy, that Barloworld employees appreciate and understand the environmental laws governing our business practices. The effectiveness of our environmental programme is under constant scrutiny and we have ongoing checks and balances in place.

Barloworld has a duty to uphold our reputation and we strive to maintain the same high standards in our environmental stewardship initiatives which include improving efficiencies in greenhouse gas emissions, recycling, safe disposal of hazardous waste including used oil, and contamination control, throughout our operations.

It also makes sound business sense to reduce our electricity, fuel and water consumption as the cost of these precious resources continues to rise. The massive increases in electricity costs expected over the next three years in South Africa are a case in point. Our power business unit is responding to this by becoming the watchdog for power usage throughout our South African operations and by going to market with off-grid power solution alternatives for customers.

Board and governance

Barloworld is cognisant of its obligations under the more stringent South African legislation now in place governing the actions of companies and company directors. I am confident that we have all the necessary checks and balances in place to ensure effective governance.

In preparation for the implementation of new corporate governance standards, primarily King III, the board has maintained oversight on the exercise to determine the extent to which the processes of the board and the company are in line with best practice. The comprehensive exercise has indicated that we are substantially in line with the recommendations of King III and on those areas identified for action, the necessary steps are underway to achieve full alignment during the course of our 2011 financial year.

Independent non-executive directors, Messrs Sango Ntsaluba and Gordon Hamilton were appointed to the risk and sustainability committee from 1 October 2009 with Mr Ntsaluba assuming the role of chairman. Independent non-executive director, Mr Johnson Njeke and executive director, Mr Peter Bulterman were appointed members of the same committee from 1 October 2010.

Outlook

We are projecting a slow protracted recovery in the world's developed economies while growth in emerging markets will be more pronounced. Our operations in the developing world will benefit from the increased demand for commodities as well as infrastructure investments.

The cabinet statement on the new growth path for the South African economy presented at the end of October also specifically identified significant infrastructure development as a key driver of their growth strategy.

Appreciation

I have witnessed great leadership and commitment within Barloworld through the economic downturn. Our teams, led from the top, have put their heads down and made the best of a difficult time. They have fought for their business and slimmed down their expenses. They have assumed more responsibilities to make up for a smaller workforce.

Our leadership has much to do with this culture of accountability and I thank our excellent and imaginative group CEO, Clive Thomson, and the divisional chief executives, whose commitment and focus have placed us ideally to take advantage of the global economic recovery.

All our very capable management teams, together with the Barloworld board, are to be commended for their roles in keeping our ship steady through troubled waters. May we be rewarded with smooth sailing in the year ahead.

Dumisa Ntsebeza
Chairman

We are projecting a slow protracted recovery in the world's developed economies while growth in emerging markets will be more pronounced. Our operations in the developing world will benefit from the increased demand for commodities as well as infrastructure investments.

"The second half of the financial year yielded a significantly stronger performance than the first half due to improved trading conditions for most of our businesses and the results of actions taken to realign our cost base with prevailing activity levels. Cash flow for the year was strong as a result of intense focus on working capital management and the successful execution of the Scandinavian car rental disposal."

Clive Thomson
Chief Executive

Overview

In the current year we were impacted by difficult trading conditions in most of our territories. We have however seen a noticeable improvement in trading conditions towards the back end of our financial year, which contributed to a strongly improved second half result compared to the first.

Group operating profit for the year of R1 376 million is 31% down on 2009. Headline earnings per share from continuing operations (HEPS) is 212 cents (2009: 351 cents). HEPS of 171 cents was earned in the second six months, 13% higher than the 151 cents earned in the second half of 2009.

Our net cash inflow before financing activity was very strong at R2 286 million, 89% up on the cash inflow last year of R1 207 million. Together with the reduction in debt following the disposal of our car rental business in Scandinavia our net debt has reduced by R3 billion (37%) in the year.

Since reaching a peak in March 2009 of R10.1 billion our net debt has been reduced by some R5.1 billion over the past eighteen months with our focus on managing our working capital down in line with prevailing activity levels. Our financial position is strong and we are well placed to fund growth opportunities as our markets recover.

Operational review

Equipment

Southern Africa

Following the decline in activity towards the end of last year equipment southern Africa experienced difficult trading conditions for most of 2010. The division entered the current year with a vastly reduced order book compared to 2009 and this resulted in revenue in the first half being 39% below the first half of 2009. Despite this we ended the year with a good operating margin and significantly improved cash generation.

A commodity-led recovery that had shown some signs in the first half only gained real traction in the last quarter of the financial year. Increased mining activity in coal, iron ore and copper driven by demand from China and other emerging markets supported this recovery. In South Africa our mining business was driven by coal and iron ore while our Zambian business, which was the second biggest contributor to profitability in southern Africa, benefitted from increased demand on the back of a stronger copper price.

Our business in Mozambique has started delivering the equipment order to Vale for their Moatize coal mining project and in April we received a further substantial order for the Riversdale coal mining project which we forecast to start delivering towards the end of this calendar year.

Revenue in Angola in dollar terms reduced by 48% compared to the prior year as a consequence of infrastructure project deferrals. The Angolan government has recently publicly acknowledged substantial debt arrears to foreign construction companies. This debt arose from work performed between October 2008 and August 2009 and was estimated at $9 billion. While some payments have now been released, it would appear that significant amounts remain outstanding to the larger contractors. In view of this situation we do not anticipate any recovery in the Angolan construction market until well into the 2011 calendar year.

Construction in southern Africa showed a flurry of activity ahead of the 2010 FIFA World Cup but has shown few signs of recovery subsequent to this event. The South African government has budgeted to spend close to R850 billion on infrastructure over the next three years but this has been slow to materialise in the form of new contracts awarded.

Our power business in southern Africa had a difficult year but the focus on transforming it into a provider of high value turnkey solutions has gained momentum. Power remains a unique area for growth in southern Africa and we have revised our organisation structure to ensure that we capitalise on the significant opportunities that this presents.

The Caterpillar machine population in southern Africa has nearly doubled over the past five years. This increased population is now beginning to generate the strong after sales activity which significantly lessened the impact of the recession on our results.

Equipment southern Africa produced an operating margin of 8.7% which was a highlight at the low point in the economic cycle. The business will be entering 2011 with a strongly improved order book of R3.4 billion and this should underpin our performance in the new financial year.

Iberia

Revenue for the year in euro terms declined by 17% off a depressed base, with the total Spanish market having decreased by approximately 85% since 2007.

Spain is projected to have negative GDP growth in 2010 and the economy continues to face a number of structural challenges. The government has taken positive steps to reduce the fiscal deficit through the implementation of an austerity budget which reduces public spending and includes tax increases. Our business in Spain is however highly dependent on the public works sector which remains depressed following sharp declines in the level of public tenders.

The steps taken to realign the cost base in 2009 as well as additional measures during the current financial year have started to bear fruit. The loss incurred in the first half included a large element of restructure costs, the benefits of which have started to come through in the second half. While Iberia ended the year in a loss position the business was marginally profitable in the second half and Portugal was profitable for the full year.

The focus on working capital continued in the current year. Iberia generated €93 million cash in 2009 and in the current year generated a further €21 million, ensuring that the financial position remains strong.

Russia

Revenue in our Russian operations for the year in dollar terms increased by 20% mainly due to robust mining and construction demand as well as a strong improvement in our after sales activity due to the installed machine population. The business generated an operating margin of just under 6% which represents a credible performance for a young dealership in a growth phase.

Component Rebuild Centre in Novosibirsk, Siberia

The Novosibirsk repair centre, now under construction at a cost of $8 million, will start repairing its first Cat components by July 2011. This facility will triple our component rebuild capacity in Siberia and will allow us to offer rebuilt exchange components for popular mining machines, keeping machine downtime to a minimum and saving costs for the customer.

Recycling of components capitalises on the built-in second life capability of Cat components and avoids unnecessary use of resources.

As part of the phase-in plan, management is currently being recruited and an accelerated trainee programme developed.

An exciting development is our agreement to acquire the remaining 50% of our Caterpillar joint venture in Russia, subject to regulatory approvals. This will provide us with significant long term growth opportunities in the mining, infrastructure, power and forestry segments in Siberia and the Russian Far East.

Continued focus on working capital management produced a positive cash flow of $34 million. The order book at September was close to $84 million which is well up on the prior year and includes some exciting mining projects. The increased management focus on the Russian Far East is beginning to deliver payback with a number of new order generating opportunities.

Automotive

The division delivered a record result in a competitive trading environment. Revenue increased by 9% primarily supported by improving new vehicle unit sales, albeit from a low base.

Avis Rent a Car southern Africa increased revenue by 5% compared to the prior year. The 2010 FIFA World Cup had a relatively modest impact on our South African business as gains in the inbound tourist segment were largely offset by reduced activity in the corporate segment over this period. Improved profitability in Rent a Car was mainly as a result of increased profits on sale of used vehicles in the first half. Fleet utilisation remained strong at 74%.

Motor retail in southern Africa produced a strong performance on the back of improved industry sales. Revenue increased by 7% and operating profit was 11% ahead of the prior year. Notably our Mercedes-Benz, Volkswagen and Audi, Ford and Toyota brands performed well. Availability of new vehicles towards the end of September was adversely impacted by supply disruptions following the strike at the vehicle manufacturers, but this has subsequently normalised.

Our motor retail business in Australia also produced a strong performance with revenue increasing by 27% mainly as a result of increased new vehicle sales, while operating profit increased by 39%. Industry vehicle sales in Australia in the calendar year grew by 14% and is likely to achieve new sales of close to one million vehicles this year.

Revenue in Avis Fleet Services was flat year on year with operating profit slightly below last year. The fleet under finance grew by 1% while fleet under maintenance increased by 27%. A strong used vehicle contribution was partially offset by lower net interest margins.

Handling

Our handling business in all territories continued to experience difficult trading conditions. While the US and the UK are now out of recession we continue to receive mixed signals regarding the state and sustainability of the recovery. In southern Africa the handling business suffered from lower activity within our customer base while the agriculture business was impacted by weak maize prices and the lack of a low cost tractor range.

Although the US and UK continued to incur losses, these were at significantly reduced levels compared to the prior year. Belgium reported a small loss while The Netherlands, SA and agriculture achieved profits but at levels below the prior year. Cash flow was strong with a net inflow for the division of some £26 million.

The order books in the US and UK are now trending upwards with the UK order book almost double the level reported at September 2009.

The utilisation rates for the short-term rental fleets are also trending close to 80% in all the significant geographies. This is generally an early sign of recovery in the lift truck businesses.

Logistics

Revenue for the logistics division was 10% down on 2009 following lower activity levels in Europe, Middle East and Asia while revenue in southern Africa was in line with the prior year.

The southern African results were impacted by reduced activity in the construction and automotive segments in supply chain management, however improved volumes in the fast moving consumer goods and retail sector compensated for such shortfalls. The international business was adversely impacted by reduced freight forwarding volumes in the Far East while the Sea Air business experienced margin pressure on increased volumes at fixed contract prices.

Corporate activity

We have reached agreement to acquire the remaining 50% of the shares in our Russian Caterpillar dealership for $52 million (R363 million), subject to various regulatory and other approvals. This business represents a significant long-term opportunity for the group due to the growth expected in the mining, infrastructure, power and forestry segments.

The disposal of car rental Scandinavia was finalised at the end of July. The disposal process, which absorbed a great deal of management time and effort, has achieved a good result for the group. The sale has resulted in a debt reduction of close to R800 million with the final balance of NOK150 million (R180 million) owing in terms of the agreement due by end December 2010.

We further successfully completed the sale of the remaining 50% in the Subaru import and distribution business to Toyota Tsusho Corporation.

A decision has been taken to dispose of our logistics African and Asian non-corporate trader businesses which form part of the Middle East and Asia operations, and negotiations are progressing with a view to concluding the transaction early in the new calendar year.

Cash flow and borrowings

The group generated a cash inflow before financing of R2.3 billion compared to R1.2 billion in the prior year. At March the cash inflow was R0.5 billion which highlights the momentum of cash generation in the second half.

Cash of R2.3 billion was generated from operating activities which was R492 million up on the prior year notwithstanding the reduced level of profitability in the current year. The group achieved a R1.1 billion reduction in working capital (2009: R0.9 billion) mainly driven by the reduction in inventories in equipment southern Africa. Net cash of R56 million was utilised in investing activities compared to R643 million in the prior year as we continued to keep a tight rein on capital expenditures.

Net debt reduced from R8 billion at the beginning of the year to R5 billion at September 2010. This R3 billion reduction represents a 37% decrease and must be seen as one of the highlights of the current year group performance. This debt reduction was mainly due to the operating cash generation as well as the disposal of the car rental business in Scandinavia. Consequently our net debt to equity at September is now at 47% compared to 67% at September 2009.

We believe we are at the bottom of the cycle in respect of our debt levels and we have already started to see working capital begin to increase in automotive. Equipment southern Africa has also started restocking in the light of an increased order book and we would therefore project some increase in working capital in the first half of 2011.

Empowerment and transformation

We continued our initiatives to drive improvements in all elements of the DTI broad-based black economic empowerment (BBBEE) scorecard. In this regard it was pleasing that Barloworld's ranking in the 2010 *Financial Mail* Top Empowerment Companies survey improved significantly to position No 21 and we achieved first place as the most empowered company in the general industrial sector. Each of our divisions or significant business units is independently audited by Empowerdex and have all achieved a Level 2 or Level 3 empowerment rating.

On the specific elements of the DTI scorecard, we have achieved high scores on ownership, enterprise development and socio economic development (SED) and our scores on affirmative procurement, employment equity and skills development have significantly improved.

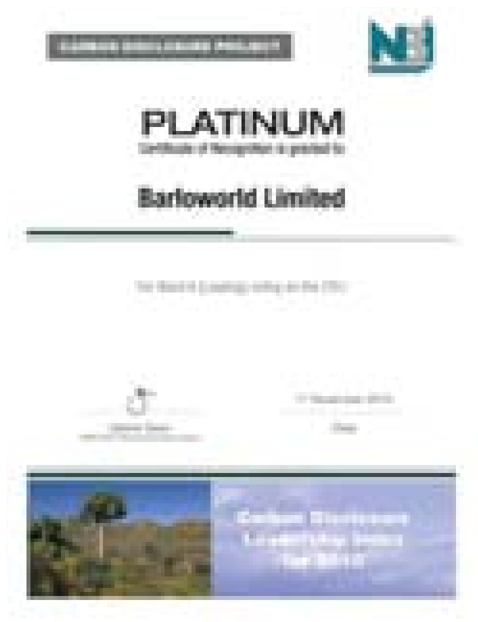
In terms of SED our focus is on supporting education initiatives due to the importance we attach to addressing the challenging needs of the education sector and the long-term impact it will have on the country's skills pipeline. To this end, we also launched a volunteer programme that will encourage employees to be involved in dedicating time to assist in improving the education system. This initiative is being undertaken with the various education partners that we support in SED.

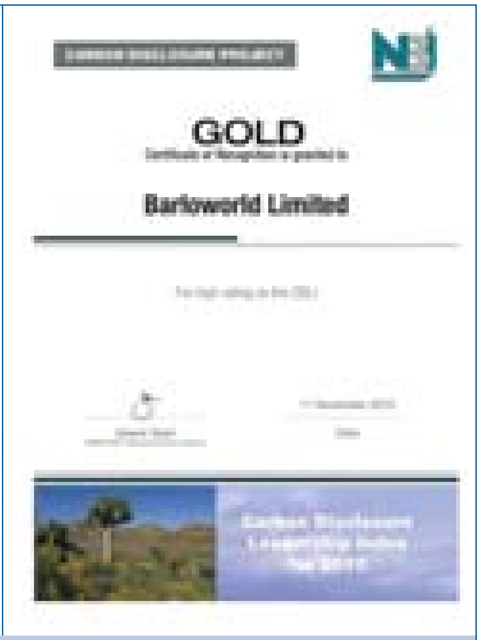
Net debt reduced from R8 billion at the beginning of the year to R5 billion at September 2010. This R3 billion reduction represents a 37% decrease and must be seen as one of the highlights of the current year group performance.

Sustainable development

Sustainable development continues to be central to the group's activities and has been identified as one of our key strategic focus areas. We endeavour to manage the group in a manner that balances the interests of all stakeholders and understand the integrated nature of economic, environmental and social aspects.

Barloworld receives Platinum and Gold Awards in the CDP 2010 South Africa JSE 100 rating





The Platinum award recognises Barloworld as one of only four companies that qualified in the "Leading" section of the Carbon Performance Leadership Index (CPLI) which acknowledges progress made in formulating strategy, setting targets and implementing, measuring and verifying actions in response to climate change.

The group also received a Gold Award in the Carbon Disclosure Leadership Index (CDLI) which is reserved for companies that achieve 80% or more for their CDP response. Barloworld was placed 11th in the CDLI.

The group's response to the climate change challenge includes conducting our operations in an environmentally responsible manner and, together with our principals, providing customers with solutions that assist them in achieving their sustainable development objectives. At all levels in the group we are working towards improved energy efficiencies, the reduction of greenhouse gas emissions and water consumption, efficient use of materials, safe disposal of hazardous waste and waste recycling, and adopting 'green buildings' criteria.

Aspirational non-renewable energy and emissions efficiency improvement targets of 12% by end of 2014 off a 2009 base year have been set. Our power business unit is working with major sites in our South African operations to assist them to implement energy management programmes.

Integrated reporting systems have been developed which assist in assessing our progress against identified objectives. We believe the group's competitive position is enhanced through developing products and services that capitalise on emerging sustainable business opportunities, and realising cost savings through energy efficiency and other sustainable business practices.

It was pleasing to be recognised as one of the top four companies in the CDP 2010 South Africa JSE 100 Joint Carbon Disclosure and Carbon Performance ratings.

Outlook

Whilst we continue to receive mixed signals regarding the state of the world economy, the possibility of a double dip recession is receding, with a protracted recovery now generally expected as the outcome.

Low interest rates and the current global demand for commodities is likely to stimulate investment in new mining projects. The need for infrastructure investment in southern Africa remains a priority for economic growth in the region and we remain confident that such projects will come to fruition, particularly those involving power generation.

Equipment southern Africa is entering the new year with a strong order book particularly from mining customers. The delivery of the Riversdale order in Mozambique is expected to boost activity in the first half. The anticipated recovery of the construction market in South Africa and Angola driven by governmental infrastructure spending is not expected before mid 2011 calendar year.

The recently announced proposed acquisition by Caterpillar Inc of Bucyrus International will, once completed, provide a major opportunity to broaden our product line and after market offering to customers in the mining industry.

The austerity measures introduced by the Spanish government will mean that the public works sector will remain subdued for most of 2011. The existing order book in Iberia is dominated by power, and emerging opportunities in the marine and industrial markets could favourably impact this segment.

In Russia, order books have increased significantly on the back of a recovery in mining activity and we expect a strong first half of next year.

Our automotive division remains strategically well positioned. Trading conditions in the car rental industry will be challenging for the next year. The motor retail businesses will continue to benefit from increasing consumer confidence and improving credit availability in both southern Africa and Australia. The fleet services business is expected to perform well.

The economic recovery in most of our territories has already favourably impacted the handling business where improved order books and increasing demand for short-term rental will ensure an improved performance in 2011. The recovery of the maize price should benefit our agriculture business as this has a direct correlation with tractor sales in southern Africa. The introduction of a new range of low cost tractors will also boost activity levels.

The logistics southern African business is close to finalising a number of significant supply chain contracts which are expected to generate profitable growth in 2011. Volumes in the dedicated transport segment should improve following a pick-up in the construction sector. The Middle East and Asia business will benefit from the restructuring initiatives currently underway.

With the very good cash generation in the current year, gearing levels have reduced considerably and our financial position is strong. We are well placed to pursue attractive growth opportunities that will improve financial returns and drive value creation for all our stakeholders in the year ahead.

Clive Thomson
Chief executive

The recently announced acquisition by Caterpillar of Bucyrus International will, once completed, provide a major opportunity to broaden our product line and after market offering to customers in the mining industry.



Peter Bulterman (54)
Chief executive officer:
Southern Africa
Director Equipment Siberia
HND Mech Eng
35 years' service

Viktor Salzmann (63)
Chief executive officer:
Iberia
Eidg Dipl Kaufman
42 years' service

Dominic Sewela (45)
Chief executive officer:
South Africa
BSc Chemical Engineering
3 years' service

Operating performance

Economic

R million	Revenue Year ended 30 Sept 2010	2009	Operating profit/(loss) Year ended 30 Sept 2010	2009	Net operating assets 30 Sept 2010	2009
– Southern Africa	8 379	11 187	725	1 282	2 990	4 703
– Europe	3 854	5 892	(69)	11	2 626	3 462
	12 233	17 079	656	1 293	5 616	8 165
Share of associate income			8	51		

Environmental

	Petrol and diesel consumption (ML) Year ended 30 Sept 2010	2009	Electricity consumption (MWh) Year ended 30 Sept 2010	2009	GHG total emissions (tons CO_2e) Year ended 30 Sept 2010	2009	Water consumption (ML) Year ended 30 Sept 2010	2009
– Southern Africa	6.36	6.80	14 314	16 801	34 141	38 749	242	241
– Europe	2.45	3.16	9 743	8 843	11 771	13 314	14	30
	8.81	9.96	24 057	25 644	45 912	52 063	256	271

Social

	Number of employees Year ended 30 Sept 2010	2009	LTIFR Year ended 30 Sept 2010	2009	Fatalities Year ended 30 Sept 2010	2009	BBBEE rating* Year ended 30 Sept 2010	2009
– Southern Africa	4 167	4 165	1.06	0.66	0	0	2	3
– Europe	1 954	2 271	4.07	3.61	1	0		
	6 121	6 436	1.80	1.40	1	0		

** BBBEE rating for South Africa only*

SOUTHERN AFRICA

Overview

Barloworld Equipment Southern Africa achieved a very pleasing profit in challenging market conditions. Despite a steep drop in unit sales in the first half, we ended the year with a healthy operating margin of 8.7% at the bottom of the cycle and generated significant cash by reducing working capital and restricting capital expenditure.

The expense base was contained at the same level as the previous year and gross margins were steady. Re-allocation of skilled resources to areas of growth during the recession helped avoid retrenchments and minimise costs.

Revenue declined year on year by 25%, with most regions experiencing lower machine sales and rental income. A notable exception was Mozambique, where we delivered the first machines in a substantial equipment order to Vale for its Moatize coal mining project. Zambia and Namibia also showed resilience driven by mining projects. After sales activity remained robust and total parts and service revenue reached a record high.

Due to the decline in new equipment sales, operating profit was 43% down on last year at R725 million. Following a more stable foreign currency market, losses on financial instruments reduced from R154 million to R59 million.

We came close to achieving our five year vision, *Through market leadership and empowered people, deliver customer solutions that will double our active machine population by 2010*. Our significantly larger machine population resulted in healthy after sales business that carried us successfully through the recession and will continue to maintain momentum in the future.

Close alignment with our principal, Caterpillar, has also contributed to our success and our new vision, *To be the market leader by providing customers with the lowest total owning and operating costs over the life of the machine*, once again aligns strongly with Caterpillar's five year business strategy.

The commodities-led recovery that began in the first half has escalated rapidly in the past six months, with our mining result improving significantly in the last quarter. This is due mainly to new mining projects and a revival in contract mining. Consequently we began placing increased machine orders with Caterpillar in August.

The construction sector started to slow prior to the World Cup and has continued to decline since, exacerbated by a lack of clarity on future infrastructure projects in South Africa. However the rental business grew in this uncertain market and used machine sales improved in the cash constrained conditions.

Activity remained slow in the Power division in South Africa, which continued its consolidation of capabilities and skills to capitalise on future opportunities.

Barloworld Equipment's presence in 11 countries in southern Africa provides portfolio diversity. The continuing decline in Angola was balanced by strong performances in Zambia, Namibia and Mozambique, largely due to increased demand for copper, diamonds and coal. South Africa, Botswana, the DRC and Malawi produced pleasing results in a declining market.

While capital expenditure was constrained, necessary expansion to meet future needs continued. A property was purchased for a larger facility in Luanda, Angola, which will be developed over several years. New facilities are under construction in Kitwe, Zambia, to service the copper mining sector and Maputo, Mozambique, to support our new coal mining customers and future business. These projects will be completed in 2011.

We have escalated the process of making economic, social and environmental sustainability part of the culture of all employees of Barloworld Equipment. Savings have been made in fuel, electricity and water usage and the safety of our people remains one of Barloworld Equipment's core values.

Working in the pit at a diamond mine in Botswana.

An orchestrated drive to promote understanding and acceptance of diversity throughout the organisation is helping to embed our employment equity programme in South Africa and localisation of employment in our other African territories.

The new Technical Academy in Isando was fully utilised in its first year of operation and Barloworld Equipment is now one of Caterpillar's flagship dealers in skills development. This facility, together with a significantly increased complement of in-house instructors, will stand us in good stead as our markets recover.

Mining

Barloworld Equipment remains a market leader in the supply of earthmoving equipment to the mining sector and the recovery in commodities has resulted in renewed demand for our comprehensive equipment management solutions. Parts and service revenue was strong throughout the downturn due to the large installed Cat mining machine population. Replacement/expansion plans on a number of mining sites throughout southern Africa have resulted in orders for new Cat fleets.

Our coal mining activities in South Africa continue to centre on the Middelburg/Witbank coal fields, with the Waterberg region and Grootegeluk expansion producing additional opportunities.

In Mozambique's Tete province, we have delivered part of a large fleet ordered for Vale's new coal mine at Moatize and another substantial order has been received from MCC Contracts for open pit mining at the new Riversdale/Tata Steel Benga project. Delivery of these units will begin in late 2010.

Our Zambian business produced excellent results as copper mines ramped up activity to replace depleted stockpiles. Our tried and tested solutions capability on the Zambian copper belt continues to stand us in good stead in the neighbouring DRC's Katanga Province, where our joint venture with Tractafric Equipment again produced a profit in its third year of operation.

Increased activity on all the Debswana diamond mines in Botswana positively impacted our result. We unfortunately lost the mining truck order for the Cut 8 expansion at Jwaneng mine. However Barloworld Equipment is also bidding for a large fleet of trucks and support equipment to be supplied to mining contractors for the massive overburden stripping project required on Cut 8.

Along with Cat mining product, demand has increased for Atlas Copco drills in the last few months of the year. Barloworld Equipment is the market leader in rotary mining drills and remains Atlas Copco's biggest dealer with the largest Atlas Copco rotary drill population worldwide in its southern African dealership territories.

Construction

In line with our forecast in 2009, the construction industry in South Africa declined further in 2010. However we have continued to maintain a reasonable level of sales and stock levels are now being replenished in line with market activity.

Construction was also depressed in southern Africa over the reporting period. However, prospects are positive for infrastructure projects to serve the expanding mining sector in all territories. In Angola the government started to pay contractors in August after a long delay during which equipment sales were slow. A gradual recovery is anticipated once the government's intention to continue making payments becomes clear.

The Metso crushing and screening solutions business, while also suffering the effects of the economic slowdown, continues to find favour with Cat customers as a complementary solutions offering. Our growing Metso population is starting to generate parts and service revenue and healthy returns are expected as this business matures.

Rental and Used Equipment

Our new, used and rental integrated solutions model continued to demonstrate its adaptability, with customers taking advantage of attractive rental and used options as alternatives to buying new machines. Sales of ex-rental fleet machines as Cat Certified Used (CCU) with warranty increased substantially.

We rightsized our rental fleets in all territories early in the downturn to reflect changing market conditions, enabling the rental business to maintain good financial utilisation throughout the reporting period. Increased machine rentals into more profitable high utilisation applications such as contract mining are also bearing fruit.

Power

Barloworld Power's profitability was reduced by a significant decline in all its markets, particularly in South Africa. Stock purchased at higher exchange rates was sold at lower margins to reduce working capital levels, contributing to the negative result.

The retail business slowed post the World Cup as a result of a slowdown in the construction of shopping centres and hotels and the consequent loss of associated standby power generation business.

The slower mining output in all commodities except coal in the first half of the year resulted in reduced demand for electricity in South Africa. Plans to install standby power generation capacity were therefore delayed in the mining, industrial and commercial sectors.

Our power rental business experienced good growth prior to and during the World Cup through the provision of both standby and base load power to stadiums, corporate hospitality and commercial businesses.

The development of our Engineering Centre of Excellence continued during the year with a view to taking on more complex turnkey power solutions such as the R250 million Anixas power plant in Walvis Bay for NamPower. This includes attracting engineering skills for design, project management, installations and commissioning.

The purchase of the property adjoining our site in Boksburg, Gauteng, has been finalised and will accommodate growth anticipated in the power business as the economy continues to recover.

Barloworld has established a Global Power Systems Advisory Board headed by Viktor Salzmann to provide the necessary focus and accountability to implement our aggressive growth strategies for this business throughout all our dealership territories.

Sustainable development

Sustainable development ranks among our top six imperatives for the next five years. Accordingly, a management structure has been formed to set strategies and measurable performance goals for economic, social and environmental sustainability.

Such goals include a 12% improvement in non-renewable energy and emissions efficiency as well as a 30% improvement in water usage efficiency over a 2009 baseline. We also plan to realise R50 million in incremental profitability or cost savings through sustainability initiatives by 2015.

An energy efficiency management project designed by Barloworld Power has commenced with the installation of devices to monitor electricity consumption at our Bellville, Bloemfontein, Durban, Isando, Middelburg, Sandton and Boksburg premises, as well as other Barloworld group facilities.

Early indications are that this programme is having a favourable impact on energy usage and will be rolled out to all South African facilities across the group in due course.

A training programme was implemented in 2010 to educate new employees on environmental awareness within the business. A number of initiatives have also been introduced to motivate employees to conduct their activities at work and at home in an environmentally responsible manner.

The 'War on Waste' initiative, driven by ideas and interventions from employees, continues to successfully address all forms of inefficiency and waste.

Safety is one of Barloworld Equipment's core values, driven from the top to instil a sustainable culture throughout the organisation.

A Cat powered Motivator mobile generator, designed to provide in-pit mobility for the relocation of electrically powered mining plant, such as shovels.

Our principal, Caterpillar Inc, remains on the Dow Jones Sustainability Index (DJSI) for the 10th straight year and is recognised as the sustainability leader in the industrial engineering sector.

Doug Oberhelman, Caterpillar CEO said, *"We want our customers to know they can count on Caterpillar and our dealers to provide solutions to their unique challenges. I can't have a conversation with a customer without the topic of the environment and sustainability coming up. Our customers are under increasing pressure to do more with less impact on the environment. It's one of their greatest demands and so it becomes one of ours."*

Accordingly, we will focus on providing our customers with solutions that enable them to achieve their sustainable development objectives.

Transformation

Barloworld Equipment South Africa (incorporating Barloworld Power) is a Level 2 BBBEE contributor, enabling customers to claim 125% of procurement expenditure. At present we are focusing particularly on employment equity and development of women.

Achievement of our strategic goals depends on embracing diversity and fostering inclusion. Senior management has attended diversity workshops and our new diversity vision is currently being rolled out to the organisation.

This in turn supports the creation of sustainable employment equity (EE) transformation. Dialogue is under way internally to move away from EE interventions towards EE transformation and our talent management practices have been overhauled with the same objective.

Our highly evolved skills development strategy also supports EE transformation.

"We want our customers to know they can count on Caterpillar and our dealers to provide solutions to their unique challenges. I can't have a conversation with a customer without the topic of the environment and sustainability coming up. Our customers are under increasing pressure to do more with less impact on the environment. It's one of their greatest demands and so it becomes one of ours."

Doug Oberhelman, Caterpillar CEO

Source: Caterpillar Inc. Press release Peoria., 15 September, 2010.

Skills development

The development and retention of skills across the company underpins all our future business plans and is therefore a strategic priority.

Barloworld Equipment continued to develop its technical training capabilities through the downturn, positioning us well to capitalise on the mining sector recovery. We invested approximately R29 million in technical and non-technical training of employees in southern Africa during the past financial year and will be allocating considerably larger resources to training in the coming year to keep pace with projected growth.

Our new Technical Academy in Isando, Johannesburg, has commenced training of 250 new learners in addition to extensive training programmes for existing artisans in its first year of operation and continues to ramp up. The 150 bed accommodation component has realised high occupancy levels throughout the year, resulting in significant cost savings to the business in terms of both accommodation and travel.

Within less than a year, the Technical Academy has achieved compliance with Caterpillar's Service Training Excellence certification standards. The certification covers all aspects of the physical facility, the quality and presentation of training material, as well as marketing and administration.

We now have two intakes of learners annually in South Africa and various additional interventions have been put in place to improve technical training capability, not only for Barloworld Equipment but for the industry generally. A memorandum of understanding was signed with Ekurhuleni West College, which comprises six separate campuses, to improve practical training for learners and provide assistance for teaching staff. This, in turn, will upgrade the quality of learners entering our pipeline.

A NQF4 learnership has been launched to provide a qualification for senior mechanics focusing on systems and diagnostics. Barloworld Equipment is the first earthmoving equipment supplier to offer this advanced level learnership.

A fast track recruitment and skills development exercise is under way in Mozambique to service the rapidly expanding Cat machine population on the new coal mining projects, with resources also being brought in from around the company.

The aim is for every employee at Barloworld Equipment to have a Development Action Plan supported by appropriate programmes at our Leadership Development Centre in Sandton in order to help reach their full potential.

Our Adult Basic Education and Training (ABET) programme to improve English and mathematical literacy levels is growing annually.

Graduate programmes, bursaries and internships continue to form an integral part of the skills development strategy. There are currently seven engineers on the Barloworld Equipment graduate programme, all receiving training in various aspects of the business, as well as seven interns, two of whom have been employed permanently. This programme will be expanded in 2011 with two intakes. A number of bursaries have been awarded to permanent employees to further their studies and we have six external bursars with the focus on engineering.

Localisation is a primary focus in Barloworld Equipment's African territories, with development of learnerships aligned to the South African model to ensure the maintenance of the same quality standard throughout the business. Learner numbers have increased in all territories in 2010 and the introduction of training in Portuguese in Angola has resulted in improved employee retention.

Employees are also making extensive use of the Cat Dealer Learning Management System, a portal of online learning solutions created by Caterpillar University, to develop their skills in various areas of the business.

Outlook

Barloworld Equipment begins the 2011 financial year with an order book of R3.4 billion for earthmoving equipment and power, driven largely by mining projects, compared with our R1.5 billion order book at the start of the previous year.

Continued growth is anticipated in the owner and contract mining sectors. The recovery in commodities will give rise to increased activity and revenue across our southern African territories, with Angola expected to recover more slowly along with renewed confidence in government releasing payments to contractors. After sales revenues in the form of parts and service to support the large installed Cat population will continue to contribute significantly to our result.

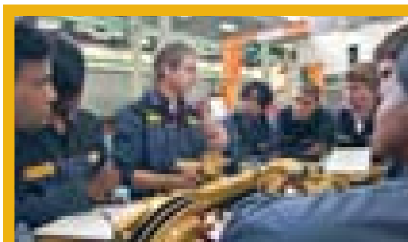
The announcement in November of Caterpillar's intended acquisition of Bucyrus International, subject to regulatory approvals, has far reaching implications for Barloworld Equipment. The Bucyrus acquisition will allow Caterpillar and Barloworld Equipment to participate in 75% of the business opportunities for equipment on both underground and opencast mines compared to the current 25%.

The transaction could also provide significant after market opportunities not only for new product sales into the mining sector but also for the installed Bucyrus equipment population base.

The order placed by Debswana in October for four Atlas Copco Pit Viper 351E drill rigs for the Jwaneng Cut 8 project also gives us competitive advantage with regard to further drill requirements and excellent future after sales support opportunities.

In line with our Common Goals strategy with Caterpillar, we are continuing to work together to gain market share by providing customers in all our territories with sustainable solutions which include lowest owning and operating costs.

We will continue also to focus on the safety and development of our people, and reducing the environmental impact of our activities.



Learners receiving instruction from the trainer at the Technical Academy in Isando.

Our Metso team plans to aggressively enter the mining sector with its crushing and screening solutions in 2011. Dedicated expertise has also been allocated to growing our road construction and paving market share.

Construction of our new R220 million component rebuild centre (CRC) will commence in Boksburg, more than doubling its capacity. The new CRC will focus on the remanufacture of components. Jobbing work will be directed to our regional service facilities, which will be upgraded as required.

The long-term fundamentals for infrastructure development in southern Africa remain sound. While the South African government's promise of significant infrastructure spend provides scope for long-term growth, the timing of this spend is creating uncertainty.

For this reason, coupled with continuing weakness in private sector demand, we expect a flat year in construction in all our territories in 2011. Focus will be placed on improving market share in all our construction product ranges and retaining after sales service and parts business for our major customers. Attention is also being given to opportunities related to infrastructure development in the power generation sector.

Current backlogs in construction machine deliveries should soon be a thing of the past, with Caterpillar promising accelerated deliveries to dealers of its standardised product offering in certain construction machines. In addition, Caterpillar is embarking on a significant factory expansion programme, particularly in China.

The rental and used equipment businesses are expected to remain buoyant and opportunities in mining equipment rental are promising. Plans are in place to exit compressors and other allied equipment in our rental business and to increase our investment in Cat rental units.

In line with our Common Goals strategy with Caterpillar, we are continuing to work together to gain market share by providing customers in all our territories with sustainable solutions which include lowest owning and operating costs.

Electricity reserve margins will once again be under pressure as the southern African economies recover and load shedding in certain areas may become inevitable. Furthermore, it is unlikely that the expansion plans of many mines will be allocated the necessary power to increase their capacity and, as such, some level of self generation is expected.

Barloworld Power will thus have a key role to play in the provision of power to mines and heavy industry.

The growth of our power business into a significant contributor to Barloworld Equipment's profitability remains a strategic focus. The newly established Barloworld Global Power Systems Advisory Board will combine best practice and technical expertise from all our territories in southern Africa, Iberia and Russia to capitalise on increased demand for power solutions globally. The objective will be to grow market share by delivering integrated power solutions across our dealership territories with dedicated focus on the key segments of electric power generation, marine and oil and gas.

IBERIA

Overview

The operations in Iberia continued to experience difficult trading conditions in a very challenging macro economic environment. The already weak base created by the economic downturn was exacerbated by the sovereign debt crisis in the Eurozone in early 2010. This set the tone for a drastic change in governmental economic policy across the region from policies of fiscal stability and growth to policies concentrating on fiscal consolidation with a mandate to cut government spending in all sectors.

The construction industry bore the brunt of this change in economic policy as cutbacks on infrastructural spending and halting of public works contracts were the early targets of the new policies.

Equipment Iberia's results reflect the continued regional contraction, with revenue reduced by 35% to just R3.9 billion and an operating loss of R69 million. Net operating assets were reduced by 24% to R2.6 billion, following focused efforts around working capital management and limited capital expenditure. This business ended the year with no debt.

An ongoing commitment to sustainability saw positive outcomes with reductions in fuel usage as well as water consumption. The amount of water recycled increased significantly following modest investments in water treatment facilities. Total GHG emissions showed an overall reduction year on year in line with reduced activity levels and the fact that we educated our staff about the impact of our operations on the environment.

Tragically a field service mechanic from our Portugal operations was killed in a road accident while travelling to a customer site to repair a machine. The accident was due to third party negligence. Employee safety is central to our employee value creation activities and we will continue to focus on this aspect.

Strategic focus areas

Financial returns were a core focus during the year, with the key objectives of remaining cash positive, optimising fleet utilisation, managing working capital, reducing costs, and growing our share of a depressed market to gain as much revenue opportunity as possible while maintaining acceptable margins. Continuous focus on these objectives has ensured a strong core business that can be leveraged for growth once economic conditions improve.

The maintenance of strong partnerships with our customer base and principals has secured a platform for future profitable growth, with customers retaining our services even when their expansion lies outside the region. With Caterpillar's backing through working capital management, customer financing solutions and product support, we have grown beyond our borders as our customers take their business into developing regions such as Africa and South America.

Our approach of providing comprehensive integrated solutions to fulfil specific customer requirements remains a unique advantage within the region. Customers in all markets therefore have access to a seamless offering from a single supplier.

During the period we maintained our focus on people through employee value creation (EVC) programmes. Initiatives included training, talent identification and retention as well as maintaining attractive employment conditions. Unfortunately the business was forced to reduce its staff through a combination of temporary suspensions, superannuation programmes and voluntary retrenchments, while the payroll cost was further reduced by cutbacks in pay levels. Overall this will equate to annualised savings of R77 million. Costs of R48 million were incurred in the implementation of these programmes. Despite these necessary actions, we have ensured that key skills are not lost to the business and will be available in future as growth returns with an improvement in the macro economic environment.

Management has also made a commitment to create goal based action plans to transform the gender balance within the division.

Financial returns were a core focus during the year, with the key objectives of remaining cash positive, optimising fleet utilisation, managing working capital, reducing costs, and growing our share of a depressed market to gain as much revenue opportunity as possible while maintaining acceptable margins.

Offshore oil rig – Nine Caterpillar engines run the floating production storage Offloading vessel (right) and four in the tension leg platform (left).

Complementing the group's commitment to sustainability, we actively pursued various initiatives during the year such as the reduction of our carbon footprint to meet group standards. Our principal, Caterpillar, is regularly introducing new machine models that comply with the strict European Union emissions legislation.

Construction

Construction was significantly affected by the adverse macro economic environment, with government austerity measures bringing spending on infrastructural development to an abrupt halt.

Our primary focus was on increasing market share while maintaining sales profit margins. We concluded equipment sales to large Portuguese and Spanish contractors working in developing markets in Africa and South America.

A high level of customer contact has been maintained to ensure a strong market presence and create a solid base from which future growth can be driven.

Power Systems

Power Systems also experienced poor market conditions. The marine market was heavily influenced by the subdued Spanish shipping industry. However, there was a modest revival towards the end of the year as our customers began to receive orders for the construction of more complex technical boats, specifically for developing economies.

Our Power Systems business has aligned with Barloworld Power in South Africa to further develop the Barloworld Marine Quality Centre (BMQC). This concept of a centre of technical excellence, together with high quality products and superior after sales support, aims to provide a single customer point of contact to resolve all our customers' marine requirements.

The power generation market remained difficult as several projects were postponed through budgetary constraints or lack of available financing. This impacted our large projects and industrial market segments while cogeneration was also heavily affected.

Product Support

Product support was the backbone of the Iberian business in 2010. Our branch network, which has a strong regional footprint, provided continued high levels of service that allowed our customers to operate their ageing equipment while waiting out the economic uncertainty. Product support market share grew while margins were maintained.

Rental Equipment

Rental equipment was affected by poor trading conditions and a very aggressive pricing market. Our rental strategy was realigned during the year to focus solely on core Cat products, with a phased exit from non-Cat products starting late in the year.

The size of the rental fleet was decreased and rental pricing revised upward to improve margins and the financial utilisation of the fleet. The cost base was lowered through reductions in head count and improved fleet management.

Used Equipment

Used equipment maintained the momentum of the previous year and remained a positive contributor to the operating result. The reduction of excess capacity in world equipment markets saw improving profit margins on used equipment sales late in the year as customers realised the value of our Cat Certified Used programme, while a focus on cost to market resulted in improved returns.

Sustainable development

Equipment Iberia's economic performance reflects the reality of a region in economic turmoil. We seek to maintain a strong market presence together with a tight rein on capital expenditure and working capital. This will ensure ongoing liquidity, while the realignment of the business preserves core capability to grow into the future.

Environmental initiatives have focused on education and staff awareness rather than direct capital investment, creating an appreciation of the environmental impact of our operations and providing a basis for future actions.

Similarly, social aspects centre primarily around minimising the impact of the poor socio economic climate on our employees through continued co-operation with labour unions, respecting civil rights and continuing our Employee Value Creation (EVC) programme.

Outlook

The consensus of our customers and market analysts is that the industry in both Spain and Portugal will be flat to slightly negative during 2011 and 2012. We thus anticipate a difficult year ahead, with product support again forming the backbone of the business.

We will seek to maintain a strong market presence together with tight control of capital expenditure and working capital. This will ensure ongoing liquidity, while the realignment of the business preserves core capability to grow into the future.

Equipment Iberia is determined to entrench its position as market leader building on the capability to offer solutions to customers' requirements no matter where they operate their equipment. Our integrated solutions offering in the local market will be refined as we continue implementing the new strategic direction for our rental business. We have successfully developed a new cost efficient internet based channel to market, enabling us to market and sell our used equipment on a more global basis.

Our Power Systems business will align with the vision of the broader Barloworld vision and that of our principal, Caterpillar, as we look to expand our product and service offering beyond our existing territories. The future of the energy sector holds promise as the demand for sustainable energy solutions grows. Co-operation with Caterpillar has also opened opportunities around railway locomotive units.

Our people remain core to our success and we will continue investing in the training and well being of our employees through the EVC programme internally while also working closely with the unions and other partners to manage the impact of the downturn.

We will seek to maintain a strong market presence together with tight control of capital expenditure and working capital. This will ensure ongoing liquidity, while the realignment of the business preserves core capability to grow into the future.

Two Cat machines working on the Eastern Siberia – Pacific ocean Pipeline project (VSTO 1).

RUSSIA

After a difficult first quarter, market activity started to improve and our Russian operation, Vostochnaya Technica (VT), made a good recovery with revenue increasing to $207 million (2009: $173 million) and operating profit to $11.5 million (2009: $5.9 million). Most stock ordered before the financial crisis has been sold, resulting in reduced inventory levels and strongly positive cash flow in 2010.

We invested $8 million in developing our facilities and plan to invest significant amounts over the next two to three years to improve our aftermarket offering and give us a competitive edge throughout our territory. A world class component rebuild centre will open in Novosibirsk in July 2011 and facilities have been acquired in Magadan and Irkutsk, with renovations due to start in 2011 for completion in 2012 and 2013. Three further areas have been earmarked for development and due diligence studies are currently in progress.

Mining

Mining sector investment programmes previously put on hold are now rolling out and this renewed confidence is reflected in VT's customer order book of $84 million at end 2010 compared to $10 million a year ago.

Demand for both coal and gold has remained strong throughout the year and we expect this trend to continue. Some exciting new greenfield projects are now coming on line or will be starting up in the next few years. These include development of the Elga coal deposit by the Mechel group in Yakutia and the Blagodatnoe gold deposit by Polyus, as well as the Natalka gold project in the Russian Far East.

Construction

The disappointing 2009 construction market started to turn in 2010 and, with stock availability as a critical success factor, we were able to take full advantage of unexpected demand to improve revenue from $21.6 million in 2009 to $27.7 million.

Outlook

In October 2010, Barloworld reached agreement to acquire Wagner Equipment's 50% shareholding in Vostochnaya Technica (VT) for $52 million, subject to certain regulatory approvals. This transaction will make Barloworld the 100% owner of the Cat dealership in two significant Russian territories covering about 9.8 million square kilometres, namely Siberia and the Russian Far East.

This acquisition is in line with Barloworld's strategy to grow its core Cat equipment business and provides the group with significant long-term growth potential in the mining, infrastructure, forestry and power system segments. We are already working closely with Caterpillar to drive market leadership and have aggressive plans in place to increase coverage and enhance customer service.

The acquisition of the remaining 50% of our Caterpillar joint venture in Russia is in line with Barloworld's strategy to grow its core Cat equipment business and provides the group with significant long-term growth potential in the mining, infrastructure, forestry and power system segments.

With market indicators starting to improve, we are well positioned to achieve our five year vision through our strategic imperatives of:

- significantly increasing our unit sales and market share;
- improving our distribution footprint throughout the territory;
- recruiting, developing and retaining people to support our growth plans; and
- leveraging our aftermarket offering to suit customer requirements and meet profitability targets.

The power business remains a key strategic opportunity for VT and we are finalising a business model focusing on integrated customer solutions to achieve market penetration and growth. We are also working at breaking into the potentially lucrative forestry segment.

Russia's economy is closely linked to commodity demand and prices and forecasts indicate a stable, growing economy. We are confident that our markets will continue their 2010 recovery trend and our improved distribution footprint places us well to increase market share and profitability.

Our leadership team

Southern Africa leadership team

Peter Bulterman (54)	Chief executive officer: southern Africa. HND Mech Eng. 35
Dominic Sewela (45)	Chief executive officer: South Africa. BSc Chem. Eng. 3
Fergus Macleod (58)	Financial director. CA (SA), BCom. 30
Terry Dearling (51)	Human resources director. BA Psychology. 15
Shane Fitzpatrick (48)	Executive director. BSC Mech Eng. 6
Kenny Gaynor (52)	Executive director: Power. CA (SA), HND Elec Eng. 18
Chris Gibb (61)	Executive director. 40
Charles Nell (53)	Chief information officer. BSc (Hons) Computer Science, MBA. 30
John Polykarpou (50)	Executive director: after sales. CA (SA). 25

Iberia leadership team

Viktor Salzmann (63)	Chief executive officer: Iberia (Spain and Portugal). Eidg Dipl Kaufman. 42
Carlos Morales (41)	Operations director: Industrial engineer. 14
Victor Arnold (47)	Managing director: Portugal. BCom, MBA, DBA. 12
Jorge Beltran (41)	Power system director: Electronics engineer. 14
Francisco Carrillo (51)	Machines sales director. Bachelor Chemistry. 35
Alberto Garcia Perea (59)	Marketing and purchasing director. Bachelor Marketing/Degree in Law. 38
Clyde Griffin (39)	Finance director. BCom, BAcc, CA (SA). 7
Ildefonso Villar (49)	IT director. Degree in History. 34
Bernardo Villazan (51)	Human resources director: Industrial engineer. 3
Isabel Vicente (52)	Product support director. Degree in Physics. 35
Graziano Cassinelli (43)	Used machines director. Diploma in Chemical-Biological Analysis. 2

Russia leadership team

Tony Diggeden (56)	General director. 34
Quinton McGeer (46)	Deputy general director. CA (SA). 18
Anton Globus (32)	Finance director. BCom (Hons) Accounting, CA (SA), CISA. 5
Peter Tapson (48)	Regional director: Russian Far East. 29

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.

Diversity vision

Recognising that diversity is essential to the success of our business, Barloworld Equipment southern Africa launched its new diversity vision: *To achieve our strategic goals, we commit to a culture that embraces, respects and values all forms of diversity, including race, gender, and disability.*

This statement is the key to our journey to transform Barloworld Equipment into an organisation that values diversity and fosters inclusion. In 2009 top management attended diversity workshops designed to provide the tools to lead by example. In 2010 the workshops were cascaded to the next level of management and they will be rolled out to the rest of the organisation in due course.

Technical Academy

Barloworld Equipment opened its world class Technical Academy in Johannesburg on 29 October 2009 and is now recognised as one of Caterpillar's flagship dealers worldwide in training. "I have high hopes for this centre. I know it will be a tremendous asset in the region and it will be a model for Cat dealers around the world," said Jim Owens, former CEO of Caterpillar, at the opening.

By the end of our 2010 financial year the Technical Academy had trained 250 learners and the associated 150-bed student accommodation block has been operating at capacity. A soccer field developed adjacent to the accommodation facility for the local community staged an intra-company "Soccer Fever" tournament dovetailing with the 2010 FIFA World Cup in addition to various other tournaments including men's and women's teams.

Winning the war on waste

Barloworld Equipment southern Africa's War on Waste campaign gathered momentum with the introduction of Continuous Improvement (CI) boards on all sites to facilitate the execution of waste saving ideas by employees.

On three of our mining sites in Botswana, Orapa, Damtshaa and Letlhakane, the CI process took root when employees at all levels started experiencing the satisfaction of being part of the process. Many projects have been successfully completed thanks to staff input, including:

- a new risk assessment process to improve safety and technical awareness;
- major reductions in use of printing materials and paper;
- a saving of six work days per month by streamlining travel plans;
- reduced risk in maintenance and repair contracts through a properly managed daily inspection process; and
- improved office and stores layouts using recycled materials and furniture.

Water recycling in Iberia

As part of Spain's ongoing operations, we are required to wash machines and engines that come and go from our facilities, either prior to release for rental or entering our workshops for service and repairs. The waste water is often contaminated with grease, sludge and other hazardous materials. To ensure we do not release this contaminated water back into the municipal system, we have installed water treatment plants at our branches, enabling us to recycle water for machine and engine washing and thus reducing our water consumption. The waste products are disposed of by an approved waste management company.

"Following on our 30% operating profit improvement in 2009 we delivered another record result in 2010. Our integrated motor vehicle usage solutions strategy remains resilient and relevant in a changing environment."

Martin Laubscher (50)
Chief executive officer: Automotive
BAcc, BCompt (Hons), CTA, MCom (Business Management)
23 years' service

Operating performance

Economic

R million	Revenue Year ended 30 Sept 2010	Revenue Year ended 30 Sept 2009	Operating profit Year ended 30 Sept 2010	Operating profit Year ended 30 Sept 2009	Net operating assets 30 Sept 2010	Net operating assets 30 Sept 2009
Car rental southern Africa	3 204	3 059	283	254	2 580	2 266
– Southern Africa	12 341	11 525	258	232	1 599	1 682
– Australia	3 737	2 937	82	59	1 009	946
Motor retail	16 078	14 462	340	291	2 608	2 628
Leasing southern Africa*	1 545	1 552	149	158	441	387
	20 827	19 073	772	703	5 629	5 281
Share of associate income/(loss)			4	(11)		

** For leasing southern Africa, operating profit before interest paid is R278 million (2009: R293 million) resulting in total divisional operating profit before interest of R901 million (2009: R838 million). Net operating assets after deducting interest-bearing debt.*

Environmental

	Petrol and diesel consumption (ML) Year ended 30 Sept 2010	2009	Electricity consumption (MWh) Year ended 30 Sept 2010	2009	GHG total emissions (tons CO_2e) Year ended 30 Sept 2010	2009	Water consumption (ML) Year ended 30 Sept 2010	2009
Car rental southern Africa	3.17	3.40	4 987	4 928	13 927	22 368	90	179
Motor retail southern Africa	5.59	5.55	34 537	31 041	55 747	43 512	255	274
Motor retail Australia	1.04	0.88	3 802	3 637	5 692	5 458	18	10
Leasing southern Africa	0.56	0.68	1 488	1 920	3 190	3 714	4	3
	10.36	10.51	44 814	41 526	78 556	75 052	367	466

Social

	Number of employees Year ended 30 Sept 2010	2009	LTIFR Year ended 30 Sept 2010	2009	Fatalities Year ended 30 Sept 2010	2009	BBBEE rating* Year ended 30 Sept 2010	2009
Car rental southern Africa	1 675	1 588	1.00	0.74	0	1	2	2
Motor retail southern Africa	4 697	4 655	1.43	0.92	0	0	3	3
Motor retail Australia	477	439	1.31	1.91	0	0		
Leasing southern Africa	434	415	0.75	0.83	0	0	2	4
	7 283	7 097	1.24	1.03	0	1		

** BBBEE rating for South Africa only*

AUTOMOTIVE

Overview

Industry perspective

The automotive industry showed an improvement off a low base during our financial year. South African new vehicle sales grew by 15% in our financial year while the used vehicle market offered exceptional opportunities during the first six months. In Australia the new vehicle market increased by 14% during our financial year.

SAVRALA (South African Vehicle Rental and Leasing Association) statistics showed the car rental market increasing by some 4.6% during our financial year. This was mainly driven by increased activity in the inbound visitor segment, underpinned by the 2010 FIFA World Cup and the continued growth of the insurance replacement segment. The corporate and local leisure markets experienced a sluggish recovery as businesses and consumers focused on containing discretionary expenditure.

A resilient integrated approach

Barloworld Automotive improved its operating profit, in local currency, across all continuing operations, in a competitive trading environment. Revenue was R20.8 billion and operating profit R772 million, resulting in an operating margin of 3.7%. Included, as a charge against operating profit, is R129 million in interest paid in respect of Fleet Services. Reclassifying this amount to the interest paid line results in an operating profit of R901 million and an operating margin of 4.3%.

Our vision remains: *To be a recognised leading provider of integrated motor vehicle usage solutions in distribution, rental, fleet management and product support by exceeding stakeholder expectations at every interface*.

This is achieved through a balanced portfolio of operations including car rental, motor retail, fleet services, and used and disposal solutions. Aligned with the Barloworld group's focus areas, the Automotive division continued to create stakeholder value through six strategic themes.

Providing customers with a range of *integrated motor vehicle usage solutions* to fulfil their specific requirements is the cornerstone of our offering. These solutions include the products and services of our individual business units, as well as unique combinations of these products and services tailored to customers' specific needs in a seamless combination, effectively and efficiently provided by a single supplier. The disposal of the remaining shares in the Subaru import and distribution business during the year further aligned the division to our core business model.

An on-going commitment and focus on *employees* continued 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 is given to talent attraction and retention, extensive training and development, and attractive employment conditions in order to secure the requisite skills to meet the divisional growth objectives.

Consistent with the group's commitment to *empowerment and transformation*, Barloworld Automotive aggressively pursued various initiatives during the year. In South Africa these were measured in the context of the DTI's BBBEE scorecard and underscore our commitment to ensuring our 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, Avis Fleet Services – Level 2, NMIDSM – Level 2 and Motor Retail South Africa – Level 3.

Sustainable development continues to feature prominently throughout the division. Environmental sustainability initiatives continue to provide commercial benefits where escalations in the cost of basic services outstrip inflation rates. Avis Rent a Car South Africa maintained 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 with significant savings being realised. Water collection and recycling are also priorities at our Bayside facility in Melbourne, Australia. The automotive division remains committed to all aspects of sustainable business development through the implementation

The redeveloped kiosk at OR Tambo International Airport provides our customers with an exceptional rental experience.

of a comprehensive strategy addressing internal activities and customer needs. Social sustainability aspects remain at the forefront of the divisional executive committee. Various initiatives are being implemented that reduce the impact of the division's activities on the environment. These include achieving group energy and greenhouse gas emission efficiency improvement targets, as well as offering appropriate offset solutions to customers who require them.

Improving *financial returns* remained our core focus during the year. Optimising business unit performance included maximising both inter- and intra-business unit synergies, as well as the implementation of tight performance targets and objectives. These included prudent capital allocation, 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 disposal of the significant number of quality used vehicles that are a consequence of the automotive division's activities.

In pursuing *profitable growth* Barloworld Automotive is exploring opportunities within southern Africa. Our used and disposal solutions unit continues to leverage innovative systems and processes to optimise the quality of earnings and provide additional revenue growth opportunities. The disposal of the Scandinavian car rental operations improved the division's overall quality of earnings and provided capital for alternative growth opportunities within the group.

The above strategic themes are cascaded into all business units and their collective efforts in this regard underscore 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.

Divisional summary

In our continuing operations we achieved new and used vehicle retail sales of 80 503 units, against the previous year's 79 340 units. Car rental days in southern Africa improved to 5.0 million compared with the previous year's 4.8 million. At year end a total of 162 098 vehicles were under finance and other management contracts. 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 grew revenue and rental days. High fleet utilisation, stringent cost control, slightly firmer rates and a much improved used vehicle profit contribution supported the result.

The motor retail business in southern Africa delivered a good result in difficult market conditions underpinned by increased new vehicle unit sales and a strong finance and insurance contribution. The Australian business produced a much improved result.

Avis Fleet Services did well in growing its fleets, assisted by strong demand for its products and services. An improved used car performance supported the improvement in underlying profit.

Car rental

Avis Rent a Car southern Africa operates short-term vehicle rental from over 190 customer service centres focused on the tourism, corporate, local and replacement market segments throughout southern Africa. At peak the car rental fleet comprised some 20 200 vehicles. The operations in South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland are owned, while the remainder are sub-licensed. Avis Point 2 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.

Rental revenue increased due to marginally higher revenue per rental day and higher rental days. Rental volumes increased by 4% and the average fleet increased by 6%. Fleet utilisation reduced by 1% as a result of up-fleeting for the 2010 FIFA World Cup. Market share in rental days across the region was in line with prior year.

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

Motor retail

Southern Africa

Motor Retail southern Africa operates 44 leading motor vehicle franchise dealerships in South Africa and Botswana. Motor Retail grew market share and is well positioned to take advantage of the recovering new vehicle market. A consistent focus on improving asset turn, containing costs, and reducing working capital while focusing on our customers, ensured that the business has been able to take advantage of an improving market. A total of 46 779 new and used retail units were sold in 2010.

During our financial year the market for new vehicle sales across the region totalled 465 920 units. NAAMSA (National Association of Automobile Manufacturers of South Africa) reported a new vehicle market of 403 336 units of which 82% represented dealer sales. Botswana has shown a decline in the market due to cheap "grey imports" entering the country.

In accordance with our strategy of "Fewer, Bigger, Better" dealerships we continue to invest and maintain well located world-class facilities. During the year minor upgrades were completed at Barons N1 City and Barons Culemborg. Club Motors Fountains in Pretoria and Barloworld Toyota Stellenbosch are under construction over the year end.

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 2011. We have exited the Volvo and Landrover franchises in Witbank.

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 the Subaru brand.

Australia

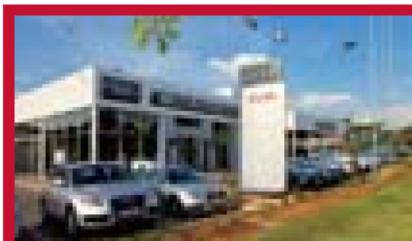
Our Australian business operates some of the most modern dealership facilities in Australia, in Melbourne and Sydney. We retail new and used vehicles in the passenger and light commercial segments, as well as providing parts, servicing, and finance and insurance related products. Barloworld Australia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

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

The Australian new vehicle market grew by 14% year on year. This growth was achieved as a result of low interest rates and manufacturer-driven incentives. Our Australian operations delivered a significantly improved result over the prior year. The Mercedes-Benz panel shop opened at our dealership in Melbourne in February 2010 has further enhanced our customer offering.

Fleet Services (Leasing)

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


Our 'Fewer, Bigger, Better' approach underscores our success in Motor Retail.

Avis Fleet Services grew its fleet under finance, maintenance and management contracts to a total of 162 098 vehicles. Profitability declined by 3% on the prior year, due to an interest margin squeeze, a decline in demand for value added services in Lesotho and lower maintenance drop offs, which were partly offset by an improved used vehicle contribution. Despite the depressed economic conditions

Collective wisdom remains a cornerstone of our employee initiatives.

and the tight rein on credit by major banks, the demand for our 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 and stock unavailability made used vehicles more attractive to consumers and demand during the year was consistently strong, delivering a contribution above the 2009 level. The operations continue to focus on 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.

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. We continue to create value for our principals and suppliers through investment in infrastructure and business systems, addressing brand exposure, as well as market share and improving business performance. Their confidence in our ability continues to be reflected in new opportunities offered to represent their brands and their on-going 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. An integrated approach to people management is entrenched throughout the division. Various programmes and initiatives across the division continue to empower employees and leaders, emphasising the critical role of personal behaviour in our customers' perception of the organisation and improving value creation. 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 2 or Level 3 on the DTI's BBBEE scorecard, and are well positioned to sustain their ratings and achieve future group targets. Avis Rent a Car South Africa continued to focus 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 NMI-DSM joint venture, principally for the Mercedes-Benz operations in the greater Durban and Pietermaritzburg metropolitan areas in KwaZulu-Natal. The 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 ambit of the South African National Department of Transport and Vuswa Fleet Services which manages the SANPARKS fleet nationally and certain OEM maintenance plans. Avis Rent a Car also has a 49% stake in Sizwe car rental.

Outlook

Trading conditions are expected to be more challenging in the year ahead. Emphasis will be maintained on our six strategic focus areas of integrated customer solutions, employees, empowerment and transformation, sustainable development, financial returns and profitable growth. Particular attention will be directed at improving quality of earnings.

Overall, 2011 is expected to be a year of modest growth. 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 will be pursued and implemented.

The car rental operations will focus on rental yields, maintaining high fleet utilisation and optimising their asset base. Additional products and services will be provided to cater for evolving customer demands.

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 in 2010. Fleet services is expected to continue to benefit from current contracts and pursue attractive growth opportunities in various markets.

Our leadership team

Martin Laubscher (50)	Chief executive officer. BAcc, BCompt (Hons), CTA, MCom (Business Management). 23
Allan Carter (57)	Chief executive: Motor retail Australia. 30
Orlando de Almeida (48)	Executive: Human resources. BCom (Hons), BA Industrial Psychology. 15
Roland Egger (45)	Chief information officer. BCom (Hons). 8
Clive Else (52)	Chief executive: Avis Fleet Services. CA (SA). 1
Gale Lemmert (45)	Executive: Transformation, organisational performance and sustainability. BA, LLB, MBA. 7
Litha Nkombisa (43)	Chief executive: Motor retail Southern Africa. BCom, MDP. 3
Chris Prinsloo (47)	Executive: Sales. 16
Keith Rankin (40)	Chief executive: Car rental. BCom (Hons). 12
Andy Richardson (49)	Chief financial officer. BCom, BAcc, CA (SA). 4
Grant Rowe (52)	Executive: Used vehicles and disposal solutions. MBA. 7
Eugene Tome (42)	Executive: Legal. BLC, LLB, LLM, MBL. 13
Christopher Wierenga (35)	Executive: Strategy. BCompt. 12

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.

UNDERSCORING OUR SUSTAINABILITY

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 seventh consecutive year
- World Travel Award: Best Business to Business Car Rental Company – Africa
- Avis South Africa: Avis Europe Outstanding Achievement of the Year Award 2010

NMI-DSM (Black Economic Empowerment Joint Venture)

- NMI-DSM Mitsubishi: Mitsubishi Motors Brand Centre Award of the Year 2009 – sixth consecutive year
- NMI-DSM Mitsubishi: Best CSI Average Score – Mitsubishi Motors Brand Centre Category 2010
- NMI-DSM Commercial Vehicles Pinetown Freightliner/Fuso: Dealer Sales Award for Highest Overall Sales Achieved in 2009
- NMI-DSM Commercial Vehicles Pinetown (Freightliner/Fuso) – Best CSI Average Score – Freightliner, Fuso, Western Star – Brand Centre Category 2010
- NMI-DSM Commercial Vehicles Durban: Dealer of the Year 2010 – Freightliner Fuso Brand Centre Category

Motor Retail South Africa

- Barloworld Fleet Marketing: Toyota SA Status Club – Platinum Award
- John Williams Motors Passenger: Chrysler Market Centre Category – Best CSI, Service
- John Williams Motors Commercial: 2009 Dealer of the Year Award for Freightliner Brand – Market Centre Category
- Barloworld Armstrong Ford Pietermaritzburg: 1st Place in the National Master Technician Award
- Barloworld Armstrong Ford Pietermaritzburg: Best Service Manager in Category A
- Barloworld Armstrong Ford Pietermaritzburg: Aftersales Business of the Year
- Barons Tokai, Barons Woodmead,: Club of Excellence Award
- Barons Woodmead: Best Volkswagen New Vehicle Department in Category A
- Audi Centre Bruma: Best Audi Parts Department
- Audi Centre Bruma: 3rd Overall – Audi Awards of Distinction
- Audi Centre Cape Town: Best Audi Pre-Owned Sales Executive
- Audi N1 City: Best Audi Pre-Owned Department
- Barloworld City Deep Trucks: Isuzu Truck SA Service Excellence – Top Service Department in Category
- Barloworld Toyota Middelburg, Hino Trucks: Hino Truck Marketing Award
- Barloworld Toyota Middelburg, Hino Trucks: Hino Quality Service and Environmental Award

Motor Retail Australia

- Barloworld Mercedes-Benz: Mercedes-Benz Australia Metropolitan Vans Dealer of the Year 2009
- Barloworld Volkswagen Five Dock: VW Australia Dealer of the Year 2009 – Central Region

Motor Retail Botswana

- Autohaus Gaborone: Best Volkswagen Parts Department in Category

Avis Fleet Services

- Professional Management Review (PMR): Diamond Arrow Award: Best Overall Fleet Management Company 2010, 2009, 2008, 2007
- Avis South Africa: Avis Europe Outstanding Achievement of the Year Award 2010
- Toyota SA Status Club and Hino Truck Club – Platinum Award Winner

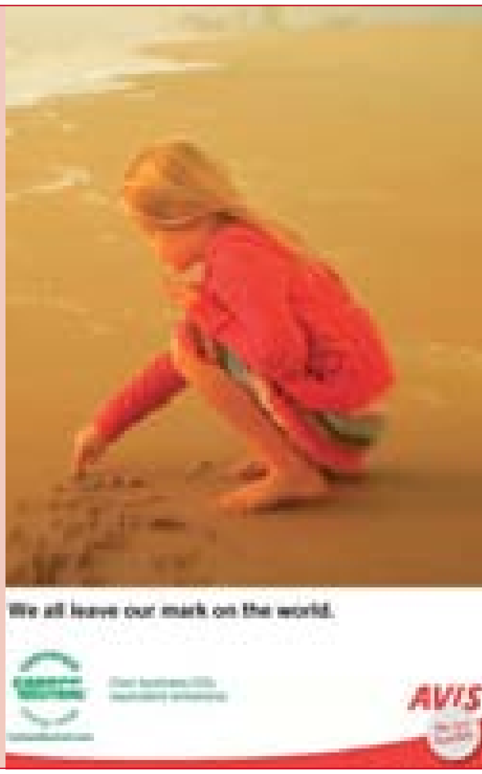
Avis Rent a Car drives environmental sustainability

With our focus on conserving South Africa's most precious resources, Avis is deeply committed to an effective environmental sustainability programme, which began more than a decade ago and gains momentum every day. We have instituted a number of initiatives in pursuit of the green dream. Some of these include achieving CarbonNeutral® accreditation, sponsoring several environmental projects, conserving 75 million litres of water a year and launching an internal Avis Earth Champions programme.

At Avis we are acutely aware of the need to reduce our carbon footprint and were the first car rental company to achieve CarbonNeutral® accreditation for the offset of our own energy and fuel CO_2 emissions. We recently introduced our internal Avis Earth Champions programme, giving all employees the opportunity to get involved in the environmental sustainability programme, from water recycling, energy reduction and waste management projects, to tree planting projects or volunteering for conservation bodies.

To conserve water, we invested R2.6 million to introduce effective water recycling infrastructure at airport vehicle preparation facilities in Johannesburg, Cape Town and Durban allowing us to save 75 million litres of water annually. These state-of-the-art drive-through car wash machines wash one vehicle in around 45 seconds, further reducing water wastage. In addition the used water is channelled and filtered and re-used in the system to wash more vehicles. 180 000 litre underground water reservoirs have been installed at our facilities in Cape Town and Durban to capture rainwater run-off from the roofs of the main buildings, which is then used to supplement the water requirements for the car washing and water recycling facilities, effectively making these 'water neutral' during the wet season.

Our green journey is an on-going process. There are several other exciting and far-reaching projects in the pipeline which aim to find ways to take our commitment to a sustainable environment to a much wider audience.



Club Motors Fountains – a sustainable dealership

Club Motors Fountains, our new BMW dealership facility, incorporates "green building principles" in both design and construction. Building features include:

- The shape of the building will provide the most natural light, maximising shade in the summer, and heat and natural light in the winter – according to on-going studies, this has a positive impact on productivity and employee well being.
- Alternative energy sources such as photovoltaic and fuel cells have been considered as these are available in new products and applications.
- Recycled construction materials and materials with zero or low harmful air emissions, zero or low toxicity and durable, local materials will be used.
- Dimensional planning has been used which will reduce the amount of building materials needed and cut construction costs.
- To ensure water efficiency, designs include dual plumbing which will use recycled water for toilet flushing as well as a grey water system that recovers rainwater or other non-potable water for site irrigation.
- Waste water will be minimised by using low-flush toilets, low-flow shower heads and other water conserving fixtures.
- The use of state-of-the-art irrigation controllers and self-closing nozzles on hoses will add to the water efficiency element.

"A green building, also known as a sustainable building, is a structure that is designed, built, renovated, operated or reused in an ecological and resource-efficient manner," says Alheit Fischer, Dealer Principal for Club Motors Fountains in Pretoria.

"The outlook is positive in all territories and we are confident of significantly improved results as customers look to accelerate their outputs to make up for the past two slow years. We expect demand for short-term hire to continue escalating as business confidence improves and will be focusing on better aftermarket revenues in 2011."

John Blackbeard (53)
Chief executive officer: Handling
BSc Eng (Hons) Dip Bus Man
14 years' service

Operating performance

Economic

R million	Revenue Year ended 30 Sept 2010	 2009	Operating profit/(loss) Year ended 30 Sept 2010	 2009	Net operating assets 30 Sept 2010	 2009
Southern Africa	912	1 156	42	80	369	518
Europe	1 734	2 127	(40)	(53)	573	681
North America	1 440	1 725	(19)	(54)	383	480
	4 086	5 008	(17)	(27)	1 325	1 679
Share of associate income			3	4		

Environmental

	Petrol and diesel consumption (ML) Year ended 30 Sept 2010	 2009	Electricity consumption (MWh) Year ended 30 Sept 2010	 2009	GHG total emissions (tons CO_2e) Year ended 30 Sept 2010	 2009	Water consumption (ML) Year ended 30 Sept 2010	 2009
Southern Africa	1.06	1.10	1 125	861	4 155	3 932	3	2
Europe	1.74	2.09	3 412	3 204	7 637	7 290	26	30
North America	2.26	2.31	4 944	5 029	9 623	8 997	14	14
	5.06	5.50	9 481	9 094	21 415	20 219	43	46

Social

	Number of employees Year ended 30 Sept 2010	 2009	LTIFR Year ended 30 Sept 2010	 2009	Fatalities Year ended 30 Sept 2010	 2009	BBBEE rating* Year ended 30 Sept 2010	 2009
Southern Africa	423	414	5.4	2.0	0	0	3	3
Europe	1 244	1 287	2.4	2.2	0	0		
North America	804	833	0.4	0.6	0	0		
	2 471	2 534	2.28	1.67	0	0		

** BBBEE rating for South Africa only*

HANDLING

Overview

Barloworld Handling's performance remained subdued in the wake of the global recession, with sales down 7% from last year. Through further cost reductions and some improvement in trading conditions towards year end, the division reduced its segment operating loss from £2.4 million in 2009 to £1.2 million. The business generated cash of £26 million during the year.

Our US and UK businesses continued to incur losses, albeit lower than the previous year. We also suffered a loss in Belgium for the first time since the start of the recession. The Netherlands remained profitable, as did South Africa, but at a considerably lower level than 2009.

As predicted, the economies in most of our territories are starting to recover and all our order books are in better shape than a year ago and by more than 50% in some territories.

The US economy started to turn around at half year and while our volumes are still down overall, we are seeing an improvement in US sales. A turnaround began in July 2010 in the UK and a month later in Belgium. The Netherlands bottomed out around the end of this financial year. The South African economy has lagged Europe and the US in experiencing the impact of the recession, resulting in severely reduced profits in both the handling and agricultural businesses this year.

Our integrated customer solutions strategy, including new, used, short- and long-term rental, maintenance offerings and fleet management, has helped us retain customers who have selected alternative options from our suite of solutions to see them through the downturn. Due to this integrated approach we have acquired new customers in all our territories, including some particularly pleasing orders for big trucks. Hyster's new electric truck range was also introduced this year and sales are growing at a modest pace.

We have focused successfully on cash management and continued the cost reductions of the previous period as part of our effort to improve financial returns. Our headcount was reduced through natural attrition to its lowest point in mid-2010. However, some of our business units are now rehiring technicians and mechanics as workloads increase.

The Form the Future (FTF) project, launched in 2008 to re-engineer our business systems and processes, is one of the cornerstones of our future profitable growth and has made good progress. The sales module is now live in the US, UK and Belgium and will be rolled out in South Africa and The Netherlands in 2011/2. The service module will follow in all our territories in 2011 and 2012. The benefits of FTF include improved customer service and better internal processes and efficiencies that will allow us to grow sales volumes without growing the cost base at the same rate.

Focus on the employment equity and skills development aspects of transformation in our South African business resulted in significant improvements.

Through the setting of targets, together with employee education programmes, sustainable development initiatives are being integrated into our business with some successes already measured.

United Kingdom

In 2010 the UK lift truck market increased from 18 489 to 19 906 units and Barloworld Handling's overall market share increased from 6% in 2009 to 7%. Our order book increased from £7.3 million at the start of the year to £14 million at year end.

New sales are down by more than a fifth on the prior year but used sales have improved by 17%, reflecting the change in buying patterns brought on by the recession. Parts revenue has increased by 10%, assisted by focused telemarketing activity. Revenue from short-term hire is 15% down year on year, but recovered well in the last quarter.

While still showing an operating loss due to slow market activity, the result represents an improvement of over 40% on the prior year. Cash in excess of £11 million has been generated through the disposal of rental assets and reduced inventories and receivables.

A Hyster J2.5XN truck at work.

Our tailored solutions capability secured the award by Freightliner of a fleet of 23 big trucks to replace existing competitive units as well as maintenance and breakdown support for the existing competitor truck fleet. The order is valued at £9.9 million including maintenance contract revenue.

Our JCB mobile plant equipment contract in Rochester, Staffordshire, was retained for a further five years and involves a mixed fleet of JCB teletrucks, Hyster counterbalance and warehouse equipment as well as specialist equipment totalling 226 new and 72 rehired units.

The unique asset management solution we have developed for the UK Ministry of Defence (MoD) is recognised as a key enabler to process improvement and cost reduction. The Defence Logistics Services asset manager portal manages the MoD's fleet of forklift trucks and ancillary equipment and has more than 400 registered users across all MoD locations with online access to fleet/asset specifications and usage data, equipment requests, short-term rental, logistics and a virtual asset pool for spare trucks.

Moves to improve our environmental sustainability resulted in a decrease of 19% in diesel consumption and 6% in water consumption.

Steps taken to improve competitiveness included the launch of the "Intelligent Service" marketing programme, embedding of our customer satisfaction surveys and measurement tools, the introduction of regional telemarketing, continued improvement through 6Sigma projects, and the introduction of a preferred supplier programme.

United States of America

The lift truck market in the south eastern United States increased from 20 267 units in 2009 to 25 262 units in 2010. Although our market share dropped slightly, the order book improved significantly from mid-year and we ended the period with a small increase in revenue.

Used equipment revenue was 13% up from last year, buoyed by the sale of six container handlers. Stringent financial management, including a 10% reduction in operating expenses, helped us to reduce the Handling US operating loss by more than $3.6 million. Net assets decreased as a result of successful efforts to right size the short-term rental fleet and convert rental assets to cash.

Aftermarket volumes increased in the second half and aftermarket margins improved year on year.

We experienced growth in our short-term rental equipment business, with increased utilisation and prices. The fleet has been expanded from 1 320 to 1 530 units over the year.

The US handling market continued to shift from internal combustion to electric power and Hyster's new Class I electric sit-down rider truck, the XN Series, is receiving positive reviews from customers.

We continued to build our ancillary product portfolio, including expansion of our battery and tyre services and the signing of agreements in the second half of 2010 to distribute Mariotti micro lift trucks and AutoCar trailer spotters in most of our existing territory.

In the fourth quarter a website was launched to sell parts via the internet. This offers customers the ability to place orders 24 hours a day, convenient pick-up and return through our established branch network and an alternative price point for internet orders.

We are also exploring opportunities to sell premium used equipment in Mexico and other Central and South American markets and have had some initial success in establishing relationships and exporting products.

During the year, company targets were rolled out to all employees for reduction in our carbon footprint along with suggested actions requiring little or no additional expenditure. The carbon tons generated by our vehicles and from electricity usage increased by 7% reflecting improved recording, the modest increase in activity and a colder winter and hotter summer than normal. Our safety record improved further to end the year at an excellent 2.5 OSHA (Occupational Safety and Health Act of 1971, US) Incident Rate.

South Africa

Handling

The lift truck market increased from 3 804 to 4 238 units in 2010. Our market share increased in counterbalance units but dropped in electric units. Machine revenue declined by some 30%, impacted significantly by low market volumes and lower deliveries in the first half of 2010. There has been an improvement in the market and order intake during the last quarter, but the benefit will only be realised during 2011.

A high number of customer liquidations impacted on used stock, cash flow and profit margins, with more rigid and slower finance approvals by funders slowing down the total market.

Short-term rentals improved from 2009, mainly in the last four months of 2010, resulting in revenue growth of 10%. Service profitability improved significantly through focused management.

Operating profit declined by 55% due to much lower new machine sales. Expensive stock from 2009 at high exchange rates contributed to this, but these trucks are now out of the system. Operating expenses remained flat as a result of a reduced salary bill after 2009 retrenchments and well managed costs. Net operating assets reduced by 10% mainly through a reduction in new and used machine stock despite customer liquidations resulting in returned used units.

Our Angolan operation has opened its doors for business and will support our 2011 results.

A Customer Satisfaction Index (CSI) was introduced in South Africa to identify areas needing improvement. A new national accounts strategy focusing on large customers contributed more than 200 new machine sales during 2010.

Barloworld Handling South Africa has implemented an integrated materials handling solution to help customers maintain a seamless supply chain. This includes technology developed in conjunction with sister company Barloworld Power to remotely monitor the utilisation and performance of Hyster equipment and machine operators.

In addition to downtime information, breakdown reports and service schedules, customers can now also request detailed reports including utilisation percentage, number of starts, idling times and accident damage linked to a specific machine operator.

We have introduced smaller capacity service vehicles over the past two years with significant reduction in overall fuel consumption and cost. All our South African businesses form part of the Barloworld Power initiative to measure and reduce electricity consumption.

Agriculture

Machine revenue was 32% down due to a further decline in the market. The ratio of small versus big tractors also changed during the year, with small models increasing from a 10-year average of 56% of total unit volume to 63% in 2010, further reducing industry revenue.

The yellow maize price declined from a peak of R2 256 in June 2008 to a low of R1 078 per ton in June 2010, impacting the total industry very negatively.

Barloworld Agriculture's tractor market share was also affected by significant price increases in the MF400 series sourced from Brazil due to the strengthening of the Brazilian Real against the US dollar, our lack of a product to cover the tender market, and uncompetitive pricing on tractor and combine harvester stock landed in 2009 at higher foreign currency rates.

As a result our operating profit declined significantly, further impacted by some dealer bad debts and initial start-up cost for our expansion into Mozambique.

Net operating assets reduced by 38%, mainly due to reductions in new machine inventories and receivables.

Significant progress was made in discussions with our main suppliers around product offering, specifications and support. New product ranges to be introduced in 2011 will contribute greatly towards market share growth.

Premium brand tractors from CLAAS and Massey Ferguson.

The new low cost range of tractors from CLAAS and Massey Ferguson.

The Mozambique operation was launched in the second half of 2010 and has already enjoyed a very good start with 21 units delivered and 91 more units due for delivery in 2011.

We continued our dealer development process during 2010 and made further progress on overall dealer ratings. This includes embedding of our CSI process for end users, introduction of a mechanisation and planning tool, a forecasting tool, and new retail finance and floor-plan packages to support dealer cash flow and closure rate.

SEM

The SEM business has enjoyed a successful year. Sales of wheel loaders increased from 20 in 2009 to 63 in 2010, nearly tripling revenue to R35 million. Larger and higher value units formed a significant portion of the sales mix. Operating profit improved from break-even to R2.6 million.

Despite an investment in parts inventory to support the increasing population, Barloworld SEM reduced operating assets from R11.5 million to a negative balance of R3.2 million through a reduction in new machine stock, excellent receivable days and higher payables.

We have introduced the new B series model of our SEM wheel loader range, featuring improved durability and productivity.

Our market broadened from mainly single unit agricultural applications into multiple unit orders for coal mining and small to medium construction contractors. We continued to utilise Barloworld Handling back office support, keeping overhead costs to a minimum.

The Handling infrastructure is also providing SEM customers with access to a national network of technical and parts support.

Europe

Belgium

The market in Belgium increased from 6 355 units in 2009 to 6 733 in 2010 and our share grew from 5% to 7%. New equipment revenue decreased by 17% as a result of the depressed market in the first half. However higher demand for used trucks and renewal of rental contracts increased used revenue by more than half.

Service and contract business grew slightly. Short-term hire suffered in the first six months of the year, but recovered progressively in the second half.

Despite cost reductions of over 4%, an operating loss was incurred after four bad months at the beginning of the year exacerbated by particularly harsh weather in December and January. The last six months were considerably more promising.

SigmaCert has been introduced to allow dealers to do periodic safety checks and provide their customers with official safety certification. The investment in training and IT interfaces will be largely offset by the additional business opportunity.

Action was taken to increase employee awareness of our carbon footprint and we ended the year with an overall saving of 2% in our carbon tons. A new car policy was enacted to lease vehicles with lower CO_2 emissions and our focus on safety reduced the days lost from accidents by 19%.

The Netherlands

The market for new trucks contracted by 8% in The Netherlands from 9 352 units in 2009 to 8 598 in 2010, but we increased market share from 3% to 4%. New equipment revenue decreased by 18% and service and parts revenue by 11%, while used equipment improved by 8% due to the introduction of rebuilt trucks. Operating profit halved from last year.

A truck rebuild programme was implemented and 40 units were sold with service contracts. Due to special pricing and an efficient production line in the Hoogeveen workshop, Barloworld has managed to completely rebuild XM trucks and offer them to the market at 60% of the price of a new Fortens truck.

Short-term rental ended the year very strongly with utilisation of over 80% in the last quarter.

Savings of 18% in diesel consumption and 15% in electricity consumption have been recorded. Total greenhouse gas emissions were 13% lower than in 2009.

People

The Good People Management initiative to improve employee ownership, commitment and job satisfaction is showing good results and Individual Perception Monitor (IPM) scores have remained consistent or improved in all our territories despite difficult conditions that have included a freeze on salaries and incentive bonuses in some areas.

The new balanced scorecard based performance management system for employees is also bedding down well and performance management training is gathering momentum. This is expected to improve employee alignment with business strategies as well as management accountability.

Safety performance as measured by LTIFR improved in the US but deteriorated elsewhere as a result of a higher incidence of relatively minor accidents. This adverse trend is receiving additional management focus.

Skills development is a priority as skills are already in high demand in anticipation of improved trading conditions globally. Apprentice training programmes have been expanded in the UK and South Africa and relaunched in the US, while further training for technicians is being ramped up to accelerate existing skills. In Handling South Africa, the first two women qualified as diesel mechanics specialising in forklift trucks.

Barloworld Agriculture launched an employment equity project to develop technical skills for the agricultural industry and employed four black apprentices in 2010. This will be expanded in 2011.

Five people have also been employed in Mozambique to support our territory expansion project.

In The Netherlands a temporary reduction in working hours was negotiated with the government in order to avoid retrenchments.

Social and community projects included initiatives as diverse as a blood donor drive in the US and the donation of a tractor to Fort Hare University for training small scale farmers and contractors from rural communities in South Africa.

Transformation

Barloworld Handling SA once again achieved a Level 3 BBBEE rating in 2010, allowing customers to claim 110% of their expenditure with the company.

We have made particularly pleasing progress on our focus areas of employment equity and skills development. Our employment equity points on the BBBEE scorecard improved from 4.31 to 5.98 and skills development from 5.92 to 8.49.

Sustainable development

The division remains committed to the group's energy and emission targets but, in view of the difficult trading conditions, operations have focused on housekeeping rather than major initiatives to help minimise its carbon footprint.

Actions taken include communication of the costs of energy use and actions employees can adopt; the formation of a multi-disciplinary "Green Team" in the US operation to explore and disseminate best practice; installing speed limiters on vans in the UK and optimising transport logistics; and closer monitoring of business travel.

Barloworld Handling will invest in solar panels, smart lighting and new heating systems in 2011. The Dutch business is in the process of obtaining ISO 9001 certification, while ISO 14001 certification is being sought in both The Netherlands and the UK.

Hyster warehouse trucks being delivered.


The SEM wheel loader in operation.

Outlook

The outlook is positive in all territories and we are confident of significantly improved results as customers look to accelerate their outputs to make up for the past two slow years.

We expect demand for short-term hire to continue escalating as business confidence improves and will be focusing on better aftermarket revenues in 2011. Our six strategic focus areas are aligned to those of the group and action plans are in place to realise our objectives.

United Kingdom

The truck market is predicted to grow modestly in 2011 and Barloworld Handling expects to increase market share and return to profitability.

United States

Forecasts in the industrial truck market show significant growth over the next two years and we believe the increased emphasis on sustainability by many organisations will lead to a shift to electric powered trucks, with associated benefits for Barloworld Handling.

Handling South Africa

An industry recovery is probable based on import statistics and our own improved order intake for new machines and short-term rental units.

A new low cost solution will be introduced together with our principal Hyster to penetrate lower price segments. We have also launched a new rough terrain forklift together with Mecano Continental to penetrate the agricultural and mining segments, both new markets for the handling business.

Agriculture

A recovery is expected in all agricultural commodities in 2011. Due to lower than anticipated crops internationally the maize price has started to recover and we anticipate further upside during 2011. This will boost local tractor sales as the maize price influences about 70% of the total tractor market.

The good initial order intake augurs well for our new dealership in Mozambique. In a new agreement with AGCO, we will also take on the dealership for the Novosibirsk, Altai and Omsk areas of Western Siberia in the 2011 financial year. Further territory expansion in southern Africa will be announced soon.

We will be introducing a new low cost, low to medium specification tractor range in the power segments that make up about 68% of the total industry. This will allow us to increase market share significantly and become more competitive on tender business. In parallel, a renewed focus on the high power, high technology sector will also enable growth at the top end of the market.

SEM

While the total wheel loader market in South Africa will continue to be somewhat constrained, we anticipate growth in SEM sales during 2011 due to affordability of the product. As the maize price recovers, we expect agricultural demand to improve.

Together with our principal, SEM, we will expand the product range in 2011 to include a smaller 20 ton model with 5.5 cubic metre capacity coal bucket as well as a quick coupler with bucket and fork attachment that will be ideal for the agricultural market.

We will also expand the SEM offering into other southern African territories during 2011 and 2012.

Europe

Our market in Belgium is expected to continue its positive trend. Our sales team is being geared to follow a more customer focused strategy and offer complete solutions.

In The Netherlands we anticipate modest growth for 2011, aided by strong focus on strategic areas such as big trucks, strategic alliances in certain regions and integrated customer solution selling.

Our leadership team

John Blackbeard (53)	Chief executive officer. BSc Eng (Hons), Dip Bus Man. 14
Lex Knol (55)	Managing director: Barloworld Handling Europe. BEng. 10
Alwyn Smith (45)	President: Barloworld Handling United States of America. MPhil, BAccountancy. 15
Eugene Smith (49)	Finance director. MA (Cantab), ACMA. 28
Rob Tennant (53)	IT director. BSc, MSc, CPIM. 30
Phil Bastow (56)	Managing director: Barloworld Handling United Kingdom. 1
Godfried Heydenrych (37)	Director: Barloworld Handling Southern Africa. 9
Isadore Payne (48)	HR director. BPL, BPL Hons, MPL. 2
Steve Ball (38)	Divisional general counsel. LLB (Hons)/Solicitor (England & Wales). 1
John van Wyk (41)	Business development director. 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.

UNDERSCORING OUR SUSTAINABILITY

First female technicians

In 2009 Daphne Mathonsi became the first woman to qualify as a lift truck technician at Barloworld Handling SA. As far as can be established, she was only the second woman – and the first black woman – to qualify as a technician in the lift truck industry in Gauteng.

Daphne (28) studied mechanical engineering at a technical college before joining Barloworld Handling in Boksburg as an apprentice six years ago. Having achieved a National Certificate in Diesel Mechanics, specialising in lift trucks, she now aims to continue her studies in mechanical engineering.

A second woman, Rionnah Phakula, has since qualified as a lift truck technician and three more female learners are coming through the ranks.

Assisting farmers in Namibia

Barloworld Agriculture has delivered 45 Massey Ferguson tractors to its dealer in Namibia, Otjiwarongo Motors en Trekkers, in what is thought to be the largest single tractor deal in Namibia's history. Since 2001, total sales of all tractor brands into Namibia have averaged about 65 per year. The Massey Ferguson fleet was acquired, together with various implements, by the Namibian Department of Agriculture and Rural Development to assist small emerging farmers with ploughing and planting.

Zero emission electric powered lift trucks

NMHG (NACCO Materials Handling Group), the manufacturer of Hyster lift trucks and one of the world's largest lift truck manufacturers, was among the first to develop energy efficient AC motor and control technology. NMHG's continued pursuit of improved energy efficiency is affirmed by competitive testing showing that its products offer the best energy efficiency (energy used per load moved) of any lift truck manufacturer. NMHG is one of the largest volume producers of zero emission electric lift trucks in the North American market.

"Our objective is to continue growing Supply Chain Management organically in South Africa, while returning Freight Management and Services to acceptable levels of profitability. By investing in our people, capabilities, skills, technology and processes, we will ensure the sustainability of the business going forward."

Isaac Shongwe (48)
Chief executive officer: Logistics
BA (Hons), MPhil (Oxon)
5 years' service

Operating performance

Economic

R million	Revenue Year ended 30 Sept 2010	2009	Operating profit/(loss) Year ended 30 Sept 2010	2009	Net operating assets 30 Sept 2010	2009
Southern Africa	2 256	2 257	50	92	398	342
Europe, Middle East and Asia	1 422	1 830	(40)	(15)	457	707
	3 678	4 087	10	77	855	1 049

Environmental

	Petrol and diesel consumption (ML) Year ended 30 Sept 2010	2009	Electricity consumption (MWh) Year ended 30 Sept 2010	2009	GHG total emissions (tons CO_2e) Year ended 30 Sept 2010	2009	Water consumption (ML) Year ended 30 Sept 2010	2009
Southern Africa	15.03	13.54	7 494	7 391	50 756	46 385	54	31
Europe, Middle East and Asia	0.82	0.84	3 219	3 102	4 261	4 315	9	8
	15.85	14.38	10 713	10 493	55 017	50 700	63	39

Social

	Number of employees Year ended 30 Sept 2010	2009	LTIFR Year ended 30 Sept 2010	2009	Fatalities Year ended 30 Sept 2010	2009	BBBEE rating* Year ended 30 Sept 2010	2009
Southern Africa	1 423	1 174	1.07	1.61	0	2	3	4
Europe, Middle East and Asia	771	769	0.57	0.95	0	0		
	2 194	1 943	1.11	1.27	0	2		

** BBBEE rating for South Africa only*

LOGISTICS

Overview

Barloworld Logistics experienced a challenging year characterised by lower earnings in all territories due to the ongoing impact of the economic recession. While the southern African operations remained profitable, cushioned by annuity income from the predominant supply chain management (SCM) businesses, the international businesses were significantly impacted.

The southern African SCM and dedicated transport services (DTS) businesses gained some significant clients during the year and the pipeline of potential new clients is encouraging. The consumer goods business unit fared exceptionally well in a subdued South African economy, beating plan for the year due to performance bonuses received from clients for exceeding contract parameters, while the industrial business unit felt the effect of downturns in the building and construction and the automotive industries.

The DTS business was affected by reduced volumes in the construction sector and freight forwarding felt the effects of the broader economic decline and lower trade volumes.

The international businesses, which are mainly volume based, started to recover slowly but remained in a loss making position. The pressure on our international operations was brought about by reduced economic activity in Spain and the Middle East. A return of trade from the Far East to Europe saw the volumes in our Sea Air multimodal transport operation recover but margins remained under pressure.

The prevailing conditions led to a critical evaluation of our businesses which resulted in several actions being taken. All non-essential spending was delayed. Furthermore, non-core businesses and underperforming contracts were exited, which included a decision to exit a portion of the freight forwarding business which was focused on African traders. This action will free up considerable management time to focus on the core corporate customer segment.

In light of the above changes the Logistics business was restructured from our traditional regional structure into three business units namely; Supply Chain Management (SCM), Freight Management and Services and Supply Chain Software, operating across all geographies in order to improve efficiencies, reduce costs and focus on future trends in all our markets.

The executive management team was reorganised to align with this structure.

Supply chain management (SCM)

The SCM business unit is structured to focus on specific markets with the consumer goods managing retail and FMCG (fast moving consumer goods) clients and the industrial managing construction, automotive and equipment clients.

Dedicated Transport Services offers contract based specialised transport solutions to clients across industry business units.

Operating profit was down 29% compared to the same period last year largely due to lower volumes in the industrial business unit where some of the original clients still have volume based contracts. However this was mitigated by continued buoyancy in consumer goods, where newer contracts are performance based and earn management fees.

We were successful in securing new clients such as Ellerines, Sappi and Anglo Platinum, the full effects of which will be seen in the coming financial year.

Freight management and services

The Freight Management and Services business unit offers general freight forwarding, including a specialised Sea Air multimodal service, warehousing, distribution and transport, to corporate customers across industry sectors.

This business suffered a setback in 2010 due to the ongoing impact of the economic conditions. Volumes and margins in the Middle East, Asia and South Africa were down significantly.

We were successful in securing new clients such as Ellerines, Sappi and Anglo Platinum, the full effects of which will be seen in the coming financial year.

Supply chain management in action.

Volumes in the sea-air and air freight businesses have improved considerably since February 2010. However, margins were eroded by the fixed nature of contracts with customers, coupled with supply capacity constraints leading to increasing flight charter rates for additional volumes. As volumes return the business is focusing on client negotiations to enable a return to pre-crisis profit margins and an optimum level of profitability.

The decision to exit the non-corporate trader business stems from the extremely limited potential to convert these customers to integrated logistics or supply chain management offerings and the fact that the African market only demands basic logistical services which are asset intensive.

In Iberia, despite similar volumes to 2009, financial performance improved due to cost saving initiatives implemented during the year.

Supply chain software

The Supply Chain Software business unit develops and distributes software products used for the design of supply chains, supply chain planning and inventory management. The primary markets for these tools are in Europe and the USA, where the customer base continues to grow.

In the past year the business has been rebranded and a programme was initiated to bring our software products up to date. The business has also added a further product offering in partnership with Kinaxis, a software house headquartered in Canada, which adds to our capabilities in the supply chain planning arena.

Supply Chain Software performed better than last year mainly due to improved licence sales and maintenance revenue as well as lower costs. Initiatives by companies to optimise their supply chains to save costs, cut waste and ensure availability of inventories has driven demand for our products.

Transformation

Barloworld Logistics Africa improved from a Level 4 BBBEE contributor to Level 3.

In terms of our employment equity plan in South Africa, targets to be achieved by 2012 are the following: 60% black employees, 50% female employees and 2% disabled employees through recruitment, internal promotions, skills development and leadership pipeline management.

Barloworld Logistics bases its success on the right combination of skills to provide winning solutions to complex supply chain problems. The company has embarked on a renewed drive to upscale our talent management and skills development to accommodate expected growth and improve our competitiveness in all markets.

A total of 37 learners, graduates-in-training and interns joined the company during the year as part of this programme and the number of learnerships in key, critical and scarce positions will be increased in 2011.

Diversity management programmes and industrial relations, financial, operational excellence and leadership training have been provided for our employees through internal Barloworld group channels this year. Learning and development is linked to individual development plans for employees.

All Barloworld Logistics employees are expected to spend at least one day per year applying their skills and knowledge to work in less fortunate communities. We are currently involved in 40 projects across South Africa, including welfare for the aged and disabled persons, education, and environmental and health programmes. This practice has been rolled out into our international operations and our Spanish business is involved with Banco de Alimentos in distributing food to the less privileged.

In 2001, as part of a drive to promote black enterprises, Barloworld Logistics launched an owner driver scheme. At present this involves enabling 80 ex-employees to finance and operate their own trucks at our DTS operations nationally. All the individuals concerned own their businesses and the scheme continues to operate successfully.

Sustainable development

In September Barloworld Logistics and Nike SA won the industry's highest award for excellence in supply chain management and logistics, the Platinum Award, at the 22nd Annual Logistics Achiever Awards in Johannesburg. The award was for Project Bokamoso, involving the design, construction and operation by Barloworld Logistics of a Customer Service Centre (CSC) for Nike SA.

Through this project, Barloworld Logistics assisted Nike to ensure supply chain sustainability and exceed customer expectations during the 2010 FIFA World Cup and into the future.

Barloworld Logistics also won the Enviro Award at the annual Logistics Achiever Awards for its new Green Trailer – an interlink taut liner trailer combination which, through practical innovation, achieves significant reductions in fuel usage. Designed by Barloworld Logistics, with testing and construction by various other industry specialists in a collaborative effort, the new Green Trailer has a 35% reduction in the total drag when travelling at a constant speed between 70 and 80 km/h.

In 2010 we released the CINO (Combined Inventory and Network Optimisation) tool, and ran significant client interventions with our CAST CO2 software. This led to Barloworld Logistics winning the inaugural Logistics Enviro Award at the annual Logistics Achiever Awards. CAST CO2 can be used anywhere in the world to measure and optimise the impact of a supply chain network on carbon emissions. The tool's parameters are based on the Greenhouse Gas Protocol and it works to reduce the carbon footprint of a company by optimising the design of its supply chain network.

Internal initiatives include improving efficiencies in non-renewable energy consumption and greenhouse gas emissions. The increase in fuel consumption over 2009 is attributable to a change in operational activities from sub-contracted to insourced transportation.

Outlook

Our objective is to continue growing Supply Chain Management organically in South Africa, while returning Freight Management and Services to acceptable levels of profitability.

By investing in our people, capabilities, skills, technology and processes, we will ensure the sustainability of the business going forward.

The outlook for the next year in South Africa is promising. We have scaled down our footprint in the rest of Africa and will adopt a strategy of following our clients from South Africa into the rest of Africa.

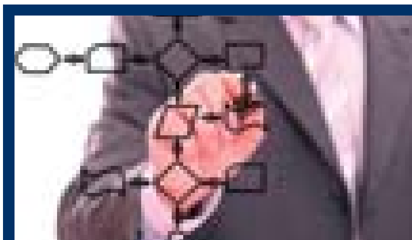
Barloworld Logistics will spend the next 18 to 24 months building a foundation for future growth in its overseas operations. This includes completing the restructuring programme and ensuring that appropriate systems, human resources and technology are in place to capitalise on opportunities.

We have committed to incorporating green design into all our solutions and intend to continue to enhance this offering in the future.

Supply Chain Management

The key driver for growth in the SCM business is the ongoing trend to outsource non-core activities, with a propensity to seek customised solutions when outsourcing. A relatively low market penetration for supply chain and integrated logistics solutions results in a large number of businesses with internally managed supply chains which, through a process of awareness, have the potential for conversion to outsourced supply chain solutions.

Demand in our construction industry in South Africa is expected to remain flat, but in other sectors prospects are improving. Activity in the automotive sector has started to pick up and this, coupled with renewal of contracts for certain automotive clients based on revised commercial terms, bodes well for the future. Demand for services in the FMCG and retail sectors is expected to remain strong in the foreseeable future. Integrated logistics and supply chain management opportunities are presenting themselves in the mining sector and a focus group has been established to capture these prospects.



Inspiring results in supply chain planning.

Aligning your supply chain to your business.

In the next financial year the business will focus on improving margins in existing contracts. In pursuing organic growth and concluding current opportunities in the pipeline, we aim to achieve improved margins and exceed group hurdle rates.

As the business model relies on many third party suppliers in the delivery of the end client solution, greater attention will be placed on supplier management and alignment to extract synergies and economies of scale and ensure that risk mitigation strategies are in place.

Freight Management and Services

The main growth driver in the freight forwarding division is the multiplier effect of world trade in merchandise relative to GDP. Growth forecasts for the regions in which Barloworld Logistics is active range between 3% and 4.5% above the peak in 2008 for the years to 2013. The compound average growth rate relative to 2009 is predicted to be in the low double digits.

Volumes are returning as economies start recovering around the world driven by restocking of inventories reduced during the downturn. The freight forwarding industry is highly fragmented with many competitors. Our response is to improve efficiencies and employ the key people to implement our turnaround strategy and bed down our restructure in order to increase market share and improve margins.

There will be a focus on implementing standardised and repeatable processes with best practices shared between the different operating units.

Input costs have a key impact in this business. Supplier negotiations will be carried out to consolidate buying power, accompanied by a continuous drive for operational cost reduction and efficiency improvement through operational excellence initiatives.

Key strategies will include growing the niche sea-air product and improving volume utilisation in the remaining businesses.

Supply Chain Software

The business expects increased demand for our software solutions globally in line with the trend towards optimising supply chains to save costs and improve business strategies. To this end we will continue to build a healthy product base and develop intellectual property for SCM.

During the next year, redevelopment of the Optimiza and CAST products will continue, together with growth of the customer base in Europe, the USA and Africa. The appropriate level of maintenance fees for these products will be a focus area.

The new version of CAST will be released in January 2011 and the rewrite of Optimiza continues, with a release date of 2012. The CINO tool will continue to be applied in the market. This tool is believed to be unique in its ability to model and quantify risks inherent in following specific supply chain strategies and we are confident that its use in a consulting capacity will assist in attracting new SCM contracts.

Our leadership team

Isaac Shongwe (48)	Chief executive officer. BA (Hons), MPhil (Oxon). 5
Eric Gower-Winter (41)	Chief executive officer: Supply Chain Management. BCom Logistics. 12
Frank Courtney (45)	Chief executive officer: Freight Management and Services. BTech. 15
Rob Lumb (40)	Financial director. BCom, CA (SA). 10
Mark Tarlton (51)	Director: Information technology and knowledge management. BSc Eng, MBL. 23
Mark Collins (45)	Head: Strategy, innovation and operational excellence. 12
Willie van Zyl (57)	HR executive. BA LLB and MMHR. 22

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.

The Green Trailer project – technical specification of the trailer

Transport is the biggest area in logistics that affects the environment directly, but is one of the easiest components to address strategically. The Green Trailer project focuses on sustainability and profitability as two sides of the same coin, and so strives towards operational excellence.

Banco de Alimentos

Food banking is an international system whereby food with damaged packaging or approaching expiry date is redistributed to those in need. It is active in all the major cities in Spain where more than 1.5 million people suffer from hunger and 540 000 do not eat daily.

Three years ago, Barloworld Logistics Iberia started devoting a community day every year to the Food Bank of Madrid. This involves our employees sharing their knowledge in warehousing, picking, loading and unloading, and driving forklifts, and has now expanded to administrative and IT co-operation. Barloworld Logistics employees contribute more than 800 hours of volunteer work on the community day, dispatching more than 200 tons of food.

NIKE SA

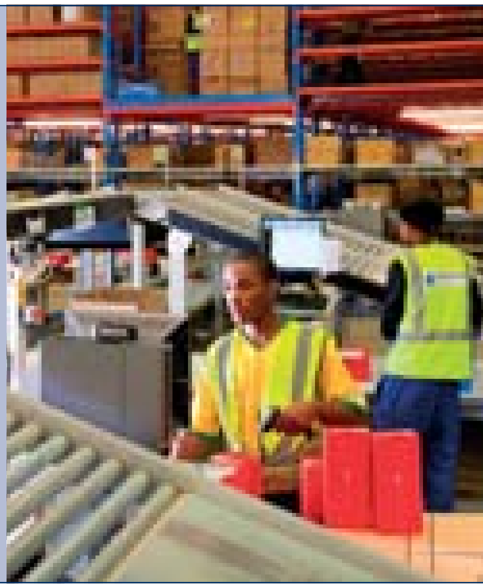
In September Barloworld Logistics and Nike SA won the industry's highest award for excellence in supply chain management and logistics, the Platinum Award, at the 22nd Annual Logistics Achiever Awards in Johannesburg. The award was for Project Bokamoso, involving the design, construction and operation by Barloworld Logistics of a Customer Service Centre (CSC) for Nike SA.

This 16 000 m² facility which in addition to its aims of growing market share and enhancing service levels in the region, was used as a platform to deliver an outstanding supply chain solution during the 2010 FIFA World Cup. This involved six hour rush-replenishment delivery models to provide world class service to Nike's nine sponsored teams and more than 70 sponsored players represented at the tournament, as well as strategic customers.

The six hour delivery model, a first for the Project Bokamoso CSC and for Nike worldwide, involved Barloworld Logistics delivering to specific locations, anywhere in South Africa, within six hours of order, day or night. Many of these orders were for boots for high profile players.

By partnering with strategic customers who would be promoting the Nike World Cup product range and offering them a 24 hour replenishment model, Nike was able to ensure maximum coverage on key products.

Barloworld Logistics delivered 1 456 orders during this campaign, more than 98% on time.



CORPORATE

Overview

The corporate result in southern Africa is similar to last year. Rental income from properties purchased or developed for the equipment and handling businesses in the past two years have been partially offset by increased funding facility commitment fees. Net operating assets have increased mainly owing to the purchase of a property for the Equipment division in 2010.

Corporate significantly improved its BBBEE rating from Level 4 in 2009 to Level 2. It also won a bronze award in the inaugural Energy Cybernetics Barometer Awards with energy use 27% below the national average in the "Head Office" category.

Operating performance

Economic

R million	Revenue Year ended 30 Sept 2010	2009	Operating loss Year ended 30 Sept 2010	2009	Net operating assets/(liabilities) 30 Sept 2010	2009
Southern Africa	6	22	(41)	(42)	498	372
Europe			(4)	(10)	(390)	(475)
	6	22	(45)	(52)	108	(103)
Share of associate income			1	(1)		

Environmental

	Petrol and diesel consumption (ML) Year ended 30 Sept 2010	2009	Electricity consumption (MWh) Year ended 30 Sept 2010	2009	GHG total emissions (tons CO_2e) Year ended 30 Sept 2010	2009	Water consumption (ML) Year ended 30 Sept 2010	2009
Southern Africa	0.02	0.02	658	810	833	1 019	2#	21

 # Water allocated out to corporate office complex tenants from 2010.

Social

	Number of employees Year ended 30 Sept 2010	2009	LTIFR Year ended 30 Sept 2010	2009	Fatalities Year ended 30 Sept 2010	2009	BBBEE rating* Year ended 30 Sept 2010	2009
Southern Africa	98	103	0	0	0	0	2	4

** BBBEE rating for South Africa only*

Europe not material for environmental and social indicators.

Departmental functions

Internal audit services are provided mainly from the corporate office in Johannesburg. Annual audit plans are discussed with management and approved by the divisional and Barloworld Limited audit committees. Reports are issued for each audit assignment and distributed to senior divisional and group staff. Internal audit reports are presented and discussed at divisional and group audit committee meetings for the half year and year end reporting periods.

Governance and company secretarial oversees legislative and regulatory compliance and guides the group, its directors and officers and its stakeholders globally on good corporate governance practice. These services are provided by an experienced team.

The department administers the Barloworld Share Option and Share Appreciation Right Schemes, as well as the Forfeitable Share Plan. The long-term incentive schemes are designed to retain and incentivise senior executives in the group. The department maintains all beneficiary, accounting and taxation records.

To comply with local legislation, certain trusts were created following conclusion of the BBBEE initiative in South Africa in 2008. The department administers the Barloworld BEE Trusts and maintains all beneficiary, accounting and taxation records.

During the year, training was arranged ahead of the implementation of the new Companies Act and King III governance standards for directors and executive management. With impending legislation of global application on anti-bribery standards, the directors and executive management received training and guidance on best practice.

Investor relations is the medium through which Barloworld management communicates with investors, the financial community and other stakeholders, in line with our obligation to disclose information that can impact the share price to the public and enabling our shares to be fairly valued in the market.

Barloworld's investor relations department oversees most aspects of shareholder meetings, press conferences, one-on-one briefings with investors, the investor relations section of our website and the annual report.

Corporate communication is the communication issued by Barloworld to all its stakeholders, including employees, shareholders, customers, suppliers, the communities in which we operate, and external interests (agencies, media, government, industry bodies and institutes, educational institutes and the general public). The communication team manages and orchestrates all internal and external communication with the aim of creating and maintaining favourable perceptions with stakeholders. In the year we issued 15 *Briefing Barloworld* publications to employees and a number of press releases to both trade and financial media.

Corporate finance provides support to the executive in financial and management reporting and other financial matters as they arise. General accounting services are also provided for the corporate office.Eleven new accounting standards, amendments and interpretations were adopted this year. Where applicable, the past two years' financial results were restated to align with current accounting and disclosure requirements.

Centralised treasury services are provided in Johannesburg and Maidenhead. Funding for the group is raised in South Africa and the United Kingdom through these offices and provided to fund group companies on a day-to-day basis. In South Africa, six new corporate bonds (BAW3 to 8) were issued in September 2010, raising R1 billion. The funds were utilised to repay short-term debt. The company remained active in the short-term commercial paper market although outstanding paper declined at year end following the corporate bond issue.

Funding for the international operations is managed in the UK with a view to minimising interest costs, which has resulted in the centre providing funding requirements directly to the divisions this year following the generation of cash. All currency positions are hedged to ensure there is no currency risk. The international net investment hedging policy has been amended taking into account the risk attached to the underlying currencies of the investments. One of the benefits of this change of policy has been the saving of interest.

Group Tax is responsible for tax planning, strategy and tax risk management. They co-ordinate their efforts with tax personnel in the operations and with input from Maidenhead. Tax compliance services are provided in Johannesburg and Maidenhead. New governance requirements have been introduced in the UK (Senior Accounting Officer requirements), which are in the process of being implemented

Legal and Risk Services is responsible for group legal services and risk management solutions. New applicable legislation issued in the countries in which the group operates was monitored, analysed and, where necessary, actions have been taken to ensure appropriate compliance. In addition, group philosophies and policies on all risk related issues were developed, distributed and managed. A number of policies were updated during the year. The group's insurance requirements are managed by the department as are the group's global insurance brokers.

Understanding the integrated nature of sustainable development, a **group strategy and sustainability** function has been created to develop and implement a sustainable strategic planning framework aimed at achieving the group's long-term value creation objectives for all its stakeholders. This includes identifying appropriate growth opportunities, realising cost savings through sustainable business practices and entrenching sustainability aspects into management structures, as well as reporting against key performance indicators.

The **human resources department** has the mission of developing and implementing leading human resources practices that assist the Barloworld corporate office to deliver on its people value objectives for the group. During the year , it was decided that the Individual Perception Monitor (IPM) programme, would be undertaken on an annual basis to give a better understanding of employee needs. The Employment Equity Forum was resuscitated and a new committee was formed. The CA 2010 Programme previously known as Training Outside Public Practice (TOPP) programme continues to be administered from this office. The Towers Watson grading system was completed for all employees.

The **employee benefits department** manages an in-house closed medical scheme known as the Barloworld Medical Scheme and a retirement fund, the Barloworld Retirement Fund. These benefits help to attract and retain employees throughout the group. Changes were made to the investment portfolios in an effort to simplify the range of choice and improve potential future investment performance. In addition, the benefit structure of the Barloworld Medical Scheme was changed

The UK office manages a defined benefit pension scheme. Various actions were taken with a view to reduce risks, which included the diversification of investments and a project to reduce liabilities has commenced.

Information systems strives to provide integrated and sustainable technology related services for the corporate office and its various departments in a timely and cost effective manner. This year has seen a marked increase in the usage of Video Conferencing services provided to the group. Following this trend the video conferencing network has been expanded. Future use of desktop video conferencing is seen as the next evolution that will drive enhanced communication within Barloworld.

Facilities management provides a comprehensive hospitality and facilities management service to all tenants of the Barloworld campus at Barlow Park, Johannesburg. The buildings and gardens are maintained in an ecologically friendly manner and particular emphasis is placed on energy reduction, water preservation and waste management to ensure that our sustainability targets are achieved.

Our leadership team

Don Wilson (53)	Finance director: Barloworld Limited. BCom CTA, CA (SA). 4
Andrew Bannister (53)	Finance director: Barloworld Holdings plc ACA, CA (SA), BBusSci. 25
Liz Dougall (53)	Group taxation manager. CA (SA), PGDip Tax. 11
Patricia Emery (59)	Company secretary: Barloworld Holdings plc ACISA. 3
Matthew Govender (46)	General manager enterprise development and managing director of Barloworld Siyakhula. MBA, PGDip Business Management. 10
Wim Kotzé (39)	Group strategy and finance controller. CA (SA), BCom Acc (Hons). 13
Sameshan Moodley (33)	Head of group internal audit. CA (SA).
Khanyisile Kweyama (45)	Group executive: Global human resources and transformation. BS (USA), PDM, MM. 3
Bruce Lange (48)	General counsel. BCom, LLB. 20
Sibani Mngomezulu (38)	Group executive: Governance and corporate affairs. LLM, HDip Co Law, HDip Tax Law. 6
Maurice Pin (58)	General manager: Administration. 39
Ian Stevens (60)	Group general manager: Finance. CA (SA), BCom. 26
Christopher Whitaker (53)	Executive: Strategy and sustainability. BCom, LLB. 22
Hilary Wilton (54)	Head of legal and risk services. BCom, MBA, FCII. 8

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.

"The group prides itself for continuing to subscribe to high ethical standards and appointing leaders who lead by example. This has been a defining feature of the business since the company's foundation in 1902."

Sibani Mngomezulu
Group executive:
Governance and
Corporate affairs

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 is guided by the principles recommended in the King Report on Governance for South Africa 2009 (King III). In the year under review, the board of directors undertook an in-depth analysis of the principles contained in King III and compared these with current practice. The analysis indicated that in substance, Barloworld already applies a majority of the principles. A task team reporting to the audit committee has been appointed to improve certain existing processes to achieve alignment with King III during our 2011 financial year. The board has confirmed that the company complies with the Listings Requirements of the JSE Limited.

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 King Report on Governance for South Africa 2009 (King III) as well as the implications of the newly enacted Companies Act on the board and individual directors;
- The board received training on the UK Bribery Act 2010 and the implications of the legislation on companies with international operations; and
- The risk and sustainability committee was strengthened with the appointment of an additional two directors

Board and directors

The company has a unitary board with nine non-executive directors and six 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.

Name		Year appointed	Audit	General purposes	Nomi-nation	Remu-neration	Risk and sustain-ability	Empower-ment and trans-formation
Non-executive directors								
DB Ntsebeza								
(Chairman)	*Dumisa*	1999		Chairman	Chairman	Member		Member
SAM Baqwa	*Selby*	2005			Member			Member
AGK Hamilton	*Gordon*	2007	Chairman	Member	Member	Member	Member	
SS Mkhabela	*Sibongile*	2006			Member			Chairman
MJN Njeke	*JJ*	2009	Member					
SS Ntsaluba	*Sango*	2008	Member				Chairman	
TH Nyasulu	*Hixonia*	2007						
SB Pfeiffer	*Steve*	2001		Member	Member	Chairman		
G Rodriguez de Castro-Garcia de los Rios	*Gonzalo*	2004						
Executive directors								
CB Thomson								
(Chief executive)	*Clive*	2003		Member			Member	Member
PJ Blackbeard	*John*	2004					Member	
PJ Bulterman	*Peter*	2009						
M Laubscher	*Martin*	2005					Member	
OI Shongwe	*Isaac*	2007					Member	Member
DG Wilson	*Don*	2006					Member	

A summary of their biographical details is shown on pages 76 to 77.

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 "for profit" board.

Mr Peter Bulterman was appointed to the board on 1 October 2009 as an 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. Ms Hixonia Nyasulu is not regarded to be 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. Notwithstanding the determination reached regarding Ms Nyasulu, the board is of the view that the skills, knowledge and experience of the aforesaid director remain valuable to the organisation.

Additional beneficiaries on the black ownership initiative via a trust to which Barloworld has made a capital contribution, Messrs Selby Baqwa and Dumisa Ntsebeza and Ms Sibongile Mkhabela are regarded to be independent. A number of factors including tenure, the materiality and structure of participation and individual circumstances were considered in making the determination.

Mr Steven Pfeiffer is considered to be independent notwithstanding the fact that he is a partner of a law firm in the United States that provides advice to the company from time to time. Factors considered in arriving at the determination include the nature, extent and materiality of the services provided and individual circumstances, which support the conclusion reached.

The nomination committee reviews regularly the independent status of all non-executive directors. The board will assess directors' independence in terms of the principles outlined in King III in our 2011 financial year and directors' independence will be assessed accordingly.

Retirement of directors

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

In 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

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 are separate and clearly defined.

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 responsibilities

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 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 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. Where a director is unable to attend a meeting in person or via video/tele-conference, they are availed the opportunity to make submissions in advance on matters to be discussed at the meeting and the submissions are recorded at the meeting.

Board attendance

During the year under review seven meetings were held, of these six were scheduled. A special meeting was called in July 2010 to consider the following:

- A disposal of the Scandinavian car rental operations.

Six meetings were held in South Africa and the other was held in the United Kingdom.

Name	12/11/09	28/01/10	30/03/10	06/05/10	01/07/10*	23/07/10	29/09/10
DB Ntsebeza *(chairman)*	✓	✓	✓	✓	✓	✓	✓
CB Thomson *(Chief executive)*	✓	✓	✓	✓	✓	✓	✓
SAM Baqwa	✓	✓	✓	✓	X	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓	✓
PJ Bulterman	✓	✓	✓	✓	X	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓	✓
M Laubscher	✓	✓	✓	✓	✓	✓	✓
SS Mkhabela	✓	✓	✓	✓	✓	✓	✓
MJN Njeke	✓	✓	✓	✓	X	✓	✓
SS Ntsaluba	✓	X	✓	✓	✓	✓	✓
TH Nyasulu	X	X	✓	✓	✓	✓	X
SB Pfeiffer	✓	✓	✓	✓	✓	✓	✓
G Rodriguez de Castro-Garcia de los Rios	✓	✓	✓	✓	✓	✓	✓
OI Shongwe	✓	✓	✓	✓	✓	✓	✓
DG Wilson	✓	✓	✓	✓	✓	✓	✓

** signifies an unscheduled meeting*

Board of directors

Non-executive directors

Dumisa Buhle Ntsebeza
Chairman *Age: 60*

Selby Alan Masibonge Baqwa
Age: 59

Alexander Gordon Kelso Hamilton *Age: 65*

Sibongile Susan Mkhabela
Age: 54

Mfundiso Johnson Ntabankulu Njeke *Age: 51*

Sango Siviwe Ntsaluba
Age: 50

Thembalihle Hixonia Nyasulu
Age: 56

Steven Bernard Pfeiffer
Age: 63

Gonzalo Rodriguez de Castro de los Rios *Age: 67*

Executive directors

Clive Bradney Thomson – Chief Executive *Age: 44*

Donald Gert Wilson – Finance Director *Age: 53*

Peter John Blackbeard – CEO Barloworld Handling *Age: 53*

Peter John Bulterman – CEO Barloworld Equipment Southern Africa *Age: 54*

Martin Laubscher – CEO Barloworld Automotive *Age: 50*

Oupa Isaac Shongwe – CEO Barloworld Logistics *Age: 48*

Directors

Non-executive directors

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

Dumisa Buhle Ntsebeza – Chairman *Age: 60*
Business address: Fountain Chambers, Sandown Village Office Park, 86 Maude Street, Sandown
Nationality: South African
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 *Age: 59*
Business address: Block A, 1st Floor Nedcor Sandton, 135 Rivonia Road, Sandown, 2196
Nationality: South African
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 *Age: 65*
Business address: 51 Chelsea Square, London, SW36LH
Nationality: British
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 *Age: 54*
Business address: Nelson Mandela Children's Fund, 27 Eastwold Way, Saxonwold, 2196
Nationality: South African
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 *Age: 51*
Business address: Building A, Ground Floor, Bally Oaks Office Park, 33 Ballyclare Drive, Bryanston, 2021
Nationality: South African
Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax
Profile: JJ was appointed to the Barloworld board in September 2009. He is chairman of Silver Unicorn Trading 33 (Pty) Limited and the co-founder of Kagiso Trust Investments (Pty) Limited. He currently serves as a director on the boards of N M Rothschild (SA), Resilient Property Income Fund, MTN, Sasol and the Council of the University of Johannesburg, and is chairman of ArcelorMittal (SA) and Metropolitan Holdings.

Sango Siviwe Ntsaluba *Age: 50*
Business address: 21 West Street, Houghton, 2198
Nationality: South African
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 *Age: 56*
Business address: 410 Jan Smuts Avenue, Craighall Park, 2196
Nationality: South African
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 Defy (Proprietary) Limited and Unilever PLC/NV.

Steven Bernard Pfeiffer *Age: 63*
Business address: Fulbright & Jaworski LLP, 801 Pennsylvania Avenue, NW, Washington DC, USA 20004
Nationality: American
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 *Age: 67*
Business address: Maria de Molina, N1 28006, Madrid, Spain
Nationality: Spanish
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 *Age: 44*

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196
Nationality: South African
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 *Age: 53*

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196
Nationality: South African
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 – CEO Barloworld Handling *Age: 53*

Business address: Barloworld Handling, Ground Floor, Statesman House, Stafferton Way, Maidenhead, SL6 1AD, England
Nationality: South African
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.

Peter John Bulterman – CEO Barloworld Equipment Southern Africa *Age: 54*

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196
Nationality: South African
Qualifications: HDip 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.

Martin Laubscher – CEO Barloworld Automotive *Age: 50*

Business address: 6 Anvil Road, Isando, 1601
Nationality: South African
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 – CEO Barloworld Logistics *Age: 48*

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196
Nationality: South African
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.

Assessing the performance of board members

Annually, the performance of the chairman of the board, the chief executive and the board as a whole is appraised. The chairman and the chief executive do not participate in discussions regarding their own performance. The chairman holds formal and informal meetings with individual directors during the year and at the end of the year a formal evaluation exercise is undertaken. The performance evaluation of each director by their peers was undertaken during the year. The chairman discussed the results of the evaluations with individual directors to obtain comment on issues raised by peers and to provide advice, guidance and to offer assistance where appropriate.

Board effectiveness and evaluation

Self evaluation of the performance and effectiveness of the board and its committees was carried out. In addition, 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 chairman. The chairman advised the board and board committees of the outcome of the exercise.

The board and its committees were found to operate effectively and those few areas identified for action would be addressed during 2011.

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 Handling, operations in Maidenhead, UK, was arranged to coincide with the July 2010 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.

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

The committee as at 30 September 2010 comprised:

CB Thomson
PJ Bulterman
M Laubscher
V Salzmann
DM Sewela
DG Wilson
PJ Blackbeard
K Kweyama
S Mngomezulu
OI Shongwe
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 10 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 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.

Current	19/10/09	09/11/09	22/01/10	18/02/10	25/03/10	04/05/10	24/06/10	15/07/10	17/08/10	27/09/10
CB Thomson *(chairman)*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PJ Bulterman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
K Kweyama	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
M Laubscher	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Mngomezulu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
V Salzmann	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DM Sewela	✓	✓	✓	✓	X	✓	✓	✓	✓	✓
OI Shongwe	✓	✓	✓	✓	✓	✓	✓	✓	✓	X
IG Stevens	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DG Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Audit committee

The Audit committee comprises Messrs Gordon Hamilton (chairman), Sango Ntsaluba and Johnson Njeke, all of whom are independent directors. The chairman of the company is not a member of the committee. The audit committee was appointed by shareholders on 28 January 2010 in terms of section 94 of the Companies Act 71, 2008 and in terms of the act report directly to shareholders.

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

- Considering the independence of the external auditors and making recommendations to the board and shareholders on the appointment or dismissal of the external auditors and their fees for their services;
- Evaluating the independence, effectiveness and performance of the external auditors and considering and pre-approving 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 practices, 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 scorecard 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

During the year under review seven meetings were held, of these three were scheduled. Special meetings were called to consider the following matters:

- Financial statements presented to the board for approval;
- Annual JSE compliance declaration to be presented to the board for confirmation; and
- To evaluate progress on any gaps identified against the provisions of King III.

Current	11/11/09	12/11/09*	27/01/10*	30/03/10*	05/05/10	16/07/10*	28/09/10
AGK Hamilton *(chairman)*	✓	✓	✓	✓	✓	✓	✓
MJN Njeke	✓	✓	✓	✓	X	✓	✓
SS Ntsaluba	✓	✓	X	✓	✓	✓	✓

** signifies an unscheduled meeting*

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. Membership comprises Messrs Hamilton, Ntsaluba and Njeke all of whom are independent directors.

The report of the audit committee is on pages 94 to 95.

General purposes committee

The general purposes committee comprises Messrs Dumisa Ntsebeza (chairman), Gordon Hamilton, Steven Pfeiffer, all of whom are independent directors and Clive Thomson, an executive director.

General purposes committee attendance

Current	11/11/09	27/01/10	29/03/10	05/05/10	22/07/10	28/09/10
DB Ntsebeza *(chairman)*	✓	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓
CB Thomson	✓	✓	✓	✓	✓	✓

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

In addition, the committee receives feedback from the annual board and board committee effectiveness exercises where performance of the board and its committees against their respective mandates are assessed. The chairman progresses matters which have been identified for action.

Nomination committee

The nomination committee comprises Messrs Dumisa Ntsebeza (chairman), Selby Baqwa, Gordon Hamilton and Steven Pfeiffer and Ms Sibongile Mkhabela, all of whom are independent directors.

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

The committee is responsible for identifying and nominating candidates for the approval of the board as additional directors or to fill any board vacancies when they arise. It also advises the board on succession planning, particularly in respect of the chairman of the board and chief executive.

Nomination committee attendance

Names	11/11/09	27/01/10	29/03/10	05/05/10	22/07/10	28/09/10
DB Ntsebeza *(chairman)*	✓	✓	✓	✓	✓	✓
SAM Baqwa	X	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓
SS Mkhabela	✓	✓	✓	X	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓

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

Mr Peter Bulterman having been appointed during the financial year, is required to retire at the upcoming annual general meeting. Messrs Gordon Hamilton, Martin Laubscher and Clive Thomson and Ms Hixonia Nyasulu 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 2010, 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 300 to 302 of this document).

Mr Hamilton is a retired partner of the Deloitte practice in the UK and he currently serves on the board of both public and non-public quoted companies in the UK. He contributes financial and international business experience to the board.

Ms Nyasulu has served on the boards of a number of South Africa's major companies and she currently is chairman of Sasol Limited. She also serves on the board of a multinational company that owns many of the world's consumer product brands in foods, beverages, cleaning agents and personal care products. Ms Nyasulu brings her broad business experience to the board and contributes towards maintaining good relations with our stakeholders, as she forms a part of a consortium that participates in Barloworld's black ownership initiative adopted in 2008.

The performance of the executive directors, Messrs Bulterman (CEO of Equipment southern Africa), Laubscher (CEO of Automotive) and Thomson (CEO of Barloworld) was assessed by the responsible committee and all three directors were found to be effective leaders of their respective businesses and they make valuable contributions to the board.

The nomination committee proposed to the board that each of the abovementioned directors be recommended for election and/or re-election. Based on the skills, experience and contribution of each director, the board recommends to shareholders the election of each of the above mentioned directors.

Empowerment and transformation committee

The empowerment and transformation committee comprises Ms Sibongile Mkhabela (chairman), Messrs Selby Baqwa and Dumisa Ntsebeza, all of whom are independent directors and Messrs Isaac Shongwe and Clive Thomson, executive directors.

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.

The executive responsible for transformation across the group attends all meetings. Representatives from group companies managing the transformation portfolio, including the CEOs who retain ultimate responsibility for transformation in their respective divisions, are invited to provide reports to the committee from time to time.

Empowerment and transformation committee attendance

Names	10/11/09	27/01/10	29/03/10	28/09/10
SS Mkhabela *(chairman)*	✓	✓	✓	✓
SAM Baqwa	✓	✓	✓	✓
DB Ntsebeza	✓	✓	✓	✓
OI Shongwe	X	✓	✓	✓
CB Thomson	✓	✓	✓	✓

Remuneration report

The remuneration report was prepared by the remuneration committee and has been approved by the board. This report sets out the company's remuneration philosophy, policy and practice for executive directors, non-executive directors and senior executives. It also provides details of the remuneration paid to, and interests in shares and share options acquired by executive and non-executive directors and certain senior management during the financial year ended 30 September 2010.

In preparing this report, an analysis was conducted to establish the extent to which the group's remuneration policy complies with King III and, in preparing the remuneration report, due regard has been given to these requirements. The principles and recommendations of King III apply to financial years commencing after 1 March 2010. As such, King III will be applicable to the financial year commencing on 1 October 2010 and its principles will be considered and reported on fully in the next financial year.

Remuneration committee

The committee consists exclusively of independent directors, Messrs Steven Pfeiffer (chairman), Gordon Hamilton and Dumisa Ntsebeza. The chief executive may be invited to attend meetings of the committee, but may not participate in any discussion of his own remuneration.

The committee makes recommendations to the board on the structure and development of policy on executive and senior management remuneration, taking into account market conditions. It determines the criteria necessary to measure the performance of the executive directors in discharging their functions and responsibilities. It also determines remuneration packages for the chief executive officer and executive directors of the company.

In respect of non-executive directors, the 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 88 of this annual report. Details of fees proposed to shareholders for approval are set out in the notice of annual general meeting.

Wherever appropriate, the committee consults with the chief executive or other executive or non-executive directors in order to fulfil the duties set out under the committee's terms of reference.

The key responsibilities and role of the committee include, but are not limited to the following:
- Determining any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities;
- Reviewing the terms and conditions of the chief executive and executive directors' service agreements, taking into account relevant market information and information from comparable companies where relevant, to ensure that they are fairly, but responsibly appraised and rewarded for their individual contributions towards enhancing the company's performance;
- Determining specific remuneration packages for the chief executive and executive directors of the company, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share-based incentives, pensions and other benefits;
- Determining any grants to executive directors and other senior employees made pursuant to any executive share scheme adopted by the company in general meeting; and
- Wherever appropriate, consulting with the chairman of the board, the chief executive or other executive or non-executive directors in fulfilling their duties under these terms of reference.

The remuneration committee retained PwC as its independent external remuneration advisor throughout the period under review.

Remuneration committee attendance

During the year under review seven meetings were held, of these six were scheduled. A special meeting was called in March 2010 to consider the following:

- To confirm the 2010 performance targets, performance period and total 2010 award on the Forfeitable Share Plan.

Names	11/11/09	27/01/10	17/03/10 (S)*	29/03/10	05/05/10	22/07/10	28/09/10
SB Pfeiffer *(chairman)*	✓	✓	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓	✓
DB Ntsebeza	✓	✓	✓	✓	✓	✓	✓

** signifies an unscheduled meeting*

Remuneration philosophy

Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve Barloworld's business 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, where applicable. 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 and drives sustainable performance in the long-term.

Key developments

At the annual general meeting held in January 2010, shareholders approved the adoption of the Barloworld Forfeitable Share Plan. The long-term incentive scheme brings the company in line with global best practice and affords executive directors and certain key management the opportunity to receive shares in the company, thereby aligning their interests with those of shareholders. Shares awarded to executive directors vest upon achievement of performance targets based on shareholder returns and company performance.

There have been no other key developments from an executive remuneration perspective during the 2010 financial year.

Executive directors' remuneration

Overview

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 performs a benchmarking process annually to ensure that the packages awarded to executive directors are 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' (varying in level from 19 to 23 using the Towers Watson grading methodology) most recent published accounts was reviewed and analysed and appropriate increases to the compensation of the executive directors were applied. The comparator group of companies consists of similar sized international South African companies including those in related industries.

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 Towers Watson 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.

Structure of executive directors' remuneration

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 benchmarked appropriately based on the group of comparator companies, which is made up of large international South African companies. Given the comparator companies used, salary levels are 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 (STI 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.

Executive directors' remuneration in more detail

Short-term incentives

In terms of the financial objectives, there are three separate measures which account for a proportion of the financial component. The first measure relates to a cash flow target, the second relates to an operating profit target and the third relates to a Headline Earnings per Share (HEPS) target. Where on-target performance is achieved, a bonus of 55% of annual base pay will be awarded.

In respect of personal objectives, a bonus of up to 30% of annual base 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 for divisions and the group take into account the current trading conditions and challenges being faced by the company. 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.

A summary of bonus targets and related payments applicable to executive directors and other senior executives as a percentage of base pay for the financial year was as follows:

Metric	Threshold	Target	Stretch
Operating profit	8.8%	21.0%	33.3%
Cash flow	7.5%	18.0%	28.5%
HEPS	8.8%	21.0%	33.3%
Total financial objectives	**25.0%**	**60.0%**	**95.0%**
Personal objectives	30.0%	30.0%	30.0%
Total	**55.0%**	**90.0%**	**125.0%**

The financial targets are aligned with two of the group's strategic focus areas, namely financial returns and profitable growth. The emphasis on cash flow is a key feature of the group's value based management philosophy, underscored by the short-term objective of reducing debt as a response to the financial crisis.

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

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 can be met.

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 1985 Share Option Scheme and share appreciation rights granted over representative shares in accordance with the Barloworld Cash-Settled Share Appreciation Right Scheme 2007 shall not exceed 10% of the current issued share capital of the company.

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

Scheme	Adoption date	Latest Award	Performance conditions	Vesting period	Lapse period	Incentives awarded during the year	Total un-unexercised as at 30 Sept 2010	Cumulative total of the shares in issue
Share Option Scheme	1985	29 Jan 2004	None – subject only to continued employment	• One third of awards on each of the third, fourth and fifth anniversaries of the grant date respectively	All options lapse if not exercised within 10 years from award date	Nil	842 705	0.37%
Share Appreciation Right Scheme	2007	23 Nov 2009	Achievement of real growth in headline earnings per share over a a three year performance period	• One third of awards on each of the third, fourth and fifth anniversaries of the grant date respectively	All SARs lapse if not exercised within six years from award date	3 058 730 (excluding lapses of 85 920)	9 730 153	4.22%
Forfeitable Share Plan	2010	17 March 2010	• Total Shareholder Return (TSR) relative to a Peer Group • Growth in basic HEPS from continuing operations • Actual ROE for the financial year ending 30 Sept 2013	• 25% vests three years from the award date subject to continued employment • 75% vests on a sliding scale based on achievement of performance targets and continued employment	N/A	1 216 950	1 216 950	0.53%

- Share Option Scheme (1985)
  The majority of the share options issued under the Barloworld Share Option Scheme have matured and the remaining options to be exercised constitute a small portion of the current incentives in operation.

  This scheme is no longer in operation and no share options were granted in the year ending 30 September 2010.

- Share Appreciation Right Scheme (2007)
  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 to executive directors and a limited number of senior executives in November 2009.

  The November 2009 award will vest in three tranches, one third on each of the third, fourth and fifth anniversaries of the grant dates respectively. All SARs will lapse if not exercised within six years from date of grant. The vesting of the 2009 SAR award is subject to the achievement of performance conditions over a three year performance period commencing on 1 October 2009 and ending 30 September 2012.

  Performance conditions including the achievement of real growth in headline earnings per share must be met in order for the SARs to vest.

  Summary of SARs performance targets:

Award	2007	2008	2009
Exercise (strike) price *Subject to achievement of vesting conditions*	R113.01	R61.01	R51.04
Performance target *HEPS growth condition*	CPI plus 4% over a two year performance period	CPI plus 6% over a three year performance period	CPI plus 6% over a three year performance period

- Forfeitable Share Plan (2010)
  The Barloworld Forfeitable Share Plan (FSP) was approved by shareholders in January 2010. The main purpose of the FSP is to ensure that key skills are retained and align the interest of participants with shareholder interests.

  Under the FSP, selected executives and senior managers are awarded a number of ordinary shares. The employee benefits from shareholder rights with effect from the date of grant. However, the shares are subject to a vesting condition of continued employment for the duration of a three year vesting period and, for executive directors, 75% of the awards are subject to company performance vesting conditions. At the end of the vesting period, the employee will own the shares free from any restrictions.

Summary of FSP performance targets imposed for executive directors for the 2010 award:

	Below threshold	At threshold	At or above target
Vesting condition	25%	25%	25%
Performance targets:			
– TSR condition	0%	7.50%	25%
– HEPS condition	0%	7.50%	25%
– ROE condition	0%	7.50%	25%
Total	25%	47.5%	100%

The targets and conditions are aligned with the group's objective of improving financial returns over the long term.

The executive directors' salaries, bonuses, share option, FSP 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 pages 264 to 266. The details of the company's shares owned and the unexercised share options held by each director can be found on pages 267 to 269.

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.

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 advisors. Non-executive directors do not participate in the short-term or long-term incentive plans operated by the company.

At the annual general meeting held on 28 January 2010 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	R220 000
Non-resident non-executive directors	£52 600
Chairman of the audit committee	£25 500
Resident members of the audit committee (non-resident)	R73 500
Chairman of the remuneration committee (non-resident)	£16 300
Chairman of the empowerment and transformation committee (resident)	R81 000
Chairman of the risk and sustainability committee (resident)	R81 000
Resident members of each of the board committees	R55 210
Non-resident members of each of the board committees	£3 475

Details of remuneration, fees and other benefits earned by non-executive directors in the past year are given on pages 264 to 266.

The Barloworld Black Ownership Initiative

Messrs Selby Baqwa and Dumisa Ntsebeza and Ms Sibongile Mkhabela are participants on the black ownership initiative as beneficiaries of The Black Non-Executive Directors Trust to which Barloworld has made a capital contribution to enable the Trust to subscribe for 108 030 Barloworld ordinary shares.

Beneficial shareholding for 2010 disclosed in the table below reflects shares held by the following black directors as a result of their participation in the Barloworld Black Ownership Initiative in September 2008:

Non-executive directors	Number of shares
Selby Baqwa	36 010
Sibongile Mkhabela	36 010
Dumisa Ntsebeza	36 010

The beneficiaries' shares are subject to a seven year lock-in period from the date of allocation which precludes them from the sale, cession or transfer including any encumbrance of their Barloworld ordinary shares or their rights in the trust. For the beneficiaries to receive full rights over the shares they are required to remain on the board of Barloworld for the following periods:

- Three years in respect of one-third of the shares;
- Four years in respect of two-thirds of the shares; and
- Five years in respect of all of the shares.

Risk and sustainability committee

For the year ended 30 September 2010, the risk and sustainability committee comprised Messrs Sango Ntsaluba (chairman) and Gordon Hamilton, who are independent directors and Messrs John Blackbeard, Martin Laubscher, Isaac Shongwe, Clive Thomson and Donald Wilson, who are executive directors.

On 1 October 2010, two additional members were appointed, Mr Johnson Njeke an independent non-executive director and Mr Peter Bulterman, an executive director.

The committee assists the board in recognising all material risks and sustainability issues to which the group is exposed and ensuring that the requisite risk management culture, practices, policies and systems are progressively implemented and functioning effectively.

These include, among others, business continuity management, occupational health and safety, environmental management and ethical commercial behaviour.

The functions of the committee *inter alia* include:

- Setting out a formal policy for the management of risks;
- Reviewing and assessing the integrity and effectiveness of the risk management process each year;
- Considering annually the consolidated risk assessment results and determining trends, common areas of concern, emerging risks, and the most significant risks for reporting to the board;
- Monitoring and reviewing changes in stakeholder expectations, corporate governance codes and best practice guidelines relating to risk issues;
- Receiving reports covering matters relating to substantive environmental and health and safety risks;
- Reviewing and approving the insurance renewal programme;
- Reviewing and approving the sustainability report; and
- Determining and recommending to the board for approval, Barloworld's risk appetite

Attendance	10/11/09	29/03/10	04/05/10	13/08/10
SS Ntsaluba *(chairman)*	✓	✓	✓	✓
DG Wilson	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	X
AGK Hamilton	✓	✓	✓	✓
M Laubscher	✓	✓	✓	✓
OI Shongwe	X	✓	✓	X
CB Thomson	✓	✓	✓	✓

Risk management process

In terms of a written risk management philosophy statement issued by the chief executive 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 2009. 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 2010.

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 the Forfeitable Share Plan, or a letter in any other case. Authorisation for the transaction is given in writing by the chairman of the board, the chief executive or a divisional chief executive officer, as appropriate. The written authority is kept by the company secretary with the record of the particular transaction. In the event that the chairman wishes to trade, permission to do so is obtained from designated directors.

Ethics

Barloworld is committed to the highest ethical and legal standards and expects all its stakeholders to act in accordance with the highest levels of personal and professional integrity in all aspects of their occupation and activity, and to comply with all applicable laws, regulations and policies of the company.

Barloworld's commitment is stated in the Code of Ethics. We have a policy of zero tolerance on bribery and corruption. The company has developed measures to combat fraud with the intention to promote the established culture of high personal standards within which all business dealings are conducted.

Our Code of Ethics has the following elements:

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

The company maintains an Ethics Hotline where employees and other stakeholders can report non-compliance with company policies and fraud. All incidents reported are investigated and where appropriate, action is taken.

There is a specific ethics line procedure for all 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

	2010	2009	2008
Total number of calls	232	246	284
Total number of reports	93	185	120

40% of total calls for 2010 generated reports for investigation, compared to the 61% of reports generated from total calls in 2009. The total number of reports generated in 2010 (93) decreased by 17% from 2009 (113).

Relationship with shareholders

The company is a strong proponent of 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 materials given to institutional investors and further explanation of the matters contained in the annual report.

The Annual General Meeting is normally attended by all the directors and shareholders are encouraged to be present and to ask questions during the meeting and they have the opportunity to meet with directors after the formal proceedings have ended.

The Notice of the Annual General Meeting, detailing all proposed resolutions, is on pages 300 to 302 of this Annual Report.

Audit committee report

Report in terms of S270A (f) of the Companies Act 1973

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 S270A (f) of the Companies Act for the financial year ended 30 September 2010.

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 2010;
  – The annual report for the year ended 30 September 2010;
- 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 Graeme Berry 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;
- Considered the appropriateness of the expertise and adequacy of resources of the group's financial function and experience of the senior members of management responsible for the financial function;
- The committee reviewed the performance and confirmed the suitability and expertise of the chief financial officer, Mr DG Wilson.

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 2009 the group risk and sustainability committee was chaired by an independent non-executive director and the chairman of the group audit committee is now a member of that committee.

AGK Hamilton
Audit Committee Chairman
16 November 2010

Shareholder profile

Register date: 30 September 2010
Issued share capital: 230 452 448

Public and non-public shareholdings

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	25	0.17	23 099 145	10.03
Directors and associates	11	0.08	197 015	0.09
Employee and education trusts	5	0.03	8 417 117	3.65
Tamarix Investments*	9	0.06	14 485 013#	6.29
Public shareholders	14 311	99.83	207 353 303	89.97
Total	**14 336**	**100.00**	**230 452 448**	**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 13 on page 229 for further information.

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	10 329	72.32	3 834 241	1.66
1 001 – 10 000 shares	3 219	22.54	9 524 927	4.13
10 001 – 100 000 shares	547	3.83	18 529 394	8.04
100 001 – 1 000 000 shares	149	1.04	42 400 547	18.40
1 000 001 shares and above	38	0.27	156 163 339	67.77
Total	**14 282**	**100.00**	**230 452 448**	**100.00**

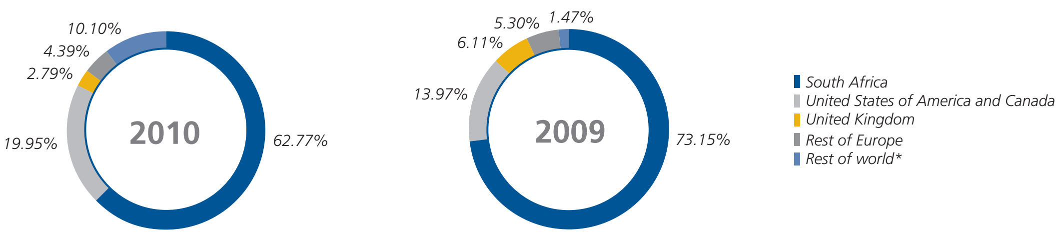
Beneficial shareholders holding 3% or more

Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund (PIC)	32 469 220	14.09
Sanlam (Insurance)	17 894 163	7.76
Liberty Life Assoc of Africa	7 126 834	3.09
Total	**57 490 217**	**24.94**

Investment managers holding 5% or more

Investment manager	Total shareholding	%
Sanlam Investment Management	38 078 921	16.52
PIC	20 327 592	8.82
Wellington Management Company	16 705 883	7.25
Government Institutions Pension Fund	12 297 039	5.34
Total	**87 409 435**	**37.93**

Geographic analysis of shareholders



Geographic analysis of shareholders – 2010

Region	Total shareholding	%
South Africa	144 660 029	62.77
United States of America & Canada	45 966 471	19.95
United Kingdom	6 419 434	2.79
Rest of Europe	10 105 990	4.39
Rest of World[1]	23 300 524	10.10
Total	230 452 448	100.00

[1] *Represents all shareholdings except those in the above regions.*

Geographic analysis of shareholders – 2009

Region	Total shareholding	%
South Africa	166 368 416	73.15
United States of America & 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

Christopher Whitaker
Executive: Strategy
and Sustainability

Khanyisile Kweyama
Group executive:
Global human resources
and transformation

Content

Chief executive's **message**

Clive Thomson
Chief executive

The group strives to fulfil its commitment to a leadership position in sustainability understanding that stakeholder interests are best served by integrated and coordinated value creation activities addressing economic, environmental and social aspects.

Our value based management approach entrenches long-term value creation, highlights the interdependent nature of stakeholder interests and requires inclusive management and reporting.

Engagement enables us to identify stakeholder needs, interests and what constitutes value for them. This distils, in part, the material issues for the group and directs focus. Barloworld actively engages its stakeholders and the recent formulation of a group stakeholder policy records the group framework for this.

Robust strategic planning and risk identification processes highlight areas for attention which are incorporated into management activities. These also identify strategic opportunities which are pursued.

Our strategic planning process identified sustainable development as a specific strategic focus area for the group and highlighted financial returns and profitable growth as areas for attention over the next five years. The foundations for addressing these aspects have been successfully laid in the past year.

Climate change and environmental considerations continue to be central components of the group's ethos of responsible corporate citizenship. Mindful of the environmental consequences of our activities the group is committed to conducting its operations in an environmentally responsible manner and delivering integrated customer solutions that assist our customers to achieve their own impact minimisation objectives.

The group continues to focus on reducing its consumption of natural resources, particularly energy generated from fossil fuels and water, as well as reducing its greenhouse gas emissions. Our activities in this regard include a focus on energy and emissions efficiency improvement which includes the setting of aspirational targets and water recycling initiatives. The significance of our car rental fleet's carbon footprint is recognised and we have quantified elements of the business' scope 3 emissions for the first time this year.

Our value based management approach and organisational sustainability is underscored by our commitment to:

- Ensuring our customers' success by providing the integrated and environmentally sound solutions they require to remain competitive and meet their own sustainability objectives;
- Always acting in the best interests of our principals and representing them in a manner that ensures their success and reflects their sustainable development objectives;
- Providing a workplace for employees within which all have equal opportunity, are inspired to fulfil their ambitions and be proud ambassadors of Barloworld;
- Delivering top quartile returns to our shareholders that are achieved through responsible business practices; and
- Being a responsible corporate for all our stakeholders, including the communities in which we operate.

I believe the enduring competitiveness of Barloworld and its ability to create sustained value for all stakeholders is founded in these commitments. We will continue to manage the group accordingly.

Clive Thomson
Chief executive

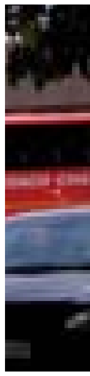
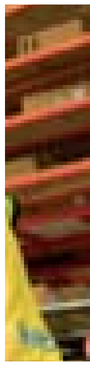
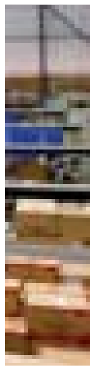
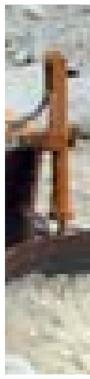
November 2010

Progress on 2009 commitments

The table sets out the progress made on matters mentioned in the "Going forward" section of the group's 2009 report. The page reference refers the reader to where more details in respect of each can be found.



2009 comment	2010 progress
Continue with sustainable value creation	• See Value added statement on page 120
Climate change to receive attention	• Emissions of 201 733 tons CO_2e reflect a 1.3% increase • Petrol and diesel consumption of 40.1 ML reflects a 0.7% reduction • Electricity consumption of 89 723 MWh reflects a 2.5% increase • Activities to mitigate environmental footprint of products over lifecycle (pages 124 and 139) • Commenced process to understand environmental footprint of supply chain. Avis Rent a Car South Africa customer usage (scope 3) emissions reported at 94 453 tons (page 131) • Identified related risks and opportunities (pages 111, 118 and 128)
Concentrate on reducing water consumption	• Overall water use of 731 ML reflects a decrease of 13.2% • Recycling initiatives implemented in major sites resulting in 9.4% of water recycled (page 133)
Waste management and focus on used oil disposal	• All used oil and other hazardous waste is disposed of through certified contractors
Corporate governance and standard of conduct expected from employees	• Introduction of Worldwide Code of Conduct • Extensive executive and senior management training
Stakeholder engagement	• Continued engagement (pages 103 and 139) • Group policy developed to provide framework and overarching principles
Strategic planning and implementation	• Revised strategic framework in place • Sustainable development highlighted as a separate Strategic Focus Area (pages 6 and 7) • Growth initiatives identified and progressed
Integrated reporting	• Updated format in annual report

Overview

Introduction

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

In Barloworld, sustainable development is underscored by its value based management approach, the central tenet of which is long-term value creation for all stakeholders including customers, principals, employees, shareholders and the communities in which the group operates. It includes responsible custodianship of the environment, minimising the environmental impact of the company's activities and overall, good corporate citizenship seeking ways to maximise the company's benefit to society.

This approach is institutionalised through structured strategic planning and risk management initiatives, a leadership philosophy and management practices which include the detailed measurement of material aspects of activity and consistent, transparent and comparable reporting.

These are supported through policies, processes and a corporate governance perspective that entrenches an integrated approach to managing the economic, environmental and social aspects of the group and its activities.

Responsibility and accountability for sustainable value creation rests with the group's CEO and the board, which is then delegated to divisional CEOs and their respective boards. Ultimately, every employee in Barloworld is responsible for how business is conducted in the group through the dedicated fulfilment of their respective roles in accordance with the group's Code of Ethics and Worldwide Code of Conduct.

Barloworld's 10 pillars of sustainability complement the group's value based management and encapsulate the group's integrated approach to long-term value creation. They inform and guide current activities and act as a filter against which future opportunities are assessed.

Stakeholder engagement and consultation informs the group and guides the group's activities.

Stakeholder engagement

- *Underpins value creation*
- *Extensive engagement with a variety of stakeholders*
- *Principles of inclusiveness, materiality and responsiveness*

Barloworld recognises that its value creation activities are underpinned by stakeholder engagement, which is based on inclusivity, materiality and responsiveness. Open and transparent dialogue with stakeholders is essential in identifying material issues and responding appropriately.

Barloworld appreciates the legitimate interests of its stakeholders in its activities and performance, and that their input is required to inform strategic direction.

Stakeholders are identified through a number of criteria and are engaged in a variety of ways and on a range of issues. Accountability for stakeholder engagement is centred in the operational management and functional structures in the group.

The group's policy is available at www.barloworld.com.

Stakeholder engagement includes:

Shareholders and providers of capital

As a listed company Barloworld complies with all legal communication requirements. The group regularly engages with its shareholders and the investor community through the following interventions:

- Bi-annual results presentations
- Annual general meetings
- Annual reporting
- Investor conferences and presentations
- Investor site visits
- *Ad hoc* media releases
- Focused surveys. Two of these were conducted during the year (November 2009 and July 2010). Issues surveyed included: company performance, fundamentals, management, communications, strategy, sustainability, board independence, reporting schedule, and non-financial reporting.

In addition, 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 these meetings is to communicate and clarify strategy, financial performance, governance and related sustainability issues, including environmental stewardship.

Engagements are also used to understand investors' needs and expectations and to provide them with the appropriate information necessary to make informed decisions. During the year investment institutions with significant interests in Barloworld were canvassed in order to provide insight and direction on specific issues. These included unit trust and retirement fund managers.

Annual general meetings are open to all shareholders. These are publicised in accordance with applicable regulation and legislation. Issues addressed include: annual financial statements, election of directors, appointment of audit committee, appointment of auditors, non-executive directors' fees, voting on resolutions and an opportunity for shareholders to raise any matter with the company's directorship.

Empowerment partners are engaged on a range of issues, depending on the nature of the partner and their relationship with Barloworld. These range from routine operational matters and performance to the company's share price. All interactions address the contribution of both parties to the success of the relationship and other matters of mutual interest.

Regular meetings are also held with banks to provide financial performance updates and respond to queries or concerns.

A website provides detailed investor information, announcements and presentations. A senior group executive is responsible for investor relations.

The group's primary listing is on the Johannesburg Stock Exchange (JSE) with secondary listing on the London and Namibian stock exchanges. These institutions are engaged to ensure compliance.

Barloworld is a member of the JSE's Socially Responsible Investment index (SRI), *"Best Performer"* category.

For additional details on shareholder engagement, refer to the corporate governance section on page 93.

Customers

Given the types of services provided, the company recognises that understanding and exceeding customer expectations is central to sustainable value creation. Numerous individual and collective customer interventions take place during the year and all customer interfaces receive attention. Emphasis is on long-term relationships and mutual benefit.

All divisions appreciate the importance of these interactions and conduct appropriate interventions, including open days and focused surveys. Since 2003, Barloworld Logistics has sponsored an independent supply chain survey in South Africa (see www.supplychainforesight.co.za for details of surveys).

Barloworld Logistics sponsors leading research

This benchmark supply chain research is an annual independent study which has been initiated and sponsored by Barloworld Logistics since 2003. It is now conducted by respected international research specialists Frost & Sullivan. The survey measures trends in the industry and provides strategic insight for supply chain professionals. The focus of the 2010 research is centred on approaches to the upturn, and how South Africa's industries can become more competitive in what is bound to be a more subdued and cautious post-recession economic world. Alignment between the supply chain and the business strategy has increased in efforts to reduce costs and increase efficiencies, particularly in the harsh economic climate post-recession. In last year's study too, an increased urgency to communicate more with customers and fulfil their needs better was evident.

The global supply chain climate has once more undergone an important shift as the centres of political and economic power move slowly away from the so-called 'developed' countries to the larger emerging economies. Stable and efficient supply chain networks – at least in an emerging economy context – take on a new importance. Of particular importance is how South Africa's supply chains enable it to compete with other emerging markets, as the global balance of power shifts. This is the focus of the **supply**chain**foresigh**t study for 2011.

Customer engagements include daily contact to evaluate service levels, invitations to give feedback and suggestions, and regular visits by senior executives.

Understanding that customer expectations and activities are critical to its success, Barloworld Equipment Iberia conducted some 500 interviews with major customers as part of its strategic planning process.

These addressed issues such as assessment of current customer offerings and service levels, future regions of operation, future products, services and solutions. The responses were categorised and informed the strategic planning of the division.

These engagements also highlight risks and opportunities and ensure that customer complaints and concerns are addressed through ongoing contact and attention.

See pages 138 to 141 for additional aspects and results of customer engagement.

Employees

Extensive, ongoing interaction and engagement with employees takes place across the group. These processes are formal and informal, structured and *ad hoc*, individual and collective.

They are essential components of an inspiring climate within which employees can perform optimally, fulfil their aspirations and benefit from value created. These processes provide opportunities for employees to make recommendations and influence direction and include:

- individual meetings
- structured team forums
- individual and team performance discussions
- team briefings
- anonymous Individual Perception Monitoring (IPM) surveys conducted at least once every two years throughout the organisation examine employee perceptions on a range of issues.

Strategy, performance objectives and results are regularly communicated, as are individual matters including terms and conditions of employment, security of employment, health and safety, development and career paths, recognition and reward.

Employee representatives, including trade unions, worker committees, health and safety committees and industry bodies are openly engaged at appropriate levels in the organisation and in South Africa, work skills and employment equity forums are established. Similar initiatives take place in the group's Iberian operations.

See pages 149 to 158 for further details on employee engagement and results of the IPM survey.

Principals and suppliers

As a distributor of leading international brands, Barloworld represents a significant number of high-profile global principals (see page 4 for represented principals and products).

Agreements, long-term relationships, structured meetings, reporting requirements and performance reviews, and ongoing informal communication ensure contact with principals is frequent. Also included are principal conferences where strategic issues, including product launches, are shared with delegates. Participants have an opportunity to engage with principals and raise areas of concern, make suggestions and participate in related workshops and discussions.

Ongoing principal interactions cover product issues, market positioning, financial performance, customer issues and satisfaction, sustainability matters, territory issues, market information, and the relationship in general.

Mutual benefit, trust and transparency underpin the success of these enduring relationships. Barloworld has represented both Caterpillar and Hyster for over 80 years.

A range of other suppliers including major contractors, long-term and *ad hoc* suppliers are engaged on an appropriate basis.

The public sector and civil society

A wide range of stakeholders are engaged including government institutions and departments, municipal and local authorities, industry organisations as well as non-government organisations and the communities they serve (refer to page 123 for indication of non-governmental organisations engaged).

The group engages with two leading South African universities that facilitate its Executive Development Programme (EDP) and Leadership Development Programme (LDP). Both programmes have two modules during the year and ongoing interaction takes place in terms of content development and participation (refer to page 155 for additional details).

Mindful of its role as a responsible corporate, the group is involved in a number of external initiatives, including being a signatory to the United Nations Global Compact (since 2004) 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 Leadership South Africa and the South African Chambers of Commerce and Industry.

In addition, the group's various operations across the world belong to organised business associations and advocacy groups in the countries and regions in which they operate (refer to the Barloworld website for a full list of Barloworld's organisational memberships).

By participating in such initiatives Barloworld contributes to wider society, has an opportunity to share knowledge, raise concerns and influence policy.

Employees are also encouraged to join their relevant professional associations and assume significant roles within society.

Barloworld executive on South Africa's Commission for Employment Equity

Khanyisile Kweyama, Barloworld group executive: Global human resources and transformation, has been nominated as Business Unity South Africa's representative on the Commission for Employment Equity (CEE) which was established in terms of the South African constitution. Its role is to advise the Minister of Labour on the Employment Equity Act (EEA) and it is currently reviewing various Codes of Good Practice in the EEA.

The group's value added statement highlights value created for suppliers, employees, capital providers and government (see pages 119 to 121).

Pages 146 to 149 highlight stakeholders engaged through the group's enterprise development and corporate social investment initiatives.

Approach to data collection and reporting

- *In terms of the Global Reporting Initiative (GRI) framework*
- *Focus on material aspects*
- *Structured system*
- *Relevant management information, indicators and metrics*
- *Boundaries of reporting as per financial consolidation and Greenhouse Gas (GHG) Protocol*

In addition to reporting on matters it deems relevant to its stakeholders, Barloworld also reports on activities it considers to be material and of interest or concern to a broad grouping of its stakeholders, and thus of concern to the group.

In considering the materiality of issues, the nature of its response and the content of this report, the group takes into account the following:

- its long-term strategy as well as short-term economic impact on its stakeholders and how its performance will affect them;
- its commitments in terms of its policies, undertakings and the external regulatory environment, including its listing requirements of relevant stock exchanges;
- the activities of peers and trends in relevant industries, as well as best practice;
- the issues and expectations emerging from its various stakeholder engagement activities;
- general expectations in terms of relevant emerging codes and reporting frameworks, including the Global Reporting Initiative and appropriate socially responsible reporting indices such as the Johannesburg Stock Exchange Socially Responsible Investment index (JSE SRI).

Where appropriate, these are factored into operational management systems, discussed with relevant stakeholders and addressed in reports.

The risk and sustainability committee considers the materiality of non-financial indicators and selects those for external assurance. An assurance matrix, which is based on the GRI framework and includes materiality, is currently under review.

The group's stakeholder engagement initiatives identify and highlight material issues which influence and inform the group's reporting, strategy and operations (see pages 103 to 107 for further information on stakeholder engagement).

The group is committed to ensuring credibility, clarity, completeness and comparability of reported information and uses the Global Reporting Initiative (G3) indicators to ensure alignment with global reporting practices. Relevance and materiality of reported data is continually reviewed in light of the group's structure and activities.

Organisational boundaries for the collection of data reflect those used for financial purposes to ensure alignment between financial, environmental and social reporting. Data is collected at operational level and consolidated at divisional and group levels. 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).

Barloworld reports its greenhouse gas emissions in terms of CO_2e, the universal unit of measure adjusted for the global warming potential of the six Kyoto Protocol greenhouse gases. The emissions sources identified by Barloworld include carbon dioxide, nitrous oxide and methane from combustion of petrol and diesel in trucks, machinery and equipment and vehicles, and carbon dioxide from the purchase of electricity. There are no other ozone depleting substances as emissions sources in Barloworld's operations. Also, Barloworld does not have other non-Kyoto protocol greenhouse gas emissions sources, including oxides of nitrogen (NOx) and oxides of sulphur (SOx), given the nature of its operations.

Barloworld has applied an emission factor of 1.2kg CO_2 per KWh for electricity consumption in South African operations. This factor is derived from the Eskom (SA utility company) rate for emissions abatement calculations for Clean Development Mechanism projects that reduce CO_2 emissions. This factor includes transmission and distribution losses and is thus a higher factor than the Eskom published rate of 1.03kg CO_2 per KWh electricity consumption. Barloworld believes that taking the higher factor reduces any risk of under-reporting

Note to mobile combustion emission factors

In setting the operational boundary for its direct emissions, Barloworld Limited identified that the vast majority of its direct emissions sources were related to mobile fuel combustion. According to the GHG Protocol Mobile Guide, 2005 v 1.3 the emissions from mobile fuel combustion have been restricted to the calculation of CO_2 emissions. The guide states that, "Since nitrous oxide (N_2O) and methane (CH_4) emissions from mobile fuel combustion comprise a relatively small proportion of overall transportation emissions, only CO_2 emissions estimates are included in this tool. Estimates of N_2O and CH_4 emissions are optional at the discretion of the user." Barloworld Limited has resolved however, that since the organisational boundary includes a logistics company and a car rental business the emission factors applied to the mobile fuel combustion will include carbon dioxide equivalent proportions for both N_2O and CH_4 emissions as follows:

	Total CO_2e emission factor	CO_2 portion of CO_2e emission factor	CH_4 portion of CO_2e emission factor	N_2O portion of CO_2e emission factor
Petrol kgCO_2/litre	2,49	2,46	0,0144	0,0164
Diesel kgCO_2/litre	2,77	2,72	0,0030	0,0454

During the year the group continued its focus on improving its data collection systems and reporting.

Progress has been made towards incorporating financial and non-financial group data in a single database. This will further entrench the integrated nature of group data management and reporting.

Collected and reported data are used in the daily management of the company. Relevant aspects are reported on a quarterly basis through the Safety, Health and Environment (SHE) report to the risk and sustainability committee, a sub-committee of the Barloworld board. The data is used to measure performance, identify trends and set meaningful future targets.

Reporting of "Materials used" and the split between internal and customer consumption requires further attention, as does "Waste" data, specifically the reporting in weight rather than units. It was anticipated that these matters would be settled in the year but complexities militated against this. Both of these areas will receive attention in the year ahead and appropriate reporting will be assessed in terms of materiality and benefit for the group and stakeholders.

The sale of Barloworld's car rental operations in Scandinavia was effected during the course of the year. For comparability purposes, only continuing operations are reported. Reported data for 2008 and 2009 has been restated accordingly.

Water usage at corporate office has been allocated to tenants of the corporate office complex on a proportional basis for 2010.

Due to the focus on continuing operations, emission intensities (page 132) are based on revenues from continuing operations only (page 5) and employee data for the current year (page 150). Previously, revenues included operations held for sale and the average number of employees over two years was used. Revenue-based emission intensities are also affected by revenue figures which have been restated for the treatment of IAS 16. Emission intensities have been restated accordingly.

Apart from those mentioned above, there were no other significant changes in scope, boundary or measurement methods applied in this report.

Assurance

- *Third party assurance of material aspects and GRI application level*

In order to ensure the credibility of reported data, third party assurance of material aspects is obtained. The risk and sustainability committee identified material indicators as well as the group's GRI application level for assurance by Deloitte (refer to pages 161 to 162).

In addition to those indicators assured in 2009, the group identified water as a scarce resource and thus the group's usage data to be assured. Initially, this will be limited to only the amount of water extracted from municipal sources or utilities.

Progressing a commitment to accurate reporting, Barloworld Equipment South Africa was assessed by external experts for compliance with the GHG Protocol Corporate Standard in the reporting of greenhouse gas emissions. No relevant or significant unaccounted emission sources were identified, nor were there any material sources of ozone depleting substances.

As reported in 2009 the internal audit function will have a prominent role in providing assurance. In this regard, handling division's non-financial reporting was reviewed during the year. Issues raised have been addressed and the positive intervention has enhanced the division's reported data and collection systems.

To ensure credible and accurate reporting, the group maintains an assurance matrix which allocates appropriate assurance mechanisms to relevant aspects and indicators. Mechanisms for assurance include peer review, internal assurance and external assurance.

Governance, ethics and values

- *Entrenched group value system*
- *Established policies and procedures*
- *Worldwide Code of Conduct*
- *Anonymous Ethics Line and non-victimisation for whistle blowing*
- *Extensive internal and external audit*
- *Regulatory compliance*
- *Training and guidance*

Barloworld conducts its activities in accordance with the highest ethical standards and principles of corporate governance. This includes required reporting, corporate, executive and management structures (refer to pages 70 to 84).

Focus is on regulatory compliance and acting in accordance with the group's internal Code of Ethics and Worldwide Code of Conduct. Financial integrity is assured through internal structures and controls as well as independent audit.

Barloworld provides frameworks within which operations establish specific, relevant and appropriate policies, as well as management and control environments in the context of their respective industries.

These are widely communicated through a variety of media including company briefs, company intranet and internet sites, publications, individual and group communications, training and induction programmes and structured team forums.

Barloworld's Code of Ethics is as follows:

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

These constitute the group's overarching and guiding principles.

The group's Worldwide Code of Conduct comprises four complementary group values:

- Integrity
- Excellence
- Teamwork
- Commitment.

The code highlights core commitments for each value and describes in detail the required behaviour in respect of each value across a range of circumstances (see www.barloworld.com).

These guiding principles are supported by a group Anti-Fraud Policy and the Barloworld Group Policy on Dealing with: Public Officials, Agents, Distributors, Intermediaries, Trade Restrictions, Export Controls and Sanctions (see www.barloworld.com).

Barloworld is a signatory to the United Nations Global Compact which addresses human rights, labour standards, the environment and anti-corruption. The means to deal with these are entrenched throughout the group in relevant policies and standards.

A leader in corporate governance

Barloworld Limited director, Steve Pfeiffer has been recognised as one of the Top 100 directors by the National Association of Corporate Directors (NACD) in America. The NACD Directorship 100 reveals the most renowned and influential individuals who have made an indelible contribution to corporate governance and in the boardroom. He is also a director of the National Association for the Advancement of Colored People (NAACP) Legal Defense and Educational Fund in New York.

An anonymous Barloworld Ethics Line (refer to pages 92) and a commitment not to victimise whistle-blowers enables transparency and promotes ethical conduct.

The combination of overarching principles and ethics, together with a code of conduct, policies, systems and processes, plus a focus on regulatory compliance make up the group's corporate governance framework.

Formal processes to instil required standards and conduct throughout the group include training sessions and compliance commitments from divisional leaders and senior management.

The group is mindful of the precautionary principle and its related obligations. Its ethics and structured risk management approach ensures that future risks to the public and the environment from its activities are identified and taken into account. Activities related to any identified risk would be addressed. This applies to all group activities, including the building of new facilities. The group's leading principals would be mindful of this principle when developing and introducing new products.

Climate change

- *The group appreciates the link between its activities and climate change*
- *Risk and sustainability committee reviews progress*
- *Group climate change policy set*
- *Incorporated into strategic planning initiatives*
- *Appropriate measurement and targets in place*
- *Identified risks and opportunities*

Barloworld is mindful of the impact its commercial activities have on the environment, the seriousness of climate change and the need for it to be addressed.

Whilst its internal activities may not be environmentally aggressive nor result in significant GHG emissions, the group recognises that its integrated customer solutions affect the environment.

In the circumstances Barloworld understands the need to conduct its commercial activities in an environmentally responsible manner and to provide sustainable customer solutions that minimise negative environmental impacts. The group's Climate Change Policy is available on its website.

Accordingly the group measures and reports the aspects of its business that contribute to climate change and strives to reduce, minimise and offset these activities where appropriate. These aspects are reviewed on a quarterly basis by the group risk and sustainability committee.

Aspirational energy and emissions efficiency improvement targets have been set and its Avis Rent a Car South Africa operations are CarbonNeutral® accredited for the offset of CO_2 emissions derived from internal fuel and energy usage.

In this regard 11 000 tons of carbon emissions have been offset by purchasing carbon credits in three Voluntary Carbon Standard (VCS) projects: Hufu waste heat recovery project in China, Govinderpuram wind power project in India and Unchindle-Mapanda reforestation project in Tanzania.

The group has identified risks and opportunities arising from climate change due to changing circumstances including: physical consequences (short- and long-term), changing regulatory frameworks, customer requirements and brand reputation.

These are incorporated into strategic planning initiatives. Related action plans ensure risks are addressed and opportunities pursued. It is difficult for the group to quantify the financial implications of climate change given the scale of serious events. Where possible, the financial implications of risks and opportunities have been considered in order to give a sense of scale and importance. Examples include the imposition of a carbon tax and the loss or otherwise of a major vehicle or equipment contract resulting from uncompetitive technology and solutions.

The group has identified competitive advantage in providing leading sustainable customer solutions in conjunction with its principals, which can assist customers achieve their own climate change mitigation objectives. Please refer to pages 124 to 126 for examples of such solutions and developments.

For a full disclosure of related risks, opportunities and consequences see Barloworld's response to CDP 2010 which is available on www.barloworld.com or www.cdproject.net.

Where relevant, climate change is addressed in stakeholder engagements, particularly when interacting with customers and principals.

Avis sponsorship of solar race helps bring advanced alternative energy vehicles to South Africa

One of the world's toughest alternative energy vehicle races took place in South Africa in September 2010, attracting teams from Germany, Japan and South Africa, including the German School in Johannesburg and the University of Johannesburg. Teams were required to build their own cars, design their own engineering systems and race their vehicles through a combination of semi-desert, mountain, city, coastal and forest terrains as well as changing altitudes, making this one of the most demanding solar races in the world.

Avis sponsored all the back-up vehicles for the event, 22 vehicles in total, six of which were Toyota Prius models.

In 2012 the SA Solar Challenge is expected to become a global event attracting all the world's top solar racing teams. The event provides South Africa with a platform to demonstrate its world-class science base and engineering skills, and the potential of its renewable energy industry.

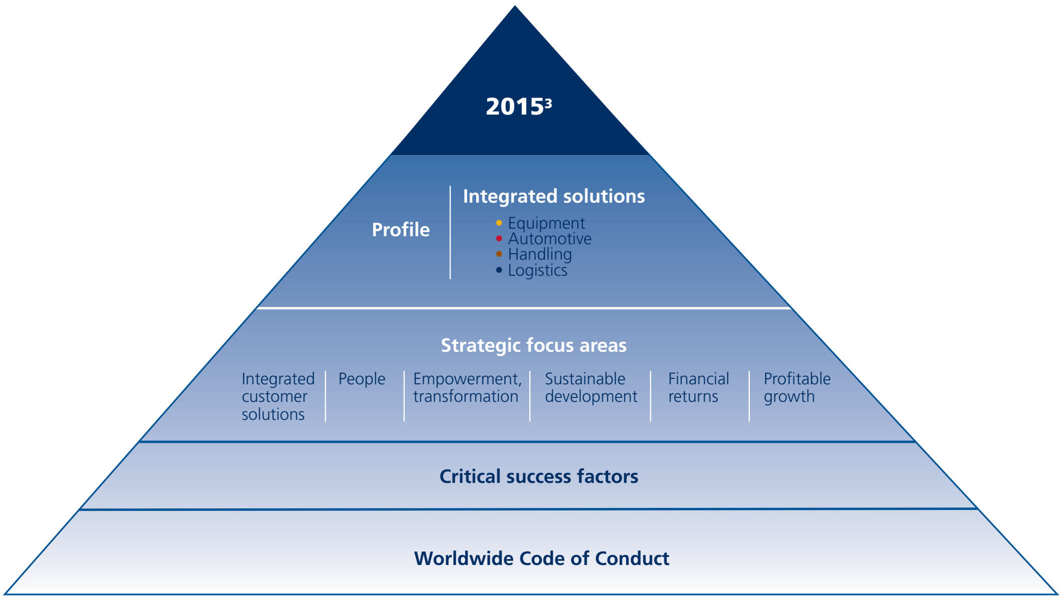
Strategic planning

- *Structured processes across operations culminating in the group's strategy*
- *Endorsed by the board and subject to regular review*
- *Central to the group's sustainability*
- *Identifies strategic focus areas which direct attention in all operations*
- *Ensures integrated and aligned group activities*
- *Employee implementation is central to the success of strategy*

Barloworld follows a systematic, structured and integrated strategic planning process throughout the group which culminates in the group strategy.

Understanding the group's sustainability is underpinned by strategy, the group revitalised its strategic planning process and appointed an executive to a combined strategy and sustainability role.

The strategic framework incorporates a revised vision and highlights sustainable development as a separate strategic focus area.



The revised vision is 2015^3 which incorporates the target to deliver significant incremental value for stakeholders over the five year strategic plan period. Specific targets and hurdles have been set, against which progress can be measured. Please refer to pages 6 to 9 for more details on group strategy and key performance indicators.

The group's six strategic focus areas are:

- Integrated Customer Solutions
- People
- Empowerment and Transformation
- Sustainable Development
- Financial Returns
- Profitable Growth

Each strategic focus area is supported by critical success factors, appropriate action plans and measureable performance indicators. In order to ensure alignment and implementation, the group has identified its top strategic initiatives for the 2011 to 2015 strategic plan period together with action plans and measurable targets. The strategic focus areas are consistent through all operations which in turn, identify their relevant critical success factor with corresponding action plans and targets. The aggregation of these activities enables the group to achieve its objectives.

Implementation of the plan is monitored at group level and divisional executive teams are accountable for fulfilling their strategic plans, meeting their objectives and achieving their Key Performance Indicators (KPIs).

Strategic alignment in Barloworld

Group and divisional strategic frameworks and strategic focus areas are aligned to ensure achievement of divisional and group objectives and facilitate monitoring, review and reporting.

Whilst all strategic focus areas are addressed, the slowdown in global economies and the commensurate dilution of financial returns has led to an emphasis on prudent management activities during the year which include:

- Reducing the group's fixed expense base in line with lower activity levels
- Tightly managing capital expenditure to conserve cash
- Optimising working capital levels
- Maximising cash generation to reduce debt levels, maintaining credit rating and a strong balance sheet.

These measures ensured sustainability during difficult circumstances and have positioned the group to benefit from improved activity levels in future.

Looking ahead, whilst all strategic focus areas are addressed, particular attention will be given to improving financial returns and turnaround strategies for underperforming operations as well as pursuing identified profitable growth initiatives.

Profitable growth opportunities have been identified for all divisions and the group. These are recorded, resources allocated and timeframes for implementation set. Divisional CEOs are responsible for their respective division's projects and progress is monitored at monthly executive meetings.

Due to its strategic profile, represented OEMs and brands, and the regions of activity, the group is well positioned to benefit from the anticipated growth in mining, infrastructure, power supply and related opportunities, agriculture, logistics and tourism. It is also appropriately exposed to opportunities in southern Africa and Russia which are regarded as growth regions of the future (see pages 8 to 9).

The strategic plan is reviewed and endorsed by the board on an annual basis, although relevance and progress are reviewed at operational level throughout the year.

Implementation of the strategic plan is through an entrenched and comprehensive employee value creation framework which includes accessing, harnessing and directing the group's collective wisdom. A structured performance management system ensures attention to value drivers and enables employees to benefit appropriately from value created. This ensures commitment and progress.

Barloworld 10 pillars of sustainability

- *Guide and reflect the group's activities*

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

The pillars guide current activities and act as a filter against which future opportunities are assessed.

The pillars articulate a standard, aspirations and commitments in respect of their themes and highlight the integrated nature of the group's approach to value creation.

Full details are available on the Barloworld website.

Group information technology

- *Key enabler to achieving business objectives*
- *Fully integrated into all strategic planning processes*
- *Functional representation at divisional and group board level*
- *Group steering committee ensures a coordinated group approach*
- *Seven focus areas ensure effectiveness*

Information technology (IT) is regarded as central to providing solutions to the market that exceed customer expectations and optimise value while ensuring compliance with internal policies, appropriate industry standards, legislation and regulations.

IT is fully integrated into all strategic planning processes within the company, ensuring alignment and functional support in the achievement of business objectives.

Chief Information Officers in each division represent IT at divisional board level and the group financial director is responsible at a group level. While representation at board level ensures high visibility, the function is managed through IT steering committees both at divisional and group level.

The function is represented at quarterly risk and sustainability committee meetings.

Established practices, policies and procedures are in place and ensure an effective and sustainable function, oversight for which is the remit of the group IT steering committee, which focuses on the following aspects:

- Coordination and compliance: policies, standards and guidelines are reviewed to ensure that all efforts are coordinated and comply with relevant legislation and industry norms
- Strategic alignment: strategy is reviewed to ensure that IT delivery complements business strategy and that efforts across the group are coordinated
- Value delivery: significant projects are reviewed to optimise benefits and leverage group synergies
- Risk management: appropriate risk frameworks are utilised to ensure that business risk is mitigated. Representation on audit and risk and sustainability committees enhances this process
- Resource management: people and assets are reviewed and allocated to ensure optimal delivery of required IT functions, including environmentally sustainable practices and responsible disposal of e-waste
- Performance management: various performance metrics are used to ensure that significant IT investments deliver required value, and
- Information security: group standards and practices are reviewed to ensure that intellectual property is protected and that all legislated security requirements are met.

Barloworld recognises that IT is pivotal to the group's future growth and viability.

Supply chain

- *Represents leading global OEMs, principals and brands*
- *Governance framework promoted throughout supply chain*
- *Stakeholder engagement*
- *Mutual benefit*

By representing leading global OEMs and brands, Barloworld participates in supply chains that conform to applicable norms and regulations and which aspire to the highest standards.

All group activities, including supply chain interactions, are guided by its governance framework.

Ongoing engagement with all suppliers and customers ensures awareness of expected standards and corresponding conduct. The group will disengage from elements of its supply chain that do not conform.

Relationships with all suppliers are based on mutual respect, trust and benefit.

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*

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 management services are present. Risk management is incorporated into the group's 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 risks.

Risks are detailed, comprehensively assessed and managed through acceptance, transfer, avoidance or reduction. Details are recorded in divisional and group risk registers.

Formal reporting to the risk and sustainability committee takes place bi-annually. Initiatives to address identified risks include the development and implementation of business continuity and disaster recovery plans for unscheduled events or occurrences. These plans include information technology and communications solutions as appropriate.

While this planning is regularly reviewed at executive and board levels, internal audit also plays a significant role in reviewing processes, procedures and controls.

Barloworld group top risks – 2010 (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.

Key risks	Category of risk and management response
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 and quality 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.
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.

Key risks	Category of risk and management response
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.
Slow recovery of global economies The effect of the prolonged slowdown on our businesses, customers, suppliers and funders and the continued risk that funding constraints within the supply chains will extend the recession and/or impede growth.	**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 and access credit. • Reduce working capital, limit capital expenditure and improve cash flow. • Secure adequate committed 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.

Please also refer to the group response to the CDP 2010 which can be viewed on either the Barloworld website **(www.barloworld.com)** or the CDP website **(www.cdproject.net)**.

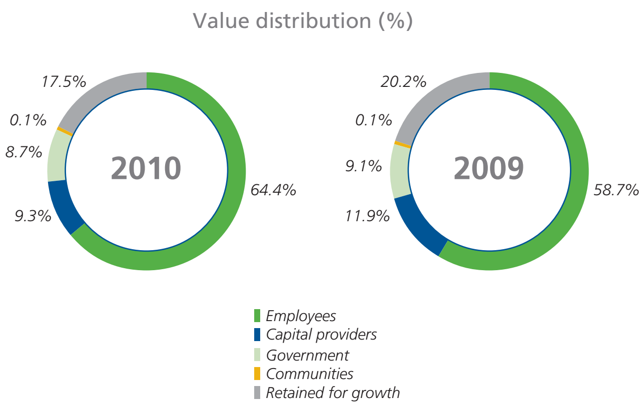
Economic aspects

- *Value for all stakeholders*
- *Employees receive 64% of value created*
- *Retained earnings provide means of growth and enhance value creation*
- *Community value*

In terms of its value based management approach, Barloworld is committed to creating value for all its stakeholders. It recognises that sustainability is based on balancing the interests of all stakeholders.

The group's economic value creation for its stakeholders is reflected in its value added statement which is to be considered along with the financial aspects covered elsewhere in this annual report as well as sections covering socio-economic development (pages 147 to 149) and enterprise development (pages 146 to 147).

Stakeholders' share of value created



Stakeholders' share of value created

Value added statement

for the year ended 30 September

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

	2010		2009		2008	
	Rm	%	Rm	%	Rm	%
Revenue from continuing operations	40 830		45 269*		50 107*	
Revenue from discontinued operations	1 219		1 451		2 498	
Paid to suppliers for input materials, products and services	32 291		34 920		40 604	
Value added	9 758		11 800		12 001	
Income from investments^	104		203		208	
Total value created	9 862		12 003		12 209	
Value distribution						
Employees (note 1)	6 351	64	7 054	59	6 793	56
Capital providers:	914	9	1 428	12	1 654	14
Finance costs	691		994		980	
Dividends to Barloworld Limited shareholders	189		396		614	
Dividends to non-controlling interest in subsidiaries	34		38		8	
Unbundling of Coatings					52	
Government (note 2)	856	9	1 093	9	1 010	8
Communities (Corporate social investment)	11		8		13	
Reinvested in the group to maintain and develop operations	1 730	18	2 420	20	2 739	23
Depreciation	1 926		2 145		2 121	
Retained profit	(175)		428		671	
Deferred taxation	(21)		(153)		(53)	
	9 862	100	12 003	100	12 209	100
Value added ratios						
Number of employees (30 September)	18 167		18 918		20 471	
Revenue per employee (Rand)#	2 267 709		2 372 236		2 479 555	
Value created per employee (Rand)#	531 849		609 476		575 475	
Corporate social investment – % of profit after taxation, excluding exceptional items	2.13		1.0		0.9	
Notes:						
1. Employees						
Salaries, wages, overtime payments, commissions, bonuses and allowances**	5 459		6 055		5 932	
Employer contributions+	892		999		861	
	6 351		7 054		6 793	
2. Central and local government						
Current taxation	200		603		830	
Rates and taxes paid to local authorities	68		59		60	
Customs duties, import surcharges and excise taxes	566		418		105	
Skills development levy	22		13		15	
	856		1 093		1 010`	

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

Based on average number of employees

* *Restated for the treatment of IAS 16*

** *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*

Number of employees by region who benefited from employment is reflected in the divisional reviews and on page 150. The overwhelming majority of employees are local to the regions.

By operating in communities Barloworld creates significant value for local suppliers which include OEMs and sub-contractors. This is reduced where plant and equipment can only be sourced by offshore principals, in which event the commitment is to spend the balance locally.

In the automotive division some 97% of spend is local (including salaries and wages).

In South Africa, handling and equipment divisions' products are sourced from overseas principals while automotive division sources vehicles through locally based OEMs. Sourcing varies by regions of activity and division. Handling in the Netherlands and Belgium respectively source 99% and 100% locally whilst UK and South African operations respectively source some 40% and 45% from local suppliers.

Logistics division sub-contracts a large portion of its business to local contractors.

For Barloworld Equipment, it is deeds, not words that matter

Matero Boys Secondary School in Lusaka, Zambia, enjoys a good academic reputation and strong community support. Its motto, "Deeds not Words" was put into practice by Barloworld Equipment Lusaka.

When Brother Carmine, one of the founder members of the 45-year-old school, asked for help to clear bush for the building of a perimeter wall, Barloworld Zambia was glad to assist with a Cat 938 wheel loader from its rental fleet and an operator. The machine spent two days in April clearing the perimeter and preparing an area for a new playground.

"As Barloworld moves the world, it does this by moving the local communities and educational institutions to higher levels," said Brother Carmine.

Direct value for communities also includes the group's support for enterprise development initiatives under the Barloworld Siyakhula umbrella and other community investment activities.

These principally benefit communities in South Africa, as do the group's preferential procurement initiatives under the BBBEEE umbrella which amounted to some R12 billion for the year (see page 145).

Indirect economic impacts include: employee spending, provision of products and services, enhancing the image and reputation of areas, and job creation which reduces demand on the fiscus and enables a redirection of resources into other areas.

No significant benefit was received from government. Any assistance is generally applicable in terms of legislation and across the relevant industries.

The group did not make any significant investment into infrastructure primarily for public benefit during the period, however a voluntarism initiative was launched which aims at providing services for the public which complement the group's enterprise development and socio-economic development investments (see page 122).

Barloworld employee volunteerism programme

The Barloworld group launched a volunteerism programme which will see staff from the group's head office and subsidiaries donating their time and skills in an effort to improve the education system in South Africa. The volunteerism programme was launched on 28 July 2010 at the Barloworld head office in Sandton. It was attended by Barloworld executives, TEACH South Africa staff, representatives of the Ekurhuleni school district, and learners and educators from five schools in Ekurhuleni.

"Our volunteerism programme aims to help schools in implementing business methodologies and practices through coaching, mentoring and skills development," said Barloworld CEO, Clive Thomson, adding that very often "giving of one's time requires more sacrifice than signing a cheque".

Environmental aspects

Overview

- *Commitment entrenched in ethics, 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 appropriate*
- *Ongoing review assessment of risks and opportunities*
- *Integrated into operations, management activities, and reporting*
- *Emphasis on material aspects*
- *Training and awareness*

Barloworld is committed to taking a leading role in environmental stewardship and minimising its environmental footprint.

The group recognises that some of its activities have certain adverse environmental impacts and mitigation measures are integrated into operational management systems and customer offerings.

Internal focus is on material environmental issues which principally include non-renewable energy consumption, related greenhouse gas emissions, water consumption, recycling and disposal of hazardous material.

Products increasingly incorporate environmentally efficient elements as a competitive advantage and assist customers in reducing the negative environmental aspects of their own activities. Leading principals are at the forefront of product development aimed at minimising the environmental footprint of their products and solutions, as is the group's logistics division.

Improving data collection, reporting and interpretation has been concentrated on in line with a proactive approach to managing the group's environmental impact.

Relevant environmental data are incorporated into management reports and regularly reviewed at all levels of the organisation, reinforcing accountability and highlighting the integrated nature of responsibility.

Initiatives to reduce the group's environmental footprint include setting aspirational efficiency improvement targets for non-renewable energy consumption and related greenhouse gas emissions. These are supported by communication, awareness and training programmes.

Careful waste disposal and recycling are high priorities with all operations contracting with certified waste disposal organisations for the disposal of waste oil and other hazardous waste.

A comprehensive risk management approach has identified various grades of physical, regulatory, financial, operational and reputational risks associated with environmental issues and climate change.

Similarly, associated opportunities have been identified. These have been publicly disclosed, are incorporated into the group's strategic planning process and addressed in action plans and activities. For more details, see Barloworld's response to CDP 2010 on either the group's website www.barloworld.com or www.cdproject.net.

Appreciating the benefits of stakeholder dialogue in creating awareness, identifying trends and influencing policy, Barloworld partners with organisations such as:

- the UN Global Compact (Principles 7 and 9 are relevant)
- the World Wide Fund For Nature (WWF)
- the National Business Initiative (NBI), and
- the Endangered Wildlife Trust (EWT).

In 2005 the group signed the Energy Efficiency Accord (EEA) with the Department of Mineral Resources in South Africa.

It is also a member of the NBI's Energy Efficiency Technical Committee, the South African Association for Energy Efficiency and Business Unity South Africa's climate change forum, through which it is linked to a range of energy and climate change initiatives.

Barloworld's approach to environmental management is informed by:

- Barloworld's Environmental Policy
- Barloworld's Good Practice Guidelines on Environmental Management For Non-ISO 14001 Certified Operations
- Barloworld's Climate Change Policy, and
- Barloworld's Sustainable Development Approach (Environmental Aspects).

These documents can be viewed on the Barloworld website at www.barloworld.com.

Investments into initiatives to reduce the effect of its activities on the environment are mostly integrated into the ongoing operations of the business and incorporated into design, development and construction activities, such as those for new buildings, renovations and upgrades, water recycling plants and energy efficiency initiatives. Investment is also made into new products such as the logistics division's green trailer project, relevant software development, and a carbon offset programme. Payments also include those made to certified waste disposal contractors. As these are integrated into operational expenditure, they are not always readily identifiable and quantifiable (see for example page 47).

All operations have environmentally responsible waste disposal systems which require recycling or disposal by certified contractors.

There were no fines or non-monetary sanctions levied against the group for non-compliance with environmental laws and regulation in the reporting period.

Barlow Park wins inaugural Energy Cybernetics Energy Barometer award

In June 2010 Barloworld corporate headquarters, Barlow Park in Sandton Johannesburg, won a bronze award in the inaugural Energy Cybernetics Energy Barometer Awards. Sixteen major South African companies competed in the head office category. Energy use at Corporate Office is 27% below the national average. The awards are a new initiative to encourage companies to become aware of their energy consumption levels and to improve these in the interest of their own bottom-lines as well as the national economy, whilst providing a platform for comparison and learning.

Nature of products and services

- *Barloworld provides products, services and solutions*
- *Commitment to provide leading environmentally sound solutions to customers which enable them to achieve their own sustainable development objectives*
- *Original Equipment Manufacturers (OEMs) focus on developing leading technologies*
- *Internal activities measured and reviewed*
- *Carbon emissions are an area of focus*
- *Lifecycle responsibility*

Barloworld recognises the environmental impact of its customer solutions. Supported by its principals, the group is committed to providing leading products and solutions that enable customers to achieve their sustainable development objectives, including environmental stewardship.

Represented OEMs focus on improving the lifecycle environmental footprint of products which the group offers to customers. Energy and emission efficiencies as well as product disposal are core aspects being addressed.

Caterpillar technology improves efficiencies and reduces emissions

ACERT technology was developed to meet American and European diesel engine emissions regulations while preserving customer value. Improved air systems management, advanced fuel systems and engine electronics as well as an effective exhaust after-treatment ensure reliability, efficiency, economy, emissions reduction and enhanced performance.

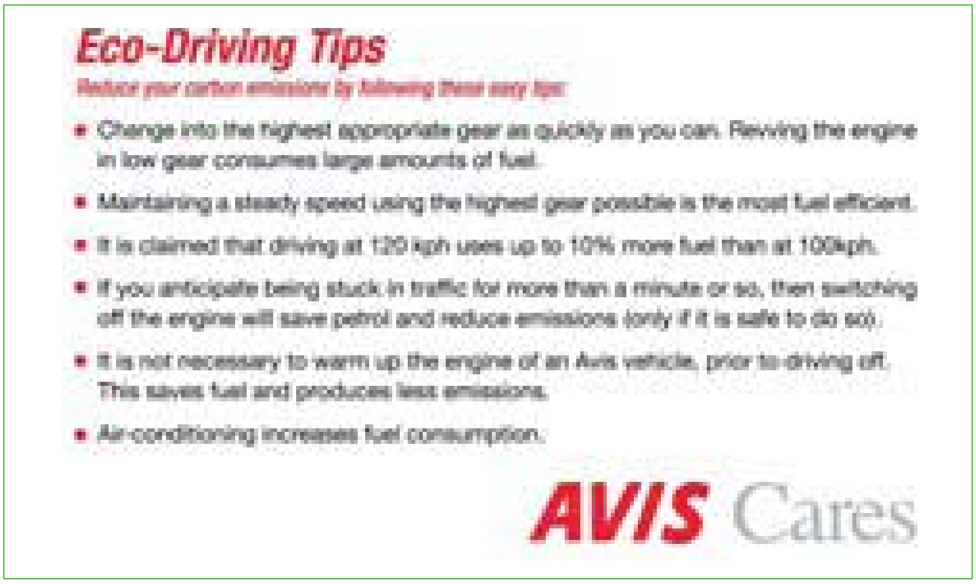
Barloworld Equipment offers Caterpillar's innovative ACERT technology which meets American and European emissions regulations. Caterpillar continually strives to improve energy efficiency in their products and reduce emissions from their clean diesel engines while maintaining fuel efficiency.

Caterpillar 2020 goals for customers

Source: Caterpillar Inc.

The leading principals of automotive division's motor retail operations continue to develop and introduce energy efficient, low emission vehicles, hybrid vehicles and electric vehicles. Its car rental fleets generally comprise vehicles less than 12 months old and hence have the most up to date technology which results in overall energy and emissions efficiency. Currently there are 46 Toyota Prius vehicles as part of the South African car rental fleet.

In engaging with its customers, eco-driving tips are printed on car hangers in every vehicle, carbon emissions due to the rental are recorded on every invoice, and monthly carbon emission reports are sent to corporate customers, making them aware of the emissions resulting from their rentals.



Clean vehicles, plant and equipment are core components of the group's customer offering and improvements in efficient water usage has significant economic and environmental benefits.

Hyster lift trucks generally offer the best energy efficiency (energy use per load moved) of any lift truck manufacturer and their emissions are among the lowest in the industry. The OEM supports the adoption of green technologies through engineering collaboration and extensive internal field and validation testing. Diesel lift trucks are evolving to meet latest American and European emission standards. Electric trucks incorporate systems that recapture energy when braking and lowering loads. Improved product design results in less weight and improved efficiency. Recyclability is a prime consideration in Hyster lift truck design, as is waste which is reduced through extended service intervals and reduced tyre and component wear.

Currently Hyster is investigating advanced, more efficient battery chemistries and technologies to reduce energy consumption and carbon impact. These also increase productivity and reduce toxic material content.

In the logistics division the Transport Management Solutions offering optimises transportation through planning, thereby reducing unnecessary road movement and results in emissions reduction. The distribution network optimisation tool CAST-CO_2 calculates networks according to emissions and can also be used as a tool to minimise the carbon emissions of a supply chain (see page 64).

CINO, another innovative product from logistics in their supply chain optimisation suite of products, is a software product that enables companies to make strategic inventory positioning decisions based on optimising the entire supply chain. It allows companies to plan supply and demand across an entire distribution network of businesses and locations, leading to greater cost savings and greater effectiveness in serving customer needs. Effective and efficient supply chains have improved carbon footprints.

Logistics is at the forefront of designing sustainable road transportation solutions which provide both commercial and environmental benefits. Initial tests on Logistics' long haul "Green Trailer" development indicate fuel savings and a reduction in CO_2 emissions (see pages 63 and 65).

The group is mindful of the lifecycle implications of their products and solutions and appreciates the responsibility it has in this regard (see pages 126 and 139).

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 and efficient use of the products, including extending their operating lifetime. In this regard, a relatively high percentage of Caterpillar and Hyster components are rebuilt, prolonging their life and reducing waste.

Hyster's truck remanufacturing process recovers some 50% of original components whilst their rebuilt engines are 50% to 67% more efficient in terms of energy and labour respectively. Approximately 90% of a scrapped lift truck can be reclaimed. Some 70% of Caterpillar components are rebuilt.

Barloworld's automotive, equipment and handling divisions have business models that enable vehicles, plant and equipment solutions to be provided through new or used unit sales and long- or short-term rental applications. In equipment and handling divisions this is also complemented by a significant component rebuild programme. This business model ensures efficiencies and synergies throughout the lifecycle of equipment, plant and vehicles and extended useful lives for these products.

The principal environmental impact of transporting products and services in the group relates to road congestion and degradation, the consumption of fossil fuels and the consequent GHG emissions, and the risks associated with these aspects.

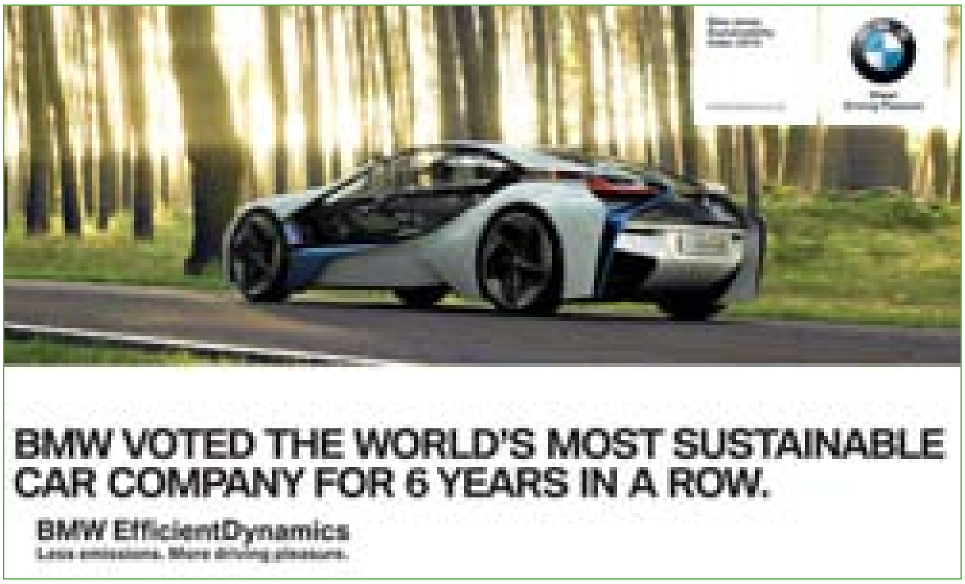
Principals' standards

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

Barloworld proudly represents leading international OEMs and brands such as Caterpillar, Hyster, Audi, BMW, Mercedes, Toyota, Volkswagen, Avis and other world-class equipment and vehicle manufacturers. In so doing, it is part of supply chains that embrace values and standards in the manufacture, sale, service, support and disposal of products that reflect international best practice.

These standards are reflected in the group's activities, and are complemented by Barloworld's own ethics, values and standards. The group is committed to working with its suppliers to ensure their sustainability objectives are met and their competitive position enhanced.

Barloworld represents sustainable principals



Principals' standards also include their product, service and customer offering aspirations. As brand representatives, these are applicable to customer solutions provided by Barloworld.

Indicators and data collection systems

- *Focus on material aspects*
- *Improving data collection systems*
- *Entrenched monthly, quarterly and annual reporting*
- *Integrated into operations*

The group reports on indicators that it identifies as relevant and material to its activities. Structures and systems are in place to ensure accurate and consistent reporting. These are continually enhanced.

It is envisaged that from 2011 non-financial data will be captured into the group management and control system currently being used for financial data. This system supports enterprise-wide strategic, financial and operational planning, budgeting, forecasting, consolidating, reporting and analysis. This approach will ensure alignment of data capture and information, as well as enhanced interpretative capabilities. It will enhance consistency and discipline in data capture and entrench accountability for the economic, social and environmental performance aspects of the business.

Operational relevance and regular reporting ensures management attention and that environmental issues are integrated into management activities and responsibilities.

The scope of Barloworld's data monitoring and environmental management includes:

- Energy consumption
- Carbon emissions
- Emission intensities
- Water usage, source and recycling
- Materials consumed (direct and indirect)
- Use of recycled input materials
- Waste (hazardous and non-hazardous), destination or disposal method, and
- Non-compliance/fines.

Targets

- *Signatory to the Energy Efficiency Accord (EEA) in South Africa*
- *Aspirational energy and emissions efficiency targets set off a 2009 baseline*
- *Targets subject to appropriate review*
- *Commitment to report progress*
- *Integrated into management responsibilities*

Barloworld's commitment to improving its energy efficiency in respect of fossil fuels and resulting GHG emissions is reflected in the group being an early signatory to South Africa's Energy Efficiency Accord (EEA) and underpinned by an understanding of its commercial and environmental benefits.

Pending any precise applicable industry or national targets, Barloworld is guided by the South African objective reflected in the EEA of a 12% reduction in energy consumption against a business as usual scenario by 2015 off a 2000 baseline year.

In order to make this a tangible objective, in 2009 the group set an overall aspirational target of a 12% energy efficiency improvement of its non-renewable energy consumption by the end of its 2014 financial year, off a 2009 baseline year. This period aligns with the five year strategic planning cycle from 2010 to the end of 2014. The group has adopted a similar approach for emissions (scope 1 and 2) as these predominantly result from the consumption of fossil fuels and the purchase of fossil fuel generated electricity.

Using revenue as a proxy for business activity levels, the group projects indicative consequences of this target and can measure milestones over the period.

It is not expected that there will be linear efficiency improvements year-on-year due to the nature of expected improvements and timing of potential investments into energy saving initiatives. These will become apparent as the group progresses with its MARSO approach (see page 132) to energy and emission efficiency improvements.

Given the diverse nature of the group activities, the proportional reaction to fluctuations in revenue levels by the different energy types varies by division and energy source. This necessitates regular assessment of efficiency measures as well as varying levels of investment in order to achieve the aspirational target. These are reviewed in terms of balancing environmental sensitivities with commercial realities.

The benefits of a committed drive towards an aspirational target include focused attention, measurement, reporting, consumption reductions with resultant cost savings and emissions improvements.

The group's material direct energy sources are fossil fuels, particularly petrol and diesel and the indirect source is electricity, principally generated from coal. These are responsible for the group's GHG emissions and accordingly trends in emission intensities reflect trends in the group's emissions and energy efficiencies.

Against a 10% decline in revenue, the marginal increase in group petrol and diesel consumption together with a 2.5% increase in electricity used, resulted in increased energy and emission intensities.

This indicates a certain base demand for energy in the group and it is anticipated that energy and emission intensity levels will decrease as business activity increases. See pages 129 and 131 to 132 for consumption and emission details.

In light of the diverse and divisional nature of the Barloworld group, divisional targets and methodologies are being set to take into account industry and regional requirements and expectations.

These targets are incorporated into the group's strategic planning process and the management of the business, including performance scorecards and executives' performance objectives.

Energy

- *Aspirational efficiency improvement targets set*
- *Measurement, reporting and management of energy consumption*
- *Third party assurance of consumption*
- *Commitment to improve efficiencies in use of non-renewable fossil fuels*
- *Identification of risks and opportunities*
- *Environmental and commercial perspective and benefits*
- *Focused activities to improve consumption efficiencies*

Barloworld recognises the economic importance and environmental relevance of energy consumption. Global trends in energy price increases, constraints in supply, increased tariffs and surcharges and carbon taxes have been identified as risks to Barloworld and its customer base. South African businesses and those in emerging economies may experience severe shortages in electricity supply. There will be significant electricity price increases in South Africa over the next year.

These also present opportunities for Barloworld Power's energy management customer offerings and solutions, as well as cost reductions due to successful implementation of internal energy efficiency initiatives.

In response the group closely monitors its energy consumption. It has implemented processes and systems to record relevant data and to ensure that the measurement is in accordance with related initiatives such as the Greenhouse Gas Protocol so that resultant emissions are properly reported.

Appropriate energy efficiency improvement measures, focusing on non-renewable energy consumption are being implemented. Internal energy consumption is reported.

Barloworld Power, a business unit in the group, is actively identifying business opportunities and promoting customer solutions that address efficient use of electricity and supply constraints.

Petrol and diesel consumption (million litres)

Division	2010	2009	2008
Equipment	**8.81**	9.96	9.67
Automotive	**10.36**	10.51	13.69
Handling	**5.06**	5.50	6.42
Logistics	**15.85**	14.38	17.12
Corporate	**0.02**	0.02	0.02
Total	**40.10**	40.37	46.92

Includes continuing operations only

Consumption patterns generally followed activity levels and the increased consumption by the logistics division over the previous period is attributable to improved reporting and a change in the structure of customer solutions which required increased road transportantion. In addition to petrol and diesel the group also consumed 47 tons (225 tons in 2009) of liquid petroleum gas (LPG), and 961 m^3k (101 m^3k in 2009) of compressed natural gas (CNG) and liquid natural gas (LNG).

The increase in CNG and LNG over the previous period is due to improved reporting although this is not a material source of energy for the group.

Electricity consumption (MWh)

Division	2010	2009	2008
Equipment	**24 057**	25 644	23 185
Automotive	**44 814**	41 526	37 869
Handling	**9 481**	9 094	8 458
Logistics	**10 713**	10 493	4 913
Corporate	**658**	810	4 699
Total	**89 723**	87 567	79 124

Includes continuing operations only

Improved reporting contributed to the handling and logistics divisions' increase in consumption whilst the reduction in the equipment division mirrored reduced activity levels.

All operations remain committed to the aspirational energy efficiency targets and a variety of initiatives have been implemented or are in planning across the group. In South Africa, Barloworld Power has supported a drive for improved energy efficiency. In particular, PowerWatch technology is installed in at least seven automotive, equipment and logistics sites in South Africa with further roll-out planned in 2011. This technology provides real-time electricity monitoring at installed sites and reflects consumption and related emissions against targets. PowerWatch is complemented with initiatives to reduce energy consumption and improve energy efficiency. In the group's corporate office complex this has resulted in a 15% reduction in electricity consumption since its implementation during the year.

A "green buildings" initiative across the group has identified and addressed a number of energy savings initiatives including the installation of more efficient lighting and air-conditioning units, sensible and practical conservation activities such as geyser blankets and installing timing switches on lights.

Given the nature of Barloworld operations, ongoing communication, including focused discussions in group wide structured team forums, general requests for suggestions and close monitoring promotes savings in fuel and energy consumption. These are recorded and reported on a quarterly basis.

In automotive, all new buildings have the latest design features including energy efficient lighting, heating and cooling systems (see page 47 Club Motors, Fountains dealership). Recently installed carwash facilities in the three major South African rental operations are also energy efficient. The group recognises that employee awareness, commitment and resulting behaviour change has a significant positive influence on energy consumption.

In the logistics business, additional initiatives include optimal route planning, and the benefits of the "green trailer" are expected in future (page 63).

More general initiatives include efforts to reduce air travel by increased use of video-conferencing. The duration, number and sites connected for video-conferencing with corporate office in South Africa have increased respectively by 39%, 56% and 49% over 2009.

The progress of these initiatives is obscured by the reduction in group activity levels. Revenue-based efficiency measures are influenced by a 10% decline in revenue which overshadows improvements in energy consumption and emissions. Nonetheless these measures are reviewed and appropriate initiatives are being identified and implemented to achieve the group's aspirational target by the end of 2014.

Barloworld understands that energy efficiency is an important aspect of its products and customer solutions and is committed to providing solutions that exceed customer expectations and enable them to meet their respective sustainability objectives. See pages 124 to 125 for initiatives to increase energy efficiency in products, services or production.

See also Barloworld's CDP 2010 response for further details of energy saving initiatives (**www.barloworld.com** or **www.cdproject.net**).

Greenhouse gas emissions

- *Aspirational efficiency improvement targets set (scope 1 and scope 2)*
- *Measurement, reporting and management of emissions*
- *Focus on scope 1 and scope 2 (introduction of limited scope 3)*
- *Third party assurance*
- *Identification of related risks and opportunities*
- *Environmental and commercial perspectives*
- *Focused activities to improve efficiencies*
- *South African car rental operations accredited CarbonNeutral® for internal business carbon emissions from fuel and electricity usage.*

Barloworld recognises the causal link between greenhouse gas (GHG) emissions and climate change as well as the forecast of increasingly negative effects of climate change on the environment.

Global tendencies to restrict emissions and impose carbon taxes are identified as risks to Barloworld and its customer base. These are also viewed as commercial opportunities from which the group can benefit through internal initiatives as well as addressing such issues in customer offerings.

The group has focused on scope 1 and scope 2 emissions, the material causes of which are respectively the consumption of fossil fuels and electricity generated from fossil fuels. These are reported in terms of the GHG Protocol Corporate Standard and units of CO_2e, which is the universal measure used to indicate the global warming potential of the main greenhouse gases.

Barloworld receives CDP 2010 Platinum award

The 2010 South African Carbon Disclosure Project report was launched in Johannesburg, at which the new Minister of Water and Environmental Affairs, Ms Edna Molewa, gave a keynote address. Barloworld received a Platinum award at this event, as one of four companies on the JSE which made it into the highest or 'Leading' performance band of the Carbon Disclosure Leadership Index and Performance Rating. The 'performance rating' is a new metric and performance points are awarded to companies that highlight the action which they are undertaking that contributes to climate change mitigation, adaptation and transparency, the materiality of these actions being relative to their sectors and business.

Given that the material sources of its direct emissions are mobile fuel combustion, there are no other ozone depleting substances as emissions sources in Barloworld's operations. Neither does Barloworld have other non-Kyoto Protocol greenhouse gas emissions sources, including oxides of nitrogen (NOx) and oxides of sulphur (SOx), given the nature of its operations.

Being mindful of its wider activities and the nature of its products and solutions, during the year the group embarked on the measurement and internal reporting of certain scope 3 emissions. This covers emissions resulting from business air travel and from its South African car rental operations. The group recognises that emissions from its car rental activities are central to its customer offerings and strives to reduce these by providing fuel efficient car fleets and having low emission and hybrid vehicles available for rent. Initial indications are that car rental operations in South Africa produce some 94 453 tons of scope 3 CO_2e emissions.

Emissions (CO_2e tons)

Division	**2010**	2009	2008
Equipment	**45 912**	52 063	49 296
Automotive	**78 556**	75 052	77 161
Handling	**21 415**	20 219	22 355
Logistics	**55 017**	50 700	53 592
Corporate	**833**	1 019	5 639
Total	**201 733**	199 053	208 043

Includes continuing operations only

The group marginally increased its emissions against a decline in activity levels. This corresponds with the group's energy usage trend.

Scope 1 and scope 2 emissions (CO_2e tons)

	2010		2009		2008	
Division	**Scope 1**	**Scope 2**	Scope 1	Scope 2	Scope 1	Scope 2
Equipment	**23 503**	**22 409**	27 153	24 910	26 367	22 929
Automotive	**26 224**	**52 332**	26 602	48 450	32 768	44 393
Handling	**15 176**	**6 239**	14 356	5 863	16 908	5 447
Logistics	**43 918**	**11 099**	39 747	10 953	47 697	5 895
Corporate	**43**	**790**	47	972	n/r	5 639
Total	**108 864**	**92 869**	107 905	91 148	123 740	84 303

Includes continuing operations only
The abbreviation 'n/r' stands for 'not reported'

Emissions by energy sources (CO_2e tons)

Year	Diesel	Petrol	Heavy oil	LPG	CNG/LNG	Electricity
2010	**74 654**	**32 033**		**141**	**2 036**	**92 869**
2009	74 139	33 056		554	156	91 148
2008	83 703	38 784	1 035	169	49	84 303

Includes continuing operations only

The increase in CNG/LNG emissions is due to improved reporting. Other emissions are consistent with energy sources.

Barloworld remains committed to improving its emissions efficiency, which is based on its scope 1 and scope 2 emissions.

As emissions are consequent on the group's energy consumption, common aspirational group targets for improvements in both energy and emissions efficiencies have been set (see pages 127 to 128). Likewise, efforts to reduce group emissions are centred on improving efficiencies in its fossil fuel based energy consumption.

Similarly, the group offers products and solutions with improved energy and emission efficiencies which are aimed at assisting customers achieve their own emission reduction objectives (see pages 124 to 125).

Initiatives in operations include utilising vehicles with relatively low CO_2 emissions, mobile engineers and technicians having relevant parts stock available with them and the installation of Global Postioning Systems (GPS) into mobile service vehicles which reduces and monitors travel.

Emissions intensity (CO_2e tons)

	Per Rm revenue*			Per employee		
Division	**2010**	2009	2008	**2010**	2009	2008
Equipment	**3.8**	3.0	2.3	**7.5**	8.1	7.2
Automotive	**3.8**	3.9	4.1	**10.8**	10.6	10.7
Handling	**5.2**	4.0	3.3	**8.7**	8.0	7.5
Logistics	**15.0**	12.4	16.7	**25.1**	26.1	21.5
Corporate	**n/a**	n/a	n/a	**8.5**	9.9	54.2
Group	**4.9**	4.4	4.2	**11.1**	11.0	10.6

Includes continuing operations only
** Revenue restated for the treatment of IAS 16*

Increased group intensity levels reflect a greater proportional decline in revenue (proxy for activity) than energy consumption. To some extent this is due to improved consumption reporting but also indicates a base demand for fossil fuel based energy in the group. These aspects are being addressed in the group's initiatives to achieve its aspirational targets by the end of 2014. It is anticipated that increased levels of business activity will positively affect these intensities. Emissions per employee do not necessarily indicate efficiency. The group strives to increase activity without a corresponding increase in employee numbers. This would negatively affect employee based emission efficiency measures. The data is reported for ease of reference only.

The approach to managing emissions incorporates the following:

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

The approach is captured in the acronym MARSO.

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. It has maintained this status during the past year.

The group participates in the Carbon Disclosure Project (CDP) and its CDP 2010 submission contains details of its emission reduction activities (see either the CDP website www.cdproject.net or www.barloworld.com).

Water

- *Appreciation of scarcity of resource*
- *Measurement, reporting and management in place*
- *Recycling initiatives in the group*
- *Environmental and commercial perspective*
- *Assurance on billed extraction from municipal and local government sources*

Barloworld recognises that water is a scarce resource and is committed to more efficient water use through reduced use, increased recycling and water harvesting initiatives. The majority of water is sourced from local municipal and government supply systems.

As the washing of plant, equipment and vehicles constitutes the major usage of water in the group, it is not removed from the area of extraction and, after required filtration and separation processes, a high percentage of all water used is legally discharged back into the municipal and local government systems from which it was extracted. Any sludge from the filtration process in wash bays is disposed of through certified waste disposal contractors.

Water consumption (million litres)

Division	2010	2009	2008
Equipment	256	271	180
Automotive	367	466	465
Handling	43	46	47
Logistics	63	39	37
Corporate	2	21	22
Total	731	843	751

Includes continuing operations only

The reduction in consumption at corporate is due to a reallocation of proportional consumption to resident tenants at Barlow Park.

Overall some 9.4% of water was recycled in the group, with automotive division recycling 17.6% and equipment operations in Iberia recycling 12%.

Water recycling facilities include automotive's three main car rental turnaround stations in Cape Town, Durban and Johannesburg as well as two motor retail operations. Equipment in Spain has recycling facilities at seven of its operations with an additional two currently under construction. Depending on rainfall, car rental's Cape Town turnaround facility is capable of being water neutral.

Avis Cape Town depot now water neutral

Depending on sufficient rainfall, Avis car rental operations at Cape Town's international airport are water neutral. The system, which includes a 180 000 litre underground storage tank that captures harvested rain water, can save up to 40 million litres of water annually.

No protected areas were affected by water discharges from the group nor were any water sources significantly affected by the group's withdrawal of water over the past year.

Consistent with the group identifying water consumption as a material aspect of its environmental stewardship approach, third party assurance is obtained although initially this is only for billed water provided by municipal or local government.

Focus on improving efficiency of water usage is important in ensuring a key aspect of the group's customer offering (clean vehicles, plant and equipment) is secured. It is anticipated to have economic benefits as costs related to this increasingly scarce resource are expected to increase into the future.

Materials

- *No extraction or beneficiation of raw materials*
- *Focus on managing and reporting material aspects*
- *Distinction between direct and indirect material usage*
- *Limited opportunity to consume recycled materials*

Barloworld does not extract, purchase or beneficiate raw materials. All materials are sourced from OEMs and other legitimate suppliers and are to support the retail and service nature of the group's operations.

Materials used which are considered to have a high impact on the environment are tracked.

Whilst overall consumption is reported, internal measures distinguish between direct (own) and indirect (customer) consumption. This is being refined and provides important indicative patterns of consumption which, as can be expected, depend on the material.

Given the service orientation of the equipment, automotive and handling divisions, the majority, some 75% of lubricants used, was customer consumption. The majority of tyre usage was for internal fleets, which aligns with the outsourcing of tyre replacements for customer fleets.

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

Materials used

	2010	2009
Paper (kgs)	**906 039**	1 075 867
Solvents (lts)	**266 372**	215 552
Lubricants (grease and oil) (lts)	**9 146 730**	7 556 528
Tyres (kgs)	**1 329 242**	1 500 089
Tyres (units)	**2 757***	4 107
Batteries (kgs)	**859 831**	977 916
Batteries (units)	**3 537***	5 405

Includes continuing operations only
** Equipment SA reported tyres and batteries in units*

As Barloworld predominantly represents OEMs and principals, the opportunities for using recycled materials are limited. Relatively significant items are paper and retreaded tyres. The percentage of recycled paper used is negligible and for tyres is 9% of those reported by weight. These exclude Equipment SA's tyres which, if included, would significantly reduce this percentage given the size and weight of such tyres.

The significant drop in the amount of paper reported is due to definition clarification, the 2010 figure reflecting the correct proportion. The change in tyres is due to the inclusion of truck rental operations that were not included in 2009. These adjustments are due to the increased focus and attention being given to data collection throughout the group.

Recycled input materials used

	2010	2009
Paper (kgs)	1 901	10 922
Tyres (kgs)	124 030	44 762

Includes continuing operations only

Waste

- *No significant waste generation*
- *Focus on managing and reporting material aspects*
- *Distinction between hazardous and non-hazardous waste*
- *Certified waste disposal in place*

The group does not generate significant volumes of waste. Both hazardous and non-hazardous waste streams are monitored by type, volume, disposal method and destination. All used oil and other hazardous waste is disposed of through certified contractors.

Recycling mining equipment in Namibia

To prevent smuggling, a diamond mine in Namibia keeps all machinery on site, even when it is unserviceable. This has led to one of the largest scrap metal stockpiles in the world. Due to environmental and other practical concerns, old equipment and scrap metal is being recycled. Two Cat 330 DL hydraulic excavators from Barloworld Equipment are being used. Special metal shears have been fitted to cut scrap metal. Barloworld also trained operators in the safe and efficient use of the equipment.

The group remains committed to reporting all waste by weight or volume in order to ensure consistency and comparability. However, until systems and processes have been sufficiently refined, certain materials and operations will continue to report in units. The increase in computer disposal is mainly due to improved measurement and a focus on e-waste disposal.

Waste

	2010	2009
Non-hazardous		
Paper (kgs)	457 609	511 951
Tyres (kgs)	768 490	615 420
Tyres (units)	2 117*	3 883
Hazardous		
Solvents (lts)	97 433	77 131
Lubricants	2 698 685	3 230 623
Oil filters (kgs)	114 492	71 380
Batteries (kgs)	119 610	152 791
Computers (kgs)	4 726	810

Includes continuing operations only
** Equipment SA reported tyres in units*

Equipment SA transported, without incident, 848 tons of hazardous waste consisting of its waste oil and water, hydrocarbons, water mixtures, and emulsions. Logistics transported 16 082 tons of used pot linings without incident. Waste batteries, hazardous due to their lead content, were transported by certified waste disposal contractors to certified recycling facilities. Smaller quantities of hazardous waste disposed of through certified contractors included used fluorescent lighting tubes.

No waste was shipped internationally nor were there any significant spills during the year.

A critical aspect of the group's waste management and product life cycle stewardship addresses extending product usage. This includes ensuring that products have a number of useful lives, remanufacture and rebuild programmes (see pages 125 and 139 for further details in this regard).

Biodiversity

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

Barloworld operations do not directly affect any terrestrial fresh water or marine environments. Since sites are primarily in industrialised and urbanised locations, they do not impact on protected areas or areas that have high biodiversity value.

However four vehicle maintenance and repair facilities operate within the Kruger National Park in South Africa and a handling branch in Little Rock, Arkansas, USA is adjacent to National Wildlife protected wetland. The four automotive sites in South Africa occupy a total area of 13 091 m^2 and the handling site is 14 164 m^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 habitat. The group will take these aspects into account in constructing or renovating any facilities in future. Currently the group does not focus on specific biodiversity impacts of its activities nor is this anticipated to be a material matter into the future, given the locations of its operations.

Social aspects

Barloworld's conduct in society

- *Business units not primary employers in any particular community*
- *Zero tolerance of fraudulent, corrupt and dishonest behaviour throughout the group*
- *Structures in place for anonymous reporting of transgressions*
- *Participation in industry policy formulation and related matters*
- *No political affiliation or bias*

Barloworld's conduct in society is founded in its Code of Ethics, Worldwide Code of Conduct, policies and commitment to responsible corporate citizenship (for further details refer to the governance, ethics and values sections). These are applicable to all employees, in all operations and in all regions in which the group operates.

Due to the limited scale and predominantly urban and industrial locations of individual Barloworld operations, they do not significantly impact the communities or areas in which they are located. All operations comply with applicable legislation including paying of taxes, rates and levies. Barloworld operations cannot be regarded as primary employers or suppliers in any particular region.

Accordingly, the establishment or exit from business premises does not closely or significantly affect specific communities. Affected employees would be handled in accordance with applicable legal requirements, business unit or industry retrenchment policies, practices or agreements. These processes include their recognised representatives where required (see page 157). Other affected parties can engage the relevant business unit through a variety of structures including relevant websites and other stakeholder engagement processes.

Barloworld has a "Zero Tolerance" approach to dishonest, corrupt and illegal conduct. This is central to its Code of Ethics, Worldwide Code of Conduct and reflected in policies, procedures and practices in the group which prohibit corrupt behaviour. The group is a signatory to the UN Global Compact of which Principle 10 addresses corruption. For details on the UN Global Compact, see their website: www.unglobalcompact.org.

Criminal behaviour, including corruption, is not tolerated and formal charges are laid against any perpetrator. Internal proceedings are also instituted against perpetrators who will be dismissed if found to have participated in unacceptable conduct.

The group's comprehensive risk management approach covers all operations and risks associated with corrupt and dishonest behaviour. These are analysed and assessed as part of the risk management process.

Induction and other staff training programmes address aspects of expected behaviour in terms of the company's ethics, codes, policies and procedures. Ongoing communication through various media, including employee handbooks, letters of appointment, management briefings and structured team forum meetings reinforce the company's commitment to its values and expected behaviour. All new employees participate in induction training and orientation.

Facilitated by legal practitioners, structured sessions take place with group and divisional executives to review all business conduct and ensure compliance with legislation, company ethics, codes and policies.

In addition to the group's Code of Ethics, Worldwide Code of Conduct and Anti-Fraud Policy, the Barloworld Group Policy on Dealing with: Public Officials, Agents, Distributors, Intermediaries, Trade Restrictions, Export Controls and Sanctions is implemented throughout the group and all employees are expected to comply with it.

In order to ensure that conflicts of interest are avoided, staff are required to formally declare any interests in contracts and/or businesses, whether they are direct or indirect. Barloworld board members and divisional executives are also required to disclose any conflict of interests and gifts received are recorded in relevant gift registers. This is also applicable to trustees of the group's retirement fund.

These policies highlight the group's "Zero Tolerance" towards fraud, corruption and related activities. They also protect employees against victimisation in the event of them raising concerns about such conduct. The group's anonymous Ethics Hotline (see page 92) is available to all employees and stakeholders if anonymity is required.

This approach applies to all business units and regions where the group operates. Risks are investigated and appropriate measures taken prior to investing in regions where such practices may be more prevalent than in others.

The group and its divisions participate in relevant industry forums and appropriate industry lobbying and policy development activities. These activities are non-political and no funds were paid to political parties and related institutions during the year. It is not Barloworld's policy to support any political party.

There were no legal actions for anti-competitive conduct during the year nor were there any fines for non-compliance with laws and regulations.

Product responsibility

- *Customer health and safety paramount*
- *Majority of products and technologies are sourced from leading OEMs*
- *Health and safety issues as well as product labelling and information are addressed in conjunction with OEMs*
- *Group services and solutions comply with legislation*
- *Increasing expectation of product stewardship*
- *Extensive customer satisfaction surveys and follow-up processes*
- *Customer privacy respected*

Barloworld recognises that customer health and safety is a critical aspect of all its products, services and customer solutions. In representing leading global brands the group's customer solutions are backed by world renowned OEM warranties, guarantees and product responsibility, and design features.

All new vehicles, plant and equipment have comprehensive service and maintenance regimes which are either time or usage based. These include the inspection, and renewal if necessary, of safety critical items. This results in the constant assessment and review of such products which includes customer safety aspects and optimal operation specifications.

Rental plant and equipment is subject to similar assessment and service disciplines. Car rental fleets comprise vehicles less than 12 months old which accordingly have the most recent technology and safety features per category.

Tyres, brakes and other identified safety aspects are subject to entrenched assessment systems, OEM service requirements, service-plan schedules, and self-diagnostic capabilities in vehicles, plant and equipment. General health and safety aspects are continually being included in the design and manufacture of vehicles, plant and equipment as are features which ensure operator or driver comfort.

Operator and driver training is offered and provided where required or requested.

All products sold have the certification, labelling, product and service information required by legislation. There were no instances or notices of non-compliance regarding service information or labelling during the year.

Appropriate handover procedures are in place for all products to ensure customer knowledge, including health and safety operating procedures and service requirements. OEMs' recommended inspection, maintenance and safety system upgrades and training programmes are explained and promoted to ensure customer health and safety.

Remote plant and equipment monitoring though advanced telemetry as well as inbuilt warning systems in vehicles, plant and equipment, support detailed maintenance and service programmes, ensuring optimal plant equipment and vehicle operation.

Customers require valid driver or operator licences prior to renting vehicles or equipment.

One prohibition notice was received by handling operations from the health and safety executive in the UK arising from an engineer failing to carry out maintenance in a safe manner. This was addressed by re-issuing the policy which was signed by relevant engineers and the matter was closed without penalty.

Regular assessment, service and maintenance also ensure environmental stewardship through ensuring optimal product operating condition. New product development and introduction continually addresses and reduces the negative environmental consequences arising from the use of products and solutions provided.

To complement OEM warranties and guarantees, the group raises appropriate insurance to cover liabilities which may arise from product use, rental or after market activities.

Barloworld recognises that responsible product stewardship includes initiatives to manage and mitigate the environmental impacts of its products, services and customer solutions which ultimately would include disposal. The group acts in conjunction with its principals to address this issue.

However, existing business models, as well as recycling, rebuild and remanufacture initiatives, already proactively mitigate the disposal implications of group products.

For Barloworld Equipment product responsibility includes extending the life of its Caterpillar machines

Through remanufacturing Barloworld Equipment makes one of its largest contributions to sustainable development

Remanufacturing returns end of life components to their original condition, reducing waste and minimising the need for raw materials to produce new parts and machines. This keeps non-renewable resources in circulation for multiple lifetimes.

A total of 43 machines were rebuilt in the Barloworld Equipment facilities in the past year. These machines were mainly large mining machines, off-highway trucks in particular. This number also includes Cat construction machines, such as motor graders that have built-in second life capability.

Engine and drive train components were also rebuilt in two Component Rebuild Centres (CRCs) in Isando and Boksburg respectively, both as part of total machine rebuilds and as stand-alone repairs for customers

Last year 577 engines were rebuilt and 2 997 components were repaired; these included final drives and differentials, transmissions, hydraulic cylinders and hydraulic pumps.

Component and machine rebuild throughput is planned to more than double by 2015.

In South Africa the group has taken into account the implications of the proposed Consumer Protection Act and is proactively taking steps to ensure compliance.

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 and supply chain efficiency activities enable customers to minimise their carbon footprint.

Exceeding customer expectations is critical to the ongoing success of Barloworld and extensive customer engagement initiatives are in place to ensure all business units understand customer requirements, their expectations for products and services as well as customer service levels. These include stringent measurement and survey systems, the results of which are monitored and reviewed. Customer concerns are followed up and addressed.

Caterpillar's Customer Loyalty Survey 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. Equipment SA has shown a generally positive trend over the past five years. The score for the current year was 83% against its target of 81%.

Complementing the Loyalty Survey, customer satisfaction data is maintained and managed in a Saleslogix database.

5 Star contamination control rating awarded to Barloworld Iberia

Latest hydraulic systems are extremely sensitive to contamination, to such an extent that from 75% to 85% of hydraulic failures can be referred to particles, such as dust and fibres, being present in the hydraulic fluids. Most of the preventive work is through observing thorough cleanliness in repairs, storage and oil transfers, as well as good housekeeping of parts and hose stocks.

OEM Caterpillar has developed 'best practice' guidelines for contamination control, which include detailed instructions on how to improve and maintain cleanliness and order in premises where maintenance takes place. Dealer and owner premises are given a star rating for conformance with these standards, from one to a maximum of five stars.

Barloworld operating companies in Iberia, Finanzauto and STET, have implemented these contamination control standards in their branches, where dramatic changes are evident. Customer perception has improved, shop floors look more professional and mechanics are more efficient, resulting in increased component life and safer work spaces. Although Oviedo and Zaragoza branches and the Training Centre in Arganda have 5-Star ratings, it is Barloworld Iberia's objective to have all the rest of its facilities upgrade from 3-Star to 5-Star ratings.

All automotive's dealerships participate in external independent customer satisfaction surveys. These are normally conducted by OEMs. In addition, individual motor dealerships conduct their own surveys, particularly in respect of their service departments.

Independent customer surveys are entrenched in the car rental operations which conduct in excess of 3 000 independent customer interviews per month and achieve scores that are generally above 82% with peaks of up to 89.3%. Scores and targets have been improving steadily over the past years. Scores above 88% are considered excellent. The target for the year was 89%. Motivated by a passion to exceed customer expectations, targets are increased annually. These surveys are aimed at assessing performance against the "We Try Harder" promise.

Avis was again voted Best Car Rental Brand in South Africa for the seventh consecutive year (see page 141).

Similarly, fleet service operations monitor their customer satisfaction with scores at around 86.8 for the year. Scores of above 85 are targeted.

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 surveys and a call centre in South Africa.

Logistics division has an independent company conduct regular customer satisfaction surveys and client feedback sessions are also arranged.

Customer surveys, together with direct customer interventions and ad-hoc customer focus groups form the basis of customer engagement. This is integrated into management activities, consolidated and reviewed at all levels in the group.

Quality and customer satisfaction are elements of the ISO 9001 quality management system certification. This further entrenches these aspects in the following certified operations:

- Automotive
  - o Avis Rent a Car: South Africa, Botswana, Lesotho, Mozambique, Namibia, Swaziland
  - o Avis Fleet Services: South Africa (eight branches), Namibia
  - o 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:
  - o Sales, assembly and installation of engines (all branches)
  - o Post sales (eight branches)
- Handling: Handling UK (except for Barloworld Handling Northern Ireland) including Defence Logistics Support.
- Logistics: The Illovo contract.

All marketing and advertising conforms to applicable laws and standards. This is ensured through required compliance with principals' standards and corporate identities. These are detailed and comprehensively monitored by Barloworld divisional operations and their respective principals. Any local adaptations require prior consent from principals. Barloworld Logistics and group brands are managed by established functions at divisional and group level.

During the year there were no:

- instances of non-compliance with regulations concerning advertising, promotion or sponsorship;
- substantiated complaints regarding breaches of customer privacy and losses of customer data; or
- fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Avis, Africa's leading car rental company

Avis won the 2010 *Sunday Times* Top Brands Award for the best car rental company in Africa for the seventh consecutive year in an increasingly competitive market place. Says Avis CEO Wayne Duvenage: "Avis' customer approach is evident in its long-standing brand promises 'We try harder' and 'People are more important than cars'.

"We make sure we know what our customers feel about us by conducting an intensive Customer Service Index (CSI), which entails in excess of 3 000 interviews every month to gauge their opinions on our products and service levels throughout the business."

Human rights

- *Entrenched in group's ethics, codes and policies*
- *Applicable in all regions 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*

Barloworld respects human rights. They are central to the group's legitimacy and covered in its Code of Ethics and Worldwide Code of Conduct. The group is a signatory to the UN Global Compact of which Principles 1 and 2 specifically address this issue. For details on the UN Global Compact, see their website: www.unglobalcompact.org.

All employees and stakeholders engaging with the group are covered by this framework and are expected to conduct themselves accordingly. The framework applies to all business units and geographic regions where the group operates.

The group's commitment to human rights is further supported in strategic focus areas which include People, Empowerment and Transformation.

Policies, procedures and practices ensure that human rights violations do not take place. Policies and systems support the reporting of alleged abuses and mechanisms to address them.

No specific record is kept of investment agreements that include human rights clauses as all such agreements in Barloworld are required to comply with applicable legislation and fulfil the standards reflected in Barloworld's ethics, codes and policies, including those to which it is a signatory. All agreements specifically include clauses covering employees. 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. The contracts of those that do not comply would be reviewed and the relationship ultimately terminated in the event that 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.

Most business units and operations outsource their security arrangements to legitimate suppliers who belong to the relevant industry association. As with all other suppliers, they are expected to comply with the group's ethics, values and the law.

Those employees that are responsible for security are all trained in relevant practices and procedures.

In South Africa, the BBBEE status of suppliers and contractors is closely reviewed and emphasis is on maximising procurement from empowered suppliers where possible.

Human rights violations can be addressed through the group's entrenched independent and anonymous Ethics Hotline, the applicable legal system or Barloworld's internal procedures which also prohibit victimisation. Employees or complainants may also seek trade union or industry assistance. For further details of the Barloworld Ethics Line, see page 92.

All breaches of human rights are fully investigated and appropriate action taken in terms of the relevant policies and disciplinary procedures. Incidents are reported through appropriate management and executive structures, together with the action taken and outcome. Appropriate internal disciplinary action is taken against perpetrators which could include dismissal. Criminal behaviour is not tolerated and formal charges are laid.

Numerous training programmes throughout the group address these matters either directly or indirectly. Induction and orientation programmes address human rights as aspects of required and expected behaviour in terms of the company's ethics, codes, policies and procedures. All new employees participate in these programmes. Diversity workshops in South Africa address these issues, as do the employment equity and the work-skills planning processes.

See page 143 for alleged cases of alleged discrimination.

Equality

- *Addressed in Code of Ethics, Worldwide Code of Conduct and related policies*

Barloworld understands the competitive advantage inherent in a diverse workforce and is committed to an employee complement that reflects the demographics of the countries in which it operates.

Central tenets of the group's approach to equality include:

- No unfair discrimination on the grounds of gender, race, religion, disability or sexual preference;
- Proactive pursuit of programmes and initiatives to achieve its equality objectives; and
- Compliance with regulation and legislation in all countries in which it operates.

In South Africa, Barloworld follows the structure set out in the Department of Trade and Industry's (DTI's) broad-based black economic empowerment (BBBEE) scorecard with the target for all South African operations to achieve a level 2 or 3.

Identifying empowerment and transformation as one of Barloworld's six strategic focus areas ensures group and individual commitment to equality in the workplace and across all operations.

Race, gender and disability are addressed in employment equity as well as in transformation and empowerment targets in South Africa in line with applicable legislation. Localisation and gender objectives are set in non-South African operations. Required employment equity plans and progress reports are submitted in South Africa and other southern African countries. These plans set out employment targets which address race, gender and disability. In addition, in South Africa, the DTI's BBBEE scorecard sets out thresholds to be reached in order to achieve specified levels of accreditation.

Diverse board of directors	2010	2009
Black directors	7	7
White directors	8	7
Male directors	13	12
Female directors	2	2
South African directors	12	11
Non-South African directors (American, British, Spanish)	3	3
Executive directors	6	5
Non-executive directors	9	9

Remuneration practices are regularly reviewed and the group is committed to removing unfair discrimination in pay scales. In South Africa pay differentials are disclosed in terms of employment equity legislation and current indications are that at executive level, females earn some 2% less than males and just over 2% more at senior management level.

Male and female income levels are being reviewed and unfair anomalies will be addressed.

Policies and processes to address any allegations or instances of discrimination are entrenched. These include transparent grievance and disciplinary procedures which allow union or industry support, the anonymous Barloworld Ethics Line and prevailing legal systems. Victimisation of complainants is prohibited in the group.

There are currently two cases of alleged discrimination in the company, both in the US handling operations and both are denied by the company. Of the two Equal Employment Opportunity Commission (EEOC) charges of discrimination, one is based on age and the other on sex discrimination and retaliation. Both are being defended by the company. The outstanding matter reported last year (page 81 of the 2009 report) was dismissed by the EEOC.

Group – Employees by employment category and gender

	2010			2009			2008		
Category	Male	Female	Total	Male	Female	Total	Male	Female	Total
Board*	6		6	5		5	6		6
Executive	21	2	23	25	2	27	24	2	26
Senior management	75	6	81	68	8	76	74	10	84
Middle management	1 794	681	2 475	1 832	638	2 470	1 839	587	2 426
Skilled upper	6 838	2 332	9 170	6 436	2 087	8 523	7 667	2 057	9 724
Semi skilled/ apprentices/trainees	4 682	1 241	5 923	5 039	1 383	6 422	4 675	1 630	6 305
Labour/unskilled	360	129	489	447	143	590	862	223	1 085
Total	13 776	4 391	18 167	13 852	4 261	18 113	15 147	4 509	19 656

Includes continuing operations only
**Includes executive directors only*

Headcount numbers have been revised to reflect continuing operations. There has been an improvement in the number of female employees at the Skilled Upper and Middle Management levels. However, further focus will be placed on improving the ratio at the Senior Management and Executive levels.

Barloworld supports disabled drivers

Barloworld and Avis support DRIVING AMBITIONS, a joint project between the QuadPara Association of SA (QASA) and Rolling Rehab. The project will provide driver training for people with disabilities. The joint donation of a Hyundai i20 from Barloworld and Avis has enabled DRIVING AMBITIONS to take the first small step towards creating a driving centre which will ensure that drivers with disabilities are given the skills that will keep them safe on the road as well as increase their confidence in themselves and their driving.

Avis has 10 vehicles with permanently fitted hand controls for rental as well as a van with a lift as part of the chauffeur service.

Empowerment and transformation in South Africa

- *DTI BBBEE framework implemented*
- *All operations achieved a DTI BBBEE rating of level 3 or better*
- *A target for all operations to achieve level 2 or 3*
- *Employment equity targets set and reports submitted in terms of legislation*
- *Black CEOs for three major business units*
- *Focus on preferential procurement*
- *Barloworld Siyakhula accumulative recognised spend is R45.3 million in enterprise development support*
- *Barloworld provides R10.7 million for socio-economic development support worldwide*

BBBEE in South Africa is aimed at broadening participation in the economy and sharing its benefits with individuals who were excluded and disadvantaged in the past on the basis of race and gender.

Barloworld believes that the successful implementation of BBBEE will underpin the future development of the country, its people and the group. This is consistent with the identification of empowerment and transformation as one of the group's six strategic focus areas.

BBBEE ratings in terms of Department of Trade and Industry's (DTI) scorecard

SA business unit	2010	2009	2008
Equipment	2	3	4
Motor Retail	3	3	4
Avis Fleet Services	2	4	4
Avis Rent a Car	2	2	3
Handling	3	3	4
Logistics	3	4	4
Corporate	2	4	
Barloworld Siyakhula	1	1	

The group target is for all South African operations to achieve at least a level 2 or 3 by end 2012. In addition to the benefits resulting from a diverse workforce and empowered company, these ratings enhance the group competitive position as customers may claim 110% credit or more of their procurement spending for the benefit of their own scorecards. All business units score highly in the Ownership, Enterprise Development and Socio-Economic Development elements. Areas of focus are Skills Development, Employment Equity and Preferential Procurement.

Barloworld implemented a broad-based empowerment transaction in 2008 which resulted in an effective 29% empowered ownership of its South African operations. Participants include strategic black business partners, Barloworld black management, South African employees, an education trust and community service groups.

The general staff trust has paid two sets of dividends amounting to R8.35 million since inception and beneficiaries did not pay for their shares.

The Barloworld education trust awarded bursaries to eight black students for the 2010 academic year and also received two sets of dividends, amounting to R606 000, during the year.

The community service group partners who participate in Barloworld's empowerment transaction remain:

- DEC Investment Holding Company which addresses disability and empowerment concerns;
- 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.

Given the nature of the group's South African ownership and BBBEE transaction structure, the business units are all highly rated under the ownership element of the scorecard.

Substantial progress was made under the management and control element. In this regard Barloworld Equipment South Africa, Namibia and Botswana, Motor Retail Southern Africa and the logistics division are run by black CEOs.

Good progress was made during the year on the employment equity and skills development elements of the scorecard due to focused recruitment and extensive training and development activities. These are complemented by employment equity legislation that requires targets and work skills plans for all operations.

Preferential procurement from local empowered suppliers varies by business unit and is influenced by the source and nature of their respective products, as well as the BBBEE status of represented OEMs/suppliers. Scores out of 20 in this regard range from 12.86 to 18.34 reflecting some R12 billion spend during the year.

Supported by centrally coordinated programmes, business units all achieved full scores for enterprise development (ED) and socio-economic development (SED). Barloworld Siyakhula and the group's socio-economic development programmes ensured that all operations respectively achieved their investment targets of 3% (ED) and 1% (SED) of net profits after tax for these elements (see pages 146 and 147 to 149).

Employees by ethnic background in South Africa

	2010		2009		2008	
Category	AIC	White	AIC	White	AIC	White
Board*	1	4	1	3	1	4
Executive	5	8	6	12	6	10
Senior management	11	42	9	40	5	36
Middle management	621	1 003	509	1 009	469	1 041
Skilled upper	3 654	2 235	3 379	2 347	3 316	2 571
Semi skilled/apprentices/ trainees	3 076	383	2 980	463	2 886	607
Labour/unskilled	222	2	257	3	602	27
Total	7 590	3 677	7 141	3 877	7 285	4 296

**Includes executive directors only*

There has been an improvement in the number of African, Indian and Coloured (AIC) employees in South Africa in the Senior Management, Middle Management, Skilled Upper and Semi-skilled levels. This is as a result of continued focus on identifying and developing employees for promotional opportunities as well as the attraction of talent from the external market.

Barloworld Education Trust

- *Established as part of group's empowerment transaction in 2008*
- *Facilitate BBBEE through education*
- *Supports company's skills pipeline*
- *Eight black bursars in 2010 academic year*

The Barloworld Education Trust (BET) is one of the four trusts established when Barloworld concluded its major empowerment transaction. The BET's aim is to facilitate broad-based black economic empowerment through education.

Currently bursaries have been awarded to eight black students for the 2010 academic year, all of whom are studying engineering in South African institutions. The bursaries are annual allocations and are reviewed based on the bursar's academic results and vacation work reports.

The Barloworld dividends received are utilised to fund their studies which include tuition, prescribed books, registration and examination fees.

The process of awarding bursaries for the 2011 academic year is currently underway with identified areas of study being engineering, supply chain management, sales and marketing disciplines.

Enterprise development (ED)

- *R45.3 million empowerment development fund*
- *Supports small and medium sized black enterprises*
- *Promotes empowerment and diversity in suppliers*

Barloworld Siyakhula, the group's enterprise development vehicle, was launched in October 2007 to promote BBBEE through the financial and non-financial support provided to small and medium sized suppliers, contractors and enterprises within Barloworld's value chain.

Siyakhula invests in black empowered and black owned Small and Medium sized Enterprises (SMEs) to create joint ventures that effectively allow them to align themselves with Barloworld's BBBEE strategies for preferential procurement, enterprise development and corporate social investment.

Siyakhula has invested into seven companies and works closely with them to ensure the success of these enterprises which includes strengthening their own BBBEE scorecards to enhance their competitive advantage.

Two enterprises have already reached a level 1 status. Three of the enterprises are at a level 2 and the remainder have already achieved level four.

The fund was founded with an initial capital of R20 million and currently the committed funds are R45.3 million.

Current initiatives are:

- Avis Van Rental Pretoria
- Avis Van Rental Western Cape
- Moe Logistics, a driver-owner scheme covering 198 drivers
- Nathi Africa, a materials handling business in South African ports
- Machas Electrical, providers of electrical installation and maintenance services.

Barloworld Siyakhula empowers suppliers

Beneficiaries of Barloworld Siyakhula include Powertel which has a preferred supplier agreement with Barloworld Power, Machas Electrical Contractors have provided services to Barloworld Equipment since 2005, and Info Discount Stationers which is a longstanding supplier to Barloworld.

- Info Discount Stationers, suppliers of office stationery, computer consumables, office equipment and furniture;
- Powertel Engineers, a specialised electrical contracting company which concentrates on providing turnkey solutions for the power and telecommunications industries.

In total 523 jobs are provided in these businesses.

Socio-economic development (SED)

- *Important aspect of community value creation*
- *Focused on South Africa and supporting BBBEE (SED)*
- *R10.70 million spent this year in group*
- *Allocations through the Barloworld Trust*
- *Focus on education and skills, health and welfare including HIV/AIDS, poverty alleviation and the environment*

In terms of its value based management philosophy, the group is committed to creating value for all of its stakeholders, including the communities in which it does business. This is achieved to the greatest extent in the course of doing day to day business.

The group's global operations span both developed and developing countries, where the quality of social support networks and socio-economic circumstances of citizens differs widely.

Barloworld views socio-economic development (SED) as an important and necessary component of broad-based black economic empowerment and a contribution towards the achievement of social stability.

Globally, the group allocated a total of R65 million to social investment initiatives over the past five years (2006 – 2010). This year R10.7 million was invested, 86% of which was allocated to SED in South Africa. These investments are made through the Barloworld Trust on behalf of the group; however divisional social investment programmes also make substantial contributions to local initiatives which add value in the communities in which they operate.

The Barloworld Trust was founded in 1986, a successor to the CS Barlow Institute which operated in the 1970s and early '80s, and is funded through contributions from the group's South African operations. The establishment of this central fund for SED has, over the years, enabled the group to take on projects of scale aimed at addressing development problems in South African society in a structural manner.

The capacity and body of knowledge which was developed enabled the group to lead a number of innovations in social development and to play a role in the political transformation of the country.

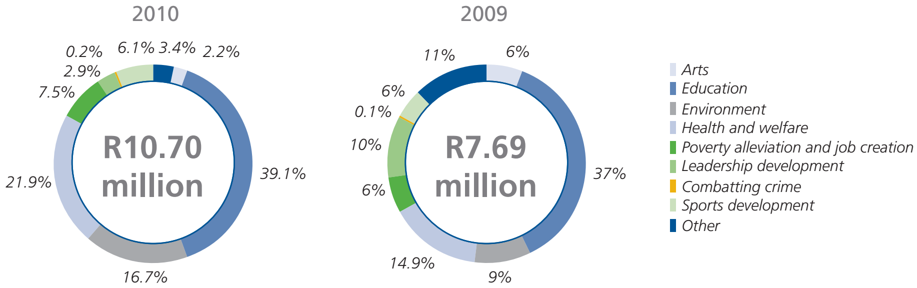
The programmes of the Barloworld Trust continue to be well-targeted and managed by a small, dedicated unit at the Barloworld corporate office. Strategy is established by the Barloworld Trust board, which includes a non-executive director of the Barloworld Limited board, group executives and divisional managers.

The approach of the Trust is founded in research and consultation with stakeholders in order to remain responsive to the changing landscape in South Africa as follows:

- Alignment with Barloworld values, principles and business imperatives
- Alignment with national development objectives
- "Smart partnerships" – long-term development partnerships with government and non-governmental organisations (NGOs who are, in most cases, the researchers and project implementers), with local and international funding agencies and other corporates
  - o to ensure effective collaboration
  - o for economies of scale
  - o to share best practice, and
  - o to enhance capability for lobbying and advocacy.

- In the year under review focus areas were tightened to achieve greater impact
  - Education and skills development the primary focus
  - Health and welfare, including HIV/AIDS
  - Poverty alleviation/job creation, and
  - Environment.
- Involvement of Barloworld leadership and employees through volunteerism:
  - Re-launch of employee volunteerism programme

Group corporate social investment



Major beneficiaries this year were education, health and welfare and the environment amounting to 77.7% of the total spend.

Barloworld supports South African youth and fights HIV/AIDS

In 2009, Barloworld awarded a grant of R1 million over three years to loveLife, South Africa's largest HIV/AIDS prevention programme for young people. loveLife was established in response to the spike in HIV infection in young people as they leave school. Statistics show that over 5.5 million young people aged 15-34 are unemployed, entrenching societal polarisation.

Barloworld's support has been tied to loveLife's innovative youth development initiative known as Connected! Connected! is a programme specifically designed to draw previous loveLife groundBREAKERS, a network of young people drawn from marginalised communities across South Africa who have proven leadership ability, into personal and leadership development programmes. In doing this, a pipeline of competent, well-connected new leaders will be created, who are able to inspire a positive attitude in young people that will both contribute towards a lower tolerance of risky behaviour and assist them to seize their own life opportunities.

Barloworld equipment helps refugees returning home to Angola

Late last year the team in Barloworld Equipment Angola's credit department launched an initiative called *Social Act Day* to help thousands of Angolan refugees repatriated from the Democratic Republic of Congo. Employees donated clothes, shoes, toys, food, study material, first aid kits, mosquito nets and much more. The company also made a donation of food. All the goods were delivered to a refugee camp in Zaire Province in northern Angola on 23 December 2009.

Right: Indira Traça credit supervisor (back) and Teresa Suca credit controller (front) packed the donated goods.

Barloworld assists TEACH South Africa to put young educators on frontline of change

TEACH South Africa was started by the business community in response to the education crisis in the country. To address an estimated shortage of 32 000 teachers in South Africa, the organisation places highly skilled and motivated recent university graduates into the classroom to help close the achievement gap that persists in South Africa and properly prepare learners for university and the workplace.

Barloworld is a dedicated supporter of TEACH, which recruits, trains and supports the most talented recent university graduates to commit to teaching for a minimum of two years in some of South Africa's most disadvantaged schools.

Currently there are 63 TEACH Ambassadors placed in schools in Gauteng, the Western Cape, Limpopo and the Eastern Cape and the organisation's 2011 goal is to place around 100 new TEACH Ambassadors in schools and continue to grow the programme in these provinces.

A marker of TEACH's success is that 67% of the class of 2009 has indicated that they want to remain in the programme and continue to teach. This number sets TEACH South Africa above the international average on TEACH programmes worldwide of just under 60% graduate retention in the teaching profession.

Employees

- *A group strategic focus area*
- *Value creation for and by employees*
- *Comprehensive employee value creation initiative in place*
- *Continued commitment to training and development*
- *Tragically one work related fatality*
- *LTIFR of 1.51 up from 1.27 in 2009*

Barloworld understands that its employees are the foundation of its success. Accordingly, "People" is identified as one of the group's strategic focus areas. Value creation through and for employees by attracting, developing and retaining globally competitive people necessary to implement the group's strategy and meet its growth targets remains one of the group's most vital attributes. Specific activities in this regard include development of internal human resources for promotional opportunities through detailed development needs analysis per person, leadership/management development programmes, and continued focus on technical skills upliftment.

The group is committed to recruiting from the local communities in which it operates. As these are predominantly developed urban locations, the majority of the required skills base is locally based as are the sub-contractors.

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 171 international assignees which principally support operations in southern Africa. Senior management of all divisions is mostly locally based. Currently one executive board director, three executives and six senior managers are in expatriate positions. Overall less than one percent of employees are expatriates. All legislation is complied with when recruiting locally and procedures for hiring include advertising, development of people from within the company, involvement in the community and schools to source potential employees and learners.

Empowerment and transformation legislation and objectives in South Africa ensure a commitment to local recruitment and development of employees. In other regions applicable localisation requirements also inform recruitment procedures.

Number of employees – group

Division	2010	2009	2008
Equipment	6 121	6 436	6 820
Automotive	7 283	7 097	7 242
Handling	2 471	2 534	2 992
Logistics	2 194	1 943	2 498
Corporate	98	103	104
Total	18 167	18 113	19 656

Includes continuing operations only

Employee figures have been revised to reflect continuing operations. A slight growth in automotive and logistics employees reflects increased activity levels.

Employees by region

Region	2010	2009	2008
Within South Africa	11 267	11 018	11 581
Outside South Africa	6 900	7 095	8 075
Total	18 167	18 113	19 656

Includes continuing operations only

2009 and 2008 numbers have been revised to reflect continuing operations. The number of employees outside of South Africa has reduced due to the downsizing of the Handling (UK) and (USA) and Finanzauto (Spanish) operations as a result of the downturn in the economies where they operate (see page 157 for further details).

Critical success factors for employee value creation

The group has identified a methodology with six critical success factors to ensure optimal value creation for and by employees. This is appropriately implemented throughout the group via a range of interfaces and interventions. An Individual Perception Monitor (IPM) surveys employee opinion on the status of the six critical success factors. These results are used to identify areas for attention. It has a four point scale and the group target is to achieve a rating of at least three in all business units for all factors. Scores of above three are considered excellent. The IPM survey is usually conducted bi-annually and a process is in place to align this process across the group.

Not all operations conducted an IPM survey in 2010. The ranges of IPM scores reported in this section reflect the latest available scores. It is anticipated that all divisions will conduct an IPM survey in 2011. The critical success factors and their salient features are:

Clear purpose and direction

Focused interventions and communications ensure that employees understand the strategy, priorities and goals of their organisation and their particular role in obtaining these. This engenders a sense of common purpose and commitment which drives the value creation activities in the business units.

Barloworld global leaders' conferences ensure collective support and commitment to the group's purpose and direction from senior leaders and executives. It ensures strategic alignment, common purpose and community of interest throughout the group. The next Global Leaders' Conference meeting is scheduled for March 2011.

Business unit IPM scores range from 3.34 to 3.46 (maximum 4)

Alignment

Value creation is optimised by ensuring alignment of all value creation elements in an organisation. Accordingly, strategy, organisational design and culture, business processes and individual roles are aligned to achieve the common purpose of the business units. Balanced scorecards, job models and organisational competencies ensure all employees understand their role in the organisation's value creation activities and have the required skills. This is underpinned by appropriate reward and incentive schemes.

Business unit IPM scores range from 3.21 to 3.38 (maximum 4)

Inspiring climate

Barloworld is committed to providing a caring, equitable and professional work environment for employees which motivates them to contribute their best endeavours and be proud ambassadors of the group. An inspiring work climate attracts and retains employees.

Business unit IPM scores range from 2.98 to 3.10 (maximum 4)

The group strives to achieve such an environment through:

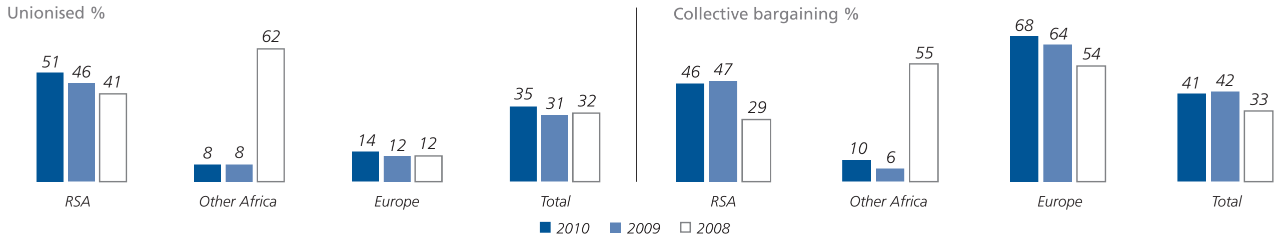
- Strong leadership that inspires confidence, loyalty and commitment and that fosters a dynamic culture, encourages individual and collective wisdom, and instils a passion for winning.
- Remuneration and employee benefits are attractive, well structured and competitive. All remuneration and employee benefits are in accordance with applicable legislation. Remuneration is in excess of legislated minimum wage levels. However, where industry negotiated agreements and other relevant legislation is applicable, payment is made according to these obligations. Similarly, apprentices and learnerships are usually paid at industry levels. Given the range of countries and industries in which Barloworld operates as well as the significant number of job categories in the group, specific wage minimums and related Barloworld levels are not disclosed. Benefits provided to full time employees include: retirement funding, leave, medical aid, employee wellness and assistance programmes.
- All permanent employees in South Africa benefited from the BBBEE transaction and continue to receive dividends from the company which amounted to R2.7 million during the year.

  Benefits provided to permanent employees and not to temporary employees or part-time employees vary by division and region. In addition to those already mentioned, they include maternity leave, study leave, long-term incentive and employee retention schemes, disability cover and life cover.

  Consistency and equity is ensured through the Towers Watson (previously Watson Wyatt) global job grading system which has been fully implemented across the group.

  Defined benefits schemes are limited (refer to pages 173 and 231 to 234 for details).
- Transfer and promotion opportunities within and across departments, business units, divisions and regions offer employees opportunities to pursue varied and meaningful careers in the Barloworld group. 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. Employees may associate or not with representative organisations and trade unions. Trade unions that are sufficiently representative of employees are recognised at appropriate operational levels, and the operations covered by industry agreements participate in relevant industry forums. There are no operations where the right to exercise freedom of association and collective bargaining is at significant risk. There were no violations of freedom of association and collective bargaining during the year. During the year, 1 734 employee days were lost due to industrial action. These were in automotive's motor retail operations in South Africa and equipment (Spain). The industrial action was related to industry activities and not employer specific matters.

Employees represented by trade unions and collective bargaining agreements by region



Includes continuing operations only

- In addition to ongoing management and operational meetings, communication to employees occurs through various channels, interfaces and interventions including internet, intranet, publications, notice boards, post campaigns, briefing sessions, induction programmes for new employees, and structured team forums. At 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 and Safety.

  The group has a philosophy of "Zero Injuries or Harm" to employees. Business units operate under a strict risk management audit protocol incorporating health and safety.

  OHS is the direct responsibility of Barloworld's divisional CEOs, and formal health and safety committees comprising management and worker representatives cover all South African staff. In other regions the applicable laws apply to staff in Iberian, UK and US operations, all being covered. The Netherlands and Belgium operations also have such committees in place.

  During the year, no fines or instances of non-compliance were recorded.

  Employees' safety is a primary concern and conformance with safety rules and procedures is rigorously enforced. Occupational health and safety are key determinants upon which our business success is based and conformance with safety rules and procedures is closely managed. This commences with risk assessments which identify hazards associated with any particular job or task and the implementation of safe work or task procedures to address identified hazards. Employees are trained in safe work procedures and planned task observations are conducted to evaluate compliance with safe work procedures. Depending on the hazard or workplace conditions, engineering or work practice controls to manage or eliminate hazards are implemented. These measures are complemented by use of personal protective equipment.

  Tragically, there was one work related death during the year. This was in equipment Iberia and was the result of a motor vehicle accident. The accident was fully investigated and steps taken to avoid future incidents. The group lost-time injury frequency rate (LTIFR) showed an increase over 2009, due to increased LTIFRs in all divisions except for logistics. Two alleged cases of noise induced hearing loss were reported in Equipment southern Africa operations and Handling UK received two retrospective claims in respect of asbestos-related diseases. The claims date back to periods

Health and safety statistics

	LTIFR*			Fatalities			Occupational diseases		
Division	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Equipment	**1.80**	1.40	1.81	**1**		1	**2**		4
Automotive	**1.24**	1.03	0.58		1	1			
Handling	**2.28**	1.67	1.47				**2**	1	2
Logistics	**1.11**	1.27	1.67		2	1			1
Corporate									
Total	**1.51**	1.27	1.34	**1**	3	3	**4**	1	7

Includes continuing operations only
**LTIFR is calculated as follows: lost time injuries x 200 000 divided by total hours worked.*

between 1959 to 1967 and 1986 to 1990. The earlier claim has been addressed and the later one is being investigated.

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. Programmes to address HIV/AIDS 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 100 employees receive HIV/AIDS assistance, 32 from company sponsored anti-retroviral medication schemes, and 68 from existing medical aid schemes.

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	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Equipment	**2 896**	3 020	3 113	**2 035**	1 411	2 684	**70**	47	86	**4**	6	4
Automotive	**6 427**	6 307	6 478	**3 495**	3 688	3 308	**54**	58	51	**5**	4	4
Handling*	**423**	414	440	**262**			**62**			**1**		
Logistics	**1 423**	1 174	1 446	**820**	846	394	**56**	72	27	**8**	8	17
Corporate	**98**	103	104	**42**	103	45	**43**	100	43	**10**	6	9
Total	**11 267**	11 018	11 581	**6 654**	6 048	6 431	**59**	55	56	**5**	5	5

**Handling SA employees tested with Equipment in 2008 and 2009*

Barloworld Equipment has onsite clinics in South Africa and Spain which provide primary health care and occupational health services to employees, including confidential and anonymous counselling and assistance on any issue that could impact on productivity and wellbeing. Automotive's businesses in South Africa have the Independent Counselling and Advisory Services (ICAS) support system which covers health and related issues. Other divisions have appropriate resources. Similarly, the logistics business has an employee wellness line in place for its South African employees and their families. The Corporate Office has wellness days during which employees are able to undergo a number of health related assessments and tests and receive advice.

There are no formal health and safety agreements with trade unions although this aspect is regularly included on the agenda of meetings with management in the various operations. Businesses that operate under industry agreements with unions are covered to the extent that these issues are addressed at industry level.

- There is no child, forced or compulsory labour in any Barloworld operation. This would be contrary to the organisation's values, policies, recruitment practices and illegal in the countries in which it operates. No Barloworld operations are identified as being at risk for any of these aspects.
- Indigenous rights are respected in all Barloworld operations. No complaints or cases were made against the group in this regard during the year.
- All outsourced security is to reputable, certified third party service providers who are required to be members of relevant industry associations. In some instances these are ISO 9001/2000 certified. Suppliers are assessed on an ongoing basis to ensure that all aspects of their service conform to prevailing legislation and to Barloworld's ethics and standards, including those pertaining to human dignity and human rights. To the extent that security is provided by Barloworld employees, all would be trained in the Barloworld policies and procedures which address human rights.
- Barloworld believes its ethics, governance, Worldwide Code of Conduct, commitment to responsible corporate citizenship and environmental stewardship, its commitment to leading positions in sustainable development and empowerment and transformation contribute to an inspiring work environment and employee pride.
- Employee perceptions about the company and its progress in addressing the six critical success factors are routinely monitored and assessed. An additional aspect, "Employee Engagement" is also measured. It measures employee commitment and loyalty to the group.

- A structured Individual Perception Monitor (IPM) takes place at least bi-annually through an anonymous survey. The results are analysed and identified areas of concern are addressed.

Sustainable competence and intellectual capital

Barloworld recognises that the achievement of its vision and sustainable value creation objectives rests on the ability of its people. Attracting, developing and retaining talented and globally competitive employees is central to ensuring competence and intellectual capital in the group.

This objective is achieved through focused talent identification, recruitment, individual employee development plans, career pathing, training and development programmes, competitive reward systems and careful succession planning.

A shortfall in strategic employee skills is identified as a high ranking risk in the organisation given the ambitions reflected in its vision and strategic focus areas, particularly in terms of the group's financial returns and growth aspirations.

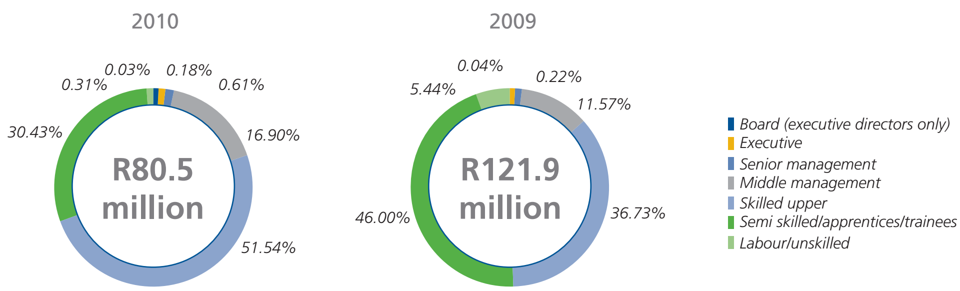
Whilst difficult economic conditions required a reduction of the workforce, the group was mindful of its skills requirements once economic conditions improved and conducted these interventions accordingly.

Business unit IPM scores range from 2.67 to 2.95 (maximum 4)

Initiatives to ensure the group's sustainable competence include:

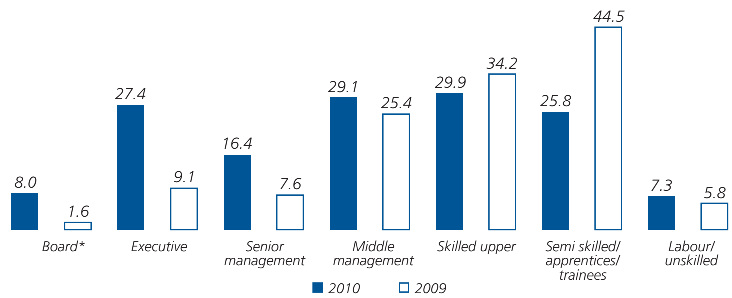
- A wide range of training and development initiatives ensure the ongoing development of employees at all levels in the organisation. These include internal and external initiatives and are identified for employees through individual development plans linked to detailed job models and projected career paths.

Training spend by occupational level (continuing operations only)



Although overall investment in training and development fell from 2009 levels, the group continued to invest in the skills required for its identified growth objectives. This is evidenced by the proportional increase in investment in the skilled and middle management category. The increased proportion in executive investment relates to the governance and ethics training initiatives that were implemented during the year.

Average hours training by occupational level



*Includes executive directors only

- The increased average hours of training for board, executive and senior management occupational categories reflects the attention given to corporate governance, compliance and ethical behaviour, as people in these categories attended a series of interventions in this regard.

- Training programmes include apprenticeships, learnerships, management and leadership development programmes, technical skills and sales skills, all of which develop lifelong skills and ensure the ongoing employability of employees. The group also conducts appropriate career end programmes. These include retirement planning, financial planning and life-skills.

- An Intellectual Capital Review (ICR), which considers employees' careers, is conducted annually in the group.

- As part of this process, the group CEO reviews the positions and performance of the most senior employees in the organisation, including those in critical positions, to ensure succession in critical roles, appropriate careers and development of key individuals.

- Similar processes are conducted at divisional level to effectively manage and develop senior managers by identifying high potential employees with leadership ability and, through benchmarking opportunities, evaluate and develop future training and development interventions for these individuals.

- Barloworld leadership and executive development programmes have been developed in conjunction with leading universities. These are usually run on an annual basis and provide unique opportunities to develop and groom identified talent, future leaders, senior managers and executives required by the group to fulfil its value creation objectives. Delegates are exposed to the strategic framework and aspirations of the group, global best practice and required leadership characteristics and behaviour. A Leadership Development Programme (LDP) was run in 2010. To date 96 employees have completed the Executive Development Programme and 414 the LDP. Both programmes are scheduled to run in 2011.

  These programmes have an important role in addressing the group's diversity commitments and promoting synergies and commonality between employees and business units. The recent LDP was attended by delegates from all divisions who comprised 31 males, 14 females and even representation between black and white South Africans.

Barloworld Leadership Development Programme graduation 2010

Action Learning Projects are an important element of the programme and address strategic issues for the group. The winning project was on renewable energy offerings and solutions that could be provided by Barloworld.

  A key aspect of these programmes are the Action Learning Projects. Teams of delegates are tasked with evaluating issues which have been identified as being strategically important for the group. Formal feedback is given to group executives, including the group and divisional CEOs. In many instances these projects are incorporated into the strategic plans and operations of the relevant division.

- Other development programmes include the motor retail and Avis Rent a Car's Management Development Programmes. These courses are aimed at developing a diverse set of managers and future leaders and cover a broad framework of topics from vehicle preparation, emotional intelligence, finance, customer satisfaction and strategy.

Barloworld Automotive develops its future leadership

Barloworld Motor Retail hosted the Barloworld Motor Retail graduation ceremony in partnership with the Rhodes Investec Business School and the merSeta in March 2010. This prestigious event was the first of its kind and also considered to be a pilot project at merSeta.

The Certificate in Management: Automotive Retail (CAR) is a formal qualification and forms part of the Barloworld Motor Retail Manager Development Programme. This qualification is offered at NQF Level 7. The purpose of the Barloworld Motor Retail Management Development Programme is to develop future leaders required in terms of their growth and succession plans, as well as empowerment objectives.

- The Barloworld Global Leaders Conferences also have a significant role in developing the sustainable competence and intellectual capital the group requires to achieve its vision and fulfil its value creation objectives.

- Given the nature of the group and its future growth aspirations, technical skills development remained a high priority despite the difficult economic conditions. Significant learnerships and apprentice programmes were maintained to ensure the required skills are available to support present and future opportunities.

  The group's extensive training facilities include Barloworld Equipment Southern Africa's new R120 million training centre and automotive's motor retail training academy. Barloworld automotive currently trains over 330 apprentices, of which 83% are black and 6% female. These constitute more than 15% of the black and 21% of the female apprentices in the South African industry.

  Equipment Southern Africa has 434 learnerships. In total there are 1 086 learnerships and apprentices in the group.

  The Barloworld Equipment Technical Academy and accommodation block have hosted and trained in excess of 2 500 learners in all our southern African territories. The Academy not only focuses on learnerships but is utilised for technical training courses for artisans and technical graduates/diplomates. A memorandum of understanding has been signed with the Ekurhuleni West College to provide a four-week bridging course in powertrain and hydraulics for National Qualification Framework (NQF) 3 learners at the College to improve their practical readiness for employment. Barloworld Equipment's training staff will work with educators from Ekurhuleni West College to improve the syllabus so that learners can be provided with more relevant skills to today's industry needs.

  The formal qualification (Certificate in Management: Automotive Retail (CAR)) held in conjunction with Rhodes Investec Business School was launched and is aimed at NQF7 with the purpose of developing future leaders in the Motor Retail division of the business. This programme is considered to be a pilot project at the Manufacturing, Engineering and Related Services sector Education and Training Authority (merSeta).

  Barloworld Equipment runs a programme that is nationally recognised by the Construction Education & Training Authority for Cat earthmoving equipment operators. The training ensures that all operators employed by the company are certified. Training is also offered to customers' employees throughout the dealership territories and to individuals who are looking for a career path.

  In total the group has 3 400 artisans and technicians as well as 2 200 graduates and diplomates. It is supporting 202 employees who are studying towards degrees or diplomas.

Barloworld Motor Retail drives technical training

The Barloworld Motor Technical Training Academy started operating in February 2007. Motor Retail currently trains over 330 apprentices of which 83% are black and 6% female. The number of apprentices currently trained by the Academy is more than 15% of the black apprentices and 21% of the female apprentices in the industry.

Below left: Ravi Naidoo (Franchise Executive) handing an award to Kunaal Surajbali, the top Kwa-Zulu Natal performer in the 2010 apprentice intake.

Employee turnover

Year	Resignations	Transfers	Retrenchments/ redundancies****	Retirements*	Dismissals	Deaths**	Other***
Total 2010	**1 466**	**37**	**176**	**277**	**430**	**66**	**505**
Total 2009	1 482	110	1 075	203	561	65	422
Total 2008	2 142	279	238	146	713	74	162

Includes continuing operations only
* *Including retirements due to ill health*
** *Including accidental deaths (work related/non work related) and deaths due to illness*
*** *Reflects sales of business and termination of fixed term contracts*
**** *Includes voluntary terminations*

Unfortunately the economic downturn required a further reduction in the workforce. One hundred and seventy six terminations were due to operational requirements, the majority of which, 42 and 81, were in Equipment Iberia and Barloworld Logistics respectively. All attempts were made to avoid an active reduction of the workforce. These included not filling vacancies left by resignations, retirements or dismissals, superannuation programmes and voluntary retrenchments. All relevant local procedures in each country were complied with and the required notice periods and payments were adhered to. Scandinavian car rental operations were sold in 2010 and their 805 employees are not included in the above table.

In order to achieve cost savings and retain skills required for an inevitable economic recovery, Equipment Iberia pursued a number of alternatives to retrenching employees which included temporary suspensions on a rotation basis.

These steps were only taken after extensive consultation with employees and their representatives and in every instance all legal and applicable agreements and procedures were adhered to. This included minimum notice periods contained in relevant industry, collective or individual agreements.

Assistance is provided to employees in the case of involuntary terminations. This includes appropriate financial packages, assistance with job search, financial advice and access to existing wellness and support programmes.

Generally, minimum notice periods regarding significant operational changes vary across the group. These are covered in individual employment contracts, prevailing legislation, applicable industry agreements and other negotiated recognition agreements. The company adheres to the applicable notice period.

Performance management

The group's value creation activities are underpinned by entrenched performance management processes based on aligned and integrated balanced scorecards. These establish agreed performance criteria, objective and transparent mechanisms for performance review, and instil a sense of duty and ownership. They also ensure regular communication about performance, identify required areas of support, and link into development plans and career paths.

The performance and reward systems support salary reviews and incentive schemes that enable employees to share, on an equitable basis, in the value created. Individual and collective performance is measured and communicated. Poor performance is addressed. Every effort is made to recognise and encourage outstanding performance. This includes the Barloworld CEO Award. Some 50% of employees received career development reviews during the year. Employees at senior level receive at least two formalised performance reviews a year.

Business unit IPM scores range from 2.81 to 3.06 (maximum 4)

Structured team forums

Central to the achievement of the group's vision is its ability to harness, focus and direct the collective wisdom, knowledge and experience in the group.

To this end, regular, structured team meetings at all levels of the organisation have become an established feature of the group's employee engagement approach.

These meetings provide an opportunity to share information, motivate employees and enhance commitment, promote and encourage collective problem solving, build cohesive teams, recognise performance and ensure employee involvement and provide efficient communication structures in the group.

Business unit IPM scores range from 2.86 to 3.18 (maximum 4)

Employee engagement

The extent to which employees are committed to the company, have a common sense of destiny and are inspired to contribute their time and effort measures the success of the group's employee value creation approach and effectiveness of the related critical success factors.

The formal measure of employee engagement was introduced into the IPM in 2009. Current IPM surveys indicate divisional scores that range from 2.73 to 3.20 (maximum 4) which are pleasing, particularly in context of the tough economic conditions that affected the operations, and the required measures and activities to ensure the group's success during this period.

Going forward

- *Integrated nature of long-term stakeholder value creation*
- *Focus on sustainability which is central to strategic planning and integrated operations*
- *Importance of climate change, product life-cycle responsibility, and supply chains*
- *Commitment to good corporate governance*
- *Stakeholder engagement*
- *Integrated, credible, clear, complete and comparable reporting*
- *Responsible corporate citizen creating value for all stakeholders*

Barloworld's vision of 2015[3] articulates a commitment to value creation for all stakeholders and illustrates its understanding of the integrated nature of sustainable development. Group and divisional strategies, distilled into six strategic focus areas, will be implemented by employees through a comprehensive value creation approach.

Identified profitable growth initiatives and aligned divisional strategic plans with measureable performance indicators will ensure focussed and concerted group activities in achieving the group's vision over the 2011 to 2015 period.

Barloworld's 10 pillars of sustainability will continue to reference current activities and guide future growth, as will stakeholder engagement initiatives which identify material aspects of stakeholder and group value.

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 in picture)

Rob Pullen, Senior General Manager, Service – Barloworld Equipment southern Africa
In 2008 the accelerated development of technical skills was identified as Barloworld Equipment's most critical strategy to provide the necessary support for customers and achieve growth. Rob formulated a new skills development strategy and led from the front to make it happen. Today Barloworld Equipment is acknowledged by Caterpillar as leading edge in technical training.

Brandon Arnold, Operations Manager, Barloworld SEM – Handling South Africa
Almost single-handedly Brandon established Barloworld SEM as a key player in the South African low-cost wheel loader market. This was accomplished within only two years and with exceptional profitability and returns.

Tsatsane Mohale, Facilities Manager – Barloworld Corporate Office
Tsatsane has added value as the Corporate Office sustainability champion. Her nomination is based on initiatives she has put in place for "Greening Barlow Park" as well as resultant cost savings.

Arlene Cravo, Operations Manager, SCM Industrial – Barloworld Logistics South Africa
Arlene was this year's winner of the Barloworld Logistics CEO Award, an accolade that Isaac Shongwe, CEO Barloworld Logistics, was proud to bestow upon her for outstanding contribution towards preparing our major Transport Management Services (TMS) client, PPC, to operate effectively and efficiently during the FIFA World Cup 2010.

Willie Coetzee, After Sales General Manager, Mercedes Benz Market Centre, Bloemfontein
Through his implementation of new workflow systems, humble leadership style and in depth knowledge of service and parts processes, Willie has effectively created a "recession-proof" service and parts environment that has consistently improved returns at the John Williams Mercedes Benz Market Centre in the Free State, a province of South Africa.

Tiago Isidoro, Power Systems Manager – Barloworld STET, Portugal
Tiago was appointed power systems manager at a time when Barloworld STET was experiencing a number of challenges in major power station projects in the Azores and a significant power systems market decline due to the global economic crisis. The project situation was resolved, penalties were avoided and the customer relationship improved.

The Winner: Brandon Arnold

In making the award, Clive Thomson said, "The annual CEO Award is a tribute to the exceptional employees who make Barloworld the special company that it is. It is my responsibility to select one winner from the outstanding finalists nominated by our businesses. I was most impressed by all the 2010 nominees, and choosing a winner was extremely difficult".

Understanding of the importance of climate change and appreciating the link to the group's activities, initiatives aimed at reducing the group's environmental footprint and product stewardship will receive attention as will products and solutions offered to customers to assist them in minimising the environmental impacts of their activities.

Focused efforts will continue to ensure that aspirational energy and emissions efficiency improvement targets are met. These will continue to be monitored and assessed in terms of emerging international, national, industry and operational requirements and will be reviewed if necessary.

Concentrating on and improving the efficient use of water will remain a priority in the group.

Barloworld will continue to strive for the highest corporate governance standards required by its ethics and worldwide code of conduct. Integrated, accurate and transparent reporting with material aspects assured by third parties will inform stakeholders of the group's value creation activities and the consequences thereof.

The group's value creation activities will remain an iterative process of engaging stakeholders, determining and balancing their interests, integrated management and accountability for sustainable development, and credible reporting.

Awards received

- See Logistics awards on page 63
- See Automotive awards on page 46
- Barloworld's 2009 Annual Report classified as "Excellent" in the Ernst & Young Corporate reporting survey
- Barloworld's 2009 Sustainability section of its 2009 annual report classified as "Excellent" in Ernst & Young Sustainability reporting survey
- Johannesburg Stock Exchange Socially Responsible Investment index (JSE SRI) 2010 : "Best Performer" category
- Chartered Secretaries South Africa and Johannesburg Stock Exchange 2010 Annual Awards: Merit Award and third place in the Premier Award category
- Carbon Disclosure Project 2010 South Africa JSE 100: Platinum and Gold Awards. One of the top four companies in the CDP 2010 South African JSE 100 Joint Carbon Disclosure and Carbon Performance Ratings

Should there be any issues or aspects about which further information or detail is required, please contact **Christopher Whitaker at** christopherW@barloworld.com

Auditor's report

30 November 2010

The Directors
Barloworld Limited
180 Katherine Street
Sandton
2146

Dear Sirs

Report of the Independent Auditors to the directors of Barloworld Limited on Limited Assurance Procedures regarding selected sustainability information published in Barloworld's Annual Report for the period 1 October 2009 to 30 September 2010.

Scope

You have requested that we perform limited assurance procedures on:

- selected performance indicators to be published in the Sustainability Report in Barloworld's Annual Report for the year ended 30 September 2010;
- the self-declared Global Reporting Initiative G3 Guidelines ("GRI G3") B+ application level; and
- the calculation of the carbon inventory, direct and indirect energy consumption in accordance with the the Greenhouse Gas ("GHG") Protocol Corporate Standard for the accounting and reporting of greenhouse gas emission ("the carbon inventory, direct and indirect energy consumption calculation").

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; the GRI G3 application level and the carbon inventory, direct and indirect energy consumption calculation are not presented fairly. Limited assurance procedures include examining, on a test basis, evidence supporting the selected performance indicators, the GRI G3 application level and the carbon inventory, direct and indirect energy consumption calculation.

The selected performance indicators are as follows:

- Value Added Statement;
- Group CSI spend;
- Employee profile, limited to: number of employees; employee breakdown by race; and male and female employee breakdown;
- Lost time injuries and fatalities;
- Certified Quality Management Systems;
- Fuel usage;
- Electricity usage; and
- Water usage.

Methodology

We conducted our work 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, the GRI G3 application level and the carbon inventory, direct and indirect energy consumption calculation are presented fairly in accordance with the criteria set out in the annual report. The procedures conducted do not provide all the evidence that would be required in a reasonable assurance engagement and, accordingly, we do not express a reasonable assurance opinion.

Our work consisted of:

- Obtaining an understanding of the system used to generate, aggregate and report data based on discussions and interviews with management at selected operations and at the corporate head office;
- Performing a controls walk-through for key controls implemented in the sustainability reporting system;
- Testing the accuracy of certain data reported on a sample basis for limited assurance; and
- Reviewing selected documents to test coverage of topics within the annual report.

Responsibilities

The Group's directors are responsible for the preparation and presentation of the information within the annual report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process.

Our responsibility is to express a limited assurance conclusion on the selected sustainable development performance data, the GRI G3 application level and the carbon inventory, direct and indirect energy consumption calculation based on our assurance engagement.

Considerations and limitations

Non-financial data is subject to more inherent limitations than financial data, given both its 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. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the agreed sustainable development performance data, the GRI application level and the the carbon inventory, direct and indirect energy consumption calculation.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the selected performance indicators listed above; and that the calculation of the consolidated direct and indirect energy consumption and carbon emissions inventory for the period 1 October 2009 to 30 September 2010 are not fairly presented and compliant with the requirements of the GHG Protocol Corporate Standard for the accounting and reporting of greenhouse gas emissions.

Based on our review, including consideration of the annual report, nothing has come to our attention that causes us to believe that Management's assertion that their sustainability reporting meets the requirements of the B+ application level of the Global Reporting Initiative G3 Guidelines is not fairly stated.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per AG Waller
Partner

30 November 2010

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operting Officer GM Pinnock Audit DL Kennedy Tax & Legal and Risk Advisory L Geeringh Consulting L Bam Corporate Finance CR Beukman Finance TJ Brown Client & Markets NT Mtoba Chairman of the Board MJ Comber Deputy Chairman of the Board
A full list of partners and directors is available on request

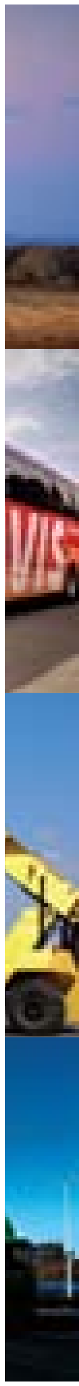
B-BBEE rating: Level 3 contributor/AA (certified by Empowerdex)

Member of Deloitte Touche Thomatsu Limited

Content

Financial overview

Annual financial statements



Finance director's review

"During the past eighteen months that we have been focusing on reducing working capital, inventories have declined by R3 832 million."

Don Wilson Finance Director

Group operating performance

Continuing operations

Revenue for the year declined by 10% to R40.8 billion. The bulk of the shortfall occurred in our equipment businesses where total revenue fell by R4.8 billion (28%). The drop off in activity levels experienced in equipment southern Africa in the second half of 2009 continued into the current year while demand in Iberia remained weak throughout the year.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) decreased by 18% to R3 318 million while operating profit declined by 31% to R1 376 million. Reduced activity in equipment southern Africa resulted in a decrease in operating profit of R557 million (43%). The automotive division continued their good performance, increasing operating profit by 10% to R772 million. Redundancy and restructuring charges of R59 million (2009: R139 million) were incurred to realign the cost base with prevailing activity levels. The bulk of the restructuring costs (R48 million) were incurred in Iberia.

The stronger rand resulted in losses arising from marking to market foreign currency contracts on unhedged transactions mainly in equipment southern Africa. The total negative fair value adjustments on financial instruments of R89 million is lower than the R201 million incurred in 2009 due to reduced volatility in the foreign exchange markets this year. The adjustments include a charge of R21 million arising from a change in the equipment southern Africa hedging approach to recognise the cost of forward points in foreign exchange contracts as a financial instrument cost.

Net finance costs decreased by R206 million (26%) to R583 million. This was largely due to the continued focus on reducing debt levels through improving operating cash flows and tightly managing working capital and capital expenditure. Investment income declined due to lower interest rates. Total finance charges, including leasing interest classified as cost of sales, decreased by R281 million (26%) to R809 million.

Exceptional charges of R176 million mainly comprise the impairment of goodwill in the logistics Middle East and Asia operations totalling R152 million.

Taxation, before Secondary Tax on Companies (STC), declined by 2% to R203 million. The effective taxation rate (excluding STC, prior year taxation and taxation on exceptional items) was 33.8% (2009: 22.2%). The increased rate was largely attributable to withholding taxes and losses incurred in low-tax jurisdictions while the prior year rate was reduced by the first-time recognition of certain deferred taxation assets.

Income from associates fell by R27 million to R16 million owing to lower profits earned in the equipment joint ventures. The contribution from the Democratic Republic of Congo equipment joint venture declined by R62 million. Profits in the Russian joint venture improved, particularly in the second half, contributing R14 million to associates' income.

The non-controlling interest in the current year's earnings includes R13 million representing the dividends paid to the holders of 14 485 013 ordinary shares in terms of the BEE transaction concluded in 2008. These shares are not included in issued shares for purposes of calculating headline earnings per share (HEPS). HEPS from continuing operations of 212 cents is 40% lower than 2009 (351 cents).

Discontinued operations

Discontinued operations comprise the results of the Scandinavian car rental business up to its disposal on 31 July 2010. The loss of R272 million includes trading losses of R85 million and a loss of R187 million on the disposal of the business.

Cash flow

The continued focus on cash generation resulted in a net cash inflow for the year of R2 286 million (2009: R1 207 million). Working capital decreased by R1 069 million following the reduction of R885 million in 2009. During the past eighteen months that we have been focusing on reducing working capital, inventories have declined by R3 832 million. Most of the reduction in the current year was achieved in the southern African equipment business. In addition capital expenditure in the group has been curtailed to essential projects only. While there was some build up of the short-term car rental fleet ahead of the 2010 FIFA World Cup in South Africa, the fleet has reduced to normal levels at year end

The disposal of the Scandinavian car rental business has resulted in a reduction in group debt of R774 million with a further R180 million (NOK 150 million) payment due by December 2010. The guarantee provided to DnB NOR for the bank funding was cancelled in September 2010 following the repayment of the loan by the purchaser.

Summarised cash flow statement

R million	**2010**	2009
Operating cash flows before working capital	**3 457**	3 845
Decrease in working capital	**1 069**	885
Net investment in leasing assets and vehicle rental fleet	**(1 056)**	(829)
Cash generated from operations	**3 470**	3 901
Other net operating cash flows	**(905)**	(1 617)
Dividends paid (including non-controlling shareholders)	**(223)**	(434)
Cash retained from operating activities	**2 342**	1 850
Cash flows from investing activities	**(56)**	(643)
Net cash inflow	**2 286**	1 207

Financial position and debt

Total assets employed in the group decreased by R4 405 million to R25 690 million. The decrease was largely due to reduced working capital and the disposal of car rental Scandinavia. The stronger rand resulted in a decrease of R1 271 million in total assets.

Total interest bearing debt at 30 September 2010 was reduced by R2 836 million to R6 977 million (2009: R9 813 million).

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 by R156 million to R1 928 million (2009: R1 772 million).

Further progress was made in our initiative to address the group's debt maturity profile and to reduce the company's reliance on short-term funding. Long-term debt raised during the year included corporate bonds totalling R1 000 million (BAW3 to 8) issued in September 2010. The funds raised were utilised to repay short-term debt including R230 million of the corporate bond BAW1 which matures in July 2011. The long-term debt maturity profile at 30 September 2010 was 61% (2009: 63%).

Debt maturity profile

	Debt September		Redemption		2014
R million	**2010**	2011	2012	2013	onwards
South Africa	**6 453**	2 369	85	46	3 953
Offshore	**524**	323	72	53	76
Total	**6 977**	2 692	157	99	4 029

In South Africa, short-term debt due for redemption in 2011 includes the balance outstanding on BAW1 of R1 305 million (including accrued interest) and commercial paper (CP) totalling R606 million. The CP market has remained liquid during the current year and we expect to maintain our participation in this market. The company has unutilised debt facilities with domestic banks totalling R5 362 million at 30 September 2010. The offshore facilities include a syndicated loan (undrawn at September 2010) of £80 million (R879 million) plus other unutilised bank lines totalling the equivalent of R1 688 million.

Net debt at September 2010 of R5 049 million declined by R2 992 million (37%) in the year. The bulk of the reduction was through cash inflows before financing while the sale of car rental Scandinavia resulted in a reduction in net debt of R774 million. The stronger rand reduced net borrowings by R91 million.

Debt totalling R1 931 million at 30 September 2010 is subject to covenants in terms of loan agreements. No covenants have been breached during the year.

The company's credit rating of A+ was re-affirmed by Fitch Ratings in March 2010.

Finance director's review *(continued)*

Gearing in the three business segments is as follows:

Debt to equity (%)	Trading	Leasing	Car rental	Group total debt	Group net debt
Target range	30 – 50	600 – 800	200 – 300		
Ratio at 30 September 2010	**34**	**482**	**202**	**64**	**47**
Ratio at 30 September 2009	49	567	205	81	67

The company has R79 million (2009: R94 million) in an interest-bearing deposit account with a bank underpinning the security held by lenders to our Black Economic Empowerment partners.

The stronger rand resulted in a reduction of R820 million in shareholders' funds (2009: R926 million).

Accounting policies

Eleven new accounting standards, amendments and interpretations were adopted this year. The most material to the company were amendments to IAS 16 Property, plant and equipment and IAS 7 Statement of cash flows. IAS 16 was amended whereby an entity in the course of its ordinary activities, routinely sells items that it has held for rental to others, it transfers those assets to inventories at their carrying amount when they cease to be rented and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IAS 18. The effect of this change was to increase revenue in 2010 by R2 586 million (2009: R3 037 million).

IAS 7 was amended to classify as operating activities, cash payments to acquire rental assets, cash receipts from rents and cash proceeds from the subsequent sale of such assets. The effect of this change was to decrease cash generated from operations by R1 056 million. There was no impact on the net cash flow before financing activities.

The comparative information for 2009 and 2008 has been restated for the adoption of the amendments referred to above. Further details regarding the restatements can be found in note 34 to the consolidated annual financial statements on page 260.

Dividends

Dividends totalling 75 cents per share were declared in respect of this year's earnings (2009: 110 cents). Dividends are payable on 18 100 902 of the shares issued in respect of the BEE transaction. The dividends declared this year are covered 2.6 times by headline earnings from continuing operations (2009: 3.0 times).

Going forward

In the wake of the world economic crisis our strategy of strengthening our financial position by focusing on cash flow and debt reduction has yielded good results. While we plan to maintain this emphasis, debt will start to increase as we build working capital as the recovery gains momentum. Since March 2009 net debt has declined by R5.1 billion and annual gross finance charges have dropped by R328 million. Over this period our net debt to equity has declined from 75% to 47% notwithstanding that currency has negatively impacted our shareholders' funds by R2.2 billion.

We believe that our financial position is strong and that we are well placed to fund the growth strategies of the divisions. The acquisition of the remaining 50% of the equipment business in Russia subsequent to year end will be funded utilising cash balances in our offshore business.

As we have now emerged from the worst of the financial crisis, the key financial strategic focus for 2011 will be on financial returns, particularly improving our return on shareholders' funds.

DG Wilson
Finance director
16 November 2010

Directors' responsibility and approval

for the year ended 30 September 2010

The directors of Barloworld Limited have pleasure in presenting the annual financial statements for the year ended 30 September 2010.

In terms of the South African Companies Act, 1973, as amended, the directors are required to prepare annual financial statements that fairly present the state of affairs and business of the company and of the group at the end of the financial year and of the profit or loss for that year. To achieve the highest standards of financial reporting, these annual financial statements have been drawn up to comply with International Financial Reporting Standards.

The annual financial statements comprise:
- the statements of financial position;
- the consolidated income statement;
- the statements of comprehensive income;
- the statements of cash flows;
- statements of changes in equity;
- a seven-year summary of statement of financial position, income statements, statements of cash flows, 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;
- notes; and
- accounting policies.

The reviews by the chairman, the chief executive, 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 2010 and of the profit for the year to that date. The external auditors, who have unrestricted access to all records and information, as well as to the audit committee, concur with this statement.

In addition, the directors have also reviewed the cash flow forecast for the year to 30 September 2011 and believe that the Barloworld group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going-concern basis and the external auditors concur.

The annual financial statements were approved by the board of directors and were signed on their behalf by:

DB Ntsebeza	**CB Thomson**	**DG Wilson**
Chairman	*Chief executive*	*Finance director*

Sandton
16 November 2010

Certificate by secretary

for the year ended 30 September 2010

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 2010

Independent auditor's report

for the year ended 30 September 2010

We have audited the company annual financial statements and group annual financial statements of Barloworld Limited, which comprise the directors' report, the audit committee report on pages 94 to 95, the statement of financial position and the consolidated statement of financial position as at 30 September 2010, the income statement and the consolidated income statement, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 169 to 290.

Directors' responsibility for the financial statements

The company's and group'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 consolidated and separate financial position of Barloworld Limited as at 30 September 2010 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per AG Waller
Partner
16 November 2010

Directors' report

for the year ended 30 September 2010

Nature of business

Barloworld Limited (Barloworld or company) is a registered holding company for a group that is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. Barloworld comprises businesses that fit the strategic profile above, meet strict performance criteria and demonstrate good growth potential.

Barloworld maintains a primary listing on the main board of the JSE Limited. The company also has secondary listings on the London and Namibia stock exchanges.

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 2010 are set out in detail on pages 169 to 290 of these annual financial statements.

Audit committee report

The report of the audit committee in terms of section 270A (f) of the Companies Act 71 of 2008 for the year ended 30 September 2010 is set out in detail on pages 94 to 95.

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 229.

Dividends

Details of the dividends and distributions declared and paid are shown in note 27 to the annual financial statements on page 244.

Acquisitions and disposals

Disposal of car rental Scandinavia

The Scandinavian car rental operations were disposed in July 2010. The net cash proceeds and debt repayment approximates R1 billion. The net proceeds reduced borrowings and enables the group to redeploy capital in higher return business opportunities. This strengthens the financial position and growth outlook of the group as the global economy recovers.

Disposal of Subaru

The disposal of the 50% stake in the Subaru import and distribution business to Toyota Tsusho Corporation was effective on 31 August 2010.

Directors

Biographical notes of the current directors are given on pages 76 to 77. Details of directors' remuneration, share appreciation rights, forfeitable shares and options appear on pages 264 to 269.

Changes in directorate

During the financial year under review, Mr PJ Bulterman was appointed to the board as an executive director.

According to the company's Articles of Association, at the forthcoming annual general meeting, Mr Bulterman, being a director appointed during the financial year under review, retires and Messrs AGK Hamilton, M Laubscher and CB Thomson and Ms TH Nyasulu 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 and Touche continued in office as auditors for the company and its subsidiaries.

At the annual general meeting shareholders will be requested to reappoint Deloitte and Touche as auditors of Barloworld Limited and to confirm that Mr Graeme Berry 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 270 to 271 of the annual financial statements.

International Financial Reporting Standards (IFRS)

The company's financial statements were prepared in accordance with International Financial Reporting Standards and AC 500 standards as issued by the Accounting Practice Board.

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 at 30 September 2010 are detailed on page 96 of the annual report.

Events after the reporting period

No other material events except for those already disclosed in Note 41 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 page 178 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 34 to the financial statements.

The group has made the following accounting policy choices in terms of IFRS:

- Non-controlling parties are considered to be equity participants and all transactions with non-controlling parties are recorded directly within equity (policy note 7).
- Interest in associates and joint ventures are accounted using the equity method (policy note 8).
- The cost model is applied in accounting for investment property (policy note 11).

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.

3. 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.

4. 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 financial position 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 financial position date;
- Income items, expense items and cash flows at the average exchange rates for the period; and
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised as other comprehensive income. On disposal of such a business unit, this reserve is recognised in profit or loss.

5. 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 financial position date before they are translated into the group's presentation currency.

Company financial statements

6. 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

7. 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.

Non-controlling 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 non-controlling parties' subsequent share of changes in equity of the subsidiary. On acquisition date, the non-controlling interest is measured at the proportion of the fair values of the identifiable assets and liabilities acquired. Losses applicable to non-controlling interest in excess of its interest in the subsidiaries' equity are allocated against the group's interest except to the extent that the non-controlling parties' have a binding obligation and the financial ability to cover losses. Non-controlling parties are considered to be equity participants and all transactions with non-controlling parties are recorded directly within equity.

8. 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 (policy note 15)). 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 policy note 13 with the exception of impairment testing which is done in accordance with policy note 27 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

Statement of financial position

9. 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, borrowing 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 statement of financial position.

10. 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.

11. 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.

12. 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. Intangible assets having a finite useful life are amortised over their useful lives (generally three to seven years) using a straight-line basis.

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.

Intangible assets are tested for impairment if there is an indication that they may be impaired.

Accounting policies *(continued)*

13. 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.

14. Deferred taxation assets and liabilities

Deferred taxation is recognised using the financial position liability method for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the financial position 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.

15. 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 transferred to inventories (policy note 16) at their carrying amount. Sale proceeds from such rental assets are recognised as revenue in accordance with policy note 21.

16. 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.

17. Financial assets and financial liabilities (Financial instruments)

Financial instruments are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial instruments 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 instruments are classified as financial instruments at fair value through profit or loss where the financial instrument is either held for trading (including derivative instruments) 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 policy note 27. 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 in other comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income 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.

Cash and cash equivalents are measured at fair value, with changes in fair value being included in profit or loss.

Derivatives 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 derivatives is classified as non-current if the remaining maturity of the instruments is more than, and it is not expected to be realised 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.

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.

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 (policy note 24).

18. 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 other comprehensive income.

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 statement of financial position represents the present value of the defined benefit obligation as adjusted for 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.

19. 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.

20. 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 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.

Accounting policies *(continued)*

Income statement

21. Revenue

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 policy note 28.

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.

22. 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.

23. 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.

24. 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.

25. 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 to other comprehensive income, in which case it is also recognised in other comprehensive income.

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

26. 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 in other comprehensive income 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 other comprehensive income 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 other comprehensive income 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 other comprehensive income and the ineffective portion is recognised in profit or loss. On disposal of a foreign entity, the gain or loss recognised in other comprehensive income 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 other comprehensive income 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.

27. 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.

28. 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.

29. Government grants and assistance

Government grants are assistance by government in the form of transfers of resources in return for compliance with conditions related to operating activities. Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. "Government" includes government agencies and similar bodies whether local, national or international.

When the conditions attaching to government grants have been complied with and they will be received, they are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs. When they are for expenses or losses already incurred, they are recognised in profit or loss immediately. The unrecognised portion at the financial position date is presented as deferred income. No value is recognised for government assistance.

30. 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.

Forfeitable Share Plan

Executive directors and senior executives have been granted equity settled shares in terms of the Barloworld Forfeitable Share Plan (FSP). Equity settled share-based payments are measured at fair value (excluding the effect of non

Accounting policies *(continued)*

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 (i.e. the BEE equity credentials) and are recognised as follows:

- In profit or loss at the grant date unless there are service conditions in which case it is recognised over the relevant period of the service conditions;
- As part of goodwill where the BEE equity credentials are obtained as part of the net assets acquired in a business combination.

31. 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.

32. Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Certain transactions are entered into by the group as insurer and which falls within this definition. Significant items included are maintenance contracts, guaranteed residual values on sold equipment/vehicles as well as credit life and warranty products sold.

Maintenance contracts

Revenue on maintenance contracts is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment.

Guaranteed residual values

Guaranteed residual values are periodically given on repurchase commitments with customers. The likelihood of the repurchase commitments being exercised is assessed at the inception of the contract to determine whether significant risks and rewards have been transferred to the customer and if revenue should be recognised. If significant risks and rewards have not been transferred, revenue is not recognised and the transaction is accounted for as a pre-paid operating lease. Where the initial assessment was made that significant risks and rewards were transferred and revenue was recognised, but subsequent market conditions are considered to change the likelihood of the exercise of the buyback to become probable, the present value of the net expected future outflow is provided for, after taking into consideration any proceeds on subsequent disposal of the equipment. All repurchase commitments as well as the related asset's expected values are disclosed under contingent liabilities.

Credit life and warranty products

Premiums are recognised as revenue proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the financial position 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 financial position 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.

33. 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.

34. Judgements made by management and sources of estimation uncertainty

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:

- **Recognition and derecognition of assets**

  The company has concluded buyback and rental agreements with vehicle suppliers in South Africa in the Avis rent a car and logistics transport businesses. Management assessed that the significant risks and rewards remained with the suppliers. Accordingly the vehicles were not recognised as assets together with the accompanying debt obligations and the transactions were recorded as operating leases.

- **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.

- **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 buyback, management considers whether the buyback is set at a level which makes the buyback 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 buyback 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 buyback, 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 impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

  Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

  Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The company utilises the discounted cash flow valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by other valuation techniques.

- **Repurchase commitments**
  Buyback (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.

35. 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.

Definitions

Below is a list of key definitions of financial terms used in the annual report of Barloworld Limited (the company) and the group:

Accounting policies
The specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements.

Changes in accounting policies are accounted for in accordance with the transitional provisions in International Financial Reporting Standards (IFRS). 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.

Accrual accounting
The effects of transactions and other events are recognised when they occur rather than when the cash is received or paid.

Actuarial gains and losses
The effect of differences between the previous actuarial assumptions and what has actually occurred as well as changes in actuarial assumptions.

Amortised cost
The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or non collectability.

Asset
A resource controlled by the entity as a result of a past event from which future economic benefits are expected to flow.

Associate
An entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

Available-for-sale financial assets
Those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Borrowing costs
Interest and other costs incurred in connection with the borrowing of funds.

Business combination
A business is an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to participants.

A business combination is the bringing together of separate entities or businesses into one reporting entity.

Carrying amount
The amount at which an asset is recognised after deducting any accumulated depreciation or amortisation and accumulated impairment losses.

Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash flow hedge
A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset, or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss.

Cash-generating unit
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash settled share-based payment transaction
A share-based payment transaction in which the entity acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments of the entity.

Change in accounting estimate
An adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Chief operating decision maker (Key management)
Those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

In terms of this definition, the executive committee of Barloworld Limited have been identified as the chief operating decision maker.

Consolidated financial statements
The financial statements of a group presented as those of a single economic entity.

Constructive obligation
An obligation that derives from an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingent asset
A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or

non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

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.

Costs to sell
The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

Date of transaction
The date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards.

Depreciation (or amortisation)
The systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset, or other amount substituted for cost, less its residual value.

Derecognition
The removal of a previously recognised asset or liability from the statement of financial position.

Derivative
A financial instrument whose value changes in response to an underlying item, requires no initial or little net investment in relation to other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

Development
The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before starting commercial production or use.

Diluted earnings per share
Profit or loss attributable to ordinary equity holders of the parent entity divided by the weighted average number of ordinary shares outstanding during the period, both adjusted for the effects of all dilutive potential ordinary shares.

Dilution
A reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

Discontinued operation
A component that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, or a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement and the assets and liabilities associated with these operations are shown as held for sale in the statement of financial position.

Employee benefits
All forms of consideration (excluding share options granted to employees) given in exchange for services rendered by employees.

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.

Equity instrument
A contract or certificate that evidences a residual interest in the total assets after deducting the total liabilities.

Equity method
A method in which the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the share of net assets of the investee. Profit or loss includes the share of the profit or loss of the investee.

Equity settled share-based payment transaction
A share based payment transaction in which the entity receives goods or services as consideration for equity instruments of the entity (including shares or share options).

Events after the reporting period (Post-balance sheet)
Recognised amounts in the financial statements are adjusted to reflect events arising after the financial position date that provide evidence of conditions that existed at the financial position date. Events after the financial position date that are indicative of conditions that arose after the financial position date are dealt with by way of a note.

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 in other comprehensive income 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 in other comprehensive income) are not included in exceptional items.

Definitions *(continued)*

Expenses
The decreases in economic benefits in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair value
The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Fair value hedge
A hedge of exposure to changes in fair value of a recognised asset, liability or firm commitment.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Financial asset or liability at fair value through profit or loss

A financial asset or financial liability that is classified as held for trading or is designated as such on initial recognition other than investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Financial 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 instrument
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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 risk
The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Firm commitment
A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Forecast transaction
An uncommitted but anticipated future transaction.

Going concern basis
The assumption that the entity will continue in operation for the foreseeable future.

Gross investment in lease
The aggregate of the minimum lease payments receivable by the lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

Hedge effectiveness
The degree to which changes in the fair value or cash flows of the hedged item that is attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

Hedged item
An asset, liability, firm commitment, highly probable forecast transaction or net investment in a foreign operation that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

Hedging instrument
A designated derivative or non-derivative financial asset or non-derivative financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Held for trading financial asset or financial liability
One that is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative (except for a derivative that is a designated and effective hedging instrument).

Held-to-maturity investment
A non-derivative financial asset with fixed or determinable payments and fixed maturity where there is a positive intention and ability to hold it to maturity.

Immaterial
If individually or collectively it would not influence the economic decisions of the users of the financial statements.

Impairment loss
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Impracticable
Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

Income
Increase in economic benefits in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.

Insurance asset
An insurer's net contractual rights under an insurance contract.

Insurance liability
An insurer's net contractual obligations under an insurance contract.

Insurance risk
Risk, other than financial risk, transferred from the holder of a contract to the issuer.

Insured event
An uncertain future event that is covered by an insurance contract and creates insurance risk.

Insurer
The party that has an obligation under an insurance contract to compensate a policyholder if an insured event occurs.

Joint control
The contractually agreed sharing of control over an economic activity.

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Legal obligation
An obligation that derives from a contract, legislation or other operation of law.

Liability
A present obligation of the entity arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Market condition
A condition upon which the exercise price, vesting or exercisability of an equity instrument depends that is related to the market price of the entity's equity instruments, such as attaining a specified share price or a specified amount of intrinsic value of a share option, or achieving a specified target that is based on the market price of the entity's equity instruments relative to an index of market prices of equity instruments of other entities.

Minimum lease payments
Payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor including in the case of a lessee, any amounts guaranteed by the lessee or by a party related to the lessee or in the case of a lessor, any residual value guaranteed to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

Net assets
Net operating assets plus cash and cash equivalents.

Net investment in the lease
The gross investment in the lease discounted at the interest rate implicit in the lease.

Net operating assets
Segment assets less segment liabilities (excluding interest-bearing liabilities of leasing businesses).

Non-controlling interest
The equity in a subsidiary not attributable, directly or indirectly, to a parent.

Operating lease
A lease other than a finance lease.

Operating segments
Operating segments are identified on the basis of management reports of the group that are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Management has determined the operating segments based on the management reports and report on the operating segments as follows:

The equipment segment provides customers with integrated solutions that include Caterpillar earthmoving equipment, engines and other complementary brands.

The automotive segment provides customers with integrated motor vehicle usage solutions through the operation of car rental, motor retail and fleet service business units.

The handling segment provides customers with innovative solutions for material handling needs including lift trucks, warehouse handling equipment and distribution of agricultural equipment.

The logistics segment provides customers with traditional logistics services and supply chain management solutions.

The corporate segment comprises all the other group activities including the operations of the corporate office in Johannesburg and treasury in the United Kingdom.

Segment accounting policies are consistent with those adopted for the preparation of the group financial statements.

The executive committee evaluates the segment performance based on the operating results plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations. All intra-segment transactions are eliminated on consolidation.

Owner-occupied property
Property held by the owner or by the lessee under a finance lease for use in the production or supply of goods or services or for administrative purposes.

Past service cost
The increase or decrease in the present value of the defined benefit obligation for employee service in prior periods resulting from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Policyholder
A party that has a right to compensation under an insurance contract if an insured event occurs.

Post-employment benefits
Employee benefits (other than termination benefits) that are payable after the completion of employment.

Post-employment benefit plans
Formal or informal arrangements under which an entity provides post-employment benefits to employees. Defined contribution benefit plans are where there are no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Present value
A current estimate of the present discounted value of the future net cash flows in the normal course of business.

Presentation currency
The currency in which the financial statements are presented.

Prior period error
An omission from or misstatement in the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorised for issue and could

Definitions *(continued)*

reasonably be expected to have been obtained and taken into account in the preparation of those financial statements.

Projected unit credit method
An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Prospective application
Applying a new accounting policy to transactions, other events and conditions occurring after the date the policy changed or recognising the effect of the change in an accounting estimate in the current and future periods.

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.

Recoverable amount
The higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use.

Regular way purchase or sale
A purchase or sale of a financial asset under a contract, the terms of which require delivery of the asset within the timeframe established by regulation or convention in the marketplace concerned.

Research
The original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Residual value
The estimated amount which an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Restructuring
A programme that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

Retrospective application
Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

Retrospective restatement
Correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

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.

Segment assets
Total assets less cash on hand, deferred and current taxation assets.

Segment liabilities
Non-interest-bearing current and non-current liabilities, (excluding deferred and current taxation liabilities) as well as interest-bearing liabilities of leasing businesses.

Segment result
Segment result represents operating profit plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations.

Share-based payment transactions
A cash settled share-based payment transaction is the acquisition of goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments.

An equity settled share-based payment transaction is a transaction where goods or services are received and settled in equity instruments of the entity (including shares or share options).

Tax base
The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or is the carrying amount of the asset if the economic benefits are not taxable.

The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods.

The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Temporary differences
The differences between the carrying amount of an asset or liability and its tax base.

Transaction costs
Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, i.e. those that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Treasury shares
An entity's own equity instruments, held by the entity or other members of the consolidated group.

Unearned finance income
The difference between the gross investment in the lease and the net investment in the lease.

Useful life
The period over which an asset is expected to be available for use or the number of production or similar units expected to be obtained from the asset.

Value in use
The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Vest
To become an entitlement. Under a share-based payment arrangement, a counterparty's rights to receive cash, other assets or equity instruments of the entity vests when the counterparty's entitlement is no longer conditional on the satisfaction of any vesting conditions.

Vesting conditions
The conditions that determine whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement. Vesting conditions are either service conditions or performance conditions. Service conditions require the counterparty to complete a specified period of service. Performance conditions require the counterparty to complete a specified period of service and specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time). A performance condition might include a market condition.

Vesting period
The period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

Consolidated seven-year summary

for the year ended 30 September

	2010 Rm	2009^ Rm	2008^ Rm	2007* Rm	2006* Rm	2005* Rm	2004* Rm
Statement of financial position							
Assets							
Property, plant and equipment	**7 575**	7 854	8 056	6 847	8 299	7 922	7 706
Goodwill and intangible assets	**2 375**	2 599	2 626	2 320	3 328	2 745	2 675
Investments in associates and joint ventures and other non-current assets	**921**	1 473	2 099	2 233	1 912	2 668	2 843
Deferred taxation assets	**755**	656	488	619	750	823	766
Non-current assets	**11 626**	12 582	13 269	12 019	14 289	14 158	13 990
Current assets	**14 012**	15 155	17 812	18 636	21 365	14 465	13 831
Assets classified as held for sale	**52**	2 358	2 876				
Total assets	**25 690**	30 095	33 957	30 655	35 654	28 623	27 821
Equity and liabilities							
Capital and reserves							
Share capital and premium	**295**	252	242	223	327	1 397	1 209
Reserves and retained income	**10 298**	11 601	12 606	10 918	13 342	10 089	9 308
Interest of shareholders of Barloworld Limited	**10 593**	11 853	12 848	11 141	13 669	11 486	10 517
Non-controlling interest	**233**	217	185	80	691	644	718
Interest of all shareholders	**10 826**	12 070	13 033	11 221	14 360	12 130	11 235
Non-current liabilities	**5 670**	6 486	6 252	6 638	7 920	7 761	7 540
Deferred taxation liabilities	**302**	249	266	610	870	905	795
Non-current liabilities	**5 368**	6 237	5 986	6 028	7 050	6 856	6 745
Current liabilities	**9 136**	10 030	12 676	12 796	13 374	8 732	9 046
Liabilities directly associated with assets classified as held for sale	**58**	1 509	1 996				
Total equity and liabilities	**25 690**	30 095	33 957	30 655	35 654	28 623	27 821

^ Restated for the treatment of IAS 7 and IAS 16.

** Not restated for accounting policy changes due to practical constraints.*

Consolidated seven-year summary *(continued)*

for the year ended 30 September

	Compound annual growth %	2010 Rm	2009^ Rm	2008^ Rm	2007* Rm	2006* Rm	2005* Rm	2004* Rm
Income statement#								
Continuing operations								
Revenue	7.2	**40 830**	45 269	50 107	39 757	32 452	29 211	26 970
Operating profit before items listed below (EBITDA)	16.9	**3 318**	4 061	4 689	2 277	1 807	1 572	1 302
Depreciation		**(1 736)**	(1 854)	(1 833)				
Amortisation of intangible assets		**(64)**	(61)	(52)				
Leasing interest classified as cost of sales		**(142)**	(152)	(153)				
Operating profit	0.9	**1 376**	1 994	2 651	2 277	1 807	1 572	1 302
Fair value adjustments on financial instruments		**(89)**	(201)	(80)	295	224	(50)	(108)
Finance costs	10.6	**(667)**	(938)	(889)	(631)	(435)	(333)	(365)
Income from investments		**84**	149	195	164	139	101	143
Profit before exceptional items	(5.2)	**704**	1 004	1 877	2 105	1 735	1 290	972
Exceptional items		**(176)**	22	(17)	(74)	116	(20)	(62)
Profit before taxation		**528**	1 026	1 860	2 031	1 851	1 270	910
Taxation		**(228)**	(248)	(675)	(697)	(556)	(364)	(354)
Profit after taxation		**300**	778	1 185	1 334	1 295	906	556
Income from associates and joint ventures		**16**	43	72	53	54	31	61
Net profit from continuing operations		**316**	821	1 257	1 387	1 349	937	617
Discontinued operations								
(Loss)/profit from discontinued operations		**(272)**	(82)	(11)	1 172	1 397	1 226	1 151
Net profit		**44**	739	1 246	2 559	2 746	2 163	1 768
Attributable to:								
Non-controlling interest in subsidiaries		**51**	68	14	289	389	314	258
Owners of Barloworld Limited		**(7)**	671	1 232	2 270	2 357	1 849	1 510
		44	739	1 246	2 559	2 746	2 163	1 768
Headline earnings from continuing operations	(13.5)	**443**	731	1 259	1 362	1 233	1 148	1 057
Statement of cash flows								
Cash flow from operations		**2 565**	2 284	90	3 888	4 931	3 576	3 153
Dividends paid (including non-controlling interest)		**(223)**	(434)	(622)	(2 629)	(1 295)	(1 197)	(871)
Net cash flow from operating activities		**2 342**	1 850	(532)	1 259	3 636	2 379	2 282
Net cash flow used in investing activities		**(56)**	(643)	(715)	(880)	(2 938)	(2 980)	(2 124)
Net cash flow (used in)/from financing activities		**(1 791)**	(647)	1 347	(988)	(224)	601	(258)
Net increase/(decrease) in cash and cash equivalents		**494**	560	100	(609)	474		(100)

^ Restated for the treatment of IAS 7 and IAS 16.

** 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)*

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 non-controlling 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
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.*

		2010	2009	2008	2007*	2006*	2005*	2004*
(000)		**209 469**	208 518	204 559	202 673	206 959	207 367	199 375
SA cents		**(3.3)**	321.8	602.2	1 120.0	1 138.9	891.7	757.4
US cents		**(0.4)**	36.2	81.1	155.9	173.4	143.6	114.2
SA cents		**126.5**	361.1	608.1	679.4	643.1	554.6	280.9
US cents		**16.9**	40.6	81.8	94.6	97.9	89.3	42.3
SA cents		**170.9**	282.5	614.0	1 181.2	1 170.8	887.8	853.7
US cents		**22.8**	31.8	82.6	164.4	178.2	143.0	128.7
SA cents		**211.5**	350.6	615.5	672.0	595.8	553.6	530.2
US cents		**28.3**	39.4	82.9	93.7	90.7	89.1	79.9
SA cents		**75**	110	250	375	600	455	380
US cents		**10.0**	12.4	33.7	52.2	91.3	73.3	57.3
times		**2.6**	3.0	2.9	3.1	2.0	2.0	2.2
SA cents		**5 032**	5 731	6 451	5 713	6 973	5 620	5 263
US cents		**721**	756	779	828	898	884	814
	Targets							
%		**3.1**	4.0	5.2	8.7	9.2	9.1	8.4
%	>5	**3.4**	4.4	5.3	5.7	5.1	6.2	5.9
times	>2.5	**2.2**	2.1	2.4	2.2	1.9	2.0	2.0
%	>18	**7.1**	9.1	15.1	20.2	19.5	18.6	17.5
%	>20	**11.4**	14.9	25.5	28.8	27.9	26.0	22.8
%	>15	**3.2**	4.8	13.6	18.9	18.0	16.8	14.8
%		**18.0**	24.3	14.4	23.0	26.3	43.1	36.6
%		**33.8**	22.2	32.7	28.5	28.9	30.2	25.9

Consolidated seven-year summary *(continued)*

Liquidity and leverage^	
Total liabilities to total shareholders' funds	Non-current liabilities – deferred tax liabilities + current liabilities / Interest of all shareholders
Net debt to total shareholders' funds	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans – cash and cash equivalents / 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	2010	2009	2008	2007*	2006*	2005*	2004*
%	<150	**134.0**	134.8	143.2	167.8	142.2	128.5	140.6
%		**46.6**	66.6	71.9	70.1	58.3	52.1	54.5
%		**64.5**	81.3	81.7	80.8	68.8	66.3	68.6
%	30 – 50	**34.0**	48.7	50.7	38.2	31.3	20.9	41.4
%	600 – 800	**480.9**	567.1	552.3	646.3	563.5	633.8	598.2
%	200 – 300	**202.0**	204.8	165.3	216.3	233.5	259.2	299.5
times	<2.5	**1.5**	2.0	1.8	1.3	1.4	1.3	1.4
years	<5	**2.7**	4.3	117.7	2.3	2.1	2.2	2.4
	>1	**1.5**	1.5	1.4	1.5	1.6	1.7	1.5
	>0.5	**1.0**	0.8	0.8	1.0	1.2	1.1	1.0
times	>3	**1.9**	1.9	3.1	3.8	3.6	3.9	3.0
times	>4	**2.0**	2.1	4.4	5.3	6.9	7.7	4.2
times	>1	**2.2**	2.2	1.6	1.6	1.3	1.6	1.5
times	>1.25	**1.4**	1.2	1.0	1.8	1.7	1.9	1.7
		18 167	18 918	20 471	21 960	25 716	25 963	25 233
R000's		**2 267.7**	2 372.2	2 479.6	2 108.4	1 720.9	1 472.6	1 452.2
R000's		**531.9**	609.5	575.5	681.0	531.4	474.9	452.2
R000's		**342.5**	358.2	320.2	350.8	268.6	252.0	250.5

Consolidated seven-year summary *(continued)*

for the year ended 30 September

Ordinary shares performance – JSE	
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 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 and 2004.

" *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.*

	2010	2009	2008	2007*	2006*	2005*	2004*
SA cents	**4 680**	4 900	6 450	12 960	12 950	11 629	7 800
US cents	**671**	647	779	1 879	1 667	1 829	1 205
SA cents	**5 615**	6 642	13 399	21 750	14 050	11 730	7 979
SA cents	**4 001**	2 451	5 900	10 651	10 010	7 790	5 610
million	**212**	209	208	204	201	209	204
million	**264**	331	293	204	234	187	147
Rm	**12 286**	13 827	26 423	32 111	27 465	18 230	9 902
%	**3.7**	5.8	9.5	9.1	9.0	7.6	10.9
%	**1.6**	2.2	3.9	2.9	4.6	3.9	4.9
%	**(4.5)**	(24.0)	(50.2)	0.1	11.4	49.1	37.4
%	**(2.9)**	(21.8)	(46.4)	78.6#	16.0	53.0	42.3
	29 456	24 911	23 836	29 959	22 375	16 875	11 761
%	**18.2**	4.5	(20.4)	43.5	43.5	43.5	31.8
%	**2.3**	3.9	3.7	2.4	2.5	2.5	2.7
%	**20.6**	8.4	(16.8)	36.3	35.0	46.0	34.5
times	**27.4**	17.3	10.5	11.0	11.1	13.1	9.1
	6.0	12.6	10.6	16.4	16.1	15.2	14.6
Rm	**9 910**	11 145	13 427	26 418	25 993	24 260	15 897
Rm	**(683)**	(708)	579	15 277	12 324	12 774	5 380

Consolidated summary in other currencies#

for the year ended 30 September

	US Dollar			Pound Sterling			Euro		
	2010 $m	2009* $m	2008* $m	**2010 £m**	2009* £m	2008* £m	**2010 €m**	2009* €m	2008* €m
Statement of financial position									
Assets									
Property, plant and equipment	**1 086**	1 037	973	**689**	648	546	**796**	709	693
Goodwill and intangible assets	**341**	343	317	**216**	214	178	**249**	235	226
Investment in associates and joint ventures and other non-current assets	**132**	194	253	**84**	122	142	**97**	133	180
Deferred taxation assets	**108**	87	59	**69**	54	33	**79**	59	42
Non-current assets	**1 667**	1 661	1 602	**1 058**	1 038	899	**1 221**	1 136	1 141
Current assets	**2 009**	2 000	2 152	**1 275**	1 250	1 207	**1 473**	1 368	1 532
Assets classified as held for sale	**7**	311	347	**5**	195	195	**5**	213	247
Total assets	**3 683**	3 972	4 101	**2 338**	2 483	2 301	**2 699**	2 718	2 920
Equity and liabilities									
Capital and reserves									
Share capital and premium	**42**	33	29	**27**	21	16	**31**	23	21
Reserves and retained income	**1 298**	1 245	1 149	**824**	778	644	**951**	852	818
Non-distributable reserves – foreign currency translation	**179**	286	374	**113**	179	210	**131**	196	266
Interest of shareholders of Barloworld Limited	**1 519**	1 564	1 552	**964**	978	870	**1 113**	1 071	1 105
Non-controlling interest	**33**	29	22	**21**	18	13	**24**	20	16
Interest of all shareholders	**1 552**	1 593	1 574	**985**	996	883	**1 137**	1 091	1 121
Non-current liabilities	**813**	856	755	**515**	535	424	**596**	585	538
Deferred taxation liabilities	**43**	33	32	**27**	20	18	**32**	22	23
Non-current liabilities	**770**	823	723	**488**	515	406	**564**	563	515
Current liabilities	**1 310**	1 324	1 531	**833**	827	859	**960**	906	1 089
Liabilities directly associated with assets classified as held for sale	**8**	199	241	**5**	125	135	**6**	136	172
Total equity and liabilities	**3 683**	3 972	4 101	**2 338**	2 483	2 301	**2 699**	2 718	2 920
Statement of cash flows									
Cash flow from operations	**343**	257	12	**220**	166	6	**252**	191	8
Dividends paid (including non-controlling interest)	**(30)**	(49)	(84)	**(19)**	(32)	(42)	**(22)**	(36)	(56)
Net cash flow from/(used in) operating activities	**313**	208	(72)	**201**	134	(36)	**230**	155	(48)
Net cash used in investing activities	**(8)**	(72)	(96)	**(5)**	(46)	(49)	**(6)**	(54)	(63)
Net cash flow (used in)/from financing activities	**(239)**	(73)	181	**(153)**	(47)	92	**(176)**	(54)	120
Net increase in cash and cash equivalents	**66**	63	13	**43**	41	7	**48**	47	9
Exchange rates used:									
Balance sheet – closing rate (rand)	**6.97**	7.58	8.28	**10.99**	12.12	14.76	**9.52**	11.08	11.63
Income statement and cash flow statement – average rate (rand)	**7.49**	8.89	7.43	**11.68**	13.72	14.68	**10.16**	11.97	11.21

** Restated for the treatment of IAS 7 and IAS 16.*

 # These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African rand.

Consolidated summary in other currencies# *(continued)*

for the year ended 30 September

	US Dollar			Pound Sterling			Euro		
	2010	2009*	2008*	**2010**	2009*	2008*	**2010**	2009*	2008*
	$m	$m	$m	**£m**	£m	£m	**€m**	€m	€m
Income statement									
Continuing operations									
Revenue	**5 454**	5 092	6 746	**3 497**	3 299	3 413	**4 018**	3 782	4 469
Operating profit before items listed below (EBITDA)	**443**	457	632	**284**	297	320	**327**	338	418
Depreciation	**(232)**	(209)	(247)	**(149)**	(135)	(125)	**(171)**	(155)	(163)
Amortisation of intangible assets	**(9)**	(7)	(7)	**(5)**	(5)	(4)	**(6)**	(4)	(5)
Leasing interest classified as cost of sales	**(19)**	(17)	(21)	**(12)**	(11)	(10)	**(14)**	(13)	(14)
Operating profit	**183**	224	357	**118**	146	181	**136**	166	236
Fair value adjustments on financial instruments	**(12)**	(23)	(11)	**(8)**	(15)	(5)	**(9)**	(17)	(7)
Finance costs	**(89)**	(106)	(120)	**(57)**	(68)	(61)	**(66)**	(78)	(79)
Income from investments	**11**	17	26	**7**	11	13	**8**	12	17
Profit before exceptional items	**93**	112	252	**60**	74	128	**69**	83	167
Exceptional items	**(24)**	2	(2)	**(15)**	2	(1)	**(17)**	2	(1)
Profit before taxation	**69**	114	250	**45**	76	127	**52**	85	166
Taxation	**(27)**	(23)	(82)	**(17)**	(15)	(41)	**(20)**	(17)	(54)
Secondary taxation on companies	**(3)**	(5)	(9)	**(2)**	(3)	(5)	**(2)**	(3)	(6)
Profit after taxation	**39**	86	159	**26**	58	81	**31**	65	106
Income from associates and joint ventures	**2**	5	10	**1**	3	5	**2**	4	6
Net profit from continuing operations	**41**	91	169	**27**	61	86	**32**	69	112
Discontinued operations									
Loss from discontinued operations	**(36)**	(9)	(1)	**(23)**	(6)	(1)	**(27)**	(7)	(1)
Net profit	**5**	82	168	**4**	55	85	**5**	62	111
Attributable to:									
Non-controlling interest in subsidiaries	**7**	8	2	**4**	5	1	**5**	6	1
Owners of Barloworld Limited	**(2)**	74	166		50	84		56	110
	5	82	168	**4**	55	85	**5**	62	111
Headline earnings from continuing operations	**59**	82	169	**38**	53	86	**44**	61	112
Earnings per share from continuing operations (cents)	**16.9**	40.6	81.8	**10.8**	26.3	41.4	**12.4**	30.2	54.2
Headline earnings per share from continuing operations (cents)	**28.3**	39.4	82.6	**18.1**	25.6	42.0	**20.8**	29.3	54.8
Ordinary dividends per share (cents)	**10.0**	12.4	33.7	**6.4**	8.0	17.0	**7.4**	9.2	22.3

** Restated for the treatment of IAS 7 and IAS 16.*

 # These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African rand.

Consolidated statement of financial position

at 30 September

	Notes	2010 Rm	2009* Rm	2008* Rm
Assets				
Non-current assets		**11 626**	12 582	13 269
Property, plant and equipment	2	**7 575**	7 854	8 056
Goodwill	3	**2 078**	2 319	2 421
Intangible assets	4	**297**	280	205
Investment in associates and joint ventures	5	**552**	731	1 095
Finance lease receivables	6	**236**	463	436
Long-term financial assets	7	**133**	279	568
Deferred taxation assets	8	**755**	656	488
Current assets		**14 012**	15 155	17 812
Vehicle rental fleet	2	**1 679**	1 692	1 934
Inventories	9	**5 318**	7 036	7 775
Trade and other receivables	10	**5 030**	4 747	6 854
Taxation		**57**	53	11
Cash and cash equivalents	11	**1 928**	1 627	1 238
Assets classified as held for sale	12	**52**	2 358	2 876
Total assets		**25 690**	30 095	33 957
Equity and liabilities				
Capital and reserves				
Share capital and premium	13	**295**	252	242
Other reserves		**1 750**	2 688	3 745
Retained income		**8 548**	8 913	8 861
Interest of shareholders of Barloworld Limited		**10 593**	11 853	12 848
Non-controlling interest		**233**	217	185
Interest of all shareholders		**10 826**	12 070	13 033
Non-current liabilities		**5 670**	6 486	6 252
Interest-bearing	14	**4 285**	5 278	5 022
Deferred taxation liabilities	8	**302**	249	266
Provisions	15	**217**	185	325
Other non-interest-bearing	16	**866**	774	639
Current liabilities		**9 136**	10 030	12 676
Trade and other payables	17	**5 807**	5 775	7 335
Provisions	15	**476**	580	731
Taxation		**161**	108	344
Amounts due to bankers and short-term loans	18	**2 692**	3 567	4 266
Liabilities directly associated with assets classified as held for sale	12	**58**	1 509	1 996
Total equity and liabilities		**25 690**	30 095	33 957

** Restated for the treatment of IAS 16 (refer note 34).*

Consolidated income statement

for the year ended 30 September

	Notes	**2010 Rm**	2009* Rm	2008* Rm
Continuing operations				
Revenue	19	**40 830**	45 269	50 107
Operating profit before items listed below (EBITDA)		**3 318**	4 061	4 689
Depreciation		**(1 736)**	(1 854)	(1 833)
Amortisation of intangible assets		**(64)**	(61)	(52)
Leasing interest classified as cost of sales		**(142)**	(152)	(153)
Operating profit	20	**1 376**	1 994	2 651
Fair value adjustments on financial instruments	21	**(89)**	(201)	(80)
Finance costs	22	**(667)**	(938)	(889)
Income from investments	23	**84**	149	195
Profit before exceptional items		**704**	1 004	1 877
Exceptional items	24	**(176)**	22	(17)
Profit before taxation		**528**	1 026	1 860
Taxation	25	**(203)**	(207)	(608)
Secondary taxation on companies	25	**(25)**	(41)	(67)
Profit after taxation		**300**	778	1 185
Income from associates and joint ventures	5	**16**	43	72
Net profit from continuing operations		**316**	821	1 257
Discontinued operations				
Loss from discontinued operations	12	**(272)**	(82)	(11)
Net profit		**44**	739	1 246
Attributable to:				
Non-controlling interests in subsidiaries		**51**	68	14
Owners of Barloworld Limited	28	**(7)**	671	1 232
		44	739	1 246
(Loss)/earnings per share (cents)				
– basic	26	**(3.3)**	321.8	602.2
– diluted	26	**(3.3)**	319.6	594.5
Earnings per share from continuing operations (cents)				
– basic	26	**126.5**	361.1	608.1
– diluted	26	**126.1**	358.6	600.3
(Loss)/earnings per share from discontinued operations (cents)				
– basic	26	**(129.9)**	(39.3)	(5.9)
– diluted	26	**(129.9)**	(39.0)	(5.8)

** Restated for the treatment of IAS 16 (refer note 34).*

Consolidated statement of comprehensive income

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
Profit for the year	**44**	739	1 246
Other comprehensive income			
Exchange (losses)/gains on translation of foreign operations	**(820)**	(926)	934
Translation reserves realised on disposal of foreign subsidiaries	**(102)**		(201)
(Loss)/gain on cash flow hedges	**(24)**	(105)	81
Deferred taxation on cash flow hedges	**8**	25	(20)
Loss on revaluation of available for sale investments		(1)	
Net actuarial losses on post-retirement benefit obligations	**(176)**	(232)	(96)
Actuarial losses on post-retirement benefit obligations	**(238)**	(321)	(133)
Taxation effect of net actuarial losses	**62**	89	37
Other comprehensive income for the year, net of taxation	**(1 114)**	(1 239)	698
Total comprehensive income for the year	**(1 070)**	(500)	1 944
Attributable to:			
Non-controlling interest	**51**	68	14
Barloworld Limited shareholders	**(1 121)**	(568)	1 930
	(1 070)	(500)	1 944

Consolidated statement of cash flows

for the year ended 30 September

	Notes	2010 Rm	2009* Rm	2008* Rm
Cash flows from operating activities				
Cash receipts from customers		**41 707**	45 525	46 589
Cash paid to employees and suppliers		**(37 181)**	(40 795)	(42 600)
Cash generated from operations before investment in rental assets	A	**4 526**	4 730	3 989
Net investment in fleet leasing assets	B	**(847)**	(760)	(1 378)
Net investment in vehicle rental fleet	B	**(209)**	(69)	(768)
Cash generated from operations		**3 470**	3 901	1 843
Finance costs		**(691)**	(994)	(980)
Realised fair value adjustments on financial instruments		**(102)**	(180)	(157)
Dividends received from investments and associates		**6**	14	26
Interest received		**82**	146	188
Taxation paid	C	**(200)**	(603)	(830)
Cash flow from operations		**2 565**	2 284	90
Dividends paid (including non-controlling interest)		**(223)**	(434)	(622)
Cash retained from operating activities		**2 342**	1 850	(532)
Cash flows from investing activities				
Acquisition of subsidiaries, investments and intangibles^	D	**(3)**	219	(996)
Proceeds on disposal of subsidiaries, investments and intangibles	E	**309**	7	1 098
Net investment in leasing receivables		**135**	(139)	(13)
Acquisition of other property, plant and equipment		**(565)**	(910)	(973)
Replacement capital expenditure		**(346)**	(522)	(305)
Expansion capital expenditure		**(219)**	(388)	(668)
Proceeds on disposal of property, plant and equipment		**68**	180	169
Net cash used in investing activities		**(56)**	(643)	(715)
Net cash inflow/(outflow) before financing activities		**2 286**	1 207	(1 247)
Cash flows from financing activities				
Proceeds on share issue		**43**	12	23
Pension fund payment				(759)
Proceeds from long-term borrowings		**1 920**	4 379	3 298
Repayment of long-term borrowings		**(2 928)**	(4 328)	(1 285)
(Decrease)/increase in short-term interest-bearing liabilities		**(826)**	(710)	70
Net cash (used in)/from financing activities		**(1 791)**	(647)	1 347
Net increase in cash and cash equivalents		**495**	560	100
Cash and cash equivalents at beginning of year		**1 627**	1 238	1 201
Cash and cash equivalents held for sale at beginning of year		**145**	31	
Effect of foreign exchange rate movement on cash balances		**(106)**	(57)	54
Effect of cash balances classified as held for sale		**(6)**	(145)	(31)
Effect of unbundling of Coatings on cash balances				(86)
Effect of disposal of car rental Scandinavia on cash balances		**(227)**		
Cash and cash equivalents at end of year		**1 928**	1 627	1 238
Cash balances not available for use due to reserving restrictions		**413**	360	292

^ This movement includes the repayment of loans by joint ventures and associates.

** Restated for the treatment of IAS 7 (refer note 34).*

Consolidated statement of cash flows *(continued)*

for the year ended 30 September

	2010 Rm	2009* Rm	2008* Rm
Cash flows from operating activities (before dividends paid)			
Per business segment:			
Continuing operations			
– Equipment	**2 383**	1 198	(412)
– Automotive	**56**	1 064	81
– Handling	**206**	(214)	530
– Logistics	**33**	251	145
– Corporate	**(308)**	(187)	(191)
Total continuing operations	**2 370**	2 112	153
Discontinued operations			
– Car rental – Scandinavia	**195**	172	(142)
– Coatings			(5)
– Scientific			84
Total discontinued operations	**195**	172	(63)
Total group	**2 565**	2 284	90
Cash flows from investing activities			
Per business segment:			
Continuing operations			
– Equipment	**3**	(179)	(295)
– Automotive	**(110)**	(144)	(556)
– Handling	**60**	(77)	(168)
– Logistics	**(97)**	(63)	(795)
– Corporate	**(95)**	(163)	58
Total continuing operations	**(239)**	(626)	(1 756)
Discontinued operations			
– Car rental – Scandinavia	**183**	(17)	(8)
– Coatings			(24)
– Scientific			1 073
Total discontinued operations	**183**	(17)	1 041
Total group	**(56)**	(643)	(715)
Cash flows from financing activities			
Per business segment:			
Continuing operations			
– Equipment	**(2 178)**	(433)	1 630
– Automotive	**158**	(904)	762
– Handling	**(252)**	61	(87)
– Logistics	**83**	(178)	773
– Corporate	**490**	847	(1 178)
Total continuing operations	**(1 699)**	(607)	1 900
Discontinued operations			
– Car rental – Scandinavia	**(92)**	(40)	141
– Coatings			86
– Scientific			(780)
Total discontinued operations	**(92)**	(40)	(553)
Total group	**(1 791)**	(647)	1 347

** Restated for the treatment of IAS 7 (refer note 34).*

Notes to the consolidated statement of cash flows

for the year ended 30 September

	2010 Rm	2009* Rm	2008* Rm
A. Cash generated from operations is calculated as follows:			
Profit before taxation – continuing operations	**528**	1 026	1 860
Loss before taxation – discontinued operations	**(109)**	(182)	(335)
Adjustments for:			
Depreciation	**1 926**	2 145	2 121
Amortisation of intangible assets	**67**	65	57
Loss/(profit) on disposal of plant and equipment and intangibles	**2**	(1)	(1)
Profit on disposal of properties	**(22)**	(18)	(30)
Profit on disposal of subsidiaries and investments	**(38)**		
Dividends received	**(6)**	(14)	(26)
Interest received	**(82)**	(146)	(188)
Finance costs	**691**	994	980
Fair value adjustments on financial instruments	**89**	202	83
Asset impairments/(reversal)	**236**	(4)	382
IFRS 2 charge	**24**	6	337
Non-cash movement in provisions	**154**	(233)	155
Other non-cash flow items	**(3)**	5	27
Operating cash flows before movements in working capital	**3 457**	3 845	5 422
Continuing operations	**3 344**	3 661	5 055
Discontinued operations	**113**	184	367
Decrease/(increase) in working capital	**1 069**	885	(1 433)
Decrease/(increase) in inventories	**1 296**	525	(1 151)
(Increase)/decrease in receivables	**(343)**	2 195	(887)
Increase/(decrease) in payables	**116**	(1 835)	605
Cash generated from operations before investment in rental assets	**4 526**	4 730	3 989
B. Net investment in fleet leasing and rental assets:			
Net investment in fleet leasing and equipment rental assets	**(847)**	(760)	(1 378)
Additions to fleet leasing and equipment rental assets	**(1 791)**	(2 213)	(2 983)
Less: Proceeds on disposal of fleet leasing and equipment rental assets	**944**	1 453	1 605
Net investment in vehicle rental fleet	**(209)**	(69)	(768)
Additions to vehicle rental fleet during the year	**(3 285)**	(3 387)	(4 515)
Less: Proceeds on disposal of vehicle rental fleet	**3 076**	3 318	3 747
Net investment in fleet leasing and rental assets	**(1 056)**	(829)	(2 146)
C. Taxation paid is reconciled to the amounts disclosed in the income statement as follows:			
Amounts unpaid less overpaid at beginning of year	**(53)**	(325)	(430)
Per the income statement (excluding deferred taxation)	**(250)**	(362)	(756)
Adjustments in respect of subsidiaries acquired and sold including translation adjustments	**(2)**	31	(3)
Effect of unbundling			34
Amounts unpaid less overpaid at end of year	**105**	53	325
Cash amounts paid	**(200)**	(603)	(830)

** Restated for the treatment of IAS 7 (refer note 34).*

Notes to the consolidated statement of cash flows *(continued)*

for the year ended 30 September

		2010 Rm	2009* Rm	2008* Rm
D.	**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 non-controlling interest			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^	**3**	(219)	285
	Cash amounts paid/(received) to acquire subsidiaries, investments and intangibles	**3**	(219)	996
	Bank balances and cash in subsidiaries acquired			98
E.	**Proceeds on disposal of subsidiaries, investments and intangibles:**			
	Inventories disposed	**18**	96	271
	Finance lease receivables disposed			259
	Receivables disposed	**461**	52	298
	Payables, taxation and deferred taxation balances disposed	**(424)**	(31)	(209)
	Borrowings net of cash	**(577)**	(117)	(189)
	Property, plant and equipment, non-current assets, goodwill and intangibles	**1 187**	4	322
	Net assets disposed	**665**	4	752
	Less: Non-cash translation reserves realised on disposal of foreign subsidiaries	**(102)**		
	Less: Non-cash consideration on deconsolidation of subsidiary	**(180)**	(2)	(26)
	Total net assets disposed	**383**	2	726
	(Loss)/profit on disposal	**(186)**		370
	Net cash proceeds on disposal of subsidiaries	**197**	2	1 096
	Proceeds on disposal of investments and intangibles	**112**	5	2
	Cash proceeds on disposal of subsidiaries, investments and intangibles	**309**	7	1 098

^ This movement includes the repayment of loans by joint ventures and associates.

** Restated for the treatment of IAS 7 (refer note 34).*

Consolidated statement of changes in equity

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	Legal and other reserves Rm	Equity compensation reserves Rm	Total other reserves Rm	Retained income Rm	Net actuarial losses on post-retirement benefits Rm	Total retained income Rm	**Attributable to Barloworld Limited shareholders Rm**	Non-controlling interest Rm	**Interest of all shareholders Rm**
Balance at 1 October 2007		223	2 362	3	(34)	347	(94)	2 584	8 943	(609)	8 334	11 141	80	11 221
Movement on foreign currency translation reserve			934					934				934		934
Translation reserves realised on disposal of foreign subsidiaries			(201)					(201)				(201)		(201)
Increase in fair value of hedging instruments					81			81				81		81
Deferred taxation charge to other comprehensive income					(20)			(20)				(20)		(20)
Net actuarial losses on post-retirement benefit obligations										(96)	(96)	(96)		(96)
Other comprehensive income			733		61			794		(96)	(96)	698		698
Profit for the year									1 232		1 232	1 232	14	1 246
Total comprehensive income for the year			733		61			794	1 232	(96)	1 136	1 930	14	1 944
Purchase of non-controlling interest in subsidiaries													136	136
Other reserve movements		(4)				55	(25)	30	53		53	79	(16)	63
Dividends	27								(614)		(614)	(614)	(8)	(622)
Effect of Coatings unbundling									(48)		(48)	(48)	(21)	(69)
BEE charge in terms of IFRS 2							337	337				337		337
Shares issued in current year	13	23										23		23
Balance at 30 September 2008		242	3 095	3	27	402	218	3 745	9 566	(705)	8 861	12 848	185	13 033
Changes in equity recognised during 2009														
Movement on foreign currency translation reserve			(926)					(926)				(926)		(926)
Decrease in fair value of hedging instruments					(105)			(105)				(105)		(105)
Decrease in fair value of available for sale investments				(1)				(1)				(1)		(1)
Deferred taxation charge to other comprehensive income					25			25				25		25
Net actuarial losses on post-retirement benefit obligations										(232)	(232)	(232)		(232)
Other comprehensive income			(926)	(1)	(80)			(1 007)		(232)	(232)	(1 239)		(1 239)
Profit for the year									671		671	671	68	739
Total comprehensive income for the year			(926)	(1)	(80)			(1 007)	671	(232)	439	(568)	68	(500)
Other reserve movements		(2)				(43)	(13)	(56)	9		9	(49)	2	(47)
Dividends	27								(396)		(396)	(396)	(38)	(434)
BEE charge in terms of IFRS 2							6	6				6		6
Shares issued in current year	13	12										12		12
Balance at 30 September 2009		252	2 169	2	(53)	359	211	2 688	9 850	(937)	8 913	11 853	217	12 070
Changes in equity recognised during 2010														
Movement on foreign currency translation reserve			(820)					(820)				(820)		(820)
Translation reserves realised on disposal of foreign subsidiaries			(102)					(102)				(102)		(102)
Decrease in fair value of hedging instruments					(24)			(24)				(24)		(24)
Deferred taxation charge to other comprehensive income					8			8				8		8
Net actuarial losses on post-retirement benefit obligations										(176)	(176)	(176)		(176)
Other comprehensive income			(922)		(16)			(938)		(176)	(176)	(1 114)		(1 114)
Profit for the year									(7)		(7)	(7)	51	44
Total comprehensive income for the year			(922)		(16)			(938)	(7)	(176)	(183)	(1 121)	51	(1 070)
Other reserve movements						(14)	8	(6)	7		7	1	(1)	
Dividends	27								(189)		(189)	(189)	(34)	(223)
BEE charge in terms of IFRS 2							6	6				6		6
Shares issued in current year	13	43										43		43
Balance at 30 September 2010		295	1 247	2	(69)	345	225	1 750	9 661	(1 113)	8 548	10 593	233	10 826

Notes to the consolidated annual financial statements#

for the year ended 30 September

	Continuing operations											
	Consolidated*			Eliminations			Equipment			Automotive Motor retail		
R million	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
1. Operating# and geographical segments**												
Revenue												
Southern Africa	**28 643**	30 758	31 817				**8 379**	11 187	12 164	**12 341**	11 525	11 736
Europe	**7 010**	9 848	13 579				**3 854**	5 892	8 969			
North America	**1 440**	1 726	1 862									
Australia and Asia	**3 737**	2 937	2 849							**3 737**	2 937	2 849
	40 830	45 269	50 107				**12 233**	17 079	21 133	**16 078**	14 462	14 585
Inter-segment revenue***				**(943)**	(1 172)	(1 259)	**529**	760	407	**28**	51	74
	40 830	45 269	50 107	**(943)**	(1 172)	(1 259)	**12 762**	17 839	21 540	**16 106**	14 513	14 659
Segment result												
Operating profit/(loss)												
Southern Africa	**1 466**	2 056	1 967				**725**	1 282	1 523	**258**	232	143
Europe	**(153)**	(67)	586				**(69)**	11	534			
North America	**(19)**	(54)	36									
Australia and Asia	**82**	59	62							**82**	59	62
Operating profit/(loss)	**1 376**	1 994	2 651				**656**	1 293	2 057	**340**	291	205
Fair value adjustments on financial instruments	**(89)**	(201)	(80)				**(58)**	(151)	49	**5**	2	10
Total segment result	**1 287**	1 793	2 571				**598**	1 142	2 106	**345**	293	215
By geographical region												
Southern Africa	**1 385**	1 856	1 879				**666**	1 128	1 570	**263**	234	153
Europe	**(161)**	(68)	594				**(68)**	14	536			
North America	**(19)**	(54)	36									
Australia and Asia	**82**	59	62							**82**	59	62
Total segment result	**1 287**	1 793	2 571				**598**	1 142	2 106	**345**	293	215
Income from associates and joint ventures	**16**	43	72				**8**	51	62		(6)	8
Segment result including associate income	**1 303**	1 836	2 643				**606**	1 193	2 168	**345**	287	223
Finance costs	**(667)**	(938)	(889)									
Income from investments	**84**	149	195									
Exceptional items	**(176)**	22	(17)									
	544	1 069	1 932									
Taxation	**(228)**	(248)	(675)									
Net profit	**316**	821	1 257									
Non-cash expenses per segment												
Depreciation	**1 736**	1 854	1 833				**373**	481	488	**85**	83	64
Amortisation of intangibles	**64**	61	52				**18**	25	21	**5**	4	4
Impairment losses/(reversals)	**236**	(4)	47				**44**	(21)	19			3

* *The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.*

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

*** *Inter segment revenue is priced on an arm's length basis.*

^ *The Logistics acquisitions made during 2008 in the Middle East and Asia have been included under Europe.*

\# *The group has adopted IFRS 8 operating segments (Note 34).*

	Continuing operations																	
	Automotive						Handling						Logistics^			Corporate		
	Car rental southern Africa			Leasing			Trading			Leasing								
	2010	2009	2008	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
	3 204	3 059	3 069	**1 545**	1 552	1 275	**912**	1 156	1 520				**2 256**	2 257	1 970	**6**	22	83
							1 693	2 067	3 249	**41**	59	123	**1 422**	1 830	1 238			
							1 440	1 725	1 861		1	1						
	3 204	3 059	3 069	**1 545**	1 552	1 275	**4 045**	4 948	6 630	**41**	60	124	**3 678**	4 087	3 208	**6**	22	83
	3	6	9	**54**			**33**	54	91				**65**	81	400	**231**	220	278
	3 207	3 065	3 078	**1 599**	1 552	1 275	**4 078**	5 002	6 721	**41**	60	124	**3 743**	4 168	3 608	**237**	242	361
	283	254	250	**149**	158	85	**42**	80	124				**50**	92	105	**(41)**	(42)	(263)
							(65)	(76)	8	**25**	23	4	**(40)**	(15)	30	**(4)**	(10)	10
							(18)	(54)	40	**(1)**		(4)						
	283	254	250	**149**	158	85	**(41)**	(50)	172	**24**	23		**10**	77	135	**(45)**	(52)	(253)
	(1)	(1)	(7)	**(2)**	(3)	1	**(28)**	(29)	(25)				**(7)**	(6)	1	**2**	(13)	(109)
	282	253	243	**147**	155	86	**(69)**	(79)	147	**24**	23		**3**	71	136	**(43)**	(65)	(362)
	282	253	243	**147**	155	86	**13**	51	99				**45**	91	105	**(31)**	(56)	(377)
							(64)	(76)	8	**25**	23	4	**(42)**	(20)	31	**(12)**	(9)	15
							(18)	(54)	40	**(1)**		(4)						
	282	253	243	**147**	155	86	**(69)**	(79)	147	**24**	23		**3**	71	136	**(43)**	(65)	(362)
	(1)			**5**	(5)	(2)	**3**	4	3							**1**	(1)	1
	281	253	243	**152**	150	84	**(66)**	(75)	150	**24**	23		**3**	71	136	**(42)**	(66)	(361)
	452	411	454	**512**	476	413	**221**	300	312	**16**	22	31	**59**	68	53	**18**	13	18
	4	3	1	**1**	1	1	**10**	8	8				**23**	18	15	**3**	2	2
									6				**192**		2		17	17

Notes to the consolidated annual financial statements# *(continued)*

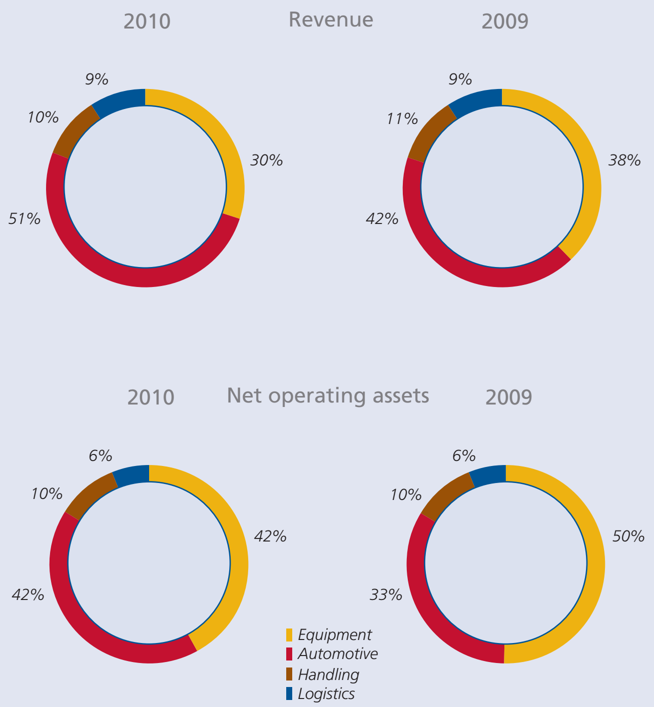
for the year ended 30 September

	Discontinued operations								
	Automotive Car rental Scandinavia			Coatings			Scientific		
R million	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
1. Operating# and geographical segments (continued)**									
Revenue									
Southern Africa						517			
Europe	**1 219**	1 451	1 772						193
North America									16
	1 219	1 451	1 772			517			209
Segment result									
Operating profit/(loss)									
Southern Africa						78			
Europe	**(89)**	(135)	(10)						14
North America									(1)
Operating profit/(loss)	**(89)**	(135)	(10)			78			13
Fair value adjustments on financial instruments		(1)	(2)			(1)			
Total segment result	**(89)**	(136)	(12)			77			13
By geographical region									
Southern Africa						77			
Europe	**(89)**	(136)	(12)						14
North America									(1)
Total segment result	**(89)**	(136)	(12)			77			13
Income from associates and joint ventures						5			
Segment result including associate income	**(89)**	(136)	(12)			82			13
Non-cash expenses per segment									
Depreciation	**190**	291	274			8			6
Amortisation of intangibles	**3**	4				3			
Impairment losses/(reversals)			335						

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

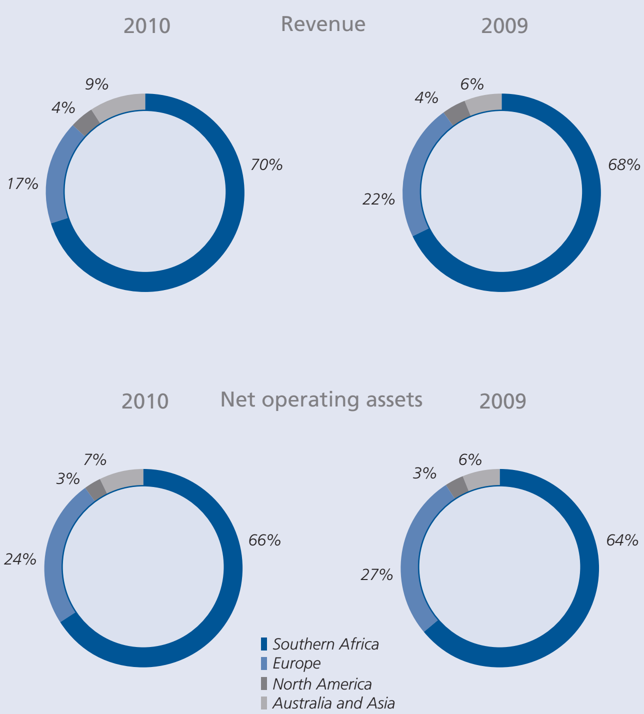
The group has adopted IFRS 8 operating segments (Note 34).

Segmental analysis – continuing operations



Reduction in equipment inventories commensurate with the decline in revenue

Geographical analysis – continuing operations



Solid performances from our southern African operations

Notes to the consolidated annual financial statements# *(continued)*

for the year ended 30 September

	Continuing operations								
	Consolidated*			Equipment			Automotive		
							Motor retail		
R million	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
1. Operating# and geographical segments**									
Assets									
Property, plant and equipment	**7 575**	7 854	8 056	**1 777**	2 178	2 590	**1 647**	1 671	1 534
Goodwill	**2 078**	2 319	2 421	**184**	207	239	**244**	244	244
Intangible assets	**297**	280	205	**54**	59	68	**9**	13	14
Investment in associates and joint ventures	**552**	731	1 095	**512**	680	822		(5)	7
Long-term finance lease receivables	**236**	463	436	**45**	102				
Long-term financial assets	**133**	279	568	**14**	23	17			1
Vehicle rental fleet	**1 679**	1 692	1 934						
Inventories	**5 318**	7 036	7 775	**2 623**	4 386	5 010	**1 939**	1 711	1 750
Trade and other receivables	**5 030**	4 747	6 854	**2 575**	2 430	3 817	**450**	444	490
Assets classified as held for sale	**52**	2 358	2 876					8	181
Segment assets	**22 950**	27 759	32 220	**7 784**	10 065	12 563	**4 289**	4 086	4 221
By geographical region									
Southern Africa	**15 798**	16 671	18 267	**4 517**	5 903	6 444	**3 115**	2 979	3 127
Europe	**5 373**	9 278	11 888	**3 267**	4 162	6 119			
North America	**605**	703	971						
Australia and Asia	**1 174**	1 107	1 094				**1 174**	1 107	1 094
Total segment assets	**22 950**	27 759	32 220	**7 784**	10 065	12 563	**4 289**	4 086	4 221
Taxation	**57**	53	11						
Deferred taxation assets	**755**	656	488						
Cash and cash equivalents	**1 928**	1 627	1 238						
Consolidated total assets	**25 690**	30 095	33 957						
Liabilities									
Interest-bearing liabilities (Leasing)	**1 993**	2 029	2 016						
Long-term non-interest bearing incl provisions	**1 083**	959	964	**108**	98	162	**58**	57	57
Trade and other payables incl provisions	**6 283**	6 355	8 066	**2 060**	1 802	3 251	**1 624**	1 401	1 215
Liabilities directly associated with assets classified as held for sale*	**58**	1 509	1 996						116
Segment liabilities	**9 417**	10 852	13 042	**2 168**	1 900	3 413	**1 682**	1 458	1 388
By geographical region									
Southern Africa	**6 923**	6 401	7 822	**1 527**	1 200	2 266	**1 516**	1 297	1 277
Europe	**2 107**	4 067	4 756	**641**	700	1 147			
North America	**221**	223	353						
Australia and Asia	**166**	161	111				**166**	161	111
Total segment liabilities	**9 417**	10 852	13 042	**2 168**	1 900	3 413	**1 682**	1 458	1 388
Interest-bearing liabilities (excluding leasing and held for sale amounts)	**4 984**	6 816	7 272						
Deferred taxation liabilities	**302**	249	266						
Taxation	**161**	108	344						
Consolidated total liabilities	**14 864**	18 025	20 924						
Capital additions									
Southern Africa	**4 086**	4 397	5 269	**326**	370	923	**68**	179	275
Europe	**1 495**	2 058	2 820	**245**	360	523			
North America	**52**	102	118						
Australia and Asia	**9**	19	138				**9**	19	138
	5 642	6 576	8 345	**571**	730	1 446	**77**	198	413

* *The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.*

** *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.*

\# *The group has adopted IFRS 8 operating segments (Note 34).*

Continuing operations																	
Automotive						Handling						Logistics^			Corporate		
Car rental southern Africa			Leasing			Trading			Leasing								
2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
393	348	283	2 171	2 039	1 895	686	838	1 018	26	41	68	280	314	366	595	425	302
784	784	784	282	282	282	143	157	187				441	645	685			
11	7	3	1	1	2	83	84	17				120	80	76	19	36	25
1	2	2	4	2	225	28	28	26				2	2	2	5	22	11
			97	103	85	16	19		78	239	339						12
20	41	42				53	64	53	15	20	109	4	7	16	27	124	330
1 679	1 692	1 934															
134	108	144	24	32	55	595	790	812		1	(14)	3	5	7		3	11
349	351	513	183	192	176	478	503	773	181	126	114	763	813	1 065	51	(112)	(94)
										5	13	52					
3 371	3 333	3 705	2 762	2 651	2 720	2 082	2 483	2 886	300	432	629	1 665	1 866	2 217	697	498	597
3 371	3 333	3 705	2 762	2 651	2 720	616	779	662				922	936	1 030	495	90	579
						872	1 016	1 272	289	417	610	743	930	1 187	202	408	18
						594	688	952	11	15	19						
3 371	3 333	3 705	2 762	2 651	2 720	2 082	2 483	2 886	300	432	629	1 665	1 866	2 217	697	498	597
			1 828	1 754	1 672				165	275	344						
55	14	12	167	193	334	56	71	106	45	72	185	6	5	15	588	449	93
736	1 053	844	326	317	348	779	802	1 247	11	16	24	746	812	917	1	152	220
												58					
791	1 067	856	2 321	2 264	2 354	835	873	1 353	221	363	553	810	817	932	589	601	313
791	1 067	856	2 321	2 264	2 354	247	261	403				524	594	600	(3)	(282)	66
						388	423	636	200	329	514	286	223	332	592	883	247
						200	189	314	21	34	39						
791	1 067	856	2 321	2 264	2 354	835	873	1 353	221	363	553	810	817	932	589	601	313
2 287	2 061	2 403	1 021	1 270	1 220	164	243	269				39	79	84	181	195	72
						90	238	216	10	6	11	5	17	21			
						52	102	118									
2 287	2 061	2 403	1 021	1 270	1 220	306	583	603	10	6	11	44	96	105	181	195	72

Notes to the consolidated annual financial statements# *(continued)*

for the year ended 30 September

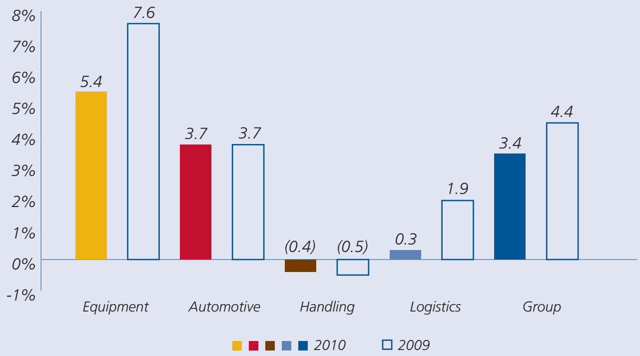
	Discontinued operations								
	Automotive Car rental Scandinavia			Coatings			Scientific		
R million	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
1. Operating# and geographical segments (continued)**									
Assets									
Assets classified as held for sale		2 345	2 682						
Segment assets		2 345	2 682						
By geographical region									
Europe		2 345	2 682						
Total segment assets		2 345	2 682						
Liabilities									
Liabilities directly associated with assets classified as held for sale		1 509	1 880						
Segment liabilities		1 509	1 880						
By geographical region									
Europe		1 509	1 880						
Total segment liabilities		1 509	1 880						
Capital additions									
Southern Africa						23			
Europe	**1 145**	1 437	2 045						4
	1 145	1 437	2 045			23			4

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

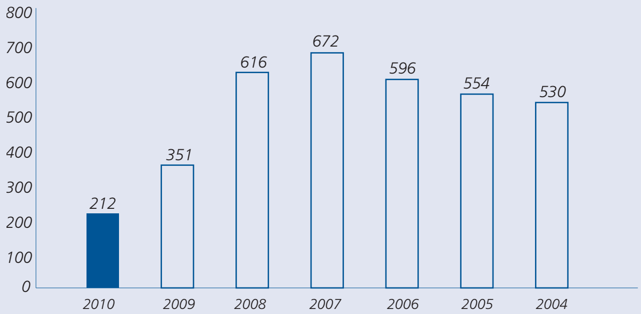
\# *The group has adopted IFRS 8 operating segments (Note 34).*

Automotive margins hold up well in difficult markets

Operating margin – continuing operations (%)



Headline earnings per share – continuing operations (cents)



Recessionary conditions weaken headline earnings per share from continuing operations

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

1. Operating 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 statement of financial position and income statement in order to set appropriate gearing and interest cover targets. For this purpose three broad segments have been defined namely:

– Trading (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 191 million (2008: R1 606 million; 2007: R2 252 million) are included as part of the Trading operations.

	Total group			Trading			Leasing#			Car rental		
	2010 Rm	2009 Rm	2008 Rm	**2010 Rm**	2009 Rm	2008 Rm	**2010 Rm**	2009 Rm	2008 Rm	**2010 Rm**	2009 Rm	2008 Rm
Consolidated statement of financial position												
Assets												
Property, plant and equipment												
Cost	**13 563**	15 820	17 003	**8 014**	8 378	8 977	**3 177**	2 984	2 914	**2 372**	4 458	5 112
Accumulated depreciation	**4 306**	4 526	4 849	**3 026**	2 952	3 167	**979**	904	951	**301**	670	731
Net book value	**9 257**	11 294	12 154	**4 988**	5 426	5 810	**2 198**	2 080	1 963	**2 071**	3 788	4 381
Less: Items reflected under current assets as vehicle rental fleet and assets classified as held for sale	**1 682**	3 440	4 098	**3**						**1 679**	3 440	4 098
Property, plant and equipment – net book value	**7 575**	7 854	8 056	**4 985**	5 426	5 810	**2 198**	2 080	1 963	**392**	348	283
Goodwill	**2 078**	2 319	2 421	**1 012**	1 253	1 355	**282**	282	282	**784**	784	784
Intangible assets	**297**	280	205	**285**	272	200	**1**	1	2	**11**	7	3
Finance lease receivables	**236**	463	436	**61**	121	13	**175**	342	423			
Long-term financial assets, investment in associates and joint ventures	**685**	1 010	1 663	**645**	945	1 285	**19**	22	334	**21**	43	44
Deferred taxation assets	**755**	656	488	**725**	635	435	**30**	21	48			5
Non-current assets	**11 626**	12 582	13 269	**7 713**	8 652	9 098	**2 705**	2 748	3 052	**1 208**	1 182	1 119
Current assets	**14 012**	15 155	17 812	**11 319**	12 540	14 747	**410**	369	358	**2 283**	2 246	2 707
Finance lease receivables	**331**	270	161	**55**	60	8	**276**	210	153			
Cash and cash equivalents	**1 928**	1 627	1 238	**1 792**	1 519	1 097	**19**	14	26	**117**	94	115
Other current assets	**11 753**	13 258	16 413	**9 472**	10 961	13 642	**115**	145	179	**2 166**	2 152	2 592
Assets classified as held for sale	**52**	2 358	2 876	**52**	8	182		6	13		2 344	2 681
Total assets	**25 690**	30 095	33 957	**19 084**	21 200	24 027	**3 115**	3 123	3 423	**3 491**	5 772	6 507
Equity and liabilities												
Interest of all shareholders	**10 826**	12 070	13 033	**9 552**	10 383	10 811	**414**	358	365	**860**	1 329	1 857
Non-current liabilities	**5 670**	6 486	6 252	**1 607**	2 351	3 604	**2 196**	2 320	2 528	**1 867**	1 815	120
Deferred taxation liabilities	**302**	249	266	**53**	24	8	**142**	134	150	**107**	91	108
Interest-bearing	**4 285**	5 278	5 022	**738**	1 647	3 163	**1 842**	1 921	1 859	**1 705**	1 710	
Non-interest-bearing	**1 083**	959	964	**816**	680	433	**212**	265	519	**55**	14	12
Current liabilities	**9 136**	10 030	12 676	**7 867**	8 465	9 496	**505**	445	530	**764**	1 120	2 650
Amounts due to bankers and short-term loans	**2 692**	3 567	4 266	**2 508**	3 415	2 319	**151**	108	157	**33**	44	1 790
Other current liabilities	**6 444**	6 463	8 410	**5 359**	5 050	7 177	**354**	337	373	**731**	1 076	860
Liabilities directly associated with assets classified as held for sale												
– Interest-bearing		968	1 356			76					968	1 280
– Non-interest-bearing	**58**	541	640	**58**	1	40					540	600
Total equity and liabilities	**25 690**	30 095	33 957	**19 084**	21 200	24 027	**3 115**	3 123	3 423	**3 491**	5 772	6 507

1. Operating and geographical segments (continued)**

1.1 Segmentation for purpose of gearing and interest cover targets (continued)^

	Total group			Trading			Leasing#			Car rental		
	2010 Rm	2009 Rm	2008 Rm	**2010 Rm**	2009 Rm	2008 Rm	**2010 Rm**	2009 Rm	2008 Rm	**2010 Rm**	2009 Rm	2008 Rm
Consolidated income statement												
Continuing operations												
Revenue	**40 830**	45 269	50 107	**36 040**	40 598	45 639	**1 586**	1 612	1 399	**3 204**	3 059	3 069
Operating profit before items listed below (EBITDA)	**3 318**	4 061	4 689	**1 735**	2 561	3 301	**844**	832	683	**739**	668	705
Depreciation	**(1 736)**	(1 854)	(1 833)	**(756)**	(945)	(935)	**(528)**	(498)	(444)	**(452)**	(411)	(454)
Amortisation of intangible assets	**(64)**	(61)	(52)	**(59)**	(57)	(50)	**(1)**	(1)	(1)	**(4)**	(3)	(1)
Leasing interest classified as cost of sales	**(142)**	(152)	(153)				**(142)**	(152)	(153)			
Operating profit	**1 376**	1 994	2 651	**920**	1 559	2 316	**173**	181	85	**283**	254	250
Fair value adjustments on financial instruments	**(89)**	(201)	(80)	**(86)**	(197)	(74)	**(2)**	(3)	1	**(1)**	(1)	(7)
Finance costs	**(667)**	(938)	(889)	**(447)**	(696)	(618)		(1)		(220)	(241)	(271)
Income from investments	**84**	149	195	**63**	121	166	**2**	2	1	**19**	26	28
Profit before exceptional items	**704**	1 004	1 877	**450**	787	1 790	**173**	179	87	**81**	38	
Exceptional items	**(176)**	22	(17)	**(176)**	22	(15)			(2)			
Profit before taxation	**528**	1 026	1 860	**274**	809	1 775	**173**	179	85	**81**	38	
Taxation	**(228)**	(248)	(675)	**(188)**	(177)	(657)	**(41)**	(55)	(9)	**1**	(16)	(9)
Profit/(loss) after taxation	**300**	778	1 185	**86**	632	1 118	**132**	124	76	**82**	22	(9)
Income from associates and joint ventures	**16**	43	72	**12**	48	74	**5**	(5)	(2)	**(1)**		
Net profit/(loss) from continuing operations	**316**	821	1 257	**98**	680	1 192	**137**	119	74	**81**	22	(9)
Discontinued operations												
(Loss)/profit from discontinued operations	**(272)**	(82)	(11)		58	306				**(272)**	(140)	(317)
Net profit/(loss)	**44**	739	1 246	**98**	738	1 498	**137**	119	74	**(191)**	(118)	(326)
Attributable to:												
Non-controlling interest	**51**	68	14	**45**	56	5	**6**	12	9			
Barloworld Limited shareholders	**(7)**	671	1 232	**53**	682	1 493	**131**	107	65	**(191)**	(118)	(326)
	44	739	1 246	**98**	738	1 498	**137**	119	74	**(191)**	(118)	(326)
Key financial ratios by segment												
Total borrowings to total shareholders' funds (%)**												
Actual	**64**	81	82	**34**	49	51	**481**	567	552	**202**	205	165
Target*					**30 – 50**			**600 – 800**			**200 – 300**	
Interest cover (times)**												
Actual	**1.9**	1.9	3.1	**2.0**	2.1	4.4	**2.2**	2.2	1.6	**1.4**	1.2	1.0
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 page 178 for definitions.*

^ *All years have been reclassified for the treatment of car rental Scandinavia as discontinued operations.*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

		2010 Cost Rm	2010 Accumulated depreciation and impairments Rm	Net book value Rm
2.	**Property, plant and equipment**			
	Freehold land and buildings	2 361	297	2 064
	Leasehold land and buildings	700	203	497
	Investment property	30	10	20
	Plant, equipment and furniture	1 810	1 283	527
	Vehicles and aircraft	493	255	238
	Capitalised leased plant and equipment, vehicles and furniture	576	125	451
	Rental assets – vehicles	4 891	1 041	3 850
	Rental assets – equipment	2 702	1 092	1 610
		13 563	4 306	9 257
	Less: Vehicle rental fleet reflected under current assets			
	– continuing operations			1 679
	Other assets classified as held for sale			3
	Disposal group assets classified as held for sale			
	– Property, plant and equipment			
	– Vehicle rental fleet reflected under current assets			
				7 575
	Per business segment:			
	Continuing operations			
	– Equipment			1 777
	– Automotive			4 211
	– Handling			712
	– Logistics			283
	– Corporate			595
	Total continuing operations			7 578
	Discontinued operations			
	– Car rental – Scandinavia			
	Total discontinued operations			
	Total group			7 578
	Amounts classified as held for sale			(3)
	Total per statement of financial position			7 575
	Investment properties:			
	Six investment properties (2009: five and 2008: four) are held of which all are income generating (2009: five and 2008: four) and none are vacant (2009 and 2008: none).			
	Income earned from investment properties			3
	Direct operating expenses incurred on investment properties			1
	Fair value of investment properties			65
	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 14)			618
	Historic value of land and residual value of plant and equipment			4 777
	Insurable value of property, plant and equipment			16 511

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.

2009			2008		
Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm
2 222	284	1 938	1 825	266	1 559
702	201	501	702	172	530
22	8	14	22	8	14
1 948	1 324	624	1 909	1 310	599
490	231	259	614	274	340
594	110	484	621	105	516
6 635	1 211	5 424	7 221	991	6 230
3 207	1 157	2 050	4 089	1 723	2 366
15 820	4 526	11 294	17 003	4 849	12 154
		1 692			1 934
		51			62
		1 697			2 102
		7 854			8 056
		2 178			2 590
		4 058			3 712
		879			1 086
		314			366
		425			302
		7 854			8 056
		51			62
		51			62
		7 905			8 118
		(51)			(62)
		7 854			8 056
		2			5
					2
		56			80
		749			1 058
		3 739			3 866
		14 332			12 452

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

Movement of property, plant and equipment	Freehold and leasehold land and buildings Rm	Investment property Rm
2. Property, plant and equipment (continued)		
2010		
Net balance at 1 October 2009	**2 439**	**14**
Subsidiaries disposed	**(24)**	
Other additions	**320**	**6**
Impairment of assets^		
Translation differences (net)#	**(64)**	
	2 671	**20**
Other disposals	**(18)**	
Depreciation	**(92)**	
Net balance at 30 September 2010	**2 561**	**20**
Less: Vehicle rental fleet assets reflected under current assets		
Other assets classified as held for sale		
Balance reflected as property, plant and equipment	**2 561**	**20**
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		
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		
Disposal group assets classified as held for sale	38	
Balance reflected as property, plant and equipment	2 051	14

^ *The R11 million impairment relates to a significant decrease in the retail value of an aircraft together with the strengthening of the rand against the dollar.*

\# *Refer page 216.*

* *Refer page 216.*

Plant, equipment and furniture Rm	Vehicles and aircraft Rm	Capitalised leased assets Rm	Rental assets – vehicles* Rm	Rental assets – equipment* Rm	Total Rm
624	**259**	**484**	**5 424**	**2 050**	**11 294**
(17)			**(1 139)**		**(1 180)**
173	**64**	**2**	**4 349**	**728**	**5 642**
	(11)				**(11)**
(33)	**(5)**	**(3)**	**(189)**	**(152)**	**(446)**
747	**307**	**483**	**8 445**	**2 626**	**15 299**
(13)	**(15)**	**(3)**	**(3 494)**	**(573)**	**(4 116)**
(207)	**(54)**	**(29)**	**(1 101)**	**(443)**	**(1 926)**
527	**238**	**451**	**3 850**	**1 610**	**9 257**
			1 679		**1 679**
3					**3**
524	**238**	**451**	**2 171**	**1 610**	**7 575**
599	340	516	6 230	2 366	12 154
(3)					(3)
309	77	17	4 641	1 025	6 576
			(2)		(2)
(34)	(6)	(4)	(121)	(135)	(326)
871	411	529	10 748	3 256	18 399
(31)	(92)	(8)	(4 201)	(582)	(4 960)
(216)	(60)	(37)	(1 123)	(624)	(2 145)
624	259	484	5 424	2 050	11 294
			1 692		1 692
18			1 697		1 748
606	259	484	2 035	2 050	7 854
668	332	387	5 770	2 142	10 955
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	529	582	11 508	4 212	20 130
(12)	(77)	(32)	(4 182)	(1 195)	(5 523)
(205)	(71)	(34)	(1 096)	(651)	(2 121)
(156)	(41)				(332)
599	340	516	6 230	2 366	12 154
			1 934		1 934
23	1		2 102		2 164
576	339	516	2 194	2 366	8 056

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

		2010 Rm	2009 Rm	2008 Rm
2.	**Property, plant and equipment (continued)**			
	# **Translation difference:**			
	The translation differences are made up as follows:			
	Cost	**(764)**	(624)	1 114
	Accumulated depreciation	**318**	298	(454)
		(446)	(326)	660
	* **Rental asset disclosures:**			
	Future minimum lease receivables under non-cancellable operating leases:			
	Within one year	**35**	41	47
	Two to five years	**93**	117	128
	More than five years	**35**	55	21
		163	213	196
	Future minimum lease receivables under non-cancellable operating leases for Avis Fleet Services:			
	Within one year	**630**	613	603
	Two to five years	**720**	727	742
	More than five years	**1**	1	1
		1 351	1 341	1 346

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 for rent to customers for periods varying between 1 to 30 days. In South Africa 8.6% (2009: 10.9% and 2008:19.4%) of the fleet value carries a guaranteed buyback from the manufacturer.
– Long-term vehicle fleet in southern Africa leased to customers for periods in excess of 12 months with an average lease term of 40 months (2009: 39 months, 2008: 43 months) and an average residual value of 46.7% (2009: 46% and 2008: 45%).

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.

		2010 Rm	2009 Rm	2008 Rm
3.	**Goodwill**			
	Cost			
	At 1 October	**3 041**	3 151	2 381
	Additions			684
	Subsidiaries disposed	**(575)**	(4)	(32)
	Unbundling of Coatings			(33)
	Translation differences	**(89)**	(106)	151
	At 30 September	**2 377**	3 041	3 151
	Accumulated impairment losses			
	At 1 October	**722**	730	335
	Subsidiaries acquired			9
	Subsidiaries disposed	**(575)**	(2)	(8)
	Impairment	**152**		337
	Translation differences		(6)	57
	At 30 September	**299**	722	730
	Carrying amount			
	At 30 September	**2 078**	2 319	2 421

	2010 Rm	2009 Rm	2008 Rm
3. Goodwill (continued)			
Per business segment:			
– Equipment	**184**	207	239
– Automotive	**1 310**	1 310	1 310
– Handling	**143**	157	187
– Logistics	**441**	645	685
Total per statement of financial position	**2 078**	2 319	2 421
The impairments relate to the following:			
Avis and Budget Scandinavia			333
Logistics Middle East and Asia	**152**		
Other			4
	152		337

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 and Logistics Middle East Africa businesses). A discounted cash flow valuation model is applied using five year strategic plans as approved by the board. 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 growth rates that are aligned to the long-term sustainable level of growth in the economic region in which cash-generating units operate. For September 2009 and 2008 a CFROI® methodology was used, using the asset base, growth rate and fade principles.

Discount rates applied to cash flow projections are based on a country or region specific weighted average cost of capital (WACC), dependent upon the location of cash-generating segment operations. For September 2009 and 2008 a real cost of capital was used after adjusting for size, leverage and other known risks.

The WACC applied as at September 2010, and the after tax real cost of capital rates applied as at September 2009 and 2008 are as follows:

	2010 %	2009 %	2008 %
United States	**6.7**	6.0	6.0
Spain	**8.1**	6.4	6.4
United Kingdom	**5.7**	6.7	6.7
Norway	**n/a**	6.4	6.4
Sweden	**n/a**	6.4	6.4
Denmark	**n/a**	6.4	6.4
Australia	**7.5**	5.9	5.9
South Africa	**11.9**	7.4	7.4
UAE	**9.4**	n/a	n/a

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 was classified as held for sale in September 2009 and 2008 (refer note 12), and was sold at the end of July 2010.

During 2010, it was agreed that the Logistics Middle East and Asia freight forwarding business would be split between non-corporate trader and corporate customer/activity and the trader business would be exited. The rationale is that the trader business does not fit Barloworld Logistics strategic direction of converting their customer base to a supply chain management offering.

The 2010 impairment loss pertaining to the Logistics Middle East and Asia (MEA) unit was calculated by comparing the discounted cash flows of the remaining business cash-generating unit to the carrying value of the net operating assets of the remaining businesses and by comparing the carrying value of the MEA non-corporate trader business to its estimated recoverable amount. The estimated recoverable amount was determined based on the fair value less costs to sell of the business based on expected disposal price. The non-corporate trader 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

		2010		
		Capitalised software Rm	Patents, trademarks and development costs Rm	Total intangible assets Rm
4.	**Intangible assets**			
	Cost			
	At 1 October	510	145	655
	Subsidiaries acquired			
	Other additions	99	4	103
	Subsidiaries disposed			
	Other disposals	(7)		(7)
	Amounts classified as held for sale			
	Other reclassification	(2)		(2)
	Impairment			
	Translation differences	(32)	(4)	(36)
	At 30 September	568	145	713
	Accumulated amortisation and impairment			
	At 1 October	321	54	375
	Charge for the year (note 20)	50	17	67
	Subsidiaries disposed			
	Other disposals	(2)		(2)
	Amounts classified as held for sale			
	Other reclassification			
	Impairment			
	Translation differences	(23)	(1)	(24)
	At 30 September	346	70	416
	Carrying amount			
	At 30 September	222	75	297
	Per business segment:			
	Continuing operations			
	– Equipment			54
	– Automotive			21
	– Handling			83
	– Logistics			120
	– Corporate			19
	Total continuing operations			297
	Discontinued operations			
	– Car rental – Scandinavia			
	Total discontinued operations			
	Total group			297
	Amounts classified as held for sale			
	Total per statement of financial position			297

	2009			2008		
	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
	403	135	538	369	175	544
				1	19	20
	127	14	141	36	15	51
	(3)		(3)		(78)	(78)
	(7)	(1)	(8)	(4)	(3)	(7)
				(25)		(25)
	13	5	18	4	6	10
		(4)	(4)			
	(23)	(4)	(27)	22	1	23
	510	145	655	403	135	538
	293	40	333	240	30	270
	53	12	65	45	12	57
				3		3
	(6)		(6)	(4)		(4)
				(14)		(14)
	1	4	5	8	(1)	7
					(1)	(1)
	(20)	(2)	(22)	15		15
	321	54	375	293	40	333
	189	91	280	110	95	205
			59			68
			21			19
			84			17
			80			76
			36			25
			280			205
			7			11
			7			11
			287			216
			(7)			(11)
			280			205

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm
5. Investment in associates and joint ventures*						
		(Loss)/income			**Investment**	
Associates	**(16)**	(21)	8	**128**	201	195
Joint ventures	**32**	64	64	**424**	530	900
	16	43	72	**552**	731	1 095
Per business segment:						
Continuing operations						
– Equipment	**8**	51	62	**512**	680	822
– Automotive	**4**	(11)	6	**5**	(1)	234
– Handling	**3**	4	3	**28**	28	26
– Logistics				**2**	2	2
– Corporate	**1**	(1)	1	**5**	22	11
Total continuing operations	**16**	43	72	**552**	731	1 095
Discontinued operations						
– Coatings			5			
Total discontinued operations			5			
Total group	**16**	43	77	**552**	731	1 095
Discontinued operations			(5)			
Total per income statement/ statement of financial position	**16**	43	72	**552**	731	1 095
		Associates			**Joint ventures**	
Cost of investment	**203**	203	147	**230**	230	230
Share of associates and joint ventures' reserves	**(79)**	1	39	**194**	214	174
Beginning of year	**1**	39	76	**214**	174	107
Normal and exceptional profit for the year	**(16)**	(21)	13	**32**	64	64
Dividends received	**1**					(6)
Unbundling of Coatings			(63)			
Reclassifications			(6)			(9)
Disposals and other reserve movements	**(32)**	(15)	19	**(46)**	(30)	18
Impairments during the year	**(33)**					
Other reallocation and movements		(2)		**(6)**	6	
Amounts classified as held for sale		(8)				
Carrying value excluding amounts owing	**124**	196	186	**424**	444	404
Loans and advances to associates and joint ventures	**4**	5	9		86	496
Carrying value including amounts owing	**128**	201	195	**424**	530	900
Carrying value by category						
Unlisted associates and joint ventures – shares at carrying value	**124**	196	186	**424**	444	404
	124	196	186	**424**	444	404
Valuation of shares						
Directors' valuation of unlisted associate companies and joint ventures	**124**	196	461	**522**	554	711
	124	196	461	**522**	554	711

	Associates 2010 Rm	Associates 2009 Rm	Associates 2008 Rm	Joint ventures 2010 Rm	Joint ventures 2009 Rm	Joint ventures 2008 Rm
5. Investment in associates and joint ventures* (continued)						
Aggregate of group associate companies and joint ventures' net assets, revenue and profit						
Property, plant and equipment and other non-current assets	**193**	281	244	**267**	178	159
Current assets	**60**	61	73	**813**	837	1 255
Long-term liabilities	**94**	141		**141**	141	719
Current liabilities	**35**	31	18	**232**	422	258
Revenue	**154**	213	241	**1 314**	744	2 633
(Loss)/profit after taxation	**(16)**	(21)	8	**32**	64	64
Cash flow from operations	**(12)**	(18)	(34)	**(274)**	(114)	(279)

** Refer to note 38 and 39 for a detailed list of associate and joint venture companies.*

	2010 Rm	2009 Rm	2008 Rm
6. Finance lease receivables			
Amounts receivable under finance leases:			
Gross investment	**630**	850	711
Less: Unearned finance income	**(63)**	(117)	(114)
Present value of minimum lease payments receivable	**567**	733	597
Receivable as follows:			
Present value			
Within one year (note 10)	**331**	270	161
Non-current portion	**236**	463	436
In the second to fifth year inclusive	**233**	456	419
After five years	**3**	7	17
	567	733	597
Per business segment (non-current portion):			
– Equipment	**45**	102	
– Automotive	**97**	103	85
– Handling	**94**	258	339
– Corporate			12
Total group	**236**	463	436
Minimum lease payments			
Within one year	**373**	342	223
In the second to fifth year inclusive	**254**	500	322
After five years	**3**	8	166
	630	850	711
Less: Unearned finance income	**(63)**	(117)	(114)
	567	733	597
Fair value of finance lease receivables	**567**	733	597
Allowance for uncollectible finance lease receivables			
At 1 October	**12**	37	45
Allowance reversed to profit or loss	**(9)**	(19)	(11)
Translation	**(1)**	(6)	3
At 30 September	**2**	12	37
Unguaranteed residual values of assets leased under finance leases	**206**	242	225

The interest rate charged in the United Kingdom and United States on the leases is fixed at inception for the duration of the lease term which is typically between four and five years. The weighted average interest rate on lease receivables for the year 30 September 2010 was 7% per annum (2009: 8%; 2008: 9%).

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

		2010 Rm	2009 Rm	2008 Rm
7.	**Long-term financial assets**			
	Listed investments at fair value	**21**	100	160
	Unlisted investments at fair value	**25**	46	47
	Bills and leases discounted with recourse and repurchase obligations	**15**	20	110
	Other receivables	**66**	66	175
	Other derivatives	**1**	19	47
	Other non-current loans and deposits	**1**	8	4
	Barloworld Share Purchase Scheme**	**4**	20	25
		133	279	568
	Per category:			
	Financial assets at fair value through profit or loss			
	– Designated as such at initial recognition		100	160
	– Held for trading items		15	36
	Available-for-sale financial assets	**46**	46	47
	Loans and receivables	**86**	59	313
	Derivative assets designated as effective hedging instruments	**1**	4	12
	Other assets		55	
		133	279	568
	Per business segment:			
	– Equipment	**14**	23	17
	– Automotive	**20**	41	43
	– Handling	**68**	84	162
	– Logistics	**4**	7	16
	– Corporate	**27**	124	330
	Total per statement of financial position	**133**	279	568
	Available-for-sale investments (note 37)			
	Unlisted investments			
	Opening balance	**46**	47	28
	Additions and other movements			20
	Investment disposals (Car rental Scandinavia business unit)	**(21)**		
	Impairment of investments at fair value@		(1)	(2)
	Fair value adjustment in current year			1
	Fair value of unlisted investments	**25**	46	47
	Total fair value of available-for-sale investments	**25**	46	47
	Other listed investments			
	PPC shares^	**21**	100	160
	Valuation of shares:			
	Market value – listed investments	**21**	100	160
	Directors' valuation of unlisted investments	**25**	46	47
	Total fair value	**46**	146	207

***Barloworld Share Purchase Scheme*

Included are loans to executive directors for the purchase of shares amounting to R0.2 million (2009: R5.2 million; 2008: R7.7 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 were 8% (2009: 8% to 12%; 2008: 8.85% to 12%).

^ *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 33.5 for details.

@ *The impairment related to the write off of an investment held in Norway by the disposed car rental Scandinavia business unit.*

	2010 Rm	2009 Rm	2008 Rm
8. Deferred taxation			
Movement of deferred taxation			
Balance at beginning of year			
– deferred taxation assets	**656**	488	619
– deferred taxation liabilities	**(249)**	(266)	(610)
Net asset at beginning of the year	**407**	222	9
Recognised in income statement this year	**22**	114	53
– Continuing operations	**24**	114	51
– Rate change adjustment	**(2)**		2
Recognised in income statement this year			
– Discontinued operations	**(1)**	39	(28)
Arising on acquisition and disposal of subsidiaries		(10)	(16)
Translation differences	**(40)**	(63)	33
Accounted for directly in other comprehensive income	**70**	114	4
Unbundling of Coatings			(21)
Reclassified as held for sale		(36)	154
Other movements	**(5)**	27	34
Net asset at end of the year	**453**	407	222
– deferred taxation assets	**755**	656	488
– deferred taxation liabilities	**(302)**	(249)	(266)
Analysis of deferred taxation by type of temporary difference			
Deferred taxation assets			
Capital allowances	**(106)**	(115)	(81)
Provisions and payables	**188**	182	220
Prepayments and other receivables	**32**	45	39
Effect of tax losses	**450**	346	133
Retirement benefit obligations	**195**	199	178
Other temporary differences	**(4)**	(1)	(1)
	755	656	488
Deferred taxation liabilities			
Capital allowances	**(244)**	(323)	(345)
Provisions and payables	**42**	70	86
Prepayments and other receivables	**(31)**	60	50
Effect of tax losses	**40**	45	54
Retirement benefit obligations	**(5)**	(4)	(4)
Other temporary differences	**(104)**	(97)	(107)
	(302)	(249)	(266)
Amount of deferred taxation income/(expense) recognised in the income statement			
Capital allowances	**(3)**	(13)	53
Provisions and payables	**(25)**	(46)	29
Prepayments and other receivables	**(6)**	16	
Effect of tax losses	**127**	226	100
Retirement benefit obligations	**(46)**	(42)	(75)
Other temporary differences	**(25)**	(27)	(54)
	22	114	53

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
9. Inventories			
Work in progress	**295**	295	291
Finished goods	**2 554**	3 617	4 219
Merchandise	**2 421**	3 054	3 219
Consumable stores	**11**	21	26
Other inventories	**37**	49	20
Total inventories	**5 318**	7 036	7 775
Per business segment:			
– Equipment	**2 623**	4 386	5 010
– Automotive	**2 097**	1 902	2 124
– Handling	**595**	791	798
– Logistics	**3**	5	7
– Corporate		3	11
Total group	**5 318**	7 087	7 950
Amounts classified as held for sale		(51)	(175)
Total per statement of financial position	**5 318**	7 036	7 775
The value of inventories has been determined on the following bases:			
First-in first-out and specific identification	**4 957**	6 680	7 361
Weighted average	**361**	356	414
	5 318	7 036	7 775
Inventory pledged as security for liabilities	**107**	109	170
The secured liabilities are included under trade and other payables (note 17)			
Amount of write down of inventory to net realisable value and losses of inventory	**141**	22	13
Amount of reversals of inventory previously written down	**4**	7	5
Amounts removed during the year from cash flow hedge reserve and included in the initial cost of inventory	**8**	(55)	(2)

	2010 Rm	2009 Rm	2008 Rm
10. Trade and other receivables			
Trade receivables	**4 119**	4 172	5 883
Less: Allowance for doubtful receivables	**(301)**	(350)	(314)
Finance lease receivables (note 6)	**331**	270	161
Fair value of derivatives	**31**	21	138
Other receivables and prepayments	**850**	634	986
	5 030	4 747	6 854
Per category:			
Financial assets at fair value through profit or loss			
– Designated as such at initial recognition		21	
– Held for trading items			41
Loans and receivables	**4 352**	4 216	6 236
Derivative assets designated as effective hedging instruments	**31**		97
Finance lease receivables	**331**	270	161
	4 714	4 507	6 535
Per business segment:			
Continuing operations			
– Equipment	**2 575**	2 430	3 817
– Automotive	**982**	987	1 229
– Handling	**659**	629	887
– Logistics	**806**	813	1 065
– Corporate (including inter-group elimination)	**51**	(112)	(94)
Total continuing operations	**5 073**	4 747	6 904
Discontinued operations			
– Car rental – Scandinavia		445	471
Total discontinued operations		445	471
Total group	**5 073**	5 192	7 375
Amounts classified as held for sale	**(43)**	(445)	(521)
Total per statement of financial position	**5 030**	4 747	6 854
Allowance for doubtful receivables			
At 1 October	**350**	314	248
Additional allowance charged to profit or loss	**68**	111	70
Allowance reversed to profit or loss	**(58)**	(43)	(7)
Allowance utilised	**(30)**	(19)	
Acquisition of subsidiaries			16
Disposal of subsidiaries	**(2)**		(4)
Translation	**(27)**	(13)	(9)
At 30 September	**301**	350	314

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.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 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	**271**	283	485
Between 31 – 60 days	**192**	160	361
Between 60 – 90 days	**94**	56	140
Greater than 90 days	**105**	101	158
	662	600	1 144
Government			
Less than 30 days	**15**	8	13
Between 31 – 60 days	**4**	2	12
Between 60 – 90 days	**3**	3	11
Greater than 90 days	**6**	13	4
	28	26	40
Consumers			
Less than 30 days	**44**	9	13
Between 31 – 60 days	**21**	1	37
Between 60 – 90 days	**5**	2	15
Greater than 90 days	**18**	1	7
	88	13	72
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	**55**	84	78
The financial assets pledged consist of the accounts receivable in the Logistics Middle East division given as security for contingent liabilities.			
11. Cash and cash equivalents			
Cash on deposit	**1 547**	1 458	913
Other cash and cash equivalent balances	**381**	169	325
	1 928	1 627	1 238
Per category:			
Loans and receivables	**1 928**	1 627	1 238
	1 928	1 627	1 238
Per currency:			
South African rand	**735**	926	304
Foreign currencies	**1 193**	701	934
	1 928	1 627	1 238

	2010 Rm	2009 Rm	2008 Rm
12. Discontinued operations and assets classified as held for sale			
The Car rental Scandinavia business segment has been disposed on 31 July 2010.			
Results from discontinued operations are as follows:			
Revenue	**1 219**	1 451	2 498
Operating profit before items listed below (EBITDA)	**104**	160	372
Depreciation	**(190)**	(291)	(288)
Amortisation of intangible assets	**(3)**	(4)	(3)
Operating (loss)/profit	**(89)**	(135)	81
Fair value adjustments on financial instruments		(1)	(3)
Finance costs	**(24)**	(56)	(91)
Income from investments	**4**	11	13
Loss before exceptional items	**(109)**	(181)	
Exceptional items		(1)	(335)
Loss before taxation	**(109)**	(182)	(335)
Taxation	**24**	39	(7)
Loss after taxation	**(85)**	(143)	(342)
Income from associates and joint ventures			5
Net loss of discontinued operations before loss on disposal	**(85)**	(143)	(337)
(Loss)/profit on disposal of discontinued operations before taxation*	**(289)**		168
Realisation of translation reserve	**102**		201
Taxation effect of disposal			(43)
Release of contingency provision on prior year disposal		61	
Net (loss)/profit on disposal of discontinued operations after taxation	**(187)**	61	326
Loss from discontinued operations per income statement	**(272)**	(82)	(11)
Included in the loss from discontinued operations are the following non-trading items:			
Loss on sale of properties and investments		(1)	(2)
Net impairment of goodwill			(363)
Net impairment of other assets and costs to sell			(2)
The cash flows from the discontinued operations are as follows:			
Cash flows from operating activities	**(6)**	172	(63)
Cash flows from investing activities	**183**	(17)	1 041
Cash flows from financing activities	**(92)**	(40)	(553)

** Based on disposal prices agreed with external parties.*

The major classes of assets and liabilities classified as held for sale are as follows:

	Total held for sale Rm	African Trading business[1] Rm
2010		
Property, plant and equipment	**3**	**3**
Trade and other receivables	**43**	**43**
Cash balances	**6**	**6**
Assets classified as held for sale	**52**	**52**
Trade and other payables – short and long-term	**(28)**	**(28)**
Other current and non-current liabilities	**(30)**	**(30)**
Total liabilities associated with assets classified as held for sale	**(58)**	**(58)**
Net liability classified as held for sale	**(6)**	**(6)**

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

12. Discontinued operations and assets classified as held for sale (continued)

	Total Held for sale Rm	Car rental Scandinavia[2] Rm	Other assets Rm
2009			
Intangible assets	7	7	
Investment in associates	8		8
Vehicle rental fleet	1 697	1 697	
Inventories	51	51	
Trade and other receivables	445	445	
Finance lease receivables	5		5
Cash balances	145	145	
Assets classified as held for sale	2 358	2 345	13
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	849	836	13

	Total Held for sale Rm	Car rental Scandinavia[2] Rm	Other assets Rm	Subaru[3] Rm
2008				
Property, plant and equipment	4	4		
Intangible assets	11	9		2
Vehicle rental fleet	2 102	2 102		
Inventories	175	58		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	2 876	2 680	13	183
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	880	800	13	67

1. *A decision has been made to dispose of the Logistics African non-corporate trading businesses. Negotiations are currently underway and sale agreements have been drafted. Final completion is expected by the first half of 2011 financial year.*
2. *The car rental Scandinavian business has been sold on 31 July 2010.*
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. The remaining 50% shareholding in Subaru Southern Africa (Pty) Limited was subsequently sold on 31 August 2010.*

	2010 Rm	2009 Rm	2008 Rm
13. Share capital and premium			
Authorised share capital			
500 000 6% non-redeemable cumulative preference shares of R2 each	**1**	1	1
400 000 000 (2009: 300 000 000) ordinary shares of 5 cents each	**20**	15	15
	21	16	16
Issued share capital			
375 000 6% non-redeemable cumulative preference shares of R2 each (2009: 375 000) (2008: 375 000)	**1**	1	1
230 452 448 ordinary shares of 5 cents each (2009: 227 440 494) (2008: 226 878 609)	**12**	11	11
	13	12	12
Share premium:	**282**	240	230
Balance at beginning of year	**240**	230	212
Premium on share issues	**43**	12	23
Adjustment – other	**(1)**	(2)	(5)
Total issued share capital and premium	**295**	252	242
Issued shares:			
Total number of shares in issue at beginning of year excluding BEE shares	**208 733 228**	208 171 343	203 843 388
Issued during the year:			
Share options exercised	**1 795 004**	561 885	1 347 125
Shares issued to the General staff trust in terms of the BEE transaction			2 980 830
Shares issued in terms of the forfeitable share plan (note 33.2)	**1 216 950**		
Total number of ordinary shares in issue at end of year, excluding BEE shares	**211 745 182**	208 733 228	208 171 343
Other shares issued in respect of BEE transaction	**18 707 266**	18 707 266	18 707 266
Total number of ordinary shares in issue at end of year, including BEE shares	**230 452 448**	227 440 494	226 878 609
Treasury shares	**(5 475 274)**	(4 258 532)	(4 222 254)
Net number of ordinary shares in issue at end of year	**224 977 174**	223 181 962	222 656 355
Unissued shares:			
Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme (note 1 below)	**23 045 245**	22 744 049	22 687 861
Ordinary shares	**46 502 307**	49 815 457	50 433 530
	69 547 552	72 559 506	73 121 391
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 have a general authority to allot and issue up to 5% of the authorised but unissued ordinary shares of 5 cents each of the share capital of the company in terms of section 221 of the Companies Act.
3. Refer note 33 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

		2010 Rm	2009 Rm	2008 Rm
14.	**Interest-bearing liabilities**			
	Total long-term borrowings (note 32.2)	**6 066**	5 970	5 196
	Less: Current portion redeemable and repayable within one year (note 18)	**(1 781)**	(692)	(174)
	Interest-bearing liabilities	**4 285**	5 278	5 022
	Per category:			
	Financial liabilities measured at amortised cost	**4 285**	5 278	5 022
		4 285	5 278	5 022

Summary of group borrowings by currency and by year of redemption or repayment

	Total owing 2010	Repayable during the year ending 30 September 2011	2012	2013	2014	2015 and onwards	Total owing 2009	Total owing 2008
R million								
Total SA rand	**5 692**	1 608	85	46	760	3 193	5 463	4 071
US dollar	**37**	16	12	6	2	1	74	618
UK sterling	**152**	108	22	13	7	2	239	270
Euro	**156**	32	30	30	21	43	190	193
Other	**29**	17	8	4			4	44
Total foreign currencies	**374**	173	72	53	30	46	507	1 125
Total SA rand and foreign currency liabilities	**6 066**	1 781	157	99	790	3 239	5 970	5 196

Included above are secured liabilities as follows:	Liabilities secured **2010 Rm**	2009 Rm	2008 Rm	Net book value of assets encumbered **2010 Rm**	2009 Rm	2008 Rm
Secured liabilities						
Secured loans						
South African rand	**79**	64	105	**129**	131	135
Foreign currencies			39			76
Liabilities under capitalised finance leases (note 29)						
South African rand	**476**	499	512	**449**	468	481
Foreign currencies	**344**	487	432	**204**	234	444
Total secured liabilities	**899**	1 050	1 088	**782**	833	1 136
Assets encumbered are made up as follows:						
Property, plant and equipment (note 2)				**618**	749	1 058
Finance lease receivables (note 6)				**164**		
Trade receivables (note 10)					84	78
				782	833	1 136

	2010 Rm	2009 Rm	2008 Rm
15. Provisions			
Non-current	**217**	185	325
Current	**476**	580	731
	693	765	1 056
Per business segment:			
Continuing operations			
– Equipment	**298**	340	446
– Automotive	**195**	211	390
– Handling	**46**	56	67
– Logistics	**49**	11	9
– Corporate	**134**	147	155
Total continuing operations	**722**	765	1 067
Discontinued operations			
– Car rental – Scandinavia			1
Total discontinued operations			1
Total group	**722**	765	1 068
Amounts classified as held for sale	**(29)**		(12)
Total per statement of financial position	**693**	765	1 056

Movement of provisions	**Total 2010 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	**765**	59	139	43	220	128	39	137
Amounts added	**900**	19	268	10	437	9	37	120
Amounts used	**(882)**	(29)	(291)	(11)	(454)	(32)	(7)	(58)
Amounts reversed unused	**(75)**		(13)	(1)	(4)	(6)		(51)
Unwinding of discount on present valued amounts	**17**				17			
Translation adjustments	**(32)**	(5)	(4)		(3)	(7)	(13)	
Balance at end of year	**693**	44	99	41	213	92	56	148
To be incurred								
Within one year	**476**	44	98	41	163	6	32	92
Between two to five years	**142**		1		50	13	24	54
More than five years	**75**					73		2
	693	44	99	41	213	92	56	148

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 31 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 R25 million (refer note 33) as well as unearned premium provisions amounting to R60 million in the Automotive division.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
16. Other non-interest bearing liabilities			
Bills and leases discounted with recourse and repurchase obligations	**15**	20	111
Fair value of derivatives	**20**	79	20
Retirement benefit obligation	**515**	321	6
Other payables	**316**	354	502
Total non-interest bearing liabilities	**866**	774	639
Per category:			
Financial liabilities at fair value through profit or loss			
– Designated as such at initial recognition		21	11
– Held for trading items			20
Financial liabilities measured at amortised cost	**866**	685	602
Derivative liabilities designated as effective hedging instruments		68	
Other liabilities			6
	866	774	639
Per business segment:			
Continuing operations			
– Equipment	**56**	48	84
– Automotive	**189**	191	225
– Handling	**99**	141	287
– Logistics	**4**	4	14
– Corporate	**518**	390	29
Total group	**866**	774	639

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 46% 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. 36% 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 R428 million (2009: R390 million; 2008: R307 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes (note 20).

Defined benefit plans

Amounts recognised in the Income Statement in respect of defined benefit schemes are as follows:

	2010 Rm	2009 Rm	2008 Rm
Current service cost	**17**	17	28
Interest costs	**243**	285	326
Expected return on plan assets	**(259)**	(286)	(357)
Net loss/(gain) recognised in profit or loss (note 20)	**1**	16	(3)
Actual return on plan assets	**445**	369	(364)

The triennial valuation of the United Kingdom defined benefit pension scheme was completed as at 1 April 2008 and updated at September 2010. The scheme reflected a deficit, calculated in terms of IAS 19 Employee Benefits of £45.0 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 (R21 million).

	2010 Rm	2009 Rm	2008 Rm
16. Other non-interest bearing liabilities (continued)			
The amount included in the statement of financial position arising from the group's obligations in respect of defined benefit retirement plans is set out below:			
Present value of funded obligation	**4 859**	4 824	5 270
Fair value of plan assets	**4 344**	4 503	5 264
Net liability per statement of financial position	**515**	321	6
Movement in present value of funded obligation:			
At beginning of year	**4 824**	5 270	5 504
Current service cost	**17**	17	28
Interest cost	**243**	285	326
Actuarial losses/(gains) recognised in the statement of comprehensive income	**427**	411	(578)
Benefits paid	**(216)**	(231)	(292)
Employee contributions	**12**	14	21
Exchange differences	**(448)**	(942)	261
At the end of year	**4 859**	4 824	5 270
Movement in fair value of plan assets:			
At beginning of year	**4 503**	5 264	4 816
Expected return on plan assets	**259**	286	357
Actuarial losses/(gains) recognised in the statement of comprehensive income	**189**	90	(711)
Contributions	**20**	24	826
Benefits paid	**(216)**	(231)	(292)
Employee contributions	**12**	14	21
Other movements			(1)
Exchange differences	**(423)**	(944)	248
At the end of year	**4 344**	4 503	5 264
Cumulative actuarial losses	**1 527**	1 289	968
Plan assets consist of the following:			
– Equity instruments (%)	**51**	51	41
– Bonds (%)	**49**	47	58
– 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

16. 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:

	2010	UK 2009	2008
Discount rate (%)	**5.1**	5.6	6.6
Expected return on plan assets (%)	**6.2**	7.7	7.2
Expected rate of salary increases (%)	**3.0**	3.8	4.3
Future pension increases (%)	**3.0**	3.0	3.5

Historical disclosures:

	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm
Present value of obligation	**4 859**	4 824	5 270	5 504	5 457
Fair value of plan assets	**4 344**	4 503	5 264	4 816	4 685
Net liability	**515**	321	6	688	772
Experience adjustments (%):					
Plan liabilities	**9.0**	8.5	(5.6)		
Plan assets	**4.0**	2.0	(13.9)	2.0	2.3

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 15).

	2010 Rm	2009 Rm	2008 Rm
17. Trade and other payables			
Trade and other payables	**5 657**	5 682	7 282
Fair value of derivatives	**150**	93	53
	5 807	5 775	7 335
Per category:			
Financial liabilities at fair value through profit or loss			
– Designated as such at initial recognition	**27**	57	
– Held for trading items	**1**	11	11
Financial liabilities measured at amortised cost	**4 837**	4 744	6 373
Derivatives designated as effective hedging instruments	**131**	74	42
	4 996	4 886	6 426
Per business segment:			
Continuing operations			
– Equipment	**1 814**	1 512	2 883
– Automotive	**2 581**	2 632	2 236
– Handling	**746**	764	1 206
– Logistics	**756**	802	908
– Corporate (including inter-group elimination)	**(62)**	65	131
Total continuing operations	**5 835**	5 775	7 364
Discontinued operations			
– Car rental – Scandinavia		424	431
Total discontinued operations		424	431
Total group	**5 835**	6 199	7 795
Amounts classified as held for sale	**(28)**	(424)	(460)
Total per statement of financial position	**5 807**	5 775	7 335

Refer note 9 for details of inventory pledged as security for payables.

	2010 Rm	2009 Rm	2008 Rm
18. Amounts due to bankers and short-term loans			
Bank overdrafts	**108**	633	1 488
Short-term loans	**803**	2 348	2 604
Current portion of long-term borrowings (note 14)	**1 781**	692	174
Total group	**2 692**	3 673	4 266
Amounts classified as held for sale		(106)	
Total per statement of financial position	**2 692**	3 567	4 266
Per category:			
Financial liabilities measured at amortised cost	**2 692**	3 567	4 266
	2 692	3 567	4 266
Per currency:			
South African rand	**2 369**	3 191	3 548
Foreign currencies	**323**	376	718
	2 692	3 567	4 266
19. Revenue			
Sale of goods	**28 555**	32 583	37 500
Rendering of services	**7 915**	8 483	8 060
Rentals received	**3 636**	3 897	4 110
Finance lease income	**38**	32	205
Other	**686**	274	232
	40 830	45 269	50 107
Per business segment:			
Continuing operations			
– Equipment	**12 233**	17 079	21 133
– Automotive	**20 827**	19 073	18 929
– Handling	**4 086**	5 008	6 754
– Logistics	**3 678**	4 087	3 208
– Corporate	**6**	22	83
Total continuing operations	**40 830**	45 269	50 107
Discontinued operations			
– Car rental – Scandinavia	**1 219**	1 451	1 772
– Coatings			517
– Scientific			209
Total discontinued operations	**1 219**	1 451	2 498
Total group	**42 049**	46 720	52 605
Value of business handled on behalf of customers but not recognised in revenue	**1 555**	2 390	3 617

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
20. Operating profit			
Operating profit is arrived at as follows:			
Revenue	**40 830**	45 269	50 107
Less: Net expenses	**39 454**	43 275	47 456
Cost of sales	**31 900**	35 296	39 778
Distribution costs	**984**	1 134	2 080
Administrative costs	**4 436**	4 571	4 349
Other operating costs	**2 495**	2 359	1 380
Other operating income	**(361)**	(85)	(131)
Operating profit	**1 376**	1 994	2 651
Per business segment:			
Continuing operations			
– Equipment	**656**	1 293	2 057
– Automotive	**772**	703	540
– Handling	**(17)**	(27)	172
– Logistics	**10**	77	135
– Corporate	**(45)**	(52)	(253)
Total continuing operations	**1 376**	1 994	2 651
Discontinued operations			
– Car rental – Scandinavia	**(89)**	(135)	(10)
– Coatings			78
– Scientific			13
Total discontinued operations	**(89)**	(135)	81
Total group	**1 287**	1 859	2 732

	2010 Rm	2009 Rm	2008 Rm
20. Operating profit (continued)			
Expenses include the following:			
Interest paid by leasing operations included in cost of sales	**142**	152	153
Depreciation	**1 926**	2 145	2 121
Continuing operations	**1 736**	1 854	1 833
Discontinued operations	**190**	291	288
Amortisation of intangibles	**67**	65	57
Continuing operations	**64**	61	52
Discontinued operations	**3**	4	5
Amounts removed from equity in respect of effective cash flow hedges	**18**	24	10
Operating lease charges	**704**	833	618
Operating lease charges – continuing operations	**649**	759	551
Land and buildings	**334**	433	329
Plant, vehicles and equipment	**315**	326	222
Operating lease charges – discontinued operations	**55**	74	67
Land and buildings	**54**	70	66
Plant, vehicles and equipment	**1**	4	1
Research and development costs			57
Administration, management and technical fees paid	**110**	158	149
Auditors' remuneration:	**55**	67	63
Audit fees	**45**	58	52
Fees for other services	**10**	9	11
Directors' emoluments paid by holding company and subsidiaries (note 35):			
Total directors' emoluments**	**53**	36	63
Executive directors	**46**	30	54
Salaries	**19**	15	17
Bonuses	**13**	10	14
Retirement and medical contributions	**4**	3	3
Share options/share appreciation rights awarded	**2**		(3)
Forfeitable share plan	**5**		
Car allowances	**1**	1	2
Other benefits	**2**	1	21
Non-executive directors	**7**	6	9
Fees	**6**	5	6
Fees for services to subsidiaries and other services	**1**	1	3
Staff costs (excluding directors' emoluments)	**6 581**	7 054	6 785
Continuing operations	**6 296**	6 667	6 380
Discontinued operations	**285**	387	405
Profit on disposal of other plant and equipment	**(2)**		(3)
Loss/(profit) on disposal of intangible assets	**4**	(1)	2
Amounts recognised in respect of retirement benefit plans (note 16):			
Defined contribution funds	**428**	390	307
Defined benefit funds	**1**	16	(3)

*** Excludes the amount for share options exercised/ceded included in directors' remuneration per note 35.*

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
21. Fair value adjustments on financial instruments			
Realised	**(34)**	(151)	44
Unrealised	**(55)**	(50)	(124)
Fair value adjustments on financial instruments	**(89)**	(201)	(80)
Per category:			
Financial assets/liabilities at fair value through profit or loss			
– Designated as such at initial recognition		(1)	(114)
– Held for trading items	**(64)**	(61)	17
Available-for-sale (reclassified from other comprehensive income to profit or loss)	**1**	(1)	
Loans and receivables	**(33)**	(28)	30
Held to maturity	**1**		
Financial liabilities measured at amortised cost	**6**	(110)	(13)
Total fair value adjustments on financial instruments	**(89)**	(201)	(80)
Per business segment:			
Continuing operations			
– Equipment	**(58)**	(151)	49
– Automotive	**2**	(2)	4
– Handling	**(28)**	(29)	(25)
– Logistics	**(7)**	(6)	1
– Corporate	**2**	(13)	(109)
Total continuing operations	**(89)**	(201)	(80)
Discontinued operations			
– Car rental – Scandinavia		(1)	(2)
– Coatings			(1)
Total discontinued operations		(1)	(3)
Total group	**(89)**	(202)	(83)
Fair value adjustments on financial instruments include:			
Ineffectiveness recognised in profit or loss arising from cash flow hedges	**7**	(61)	8
22. Finance costs			
Interest on financial liabilities not at fair value through profit or loss:			
Corporate bond and other long-term borrowings	**(320)**	(484)	(242)
Bank and other short-term borrowings	**(418)**	(558)	(727)
Capitalised finance leases	**(64)**	(68)	(59)
	(802)	(1 110)	(1 028)
Interest capitalised	**7**	25	15
Leasing inter-group interest classified as cost of sales	**128**	147	124
Total continuing operations	**(667)**	(938)	(889)
Discontinued operations – inter group interest paid	**(3)**	(9)	(15)
Discontinued operations – external interest paid	**(21)**	(47)	(76)
Total group	**(691)**	(994)	(980)
Finance costs include:			
Amounts removed from other comprehensive income in respect of effective cash flow hedges – (loss)/gain	**(3)**	(20)	24
23. Income from investments			
Dividends – listed and unlisted investments	**6**	14	20
Interest on financial assets not at fair value through profit or loss	**78**	135	175
Total continuing operations	**84**	149	195
Discontinued operations	**4**	11	13
Total group	**88**	160	208

	2010 Rm	2009 Rm	2008 Rm
24. Exceptional items			
Profit on disposal of properties, investments and subsidiaries	**60**	18	30
Impairment of goodwill**	**(152)**		(10)
(Impairment)/reversal of investments	**(33)**	4	(35)
Impairment of property, plant and equipment**	**(51)**		(2)
Gross exceptional (loss)/profit from continuing operations	**(176)**	22	(17)
Taxation (charge)/benefit on exceptional items		(5)	1
Net exceptional (loss)/profit from continuing operations	**(176)**	17	(16)
Gross exceptional loss from discontinued operations		(1)	(335)
Net exceptional (loss)/profit – total group	**(176)**	16	(351)

*** Refer notes 2, 3 and 7 for an explanation of the assumptions and circumstances underlying the impairments.*

	2010 Rm	2009 Rm	2008 Rm
25. Taxation			
South African normal taxation			
Current year	**(120)**	(123)	(329)
Prior year	**(7)**	20	(3)
	(127)	(103)	(332)
Foreign and withholding taxation			
Current year	**(100)**	(219)	(319)
Prior year	**2**	1	(12)
	(98)	(218)	(331)
Deferred taxation			
Current year	**(16)**	114	33
Prior year	**40**		20
Attributable to a change in the rate of income tax	**(2)**		2
	22	114	55
Secondary taxation on companies			
Current year	**(25)**	(41)	(65)
Deferred			(2)
	(25)	(41)	(67)
Taxation attributable to the company and its subsidiaries	**(228)**	(248)	(675)
Per business segment:			
Continuing operations			
– Equipment	**(147)**	(259)	(610)
– Automotive	**(110)**	(110)	(17)
– Handling	**17**	27	(18)
– Logistics	**(7)**	(21)	(24)
– Corporate	**19**	115	(6)
Total continuing operations	**(228)**	(248)	(675)
Discontinued operations			
– Car rental – Scandinavia	**24**	39	26
– Coatings			(22)
– Scientific			(11)
Total discontinued operations	**24**	39	(7)
Total group	**(204)**	(209)	(682)

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 %	2009 %	2008 %
25. Taxation (continued)			
Reconciliation of rate of taxation:			
South Africa normal taxation rate	**28.0**	28.0	28.0
Reduction in rate of taxation	**(9.8)**	(15.0)	(1.7)
Exempt income	**(3.4)**	(5.1)	(0.7)
Exceptional tax		(0.1)	
Rate change adjustment			(0.1)
Tax losses of prior periods		(7.7)	(0.6)
Prior year taxation	**(6.4)**	(2.1)	(0.3)
Increase in rate of taxation	**25.0**	11.2	10.0
Disallowable charges	**5.2**	4.7	5.1
Exceptional tax	**9.3**		0.2
Foreign tax differential	**3.7**	2.5	1.1
Rate change adjustment	**0.3**		
Current year tax losses not utilised	**1.8**		
Secondary taxation on companies	**4.7**	4.0	3.6
Taxation as a percentage of profit before taxation	**43.2**	24.2	36.3
Taxation (excluding prior year taxation, exceptional taxation and secondary taxation on companies) as a percentage of profit before taxation (excluding exceptional items)	**33.8**	22.2	32.7
	Rm	Rm	Rm
Group tax losses and STC credits at the end of the year:			
South African – taxation losses	**(745)**	(587)	(342)
Foreign – taxation losses	**(1 005)**	(826)	(391)
	(1 750)	(1 413)	(733)
Utilised to reduce deferred taxation liabilities or create deferred taxation assets	**1 663**	1 256	504
Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	**(87)**	(157)	(229)

26. Earnings and headline earnings per share

26.1 Fully converted weighted average number of shares

	2010	2009	2008
Weighted average number of ordinary shares (net of share buyback)	**209 468 701**	208 517 521	204 558 742
Increase in number of shares as a result of unexercised share options	**717 925**	1 449 605	2 657 567
Fully converted weighted average number of shares	**210 186 626**	209 967 126	207 216 309

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 (loss)/profit for the year attributable to shareholders of parent company	**(7)**	671	1 232
Net profit for the year from continuing operations	**265**	753	1 244
Net loss for the year from discontinued operations	**(272)**	(82)	(12)

	2010	2009	2008	2010 Cents	2009 Cents	2008 Cents
26. Earnings and headline earnings per share (continued)						
26.2 Earnings per share						
BASIC						
The weighted average number of ordinary shares	**209 468 701**	208 517 521	204 558 742			
(Loss)/earnings per share (basic)				**(3.3)**	321.8	602.2
Earnings per share from continuing operations (basic)				**126.5**	361.1	608.1
Loss per share from discontinued operations (basic)				**(129.9)**	(39.3)	(5.9)
DILUTED						
Fully converted weighted average number of shares (note 26.1)	**210 186 626**	209 967 126	207 216 309			
(Loss)/earnings per share (diluted)				**(3.3)**	319.6	594.5
Earnings per share from continuing operations (diluted)				**126.1**	358.6	600.3
Loss per share from discontinued operations (diluted)				**(129.9)**	(39.0)	(5.8)
Percentage dilution	**0.3**	1.3	1.8			

	Rm	Rm	Rm
26.3 Headline earnings per share			
BASIC			
Profit for the year attributable to Barloworld Limited shareholders	**(7)**	671	1 232
Adjusted for the following:			
Gross remeasurements excluded from headline earnings	**365**	(87)	(18)
Loss/(profit) on disposal of discontinued operations (IFRS 5)	**289**	(60)	(168)
Profit on disposal of subsidiaries and investments (IAS 27)	**(38)**		
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)	**(102)**		(201)
Profit on disposal of properties (IAS 16)	**(22)**	(14)	(30)
Impairment of goodwill (IFRS 3)	**152**		343
Impairment/(reversal) of investments in associates (IAS 28) and joint ventures (IAS 31)	**33**	(12)	37
Impairment of plant and equipment (IAS 16)	**51**		2
Loss/(profit) on sale of intangible assets (IAS 38)	**4**	(1)	2
Profit on sale of plant and equipment excluding rental assets (IAS 16)	**(2)**		(3)
Taxation effects of remeasurements		5	42
Taxation benefit of discontinued operations (IFRS 5)		(1)	
Taxation charge on disposal of subsidiaries (IAS 27)			43
Taxation charge on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)		6	
Taxation benefit on impairment of plant and equipment (IAS 16)			(1)
Net remeasurements excluded from headline earnings	**365**	(82)	24
Headline earnings	**358**	589	1 256

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
26. Earnings and headline earnings per share (continued)			
26.3 Headline earnings per share (continued)			
Profit from continuing operations	**316**	821	1 257
Non-controlling shareholders' interest in net profit from continuing operations	**(51)**	(68)	(13)
Profit from continuing operations attributable to Barloworld Limited shareholders	**265**	753	1 244
Adjusted for the following items in continuing operations:			
Gross remeasurements excluded from headline earnings from continuing operations	**178**	(28)	16
Profit on disposal of subsidiaries and investments (IAS 27)	**(38)**		
Profit on disposal of properties (IAS 16)	**(22)**	(15)	(30)
Impairment of goodwill (IFRS 3)	**152**		10
Impairment of investments/(Reversal of impairment) in associates (IAS 28) and joint ventures (IAS 31)	**33**	(12)	35
Impairment of plant and equipment (IAS 16)	**51**		2
Loss/(profit) on sale of intangible assets (IAS 38)	**4**	(1)	2
Profit on sale of plant and equipment excluding rental assets (IAS 16)	**(2)**		(3)
Taxation effects of remeasurements		6	(1)
Taxation charge on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)		6	
Taxation benefit on impairment of plant and equipment (IAS 16)			(1)
Net remeasurements excluded from headline earnings from continuing operations	**178**	(22)	15
Headline earnings from continuing operations	**443**	731	1 259
Loss from discontinued operations	**(272)**	(82)	(11)
Non-controlling shareholders' interest in net loss from discontinued operations			(1)
Loss from discontinued operations attributable to Barloworld Limited shareholders	**(272)**	(82)	(12)
Adjusted for the following items in discontinued operations:			
Gross remeasurements excluded from headline earnings from discontinued operations	**187**	(59)	(34)
Loss/(profit) on disposal of discontinued operations (IFRS 5)	**289**	(60)	(168)
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)	**(102)**		(201)
Loss on disposal of properties (IAS 16)		1	
Impairment of goodwill (IFRS 3)			333
Impairment of investments in associates (IAS 28) and joint ventures (IAS 31)			2
Taxation effects of remeasurements		(1)	43
Taxation benefit on disposal of discontinued operations (IFRS 5)		(1)	
Taxation charge on disposal of subsidiaries (IAS 27)			43
Net remeasurements excluded from headline earnings from discontinued operations	**187**	(60)	9
Headline loss from discontinued operations	**(85)**	(142)	(3)

	2010	2009	2008	2010 Cents	2009 Cents	2008 Cents
26. Earnings and headline earnings per share (continued)						
26.3 Headline earnings per share (continued)						
BASIC						
The weighted average number of ordinary shares	**209 468 701**	208 517 521	204 558 742			
Headline earnings per share (basic)				**170.9**	282.5	614.0
Headline earnings per share from continuing operations (basic)				**211.5**	350.6	615.5
Headline loss per share from discontinued operations (basic)				**(40.6)**	(68.1)	(1.5)
DILUTED						
Fully converted weighted average number of shares (note 26.1)	**210 186 626**	209 967 126	207 216 309			
Headline earnings per share (diluted)				**170.3**	280.5	606.1
Headline earnings per share from continuing operations (diluted)				**210.7**	348.1	607.6
Headline loss per share from discontinued operations (diluted)				**(40.6)**	(67.6)	(1.5)
Percentage dilution	**0.4**	0.7	1.3			

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
27. Dividends			
Ordinary shares			
Final dividend No 162 paid on 18 January 2010: 70 cents per share (2009: No 160 – 150 cents per share; 2008: No 158 – 200 cents per share)	**147**	312	409
Interim dividend No 163 paid on 7 June 2010: 20 cents per share (2009: No 161 – 40 cents per share; 2008: No 159 – 100 cents per share)	**42**	84	205
Paid to Barloworld Limited shareholders	**189**	396	614
Paid to non-controlling shareholders	**34**	38	8
	223	434	622

On 17 November 2010 the directors declared dividend No 164 of 55 cents per share.

An estimated dividend liability of R125 million and an estimated STC liability of R8 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	Wednesday	17 November 2010
Last day to trade *cum* dividend	Friday	7 January 2011
Shares trade *ex* dividend	Monday	10 January 2011
Record date	Friday	14 January 2011
Payment date	Monday	17 January 2011

Share certificates may not be dematerialised or rematerialised between Monday, 10 January 2011 and Friday, 14 January 2011, both days inclusive.

Analysis of dividends declared in respect of current year's earnings:

Ordinary dividends per share	2010 Cents	2009 Cents	2008 Cents
Interim dividend	**20**	40	100
Final dividend	**55**	70	150
	75	110	250

6% cumulative non-redeemable preference shares

Preference dividends totalling R22 500 were declared on each of the following dates:

– 14 April 2010 (paid on 17 June 2010)
– 5 November 2009 (paid on 30 November 2009)
– 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)

	2010 Rm	2009 Rm	2008 Rm
28. Barloworld shareholders' attributable interest in subsidiaries			
Holding company	**574**	4 540	551
Less: Dividends received from subsidiaries	**(492)**	(4 455)	(801)
	82	85	(250)
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation, including associate companies:			
Profits	**1 297**	1 165	2 384
Losses	**(1 386)**	(579)	(902)
Barloworld Limited shareholders' interest	**(7)**	671	1 232

	2010 Rm	2009 Rm	2008 Rm
29. Commitments			
Capital expenditure commitments to be incurred:			
Contracted	**1 016**	920	953
Approved but not yet contracted	**331**	503	131
	1 347	1 423	1 084
Share of joint ventures' capital expenditure commitments to be incurred:			
Contracted	**8**		
Approved but not yet contracted	**29**		3
	37		3

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	2010 Total Rm	2009 Total Rm	2008 Total Rm
Operating lease commitments						
Land and buildings	483	748	311	**1 542**	1 705	1 850
Motor vehicles		121	92	**213**	301	308
Other		31	164	**195**	145	120
	483	900	567	**1 950**	2 151	2 278

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	2010 Total Rm	2009 Total Rm	2008 Total Rm
Present value of minimum lease payments						
Land and buildings	276	224	34	**534**	571	600
Motor vehicles		18	16	**34**	60	74
Rental fleets		41	108	**149**	232	270
Other		76	27	**103**	123	
	276	359	185	**820**	986	944
Minimum lease payments						
Land and buildings	412	406	91	**909**	1 001	1 082
Motor vehicles		18	16	**34**	61	84
Rental fleets		41	109	**150**	234	303
Other		76	27	**103**	122	
Total including future finance charges	412	541	243	**1 196**	1 418	1 469
Future finance charges				**(376)**	(432)	(525)
Present value of lease commitments (note 14)				**820**	986	944

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 mainly 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 arise mainly in the handling division in Belgium where units are sold to customers and financed by the bank, whereby a guaranteed buyback is provided to the bank for more than 20% of the unit's value.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
30. Contingent liabilities			
Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	**1 367**	1 212	1 066
Litigation, current or pending, is not considered likely to have a material adverse effect on the group.			
Buyback and repurchase commitments not reflected on the statement of financial position	**224**	294	517

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 up to July 2015 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.

The amount disclosed represents the group's share of contingent liabilities. The extent to which an outflow of funds will be required is dependent on future operations being more or less favourable than currently expected.

There are no material contingent liabilities in joint venture companies.

31. 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, warranty, personal accident and motor products sold with vehicles in the automotive segment
– specific portions of maintenance contracts on equipment and vehicles sold in the equipment, handling and automotive segments
– guaranteed residual values on equipment and vehicles in the equipment, handling and automotive segments.

	2010 Rm	2009 Rm	2008 Rm
Income	**1 514**	1 336	1 315
Expenses	**1 129**	1 034	1 021
Cash inflow/(outflow)	**21**	8	(67)
(Gains)/losses recognised on buying reinsurance	**(4)**	(4)	5
Deferral of gains and losses on reinsurance:			
Unamortised amount at the beginning of the year			2
Amortisation for the year			(2)
Unamortised amount at the end of the year			
Liabilities:			
At the beginning of the year	**513**	650	482
Amounts added	**1 077**	898	1 261
Amounts used	**(963)**	(951)	(1 080)
Amounts reversed unused	**(75)**	(66)	(36)
Fair value adjustment on discount effect	**(41)**		
Translation difference	**(20)**	(18)	23
At the end of the year	**491**	513	650
Maturity profile:			
Within one year	**267**	296	372
Two to five years	**217**	215	267
More than five years	**7**	2	11
	491	513	650

	2010 Rm	2009 Rm	2008 Rm
31. Insurance contracts (continued)			
Assets:			
At the beginning of the year	**213**	222	220
Amounts added	**743**	586	616
Amounts used	**(737)**	(595)	(614)
At the end of the year	**219**	213	222
Age analysis of items overdue but not impaired:			
Overdue 30 to 60 days		3	10
Overdue 60 to 90 days	**2**		1
Overdue 90+ days			3
	2	3	14

Significant assumptions and risks arising from insurance contracts:

Credit life, warranty, personal accident and motor 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.

Personal accident – Provides compensation arising out of the accidental death, permanent or temporary total disability of the renter and passengers in the vehicle.

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 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 30 for the gross value of repurchase commitments.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

32. 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 30. 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	2010 Rm	2009* Rm	2008* Rm
32.1.1 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
– Held for trading items	7,10		15	77
Available-for-sale financial assets	7	**46**	46	47
Loans and receivables	7,10,11	**6 366**	5 902	7 787
Derivative assets designated as effective hedging instruments	7,10	**32**	4	109
Finance lease receivables	6,10	**567**	733	597
Total carrying value of financial assets		**7 011**	6 821	8 777
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
– Designated as such at initial recognition	16, 17	**27**	78	11
– Held for trading items	16, 17	**1**	11	31
Financial liabilities measured at amortised cost	14,16,17,18	**12 680**	14 274	16 263
Derivative liabilities designated as effective hedging instruments	16, 17	**131**	142	42
Total carrying value of financial liabilities		**12 839**	14 505	16 347
Carrying value of financial instruments by class:				
Financial assets:				
Trade receivables				
– Industry		**3 419**	3 379	5 058
– Government		**183**	136	202
– Consumers		**214**	307	309
Other loans and receivables and cash balances		**2 550**	2 080	2 218
Finance lease receivables		**567**	733	597
Derivatives (including items designated as effective hedging instruments)				
– Forward exchange contracts		**1**		145
– Interest rate swaps			15	40
– Other derivatives		**31**	4	1
Other financial assets at fair value		**46**	167	207
Total carrying value of financial assets		**7 011**	6 821	8 777
Financial liabilities:				
Trade payables				
– Principals		**1 410**	1 553	1 923
– Other suppliers		**3 427**	3 191	4 450
Other non-interest bearing payables		**866**	685	602
Derivatives (including items designated as effective hedging instruments)				
– Forward exchange contracts		**124**	28	11
– Interest rate swaps				24
– Other derivatives		**7**	114	7
Other financial liabilities at fair value		**28**	89	42
Interest-bearing debt measured at amortised cost		**6 977**	8 845	9 288
Total carrying value of financial liabilities		**12 839**	14 505	16 347

** The 2008 and 2009 figures were restated to exclude pre-payments, leave pay provision and VAT payable/(receivable).*

	2010 Rm	2009* Rm	2008* Rm
32. Financial instruments (continued)			
32.1.1 Summary of the carrying and fair value of financial instruments (continued)			
Fair value of financial instruments by class:			
Financial assets:			
Trade receivables			
– Industry	**3 419**	3 379	5 058
– Government	**183**	136	202
– Consumers	**214**	307	309
Other loans and receivables and cash balances	**2 550**	2 080	2 218
Finance lease receivables	**567**	733	597
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**1**		145
– Interest rate swaps		15	40
– Other derivatives	**31**	4	1
Other financial assets at fair value	**46**	167	207
Total fair value of financial assets	**7 011**	6 821	8 777
Financial liabilities:			
Trade payables			
– Principals	**1 410**	1 553	1 923
– Other suppliers	**3 427**	3 191	4 450
Other non-interest bearing payables	**866**	685	602
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**124**	28	11
– Interest rate swaps			24
– Other derivatives	**7**	114	7
Other financial liabilities at fair value	**28**	89	42
Interest-bearing debt measured at amortised cost	**6 977**	8 845	9 288
Total fair value of financial liabilities	**12 839**	14 505	16 347

** The 2008 and 2009 figures were restated to exclude pre-payments, leave pay provision and VAT payable/(receivable).*

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.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

32. Financial instruments (continued)

32.1.2 Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets.

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	2010 Total
Financial assets at fair value through profit or loss				
Derivative financial assets	2	29		**31**
Non-derivative financial assets			1	**1**
Available-for-sale financial assets				
Shares	46			**46**
Total	48	29	1	**78**
Financial liabilities at fair value through profit or loss				
Other derivative financial liabilities		131		**131**
Financial liabilities designated at fair value through profit or loss	28			**28**
Total	28	131		**159**

There were no transfers between Level 1 and 2 in the period.

32.2 Financial risk management

a. Capital risk management

The group manages its capital to ensure that all entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The overall strategy remains unchanged from the previous year.

The capital structure of the group consists of debt (notes 14 and 18), cash and cash equivalents (note 11) and equity attributable to equity holders of Barloworld Limited, comprising issued capital (note 13), reserves and retained earnings (statement of changes in equity).

A finance committee consisting of senior executives of the group meets on a regular basis to review the capital structure based on the cost of capital and the risks associated with each class of capital, analyse currency and interest rate exposure and to re-evaluate treasury management strategies in the context of most recent economic conditions and forecasts. The group has targeted gearing ratios for each major business segment as disclosed in note 1.1. The group's various treasury operations provide the group with access to local money markets and provide group subsidiaries with the benefit of bulk financing and depositing.

b. Market risk

i) Currency risk

Trade commitments

The group's currency exposure management policy for the southern African operations is to hedge all material foreign currency trade commitments as soon as they arise. In respect of offshore operations, where there is a traditionally stable relationship between the functional and transacting currencies, the need to take foreign exchange cover is at the discretion of the divisional board. Each division manages its own trade exposure within the overall framework of the group policy. In this regard the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the statement of financial position, 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 manage 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 R266 million (2009: R43 million; 2008: R140 million), of which R113 million (2009: R31 million; 2008: R124 million) will impact other comprehensive income and R153 million (2009: R12 million; 2008: R16 million) will impact profit or loss.

Net foreign currency monetary 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
				Currency of assets/(liabilities)					
32. Financial instruments (continued)									
32.2 Financial risk management (continued)									
Functional currency of group operation:									
SA rand	**n/a**	**27**	**6**	**1 251**	**8**		**45**		**1 337**
Euro		**n/a**		**26**					**26**
British sterling		**380**	**n/a**	**276**	**135**			**179**	**970**
US dollar	**(16)**	**109**	**6**	**n/a**	**7**		**38**	**239**	**383**
Other African currencies	**1**	**(44)**		**(29)**			**n/a**	**(1)**	**(73)**
Other currencies	**(1)**			**13**				**n/a**	**12**
As at 30 September 2010	**(16)**	**472**	**12**	**1 537**	**150**		**83**	**417**	**2 655**
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

	Fair value 2010 Rm	Fair value 2009 Rm	Fair value 2008 Rm
Hedge accounting applied in respect of foreign currency risk			
Cash flow hedges			
– fair value of (liability)/asset – foreign currency forward exchange contracts	**(78)**	(19)	73

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.

Hedges of net investments in foreign operations

As at September 2010, the group had nine 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 2010 Rm	Fair value 2009 Rm	Fair value 2008 Rm
Fair value of asset/(liability)							
– cross-currency interest rate swap contracts	EUR	(75 632)	2.8	2011 – 2012			
Fair value of asset/(liability)							
– cross-currency interest rate swap contracts	GBP	64 659	3.0	2009 – 2011	**(9)**	(59)	(28)
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)
Total					**(9)**	(104)	(42)

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

32. Financial instruments (continued)

32.2 Financial risk management (continued)

ii) Interest rate risk

The group manages the exposure to interest rate risk by maintaining a balance between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach.

The interest rate profile of total borrowings is as follows:

	Currency	Year of redemption/ repayment	Interest rate (%)	**2010 Rm**	2009 Rm	2008 Rm
Liabilities in foreign currencies						
Secured loans	BWP	2009 – 2013	15.4			20
	UAE	2009 – 2011	EIBOR** 3m + 2.5%			18
Unsecured loans	USD	2010	Libor* + 2.5			522
	EUR	2009 – 2012	Euribor*** + .77			104
	USD	2010	3 month Libor* + 1.5	**3**	20	28
	MZN	2009 – 2011	BT91 + .25-1.25	**27**		
Liabilities under capitalised finance leases	GBP	2014 – 2015	6 to 7	**152**	239	270
	EUR	2020	Euribor*** + 5.68	**156**	190	89
	USD	2010 – 2014	4.2	**34**	54	69
	BWP	2010 – 2013	15.5	**2**	4	5
Total foreign currency liabilities (note14)				**374**	507	1 125
Liabilities in South African rand						
Secured loans		2010 – 2023	9.0	**79**	64	105
Unsecured loans		2010 – 2015	7.8 – 11.78	**5 137**	4 900	3 454
Liabilities under capitalised finance leases		2010 – 2022	12.0	**476**	499	512
Total South African rand liabilities (note 14)				**5 692**	5 463	4 071
Total South African rand and foreign currency liabilities (note 14)				**6 066**	5 970	5 196
Interest rates						
Loans at fixed rates of interest				**5 033**	4 414	3 678
Loans linked to South African money market rates				**821**	1 332	734
Loans linked to Offshore money markets				**212**	224	784
				6 066	5 970	5 196

* *Libor – London inter-bank offered rate*

** *EIBOR – Emirates inter-bank overdraft rate*

*** *Euribor – European inter-bank offered rate*

Hedge accounting applied in respect of interest rate risk

As at September 2010, the group had the following designated cash flow hedge interest rate swap contract:

	Currency	Amount-notional (000's)	Interest rate %	Maturity date	Fair value **2010 Rm**	2009 Rm	2008 Rm
Fair value of asset/(liability) – designated cash flow hedge interest rate swap contracts	ZAR	500 000	7.96 (fixed)	2010		(4)	24
Total						(4)	24

Cash flow hedges

– fair value of interest rate swaps		(4)	24

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 occurred on a quarterly basis until June 2010.

32. Financial instruments (continued)

32.2 Financial risk management (continued)

Other interest rate derivatives

As at September 2010, the group had two other interest rate swap contracts. Details are as follows:

	Currency	Amount-notional (000's)	Interest rate %	Maturity date	Fair value 2010 Rm	2009 Rm	2008 Rm
Fair value of asset/(liability) – interest rate swap contracts	ZAR	750 000	3m Jibar# + 55 bps	2011	**29**	33	(5)
Fair value of asset/(liability) – interest rate swap contracts	ZAR	750 000	7.83 (fixed)	2011	**(12)**	(1)	49
Total					**17**	32	44

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

	2010 Rm	2009 Rm	2008 Rm
Interest rate sensitivity analysis			
Impact of a 1% increase in South African interest rates			
– charge to profit or loss, and	**26**	39	43
– increase in equity		4	12
Impact of a 1% increase in offshore interest rates			
– charge to profit or loss	**4**	13	23

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).

	2010 Rm	2009 Rm	2008 Rm
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	**2**	10	33
– charge to profit or loss in respect of the liability	**1**	10	10

Baw share price

The group has a liability to option holders in tems of the Share Appreciation Right Scheme (refer note 33.3).

	2010 Rm	2009 Rm	2008 Rm
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	**6**	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 33.3.

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

	2010 Rm	2009 Rm	2008 Rm
32. Financial instruments (continued)			
32.2 Financial risk management (continued)			
Maximum exposure to credit risk (excl collateral held)			
Trade receivables			
– Industry	**3 419**	3 379	5 059
– Government	**183**	136	202
– Consumers	**215**	307	309
Other loans and receivables, prepayments and cash balances	**2 822**	2 396	2 538
Finance lease receivables	**567**	733	597
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**1**		144
– Interest rate swaps		15	40
– Other derivatives	**31**	4	1
Other financial assets at fair value	**46**	146	207
Other items, including financial guarantees	**1 212**	1 212	1 066
	8 224	8 328	10 163
Carrying value of financial assets, the terms of which have been renegotiated			
Trade receivables			
– Industry	**7**	1	1
– Government	**1**		3
Impairment losses/(gains) on financial assets			
Trade receivables			
– Industry			58
– Government			(2)
– Consumers			7
Finance lease receivables			(10)
Fair value of collateral held on overdue or impaired amounts			1
Fair value of collateral held on amounts not overdue or impaired			123

The collateral for 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 2009.

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 bank facilities amounted to R7.3 billion (2009: R9.0 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 2010	Repayable during the year ending 30 September 2011	2012 to 2015	2015 and onwards
Interest-bearing liabilities	**8 207**	2 229	4 349	1 629
Trade payables and other non-interest bearing liabilities	**7 475**	6 313	557	605

	2010 Rm	2009 Rm	2008 Rm
33. Share incentive schemes and share-based payments			
33.1 Financial effect of share-based payment transactions			
Income statement effect			
Expense arising from share-based payment transactions	6	6	337
Compensation expense arising from equity and cash-settled forfeitable share plan	9		
Compensation expense arising from equity-settled share option incentive plan		1	2
Compensation expense arising from cash-settled share appreciation rights incentive plan	11	(2)	(4)
Share-based payment expense included in operating profit	26	5	335
Taxation benefit on forfeitable share plan, cash-settled share appreciation rights and BEE transactions	(6)	(6)	(40)
Net share-based payment expense after taxation	20	(1)	295
Financial position effect			
Liability raised for cash-settled shares (to be incurred within 1 – 5 years)	(25)	(14)	(16)
Deferred taxation asset raised on share-based payment transactions	10	20	40
Net (reduction)/increase in shareholders' interest as a result of share-based payment transactions	(15)	6	24

33.2 Forfeitable share plan

On 28 January 2010 the group introduced the Barloworld Forfeitable share plan (FSP). The scheme allows executive directors and certain senior employees to earn a long-term incentive to assist with the retention and reward of selected employees. Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date. The vesting of the shares is subject to continued employment for a period of three years or the employee will forfeit the shares.

Shares issued to the executive directors are subject to performance conditions which will be measured over the three year vesting period. The performance conditions over the vesting period include a market condition based on total shareholder return and non-market conditions based on a return on equity and headline earnings per share.

On resignation, the employee will forfeit any unvested shares. On death or retirement only a portion of the shares will vest, calculated based on the number of months worked over the total vesting period, subject to any performance condition being met. The scheme is settled in shares and therefore the scheme is equity-settled. In jurisdictions where the delivery of shares is impractical, cash will be paid to employees in lieu of shares. These shares are cash-settled share-based payments.

Fair value estimates

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to the dividends from grant date. The fair value of the equity-settled shares subject to non-market conditions is the average share price at grant date. The estimated fair value of the equity-settled shares subject to market conditions were calculated at grant date using a Monte Carlo simulation model with the following inputs:

Date of grant: 17 March 2010	Market conditions	Non-market conditions
Number of shares granted	202 650	1 014 300
Share price at grant date (R)	46.35	46.35
Expected volatility (%)	42.9	
Expected dividend yield (%)	3.5	
Risk free rate (%)	8.1	
Estimated fair value per share at grant date (R)	29.81	46.29

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at financial position date. The estimated fair value of the cash-settled shares was calculated by using the closing share price at the reporting date and discounting future expected dividends.

Date of grant	17 March 2010
Number of cash-settled shares granted	59 300
Share price at grant date (R)	46.35
Risk free rate (%)	6.5
Estimated fair value per cash-settled share at grant date (R)	45.29
Estimated fair value per cash-settled share at year end (R)	46.23

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

33. Share incentive schemes and share-based payments (continued)

33.3 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 forfeitable share plan, 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	23 Nov 2009
Number of share appreciation rights granted	624 929	3 730 345	2 987 635	3 144 650
Exercise price (R)	64.18	113.01	61.01	51.04
Share price at grant date (R)	140.00	123.88	61.01	49.90
Share price at financial position date (R)	46.80	46.80	46.80	46.80
Expected volatility (%)	42.0	42.0	42.0	42.0
Expected dividend yield (%)	3.2	2.5	4.7	7.0
Risk free rate (%)	6.2	6.5	6.8	7.0
Exercise multiple (share price at exercise date/ option exercise price)	1.9	1.9	1.9	1.9
Estimated fair value per share appreciation right at grant date (R)	26.91	46.41	15.64	14.67
Estimated fair value per share appreciation right at year end (R)	6.69	2.93	10.57	13.34

** The 15 November 2006 and 12 July 2007 grants were modified due to the Cement and Coatings unbundling as set out in note 33.5 and 33.6.*

33. Share incentive schemes and share-based payments (continued)

33.4 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

33.5 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 (note 33.6).

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

33. Share incentive schemes and share-based payments (continued)

33.6 Total forfeitable shares, share options and appreciation rights unexercised

The following forfeitable shares, 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**
25 Sept 2001	25 Sept 2004	25 Sept 2011	1.0	45.70	13.63		130 379	42 566	172 945
25 Sept 2002	25 Sept 2005	25 Sept 2012	2.0	58.20	20.33		21 000		21 000
1 April 2003	1 April 2006	1 April 2013	2.5	47.50	14.59	43 987	439 940	164 833	648 760
Total equity-settled share options granted and unexercised						43 987	591 319	207 399	842 705
15 Nov 2006	15 Nov 2009	15 Nov 2012	2.1	140.00	64.18	270 492	354 437		624 929
12 July 2007	12 July 2010	12 July 2013	2.8	123.88	113.01	383 743	2 813 412		3 197 155
29 Sept 2008	29 Sept 2011	29 Sept 2014	4.0	61.01	n/a	617 398	2 231 941		2 849 339
23 Nov 2009	30 Nov 2012	22 Nov 2015	5.1	51.04	n/a	641 290	2 417 440		3 058 730
Total cash-settled share appreciation rights granted and unexercised						1 912 923	7 817 230		9 730 153
17 Mar 2010	17 Mar 2013	17 Mar 2013	2.5	0.00	n/a	810 600	406 350		1 216 950
Total equity-settled forfeitable shares granted and unexercised						810 600	406 350		1 216 950
17 Mar 2010	17 Mar 2013	17 Mar 2013	2.5	0.00	n/a		59 300		59 300
Total cash-settled forfeitable shares granted and unexercised							59 300		59 300
Total unexercised						2 767 510	8 874 199	207 399	11 849 108

The weighted average share price of options exercised during the period was R45.19 (2009: R43.91; 2008: R96.51).

* *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.*

	Number of forfeitable shares	Number of appreciation rights	Number of share options	Weighted average exercise price (R)
Share options and appreciation rights movement for the year				
2010				
Unexercised at the beginning of the year		**6 950 825**	**2 637 709**	**68.56**
Rights granted in terms of cash-settled share appreciation rights scheme		**3 144 650**		**51.04**
Equity-settled forfeitable shares granted	**1 216 950**			**0.00**
Cash-settled forfeitable shares granted	**59 300**			**0.00**
Appreciation rights forfeited		**(365 322)**		**84.54**
Options exercised			**(1 795 004)**	**65.33**
Forfeitable shares, options and appreciation rights unexercised at year end	**1 276 250**	**9 730 153**	**842 705**	**62.76**
Held by:				
Directors, employees and ex-employees of Barloworld	**1 276 250**	**9 730 153**	**635 306**	**63.62**
Financial institutions			**207 399**	**14.39**
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 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

33. Share incentive schemes and share-based payments (continued)

33.6 Total forfeitable shares, share options and appreciation rights unexercised (continued)

	Number of appreciation rights	Number of share options	Weighted average exercise price (R)
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 and employees of Barloworld	7 114 885	2 821 776	68.19
Financial institutions		440 141	21.12

33.7 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 (2009: 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. 36 279 shares were not issued and are treated as treasury shares (note 13).	2 980 829	64.50

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

34. Changes in accounting policy and disclosures

34.1 New standards and interpretations adopted

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The basis is consistent with the prior year except for the adoption of the following new and amended standards and new interpretations:

IFRS 8 Operating Segments (IFRS 8)

The group adopted IFRS 8 Operating Segments with effect from 1 October 2009. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Operating segments are identified on the basis of management reports of the group that are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The executive committee of Barloworld Limited has been identified as the chief operating decision maker. Management has determined the operating segments based on the management reports and are consistent with the segmental reporting that was applied in IAS 14 and report on the operating segments as follows:

- The equipment segment provides customers with integrated solutions that includes Caterpillar earthmoving equipment, engines and other complementary brands.
- The automotive segment provides customers with integrated motor vehicle usage solutions through the operation of car rental, motor retail and fleet service business units.
- The handling segment provides customers with innovative solutions for material handling needs that includes lift trucks, warehouse handling equipment and distribution of agricultural equipment.
- The logistics segment provides customers with traditional logistics services and supply chain management solutions.
- The corporate segment comprises all the other group activities including the operations of the corporate office in Johannesburg and treasury in the United Kingdom.

The executive committee evaluates the segment performance based on the operating results plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations.

The disclosures required have been included under note 1.

IAS 1 Presentation of Financial Statements (Revised) (IAS 1)

The revised version of IAS 1 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 adopted two statements, a separate income statement and a statement of comprehensive income with effect from 1 October 2009. All changes in equity arising from non-owner changes in equity are displayed in the statement of comprehensive income. Only owner changes in equity are allowed in the statement of changes in equity. The statement of changes in equity shows reconciliation between the opening and closing balance of each component of equity.

IAS 1 also gives a choice to amend the titles of financial statements as they will be used in IFRSs. The group adopted the new terms with effect from 1 October 2009 as follows:

- "Balance sheet" will become "Statement of financial position"
- "Cash flow statement" will become "Statement of cash flows"

IFRS 3 Business Combinations (Revised) (IFRS 3)

The group adopted the revised IFRS 3 with effect from 1 October 2009 and applies prospectively to all new business combinations. The revised IFRS 3 has been issued after completion of the IASB 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 non-controlling interests are involved, step acquisitions and partial disposals. The group did not enter into any business combination transactions or other events as defined by this IFRS in the current financial year.

IFRS 2 Share-based Payments (Revised) (IFRS 2)

The group adopted the amendments to IFRS 2 with effect from 1 October 2009 that 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 did not require an amendment to its accounting treatment and the group updated its definition of vesting conditions accordingly.

IFRS 2 Group Cash-settled Share-based Payment Transactions (Revised – June 2009) (IFRS 2)

The group early adopted the amended IFRS 2 with effect from 1 October 2009 that 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 did not require an amendment to the group's accounting treatment.

34. Changes in accounting policy and disclosures (continued)

34.1 New standards and interpretations adopted (continued)

Annual improvements project 2008

The group adopted improvements to IFRSs – a collection of amendments to IFRSs, issued in May 2008 by the IASB, with effect from 1 October 2009. These amendments consist of various necessary, but non-urgent, amendments to IFRSs that will not be part of another major project of the IASB. These amendments did not have a significant impact on the group, except for the amendments to IAS 16 and IAS 7 as detailed in note 34.2.

Annual improvements project 2009

The group early adopted improvements to IFRSs – a collection of amendments to IFRSs, issued by the IASB in April 2009, with effect from 1 October 2009. These amendments consist of various necessary, but non-urgent, amendments to IFRSs that will not be part of another major project of the IASB. These amendments did not have a significant impact on presentation, recognition or measurement for the group.

IFRIC 17 Distributions of Non-cash Assets to Owners

The group adopted IFRIC 17 with effect from 1 October 2009 and applies to non-cash distributions to owners after this date. 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 group did not distribute assets other than cash as dividends to its owners in the current financial year.

IAS 32 Financial Instruments – Classification of Rights Issues (October 2009)

The group early adopted the amended IAS 32 with effect from 1 October 2009 that was issued in October 2009 by the IASB on the classification of rights issues. For rights issues offered for a fixed amount of foreign currency current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all an entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The group did not offer any rights issues in the current financial year.

IFRIC 14 Prepayments of a Minimum Funding Requirement (November 2009)

The group early adopted the amended IFRIC 14 with effect from 1 October 2009 that was issued in November 2009 by the IASB on Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments must be applied retrospectively to the earliest comparative period presented. The amendment did not require an amendment to the group's accounting treatment.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (November 2009)

The group early adopted IFRIC 19 with effect from 1 October 2009 that was issued in November 2009 by the IASB on Extinguishing Financial Liabilities with Equity Instruments. A debtor and creditor might renegotiate the terms of a financial liability with the results that the debtor extinguishes the liability fully or partially by issuing equity instruments to the creditor. These transactions are sometimes referred to as 'debt for equity swaps'. This interpretation provides guidance on the accounting for such transactions. The interpretation did not require an amendment to the group's accounting treatment.

34.2 Changes to comparative information

IAS 16 Property, Plant and Equipment
IAS 7 Statement of Cash Flows

The group adopted the amendments in IAS 16 and IAS 7 with effect from 1 October 2009 that was amended by the 2008 annual improvements project as indicated above.

IAS 16 was amended whereby an entity, in the course of its ordinary activities, routinely sells items that it has held for rental to others, it transfers those assets to inventories at their carrying amount when they cease to be rented and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IAS 18.

IAS 7 was amended that the cash payments to acquire rental assets, the cash receipts from rents and subsequent sale of such assets are all classified as operating activities.

This requires retrospective restatement of income statement, statement of financial position and the statement of cash flows. The 2009 and 2008 comparative information has been restated for the adoption of IAS 16 and IAS 7.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

34. Changes in accounting policy and disclosures (continued)

34.2 Changes to comparative information (continued)

The effect of the above changes on the annual financial statements for the years ended 30 September 2009 and 2008 is as follows:

	2009 Previously stated Rm	2009 IAS 16/ IAS 7 Re-statement Rm	2009 Restated Rm	2008 Previously stated Rm	2008 IAS 16/ IAS 7 Re-statement Rm	2008 Restated Rm
Statement of comprehensive income restatement						
Revenue – continuing operations	42 232	3 037	45 269	46 830	3 277	50 107
Revenue – discontinuing operations	1 121	330	1 451	1 900	598	2 498
Cost of sales – continuing operations	32 528	2 768	35 296	36 074	3 704	39 778
Statement of financial position restatement						
Inventory	6 737	299	7 036	7 495	280	7 775
Assets classified as held for sale	2 657	(299)	2 358	3 156	(280)	2 876
Statement of cash flows restatement						
Cash flow from operating activities						
Operating cash flows before movements in working capital	3 587	258	3 845	5 281	141	5 422
Increase in working capital	882	3	885	(1 547)	114	(1 433)
Cash generated from operations before investment in rental assets	4 469	261	4 730	3 734	255	3 989
Net investment in fleet leasing assets		(760)	(760)		(1 378)	(1 378)
Net investment in vehicle rental fleet		(69)	(69)		(768)	(768)
Cash generated from operations	4 469	(568)	3 901	3 734	(1 891)	1 843
Finance costs	(994)		(994)	(980)		(980)
Realised fair value adjustments on financial instruments	(180)		(180)	(157)		(157)
Dividends received from investments and associates	14		14	26		26
Interest received	146		146	188		188
Taxation paid	(603)		(603)	(830)		(830)
Cash flow from operations	2 852	(568)	2 284	1 981	(1 891)	90
Dividends paid (including non-controlling shareholders)	(434)		(434)	(622)		(622)
Net cash from/(applied to) operating activities	2 418	(568)	1 850	1 359	(1 891)	(532)
Cash flows from investing activities						
Acquisition of subsidiaries, investments and intangibles	219		219	(996)		(996)
Proceeds on disposal of subsidiaries, investments and intangibles	7		7	1 098		1 098
Net investment in fleet leasing and rental assets	(568)	568		(1 891)	1 891	
Net investment in leasing receivables	(139)		(139)	(13)		(13)
Acquisition of other property, plant and equipment	(910)		(910)	(973)		(973)
Proceeds on disposal of property, plant and equipment	180		180	169		169
Net cash used in investing activities	(1 211)	568	(643)	(2 606)	1 891	(715)
Net cash inflow/(outflow) before financing activities	1 207		1 207	(1 247)		(1 247)
Net cash from financing activities						
Proceeds on share issue	12		12	23		23
Pension fund payment				(759)		(759)
Proceeds from long-term borrowings	4 379		4 379	3 298		3 298
Repayment of long-term borrowings	(4 328)		(4 328)	(1 285)		(1 285)
(Decrease)/increase in short-term interest-bearing liabilities	(710)		(710)	70		70
Net cash (used in)/from financing activities	(647)		(647)	1 347		1 347
Net increase in cash and cash equivalents	560		560	100		100
Cash and cash equivalents at beginning of year	1 238		1 238	1 201		1 201
Cash and cash equivalents held for sale at beginning of year	31		31			
Effect of foreign exchange rate movement on cash balances	(57)		(57)	54		54
Effect of cash balances classified as held for sale	(145)		(145)	(31)		(31)
Effect of unbundling of Coatings on cash balances				(86)		(86)
Cash and cash equivalents at end of year	1 627		1 627	1 238		1 238

34. Changes in accounting policy and disclosures (continued)

34.3 New standards and interpretations not yet adopted

The following standards and interpretations are not yet effective and will be adopted in future years:

IAS 24 Related Party Disclosure (November 2009)

The IASB revised IAS 24 in November 2009 by simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition and providing a partial exemption from the disclosure requirements for government-related entities.

The fundamental approach to related party disclosure has not changed and the group is mostly in line with the new standard. The replaced standard now requires disclosure of key management personnel compensation in total for each of the following categories (IAS 24.17):

- short-term employee benefits
- post-employment benefits
- other long-term benefits
- termination benefits
- share-based payment benefits

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity (IAS 24.9). The replaced standard is effective retrospectively for the year ending 30 September 2012. The group is currently collecting the detailed requirements and evaluating its retrospective impact on presentation, recognition and measurement.

IFRS 9 Financial Instruments (November 2009)

In November 2009 the IASB issued IFRS 9 as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting 1 January 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. It is expected that by the end of 2010 IFRS 9 will be a complete replacement for IAS 39.

The new standard is effective from 1 January 2013 for the year ending 30 September 2013. The group will assess the detailed requirements of the new standard once the complete IFRS 9 has been issued.

Annual improvements project 2010

In May 2010, the IASB 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 IASB. Some of these amendments are effective for the year ending 30 September 2011 and the rest are effective for the year ending 30 September 2012. The group is in the process of evaluating the detailed requirements of the amendments and their impact on presentation, recognition and measurement.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

35. 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 83 to 88. 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 2010 was as follows:

	Salary R000	Bonus R000	Retirement and medical contributions R000	Share options awarded* R000	Forfeitable share plan++ R000	Car allowances R000	Other benefits R000	Total 2010 R000	Share options ceded^ R000	Share options exercised^ R000
2010										
Executive directors										
PJ Blackbeard	2 773	330	911	221	686	189	1 493	6 603	1 230	
PJ Bulterman (appointed 1 October 2009)	2 578	2 285	439	345	686	240	43	6 616	725	
M Laubscher	3 392	3 104	659	298	914	237	11	8 615		365
OI Shongwe	2 175	431	360	284	571	228		4 049		
CB Thomson	5 113	4 596	875	703	2 034	266	300	13 887	880	
DG Wilson	2 635	1 987	577	242	686	246	11	6 384		
	18 666	12 733	3 821	2 093	5 577	1 406	1 858	46 154	2 835	365

	Fees R000	Car allowances R000	Fees for services to subsidiaries/other services R000	Total 2010 R000
Non-executive directors				
S Baqwa	324			324
AGK Hamilton	1 069			1 069
S Mkhabela	350			350
DB Ntsebeza	1 438	266	507+	2 211
TH Nyasulu	217			217
SB Pfeiffer	886			886
G Rodriguez de Castro Garcia de los Rios	603		740	1 343
SS Ntsaluba	368			368
MJN Njeke	288			288
	5 543	266	1 247	7 056
Total directors' remuneration				53 210

* *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.*

\+ *Includes reimbursement for relocation costs of R500 000.*

++ *Vesting subject to achievement of performance conditions for 75% of the award.*

35. Directors' remuneration and interests (continued)

Directors' remuneration (continued)

	Salary R000	Bonus R000	Retirement and medical contri-butions R000	Share options awarded* R000	Car allow-ances 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

	Fees R000	Car allow-ances R000	Fees for services to sub-sidiaries/ other services R 000	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

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

35. Directors' remuneration and interests (continued)

Directors' remuneration (continued)

	Salary R000	Bonus R000	Retirement and medical contri-butions R000	Share options awarded* R000	Car allow-ances R000	Other benefits R000	Total 2008 R000	Share options ceded^ R000	Share options exercised^ R000
2008									
Executive directors									
PJ Blackbeard	3 222	2 105	333	(386)	232	1 753	7 259	294	
BP Diamond (resigned 31 December 2007)	876		303	(88)	29	8 722	9 842		
AJ Lamprecht (resigned 30 November 2007)	361		95	(88)	39	1 117	1 524		
M Laubscher	2 487	1 758	463	(464)	236	16	4 496		1 779
OI Shongwe	1 513	1 550	212	(22)	228	5	3 486		
PM Surgey (resigned 30 September 2008)	2 280	2 132	512	(377)	249	8 629	13 425		2 805
CB Thomson	3 873	4 348	660	(431)	264	295	9 009		1 876
DG Wilson	2 216	2 109	459	(508)	244	27	4 547		
	16 828	14 002	3 037	(2 364)	1 521	20 564	53 588	294	6 460

	Fees R000	Car allow-ances R000	Fees for services to sub-sidiaries/ other services R 000	Total 2008 R000
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

* *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.*

35. Directors' remuneration and interests (continued)

Interest of directors in contracts

The group has guaranteed a loan from a financial institution amounting to R50 million (2009: R50 million; 2008: R98 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 2010 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					
	2010 Direct	**2010 Indirect**	2009 Direct	2009 Indirect	2008 Direct	2008 Indirect
Executive directors						
PJ Blackbeard	**137 984**		38 334		38 334	
PJ Bulterman (appointed 1 October 2009)	**99 650**					
M Laubscher	**180 341**		46 101		46 101	
OI Shongwe	**85 150**		2 100		2 100	
CB Thomson	**403 970**	**103**	108 270	103	108 270	103
DG Wilson	**104 650**		5 000		5 000	
	1 011 745	**103**	199 805	103	199 805	103
Non-executive directors						
S Baqwa	**36 010**					
AGK Hamilton	**1 850**		1 850		1 850	
S Mkhabela	**37 430**		1 420			
HT Nyasulu	**650**		650		100	
DB Ntsebeza	**41 960**		5 950		4 500	
SB Pfeiffer	**10 000**		10 000		10 000	
	127 900		19 870		16 450	
	1 139 645	**103**	219 675	103	216 255	103

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

35. Directors' remuneration and interests (continued)

Interest of directors of the company in share options, share appreciation rights and forfeitable shares

The interests of the executive and non-executive directors in shares of the company provided in the form of options, share appreciation rights and forfeitable shares are shown in the table below:

	Number of options/rights as at 30 Sep 2009	Cash-settled share appreciation rights granted during the year
PJ Blackbeard	6 667	
	35 000	
	65 291	
	46 627	
	43 296	
	88 978	
		84 090
PJ Bulterman (appointed 1 October 2009)	37 320	
	37 320	
	55 129	
	77 576	
		84 090
M Laubscher	18 660	
	74 619	
	42 091	
	98 431	
		112 620
OI Shongwe	37 229	
	62 176	
		69 920
CB Thomson	43 542	
	65 291	
	137 870	
	201 259	
		199 560
DG Wilson	65 291	
	64 797	
	88 978	
		91 010
Baw share options	178 509	
Baw share appreciation rights	1 271 633	641 290
PPC options	43 296	
FSP shares		

** The original option price has been modified for the changes in share price as a result of the PPC and Coatings unbundlings.*

Number of forfeitable shares granted during the year	Number of options exercised/ ceded during the year	Number of options/ rights as at 30 September 2010	Share price on day exercised/ cession price on day ceded	Option*/ rights price	Date from which exercisable
		6 667		14.59	01/04/06
	35 000		15.16	25.48	26/05/07
		65 291		64.18	14/11/09
		46 627		113.01	12/07/10
	43 296		16.15	16.95	26/05/07
		88 978		61.01	29/09/11
		84 090		51.04	30/11/12
99 650		99 650			17/03/13
	37 320		19.43	14.59	01/04/06
		37 320		25.48	26/05/07
		55 129		113.01	12/07/10
		77 576		61.01	29/09/11
		84 090		51.04	30/11/12
99 650		99 650			17/03/13
	18 660		45.06	25.48	26/05/07
		74 619		64.18	14/11/09
		42 091		113.01	12/07/10
		98 431		61.01	29/09/11
		112 620		51.04	30/11/12
132 900		132 900			17/03/13
		37 229		113.01	12/07/10
		62 176		61.01	29/09/11
		69 920		51.04	30/11/12
83 050		83 050			17/03/13
	43 542		20.21	25.48	26/05/07
		65 291		64.18	14/11/09
		137 870		113.01	12/07/10
		201 259		61.01	29/09/11
		199 560		51.04	30/11/12
295 700		295 700			17/03/13
		65 291		64.18	14/11/09
		64 797		113.01	12/07/10
		88 978		61.01	29/09/11
		91 010		51.04	30/11/12
99 650		99 650			17/03/13
	134 522	43 987			
		1 912 923			
	43 296				
810 600		810 600			

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

		Type	Issued capital Currency	Local currency amount
36.	**Principal subsidiary companies**			
	Avis Southern Africa Limited	H	ZAR	17 903 911
	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 Equipment (Pty) Limited	O	ZAR	2
	Barloworld Equipment UK Limited[1]	O	GBP	4 500 000
	Barloworld Holdings PLC[1]	H	GBP	228 301 000
	Barloworld Handling Limited[1]	O	GBP	22 180 000
	Barloworld Insurance Limited[1]	O	GBP	4 100 000
	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
	Finanzauto SA[2]	O	EUR	41 382 127
	RIH Investments (Pty) Limited – Ord	H	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	25 000 100
	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.*

	Effective percentage holdings			Interest of holding company: Shares			Interest of holding company: Indebtedness			Amounts owing to subsidiaries		
	2010 %	2009 %	2008 %	**2010 Rm**	2009 Rm	2008 Rm	**2010 Rm**	2009 Rm	2008 Rm	**2010 Rm**	2009 Rm	2008 Rm
	100	100	100	**106**	106	107	**102**	70	70			
	100	100	100									
	100	100	100									
	100	100	100	**30**	30	30	**639**	979				
	100	100	100								95	46
	100	100	100									
	100	100	100									
	100	100	100									
	100	100	100	**63**	63	63						
	100	100	100	**108**	108	108	**2 590**	2 590	2 642			
	100	100	100									
	100	100	100	**1 152**	1	1	**9 512**	9 430	5 326	**1 470**	154	5
	100	100	100	**4**	4	4						
	99.7	99.7	99.7									
	100	100	100	**131**	131	131						
	100	100	100									
	98.8	98.8	98.8									
	100	100	100									
	100	100	100									
				31	31	31						
				55	56	56	**220**	246	360	**45**	43	73
				1 680	530	531	**13 063**	13 315	8 398	**1 515**	292	124

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	Securities Exchange	Number of shares 2010	2009	2008
37. 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	**646 459**	2 945 216	5 131 797
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
First Rand Bank – preference shares		**20 000 000**	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.*

Investor company/associate	Principal products or activities	Issued share capital R000	Percentage held by investors 2010	2009	2008
38. Investment in associate companies					
Barloworld Australia (Pty) Limited					
CAN 082 879 031 (Pty) Limited[1] (Formerly Mercedes-Benz of Melbourne (Pty) Limited)	Motor retailer			49	49
Barloworld Holdings PLC					
Barzem Enterprises (Pty) Limited[2]^	Caterpillar dealer	48	**35**	35	35
Energyst B.V.[3]^	Caterpillar engines rental	5 041	**23**	23	22
Barloworld Automotive (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 2010	2009	2008
39. Significant joint ventures				
Barloworld Equipment Company				
Bartrac Equipment (includes Democratic Republic of Congo)	Caterpillar dealer	**50**	50	50
Barloworld Automotive (Pty) Limited				
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	50

 # Under liquidation
^ The following associate companies have a different reporting year end:
Barzem Enterprises (Pty) Limited[2] – 31 August 2010
Energyst B.V.[3] – 31 December 2010

40. 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	Joint ventures in which the group is a venture
2010	
Goods and services sold to	
Barloworld Heftruck Verhuur B.V.	**77**
	77
Goods and services purchased from	
Barloworld Heftruck Verhuur B.V.	**4**
Bartrac Equipment	**163**
	167
Other transactions	
Management fees received from joint ventures	**4**
Other transactions	**1**
	5
No amounts are due from related parties as at end of year	
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
	86

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

40. Related party transactions (continued)

R million	Associates of the group	Joint ventures in which the group is a venture
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 associates		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

Terms on other outstanding balances

Unless otherwise noted, all outstanding balances are payable within 30 days, unsecured and not guaranteed.

There are no doubtful debt provisions raised in respect of amounts due to/from related parties and no bad debts incurred during the year on these balances.

Associates and joint ventures

The loans to associates and joint ventures are repayable on demand and bears interest at market related rates. Details of investments in associates and joint ventures are disclosed in notes 5, 38 and 39.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 36.

Directors

Details regarding directors' remuneration and interests are disclosed in note 35, and share options, share appreciation rights and forfeitable shares are disclosed in note 33.

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 96.

Barloworld Medical Scheme

Contributions of R92 million were made to the Barloworld Medical Scheme on behalf of employees (2009: R84 million; 2008: R73 million).

Barloworld Pension Fund

Amounts recognised in the Income Statement in respect of defined benefit plans was a net loss of R1 million (2009: R16 million net loss; 2008: R3 million net gain).

41. Events after the reporting period

Agreement has been reached to acquire our partner's 50% shareholding in Vostochnaya Technica (VT) for US$52 million (R363 million). VT distributes and supports Caterpillar and allied equipment across Siberia and the Russian Far East.

The transaction is subject to certain regulatory approvals however the group has acquired the right to appoint an additional director and therefore deemed to have acquired control from 1 October 2010.

The provisional goodwill of US$22 million (R157 million) arising from the acquisition is attributable to the value of an established Caterpillar business.

None of the provisional goodwill to be recognised is expected to be deductible for income tax purposes.

For the purpose of this disclosure note the company has assumed fair values equate to carrying values. IFRS 3 requires the existing investment to be revalued based on the fair values before acquisition. This exercise results in a gain of US$11 million (R77 million).

	Rm
Property, plant and equipment	169
Intangible assets	10
Inventories	516
Trade and other receivables	255
Trade and other payables	(320)
Loans	(283)
Deferred tax	27
Taxation	(9)
Other	(11)
Cash	214
Net assets	568
Goodwill on acquisition	157
Cost of investment	725
Cost of 50% investment	363
Satisfied by:	
Cash	363
Net cash outflow arising from acquisition	149
– Cash	363
– Cash and cash equivalents acquired	(214)

All known liabilities are accounted for in the above figures.

All numbers provided are provisional and are based on an exchange rate at 30 September 2010.

Had VT been acquired and consolidated from 1 October 2009 the group income statement would have included additional revenue of R1 455 million and profit of R105 million which includes the R77 million investment revaluation profit as referred to above.

Company statement of financial position

at 30 September

	Notes	2010 Rm	2009 Rm	2008 Rm
Assets				
Non-current assets		**13 880**	14 097	9 142
Property, plant and equipment	2	**612**	449	267
Intangible assets	3	**18**	22	23
Long-term financial assets	4	**13 233**	13 561	8 837
Deferred taxation assets	5	**17**	65	15
Current assets		**1**	4	42
Trade and other receivables	6	**1**	4	42
Total assets		**13 881**	14 101	9 184
Equity and liabilities				
Capital and reserves				
Share capital and premium	7	**149**	49	40
Other reserves		**165**	160	149
Retained income		**8 604**	8 232	4 117
Interest of shareholders of Barloworld Limited		**8 918**	8 441	4 306
Non-current liabilities		**2 836**	3 582	2 783
Interest-bearing	8	**2 833**	3 578	2 775
Provisions	9	**2**	3	8
Other non-interest-bearing	10	**1**	1	
Current liabilities		**2 127**	2 078	2 095
Trade and other payables		**31**	54	51
Provisions	9		2	8
Amounts due to bankers and short-term loans	11	**2 096**	2 022	2 036
Total equity and liabilities		**13 881**	14 101	9 184

Company statement of comprehensive income

for the year ended 30 September

	Notes	**2010 Rm**	2009 Rm	2008 Rm
Revenue	12	**79**	46	162
Operating profit	13	**1 228**	5 136	1 025
Fair value adjustments on financial instruments	14	**1**	(5)	(5)
Finance costs	15	**(587)**	(602)	(424)
Income from investments	16			2
Profit before taxation		**642**	4 529	598
Taxation	17	**(68)**	11	(47)
Net profit for the year		**574**	4 540	551
Other comprehensive income				
Coatings unbundling				(2 582)
Total comprehensive income for the year		**574**	4 540	(2 031)

Company statement of changes in equity

for the year ended 30 September

	Notes	Share capital and premium Rm	Re-valuation reserves Rm	Cash flow hedging reserves Rm	Equity com-pensation reserves Rm	Total other reserves Rm	Total retained income Rm	Total share-holders' interest Rm
Balance at 30 September 2007		11	3		12	15	6 762	6 788
Other comprehensive income recognised during 2008								
Coatings unbundling							(2 582)	(2 582)
Net profit for the year							551	551
Total comprehensive income for the year							(2 031)	(2 031)
Other reserve movements				(12)	146	134		134
Premium utilised for Coatings unbundling	7	(1)						(1)
BEE equity expenses	7	(3)						(3)
Dividends on ordinary shares							(614)	(614)
Non-executive directors trust BEE share issues	7	9						9
Shares issued in current year	7	24						24
Balance at 30 September 2008		40	3	(12)	158	149	4 117	4 306
Total comprehensive income for the year							4 540	4 540
Other reserve movements				8	3	11		11
BEE equity expenses	7	(2)						(2)
Dividends on ordinary shares							(425)	(425)
Shares issued in current year	7	11						11
Balance at 30 September 2009		49	3	(4)	161	160	8 232	8 441
Total comprehensive income for the year							**574**	**574**
Other reserve movements				**3**	**2**	**5**		**5**
Dividends on ordinary shares							**(202)**	**(202)**
Shares issued in current year	7	**100**						**100**
Balance at 30 September 2010		**149**	**3**	**(1)**	**163**	**165**	**8 604**	**8 918**

Company statement of cash flows

for the year ended 30 September

	Notes	2010 Rm	2009 Rm	2008 Rm
Cash flows from operating activities				
Cash generated/(utilised) from operations	A	**23**	89	(80)
Finance costs		**(587)**	(602)	(424)
Realised fair value adjustments on financial instruments		**1**	(5)	(5)
Dividends received		**492**	4 455	801
Interest received		**713**	664	409
Taxation paid	B	**(20)**	(37)	(60)
Cash flow from operations		**622**	4 564	641
Dividends paid		**(202)**	(425)	(614)
Cash retained from operating activities		**420**	4 139	27
Cash flows from investing activities				
Acquisition of property, plant, equipment and intangibles		**(177)**	(191)	(149)
Replacement capital expenditure		**(62)**	(83)	(146)
Expansion capital expenditure		**(115)**	(108)	(3)
Proceeds from disposals of property, plant and equipment				102
Decrease/(increase) in long-term financial assets		**328**	(4 748)	(1 718)
Net cash generated/(used) in investing activities		**151**	(4 939)	(1 765)
Net cash inflow/(outflow) before financing activities		**571**	(800)	(1 738)
Cash flows from financing activities				
Proceeds on share issue		**100**	11	23
(Decrease)/increase in long-term borrowings		**(745)**	803	1 199
Increase/(decrease) in short-term interest-bearing liabilities		**74**	(14)	510
Net cash (used in)/from financing activities		**(571)**	800	1 732
Net decrease in cash and cash equivalents				(6)
Cash and cash equivalents at beginning of year				6
Cash and cash equivalents at end of year				

Notes to the company statement of cash flows

for the year ended 30 September

		2010 Rm	2009 Rm	2008 Rm
A.	**Cash generated/(utilised) from operations is calculated as follows:**			
	Profit before taxation	**642**	4 529	598
	Adjustments for:			
	Depreciation	**14**	8	7
	Loss on disposal of property, plant and equipment			2
	Amortisation of intangible assets	**2**	2	2
	Dividends received	**(492)**	(4 455)	(801)
	Interest received	**(713)**	(664)	(409)
	Finance costs	**587**	602	424
	Fair value adjustments on financial instruments	**(1)**	5	5
	BEE IFRS 2 charge		3	146
	Other non-cash flow items	**4**	18	(42)
	Operating cash flows before movements in working capital	**43**	48	(68)
	Decrease in trade and other receivables	**3**	38	33
	(Decrease)/increase in payables	**(23)**	3	(45)
	Cash generated/(utilised) from operations	**23**	89	(80)
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)	**(20)**	(37)	(60)
	Cash amounts paid	**(20)**	(37)	(60)

Notes to the company annual financial statements

for the year ended 30 September

1. Accounting policies

Refer to group accounting policies on pages 170 to 177.

	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm
2. Property, plant and equipment			
2010			
Freehold land and buildings	**667**	**65**	**602**
Investment property	**11**	**6**	**5**
Equipment, vehicles and furniture	**15**	**10**	**5**
	693	**81**	**612**
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, aircraft and furniture	13	8	5
	326	59	267

There are no assets encumbered.

The insurable value of the company's property, plant and equipment as at 30 September 2010 amounted to R1 833 million (2009: R564 million; 2008: R379 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					
2010					
Net balance at 1 October 2009	**440**	**5**	**4**		**449**
Additions	**175**		**2**		**177**
	615	**5**	**6**		**626**
Depreciation (note 13)	**(13)**		**(1)**		**(14)**
Net balance at 30 September 2010	**602**	**5**	**5**		**612**
2009					
Net balance at 1 October 2008	257	5	5		267
Additions	190				190
	447	5	5		457
Depreciation (note 13)	(7)		(1)		(8)
Net balance at 30 September 2009	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 13)	(3)		(4)		(7)
Net balance at 30 September 2008	257	5	5		267

The register of land and buildings is open for inspection at the registered office of the company.

Notes to the company annual financial statements *(continued)*

for the year ended 30 September

	Capitalised software Rm	Patents, trademarks and development costs Rm	Total intangible assets Rm
3. Intangible assets			
2010			
Cost			
At 1 October	**8**	**37**	**45**
Disposals	**(2)**		**(2)**
At 30 September	**6**	**37**	**43**
Accumulated amortisation			
At 1 October	**6**	**17**	**23**
Charge for the year (note 13)		**2**	**2**
At 30 September	**6**	**19**	**25**
Carrying amount			
At 30 September		**18**	**18**
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 13)		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 13)		2	2
At 30 September	6	15	21
Carrying amount			
At 30 September	1	22	23

	2010 Rm	2009 Rm	2008 Rm
4. Long-term financial assets			
Interest in subsidiaries	**13 228**	13 553	8 805
Unlisted investments	**5**	5	5
Other derivatives		3	27
	13 233	13 561	8 837
Interest in subsidiaries			
Shares as originally stated (group note 36)	**1 680**	530	531
Amounts owing by subsidiaries (group note 36)	**13 063**	13 315	8 398
	14 743	13 845	8 929
Amounts owing to subsidiaries (group note 36)	**(1 515)**	(292)	(124)
	13 228	13 553	8 805
Total carrying value and fair value of unlisted investments – directors' valuation	**5**	5	5
5. Deferred taxation assets			
Movement of deferred taxation			
Balance at beginning of year	**65**	15	2
Recognised in income statement	**(48)**	48	13
Other movements		2	
Balance at end of year	**17**	65	15
Analysis of deferred taxation by type of temporary difference			
Capital allowances			
Provisions		2	
Effect of tax losses		43	15
Other temporary differences	**17**	20	
	17	65	15
Amount of deferred taxation recognised in the income statement			
Capital allowances			
Provisions	**(2)**	2	
Effect of tax losses	**(43)**	28	13
Other temporary differences	**(3)**	18	
	(48)	48	13
6. Trade and other receivables			
Other receivables and prepayments	**1**	4	42
	1	4	42

Notes to the company annual financial statements *(continued)*

for the year ended 30 September

		2010 Rm	2009 Rm	2008 Rm
7.	**Share capital and premium**			
	Authorised share capital			
	500 000 6% non-redeemable cumulative preference shares of R2 each	**1**	1	1
	400 000 000 (2009: 300 000 000) ordinary shares of 5 cents each	**20**	15	15
		21	16	16
	Issued share capital			
	375 000 6% non-redeemable cumulative preference shares of R2 each (2009: 375 000, 2008: 375 000)	**1**	1	1
	230 452 448 ordinary shares of 5 cents each (2009: 227 440 494, 2008: 226 878 609)	**12**	11	11
		13	12	12
	Share premium:	**136**	37	28
	Balance at beginning of year	**37**	28	
	Premium on share issues	**99**	11	23
	Premium on non-executive directors trust BEE share issues			9
	BEE equity expenses		(2)	(3)
	Premium utilised for Coatings unbundling			(1)
	Total issued share capital and premium	**149**	49	40
	For further information refer to note 13 in the consolidated financial statements.			
8.	**Interest-bearing liabilities**			
	Total long-term borrowings	**4 323**	3 578	2 775
	Less: Current portion redeemable and repayable within one year	**(1 490)**		
	South African rand: interest-bearing	**2 833**	3 578	2 775

Barloworld bonds

Certificate	Issued	Maturity	Tenor	Comparable treasury stock	Spread	Yield	Type	2010 Rm	2009 Rm	2008 Rm
BAW 1	29 Jul 04	29 Jul 11	7 y	R153	112	10.70	Fixed rate (NACS)	**1 305**	1 553	1 565
BAW 2	02 Oct 08	02 Oct 15	7 y	R157	275	11.67	Fixed rate (NACS)	**793**	793	
BAW 3	15 Sep 10	02 Oct 17	7 y	3-month Jibar	260	8.68	Floating rate	**332**		
BAW 4	15 Sep 10	15 Sep 13	3 y	3-month Jibar	170	7.75	Floating rate	**227**		
BAW 5	15 Sep 10	15 Sep 13	3 y	R206	141	8.31	Fixed rate (NACS)	**69**		
BAW 6	15 Sep 10	02 Oct 14	4 y	3-month Jibar	185	7.93	Floating rate	**200**		
BAW 7	15 Sep 10	02 Oct 14	4 y	R201	173	8.73	Fixed rate (NACS)	**75**		
BAW 8	15 Sep 10	02 Oct 17	7 y	R203	238	9.94	Fixed rate (NACS)	**91**		
								3 092	2 346	1 565

R750 million of BAW 1 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 R15 million (2009: R26 million loss, 2008: R27 million gain) has been recognised in the current year.

The balance of these long-term borrowings R1 231 million (2009: R1 232 million, 2008: R1 210 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.

	2010 Rm	2009 Rm	2008 Rm
9. Provisions			
Non-current	**2**	3	8
Current		2	8
	2	5	16

	Other[#] provisions Rm	Share^ appreciation rights Rm	Total Rm
Balance at 1 October 2008	8	8	16
Net movements	(6)	(5)	(11)
Raised	6		6
Utilised	(12)	(5)	(17)
Balance at 30 September 2009	2	3	5
Net movements	(2)	(1)	(3)
Raised			
Utilised	(2)	(1)	(3)
Balance at 30 September 2010		**2**	**2**

[#] *Other provisions*
These provisions comprise the following:
Unvested share options of former employees R nil (2009: R1 million and 2008: R6 million) and director fees R nil (2009: R1 million and 2008: R1 million).

^ *Share appreciation rights*
A provision for share appreciation rights arose during 2007 when 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 33 on the group financial statements section.

	2010 Rm	2009 Rm	2008 Rm
10. Other non-interest bearing liabilities			
Other payables	**1**	1	
	1	1	
Per category			
Other liabilities	**1**	1	
	1	1	
11. Amounts due to bankers and short-term loans			
Short term loans	**606**	2 022	2 036
Current portion of long term loan	**1 490**		
	2 096	2 022	2 036
12. Revenue			
Rendering of services			133
Rentals received from subsidiaries	**79**	46	29
	79	46	162

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

	2010 Rm	2009 Rm	2008 Rm
13. Operating profit			
Operating profit is arrived at as follows:			
Revenue	**79**	46	162
Add: Net income	**1 149**	5 090	863
Interest from subsidiaries	**713**	664	407
Dividends from subsidiaries	**492**	4 455	801
Administrative costs	**(56)**	(29)	(345)
Operating profit	**1 228**	5 136	1 025
Administrative costs include the following:			
Depreciation (note 2)	**14**	8	7
BEE IFRS 2 charge		3	146
Loss on disposal of property, plant, and equipment			2
Amortisation of intangible assets (note 3)	**2**	2	2
Administration, management and technical fees paid	**1**	1	7
Auditors' remuneration	**3**	2	6
Audit fees	**3**	2	6
Staff costs (excluding directors' emoluments)			205
Amounts expensed in respect of retirement benefit plans:			
Defined-contribution funds			8
14. Fair value adjustments on financial assets			
Financial assets at fair value through profit – held for trading items	**1**	(5)	3
Ineffectiveness recognised in loss arising from cashflow hedges			(8)
	1	(5)	(5)
15. Finance costs			
Interest paid:			
Bank	**(527)**	(609)	(329)
Subsidiaries	**(60)**	7	(95)
	(587)	(602)	(424)
16. Income from investments			
Interest received on loans			2

	2010 Rm	2009 Rm	2008 Rm
17. Taxation			
Foreign and withholding taxation			
Current year	**(2)**	(4)	(4)
	(2)	(4)	(4)
Deferred taxation			
Current year	**(52)**	48	15
Prior year	**4**		
	(48)	48	15
Secondary taxation on companies			
Current	**(18)**	(33)	(56)
Deferred			(2)
	(18)	(33)	(58)
Taxation attributable to the company	**(68)**	11	(47)

	2010 %	2009 %	2008 %
Reconciliation of rate of taxation:			
South Africa normal taxation rate	**28.0**	28.0	28.0
Reduction in rate of taxation	**(22.2)**	(29.2)	(53.8)
Exempt income	**(0.1)**		(0.2)
Adjustment due to inclusion of dividend income	**(21.5)**	(27.5)	(37.5)
Prior year taxation	**(0.6)**		
Taxation on unprovided temporary differences		(1.7)	(16.1)
Increase in the rate of taxation	**4.8**	1.0	33.7
Disallowable taxation charges	**1.7**	0.2	9.7
Taxation on unprovided temporary differences			13.6
Withholding taxation	**0.3**	0.1	0.7
Secondary taxation on companies	**2.8**	0.7	9.7
Taxation as a percentage of profit before taxation	**10.6**	(0.2)	7.9

	2010 Rm	2009 Rm	2008 Rm
Taxation losses at the end of year		(162)	(291)
Utilised to reduce deferred taxation or create deferred taxation asset		162	56
Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation			(235)

The company had no unutilised STC credits.

Notes to the company annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
18. Contingent liabilities			
Guarantees for loans, overdrafts and liabilities of subsidiaries	**6 371**	6 476	6 171

The company has given an indemnity to Freeworld Coatings Limited in respect of environmental claims exceeding AUD$5 million for a maximum period of eight years up to 2015. The claims relate to the coatings Australian business sold to PPG Industries during 2007.

19. 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 34 for a list of all adoptions and changes in accounting policies as well as standards and interpretations not yet adopted.

20. 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	2010 Rm	2009* Rm	2008* Rm
20.1 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
Available-for-sale financial assets	4	**5**	5	5
Loans and receivables	4, 6	**1**	4	42
Derivative assets designed as effective hedging instruments	4		3	3
		6	12	74
Financial liabilities:				
Financial liabilities measured at amortised cost		**31**	54	51
Interest-bearing loans	8, 11	**4 929**	5 600	4 811
		4 960	5 654	4 862
Fair value of financial instruments by category:				
Financial assets:				
Financial assets at fair value through profit or loss				
– Held for trading items				24
Available-for-sale financial assets		**5**	5	5
Loans and receivables		**1**	4	42
Derivative assets designed as effective hedging instruments			3	3
		6	12	74
Financial liabilities:				
Financial liabilities measured at amortised cost		**31**	54	51
Interest-bearing loans		**4 929**	5 600	4 811
		4 960	5 654	4 862

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.

** The 2008 and 2009 figures were restated to exclude pre-payments, leave pay provision and Vat payable/(receivable).*

20. Financial instruments (continued)

20.2 Financial risk management

a. Capital risk management

The risk management is the same as the group note 32.

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 rate profile of total borrowings is as follows:

	2010 Rm	2009 Rm	2008 Rm
Interest rates			
Loans at fixed rates of interest	3 564	3 578	2 775
Loans linked to South African money market rates	1 365	2 022	2 036
	4 929	5 600	4 811
Interest rate sensitivity analysis			
The impact of changes in the interest rates is not significant as interest costs are recovered from other group companies.			
iii) Other price risk			
Barloworld share price			
The company has a liability to option holders in terms of the Share Appreciation Right Scheme (as per group note 33.3).			
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	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 33.3.

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.

	2010 Rm	2009 Rm	2008 Rm
Maximum exposure to credit risk (excluding collateral held)			
Financial assets:			
Financial assets at fair value through profit or loss			
– Held for trading items			24
Available-for-sale financial assets	5	5	5
Loans and receivables	1	4	42
Derivative assets designed as effective hedging instruments		3	3
Interest in subsidiaries	13 228	13 553	8 805
Other items including financial guarantees	6 371	6 476	6 171
	19 605	20 041	15 050

d. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and maintaining a balance between long and short-term borrowings. There has been no change to this approach in the current year.

Notes to the company annual financial statements *(continued)*

for the year ended 30 September

20. Financial instruments (continued)

20.2 Financial risk management (continued)

Maturity profile of financial liabilities

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

	Total owing 2010	Repayable during the year ending 30 September 2011	2012 to 2015	2016 and onwards
Interest-bearing liabilities	**5 901**	1 679	2 973	1 249
Trade payables and other non-interest bearing liabilities	**32**	31	1	

	2010 Rm	2009 Rm	2008 Rm
21. Related party transactions			
With subsidiaries of the company			
Goods and services sold	**79**	46	154
Dividends and interest – income	**1 198**	5 119	1 208
Dividends and interest – expense	**60**	(7)	95
Freehold land and buildings purchased			139
Inter group loans and other amounts due from related parties as at end of year*	**13 063**	13 315	8 398
Inter group loans and other amounts due to related parties as at end of year*	**1 515**	292	124

* *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.*

22. Events after the reporting period

No material events have occurred between the end of the reporting period and the date of release of these financial statements.

The following notes are dealt with in the consolidated financial statements:
- Dividends (group note 27)
- Financial instruments (group note 32)
- Directors' remuneration and interest (group note 35)
- Barloworld shareholders' attributable interest in subsidiaries (group note 36)

Global reporting initiative (GRI) Index

The Barloworld annual report is aligned with application level B+

GRI Ref		Pages
	Strategy and analysis	
1.1	Statement from the most senior decision maker of the organisation.	12 – 15, 16 – 21, 99, 101
1.2	Description of key impacts, risks, and opportunities.	21, 111, 115 – 118, 128
	Organisational profile	
2.1	Name of reporting organisation.	Inside back cover
2.2	Primary brands, products, and/or services.	Inside front cover, 4, 24, 40, 50, 59
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	4, 270 – 272
2.4	Location of organisation’s headquarters.	66, 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.	Inside front cover, 4, 8 – 9, 23, 39, 49, 59, 66
2.6	Nature of ownership, legal form.	70, 96 – 97
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Inside front cover, 4, 8 – 9, 23, 39, 49, 59, 66
2.8	Scale of organisation	
	• Number of employees;	150
	• Net sales (for private sector organisations) or	
	• Net revenues (for public sector organisations);	2, 5
	• Total capitalisation broken down in terms of debt and equity (for private sector organisations); and	
	• Quantity of products or services provided.	23, 39, 49, 59
	• Total assets;	2, 194
	• Beneficial ownership (including identity and percentage of ownership of largest shareholders); and	96 – 97
	• Breakdowns by country/region of the following:	
	– Sales/revenues by countries/regions that make up 5% or more of total revenues;	202 – 203
	– Costs by countries/regions that make up 5% or more of total revenues; and	
	– Employees.	24, 40, 50, 60, 67, 150
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	96, 164, 169
	• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations).	19, 164, 204, 208
2.10	Awards received in the reporting period.	20, 46, 63, 67, 160
	Report parameters	
	Aspect: Report profile	
3.1	Reporting period.	Inside front and back covers
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 front and back covers, 160
	Aspect: 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.	Inside front cover
	• Include an explanation of how the organisation has applied the ‘Guidance on Defining Report Content’ and the associated principles.	70, 107, inside back cover
3.6	Boundaries of report.	107 – 109, 130, 170
3.7	State any specific limitations on the scope or boundary of the report.	107 – 109, 130, 170
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.	107 – 109, 170
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.*	107 – 109

Global reporting initiative (GRI) Index *(continued)*

for the year ended 30 September

GRI Ref		Pages
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	109, 261
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	109, 143, 261
	Aspect: 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.	291 – 296
	Aspect: 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).	107 – 109, 161 – 162, 168
	Governance, commitments, and engagement	
	Aspect: 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.*	70 – 84
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).	71 – 73
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'.*	71 – 72
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.	92, 93, 103 – 107, 150 – 158, 297 – 304
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).	83 – 89, 128
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	71 – 73, 78, 91, 137 – 138
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.	71 – 73, 78 – 79
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.	6, 91 – 92, 109 – 111, 114, 123, 137, 141 – 143, 158

GRI Ref		Pages
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. *Include frequency with which the highest governance body assesses sustainability performance.*	79, 89 – 90, 112 – 114 115 – 116
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	78, 93, 297
4.11	**Aspect: Commitments to external initiatives** 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.	89 – 90, 111 115 – 116, 126
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.*	70, 91, 107 – 108, 137 140 – 143
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.*	106 – 107, 147 – 149
4.14	**Aspect: Stakeholder engagement** 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.	103 – 107
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.*	101, 103
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. *This could include surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures, and other vehicles. The organisation should indicate whether any of the engagement was undertaken specifically as part of the report preparation process.*	101, 103 – 107
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.	103 – 107
	Economic **• Disclosure on management approach**	7, 10, 119, 121
EC1	**• Performance indicators** **Aspect: Economic performance** 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.	119 – 121
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	111
EC3	Coverage of the organisation's defined benefit plan obligations.	173, 231 – 234
EC4	Significant financial assistance received from government.	121, 175
EC5	**Aspect: Market presence** Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	151
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	121, 145, 146, 147
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	149

Global reporting initiative (GRI) Index *(continued)*

for the year ended 30 September

GRI Ref		Pages
EC8	**Aspect: Indirect economic impacts** Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	119 – 121, 146 – 149
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	121, 146 – 149
	Environmental **• Disclosure on management approach**	7, 11, 15, 111, 114, 122 – 123
EN1	**• Performance indicators** **Aspect: Materials** Materials used by weight or volume.	134
EN2	Percentage of materials used that are recycled input materials.	135
EN3	**Aspect: Energy** Direct energy consumption by primary energy source.	129
EN4	Indirect energy consumption by primary source.	129
EN5	Energy saved due to conservation and efficiency improvements.	27, 28, 31, 47, 52, 55, 67, 129
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	63, 124 – 125, 128 – 130
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	7, 27, 47, 55, 127, 129
EN8	**Aspect: Water** Total water withdrawal by source.	133
EN9	Water sources significantly affected by withdrawal of water.	133 – 134
EN10	Percentage and total volume of water recycled and reused.	133
EN11	**Aspect: Biodiversity** Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	136
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	136
EN13	Habitats protected or restored.	136
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	136
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	136
EN16	**Aspect: Emissions, effluents, and waste** Total direct and indirect greenhouse gas emissions by weight.	108, 131
EN17	Other relevant indirect greenhouse gas emissions by weight.	108, 131
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	7, 20, 27, 47, 54, 55, 127 – 128, 132 – 133
EN19	Emissions of ozone-depleting substances by weight.	108, 109, 131
EN20	NO, SO, and other significant air emissions by type and weight.	108, 131
EN21	Total water discharge by quality and destination.	133
EN22	Total weight of waste by type and disposal method.	135, 136
EN23	Total number and volume of significant spills.	136
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.	136
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and run off.	134, 136
EN26	**Aspect: Products and services** Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	11, 28, 47, 63, 65, 122, 124 – 127, 133 – 134, 139
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	124, 125, 126, 139
EN28	**Aspect: Compliance** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	123

GRI Ref		Pages
	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.	126
	Aspect: Overall	
EN30	Total environmental protection expenditures and investments by type.	111, 123, 129 – 130, 132, 134
	Labour practices and decent work	
	• Disclosure on management approach	7, 11, 149 – 158
	• Performance indicators	
	Aspect: Employment	
LA1	Total workforce by employment type, employment contract, and region.	24, 40, 50, 60, 67, 150
LA2	Total number and rate of employee turnover by age group, gender, and region.	157
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	151
	Aspect: Labour/management relations	
LA4	Percentage of employees covered by collective bargaining agreements.	152
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	157
	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.	152
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	24, 40, 50, 60, 67 152 – 153
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	153
LA9	Health and safety topics covered in formal agreements with trade unions.	153
	Aspect: Training and education	
LA10	Average hours of training per year per employee by employee category.	154
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	154 – 156
LA12	Percentage of employees receiving regular performance and career development reviews.	158
	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.	71, 74 – 77, 142 – 145
LA14	Ratio of basic salary of men to women by employee category.	143
	Human rights	
	• Disclosure on management approach	11, 141 – 142
	• 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.	142
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	142
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.	142
	Aspect: Non-discrimination	
HR4	Total number of incidents of discrimination and actions taken.	143
	Aspect: Freedom of association and collective bargaining	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	151

Global reporting initiative (GRI) Index *(continued)*

for the year ended 30 September

GRI Ref		Pages
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.	153
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.	153
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.	142, 153
HR9	**Aspect: Indigenous rights** Total number of incidents of violations involving rights of indigenous people and actions taken.	153
	Society **• Disclosure on management approach**	137 – 138
SO1	**• Performance indicators** **Aspect: Community** Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	137
SO2	**Aspect: Corruption** Percentage and total number of business units analysed for risks related to corruption.	137, 138
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	137
SO4	Actions taken in response to incidents of corruption.	137, 138
SO5	**Aspect: Public policy** Public policy positions and participation in public policy development and lobbying.	106, 123
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	138
SO7	**Aspect: Anti-competitive behaviour** Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	138
SO8	**Aspect: Compliance** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	138
	Product responsibility **• Disclosure on management approach**	11, 138 – 139
PR1	**• 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.	138, 139, 140
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.	139
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.	138
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	138
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	139 – 141
PR6	**Aspect: Marketing communications** Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	141
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.	141
PR8	**Aspect: Customer privacy** Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	141
PR9	**Aspect: Compliance** Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	141

Letter from the chairman

Dear Member

I have pleasure in inviting you to attend the 94th annual general meeting (AGM) of Barloworld Limited, to be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Wednesday, 26 January 2011 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 Thursday, 20 January 2011; 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
  Monday, 24 January 2011; 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 6ZL, England
  to be received not later than 12:30 on
  Monday, 24 January 2011; 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

15 December 2010

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

for the year ended 30 September 2010

Financial year-end		30 September
Annual general meeting		26 January 2011
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		55
• Date declared		Wednesday, 17 November 2010
• Last day to trade *cum* dividend		Friday, 7 January 2011
• First trading day *ex* dividend		Monday, 10 January 2011
• Record date		Friday, 14 January 2011
• Payment date		Monday, 17 January 2011

Share certificates may not be dematerialised or rematerialised between Monday, 10 January 2011 and Friday, 14 January 2011, both days inclusive.

Map giving location of Barloworld Sandton

The map below indicates the location of Barloworld Limited, Sandton, where the annual general meeting will be held:

Notice of annual general meeting

Barloworld Limited
(Incorporated in the Republic of South Africa)
Reg No 1918/000095/06
JSE share code: BAW
ISIN: ZAE000026639
(company)

Notice is hereby given that the ninety-fourth 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 Wednesday, 26 January 2011, 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 2010, 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 2010, 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 PJ Bulterman, having been appointed during the financial year, is required to retire. Messrs AGK Hamilton, M Laubscher and CB Thomson and Ms TH Nyasulu are required to retire by rotation. All retiring directors are eligible and they have offered themselves for election or re-election respectively. Brief biographical notes of each director standing for election or re-election are set out on pages 76 to 77 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 findings. 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 PJ Bulterman who retires in terms of article 59.3.1 of the articles of association of the company and is eligible and available for election, be and he is hereby elected as a director of the company."

1.2.2 Ordinary resolution 3

"Resolved that Mr AGK Hamilton 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."

1.2.3 Ordinary resolution 4

"Resolved that Mr M Laubscher who retires in terms of article 66 of the articles of association of the company and is eligible and available for election, be and he is hereby re-elected as a director of the company."

1.2.4 Ordinary resolution 5

"Resolved that Ms TH Nyasulu who retires in terms of article 66 of the articles of association of the company and is eligible and available for re-election, be and she is hereby re-elected as a director of the company."

1.2.5 Ordinary resolution 6

"Resolved that Mr CB Thomson who retires in terms of article 66 of the articles of association of the company and is eligible and available for re-election, be and he is hereby re-elected as a director of the company."

1.3 To appoint the audit committee in terms of the Companies Act, as amended.

1.3.1 Ordinary resolution 7

"Resolved that the audit committee be appointed in terms of the Companies Act, as amended. The board has determined that each of the members standing for appointment is independent in accordance with the requirements of the Act, 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 76 to 77 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 2011 is Mr G Berry.

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 2011 as follows:

Non-executive fees	Present	Proposed
Chairman of the board	R1 437 500	R1 480 000
Resident non-executive directors	R220 000	R230 000
Non-resident non-executive directors	£52 600	£53 500
Chairman of the audit committee (non-resident)	£25 500	£26 000
Resident members of the audit committee	R73 500	R77 000
Chairman of the remuneration committee (non-resident)	£16 300	£16 700
Chairman of the empowerment and transformation committee (resident)	R81 000	R85 000
Chairman of the risk and sustainability committee (resident)	R81 000	R85 000
Chairman of the general purposes committee (resident)	–	R85 000
Chairman of the nomination committee (resident)	–	R85 000
Resident members of each of the board committees	R55 210	R58 000
Non-resident members of each of the board committees	£3 475	£4 000

1.6 To place 5% of the unissued shares under the control of the 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 place up to 5% of the authorised but unissued ordinary shares of 5 cents each in the share capital of the company under the control of directors."

This ordinary resolution number 10 is required in order to comply with the provisions of section 221 and 222 of the Companies Act and the JSE Listings Requirements. The authority shall be valid until the date of the next annual general meeting of the company, provided it shall not extend 15 months from the date of this annual general meeting.

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 that

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

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

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

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

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

- the ordinary capital and reserves of the company and the group would be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting; and
- the working capital of the company and the group would be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting;

(e) the repurchase of securities to be effected through the order book operated by the JSE trading system and to be done without any prior understanding or arrangement between the company and the counterparty;

(f) the authorisation to repurchase the shares is in accordance with the company's articles of association;

(g) that only one agent will effect the buyback on behalf of the company;

(h) that after the repurchase has been effected the company will still comply with shareholder spread requirements of the JSE Limited;

(i) the company and its subsidiaries will not repurchase shares during a prohibited period;

(j) the company and its subsidiaries, prior to undertaking a repurchase will obtain a working capital letter from its sponsor."

The reason for proposing and the effect of special resolution 1 is to grant the directors a general authority in terms of the Companies Act 61 of 1973, as amended, and subject to the Listings Requirements of JSE Limited and any other stock exchange upon which the shares of the company may be quoted or listed, for the acquisition by the company or one of its subsidiaries of the company's own shares on the terms set out above.

Detail in regard to other JSE Listings Requirements applying to special resolution 1:

Details of the directors

Directors' details can be found by referencing the table on pages 76 to 77.

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 267.

Major shareholders

Details of major shareholders of the company are set out on page 96.

Share capital of the company

Details of the share capital of the company are set out on page 229.

Material change

There has been no material change in the financial or trading position of the company and its subsidiaries since the date of publication of the company's annual results on 17 November 2010.

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 6ZL, England, by not later than 12:00 (South African time) on 24 January 2011.

Shareholders who have dematerialised their shares through a Central Securities Depositary Participant (CSDP) or stockbroker, and who have not elected own-name registration and wish to attend the annual general meeting, should timeously inform their CSDP or stockbroker of their intention to attend the meeting and request such CSDP or stockbroker to issue them with the necessary authority to attend. If they do not wish to attend the annual general meeting, they may provide such CSDP or stockbroker with their voting instructions.

2.2 To transact such other business as may be transacted at an annual general meeting.

By order of the board

SMngomezulu

S Mngomezulu
Secretary

Sandton
15 December 2010

Proxy form

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 Wednesday, 26 January 2011 at 12:30 (South African time).

Holders of ordinary shares in the company (whether certificated or dematerialised) through a nominee must not complete this form of proxy but should inform that nominee timeously, or, if applicable, their Central Securities Depository Participant (CSDP) or stockbroker of their intention to attend the annual general meeting and request such nominee, CSDP or stockbroker to issue them with the necessary authorisation to attend or provide such nominee, CSDP or stockbroker with their voting instructions should they not wish to attend the annual general meeting in person. Such ordinary shareholders must not return this form of proxy to the transfer secretaries.

I/We of being a holder(s)

of ordinary shares hereby appoint

of or, failing him/her,

the chairman of the meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolution(s) to be proposed at the meeting and at each adjournment of the meeting and to vote for or against such resolutions or to abstain from voting in respect of the ordinary shares in the issued ordinary share capital of the company registered in my/our name, in accordance with the following instructions (see note 9).

** Insert an X or the number of ordinary shares (see note 9)*

Ordinary resolutions	*In favour of	*Against	*Abstain
1. Adoption of annual financial statements			
Election of directors: 2. PJ Bulterman			
3. AGK Hamilton			
4. M Laubscher			
5. TH Nyasulu			
6. CB Thomson			
7. Appointment of audit committee			
8. Appointment of auditors			
9. *Approval of non-executive directors' fees:* Chairman of the board			
Resident non-executive directors			
Non-resident non-executive directors			
Chairman of the audit committee (non-resident)			
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)			
Chairman of the general purposes committee (resident)			
Chairman of the nomination 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			
Special resolution			
1. Acquisition of own shares			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote (see note 9).

Signed at on 2010/2011

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 proxy form

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 6ZL, England, by not later than 12:00 (South African time) on Monday, 24 January 2011.

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
180 Katherine Street
PO Box 782248
Sandton
2146, South Africa
Tel: +27 11 445 1000
Email: invest@barloworld.com

Transfer secretaries – South Africa

Link Market Services South Africa
(Proprietary) Limited
(Registration number 2000/007239/07)
11 Diagonal Street
Johannesburg
(PO Box 4844, Johannesburg 2000)
Tel: +27 11 630 0000

Registrars – United Kingdom

Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex
BN99 6ZL, England
Tel: +44 190 383 3381

Transfer secretaries – Namibia

Transfer Secretaries (Proprietary) Limited
(Registration number 93/713)
Shop 8, Kaiser Krone Centre
Post Street Mall
Windhoek, Namibia
(PO Box 2401, Windhoek, Namibia)
Tel: +264 61 227 647

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 2010. 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 170 to 177. 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 in the web version of the annual report on our website www.barloworld.com under Investor centre.

The previous report was published in December 2009.

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

A full GRI index is included on pages 291 to 296. 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, Group executive: Governance and Corporate Affairs, Barloworld Limited
180 Katherine Street, Sandton, 2146, South Africa
Tel: +27 11 445 1000, email: invest@barloworld.com

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