Barloworld
Leading brands

Integrated annual report 2011

Welcome to Barloworld

Barloworld is a multinational industrial corporation with annual revenues of approximately R50 billion. A common strategic approach guides our operations in meeting exacting performance standards to create sustainable value for all stakeholders.

What we do

Barloworld offers its global customer base flexible, value-adding, integrated business solutions backed by leading international brands through its core divisions:

> Equipment – earthmoving and power systems

> Automotive and Logistics – car rental, motor retail, fleet services, used vehicles and disposal solutions and logistics management and supply chain optimisation

> Handling – forklift truck distribution, agriculture equipment and SEM.

The brands we represent on behalf of our principals include Caterpillar, Hyster, Avis, Audi, BMW, Ford, General Motors, Mercedes-Benz, Toyota and Volkswagen.

How we do business 'the Barloworld way'

Barloworld has a proven track record of long-term relationships with global principals and customers. Equally we have proven our ability to develop businesses in multiple geographies, including challenging territories with high-growth prospects.

One of our core skills is an ability to leverage systems and best practices across our chosen business segments. As an organisation, we are committed to sustainable development, empowerment and transformation, and the highest standards of corporate governance.

Our business is underpinned by the values of integrity, excellence, teamwork and commitment. In everything that we do we obey the law, respect others, are fair, honest and we protect the environment.

www.barloworld.com

Report scope and boundary

This integrated annual report covers the activities of the Barloworld group, including all subsidiaries, associates and joint ventures for the financial year ended 30 September 2011, and follows the report published in December 2010.

In addition to International Financial Reporting Standards (IFRS), and the King report on corporate governance in South Africa (King III), Barloworld uses the Global Reporting Initiative (G3.1) as the framework for reporting, in conjunction with the discussion paper released by the Integrated Reporting Committee of South Africa. Where relevant, the outcomes of stakeholder engagement processes are used as reference points.

The consolidated data incorporate the company and all entities controlled by Barloworld as a single economic entity. Associates and joint ventures are equity accounted. Boundaries for all data collection are consistent with our financial reporting, thus aligning financial, environmental and social reporting. Data are collected at operational level and consolidated at divisional and group levels. Comparable performance data and information are provided on all material aspects of the group and its value-creation activities without specific limitations. Where required, historical data is restated and explained.

In addition to statutory and King III requirements, Barloworld reports on aspects of the group's activities that are of interest or concern to a broad grouping of stakeholders and which provide a balanced and reasonable perspective of its activities. These aspects are integrated into the ongoing management of our business and reported to stakeholders annually.

Significant changes from the 2010 report include the integration of the Logistics division into the Automotive division and the consolidation of Equipment Russia.

While the precise nature of an integrated report is evolving, our integrated annual report covers the material economic, social and environmental aspects of the group, and their consequences for stakeholders in the review period. It addresses the governance context within which the group operates, its risks and strategic framework for creating value.

Our progress to date is augmented by a forward-looking perspective on goals and value-creation strategies. This integrated presentation reflects operational responsibility and accountability for sustainable value creation and highlights stakeholder interdependence.

Complementing the disclosures in this report are responses to the GRI sustainability reporting guidelines G3.1, available at www.barloworld.com.

Sustainable development

Our approach to sustainability reflects our fundamental intent to prosper as a business and to facilitate human potential by connecting present and future generations. We strive to achieve this objective by providing solutions to stakeholder requirements in a balanced and responsible manner.

Our sustainable development goal is to meet the needs of the present without compromising the ability of future generations to meet their own needs. While this cannot be achieved by one organisation, we believe Barloworld can make an important contribution to the ongoing global transition to sustainability and a low-carbon future.

Disclosure

Barloworld aims to achieve the highest standards of disclosure to provide meaningful, accurate and balanced information to stakeholders.

Governance

The board of directors is the custodian of corporate governance and strives to ensure that the group operates according to applicable local and international codes, rules, practices, standards and trends of good corporate governance.

Assurance

The financial statements in this report have been prepared in accordance with International Financial Reporting Standards (IFRS) and independently assured by Deloitte & Touche who also assured key non-financial indicators. We expect to incrementally increase the scope of this assurance as we develop our integrated reporting standards.

Feedback

We would value your feedback to ensure that we report on issues that matter to you – our stakeholders. Please go to the web link: www.barloworld.com to download or print our feedback form or email us at invest@barloworld.com.

Barloworld Limited
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Tel: +27 11 445 1000

STATEMENT OF THE BOARD OF DIRECTORS OF BARLOWORLD LIMITED

The board of directors acknowledges its responsibility to ensure the integrity of the integrated annual report. The board believes this report addresses all material issues and presents fairly the integrated performance of the group. The integrated annual report has been prepared in line with best practice set out in the King III code.

SIGNED BY

Dumisa Ntsebeza *Chairman* 14 November 2011	Clive Thomson *Chief executive*	Don Wilson *Finance director*

WHO HAVE BEEN DULY AUTHORISED BY THE BOARD

Directors: Non-executive: DB Ntsebeza (Chairman), SAM Baqwa, AGK Hamilton*, SS Mkhabela, MJN Njeke, SS Ntsaluba, TH Nyasulu, SB Pfeiffer#, G Rodriguez de Castro Garcia de los Rios†, Executive: CB Thomson (Chief executive), DG Wilson (Finance director), PJ Blackbeard, PJ Bulterman, M Laubscher, OI Shongwe,
*British #American †Spanish

Company secretary: B Ngwenya

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Chief Executive's review on page 14

"Trading results were ahead of expectation and the group delivered a strong performance for the 2011 financial year. Good growth in the mining sector, together with some major contract awards, led to significantly higher profits in Equipment southern Africa and Russia. Automotive and Logistics produced a pleasing performance in a competitive trading environment, while the Handling division showed a substantial turnaround from the prior year.

We expect to maintain the positive momentum into the new financial year. While commodity prices are off their highs, they are anticipated to remain favourable for mining investment and production. This will benefit trading in the first half of 2012, while growth in the second half will be slower due to the higher base. Overall we expect to make solid progress in the year ahead."

Clive Thomson, CEO Barloworld

Revenue up **22%** to	**R49 823 million**
Operating profit up **51%** to	**R2 289 million**
HEPS from continuing operations up **120%** to	**465 cents**
Strong cash generation from operations	**R3 104 million**
Net debt to equity improves to	**36% from 47%**
Total dividend of **155 cents per share** up	**107%**

Financial highlights

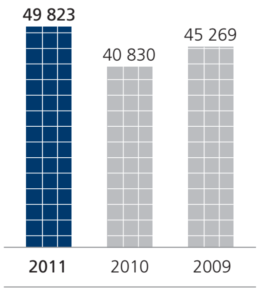
	2011 Rand	2010 Rand	**2011 US$**	2010 US$
Revenue (million)*	**49 823**	40 830	**7 210**	5 454
EBITDA (million)*	**3 993**	3 318	**578**	443
Operating profit (million)*	**2 289**	1 518	**332**	202
Net cash inflow before financing activities (million)	**946**	2 286	**137**	305
Net debt (million)	**4 489**	5 049	**558**	724
HEPS (cents)*	**465**	212	**67**	28
Ordinary dividends per share declared in respect of current year's earnings (cents)	**155**	75	**22**	10
Total assets (million)	**30 932**	25 690	**3 849**	3 683
Net asset value per share (cents)	**5 839**	5 032	**726**	721

** From continuing operations.*

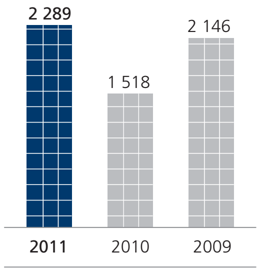
Financial and non-financial indicators

Economic

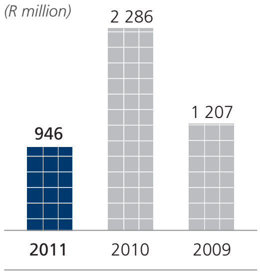
REVENUE
(R million)



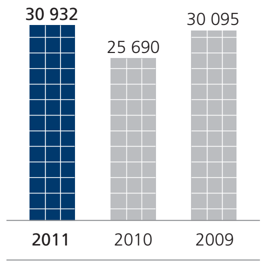
OPERATING PROFIT
(R million)



NET CASH INFLOW BEFORE FINANCING ACTIVITIES
(R million)

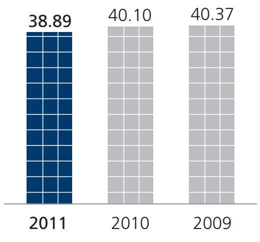


TOTAL ASSETS
(R million)

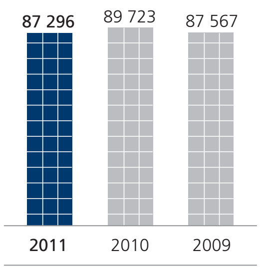


Environmental

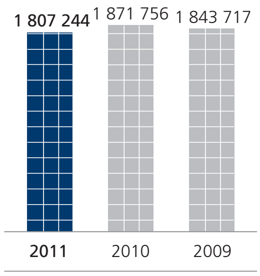
PETROL AND DIESEL CONSUMPTION
(ML)



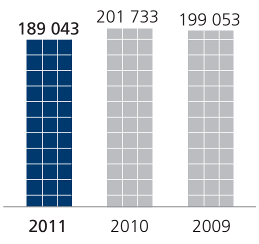
ELECTRICITY CONSUMPTION
(MWh)



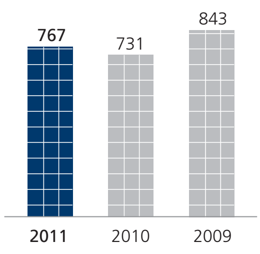
ENERGY CONSUMPTION
(GJ)



GHG EMISSIONS
(CO_2e tons)

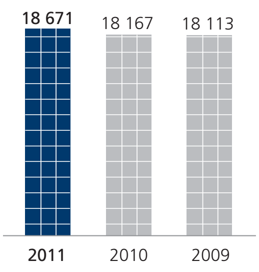


WATER CONSUMPTION
(ML)

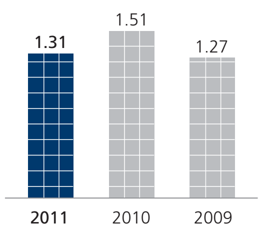


Social

NUMBER OF EMPLOYEES

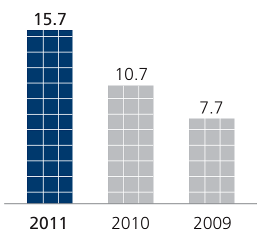


LTIFR*

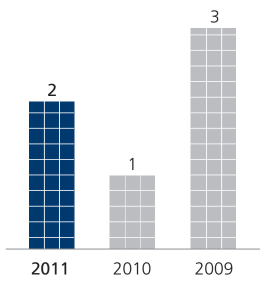


**Lost time injury frequency rate = lost time injuries x 200 000 divided by total hours worked*

CORPORATE SOCIAL INVESTMENT
(R million)

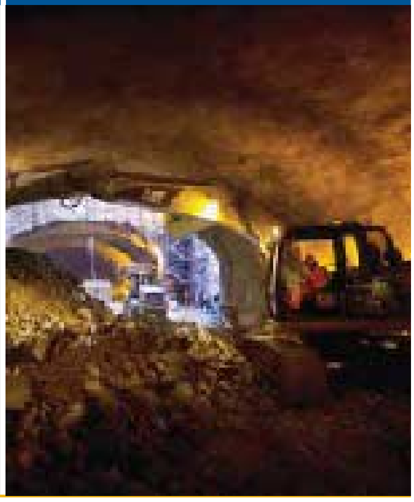


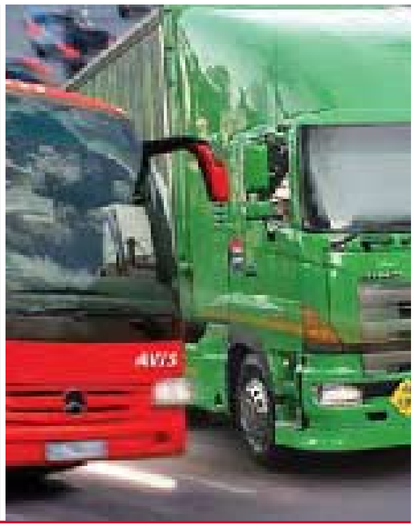
NUMBER OF FATALITIES



Operating divisions	Brands
Barloworld Equipment has partnered with Caterpillar for 84 years and is currently the Cat dealer in 11 southern African countries and in Iberia, Siberia and the Russian Far East. The Equipment division also represents MAK and Perkins engines, Atlas Copco rotary blasthole drills and Metso mobile crushing and screening equipment for mining and construction. www.barloworld-equipment.com *See page 20*	
The Automotive and Logistics division comprises the group's motor vehicle usage business – Barloworld Automotive and the group's Logistics services and supply chain management business – Barloworld Logistics. www.barloworldautomotive.com www.barloworld-logistics.com *See page 36*	
Barloworld Handling is the dealer for Hyster lift trucks and warehouse/handling equipment in the south-eastern USA, UK, Netherlands, Belgium and southern Africa. Barloworld Handling also represents Massey Ferguson and Challenger (AGCO) and CLAAS agricultural products in southern Africa and Siberia, as well as SEM, one of China's leading wheel loader brands, in southern Africa and Siberia. www.barloworldhandling.com *See page 46*	

Value proposition	Key products
> Barloworld Equipment provides customers with customised integrated earthmoving and power systems solutions comprising new, used and rental options. Our comprehensive equipment management capability is supported by world-class technical training and facilities	> **Caterpillar:** earthmoving equipment, engines and power systems > **MAK:** Marine propulsion and auxiliary diesel engines up to 16 000 kW > **Perkins:** diesel and gas engines in the 4-2000 kW market > **Atlas Copco:** rotary blasthole drills > **Metso:** mobile crushing and screening plants for construction and mining
> Barloworld Automotive provides customers with a range of integrated motor vehicle usage solutions to meet their specific requirements > Barloworld Logistics provides smart supply chain solutions through strategic partnerships with leading clients and key suppliers	> Short-term vehicle rental under the Avis brand > Franchised motor-vehicle retailing, representing leading brands including: Audi, BMW, Ford, General Motors, Mercedes-Benz, Toyota and Volkswagen > Vehicle leasing and other fleet management products under the Avis brand > Integrated supply chain solutions including: warehousing and distribution, dedicated transport services, transportation management services, freight forwarding, and supply chain software
> Barloworld Handling is the world's largest independent Hyster lift truck dealer by leveraging the strength of the brand with customised materials handling and warehousing solutions in the manufacturing and distribution industries > The Agriculture business offers solutions for all farmers from low-cost tractors to leading technology equipment aimed at improving productivity and yields at lower operating costs > The SEM dealership fills a gap in the market for cost-effective wheel loaders that are easy to operate and maintain, backed by Barloworld's world-class support structure	> **Hyster:** lift trucks and warehousing equipment > **Massey Ferguson and Challenger:** tractors, combines, balers, planters and self-propelled sprayers > **CLAAS:** tractors, combines, self-propelled forage harvesters and balers > **SEM:** wheel loaders





Strategic growth segments

The following growth drivers are central to our strategy. Given our strategic profile, original equipment manufacturers (OEMs) and brands we represent, and our regions of activity, we are well placed to realise opportunities in these industries:

Growth driver	Region
Mining – Chinese demand and global economic recovery to drive commodity prices and increased levels of mining investment	• Southern Africa • Russia
Infrastructure – Infrastructure backlogs, industrialisation and rapid urbanisation in emerging markets expected to drive infrastructure investment	• Southern Africa • Iberia • Russia
Power – Capacity constraints and growing electrification requirements present opportunities in electric power. Marine and petroleum and rail segments also have significant growth potential	• Southern Africa • Iberia • Russia
Automotive – Tourism potential, growing corporate fleets and other solutions platforms related to vehicle use	• Southern Africa • Australia
Logistics – Ongoing trend to outsource supply chain management activities and recovery in world trade	• Southern Africa • Middle East • Europe • China • US
Handling – Demand for food and biofuels likely to significantly increase agricultural equipment opportunities in emerging markets. Growth opportunity in providing super-integrator fleet solutions	• US • UK • Europe • Russia • Southern Africa

Our goal: create long-term value for our stakeholders by improving profitability and enhancing our clients' competitive position, adding value and support on every level.

We achieve this by:

→ *Providing relevant solutions by addressing our clients' specific needs in any given market environment*

→ *Continually responding to changing market dynamics, offering solutions to meet clients' most pressing issues*

Operations in 26 countries across five continents

- *Combining deep technical knowledge and global experience with leading decision-making tools*
- *Continuing to add services to give clients ever-greater integrated solutions*
- *Operations across various lines of business in 26 countries enhances resilience through the business cycle*
- *Business diversity and exposure to mix of commodities, brands and sector opportunities adds to overall resilience*

To create sustainable business value we need to be able to:

- *Build positive relationships with our key stakeholders*
- *Understand our business risks*
- *Understand our material sustainability business drivers*
- *Create value for stakeholders*
- *Identify new growth areas and opportunities*

Attractive investment case

Clear vision
- Market leader – providing integrated solutions in distribution, rental, fleet management, product support and logistics
- Service excellence underpins integrated solutions

Strategic focus
- Three core divisions – Equipment, Automotive and Logistics, and Handling
- Achieving profitable growth and enhancing financial returns

Leading international brands
- Caterpillar, Hyster, Avis and leading automotive and agricultural brands

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

Business and geographic diversity
- Operations across various industries in 26 countries as well as business diversity and exposure to mix of commodities, brands and sector opportunities enhances resilience through the business cycle

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 strategies 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 sustainable development
- Significant investment in skills development and training programmes

Leadership perspectives

In this section

Chairman's letter to stakeholders

Dumisa Ntsebeza
Chairman
14 November 2011

Summary

> We have made excellent progress in implementing a number of key strategies

> We apply the principles of King III in our governance practices

> Barloworld Limited achieved an overall B-BBEE Level 2 rating from Empowerdex

> We affirm our stated ambition to raise awareness of key environmental issues and to lead in sustainability

Dear Stakeholder

Overview

I am pleased to share my review of the year as Barloworld's Chairman, and to report on the considerable progress we have made throughout the group this year, which culminated in a 120% increase in headline earnings per share from continuing operations.

This is my fifth report and I am proud of the fact that we have made excellent progress in implementing a number of key strategies including the acquisition of the remaining 50% of our Russian Caterpillar dealership. This, together with many other initiatives, will provide an excellent platform for growth over the next few years.

After a difficult period during 2009 and 2010 in the aftermath of the global financial crisis, the company emerged from the recession stronger than ever. During those challenging times we honed our management practices, improved asset efficiency and focused on implementing our core strategies.

We continued to deliver market leadership gains in most businesses through providing differentiated customer solutions which will serve as the foundation for sustainable, profitable growth and solid financial returns.

To achieve our strategic objectives, the company continues to build relationships with all its stakeholders and ensure alignment of our business objectives with those of our stakeholders, including the Government's growth strategy for South Africa.

The corporate vision to which we have committed is encapsulated in the term "2015[3]". While dependent to some extent on global economic growth and the strength of commodity demand, this vision aspires to create significant incremental value for all our stakeholders by 2015 from a 2010 baseline year.

This goal is clearly aligned with our philosophy of stakeholder value creation. Our vision has clear and specific operational objectives and the goals are aligned with our Key Performance Indicators. With dedicated leadership and the strong will of all our employees I have no doubt we will achieve the demanding targets we have set.

Economic environment

Eurozone uncertainty has hampered global economic recovery and has heightened the risk of a double-dip recession. This impacted activity levels in Iberia in particular.

Economic growth in South Africa, while positive, was slightly below expectation and resulted in a slightly less favourable environment for our local businesses.

While southern African mining activity recovered strongly during the year, construction sector demand remained relatively muted. The territories with significantly increased mining revenues included South Africa, Mozambique, Zambia and Botswana.

Economic growth and mining activity in Russia was strong, with increasing revenues also in construction, power systems and forestry.

We declared a total dividend for the year of 155 cents, a 107% increase. This indicates our commitment to shareholders and the confidence the board has in sustaining the group's strong performance into 2012.

Dividend

In line with our policy of 2.5 to 3 times dividend cover, we declared a total dividend for the year of 155 cents, a 107% increase. This indicates our commitment to shareholders and the confidence the board has in sustaining the group's strong performance into 2012.

Divisional overview

The Equipment division performed well and is positively positioned for future growth across our existing territories in southern Africa and Russia. The Iberian industry has suffered through the Eurozone crisis, but action is being taken to reduce the cost base and position the business for profitability as the cycle turns. We are also growing our global power systems business from the strength of our Iberian base.

The Automotive and Logistics division, coming off a record year in 2010, performed well in a competitive trading environment. The logistics business was integrated into the Automotive division and this is progressing well. There is still considerable opportunity for the expansion of our logistics business in southern Africa, including territories such as Mozambique, and plans are in place to achieve this.

The Handling division generated a significant positive turnaround during the current year. Southern Africa delivered a good performance in agriculture in particular, while the European and United States handling businesses delivered substantially improved results.

Skills and people

Our primary competitive advantage is generated through our people. It is therefore very important that we respond to our business strategy by creating an aligned human resources (HR) strategy that focuses on delivering the right HR skills, structure and priorities to achieve our objectives. We are committed to maintaining this through skills development and training as well as high employee engagement scores.

We have delivered numerous successes since opening our Leadership Development Centre at Barlow Park in 2008 and also continue to invest heavily in technical skills training across the group. Barloworld Equipment's Technical Training Centre provides around 2 000 learnership interventions every year for the southern African region.

Corporate citizenship

Barloworld has historically played a central role in providing business acumen, leadership and facilitation in relation to broader societal and government initiatives in South Africa. As a proactive organisation, we would like to continue to elevate this corporate citizenship role in the years ahead.

It is our ambition that Barloworld should assist government organisations in the areas in which we operate, by transferring much-needed skills and knowledge. More specifically, we would like to see the transfer of technical and commercial skills in order to uplift systems and maximise effectiveness in addressing key challenges. With the necessary will on both sides, we can cultivate a partnership with government with a view to our assisting with job creation, commercial management techniques for state-owned enterprises, and infrastructure project management.

Our South African operations target 1% of their profits after tax for corporate social investment. We continue to focus on upgrading and improving access to education, as well as supporting corporate initiatives and programmes that are spearheaded by our employees. These include empowerment of women, HIV education and care for HIV orphans, sports initiatives for previously disadvantaged youth, and awareness of disabilities.

Our enterprise development initiative, Barloworld Siyakhula, continues to identify entrepreneurial projects to support and we expect to initiate a number of new projects in the year ahead.

BEE and transformation

For the past few years our commitment has been to lead in empowerment and transformation. I am pleased to report that as a group we have achieved the target we have set ourselves of becoming a Level 2 or 3 contributor under the dti Broad-Based Black Empowerment (B-BBEE) Codes. For 2011, Barloworld Limited achieved an overall Level 2 rating from Empowerdex which was extremely pleasing.

Barloworld Limited achieved an overall B-BBEE Level 2 rating from Empowerdex.

In terms of the new Companies Act, we have established a Social, Ethics and Transformation Committee with expanded terms of reference to cover statutory and various other functions, such as stakeholder engagement, socio-economic development, corporate citizenship and consumer relations. This Committee will assist the board in adopting a holistic approach to transformation and complying with relevant legislation and best practice in territories where we operate. Transformation both at board level and within our divisions has made steady progress, with each of the divisions having a comprehensive plan to achieve their internal targets and make further improvements from year to year.

Sustainable development

We affirm our stated ambition to raise awareness of key environmental issues and to lead in sustainability. Additionally, we are mindful of our role in propagating environmental awareness throughout the value chain and outside of our organisation. This means, not only supplying sustainable solutions to our customers but also encouraging best practice and embedding environmental policies with all our stakeholders.

We have made good progress against our aspirational energy and emission efficiency improvement targets during the year, and also focused on water conservation. Avis Rent a Car South Africa continued with its CarbonNeutral® accreditation and has secured this status for a further two years.

Barloworld takes a proactive stance with regard to the global sustainable development agenda. We have hosted two briefing sessions on climate change and the negotiations in the build-up of COP 17 in Durban and will sponsor a meeting facility at the venue. We are also participating in the COP 17 CEO Forum and initiatives.

Having been a signatory to South Africa's Energy Efficiency Accord in 2005, Barloworld will sign the NBI's Energy Efficiency Leadership Network Pledge which includes driving improvement of energy efficiency in our company aligned with appropriate government policies and strategies.

Board and governance

We have applied the principles of King III and continue to further entrench the recommended practices into our governance systems. In light of this, while the overall board composition remains unchanged, a number of appointments have been made to bolster the various board committees.

The new Companies Act came into effect in May 2011 and we have taken appropriate steps to ensure compliance with its requirements.

We will continue to consider the size, balance and composition of our board in the context of both appropriately representing South African society as well taking account of our international business interests.

Outlook

We will continue to work towards our 2015[3] vision and are confident of the strategic plan which has been put in place to achieve our targets.

Barloworld has historically played a central role in providing business acumen, leadership and facilitation in relation to broader societal and government initiatives in South Africa. As a proactive organisation, we would like to continue to elevate this corporate citizenship role in the years ahead.

We have practised prudent management of our businesses during the downturn which has strengthened our financial position, reduced our cost base and positioned us well for the future.

As a consequence, we are well positioned to enhance the value of our product and service offerings into our chosen segments and expect to maintain the positive momentum into the new financial year.

Appreciation

My sincere appreciation goes to the group CEO, Clive Thomson, and his executives who I believe are the highest calibre management team any leader could wish for. They have worked tirelessly to achieve the company's goals and position the group for even greater success in the years ahead.

My sincere thanks also go to the Barloworld board and committees for their guidance, support and commitment.

Finally, I wish to express my appreciation to our shareholders for putting their faith in us, and for supporting the company. I would also like to thank our other stakeholders, including customers, principals, employees and communities where we operate, without whose partnership we would not have achieved our success to date. We look forward to continuing to work with you to create sustainable value for all.

CB Thomson
Chief executive
14 November 2011

Summary

> The group produced a **strong performance** for the 2011 financial year with HEPS from continuing operations up **120%**.

> We acquired the remaining 50% of our Russian Caterpillar dealership for US$52 million (R361 million) and the business has **delivered well ahead of expectations**.

> We have entered into preliminary confidential discussions with **Caterpillar** for the possible acquisition of **Bucyrus** distribution rights in our existing dealership territories.

> We expect to be able to **maintain the positive momentum** into the new financial year.

Overview

The global demand for commodities, led by China, which started in the latter part of our 2010 financial year, continued strongly in the current year. While developed economies have shown little growth during the period, growth in emerging economies has been much stronger and resource intensive.

The group produced a very strong performance in the current year with operating profit of R2 289 million being up 51%. Headline earnings per share from continuing operations of 465 cents are 120% above the 212 cents earned in 2010. The total dividend for the year of 155 cents is 107% up on the prior year.

Strategic developments

Progress was made on a number of important strategic transactions which position the group for future growth and reallocate capital to higher returning businesses.

We acquired the remaining 50% of our Russian Caterpillar dealership for US$52 million (R361 million) effective 1 October 2010 and the business has delivered well ahead of expectations.

The disposal of car rental Scandinavia was successfully concluded with the receipt of the final balance owing of R174 million by mid-December 2010.

The sale of the loss-making Logistics African and Asian non-corporate trader businesses was completed on 28 February 2011. Following the transaction we took a decision effective 1 May to integrate our Automotive and Logistics divisions and this has progressed well.

The transaction between Caterpillar Inc. and Bucyrus International closed in July 2011. We have entered into preliminary confidential discussions with Caterpillar with a view to the possible acquisition of Bucyrus distribution rights and assets in our existing dealership territories. We are still in the early stages of this process and are not in a position to estimate with any accuracy how this could affect our future cash flows and profitability.

We launched our "2015^3 driven by you" vision and strategy at our global leaders meeting in March 2011. This outlines ambitious plans and targets to deliver significant value to all our stakeholders over the period to 2015.

Operational review

Equipment

Southern Africa

The increased activity levels reported in the first half of the year, and driven mainly by mining and contract mining demand, accelerated in the second half of the year on the back of strong commodity prices. Revenue for the year of R12.6 billion was 50% up on 2010.

Due to a number of significant contract awards, the current year represented a record for the sale of large mining equipment which in unit sales surpassed the previous high set in 2008.

South Africa remains the largest source of revenue in the region based on coal and iron-ore mining. Mozambique has emerged as the second-largest contributor to revenue following the deliveries to Vale and contract miners for the Moatize and Riversdale coal projects, respectively. Zambia produced good revenue growth supported by strong global copper demand while revenue in Botswana more than doubled in response to improved diamond-mining activity. Revenue in Angola which declined significantly in 2010 showed a solid increase in the current year following recent government attempts to stimulate the economy through infrastructure development.

Progress was made on a number of important strategic transactions which position the group for future growth and reallocate capital to higher returning businesses.

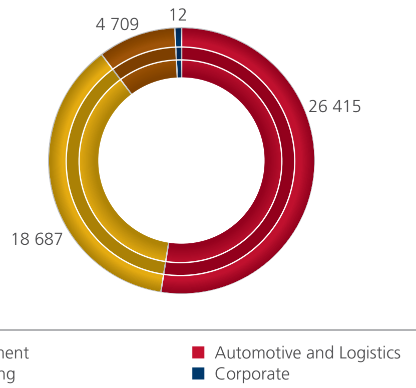
The construction sector in South Africa remains subdued with some activity coming from public corporations such as Eskom and SANRAL as well as the mining sector.

The overall performance was boosted by good after-sales revenues. This contributed to a pleasing improvement in the operating margin for the year to 9.8% which was strongly up on the prior year (8.7%).

Iberia

The sovereign debt crisis in the Eurozone and the fiscal austerity measures introduced in both Spain and Portugal to reduce their budget deficits have severely impacted these economies, in particular the investment in public works and construction.

DIVISIONAL REVENUE
(R million)



The Spanish economy has been in a state of limbo ahead of the general elections in November and, while the economy is not yet officially back in recession, domestic demand continues to decline. The equipment market in Spain has suffered a further decline in the current year and is estimated to have decreased by over 90% since 2007. Against this backdrop, Iberian revenue in Euro terms dropped by a further 6% in the current year.

Corrective action to further realign the cost base with lower activity levels was necessary in both Spain and Portugal with restructure costs of €7.5 million (R71 million) being incurred, including €0.6 million to rationalise the short-term rental business. The rental fleet (in particular the non-Caterpillar allied component) has also been dramatically reduced to ensure improved utilisation rates.

The management team has, however, produced some noteworthy successes. Importantly, our market share in Spain has been steadily rising on the back of the strength of our aftermarket support for customers and the durability of the Caterpillar machines.

While the firm order book at September 2011 of €250 million is significantly up, it includes two large package deals recently awarded and belies the general underlying market weakness. The power systems business in Iberia still shows life, particularly in the electric power generation segment, while the marine market has declined following cuts in government subsidies to the Spanish shipping industry.

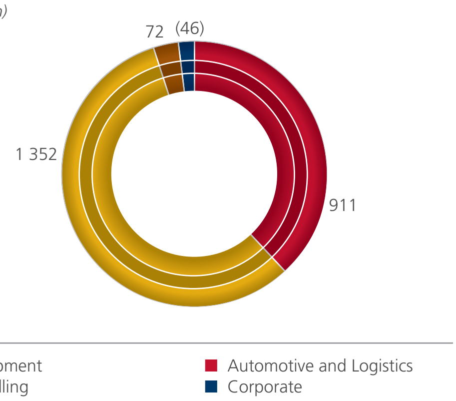
Russia

The timing of the acquisition of the remaining 50% of the Russian operations proved opportune. Revenue for the year of US$374 million was 81% up on the prior year, being strongly driven by mining as well as a recovery in construction.

A pleasing aspect of the current year's performance was the continued increase in parts revenue. Current year revenue was 45% ahead of the prior year (which, in turn, showed a similar increase in 2010).

DIVISIONAL OPERATING PROFIT

(R million)



The success in growing the machine population in Russia would now appear to be driving profitability as this young dealership shows signs of the more mature Caterpillar business model.

The power business – which benefited from the introduction of new management – generated a significant increase in revenue driven by sales into the electric power and mining segments.

The total operating profit after amortisation of intangibles of US$32.8 million for the year was almost three times that generated in 2010, while the operating margin of 8.8% was a pleasing achievement for a dealership in the early stages of its development.

Automotive and Logistics

The newly combined division – which accounts for a sizeable part of total group revenue – generated an 8% revenue increase in the current year.

Car rental

Avis Rent a Car increased revenue by 4% compared to 2010, a year which included the FIFA World Cup™. Rental days increased by 2%, however, rental-related revenue was down by 3% as competition for market share intensified. Operating profit for the business was below the prior year due to the abnormal used-vehicle profits earned in 2010 ahead of the FIFA World Cup™. The second half of this year generated a pleasing operating profit slightly ahead of the same period in the prior year.

Motor retail

Revenue in Motor Retail southern Africa increased by 14%, in line with industry growth for new passenger car sales. Operating profit improved as a result of increased new vehicle sales and improved finance and insurance profitability.

Motor Retail Australia generated an operating profit of R100 million which was 22% up on 2010, notwithstanding industry sales in Australia being 4% down. Our Volkswagen dealerships, in particular, generated a strong performance.

Fleet services

Avis Fleet Services increased revenue by 15% by growing the fleet under management by 27% and the finance fleet by 4%. However, interest margins in the current low interest rate environment remained under pressure.

Logistics

Logistics generated an operating profit of R27 million for the year compared to a profit of R10 million in 2010. The southern African business continued to be plagued by lower volumes in the building and construction industry, but saw some improvement in the mining, consumer goods and furniture segments. The international businesses generated some improvement in activity, but over-capacity in the airfreight market has resulted in a reduction in air rates, especially from Asia to Europe.

Handling

This has been a recovery year for the Handling businesses. Revenue for the year is well up on 2010 with the most notable growth in Belgium, The Netherlands as well as the SEM and agriculture businesses in southern Africa. Short-term hire revenue was 18% up on the prior year, with double-digit increases achieved in all territories.

The division returned to profitability in the current year, generating an operating profit of R72 million compared to a loss of R3 million in 2010. All territories except for the US and the nascent agriculture businesses in Mozambique and Siberia were profitable at the operating level. The South African agriculture business in particular generated strong growth in profitability, boosted by a 35% increase in equipment sales.

The group once again produced a positive inflow of funds for the year notwithstanding the payment to acquire the remaining 50% shareholding in the Russian equipment business.

Funding

The group once again produced a positive inflow of funds for the year of R946 million notwithstanding the payment of R361 million to acquire the 50% shareholding in the Russian equipment business and working capital demands in the wake of strong growth in our mining territories. Net debt of R4 489 million (2010: R5 049 million) is well below the prior year and the group's financial position is strong.

The remaining balance outstanding on corporate bond BAW1 of R1 270 million was repaid in July 2011 and long-term debt at year-end comprises 76% of total debt. Cash and cash equivalents at 30 September 2011 were R2 754 million, R826 million higher than last year.

Sustainable development and transformation

In line with our integrated approach to creating value, we continue to entrench sustainable development in our strategic planning and value-creation activities.

Tragically there were two work-related fatalities during the year and several actions have already been taken to improve safety processes and training.

Our medium-term focus is on improving energy and emission efficiency as well as more efficient water consumption. In 2009 we set an aspirational target of a 12% non-renewable energy and greenhouse gas (GHG) emissions efficiency improvement by end 2014 off a 2009 baseline year. We have made good progress towards these goals with a 3% reduction in energy consumption and a 6% year-on-year reduction in GHG emissions.

Empowerment and Transformation is one of our key strategic focus areas and measureable annual targets have been put in place. In the annual assessment by Empowerdex and Financial Mail of South Africa's Top Empowerment Companies, Barloworld currently leads the general industrial sector. In this regard, each of our South African business units has improved its B-BBEE score over 2010 and all of our South African businesses have now achieved a Level 2 rating, with the exception of one that retained their Level 3 rating. Barloworld Limited received an overall Level 2 rating from Empowerdex which improved from Level 3 last year.

Outlook

The outlook will be affected by the ability of policy makers to find a solution to the Eurozone debt crisis and the restoration of financial stability in that region. It also requires the governments of developed economies managing and controlling their ballooning public debt levels.

Equipment southern Africa goes into the new financial year with a firm order book of R5.2 billion, mainly in mining and contract mining. While commodity prices have declined in recent months, we have not seen any slowdown in mining activity as prices remain at levels favourable for mining investment and production. The major challenge facing us will be securing the equipment in the wake of increasing Caterpillar lead times due to rising demand for mining equipment globally.

We are not forecasting any recovery in the Iberian machine industry in the year ahead but activity will be assisted by the commencement of deliveries in 2012 of the large package deals in our closing order book. Nonetheless, we are planning to take further action to align workforce levels with the current depressed state of the market. The overhead structure of the business has already been substantially reduced but requires further streamlining to position the business to return to acceptable levels of profitability once the market recovers.

In Russia, the firm order book is slightly down on the prior year but activity levels remain strong. While we are expecting continued growth in 2012, it will be at a slower rate than the current year.

Avis Rent a Car is expected to maintain the current momentum, despite the competitive trading environment. The business will continue to focus on improving rates, maintaining high fleet utilisation and maximising used-vehicle profits on ex-fleet vehicles.

The South African car market will continue to grow in 2012 albeit at a slower pace as the disposable income of households remains under strain. The weakening rand is likely to create some pressure on manufacturers to increase prices following the relative price stability in 2011. Our Australian business is expected to maintain its good performance.

Avis Fleet Services will see further growth in the fleet under maintenance as well as the finance fleet. There are currently a number of large tenders awaiting adjudication which could materially impact revenues.

Logistics is expected to benefit from the divisional integration and the internal focus on improving volumes and margins across all businesses.

Activity in the handling business in Europe and the US will be driven by economic growth in these regions. Recent economic data out of the US are mixed. The agriculture business in southern Africa should continue to benefit from strong food prices and we will continue to grow this business in other southern African countries as well as Russia.

We expect to be able to maintain the positive momentum into the new financial year. This will benefit trading in the first half of 2012, while growth in the second half will be slower due to the higher base. Overall we expect to make solid progress in the year ahead.

Operational performance

In this section

From left to right

Peter Bulterman (55)
Chief executive officer: Southern Africa and Russia
HND Mech Eng
36 years' service

Viktor Salzmann (64)
Chief executive officer: Iberia
Eidg Dipl Kaufman
43 years' service

Dominic Sewela (46)
Chief executive officer: South Africa
BSc Chemical Engineering
4 years' service

Operating performance

	Revenue Year ended 30 September		Operating profit/(loss) Year ended 30 September		Net operating assets 30 September	
Economic	2011 Rm	2010 Rm	2011 Rm	2010 Rm	2011 Rm	2010 Rm
Southern Africa	12 578	8 379	1 228	725	3 395	2 990
Europe	3 574	3 854	(102)	(69)	2 496	2 626
Russia	2 535		226		1 049	
	18 687	**12 233**	**1 352**	**656**	**6 940**	**5 616**
Share of associate income			59	8		

	Petrol and diesel (ML) Year ended 30 September		Electricity (MWh) Year ended 30 September		Energy (GJ) Year ended 30 September		Emissions (CO_2e tons) Year ended 30 September		Water (ML) Year ended 30 September	
Environmental	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Southern Africa	6.27	6.36	17 723	14 314	300 993	289 816	34 854	34 141	228	242
Europe	2.22	2.45	7 150	9 743	106 664	123 281	9 517	11 771	9	14
Russia	0.55		932		21 413		1 731		13	
	9.04	**8.81**	**25 805**	**24 057**	**429 070**	**413 097**	**46 102**	**45 912**	**250**	**256**

	Employee headcount Year ended 30 September		LTIFR Year ended 30 September		Fatalities Year ended 30 September		B-BBEE rating* Year ended 30 September	
Social	2011	2010	2011	2010	2011	2010	2011	2010
Southern Africa	4 560	4 167	0.69	1.06	2		2	2
Europe	1 753	1 954	4.06	4.07		1		
Russia	535		0.87					
	6 848	**6 121**	**1.37**	**1.80**	**2**	**1**		

**B-BBEE rating for South Africa only.*

equipment

Leadership team

Southern Africa

Peter Bulterman (55)	Chief executive officer: southern Africa and Russia. HND Mech Eng. 36
Dominic Sewela (46)	Chief executive officer: South Africa. BSc Chem, Eng. 4
Fergus Macleod (59)	Financial director. CA(SA), BCom. 31
Terry Dearling (52)	Human resources director. BA Psychology. 16
Shane Fitzpatrick (49)	Executive director. BSc Mech Eng. 7
Kenny Gaynor (53)	Executive director: Power. CA(SA), HND Elec Eng. 19
Charles Nell (54)	Chief information officer. BSc (Hons) Computer Science, MBA. 31
John Polykarpou (51)	Executive director: After sales. CA(SA). 26
Charl Groenewald (42)	Executive director: Contract Mining, Construction, Rental and Used. CA(SA). 16
Gerhard Voster (43)	Executive director: Mining Southern Africa. CA(SA). 15
Gavin Knight (47)	Executive director: Power Southern Africa. HND Mech Eng. 22
Sibani Mngomezulu (39)	Executive director: Risk, strategy and governance. LLM FCIS. 7

Iberia

Viktor Salzmann (64)	Chief executive officer: Iberia (Spain and Portugal). Eidg Dipl Kaufman. 43
Carlos Morales (42)	Operations director. Industrial engineer. 15
Victor Arnold (48)	Global Power, Exec Oil and Gas Line of business and strategy director. BCom, MBA, DBA. 13
Vasco Santos (40)	General manager: Portugal. Bachelor of Mechanical Engineering. 14
Jorge Beltran (42)	Power systems director. Electronics engineer. 15
Francisco Carrillo (52)	Commercial director. Bachelor Chemistry. 36
Alberto Garcia Perea (60)	Strategy, purchasing & training director. Bachelor Marketing/Degree in Law. 39
Clyde Griffin (40)	Finance director. BCom, BAcc, CA(SA). 8
Ildefonso Villar (50)	IT Director. Degree in History. 35
Ramon Gonzalez (39)	Human resources director. Degree in Labour Relations & Human Resources. 4
Isabel Vicente (53)	Product support director. Degree in Physics. 36
Graziano Cassinelli (44)	Used machines director. Diploma in Chemical-Biological Analysis. 3

Russia

Tony Diggeden (57)	General director. 35
Quinton McGeer (47)	Deputy general director. CA(SA). 19
Anton Globus (33)	Finance director. BCom (Hons) Accounting, CA(SA), CISA. 6
Peter Tapson (49)	Regional director: Russian Far East. 30
Jackson McAdam (44)	Power systems director. Bachelor in electronic and electrical engineering. 8 months
Irina Sukhoveeva (42)	Construction, Oil & Gas director. Degree of planning engineer in machine industry. 12
Darren Kurtz (42)	IT director. Master in business administration. 13
Elena Karpova (39)	HR director. Degree in HR management. 4
Anton Gulichev (35)	Forestry and Regional director. Degree in information processing systems. 7
Simon Garfath (49)	Aftermarket director. Degree in engineering. 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.

Operational review

Southern Africa

Overview

Equipment southern Africa produced record results driven mainly by mining and contract mining. Both machine sales and the after-sales business improved dramatically on the back of the commodities boom, generating a significant increase in revenue and operating profit over the prior year.

Revenue increased by 50% to R12 578 million (2010: R8 379 million) and operating profit 69% to R1 228 million (2010: R725 million). Net cash from operations was R913 million for the year.

Revenue has returned to the peak recorded in 2008 given the resurgence of mining across all commodities and without the benefit of the pre-World Cup construction spike that contributed to the 2008 results. Our R5.2 billion order book is also a record, signifying another strong year ahead.

Expenses increased in line with renewed business activity but the base remained well managed, reflecting longer-term economies achieved by the strong focus on expense reduction throughout the recession. A strategy of continual improvement in operational efficiencies meant that increased headcount could be limited largely to skilled technical people to support mining growth. Contained expenses contributed to a healthy operating margin of 9.8%.

Machine sales, after-sales revenues and rental income improved in all regions. Parts and service revenue outstripped previous results as after-sales demand grew to support the large and growing installed Cat machine population.

All our African territories recorded improved performance, with Angola returning to profitability after two difficult years and exceptional results from Zambia and Mozambique due to strong involvement in copper and coal mining, respectively.

Barloworld Equipment continued to enjoy firm market leadership in mining machines and improved market share in most earthmoving machine families, despite the decline in construction sector activity.

Caterpillar's acquisition of Bucyrus was concluded in July 2011 and preliminary confidential discussions have been held with Caterpillar in relation to the possible acquisition of Bucyrus distribution rights in our territories. Finality is expected by mid-2012.

The Power division recorded disappointing results due to low levels of demand and difficulties in disposing of generator stock that have impacted the business. However, the stock situation has now improved and the power business is now recording increased activity. A significant improvement is expected in the year ahead.

Good progress was made on several new facilities designed to accommodate growing customer demand. We moved into our new facility near Maputo in Mozambique in September 2011 and land has been acquired in Tete for another branch specifically to service new coal mines in the province. Our new facility in Kitwe, Zambia, to service the copperbelt will also be completed in the new financial year. Development of our new facility in Luanda, Angola, will start in 2012.

The Barloworld Reman Centre (BRC) in Boksburg, being developed at a cost of R240 million, is our largest investment on a single project and will be one of the biggest dealer rebuild facilities in the world. It will double our component rebuilding capability when it opens in mid-2012.

Based on the principle of Seed – Grow – Harvest, this new facility, together with the Technical Academy on our Isando campus, will provide opportunities to develop sustainable skills to support our customers well into the future.

Our Great People Management philosophy revolves around creating a safe, inspiring and enabling environment that provides job satisfaction and encourages discretionary effort from employees.

We have achieved pleasing results from our initiatives to reduce electricity, fuel and water consumption. Our ongoing "War on Waste" campaign has significantly improved awareness and employees are contributing to our environmental sustainability efforts.

Stakeholder value creation

Vision: To be the market leader by providing customers with the lowest total owning and operating cost over the life of the machine.

We will achieve our vision by:
> Developing globally competitive, diverse, empowered and passionate people
> Delivering quality products
> Providing equipment management services and cost-effective integrated solutions.

Mining

Barloworld Equipment has increased its market leadership in the supply of earthmoving equipment to the southern African mining sector.

Substantial equipment orders, accompanied by comprehensive maintenance agreements awarded

Our Great People Management philosophy revolves around creating a safe, inspiring and enabling environment that provides job satisfaction and encourages discretionary effort from employees.

by new and expanding mines as well as mining contractors, have contributed significantly to our rapid recovery in the mining sector.

These agreements, which give us a significant role in the overall productivity of mining fleets, confirm our ability to provide customers with unequalled technical expertise. Our teams in this sector have earned us the reputation as one of Caterpillar's flagship mining dealers worldwide.

A potential shortage of mining stock has been pre-empted by good planning, allowing us to place orders well in advance for deliveries as far ahead as 2013. Caterpillar is investing significantly in expanding its mining equipment factories to reduce the long lead times that characterised the previous commodities boom in 2007 and 2008.

Parts and service revenue, the mainstay of Barloworld Equipment throughout the downturn, continued to grow in all territories and outstripped revenue from new machine sales in Zambia.

Our joint venture with Tractafric Equipment in the Katanga province of the Democratic Republic of Congo (DRC) also produced an excellent result, due to increased copper mining activity.

Our teams in Mozambique have been working in difficult conditions to assemble large fleets for Vale's Moatize coal mine and Riversdale Mining's adjacent Benga site. Included in the Moatize fleet will be 10 Cat 797 mega mining trucks, together with a customer support agreement. These will be the first 797s, the biggest mechanical drive trucks in the world, to enter Africa. Workshops and haul roads at Moatize have been developed with input from Barloworld to accommodate the 797s and our assembly team for Moatize completed training in Brazil ahead of the arrival of the first two mega mining units in Mozambique.

The safety achievements on our MARC contracts at BHP Billiton's Wessels and Mamatwan manganese mines in the Northern Cape are notable for continually exceeding expectations and breaking records.

Delivery has started of a fleet of Cat machines and Atlas Copco drills to Majwe Mining, the mining services contractor for the Cut 8 Phase 2 expansion project at Debswana's Jwaneng diamond mine in Botswana.

A spread of commodities is proving attractive for our Namibian business and orders have been placed by diamond, zinc, gold and uranium mines in the past year, all with after-sales support agreements.

The safety achievements on our MARC contracts at BHP Billiton's Wessels and Mamatwan manganese mines in the Northern Cape are notable for continually exceeding expectations and breaking records.

Construction

The construction sector continued to decline in 2011, with construction companies across southern Africa battling the slowdown. However we improved market share in most machine families, despite this negative market.

The Angolan government continued to make arrear payments to construction contractors and the benefit of these payments could be seen after March 2011 when there was a modest increase in machine sales and a substantial increase in parts sales.

The Metso crushing and screening solutions business exceeded expectations and we expanded our dedicated team from 6 to almost 30 people to support Metso products in all the regions in which we operate. We also made substantial investments in machine stock and parts inventory.

Metso closed some pleasing sales to construction customers – despite the depressed market – and achieved strong growth in mining. Successes included a set of machines delivered to Tata Steel in the Northern Cape and an LT140 unit, the largest mobile crusher in Africa, ordered by Tenke Fungurume copper mine in the DRC.

Rental and used equipment

The rental business remained buoyant, with benefits accruing from our policy of focusing on longer-term, higher-utilisation rentals, particularly into contract mining. We continued our strategy of exiting allied equipment to concentrate on the core business of renting Cat fleets with Cat-certified operators.

Sales of ex-rental fleet as Cat Certified Used (CCU) with warranty remained strong as customers sought lower-cost, quality equipment options. Satisfactory margins were achieved by moving trade-ins as fast as possible to avoid tying up capital.

Power

Barloworld Power's profitability remained depressed due to low demand, and the ongoing impact of excess generator stock on working capital levels. However, stock was significantly reduced during the year, albeit at lower margins, and we have returned to our normal stock-ordering cycle from Caterpillar.

There was an encouraging increase in activity in the latter part of the year, coverage has improved and current workloads are positive. Product support in the form of service and parts business grew by a very pleasing 76% on 2010.

While the retail business remains slow in line with the sluggish construction sector, mining demand has improved and power business is particularly pleasing in Angola, where we are playing an increasing role in marine, oil and gas. In Namibia and Mozambique, power supply is in demand from emerging mining ventures.

In May, Barloworld Power began final commissioning of the R250 million Anixas power station at Walvis Bay for Nampower, adding 22.5MW of electricity to Namibia's national grid. This is the most significant project undertaken by Barloworld Power and provides a strong platform on which to build a portfolio of similar complex turnkey projects in future. Many opportunities are expected to arise from power constraints facing southern Africa.

Our Engineering Centre of Excellence in Boksburg now boasts significant engineering skills for design, project management, installation and commissioning of large turnkey power projects.

The slower market provided an opportunity to upgrade the Power rental fleet, incorporating Cat generators and Allight lighting masts, and our comprehensive rental solution for the annual Sasol Synfuels shutdown in Secunda was a high point in the year.

Barloworld's Global Power Systems, established a year ago under the leadership of Viktor Salzmann, has made significant progress in assembling a multi-skilled team from the group's power businesses in southern Africa, Iberia and Russia and has started to implement an aggressive and sustainable growth strategy for the future.

Our Engineering Centre of Excellence in Boksburg now boasts significant engineering skills for design, project management, installations and commissioning of large turnkey power projects.

Sustainable development

In our approach to sustainability we align closely with Barloworld Limited, and our principal, Caterpillar.

People

Demand for technical expertise continued to rise on high activity levels associated with assembly, maintenance and repair of mining fleets across southern Africa. We are actively ensuring skills availability in all territories.

Classes in our Technical Academy at Isando are fully booked a year in advance and a second shift is being introduced to increase throughput. The instructor complement will also be doubled. Annual learner intake in South Africa alone has doubled to two intakes of 150 learners each.

At least 60 more beds are being provided by upgrading the accommodation facility for learners and the purchase and refurbishing of an adjacent property.

Building on the success of our NQF Level 4 qualification focusing on troubleshooting for Cat engines, hydraulics, power train and electrical systems, our training development team is working on an NQF 5 qualification which will prepare candidates for management positions.

In May 2011, three operator trainers at the Barloworld Equipment Operator Academy became the first Caterpillar Dealer Instructors in Africa, joining a select group of only 188 worldwide.

R58.3 million was spent on courses involving 3 715 employees from all southern African territories in our Leadership Development Centre in Johannesburg, excluding accommodation and travel costs, and a significant portion was dedicated to internal bursaries. The ongoing focus on developing our employees has resulted in 84% now having development action plans.

Transformation

We continually review and evolve our comprehensive transformation policies in building a corporate environment that values and promotes equity and inclusion.

Diversity management workshops were again held around South Africa; building work is under way to accommodate people with disabilities in our facilities; a mentorship programme has been launched, and our talent management initiatives are starting to produce results. Our South African business achieved Level 2 on the dti B-BBEE scorecard in 2010 and 2011.

Recruitment in 2011 was largely focused on technical skills, from learners to qualified artisans. The external recruitment moratorium on non-core skills impacted on our ability to meet employment equity targets at more senior levels.

However, during the past two years, the percentage of black representation at management level has risen from 51% to 58%. The number of black senior managers increased from 18% to 25% and junior management from 33% to 41%.

In the past two years, the number of women employed by Barloworld Equipment has risen from 9% to almost 20% and, in 2011, the number of women in management moved from 12% to 14%.

In the coming year, we will undertake an audit of all employment equity forums, review succession planning processes and launch learnerships for people with disabilities, together with a disability awareness campaign.

The corporate budget for socio-economic development in South Africa was allocated to projects assisting children and adults with disabilities and to improve science, mathematics and other skills among previously disadvantaged learners.

Many departments within Barloworld Equipment, and individual employees, have contributed to improving the quality of life for others. They have given their time and effort, collected funds and donated items from food to computer hardware and software to a number of causes during the year.

Safety

Safety is one of Barloworld Equipment's core values. In 2011 we embarked on an intensive campaign to improve workplace health and safety. Safety training was broadened by introducing a specific safety awareness course aimed at Zero Harm. This has been attended by over 270 employees to date.

Tragically we recorded two fatalities this year, at our Isando campus and Jwaneng diamond mine in Botswana. We acknowledge that any accident is one too many and fatalities are not acceptable. Our safety teams, with active support from the executive, are doing all they can to prevent further fatalities on our sites.

We are, however, pleased to report that the lost-time injury frequency rate (LTIFR) at Barloworld Equipment has fallen by 71% over the last six years.

Occupational health medical surveillance is also firmly entrenched, with 2 682 medical examinations conducted during the year.

The environment

Our sustainable development vision is based on representing OEMs such as Caterpillar that have sustainability principles entrenched in their research and development and manufacturing processes. We sell machines that incorporate regulated emissions and rebuildability; in our support of these machines, we take stringent steps to limit emissions, fuel, electricity and water use, and contamination. We are also aligned with the Barloworld group approach and objectives.

Our aspirational sustainable development goals include 12% non-renewable energy and emissions efficiency improvements and a 30% efficiency improvement in water use by 2014 (2009 baseline). We are also committed to realising R50 million in incremental profitability or cost savings through sustainability initiatives by 2015.

As part of these overall targets, our targeted efficiency improvements in electricity, and fuel (petrol and diesel) consumption for the two financial years ended

Safety is one of Barloworld Equipment's core values. In 2011 we embarked on an intensive campaign to improve workplace health and safety. Safety training was broadened by introducing a specific safety awareness course aimed at zero harm.

30 September 2011 was 5% off a 2009 baseline. Against these targets we achieved an absolute 17% reduction in electricity, 9% reduction in water and 6% reduction in fuel over this period. In light of increased business activity, these are excellent achievements and exceed the targeted efficiency improvements. We will continue to develop these initiatives, particularly water-recycling. We will also focus on achieving the inherent cost benefits.

To meet the cumulative R50 million targeted saving by 2015, including recovering our related investment, we need to exceed our targets in each of the next three years. One area that will receive focused attention is diesel consumption, currently at 104% of 2009 levels, although well ahead of our efficiency improvement targets.

To assist in this drive all Barloworld Equipment's new facilities are designed to be environmentally friendly.

6 Sigma

Since its inception in 2004, Equipment's 6 Sigma process improvement programme has delivered 210 projects with financial benefits of R140 million to the company. The 38 projects completed in the past financial year generated benefits valued at R10 million.

Waste

Our "War on Waste" campaign started in 2009 and has delivered significant cost reductions in business processes through the efforts of employees to reduce wasteful activities and increase customer value.

In the past financial year, employees generated and implemented 160 ideas related to process improvements in their business areas.

Outlook

Barloworld Equipment begins the new financial year with a record order book of R5.2 billion (R3.4 billion in 2010). Strong results are forecast for 2012 and beyond, given rising demand for commodities to fuel urbanisation and industrialisation in high-growth nations such as China and India.

Further growth is expected in the owner and contract mining sectors, and parts and service revenues will continue to rise in support of the rapidly growing active Cat population. Barloworld Equipment's reputation for maintaining the high fleet availabilities critical to meeting mining targets stands us in good stead to continue improving market share and revenues.

Activity in Angola is expected to improve strongly and our strong performance in South Africa, Zambia, Mozambique, Botswana and Namibia is expected to continue.

While Barloworld's role in the sale and support of the Bucyrus product line-up now owned by Caterpillar will be clear only in the latter part of the new financial year, this relationship is expected to have a positive impact on our mining business. It will significantly broaden our opportunities to provide equipment management solutions for both opencast and underground mines.

The new Barloworld Reman Centre will allow us to double present component rebuild throughput and improve turnaround times. It will accommodate components for Cat 797 trucks as well as the new Cat electric drive trucks, top-of-the-range 2-4MW Cat C175 generator sets, as well as growing industrial, marine and electric power opportunities. In partnership with Caterpillar an oil sampling laboratory, linked to our Reman Centre will be operational by September 2012.

Backlogs in Cat machine deliveries remain a challenge but we are confident that Caterpillar's investment in additional manufacturing capacity will produce results in the next three years.

Skills remain our key differentiator. Continual steps are being taken to ensure we have the skills to provide consistent value for all our customers.

Generally another flat year is expected in construction in all territories. Investor uncertainty points to continued weakness in the commercial building sector.

Continued strong demand for Metso products and support is anticipated in both the construction and mining sectors. All Barloworld Equipment's southern African territories now have revenue targets for Metso and dedicated skilled resources will be allocated to each country to follow up on these plans.

The rental and used equipment businesses are expected to remain profitable, driven respectively by long-term rentals of larger machines into mining-related sectors and demand for reliable used machines at lower prices.

Barloworld Power starts the year with a strong order book and the growth of this business into a significant contributor to Barloworld Equipment's profitability remains a strategic focus. Ambitious targets have been set for accelerated growth in parts and service sales.

Key growth drivers for Barloworld Global Power remain positive. These include growing populations and urbanisation requiring more electricity, increasing oil and gas exploration, and growth in shipping over the longer term.

We will continue with our strategic focus areas aligned to both Caterpillar and the Barloworld group.

Iberia

Overview

The Iberian operations continued to trade amid significant economic turmoil in the Eurozone.

Financial markets lost confidence in the region's ability to service its sovereign debt and this led to Ireland and Portugal following Greece into accepting bailout funding from European and International Monetary Fund sources.

Severe austerity measures implemented by the Spanish government in the past two years saved the country from being forced to access bailout funds. The cost of these actions was continued contraction of the local economy, growth in unemployment and a decline in economic confidence. Portugal faced similar issues as the government was dissolved, an early election called and the new government forced to implement harsher austerity measures as part of its agreement in accessing bailout funding.

The construction industry bore the brunt of fiscal tightening measures and again contributed negatively to GDP in both territories as spending continued to fall. Accordingly, the region faced its fourth consecutive year of machine market contraction.

Equipment Iberia's result reflected this ongoing contraction, with revenue down 10% to R3.4 billion and an operating loss of R102 million. In local currency, net operating assets were again reduced by 7%, or €16 million, following ongoing efforts around working capital management, including reducing the net book value of the rental fleet by some R110 million during the year. Disciplined financial management ensured that the region ended the year in a net cash position.

Unfortunately the business was forced to reduce headcount to counter the contraction in the market and ensure financial sustainability. The cost of this programme across the Iberian group was €7.5 million (R71 million) and this is expected to equate to future annualised savings of €11 million (R106 million). In addition, the business also reduced its footprint in the region by closing unprofitable locations, specifically in the rental division, and further enhancing synergies between rental and dealership operations. This included sharing facilities and technical support staff, as well as back-office operations.

Stakeholder value creation

Vision: To be recognised by our customers as the market leader in providing integrated solutions for Caterpillar products, rental and product support.

Effective management of long-term relationships with global principals and customers is the cornerstone of our division's strategic profile.

We will continue to concentrate on our strategic focus areas, which are aligned to those of the Barloworld group.

The key objectives of optimising asset utilisation, managing working capital, reducing costs and growing our share of the shrinking market remained central to minimising the impact of the ongoing economic contraction on our business. These measures, together with a strong product offering and focus on key customers, have ensured a strong core business that can be leveraged for growth when economic conditions improve.

We have retained and extended our market leadership by continually expanding our presence in all market segments. Equipment Iberia's approach of providing comprehensive integrated solutions to fulfil specific customer requirements differentiates us from our competition. It has also resulted in three significant equipment deals, the benefits of which will be evident in 2012 and 2013, while our capabilities in the marine segment allowed us to secure a large prime product order to be delivered in 2012 and 2013.

Both dealerships operating in the region remain within the top tier of dealers in Europe, based on Caterpillar key performance indicators. The relationship with our principals remains strong and they continue to support business development in the region despite the depressed economic climate.

Our focus on people continued through employee value creation, which has been stepped up with the introduction of an enhanced programme. The ongoing investment in our employees through Caterpillar's various dealer training programmes was rewarded when we were recognised by our principal for service excellence and training capability.

Equipment Iberia met the required electricity, fuel and water targets during the period to align with medium-term Barloworld group efficiency improvement targets. Environmental compliance and improving facilities to create better working conditions for our people have been major focus areas.

Our largest branch in Arganda del Rey, Madrid, obtained ISO 140001 certification and this will be expanded to other branches in the coming year.

Programmes were initiated to replace hazardous materials such as asbestos roofing and to revamp and re-equip some workshops. Heating and cooling systems were replaced by more environmentally friendly units.

Construction

The construction segment continued to bear the brunt of austerity measures in Spain and Portugal, severely impacting our customers who are increasingly seeking work outside our traditional territories. This led to further declines in local markets, while presenting new opportunities to provide solutions for existing customers further afield.

In our bid to increase market share while maintaining gross margins, we focused on specific product segments such as paving and compaction, where we achieved good growth. We continued to sustain our customer partnerships to ensure a strong platform for the future.

Power systems

Weakening market conditions also affected the power business, but we began to see the fruits of our efforts in the marine market as tender activity increased based on work received in Spanish shipyards late in the previous financial year. A number of shipyards remain in a challenging financial position, however, and the outlook for the shipping industry is uncertain once current projects are completed.

We secured satisfactory business primarily related to power generation in retail and diesel markets, which maintained some buoyancy. Large projects continued to suffer from a lack of market financing. Co-generation projects, despite increased activity, were similarly affected.

Product support

Product support remained the biggest contributor to both revenue and margins. Our strong regional footprint enabled us to provide unrivalled market coverage, and gain parts and service market share to offset declining levels of activity in other areas.

Innovative packaging of after-sales solutions, supported by Caterpillar, stimulated activity in our workshops and we sold parts to key customers to maintain their fleets. Additional parts opportunities will flow from significant machine packages secured in 2011. As noted, Equipment Iberia was recognised by Caterpillar with a top award for service excellence.

Rental equipment

The rental business was also badly affected by the construction slowdown. Equipment Iberia's strategy of focusing solely on renting core Cat products continued successfully, accompanied by a restructure to merge our rental and sales operations. In this process, a number of marginal rental facilities was closed and staffing reduced.

The rental fleet was aggressively decreased and pricing increased to improve margins, resulting in good gains in the financial utilisation of the fleet.

Used equipment

Used equipment sales excelled this year due to opportunities presented by growth in some world economies, as well as local customers looking to reduce their investment spend, and opting for lower-priced, quality, used equipment. Inventory was boosted by quality machines from our rental fleet, along with the development of key purchase-for-resale channels. Customers again realised the value of our Cat Certified Used (CCU) programme, enabling us to compete successfully against cheaper machines sold out of competitor rental fleets.

The business will be continually evaluated and realigned as necessary to meet the prevailing demand cycle. Our integrated solutions offering will continue to be refined and the second phase of the rental reintegration process implemented.

Our web-based sales channel proved successful as an alternative, cost-efficient channel to market in its first full year of operation.

Outlook

The short-term outlook for Spain and Portugal remains pessimistic due to the Eurozone crisis and accompanying market volatility. The consensus of our customers and market analysts is that the industry in Iberia will contract further in 2012. We consequently anticipate another difficult trading year ahead.

The business will be continually evaluated and realigned as necessary to meet the prevailing demand cycle. Our integrated solutions offering will continue to be refined and the second phase of the rental reintegration process implemented. Through our actions in the current year, the business has entrenched its position as market leader and we will continue building on our capability to offer solutions to customers' requirements no matter where they operate their equipment.

We will also develop technology further to improve back-office cost efficiency, while offering our customers an unrivalled technological base to improve efficiencies in these difficult financial times.

The power systems business will continue to align with the vision of the broader Barloworld Global Power entity. Opportunities will be pursued in marine, electrical power generation and industrial applications where our product offering is particularly relevant.

Our people remain core to our success and we will continue to invest in training and develop remuneration processes to reward productivity and efficiency.

We will progress our strategy within the group framework and align our efforts in terms of Barloworld's six strategic focus areas.

Our top imperatives for the coming year continue to be based on driving improvement in all five key focus areas of the group. Specifically, we will:

- Continue to support our customers with an ever-widening product offering, integrated with new technologies to enhance their efficiency, and our high levels of service
- Ensure our staff are well equipped to meet the challenging environment and improve our empowerment credentials by increasing the representation of females in our management structures
- Selectively invest in areas that require improvement, and open ourselves to external scrutiny as we expand our environmental certification across our base network
- Focus on growth in market share and penetration, while concentrating on tight working capital and asset management to ensure assets are used efficiently, aiming to meet the group's internal benchmarks for return
- Continue to establish low-cost channels to market for used equipment sales.

Russia

Equipment Russia produced a record result with US$374 million in revenues (2010: US$207 million) and US$33 million in operating profit (2010: US$11.5 million).

This provided an immediate return on Barloworld's acquisition of the remaining 50% shareholding effective October 2010 for US$52 million.

This result, the best in the company's 12-year history, was fuelled by continued economic growth in Russia and high commodity prices, resulting in improved sales and higher after-sales volumes on the back of an increased installed machine population.

Significant progress was made in developing facilities. A world-class component rebuild centre (CRC) opened in Novosibirsk in July 2011 to provide a wide range of after-market services to customers in Novosibirsk, Altay and Kuzbass territories. Construction on new facilities has started in the Irkutsk and Magadan regions, while properties have been purchased for this purpose in Krasnoyarsk and Neryungry.

Due to the vast dealership area which covers six time zones, regional facilities are vital to ensuring competitive advantage and customer coverage across all territories. Despite the significant growth in the year and having invested more than US$15 million in property acquisition and construction costs, the business generated positive cash flow in 2011.

Stakeholder value creation

Vision: To be a recognised market leader in our targeted industry segments by offering profitable integrated customer solutions.

This is supported by our mission to:

- Profitably grow our market position
- Expand and develop the capabilities of the regional branch network
- Provide value-adding solutions to our customers' needs
- Integrate a unique package of customer benefits, including local presence, product availability, parts, service and product support.

Our strategic focus areas are aligned with the Barloworld group and our principals.

Mining

The mining sector was one of the primary drivers of revenue, with machine sales rising from US$71 million in 2010 to US$176 million. Demand for gold, coal and other key commodities supported increased investments into fleet expansion by most of Equipment Russia's major customers. Our mining order book remains strong at US$40 million.

Caterpillar's commitment to transfer the manufacture of selected mining machine models into Russia from January 2012 will also have a positive impact on our ability to increase share in a highly competitive market.

Good prospects have been received from Polyus Gold at the Natalka gold mega-project in the Russian Far East and the Metalloinvest Group's Udokan copper-mining project in Eastern Siberia. Sustained sales growth will depend on the start-up timing of greenfield operations in Eastern Siberia, Yakutia and the Russian Far East.

Construction

A major turnaround in the construction segment has resulted in revenues growing by 70%. Renewed federal investment in infrastructure projects and the availability of cost-effective finance solutions in the Russian market have contributed to this success.

Infrastructure remains a very price-sensitive market, requiring a high degree of flexibility from both Equipment Russia and Caterpillar to remain competitive. Improved sales of smaller construction machines – such as skid-steer loaders and backhoe loaders – has demonstrated that correct pricing and appropriate marketing programmes are key to growing market share.

Power

The power systems business in Russia has grown significantly in recent years. Most customers now require complete turnkey power solutions rather than the product sales and after-market support historically offered by Equipment Russia. This solutions' capability demands specialised knowledge in power applications, and of onerous legislation governing this area in Russia.

The power systems business achieved a very pleasing result. A significant portion of aged engine stock has either been sold or committed under signed contracts, improving financial position performance.

With orders of US$18.7 million for delivery in 2012, Power is well positioned to improve further on the 2011 result.

Outlook

The political situation is expected to remain stable with a smooth transition of power after the March 2012 elections. Although macro fundamentals are strong, with continued GDP growth, low levels of sovereign debt and reduced inflation, Russia remains vulnerable to capital flight in line with other emerging markets. Turbulence in global and local financial markets towards the end of the 2011 financial year has brought an element of uncertainty to short- and medium-term economic prospects in Russia.

Equipment Russia is predominantly a mining dealer and our outlook for 2012 and beyond remains positive, based on continued high commodity prices. Growth in after-market revenues is anticipated given the significant increase in our active machine population in recent years.

Should the negotiations between Barloworld Equipment and Caterpillar on the Bucyrus dealership prove successful, this will present significant opportunities for our business. With the only Bucyrus service centre in Russia located in the Kuzbass region, 300km from our headquarters in Novosibirsk, we are very well positioned to take advantage of the expanded product range.

We will continue to align our strategic focus areas to both Caterpillar and the Barloworld group.

Safety and our vision 2015[3]

"To be the market leader by providing customers with the lowest total owning and operating cost over the life of the machine."

Safety is one of Barloworld Equipment's eight values and is critical to our good reputation among all our stakeholders.

Safety means Zero Harm at work. Zero Harm is the responsibility of the company and of every employee within the company.

Barloworld Equipment strives to instil a culture of accountability for workplace safety throughout the organisation. This culture will help us to achieve our vision by attracting and retaining good quality employees, improving productivity, building customer trust and aligning with the strategic goals of our principals.

Accountability is what makes our safety system work. Holding people accountable – top to bottom – eliminates accidents and injuries more than any other single approach.

Caterpillar group president praises technical academy

"I have not seen anything like it anywhere else."

These were the words of the Caterpillar group president and chief financial officer, Ed Rapp, during a recent visit to the Barloworld Equipment Technical Academy in Isando.

"I've seen elements of it," he said. "What I haven't seen is a company that has integrated it all together, including the accommodation. I think that's what makes it unique.

"Our customers are struggling in terms of technicians and quality operators more and more every day, so what you have here can really build that intellectual capital and build that capability.

"It will be interesting a year from now, five years from now, 10 years from now, to go back and chronicle how many lives have changed as a result of this investment. I think you'll be able to look back one day and say 'we really did make a difference'."

Hosting Caterpillar group president Ed Rapp (right) on a visit to the Technical Academy were (from left): Hannes Wilke, group technical training manager; John Polykarpou, executive director, After Sales; and Rob Pullen, senior general manager, Service; at Barloworld Equipment.

Cat power for high-speed, anti-piracy vessels built in Africa

Barloworld Power has supplied all the power requirements for two high-speed, aluminium hull vessels that are being used to patrol the Nigerian oilfields off the west coast of Africa and safely transfer crews between the shore and the oil rigs.

The 30 metre vessels, built by Nautic Africa in Cape Town and 100% Cat powered, are the first of their kind in Africa and include leading-edge, innovative designs such as Kevlar upper structures that make them lighter, faster and more stable. Designed and built to withstand attacks by pirates, the vessels can achieve a maximum speed of 30 knots travelling between the mainland and oil rig platforms up to 100 nautical miles offshore.

The first vessel is powered by three Cat C32 propulsion engines coupled to ZF3050 gearboxes as well as two Cat C4.4 marine gensets, while the second is slightly smaller with two C32 propulsion engines and two C4.4 gensets.

Barloworld Power has just signed repeat orders with Nautic for two more similar vessels.

Barloworld has also enjoyed 100% market share in the powering of similar anti-piracy vessels built by another Cape Town shipbuilder, Veecraft, also supplying three C32 propulsion engines and two C4.4 marine generators per vessel.

Flying the flags in Middelburg

Barloworld Equipment Middelburg is leading in Safety, Health, Environmental and Quality (SHEQ). In January 2011 the Middelburg mining campus became the first Barloworld Equipment facility to achieve three accredited certifications: OSHAS 18001:2007 (Safety and Health Management System); ISO 14001:2004 (Environmental Management System); and SANS ISO 9001:2008 (Quality Management System).

Water wise at Isando

Barloworld Equipment aims to improve its water usage efficiency by 30% over a five-year period from 2009.

Group facilities manager for South Africa, Ramatiyane Seepe, believed the Isando campus in Johannesburg was using too much water and called in a specialist consultant to monitor water consumption.

It is estimated that up to 40% of South Africa's potable water is lost through leaks and online water metering was installed at Isando to check for just that. The meters showed that significant amounts of water were being used at night when the business was not operating.

Two leaks were found and repaired, bringing our water consumption down to a much more reasonable level.

By being proactive in monitoring water consumption, Isando has potentially saved millions of litres of water and hundreds of thousands of rands in utility bills.

Martin Laubscher (51)
Chief executive officer:
Automotive and Logistics
BAcc, BCompt (Hons),
CTA, MCom
(Business Management)
24 years' service

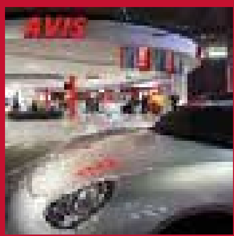
Operating performance

Economic	Revenue Year ended 30 September 2011 Rm	Revenue Year ended 30 September 2010 Rm	Operating profit/(loss) Year ended 30 September 2011 Rm	Operating profit/(loss) Year ended 30 September 2010 Reclassified* Rm	Net operating assets 30 September 2011 Rm	Net operating assets 30 September 2010 Reclassified* Rm
Car rental southern Africa	3 341	3 204	220	283	2 429	2 580
Motor retail	17 895	16 078	379	340	2 982	2 608
Southern Africa	14 050	12 341	279	258	1 650	1 599
Australia	3 845	3 737	100	82	1 332	1 009
Fleet services southern Africa	1 779	1 545	285	277	2 455	2 269
Logistics	3 400	3 678	27	10	870	855
Southern Africa	2 294	2 256	49	50	392	398
Europe, Middle East and Asia	1 106	1 422	(22)	(40)	478	457
	26 415	**24 505**	**911**	**910**	**8 736**	**8 312**
Share of associate income			9	4		

**Reclassification of interest paid in the fleet services (leasing) business from cost of sales to finance costs.*

Environmental	Petrol and diesel (ML) Year ended 30 September 2011	Petrol and diesel (ML) 2010	Electricity (MWh) Year ended 30 September 2011	Electricity (MWh) 2010	Energy (GJ) Year ended 30 September 2011	Energy (GJ) 2010	Emissions (Co_2e tons) Year ended 30 September 2011	Emissions (Co_2e tons) 2010	Water (ML) Year ended 30 September 2011	Water (ML) 2010
Car rental southern Africa	3.06	3.17	5 672	4 987	125 816	126 780	13 283	13 927	109	90
Motor retail	6.62	6.63	35 688	38 339	365 316	375 185	53 274	61 439	289	273
Southern Africa	5.53	5.59	31 870	34 537	312 796	324 565	46 963	55 747	275	255
Australia	1.09	1.04	3 818	3 802	52 520	50 620	6 311	5 692	14	18
Fleet services southern Africa	0.59	0.56	1 507	1 488	25 795	24 739	2 940	3 190	5	4
Logistics	14.35	15.85	9 665	10 713	628 738	694 262	53 599	55 017	67	63
Southern Africa	13.48	15.03	6 578	7 494	595 943	653 449	49 619	50 756	56	54
Europe, Middle East and Asia	0.87	0.82	3 087	3 219	32 795	40 813	3 980	4 261	11	9
	24.62	**26.21**	**52 532**	**55 527**	**1 145 665**	**1 220 966**	**123 096**	**133 573**	**470**	**430**

automotive & logistics




Social	Employee headcount Year ended 30 September		LTIFR Year ended 30 September		Fatalities Year ended 30 September		B-BBEE rating* Year ended 30 September	
	2011	2010	2011	2010	2011	2010	2011	2010
Car rental southern Africa	1 737	1 675	0.60	1.00			2	2
Motor retail	5 019	5 174	1.93	1.41			3	3
Southern Africa	4 527	4 697	1.95	1.43				
Australia	492	477	1.06	1.31				
Fleet services southern Africa	463	434	0.00	0.75			2	2
Logistics	1 916	2 194	0.59	1.11				
Southern Africa	1 441	1 423	0.76	1.07			2	3
Europe, Middle East and Asia	475	771	0.51	0.57				
	9 135	**9 477**	**1.20**	**1.19**				

**B-BBEE rating for South Africa only.*

Leadership team

Martin Laubscher (51) Chief executive officer. BAcc, BCompt (Hons), CTA, MCom (Business Management). 24
Allan Carter (58) Chief executive: Motor retail Australia. 31
Orlando de Almeida (49) Executive: Human resources. BCom (Hons), BA Industrial Psychology. 16
Roland Egger (46) Chief executive: Used vehicles and disposal solutions. BCom (Hons). 9
Clive Else (53) Chief executive: Avis Fleet Services. CA(SA). 2
Steve Ford (42) Chief executive: Barloworld Logistics. MSc (Eng). 3 months
Gale Lemmert (46) Executive: Transformation, organisational performance and sustainability. BA, LLB, MBA. 8
Litha Nkombisa (44) Chief executive: Motor retail Southern Africa. BCom, MDP. 4
Chris Prinsloo (48) Executive: Sales. 17
Keith Rankin (41) Chief executive: Car rental. BCom (Hons). 13
Andy Richardson (50) Chief financial officer. BCom, BAcc, CA(SA). 5
Mark Tarlton (52) Chief information officer. BSc Eng, MBL. 24
Eugene Tome (43) Executive: Legal. BLC, LLB, LLM, MBL. 14
Christopher Wierenga (36) Executive: Strategy. BCompt. 13

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.

Operational review

Automotive and Logistics

Industry perspective

The automotive industry improved further in our financial year. In South Africa new vehicle sales improved by 19%, while the used vehicle market offered some stability post the 2010 FIFA World Cup™. In Australia, the new vehicle market decreased by 2.8%.

SAVRALA (South African Vehicle Rental and Leasing Association) statistics showed the car rental market rose by 7.7% driven mainly by increased activity in the inbound visitor segment and 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.

In the logistics industry in South Africa, certain industry sectors are still trading below expectation while others are benefiting from an upturn in volume and demand. Internationally, freight volumes have improved but the industry remains cautious in view of volatile economic markets and uncertainty surrounding the sovereign debt crisis.

A resilient integrated approach

The division improved its operating profit in a difficult and very competitive trading environment. Revenue was R26.4 billion and operating profit R911 million, resulting in an operating margin of 3.4%. New and used vehicle retail sales were 85 092 units, against the previous year's 80 503 units.

Car rental days in southern Africa improved to 5.1 million from 5.0 million in the prior year. At year-end, 195 788 vehicles were under finance and other management contracts compared to 162 099 vehicles in the prior year. The South African motor retail operations maintained their share in a growing market, while our fleet services operations continued to grow and increased their total fleet under management. Logistics improved activity levels in southern Africa and the Middle East.

Stakeholder value creation

Creation of value for all stakeholders remains central to our activities. The emphasis on sustained improvement was driven by all employees through an integrated set of programmes and initiatives that are continually monitored and assessed against standards and measures.

We continue to create value for our principals and suppliers by investing in infrastructure and business systems, addressing brand exposure, market share and improving business performance. Their confidence in our ability is reflected in new opportunities offered to represent their brands and their ongoing commitment to our operations. Our approach to sustainable development ensures we entrench both our principals' and Barloworld's commitment to sustainable practices.

Customer value remains central to the division's success, and is reflected in 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, and meeting their changing needs, 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.

Value created for 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 corporate social investment initiatives by the business units, which include contributing skills, resources and finance. Our overall approach to good governance ensures that we meet the legitimate interests of all stakeholders.

The division continued to create stakeholder value through *six strategic focus areas* consistent with the group framework.

The ongoing commitment and focus on *employees* enhances value creation across all business units in the division. We concentrate on talent attraction and retention, extensive training and development, and attractive employment conditions to secure the requisite skills to meet divisional growth objectives.

Consistent with the group's approach, we remain committed to the ethos and principles underpinning *empowerment and transformation*. Entrenching these principles into the strategic and operational decision-making processes, ensures improved verification scores with all business units achieving Level 3 or better ratings, we attained the following B-BBEE dti scorecard ratings in our significant local operations: Avis Rent a Car South Africa – Level 2, Avis Fleet Services – Level 2, NMI-DSM – Level 2, Motor Retail South Africa – Level 3, Barloworld Logistics South Africa – Level 2.

Sustainable development is integrated into our strategy and ongoing operations. These strategies and initiatives drive the development of products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices and enhance the division's reputation by leading in sustainable development.

GBCSA MEMBER ORGANISATION

We are a member of the Green Building Council of South Africa (GBCSA)

Improving *financial returns* remained a 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 in concert, our South African automotive business units optimise opportunities for internal value creation through sourcing; service, repair and maintenance of vehicles, as well as maximising the commercial benefits arising from the disposal of the significant number of quality used vehicles that emanate from the automotive division's activities.

In pursuing *profitable growth*, the division is exploring opportunities in southern Africa. Our used vehicle and disposal solutions unit continues to leverage innovative systems and processes to optimise the quality of earnings and provide additional revenue growth opportunities. Identified high-growth businesses for the division include Avis Fleet Services and Barloworld Logistics where the contractual nature of these business offerings provides certainty in cash flow and relatively higher returns on capital employed.

The strategic themes are cascaded into all business units and contribute to the overall success of the division. Comprehensive structures exist throughout the division and its business units in terms of which business risks are regularly reviewed and appropriate measures adopted to address or mitigate such risks. These risks are comprehensively covered and addressed in the division's strategic initiatives. During the year, the division commenced a comprehensive roll-out of the Barloworld Worldwide Code of Conduct to each employee reaffirming our values and approach to business as part of a wider Ethics and Compliance programme.

Barloworld Automotive

Vision: "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."

A balanced portfolio of operations in Barloworld Automotive including car rental, motor retail, fleet services, and used vehicles and disposal solutions ensures our vision is realised.

Providing customers with a range of *integrated motor-vehicle usage solutions* to fulfil their specific requirements is the cornerstone of our automotive 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 offering was further enhanced by acquiring the Dreamworks fuel management business and a majority stake in the Avis Coach Charter licensee, effective early October 2011.

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 20 981 vehicles. The operations in South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland are company owned and 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 is well positioned in the luxury coach market and Zeda Car Sales disposes of ex-rental vehicles into the trade and to retail customers.

Despite marginally lower rental revenue per day, revenue increased as a result of higher rental days. Rental volumes rose by 2.4%, the average fleet increased by 1.9% and fleet utilisation improved by 0.3%. In the second half of the financial year, the business generated higher profits than the same period last year, which included the full benefits of the 2010 FIFA World Cup™. Market share in rental days across the region was in line with the 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. Careful consideration is given to fleet selection, allowing the provision of hybrid and other low-emission vehicles to customers. Avis Rent a Car South Africa maintained its CarbonNeutral® accreditation for the offset of internal fuel and energy CO_2 emissions. Through water collection and recycling facilities at major locations, the business ensures savings of some 75 million litres of water annually.

Motor retail

Southern Africa

Motor Retail Southern Africa operates 43 leading motor vehicle franchise dealerships in South Africa and Botswana. Market share was maintained and the business remains well positioned in the market. A consistent focus on improving asset turn, containing costs, and reducing working capital while focusing on our customers, ensured that the business produced a credible result. This was again supported by an improved contribution from the division's centralised finance and insurance activities. 51 709 new and used retail units were sold in 2011. NAAMSA reported a new vehicle market of 481 691 units of which 83% represented dealer sales.

Complementing the dealer footprint, Barloworld Fleet Marketing continued to develop strong relationships with key customers who require a range of ownership solutions. In line with our strategy of "Fewer, Bigger, Better" dealerships we continue to invest and maintain well-located, world-class facilities. New dealerships completed during the year include Club Motors Fountains in Pretoria, Barloworld Toyota Stellenbosch and Barloworld GM Zambezi. All new buildings were completed in accordance with the division's green building guidelines that ensure appropriate sustainable products are used during construction, and lower energy and water consumption over the building's operating life. Across facilities we monitor energy and water consumption, and are implementing initiatives to reduce our impact on the environment. The roll-out of waterless carwash facilities will continue to reduce the business unit's water consumption. All waste oil is recycled through accredited third-party service providers.

In partnership with the Maponya Group, Barloworld was awarded Toyota and Volkswagen franchises for the greater Soweto area with trading starting in December 2011.

In the year ahead, the focus will be on growing volumes, improving asset turn, maintaining working capital, controlling interest costs, containing expenses and exceeding customer expectations. All aspects of empowerment and transformation are addressed, as reflected in the scores of the relevant entities. A comprehensive approach to people management is well entrenched. Training programmes supporting overall development include technical skills development, management training and development, and focused programmes to equip customer-facing staff. The division trains some 18% of the industry's registered motor apprentices.

Australia

The business operates some of the most modern dealership facilities in Australia, in Melbourne and Sydney. We retail new and used passenger and light commercial vehicles, as well as provide parts, servicing and finance and insurance-related products. Barloworld Australia represents Holden, Mercedes-Benz, Smart, Suzuki and Volkswagen. We are the largest Volkswagen dealer in Australia, the largest Holden dealer in Victoria, and one of the largest Mercedes-Benz dealers in Australia.

The decline in the vehicle market was driven by concerns over the global economy and a decrease in consumer spending, driven mainly by increased household costs. Despite the vehicle market decline, the business delivered a significantly improved result over the prior year. An improvement in margins and stronger contributions from our fixed operations assisted in delivering this result. During the year, a Volkswagen commercial franchise was awarded to our dealership in Five Dock, Sydney.

In supporting our approach to environmental sustainability the rainwater harvesting system at our flagship Bayside facility in Melbourne has a storage capacity of some 380 000 litres.

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.

During the year fleet under finance, maintenance and management contracts grew to a total of 195 788 vehicles from 162 098 vehicles in the prior year. Profitability increased by 3% on the prior year, due to tight controls over working capital, improved maintenance, drop-off profits and further used-car profit improvements.

Despite the depressed economic conditions and the tight rein on credit by major banks, the demand for our products and services remained buoyant, underpinned by companies seeking improvements in fleet efficiency and cost control.

Ex-fleet vehicles remain attractive to consumers and demand during the year was consistent, delivering a contribution above the 2010 level. The operations continue to focus on customer value, with specific attention to offering total fleet solutions. Significant management attention has been devoted to transformation and employee value creation initiatives, particularly skills development and retention.

Robust management of maintenance expenditures and overhead costs remain a key focus area.

Logistics

Vision: To be an international provider of smart supply chain solutions in partnership with leading clients.

Barloworld Logistics' vision is implemented through strategic partnerships with leading clients, key suppliers, and domain expertise in selected supply-chain capabilities.

Through client collaboration, continual improvement and innovation, Barloworld Logistics delivers *smart supply chain solutions* to customers. These solutions are aligned to drive business strategy and create a competitive advantage for clients. Depending on clients' requirements, such solutions can be across the supply chain in an integrated manner or components of complete solutions. In each of these supply chain solution areas, we provide the leadership, skills, methodologies, processes and tools necessary to consult, design, implement, operate or manage the solutions.

Barloworld Logistics is one of the leading logistics and supply chain management businesses in southern Africa with complementary operations in Hong Kong, the United Arab Emirates, Iberia, Germany and the United Kingdom employing some 2 300 staff across 87 offices. The integrated logistics solution offerings include supply chain consulting and design, inventory management solutions, transportation management services, warehousing and distribution design and management, freight forwarding and clearing and supply chain software and planning.

Revenue from the southern African operations increased 10% year-on-year on the back of increased volumes from Barloworld Equipment and additional revenue earned from the ramp up of two major contracts. Some operations were affected by lower volumes due to market conditions, but this was offset by better performance elsewhere. Operating margins were in line with the prior year.

Revenue from European, Middle East and Asian operations was 20% lower than the prior year due to the exit of the African and Asian non-corporate trader business and lower volumes across all regions. Margins, however, improved following the renegotiation of some contracts, the increased capacity utilisation of Dubai warehouses and the cost containment drive implemented during the year.

Barloworld Logistics signed a ten-year outsourced transportation contract with Meadow Feeds, which involves in excess of 160 pieces of transportation equipment. Operations commenced on 1 October 2011. The first distribution centre for Ellerines Holdings Ltd was launched in Boksburg in March 2011. The build and roll-out of the other four regional distribution centres has begun. Further growth opportunities with new and existing clients look promising.

With commercial transport being one of the single biggest sources of carbon emissions in the supply-chain, Barloworld Logistics was inspired to create sustainable road transport solutions. As the first logistics and supply-chain company in South Africa to be accredited by the Road Traffic Management System (RTMS) in the general freight category, Barloworld Logistics continues to lead the way in sustainable solutions. All transport depots are now RTMS accredited and the Green Trailer project has delivered results above expectation. The test rig realises a fuel saving of some 10% (3% higher than projected) which equated to a 66.8-ton reduction in greenhouse gas emissions over the ten-month test period. The green trailer also achieves a 35% reduction in wind drag, which increases the safety and stability of the rig.

European, Middle Eastern and Asian operations have been successfully realigned after the exit of the African and Asian non-corporate trader business. The Sea-Air transport service from the Far East, through Dubai into Europe, is another example of a sustainable supply chain solution. The Sea-Air offering not only reduces costs and increases speed and service for clients but also provides a more carbon-efficient transport mode.

Operations in the United Kingdom and the United States comprise the Supply Chain Software business, which develops and distributes software products used to provide strategic and tactical design and operational execution across supply-chain planning. The business enables client competitiveness by providing supply-chain planning expertise, tools and solutions that optimise network and inventory performance.

Outlook

Trading conditions are expected to remain competitive in the year ahead. We will maintain emphasis on our six strategic focus areas of integrated customer solutions, employees, empowerment and transformation, sustainable development, financial returns and profitable growth. Improving the quality of earnings will remain the focus. Overall, 2012 is expected to yield 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 will continue their "Fewer, Bigger, Better" strategy, coupled with pursuing efficiencies through the centralisation and co-ordination 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 high levels of profitability.

Fleet services is expected to continue to benefit from current contracts and pursue attractive growth opportunities in various markets. Barloworld Logistics is expected to benefit from recently awarded contracts and increasing activity in the group's equipment division.

Black economic empowerment in South Africa

The division has a number of significant black economic empowerment partners, these include:

- NMI-DSM incorporates the Mercedes-Benz operations in the greater Durban and Pietermaritzburg metropolitan areas in KwaZulu-Natal
- PhakisaWorld Fleet Solutions which manages the fleets within the ambit of the South African National Department of Transport
- Vuswa Fleet Services which manages the SANPARKS fleet nationally and certain OEM maintenance plans
- Sizwe car rental
- Barloworld Logistics Africa incorporates the group's African logistics operations

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 eighth consecutive year
- Superbrands 2009-2010
- World Travel Awards 2011: Africa's Leading Business Car Rental Company
- Daily News YOUR CHOICE Awards: Best Car Rental Company
- Climate Change Leadership Award: Winner – Private Sector, Corporate Services
- Mail & Guardian's Greening the Future Awards: Special Commendation award as runner-up in the category "Water Care"

NMI-DSM (Black Economic Empowerment Joint Venture)

- Mercedes-Benz Umhlanga: Chairman's Award 2011 – Mercedes-Benz South Africa
- Mercedes-Benz Umhlanga: Dealer of the year 2011 – Mercedes-Benz Brand Centre Category
- Mitsubishi Motors Umhlanga: Dealer of the year 2011 – Mitsubishi Motors Brand Centre Category – seventh consecutive year
- NMI-DSM Commercial Vehicles Durban: Dealer of the Year 2011 – Freightliner Fuso Brand Centre Category
- Garden City Commercial: Dealer of the Year 2011 – Freightliner Fuso Market Centre Category
- Garden City Commercial: Best CSI Average Score 2011 – Freightliner Fuso Market Centre Category
- Garden City Commercial: Best CSI Average Score 2011 – Mercedes-Benz Commercial Vehicles Market Centre Category

Motor Retail South Africa

- Barloworld Fleet Marketing: Toyota SA Status Club – Platinum Award for fifth consecutive year
- Audi South Africa: Dealer Group of the Year
- Audi South Africa: Dealer of the Year – Audi Centre N1 City
- Audi Centre N1 City: 1st in Category 1 – Audi Sophisticated Awards
- Audi Centre Cape Town: Runner-up in Category 1 – Audi Sophisticated Awards
- Audi Centre N1 City: Runner-up in Category 1 for Sales Manager of the Year – Audi Progressive Awards
- Audi Centre Cape Town: 1st in Category 1 for Pre-owned Sales Manager of the Year – Audi Progressive Awards
- Audi N1 City: Runner-up in Category 1 for Pre-owned Sales Manager of the Year – Audi Progressive Awards
- Audi Centre Bruma: 1st in Category 1 for Parts Manager of the Year – Audi Progressive Awards
- Barons Tokai, Barons Durban: Volkswagen Club of Excellence Award
- Barons Tokai: Runner-up in Volkswagen New Vehicle Department in Category A
- Barons Woodmead: Best Volkswagen New Vehicle Sales Executive in Category A
- Barons Durban: Runner-up in Volkswagen Parts Department in Category A
- Barloworld GM City Deep Trucks: Isuzu Truck SA Service Excellence – Top Service Department in Large Category
- Barloworld GM Zambezi: General Motors Honours Award 2010
- Barloworld Toyota Middelburg: Hino Trucks: Pyramid of Excellence – Hino Truck Marketing
- Barloworld Toyota Middelburg, Hino Trucks: Hino Quality Service and Environmental Award

Motor Retail Australia

- Barloworld Holden Glen Waverly: Holden Grand Masters Award for 2010
- Ferntree Gully Holden: Holden Grand Masters Award for 2010

Avis Fleet Services

- Professional Management Review (PMR): Diamond Arrow Award: Best Overall Fleet Management Company in South Africa – fifth consecutive year
- Professional Management Review (PMR): Diamond Arrow Award: Best Fleet Management Company in the Private Sector in South Africa
- Professional Management Review (PMR): Diamond Arrow Award: Best Fleet Management Company in the Public Sector in South Africa
- Professional Management Review (PMR): Golden Arrow Award: Best Fleet Management Company in Namibia
- Professional Management Review (PMR): Diamond Arrow Award: Leaders and Achievers in Mozambique
- Avis Fleet Services Mozambique: Transportes Lalgy Lda Award
- Toyota SA Status Club and Hino Truck Club – Platinum Award Winner

Barloworld Logistics

- Logistics Achiever Awards 2011: Gold Award for supply chain excellence – Zambia Sugar and Barloworld Logistics

An element of sustainable development: A holistic approach to managing our environmental footprint

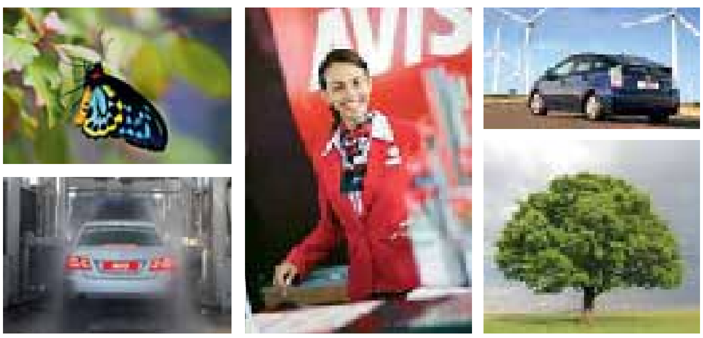
We understand that our integrated vehicle-usage solutions and logistics solutions consume fossil fuels and have related greenhouse gas emissions.

As part of our commitment to environmental stewardship and mitigating the negative environmental impact of our activities and customer solutions, we have adopted a comprehensive approach to managing our environmental footprint.

Our integrated approach includes the following primary initiatives:

- Entrenching sustainable development in our strategic objectives and ongoing operations
- Representing leading motor vehicle manufacturers and principals
- Providing motor vehicle usage solutions with leading products and services
- Introducing environmentally friendly vehicles, such as Toyota Prius and Honda Jazz hybrids, into the rental fleet to reduce emissions
- Providing logistics and supply-chain management solutions which reduce negative impacts on the environment (Green-Trailer, CINO, CAST-CO_2, Green World initiative)
- Measuring and reporting internal fuel and electricity consumption, and resulting CO_2e
- Aligning with the group energy and emission efficiency improvement targets
- Introducing programmes to reduce energy consumption with the associated benefits, including cost savings. These include energy audits; installing PowerWatch technology to lower electricity consumption; installing motion sensors in lighting systems in certain areas
- Involving employees in voluntary programmes such as appointing 'green champions' to drive recycling and energy-reduction initiatives. These initiatives will be supported by internal awareness campaigns rolled out to all staff
- Responsible disposal of waste generated by operations through recognised contractors. This includes recycling all replaced oil and glass and electronic waste
- Designing and constructing new buildings as sustainably as possible, using recycled material, energy and water-efficient solutions. All new developments comply with legislation
- Focus on recycling and harvesting water generally and experimenting with various innovative solutions such as the waterless car-wash facility in our motor retail business. Our Avis car rental operations save 75 million litres of water per annum.
- In 2009 Avis bought carbon credits to offset 11 000 tons of annual carbon emissions over a three-year period, specifically from its internal fuel and energy use. Avis has thus achieved CarbonNeutral® accreditation status. We have extended this initiative for another two years, to the end of the 2013 financial year.

The Avis Greenprint.
Leaving a positive mark
on the world.



John Blackbeard (54)
Chief executive officer: Handling
BSc Eng (Hons)
Dip Bus Man
15 years' service

Operating performance

Economic	Revenue Year ended 30 September 2011 Rm	2010 Rm	Operating profit/(loss) Year ended 30 September 2011 Rm	2010 Reclassified* Rm	Net operating assets 30 September 2011 Rm	2010 Reclassified* Rm
Southern Africa	1 141	912	76	42	457	369
Europe	1 983	1 734	(2)	(26)	675	723
North America	1 585	1 440	(2)	(19)	430	399
	4 709	**4 086**	**72**	**(3)**	**1 562**	**1 491**
Share of associate income			3	3		

* *Reclassification of interest paid in the leasing business from cost of sales to finance costs.*

Environmental	Petrol and diesel (ML) Year ended 30 September 2011	2010	Electricity (MWh) Year ended 30 September 2011	2010	Energy (GJ) Year ended 30 September 2011	2010	Emissions (Co_2e tons) Year ended 30 September 2011	2010	Water (ML) Year ended 30 September 2011	2010
Southern Africa	1.12	1.06	847	1 125	46 400	44 641	4 062	4 155	5	3
Europe	1.70	1.74	3 115	3 412	87 898	94 147	7 116	7 637	22	26
North America	2.40	2.26	4 632	4 944	96 542	95 908	8 263	9 623	18	14
	5.22	**5.06**	**8 594**	**9 481**	**230 840**	**234 696**	**19 441**	**21 415**	**45**	**43**

handling



Social	Employee headcount Year ended 30 September 2011	2010	LTIFR Year ended 30 September 2011	2010	Fatalities Year ended 30 September 2011	2010	B-BBEE rating* Year ended 30 September 2011	2010
Southern Africa	489	423	1.08	5.40			2	3
Europe	1 256	1 244	2.48	2.40				
North America	837	804	0.78	0.40				
	2 582	**2 471**	**1.70**	**2.28**				

** B-BBEE rating for South Africa only.*

Leadership team

John Blackbeard (54)	Chief executive officer. BSc Eng (Hons), Dip Bus Man. 15
Lex Knol (56)	Managing director: Barloworld Handling Europe. BEng. 11
Alwyn Smith (46)	President: Barloworld Handling United States of America. MPhil, BAccountancy. 16
Eugene Smith (50)	Finance director. MA (Cantab), ACMA. 29
Rob Tennant (54)	IT director. BSc, MSc, CPIM. 31
Phil Bastow (57)	Managing director: Barloworld Handling United Kingdom. 3
Godfried Heydenrych (38)	Director: Barloworld Handling Southern Africa. 10
Steve Ball (39)	Divisional general counsel. LLB (Hons)/Solicitor (England & Wales). 3
John van Wyk (42)	Business development director. 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.*

Operational review

Handling

Overview

All economies in which Barloworld Handling operates recorded growth in the past year, some less than anticipated. The division's overall sales grew by 20%, although margins were reduced mainly due to a mix weighted by new equipment sales after two years in which new fleet acquisitions were put on hold. Short-term rental and used equipment activity grew strongly in all territories.

The Handling business returned to profitability, posting an operating profit of £6.3 million compared to a loss of £0.1 million in 2010. Continued focus on cash flow reduced working capital days of sales from 50 to 41, and there was a small cash inflow for the year.

Market share was mixed across our territories, with solid gains in Belgium, The Netherlands and the agriculture business. The evolution of our business to provide integrated solutions to our customers produced some significant contract awards. We have implemented a number of growth opportunities including expanding agriculture operations into Siberia and Mozambique.

Good progress was made on people management and we are building a strong team to implement our strategy. Empowerment and transformation received attention and our South African operation achieved dti B-BBEE Level 2. Sustainability initiatives included improving energy and emission efficiencies in line with group targets and rolling out our ISO 14001 certification programme in the UK and The Netherlands.

Stakeholder value creation

Vision: To create value through market leadership and empowered people by delivering integrated customer solutions through service excellence and innovation.

Solutions are built largely on supplying new and used Hyster lift trucks and complementary materials handling equipment, AGCO and CLAAS agricultural equipment and SEM earthmoving machinery. The division provides sales, hire, long-term rental, parts, maintenance contracts and operator training for Hyster equipment in seven territories (the UK, south-eastern US, Belgium, The Netherlands, South Africa, Angola and Mozambique); and sells AGCO, CLAAS and SEM new machines and parts in South Africa, Mozambique and Siberia.

United Kingdom

In 2011 the UK lift-truck market rose from 19 906 units to 25 365. Market share fell slightly and our order book decreased from £14 million to £13.7 million.

The business reported its first operating profit since 2008, with a £2.3 million improvement on the prior year. New equipment revenue grew 42%, while service and parts recorded modest increases. The short-term hire fleet grew 9%, with a steady increase in utilisation from 65% in 2010 to 73% in 2011.

We also achieved strong wholesale margins through improved used truck sales channels. Receivable days of sales and debtor age profile continued to improve, with stock levels below target, generating £4 million cash.

Cost-reduction measures included rationalising our supplier base and logistics operation while meeting requirements through increased efficiencies.

Our contracts with the UK Ministry of Defence (MoD) were extended to January 2013 and our unique solution for managing the MoD's fleet of forklift trucks and ancillary equipment has been enhanced.

Controls on contract management and risk were strengthened and we are targeting growth in Truckserve agreements using existing resources.

Barloworld Handling UK won a national award for its engineer apprentice scheme in 2011. All field service managers and dispatchers have received training and strategic selling skills training was completed for sales staff.

ISO 14001 environmental accreditation was achieved in Cumbernauld and Warrington and three more locations are earmarked for 2012. In line with our objective of improving energy and emission efficiencies, our diesel consumption was 4% down on 2010 and electricity use declined 9%, despite increased activity. Overall carbon tons produced were down 7%.

Safety issues continue to receive attention and our LTIFR fell from 2.3 in 2010 to 2.2.

The UK lift-truck market is predicted to grow by 3% in 2012. We are targeting a significant market share improvement, driven by effective selling and developing integrated solutions. We will also seek growth in our maintained truck population by investing in customer service representatives and capitalise on increased demand for short-term rental.

United States of America

Lift-truck orders in the south-eastern US rose from 25 262 units in 2010 to 38 001 in 2011. Our delivered share grew slightly. The 19% increase in sales reduced operating losses from US$2.3 million in the 2010 financial year to US$0.3 million in 2011, with operating profits recorded in five of the last six months of this review period.

We recorded robust growth in equipment sales in 2011 as customers start to reinvest in materials-handling equipment. New inventory levels fell by a fifth over the prior year-end, despite significantly higher sales. Service performance improved, although parts growth was modest.

The short-term rental business recovered strongly and sales are approaching pre-recession levels, with activity up 25% on 2010. Utilisation ended the year at 78% on a 20% larger fleet than in 2010.

Used equipment sales and margins also improved. Pricing continues to recover, with shortages emerging in some categories. The secondary market for electric trucks remains challenging.

We launched our business integration solutions (BIS) team in April 2011 to offer customers outsourced materials handling and warehousing solutions, and secured our first new account in June. Our directed sales management initiative continues to gain acceptance.

To expand our skilled technician base, we have reintroduced our apprenticeship programme with an intake of 25 learners. Technicians and sales and service managers completed skills development programmes during the year.

Sustainability issues continue to receive attention. Petrol and diesel consumption rose by 6% over 2010, with electricity consumption falling by a similar level. This is pleasing against the 19% growth in sales. Actions to decrease our carbon footprint included upgrading oil/water separator equipment in our Augusta, Columbia and Tampa stores, and installing energy-efficient lighting in the Columbia and Tampa stores and Atlanta Logistics Support Centre. Total GHG emissions were flat.

Unfortunately our LTIFR increased from 0.4 to 0.8 and we have instituted defensive driver training for employees driving on behalf of the company.

The US order book dropped, from US$27.2 million in 2010 to US$24.7 million due to lower sales to the government. The slow economic recovery is expected to continue in the US, stimulating further growth in the materials handling equipment market. Short-term rental will continue to improve, albeit slowly, and we will enhance profitability by replacing older assets, reducing maintenance expenses and increasing market-related rental rates.

South Africa

Handling

The lift-truck market more than doubled to 8 692 units in 2011, while the big-truck market is recovering well. Market share was maintained.

Revenue rose 21% on higher sales and short-term rentals. An expanded fleet (to service new customers in the Western Cape) and higher new inventories contributed to a 26% rise in net assets. Operating profit growth was moderate, reflecting one-off costs largely for installing new information systems and lower currency gains. Margins are falling on increased competition and wage pressures.

We launched a performance management programme and technical product training for sales staff, with a new commission structure. A national accounts team has been formed and direct mail campaigns initiated.

Confidence levels are favourable and the big-truck market, especially in the container business, is improving. Our national account strategy should support growing market share and the new low-cost truck will enable us to compete in a significant new market sector.

The business process re-engineering project will help streamline processes and efficiencies and improve customer service.

Agriculture

In a pleasing turnaround, Agriculture marked its 10th anniversary with a revenue increase of 30% over 2010, reflecting the market recovery and increased market share.

Revenue from the new Bethlehem, Bothaville and Middelburg retail branches contributed to revenue in the last three months of the year.

Operating profit rose sixfold on improved volumes, supported by the sale of old stock and currency gains.

Net assets rose 4% over 2010, facilitated by the investment in working capital and fixed assets for new branches, purchase of land for the Middelburg branch, and the new implement business. This was partly offset by a strong improvement in debtor collections.

In South Africa, the price of maize rose above R2 000/ton, boosting sales of larger tractors and combines. The tractor market grew 18% from 2010, the baler market 16% and the combine market 25%.

We delivered our 100th MT800 Challenger tractor in 2011 and have established this as a leading brand in the high-technology segment, augmented by the introduction of Challenger rotary combines, large articulated tractors and self-propelled sprayers.

The new Massey Ferguson 8600 range of tractors was launched successfully. We also received the first basic specification, low-cost MF200 tractors from AGCO late in the period, enabling us to participate in a new market segment. We were market leaders in round balers in 2011.

We continued our dealer development programme. Poor-performing dealers were cancelled and new dealers appointed to improve coverage. A dealer satisfaction index to measure our support and service levels was launched on top of the existing customer satisfaction index. Initial surveys returned strong scores and action plans were implemented to address areas of concern.

A new forecasting tool for machine sales is achieving greater accuracy on stock orders.

Parts stockholding was increased and delivery time on emergency parts reduced. The stock forecasting and management system was overhauled to improve parts availability and response times.

Prospects are positive for the business given higher global agricultural commodity prices.

Our increased participation in both the low-cost and high-technology segments is expected to support market share growth. The first range of equipment imported by the implement division will start contributing to the bottom line in 2012.

SEM

The SEM business recorded a 31% increase in revenue. Operating profit nearly trebled due to higher sales, improved margins and savings using Barloworld Handling's existing infrastructure.

Net assets increased off an unrealistic base in 2010 founded on low stock and high creditors.

We have now sold over 150 units in the South African market, and penetrated markets in Mozambique and Namibia.

The new 6-ton 660 series wheel loader was introduced to complement smaller models, and meet demand for larger machines. The SEM factory has made significant investments to improve capacity and product quality.

A dedicated SEM sales manager was appointed and product training completed for all after-sales support staff, maintenance technicians and engineers.

The strong product reputation being built in South Africa will support market share growth. Entering new southern African territories will ensure volumes on this high-return business model and the established machine base will increase parts consumption.

Sustainable development

Environment

Combined fuel consumption by Handling SA, Agriculture SA and SEM on the Boksburg site rose by 6%, driven by growth in the business. Electricity consumption dropped 25% but water consumption rose significantly from a low base. New water and electricity meters have been installed for each business unit to improve accountability and provide an accurate measurement base, with the focus on achieving group targets by 2015.

All the Boksburg-based businesses participate in an initiative to recycle waste paper.

Actions to reduce fuel consumption in Agriculture include instituting a pre-approved list of fuel-efficient vehicles for company cars and monitoring fuel consumption monthly.

Safety

In line with our focus on safety, our LTIFR reduced significantly from 5.4 in 2010 to 1.1 in 2011.

Transformation

The Handling group moved from a Level 4 contributor on the dti's B-BBEE scorecard in 2008 to Level 2 in 2011.

Mozambique

Agriculture

Barloworld Agricultura sold 114 units, incurring a first-year loss of US$0.2 million.

In addition to achieving our unit target for tractor sales, we sold 19 Hyster units on full rental maintenance contract over four years. We also signed maintenance and service contracts with large sugar estates.

Our new business distribution model will allow better market coverage, supported by developing our sub-dealer network. SEM products will also be introduced to Mozambique in 2012.

Russia

Agriculture

Agro Machinery started trading in Russia in October 2010. We operate in three regions, Omsk, Novosibirsk (head office) and Altay, an area with 9.86 Mha of arable land.

The business achieved revenue of US$5.8 million with a small operating loss, an excellent result for a start-up business in a recovering market. We became the third-largest Challenger dealer in our first year and have been appointed as the SEM dealer in Russia, which will support our profitability in 2012.

Agro Machinery was accredited by Rosselkhoz Bank as an authorised supplier of mechanisation equipment and training completed for sales and technical staff.

Agro Machinery will benefit from a fully operational team in the new financial period and we will also expand our territory.

Three implement suppliers have been identified and agreements will be finalised during 2012.

Europe

Belgium

The forklift market in Belgium rose from 6 733 units in 2010 to 8 187 in 2011, and we increased our market share from 7% to 8%.

We returned to profitability, with revenue up 35% and growth in all segments, except used equipment where there was a shortage of stock. New equipment revenue grew 35% on the back of major customer orders. Investment in new trucks contributed to 28% growth in short-term rental. Parts sales, particularly tyre sales, grew strongly.

The roll-out of a focused service module saw 60 engineers trained in using computers to improve customer service and efficiency.

LTIFR reduced from 4.7 to 4.4, reflecting new procedures in our workshops and investment in safety equipment and awareness campaigns.

Following an investment in an eco-friendly system, heating costs decreased by 12%. Fuel emissions dropped 9% on improved truck transport planning. Customer communication has been enhanced via a new interactive website and quarterly newsletters with environmental sustainability updates.

The lift-truck market is expected to show almost no growth in 2012 as companies consolidate after new equipment investments in 2011. Short-term rental should continue to grow.

The Netherlands

The market for new lift-trucks rose from 8 598 units in 2010 to 12 098 in 2011 and our market share rose slightly. Overall revenue was up 35%, with new equipment sales 73% higher than the prior year. Used-equipment sales were up 23% and parts revenue by 17%.

New equipment, service and parts margins decreased slightly due to market pressure but used equipment margins improved. The rebuilt truck programme resulted in the sale of 30 units in 2011.

The business achieved ISO 9001 and ISO 14001 certification in 2011. The former will allow us to participate in government and major account tenders, while ISO 14001 will generate extra credits in the evaluation process for tenders.

We continued to drive our energy and emission efficiency improvement programme. Petrol and diesel consumption rose 23% on increased activity, partly offset by a 17% drop in electricity consumption. While business activity grew by more than a third, GHG emissions rose by only 7%. In line with a national campaign, we are actively promoting MVO (Maatschappelijk Verantwoord Ondernemen) in terms of which larger companies will soon require their suppliers to provide proof of a sustainable business proposal.

The overall Handling order book at year-end was up 30% on the previous year. Growth is expected in most economies. Barloworld Handling expects modest growth in profitability.

Our year-end order book in units is up 57%. Moderate market growth is anticipated for 2012 and the business aims to achieve sustainable market share growth over the next few years.

Focus will continue to be placed on sales of big trucks such as empty container handlers and reach stackers, e-sales, strategic alliances in certain geographic areas and integrated customer solutions.

Outlook

The overall Handling order book at year-end was up 30% on the previous year. Growth is expected in most economies, but at a slower rate due to continued global economic uncertainty. Barloworld Handling expects modest growth in profitability.

Lift-truck market growth will probably be in low single digits in the coming year as much pent-up demand was reflected in market growth in 2011. Short-term rental is expected to continue its strong growth. Service and parts should grow with an ageing customer truck population.

The outlook is positive for the agricultural business, buoyed by agricultural commodity price increases and rising sales in the low-cost tractor segment. An expanding footprint and early acceptance in new geographies will significantly support growth in coming years. The SEM business will benefit from a larger machine range, a growing after-sales support and an extended footprint.

Barloworld Handling's integrated approach to providing sustainable solutions

Our products
The complete Hyster range is now one of the most energy efficient on the market with several new products launched in the last year alone featuring energy-efficient intelligent design.

Our principal and manufacturing facilities
All American and European manufacturing facilities where Hyster products are made have achieved ISO14001 registration. Each location closely tracks environmental and safety performance and sets objectives each year to drive continual improvement.

Our customer support centres
We introduced several new initiatives to improve the environmental performance at our workshops, parts operations, short-term hire depots, offices and driver training facilities. These include energy efficiency measures and working with waste contractors to introduce DMR (Dry Mixed Recycling) and reduce the amount of waste sent to landfill.

We have three ISO 14001 sites in the UK and the Netherlands and are busy rolling out the programme to other sites.

Our service support fleet
We are upgrading our service support and utilising appropriate technology to enhance the efficiency and reduce the environmental footprint of our service. Our UK fleet is fitted with vehicle tracking using global positioning (GPS) technology, which is used to manage the 450 service vehicles throughout the UK. Service despatchers can see the exact location of service vehicles and assign the best engineer according to location, availability, parts stocked on the van and skills required. Routes and schedules are optimised, helping to reduce mileage and response time. Changes made to our UK fleet of service vehicles has reduced its fuel consumption by 18%.

Our waste
Our engineers ensure strict adherence to 'duty of care' processes for proper waste management on customer sites including the appropriate disposal of used tyres, batteries and other hazardous materials from forklift trucks.

Our driver training programme
Similar to driving a car, forklift truck energy consumption is also related to the way that drivers operate the truck. As part of the Barloworld driver training programme that trains more than 12 000 forklift drivers each year, trainees are encouraged to be more energy conscious in the way they operate the truck. Changes to site speed limits and rules can also make a difference.

Our people
Through our Good People Management programme we ensure that our 1 200 engineers and technicians are well trained and up to the task. We currently have 124 apprentices and learnerships to ensure we have the skills and talent to fulfil customers' requirements into the future.

Intelligent designs of the future
Our principal, Hyster, has consistently engineered its forklift trucks to be compatible with the latest in alternative power technologies and supports the adoption of greener technologies through engineering collaboration, analysis and extensive internal and field validation testing.

Hyster will benefit from a recently opened concept centre in Hampshire, where a highly experienced team of design engineers will develop 3D models, build prototype forklifts and components, test and validate equipment prior to introduction into the manufacturing process. The centre is investigating advanced technologies to further reduce energy consumption and carbon impact, increase productivity and reduce toxic material content.

We are committed to help customers reduce the environmental impact of their materials-handling and logistics operations.

Corporate

Operating performance

Economic	Revenue Year ended 30 September 2011 Rm	2010 Rm	Operating loss Year ended 30 September 2011 Rm	2010 Rm	Net operating assets/(liabilities) 30 September 2011 Rm	2010 Rm
Southern Africa	12	6	(32)	(41)	587	498
Europe			(14)	(4)	(889)	(390)
	12	**6**	**(46)**	**(45)**	**(302)**	**108**
Share of associate income				1		

Environmental	Petrol and diesel (ML) Year ended 30 September 2011	2010	Electricity (MWh) Year ended 30 September 2011	2010	Energy (GJ) Year ended 30 September 2011	2010	Emissions (Co_2e tons) Year ended 30 September 2011	2010	Water (ML) Year ended 30 September 2011	2010
Southern Africa	0.01	0.02	365	658	1 669	2 997	404	833	2	2

Social	Employee headcount Year ended 30 September 2011	2010	LTIFR Year ended 30 September 2011	2010	Fatalities Year ended 30 September 2011	2010	B-BBEE rating* Year ended 30 September 2011	2010
Southern Africa	106	98					2	2

**B-BBEE rating for South Africa only.*
Europe not material for environmental and social indicators.

Overview

Corporate primarily comprises the operations of the headquarters in Johannesburg, the treasury in Maidenhead, United Kingdom, and the captive insurance company. The group has a decentralised management philosophy, however, a limited range of corporate activities and services are provided. These include internal audit, governance and company secretarial, investor relations, corporate communication, corporate finance, treasury and taxation, risk and legal, group strategy and sustainability, human resources management, employee benefits, and facilities management.

In southern Africa, higher net rental income from properties more than offset higher corporate costs which were driven mainly by increased IFRS 2 charges attributable to long-term incentive awards. In Europe, increased claims in the captive insurance company contributed to a higher operating loss for the year. Net operating liabilities in Europe have increased owing to actuarial losses in the UK pension fund largely arising from lower-than-expected asset returns. The actuarial losses have been charged to the statement of comprehensive income.

Leadership team

Don Wilson (54)	CEO: Corporate office; Finance director: Barloworld Limited. BCom CTA, CA(SA). 5
Isaac Shongwe (49)	Deputy CEO: Corporate office; Executive director: Human resources, strategy and sustainability. BA (Hons), MPhil (Oxon). 6
Andrew Bannister (54)	Finance director: Barloworld Holdings plc. ACA, CA(SA), BBusSci. 26
Liz Dougall (54)	Group taxation manager. CA(SA), PGDip Tax. 12
Patricia Emery (60)	Company secretary: Barloworld Holdings plc. ACISA. 4
Matthew Govender (47)	Managing director: Barloworld Siyakhula. MBA, PGDip Business Management. 11
Wim Kotzé (40)	Group strategy and finance controller. CA(SA), BCom Acc (Hons). 14
Bruce Lange (51)	General counsel. BCom, LLB. 20
Sameshan Moodley (34)	Head of group internal audit. BCom (Acc), Pg Dip Acc, CA(SA), CIA, CISA.1
Bethuel Ngwenya (42)	Group company secretary. LLB (Hons) (UZ), LLM (Wits). 9 months
Maurice Pin (59)	General manager: Administration. 40
Ian Stevens (61)	Group general manager: Finance. CA(SA), BCom. 27
Christopher Whitaker (54)	Executive: Strategy and sustainability. BCom, LLB. 23
Hilary Wilton (55)	Head of legal and risk services. BCom, MBA, FCII. 9

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

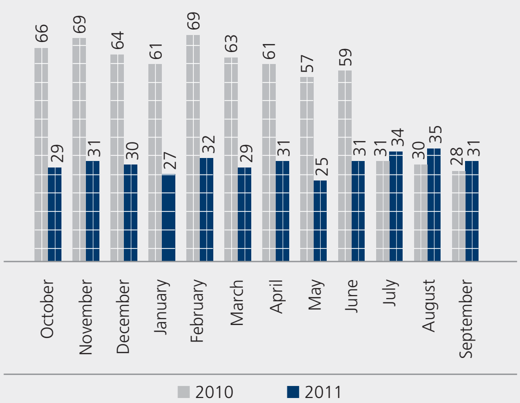
Corporate Office leads by example

Driving energy efficiency through electricity savings

In the year October 2010 to September 2011 energy savings amounted to 293 MWh in comparison to the previous 12-month period.

The payback period for the R893 000 investment is estimated at just over two years and the initiatives included: communication; installation of the PowerWatch system; the installation of motion sensors and the retrofitting of energy-saving lights.

ELECTRICITY SAVINGS
(MWh)



Waste management

Recycling in the Barlow Park premises has not only benefited the environment, but also provided empowered employment. In the year under review 23 525kg of waste was recycled.

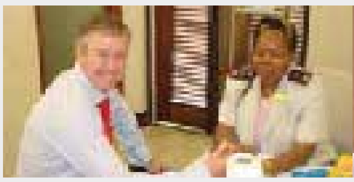
Water use

A waterless car wash was piloted and other water conservation measures implemented in the complex.

Employee wellness programme

A well-equipped gymnasium and wellness days, where expert health workers educate employees on a range of health issues including: cholesterol, diabetes, high blood pressure and obesity, and encourage employees to adopt healthy lifestyles.

Workshops are arranged for HIV counselling and voluntary testing is encouraged. Active participation by the group CEO and other executives encourages every employee to know their status. An assistance programme is in place for those who have tested positive.



Health and Safety at Barlow Park

An established Health and Safety Committee, meets quarterly. Trained Fire Marshals, First Aiders, and Health and Safety Representatives are in place.

Barloworld's 10 pillars of sustainability

Entrenching awareness, understanding and commitment, while building a strong team spirit, were at the heart of the exercise of the head office team illustrating the group's 10 pillars of sustainability in the car park.

Integrated stakeholder value creation

In this section

Integrated stakeholder value creation

Isaac Shongwe
Executive director: Human resources, strategy and sustainability
14 November 2011

Summary

> Driving top strategic imperatives delivers value for all stakeholders

> Stakeholder engagement informs strategy and responses

> Energy savings of **64 512** GJ over 2010

> Barloworld achieves Level 2 B-BBEE rating

> **R48 million** committed funds for enterprise development in South Africa

> **R64 million** invested in CSI over past five years

> **48%** increase in training spend over 2010

Entrenching an integrated approach to stakeholder value creation

A suite of functions encompassing strategy, innovation and solutions development, stakeholder engagement, sustainability, empowerment and transformation, and human resources entrenches the integrated nature of effective strategy, and the central role of people in Barloworld in realising our vision 2015[3]. It ensures alignment and facilitates efficient implementation of initiatives throughout the group.

'Our 2015[3] vision sets the platform for Barloworld to play a significant role as a responsible corporate. Building on these goals and related initiatives, we will continue to create value for our stakeholders in a manner that balances their interests and those of future generations. We understand our economic, environmental and social responsibilities and strive to fulfil these through our operational approach supported by our moral and ethical foundation.

Our strategic framework and good governance ensure the group's resilience; our people and their commitment ensure our success.'

An integrated approach

- *Vision aims to deliver significant incremental value for all stakeholders*
- *Group strategic focus areas concentrate attention on key economic, social and environmental imperatives*
- *Key performance indicators and targets set*
- *Risks identified and addressed*
- *Profitable growth opportunities identified and operational plans developed*
- *Strategy endorsed by board and reviewed regularly*
- *Employees central to implementation and success of strategy*

Central to our value-based management approach is responsible citizenship and creating long-term value for our stakeholders. We integrate the management of our economic, social and environmental issues in a strong governance environment, underpinned by ethical leadership articulated in our worldwide code of conduct.

Barloworld's integrated approach to stakeholder value creation is reflected in our 10 pillars of sustainability which guide our activities and act as a filter against which future opportunities are assessed see www.barloworld.com.

Our vision

2015^3: To deliver significant incremental value for our stakeholders through 2015...

… by being a recognised market leader in providing integrated solutions in distribution, rental, fleet management, product support and logistics to customers in our chosen business segments and geographies.

Our strategy

A systematic, structured and integrated strategic planning process throughout the group culminates in the Barloworld strategy, which is regularly reviewed. The strategy is informed by the group's long-standing value-based management approach which requires long-term value creation for all stakeholders, and responsible corporate citizenship.

The key components of our strategy are directed at achieving our Vision 2015^3. Our strategic focus areas are consistent throughout all operations and identify critical success factors with corresponding action plans and key performance indicators. The focus on 2015 is to drive current behaviour to achieve tangible long-term goals. Short-term objectives with specific targets are also developed.

Our top strategic imperatives

Strategic focus area	Imperative	Progress
Integrated customer solutions	• Market leadership in targeted segments through delivering integrated customer solutions	• Good market leadership progress by divisions • Significant facility expansion across southern Africa and Russia that includes a component rebuild centre in Russia • Integrated logistics operations into our Automotive division to realise synergies and a significant platform to enhance our integrated customer offering
People	• Drive employee engagement (overall score above 75% for all businesses) • Leadership retention, development and succession aligned with strategic growth priorities • Ensure required talent available	• Scores range between 68% and 89% in employee survey • Intellectual capital review of top leadership conducted annually • Significant investment in expanded training facilities • Significant investment in skills development and training across the group. Training spend up by 48% over 2010
Empowerment and transformation	• Leadership position in industrial sector • dti B-BBEE Level 2 or 3 for each South African business unit • Drive localisation, gender and disability equity, and diversity across the group	• Ranked as top empowered company in general industrial sector for second year running • All but one business achieved dti B-BBEE Level 2 rating • Central aspect of people management
Sustainable development	• Aspirational target of 12% non-renewable energy and greenhouse gas efficiency improvements by end 2014 (2009 baseline) • Cumulative cost savings through sustainability initiatives • Pursue emerging commercial 'green' opportunities	• Off 2009 baseline: – Energy efficiency improved by 10.8% – Emission efficiency improved by 13.6% • Related savings against a business as usual scenario due to efficiency improvements • Opportunities identified in strategic plans including power systems

Our top strategic imperatives

Strategic focus area	Imperative	Progress
Financial returns	• Top-quartile financial returns on average through the cycle (at or above our cost of equity, and measured against relevant peer groups in our chosen business segments) • Internal targets and hurdle rates set for all businesses	• Group ROE improved from 3.2% to 8.6% as a result of focus and attention on internal hurdle rates • Successful disposal of our Scandinavian car rental operations released capital which has been allocated to identified higher-return operations in our growth strategy • Exited loss making Logistics non-corporate trader business
Profitable growth	• Increase group operating profit by executing turnaround and growth strategies • Strategic growth opportunities pursued • Top-quartile growth in total shareholder returns over five years to 2015	• Operating profit up by 51% over 2010 • Successful acquisition of remaining 50% share of Equipment Russia • Our global power systems strategy is gaining momentum as management teams are appointed and resources allocated to target segments • Strategic growth segments identified (page 6)

2015^3 – *Driven by you*

Barloworld's 2015³ vision – to deliver significant incremental value for our stakeholders through 2015 – was launched to 181 members of senior management around the world at the Barloworld global leader's conference in March 2011.

The primary objectives of this conference were to inspire the group's leadership team, access their collective wisdom and create a committed, cohesive and coherent approach to our new 2015³ vision.

Barloworld is well positioned to achieve the ambitious targets set out in its five-year strategic plan which capitalises on growth opportunities emerging in various geographies and market sectors, opportunities that will enable us to drive improved financial returns and value creation for all our stakeholders.

To achieve 2015³, our group will think and work as a team. We are all guided by the same broad strategic focus areas, the same pillars of sustainability, the same code of conduct, and the same bold goal.

Identifying risks and opportunities through a robust and systematic process is central to our overall strategic planning process and achieving our strategic objectives. A comprehensive risk management policy is in effect throughout the group, complemented by the Barloworld risk management philosophy see www.barloworld.com.

At all levels in the organisation, the strategic planning process requires that action plans are in place to appropriately address such risks. At group level these are reflected in the disclosed risk matrix. As required by King III, the directors have reviewed the group risk management process and concluded it is both appropriate and effective.

In line with international best practice, risks are assessed on their probability, severity and quality of the existing control environment. These measures produce residual risk scores that indicate the importance of the risk and enable progress in addressing these risks to be assessed. Through the risk and sustainability committee, the board determines levels of risk tolerance for the group and ensures risk assessments are performed continually by formally reviewing divisional and group risk registers twice a year.

In line with international best practice, risks are assessed on their probability, severity and quality of the existing control environment.

Barloworld group top risks – 2011

These risks are presented 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.

Barloworld group top risks – 2011

Key risks	Category of risk and management response
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. • Preventive measures are implemented around determination of pricing mechanisms and structuring of commercial contracts to reduce the impact of any adverse currency fluctuations.
Defined benefit scheme exposure One of the key risks for the UK's defined benefit scheme over the past few years has been the reduced real yield on AA-rated corporate bonds which is used to value the liabilities. In addition, increased life expectancy of members will have an adverse impact on the scheme's funding position. Market volatility remains a risk, with 50% of the scheme's assets invested in equities, although a small (8%) diversification into absolute return funds was made in the year. A deterioration in the funding level may require additional company contributions over and above the scheme's current normal contribution rates. The year-end valuation indicates that the deficit has increased to approximately £71 million, largely due to an adjustment in the longevity assumptions as compared to the September 2010 year-end and reduced asset yields.	**Market risk** • A suitably qualified representative board of trustees exists which, together with a separate investment sub-committee, is responsible for regularly evaluating the effectiveness of investment decisions. Professional investment advisors are used to assist in the management of the investment portfolios with a view to conservatively preserving and enhancing fund valuations. Complex investment risk models are run by the investment advisors and actuaries to assess optimum risk balance. The actuary also conducts regular valuations. • Funding shortfalls are planned to be made up within sensible time frames via market-anticipated increased interest rates, positive returns on investments and potentially increased company and/or employee contributions. • The defined benefit scheme in the UK was closed to new members in 2002 and benefits were changed to a CARE basis in 2006 to assist in managing future liabilities. The scheme is now mature with only 7% active membership. All new employees in the UK are automatically enrolled in the UK's defined contribution scheme.
Dependence on principals and suppliers Some of the businesses in the group are dependent on a small number of principals and/or suppliers. Our success is therefore linked to their ongoing financial stability, 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 a preferred dealer/customer. • Provide excellent customer service and lead in our markets. • Build long-term partnerships with customers. • Build relationships with local authorities. • Align strategies and targets with those of our major principals as far as possible.

Barloworld group top risks – 2011

Key risks	Category of risk and management response
Exposure to political risks, terrorism and crime in the countries in which we operate The group's people and assets are spread through numerous countries around the world, while our activities are conducted in many more. The possibility exists that our people and assets, and the viability of the businesses, are exposed through acts of terrorism, political turmoil or crime in some of the regions in which the group operates, as well as in those that may be the subject of expansion. Business growth initiatives require that new markets and territories are the focus of our business expansion. These opportunities come with their own distinct risk exposures.	**Operational risk** • Minimise exposure in high-risk countries through thorough and in-depth risk assessments, coupled with the application of preventive and corrective risk management activities. • Maintain flexible business models. • Maintain Business Continuity Plans that incorporate emergency response actions, crisis management and business recovery plans specific to the businesses and the respective territories in which the businesses operate.
Exposure to significant customers and dependence on channels to market The risk that we are exposed to certain large customers and/or industries and that well-established distribution channels may change or consolidate.	**Market risk** • Build long-term 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 could result in a double-dip recession and/or impede growth. This, in turn, could lower commodity prices and impact mining company investments.	**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.

Barloworld group top risks – 2011

Key risks	Category of risk and management response
Strategic employee skills Barloworld's key asset is the intellectual capacities 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. • Investments in training resources and facilities are continuing 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.

Stakeholder engagement

- *In terms of value-based management, the company is managed to the benefit of its stakeholders*
- *Stakeholder perspectives underpin the group's value creation plans*
- *Focus on creating shared value with stakeholders underscores sustainability of the group*
- *Extensive engagement with a wide range of stakeholders*

In terms of its value-based management philosophy, Barloworld is managed to the benefit of all its stakeholders. We recognise that people filter information from and about us, invest in us, choose to work for us, and take decisions to buy our products and services based on our reputation. In the current world order, accountability, ethical, community and environmental issues are of primary importance. There is increasing scrutiny and activism by stakeholders, as well as ethical investing. Expectations of responsible behaviour start with factors driven by core competencies. These include strong ethical leadership with clear vision and direction, quality products and services, reliable support services, responsible custodianship of the environment and responsiveness to the needs of local communities.

In Barloworld, accountability for stakeholder engagement is centred on the operational management and functional structures in the group. Value propositions are created from information gathered in a wide range of interactions with stakeholders, who are engaged in a variety of ways on a range of issues, and which influence the group's strategic direction. Strategic stakeholder management is aimed at establishing open, interactive, mutually beneficial relationships which are at the heart of our business strategy and communications.

The group appreciates the role of social media in stakeholder engagement and strives to implement structures and systems, as well as allocate resources, in a way that utilises the medium to the group's and its customers' advantage.

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

Barloworld Logistics engages stakeholders

The 'supplychainforesight' research survey tracks trends and focus areas in South Africa's supply chains and has been conducted under the auspices of Barloworld Logistics since 2002. This year's ninth edition of the report goes by the title: *South Africa Inc.: Growth, Competitiveness and the Africa Question*.

This year's research theme looks at one of the burning questions facing most businesses, no matter in which industry we might be focused, and that is how to use supply chain to remain profitable and competitive in a world stricken by economic slowdown, rising unemployment and high levels of debt. In South Africa, these efforts to deploy the supply chain as an enabler of growth have been hampered by labour costs, bureaucracy, infrastructure shortcomings, and other competitive challenges.

Stakeholder matrix

Stakeholder and nature of relationship	Nature of engagement	Material issues	Actions
Shareholders and providers of capital Central to sourcing and securing capital; Compliance with all legal communication requirements	Bi-annual presentations of results; Annual general meeting; Annual reporting; Investor conferences and presentations; Investor site visits; Ad hoc media releases (see also Governance section on page 121)	Competitive return on investment; Strategic direction; Market perspectives; Value creation performance; Business unit performance; Strategy and identified growth opportunities; Group's legitimacy; Sound governance structures	Communicate early in an honest and transparent manner; Strategic issues are considered and appropriately addressed through group structures; Executive resource in place to manage investor relations
Customers Understanding customer sentiment; Understanding customer requirements; Business sustainability; Long-term relationships; Mutual benefit; Identifying potential risks to, and opportunities for, the business	Numerous individual and collective customer engagements/ interventions take place during the year; Regular visits by senior executives; Open days and site visits; Anonymous surveys; Entrenched in ISO 9001 standard; Customer satisfaction surveys (see pages 73 and 74)	Value of product, service and solution provided; Ability to enhance customers' value creation activity; Service level agreements	Delivery of required products, services and customer solutions; Respect for rights of consumers; Provide information that is honest and relevant; Ongoing customer contact and interaction
Employees and their representatives Sustainable value creation for and by employees; Employer of choice	Individual meetings; Structured team forums; Individual and team performance discussions; Intellectual capital reviews; Team briefings; In South Africa: work skills and employment equity forums are established; Anonymous individual perception monitoring (IPM) surveys, conducted at least once every two years throughout the organisation, examine employee perceptions on a range of issues; Meeting with employee representatives including trade unions in terms of recognition and industry/ national agreements	Strategy, company performance and results; Individual conditions of employment; Security of employment; Health and safety issues; Career path and development; In South Africa, work-skills plans and progress on employment equity	Alignment with leadership philosophy; Continual review of employee value proposition to ensure employee attraction and retention, including: • Conducive/flexible work environment • Responsible HR management • Equitable remuneration system • Open and flexible communication Investment in employee development; Sustainable organisational restructuring; Awareness of strategic objectives and individual roles

Stakeholder matrix

Stakeholder and nature of relationship	Nature of engagement	Material issues	Actions
Principals and suppliers Delivery of competitive integrated customer solutions; Mutual benefit; Long-term relationships; Governance framework; Strategic frameworks	Dealer, licensee and dealer council meetings; Principals' conferences; Formal reporting and information sharing; Ongoing informal contact; Product launches; Supply chain management	Product issues and innovation; Market positioning; Financial and other performance reviews; Customer issues and satisfaction; Sustainable development matters; Territory issues and expansions; Market information; Supply chain empowerment	Successful relationships with mutual value maximised; Leading products and services; Retained distribution rights; Expanded distribution areas/regions/ territories; Mitigation of an identified key risk; Supply chain optimisation; Terms and conditions of relationship updated and maintained; Expanded preferential procurement and empowerment
Public sector Government institutions, departments and training authorities; Municipal and local authorities; Diplomatic corps	Consultation on emerging policy frameworks; Compliance issues; Progress on employment equity plans; Fiscal and local issues such as building plans; Training programmes and rebates; Technical and financial assistance for socio-economic development (SED)	Provision of critical public assets and a supportive environment; Socio-economic development in South Africa; Emerging policy and regulations on climate change response and carbon taxes	Social compacts and creation of shared value; Collaboration on achievement of social and economic development objectives; Consultation on emerging policy
Civil society and local communities Industry associations and organised business organisations; Non-governmental organisations; Beneficiaries of the company's socio-economic (SED) and enterprise development (ED) initiatives; Guidance and global best practice	Relevant industry issues, industry lobbying and responses to proposed legislation or regulation; Consultation with, and evaluation of, educational, environmental and welfare organisations	Relevant industry issues, industry lobbying and responses to proposed legislation or regulation; Development initiatives evaluated for leadership, technical and financial support; Enterprise development opportunities identified	Relevant industry responses submitted; Social compacts and creation of shared value; Appropriate initiatives supported through company's ED and SED initiatives; Appropriate executive and leadership interventions implemented; Climate change response interventions including COP 17 participation

Stakeholder matrix

Stakeholder and nature of relationship	Nature of engagement	Material issues	Actions
Empowerment partners Mutual value creation/ benefit	Ad hoc meetings; Structured interventions; Operational meetings; Value-add opportunities	Operational performance and share price; Respective contributions to enhance the relationship	Communicate timeously and effectively on material issues; Ensure two-way communication to strengthen relationships and establish mutual interests and objectives; Enhanced company transformation; Enhanced community service group partners' delivery; Act on stakeholder transformation views and concerns
Media Open and co-operative relationship	Annual media day; Operational meetings and site visits; Media releases	Thought leadership; Commentary on industry	Annual review of media plan; Appropriate exposure in media; Fair reflection of company; Good relationships; Managed positioning of the Barloworld brand

The challenge of leadership

The greatest challenge of our time globally is the challenge of leadership. Strong, responsible leadership is capable of encouraging ordinary people to produce extraordinary results. The leadership challenge facing leaders in all spheres of society is how they can mobilise others to be passionate about achieving extraordinary things. It is about the practices that they adopt to transform values into actions, visions into realities, obstacles into opportunities, separation into togetherness and risk into rewards. It is about leadership that creates the climate in which people turn challenging opportunities into remarkable success.

The Africa Leadership Initiative (ALI) was launched in South Africa by Barloworld executive director Isaac Shongwe nearly a decade ago to spread the ideals and practice of ethical leadership. Since its inception, it has brought together leaders from government, business, civil society, the sciences, the arts and other walks of life. In partnership with the Aspen Institute, in the US, it has spread to Nigeria, India, Asia, South America and other parts of the globe, with the objective of instilling a form of servant leadership among those who can make an impact on society.

Each year in South Africa alone 20 fellows are chosen and undergo four week-long seminars over two years. The seminars are intense examinations of what it means to live a good life, what the good society entails, what leadership means and how, through emulation of some of the great leadership strategies, including Values Based Leadership, societies have built prosperity and ethical government, leading to the prosperity of nations rather than of just a small, elite, powerful group.

Every generation confronts its unique set of challenges. Societies are in need of serious leadership from government, business and civil society right now to take the world to prosperity and peace. In the final analysis, leadership is everyone's business. For these reasons, Barloworld is a staunch supporter of the objectives of ALI.

Critical component of strategy and incorporates key stakeholders

Represent leading global OEMs, principals and brands

Governance framework promoted throughout supply chain

By representing leading global original equipment manufacturers (OEMs) and brands, Barloworld participates in supply chains that conform to norms and regulations, and aspires to the highest standards.

Relationships throughout our supply chain are based on mutual respect, trust and benefit. They are guided by our governance framework of ethics, codes of conduct, policies and commitment to legal compliance.

Interactions are also informed by our strategic framework. Integral to this is our commitment to being a leader in sustainable development and identifying competitive advantage through solutions that help customers achieve their sustainability objectives, facilitate a transition to low-carbon economies and expand into related opportunities.

Aside from OEMs, Barloworld sources goods and services from a range of other service providers. This is particularly important in South Africa where integrating previously disadvantaged people into the economy is a key socio-economic driver. Through our South African-orientated enterprise development initiatives and preferential procurement programme, we support small to medium-sized suppliers, contractors and enterprises in our supply chain. Ongoing engagement with all suppliers and customers ensures they are aware of expected standards and conduct. We disengage from elements of our supply chain that do not conform.

Responsible principals

> *OEM standards and commitments reflected in products, technologies and services offered by Barloworld*

> *OEM targets and objectives provide a framework and focus attention in the group*

> *Complemented and supported by group standards*

Barloworld represents leading international OEMs and brands such as Caterpillar, Hyster, Avis, Audi, BMW, Ford, General Motors, Mercedes-Benz, Toyota, Volkswagen and others. The group is therefore part of supply chains that reflect international best practice in the manufacture, sale, service, support and disposal of products.

These standards are complemented by Barloworld's own ethics, values and standards. We are committed to working with suppliers to ensure our customers' objectives are met and their competitive position enhanced.

Caterpillar Inc. takes an integrated approach to sustainable progress

Source: Caterpillar Inc.

'Our ongoing commitment to sustainability fits perfectly with our focus on customers and helping them to become more efficient while meeting their sustainability challenges. Inclusion on the DJSI for the eleventh straight year is an honour and a confirmation that we are focused on making sustainable progress possible'

Doug Oberhelman, Caterpillar Chairman and CEO.

Barloworld has sustainable principals

Products and services

> *Provide leading, environmentally sound solutions that help customers achieve their sustainable development objectives*
> *OEMs'/principals' focus on developing leading technologies supporting sustainable development*
> *Internal activities measured and reviewed*
> *Focus on energy consumption and carbon emissions*
> *Lifecycle responsibility*

We recognise the environmental impact of our customer solutions and work with our principals to provide leading products and solutions that foster environmental stewardship. Equally, our represented OEMs focus on reducing the environmental footprint of products we offer to customers throughout their lifecycle. Energy and emission efficiencies as well as product disposal are core aspects being addressed.

Caterpillar is continually improving the energy efficiency of its products, to reduce emissions from its clean diesel engines and maintain fuel efficiency. Caterpillar prides itself in building innovative products that are not only the most reliable machines on the market, but also meet and exceed sustainability targets for highly regulated countries. Caterpillar Inc. 2020 goals include a 20% increase in customer energy efficiency.

Caterpillar is also leading in co-generation. Examples include greenhouse applications where the exhaust gases (CO_2), heat and power from an engine are utilised. The power generates electricity and the heat and CO_2 enhance the growing process.

Caterpillar's acquisition of MWM Holding GmbH (MWM), a leading global supplier of sustainable, natural gas and alternative-fuel engines significantly expands customer options for sustainable power-generation solutions. The ability to supply natural gas engines and turbines to complement the traditional diesel engines results in one of the broadest engine offerings in the industry.

Leading principals for our motor retail operations continue to develop and introduce energy-efficient, low-emission vehicles, as well as hybrid and electric vehicles. Car rental fleets generally comprise vehicles under 12 months old with the latest technology, resulting in overall energy and emissions efficiency.

Logistics has introduced a range of innovative products and solutions which include:

- Green Trailer configuration which reduces wind-drag by up to 35%, fuel use by some 10% and resulting emissions
- Distribution network optimisation tool, CAST-CO_2, calculates networks according to emissions and can be used as a tool to minimise carbon emissions in a supply chain
- CINO is part of a suite of supply-chain optimisation products that enables companies to make strategic inventory positioning decisions to optimise the entire supply chain. Effective and efficient supply chains have improved carbon footprints.

Hyster lift trucks generally offer the best energy efficiency (energy use per load moved) of any manufacturer and emissions are among the lowest in the industry. The OEM supports green technologies through engineering collaboration and extensive internal field and validation testing. Diesel lift trucks are evolving to meet the latest US 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.

Barloworld's automotive, equipment and handling divisions have business models that enable vehicles, plant and equipment solutions to be provided as new or used units and through long- or short-term rental applications. In the equipment and handling divisions, this is augmented 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.

Barloworld Supply Chain Software helps optimise Renault's environmental plans

ISEL, at the University of Le Havre and Renault's Environmental Division, is working with Barloworld Supply Chain Software (SCS) to help minimise cost and reduce carbon footprint, with CAST software.

ISEL, School of Logistics (graduate) of the University of Le Havre in France is currently working on the VALVER project, which was initiated by Renault in December 2009. The project was established in response to the legal constraints regarding the recycling of vehicles and raw materials, according to new French policies.

"The supply chain surrounding the glass recycling operation at Renault, required reorganisation and reconfiguration in order to become fully optimised, whilst fitting within various time, legal and environmental constraints" explains Christophe Bisiaux, Logistics Project Manager at ISEL Le Havre. "To achieve this, we have selected CAST software, which has been developed by Barloworld SCS to assist with supply-chain modelling, network design and optimisation."

Ewan French, Chief Operating Officer at Barloworld Supply Chain Software explains "By using CAST software as a decision tool to model the network, ISEL has been able to identify supply-chain scenarios that enable the reduction of both cost and carbon emissions."

Product responsibility

> *Customer health and safety paramount*
> *Majority of products and technologies sourced from leading OEMs*
> *Health and safety issues, product labelling and information addressed with OEMs*
> *OEMs responsible for product review, design and development*
> *Group services and solutions comply with legislation*
> *Increasing expectation of product stewardship*
> *Leading service commitment including inspection and maintenance*
> *Extensive customer satisfaction surveys and follow-up processes*
> *Customer privacy respected*

Customer health and safety

Customer health and safety is a critical aspect of all Barloworld's products, services and customer solutions. In representing leading global brands, our customer solutions are backed by warranties, guarantees and product responsibility, and design features.

All new vehicles, plant and equipment have comprehensive service and maintenance regimes (time- or use-based). These include the inspection, and renewal if necessary, of critical safety items. Rental plant and equipment are subject to similar assessment and service disciplines.

Safety always comes first

Caterpillar is committed to providing customers with the safest and most reliable products and services available. One key area of focus is preventing slips, trips and falls when mounting or dismounting a piece of equipment. The access system upgrade for Cat® 785 and 789 large off-highway trucks provides a diagonal stairway for improving entry and exit from the platform and the cab.

Tyres, brakes and other identified safety aspects are subject to entrenched assessment systems, OEM service requirements, service-plan schedules, and where available self-diagnostic capabilities in vehicles, plant and equipment. General health and safety aspects are increasingly included in the design and manufacture of vehicles, plant and equipment as are features that ensure operator or driver comfort.

Driving skills for people with disabilities

Avis Rent a Car South Africa and Barloworld reacted to the story of a paraplegic woman trying to obtain a driver's licence in South Africa.

By assembling a team including the QuadPara Association of South Africa (QASA), Masterdrive and others who could help those in similar situations to achieve mobility – Driving Ambitions was born.

Driving Ambitions provides driver assessment and training for people with disabilities. Its first vehicle, a Hyundai i20 fitted with permanent hand controls and a dual brake, was sponsored by Avis.

Barloworld has also contributed R150 000 to start Driving Ambitions' engines.

Cars with specially adapted hand controls for people with disabilities are part of the Avis fleet.

Appropriate handover procedures are in place for all products to ensure customer knowledge, including health and safety operating procedures and service requirements. Operator and driver training is provided where required. The OEM-recommended inspection, maintenance and safety system upgrades and training programmes are explained and promoted to ensure customer health and safety.

Where available, remote monitoring through advanced telemetry and inbuilt warning systems supports detailed maintenance and service programmes, ensuring optimal plant equipment and vehicle operation.

To complement OEM warranties and guarantees, the group institutes appropriate insurance to cover potential liabilities from product use, rental or after-market activities.

Customer satisfaction

Customer satisfaction is primarily assessed through informal and formal surveying tools, including regular engagement.

Over the last four years, Caterpillar and Barloworld Equipment have moved from simple call-centre surveys to the most recent innovation in surveying customer value – a web-based process able to produce much more meaningful data for analysis. The convenience of this approach is also generating a much higher customer response rate of 50%.

The customer service target for next year using the last reliable call-centre data (end 2010) will be 83% as agreed in the 2012 common goals between Barloworld Equipment and Caterpillar.

All automotive dealerships participate in external independent customer satisfaction surveys, normally conducted by OEMs. In addition, individual dealerships conduct their own surveys, particularly on their service departments.

Independent customer surveys are entrenched in our car rental operations which conduct over 3 000 independent interviews each month. Scores are generally above 88% (considered excellent) with peaks of over 91%. The target for the year was 89%. Scores and targets have been improving steadily in recent years.

Avis South Africa wins again in 2011

For the eighth consecutive year, Avis Rent a Car has won the award in the Sunday Times Top Brands Survey in the Business to Business Car Rental Category.

"The award is the result of committed and ongoing dedication to raising our benchmarks across the entire spectrum of Avis operations," comments Wayne Duvenage, chief executive of Avis. "Our brand promise of 'We Try Harder', is not just there for show – it is a value that runs through the DNA of the organisation and of all our Brand Ambassadors and is lived out on a daily basis, as this latest award so clearly proves."

"Our approach to people, I believe, is central to our continued brand success," he points out. "It motivated the creation of our Customer Satisfaction Index (CSI), still unique in the industry, which keeps such a close eye on our levels of customer satisfaction that the slightest deviation or dip in approval solicits instant reaction to rectify what is perceived as not up to standard."

Similarly, fleet service operations monitor customer satisfaction with scores around 87% for the year (peak in December 2010 at 88%). The target is a score above 85%. Logistics has an independent company conducting regular customer satisfaction surveys and client feedback sessions are arranged.

Handling operations have a number of customer interventions, including focus meetings, a national response centre in the UK, a variety of surveys and a call centre in South Africa.

Quality and customer satisfaction are elements of the ISO 9001 quality management system which has been implemented in a number of operations across the group.

Product stewardship

Barloworld recognises that responsible product stewardship includes initiatives to manage and mitigate the environmental impacts of its products, services and customer solutions. This ultimately includes disposal. The group will act 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.

Regular assessment, service and maintenance ensure environmental stewardship through the optimal operating condition of each product. New product development continually addresses and reduces negative environmental consequences.

Caterpillar retrofits reduce greenhouse gases

Retrofits can provide the latest electronic fuel system technology for Cat® D3600 generator sets without requiring replacement of the generator set. Generator sets can be retrofit from mechanical to electronic fuel injection technology, providing fuel savings and the associated reduction in greenhouse gas emissions.

The logistics division has software products where customers' rights are clearly delineated in licence agreements as well as in maintenance and support agreements.

Marketing and advertising

Marketing and advertising conforms to applicable laws and standards, and complies with principals' standards and corporate identities. 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 on advertising, promotion or sponsorship
- substantiated complaints on breaches of customer privacy and losses of customer data
- fines for non-compliance with laws and regulations on the provision and use of products and services.

Limiting our environmental footprint

- *Commitment entrenched in ethics, policies and procedures*
- *Covered by group strategic focus area*
- *Committed to measuring, reporting, and managing environmental impacts*
- *Committed to reducing and offsetting negative environmental consequences, where appropriate*
- *Ongoing assessment of risks and opportunities*
- *Integrated into operations, management activities, and reporting*
- *Emphasis on material aspects*
- *Training and awareness*
- *Environmental and commercial benefits*

To fully understand its environmental impact, Barloworld partners with organisations such as:
- UN Global Compact
- World Wide Fund For Nature (WWF)
- National Business Initiative (NBI)
- Endangered Wildlife Trust (EWT).

In 2005 the group signed the Energy Efficiency Accord (EEA) with the South African Department of Mineral Resources and will sign the Energy Efficiency Leadership Network's Pledge. The group participates in Business Unity South Africa's climate change forum.

Barloworld's approach to environmental management is informed by:
- Environmental policy
- Climate change policy
- Good practice guidelines on environmental management for non-ISO 14001-certified operations
- Sustainable development approach (environmental aspects).

These can be viewed at www.barloworld.com

Barloworld is committed to playing a leading role in environmental stewardship and limiting its direct environmental impact through management programmes across its divisions. This is consistent with our value-based management approach and strategic focus area of sustainable development.

Internally, aspects identified as material include:
- Non-renewable energy consumption
- Greenhouse gas emissions (derived from fossil-fuel consumption)
- Water consumption
- Recycling
- Disposal of hazardous material.

The group largely represents OEMs and recognises the environmental impacts from the manufacture and use of its vehicles, plant or equipment. As a responsible corporate citizen, Barloworld considers these impacts and engages its suppliers and customers to ensure that the highest environmental standards are applied.

Indicators and data-collection systems

> *Focus on material aspects*
> *Improving data-collection systems*
> *Entrenched monthly, quarterly and annual reporting*
> *Integrated into operations*

Data collection is designed to enhance the management and reporting of material environmental aspects, using entrenched structures and systems.

Organisational boundaries and structures are aligned with those used for financial purposes to ensure alignment between financial, environmental and social reporting. Data are collected at operational level and consolidated at divisional and group levels. The data are used in the daily management of the company and relevant aspects are reported on a quarterly basis through the Safety, Health and Environment (SHE) report to the Risk and Sustainability committee, a committee of the Barloworld board.

Operational relevance and regular reporting ensure that environmental issues are integrated into management activities and responsibilities.

The following parameters are measured and reported:
- Energy consumption
- Carbon emissions
- Energy and emissions intensities
- Water use, source and recycling
- Materials consumption
- Use of recycled input materials
- Waste (hazardous and non-hazardous)
- Non-compliance/fines.

Targets

> *Aspirational energy and emissions efficiency improvement targets set and reviewed*
> *Commitment to report progress*
> *Integrated into management responsibilities*

Barloworld's commitment to improving its energy efficiency for fossil fuels and related greenhouse gas (GHG) emissions is underscored by being an early signatory to South Africa's Energy Efficiency Accord.

In 2009, we set the aspirational target of a 12% efficiency improvement in non-renewable energy consumption by the end of the 2014 financial year against a business as usual scenario that tracks revenue as a proxy for business activity. The target applies to our material energy sources, petrol and diesel, as well as to purchased electricity generated by fossil fuels.

While we recognise the difficulties of this approach, we are inspired by the benefits of a committed drive towards our target that translates focused attention, measurement, reporting and consumption reductions into cost savings and lower emissions.

Given the diverse and divisional nature of the group, appropriate divisional targets and methodologies are being set to account for industry and regional requirements and expectations.

We have adopted a similar approach for greenhouse gas emissions (scope 1 and 2) as these mainly result from consuming fossil fuels and buying electricity generated by fossil fuel.

Our targets are incorporated into our strategic planning process and ongoing management of the business, including performance scorecards.

Progress is measured by intensities based on reported revenue and targets are regularly reviewed, thereby balancing environmental sensitivities with commercial realities, legislation and national goals.

Energy

> *Aspirational efficiency improvement targets set*
> *Measuring, reporting and managing energy consumption*
> *Identifying risks and opportunities*
> *Environmental and commercial perspective and benefits*
> *Focused activities to improve consumption efficiencies*
> *Third-party assurance of consumption data*
> *Introduction of reporting in gigajoules*

Consuming energy derived from non-renewable resources such as coal and oil drive the group's greenhouse gas emissions. Aside from the impact on our climate, the availability and cost of energy warrant significant efforts to reduce consumption across the group against a business as usual scenario.

Performance review

Combined petrol and diesel consumption was 3% down on 2010, driven by a focus on energy-saving initiatives. Similarly, electricity consumption was down 2.7%.

Group direct and indirect energy consumption

Petrol and diesel by division (ML)	2011	2010	2009
Equipment	**9.04**	8.81	9.96
Automotive and Logistics	**24.62**	26.21	24.89
Handling	**5.22**	5.06	5.50
Corporate	**0.01**	0.02	0.02
Barloworld Group	**38.89**	40.10	40.37

Electricity by division (MWh)	2011	2010	2009
Equipment	**25 805**	24 057	25 644
Automotive and Logistics	**52 532**	55 527	52 019
Handling	**8 594**	9 481	9 094
Corporate	**365**	658	810
Barloworld Group	**87 296**	89 723	87 567

These reductions are mirrored in the group's gigajoule consumption.

Energy by division (GJ)	2011	2010	2009
Equipment	**429 070**	413 097	471 383
Automotive and Logistics	**1 145 665**	1 220 966	1 153 890
Handling	**230 840**	234 696	214 852
Corporate	**1 669**	2 997	3 592
Barloworld Group	**1 807 244**	1 871 756	1 843 717

Energy by source (GJ)	2011	2010	2009
Diesel	**1 026 831**	1 081 984	1 068 748
Petrol	**433 937**	430 241	445 118
LPG	**2 484**	2 278	11 053
CNG	**29 728**	34 250	3 555
Electricity	**314 264**	323 003	315 243
Total energy	**1 807 244**	1 871 756	1 843 717

These absolute reductions, combined with increased business activity, improved efficiency (measured by intensity) by some 20.7% year-on-year and 10.8% off the 2009 baseline.

Energy intensity

	Gigajoules per R1 million revenue		
Divisions	**2011**	2010	2009
Equipment	**23.0**	33.8	27.6
Automotive and Logistics	**43.4**	49.8	49.8
Handling	**49.0**	57.4	42.9
Barloworld Group	**36.3**	45.8	40.7

By incorporating energy-efficiency goals into our strategic framework, reporting and performance-review processes, we ensured focused commitment and, as a result, have made good progress towards meeting our targets.

Initiatives to improve our energy efficiency

- Entrenching sustainable development into group strategy
- Setting targets and entrenching integrated reporting that includes energy consumption
- Focused communication programmes, including the principle that the cumulative impact of small changes becomes significant
- A green initiative for existing buildings that included:
  - Energy audits
  - More efficient lighting, heating, cooling and ventilation systems
  - Motion sensors on lights and air-conditioning systems
  - Timing switches on compressors and other appropriate electrical equipment
  - Geyser blankets and reducing geyser temperatures
  - Resetting washbay blowers in car rental operations to optimise time taken to dry vehicles
- A green initiative for new buildings resulted in:
  - Three new dealerships (Automotive) include energy-efficiency technology with average energy savings of up to 30%
- Continued roll-out of PowerWatch technology in our South African operations – this provides real-time electricity monitoring at installed sites, reflects consumption and related emissions against targets, raises awareness and identifies unnecessary power use
- Reduced air travel and increased use of video conferencing
- Logistics' Green Trailer (see page 43)

Greenhouse gas emissions

> *Group climate change policy*
> *Efficiency improvement targets set (scope 1 and scope 2)*
> *Measuring, reporting and managing emissions*
> *Identifying risks and opportunities*
> *Environmental and commercial perspectives*
> *Third-party assurance of emissions data*

We are concerned about climate change and appreciate the causal link between greenhouse gas emissions and global warming. In addition, restrictions on emissions and proposed carbon taxes pose risks to Barloworld and our customer base. However, they also present commercial opportunities such as increased demand for products and solutions with limited or reduced carbon emissions and opportunities for internal initiatives to improve efficiency further with related savings. Incentives for managing climate change aspects and achieving group targets are in place.

The group reports greenhouse gas emissions in terms of the GHG protocol corporate standard, and units of CO_2e which is the universal unit of measure adjusted for the global warming potential of the six Kyoto Protocol greenhouse gases.

Our identified emissions include carbon dioxide, nitrous oxide and methane from petrol and diesel combustion in trucks, machinery and equipment and vehicles, and from buying electricity.

Non-greenhouse gas emissions sources include oxides of nitrogen (NO_x) and oxides of sulphur (SO_x) from our automotive operations. Measures to mitigate these non-greenhouse gas emissions rely on consuming low-sulphur fuels and advanced engine technology for cleaner fuel combustion, which are outside the control of Barloworld. These emissions are difficult to quantify given the diverse conditions, technologies and regions in which we operate and are not considered material.

There are no significant ozone-depleting sources of emissions in our operations.

To reach our targets for improving emissions efficiency, we:

- Measure emissions
- Avoid emission-producing activities
- Reduce emissions of unavoidable activities
- Switch to appropriate energy-reduction technologies, where feasible
- Offset remaining emissions from commercial activities where appropriate.

Since our material greenhouse gas emissions are linked to energy consumption (particularly petrol and diesel and, indirectly, electricity principally generated from coal), many of our energy efficiency initiatives have a secondary benefit – reducing greenhouse gas emissions (see page 78).

For our submission to the 2011 Carbon Disclosure Project (refer to www.cdproject.net or www.barloworld.com), we assessed the financial implications of climate change risks. Given our reliance on fossil-fuel-propelled vehicles, plant and equipment as a core part of our business, these risks could be significant and may result in a higher cost base and lower revenue. Conversely, there are opportunities for competitive products and solutions with reduced carbon footprints.

Performance review

The group focuses on scope 1 and scope 2 emissions, primarily due to consuming fossil fuels and electricity generated from fossil fuels, respectively.

We have updated our emission factors for South Africa. This has resulted in increased emissions from diesel but reduced emissions from petrol and electricity sources. Overall, the effect is not material. See table of emission factors at www.barloworld.com.

Consistent with our reduced energy consumption, group emissions are 6.3% down on 2010 levels, driven by a strategic focus on energy-saving initiatives.

Group emissions (CO_2e tons)

Divisions	**2011**	2010	2009
Equipment	**46 102**	45 912	52 063
Automotive and Logistics	**123 096**	133 573	125 752
Handling	**19 441**	21 415	20 219
Corporate	**404**	833	1 019
Barloworld Group	**189 043**	201 733	199 053

Scope 1 and scope 2 emissions (CO_2e tons)

	2011		2010		2009	
Divisions	**Scope 1**	**Scope 2**	Scope 1	Scope 2	Scope 1	Scope 2
Equipment	**24 722**	**21 380**	23 503	22 409	27 153	24 910
Automotive and Logistics	**70 339**	**52 757**	70 142	63 431	66 349	59 403
Handling	**14 218**	**5 223**	15 176	6 239	14 356	5 863
Corporate	**26**	**378**	43	790	47	972
Barloworld Group	**109 305**	**79 738**	108 864	92 869	107 905	91 148

Emissions intensity

	CO_2e tons per R1 million revenue		
Divisions	**2011**	2010	2009
Equipment	**2.5**	3.8	3.0
Automotive and Logistics	**4.7**	5.5	5.4
Handling	**4.1**	5.2	4.0
Barloworld Group	**3.8**	4.9	4.4

Aligned with our energy-efficiency improvements, the 2011 emissions intensity has improved by 13.6% off the 2009 baseline year indicating that we exceeded our aspirational target to improve emissions efficiency, as measured by intensity, this year. We will, however, continue with our initiatives to improve emissions efficiency as the target remains based on intensity level at the end of the 2014 financial year.

Emissions intensity

Divisions	CO_2e tons per employee 2011	2010	2009
Equipment	**6.7**	7.5	8.1
Automotive and Logistics	**13.5**	14.1	13.9
Handling	**7.5**	8.7	8.0
Corporate	**3.8**	8.5	9.9
Barloworld Group	**10.1**	11.1	11.0

For our group, emissions per employee do not necessarily indicate efficiency, because we strive to increase activity without a corresponding increase in employee numbers. The data are reported for ease of reference only.

Avis expands its carbon neutral programme with South African project

Avis Rent a Car South Africa renewed its position on carbon neutrality through The CarbonNeutral® Company following three years (to end of the 2011 financial year) of internal energy efficiency, carbon reduction and carbon offsetting to reduce its carbon footprint to net zero.

Avis is the first car rental company in South Africa to achieve CarbonNeutral® certification.

The project is expanded to a CarbonNeutral® Company accreditation for Scopes 1, 2 & 3 for the next two years (2012 financial year and 2013 financial year), over which period Avis will offset approximately 12 500 tons of CO_2 per annum.

Scopes 1, 2 & 3 GHG emissions consist of all emissions relating to the company including energy consumption, fuel usage, waste and business travel.

The two projects Avis selected for its new two-year portfolio are the Tieling Coal Mine Methane Capture project in China and the highly awaited Basa Magogo "Light it up" Improved Cooking Technique in South Africa.

The South African Basa Magogo project is the first Gold Standard project of its kind in the world. Support from Avis enables the teaching of local communities in South Africa to burn coal differently in order to be more fuel efficient, thereby saving money and reducing carbon emissions.

CERTIFIED CARBON NEUTRAL® energy usage CarbonNeutral.com
Own business CO_2 equivalent emissions.

B-BBEE Level 2 Contributor

AVIS We try harder.

Recognising our broader activities and the nature of our products and solutions, we report certain scope 3 emissions. This covers emissions due to business air travel and emissions from our South African car rental operations. The annual increase in scope 3 emissions from air travel to 4 767 tons indicates improved reporting rather than increased travel, as data for 2010 (3 120 tons) were incomplete. We are continuing to refine this aspect of our reporting.

Emissions from our car rental activities are inherent in our customer offering. We strive to reduce these by providing fuel-efficient fleets and having low-emission and hybrid vehicles available for rent. Car rental operations in South Africa produce some 86 661 tons (2010: 94 453 tons) of scope 3 CO_2, a decrease of 8.2%. This represents an 11.3% improvement in emissions intensities per rental day, in turn reflecting changes that include the efficiency of new technology and profile of the rental fleet. Avis Rent a Car South Africa provides invoices that indicate emissions for each rental and, in time, will provide offset facilities. Avis Fleet Services also reports relevant emissions to customers, and it is anticipated that this information would be applicable to other Barloworld rental fleets in future.

Water

> *Scarcity of the resource understood and policy set accordingly*
> *Measurement, reporting and management in place*
> *Conservation initiatives*
> *Environmental and commercial perspective*
> *Reporting and assurance on billed extraction from municipal and local government sources*

Although a limited consumer of water, Barloworld recognises the scarcity of the resource and strives to use water more efficiently. The group also increasingly recycles water and harvests rain water where possible.

To better understand our water use and contribute to knowledge and data on water use, we participated in the 2011 Water CDP.

Most water is sourced from local municipal and government supply systems, and used to wash plant, equipment and vehicles. The increase in the automotive division principally reflects a larger car rental fleet and greater commercial activity.

Water consumption by division (ML)	2011	2010	2009
Equipment	250	256	271
Automotive and Logistics	470	430	505
Handling	45	43	46
Corporate	2	2	21
Barloworld Group	767	731	843

Overall, some 10.6% of water was recycled in the group, with our automotive division recycling 16.9% and equipment operations in Iberia recycling 15.6%.

We acknowledge the detrimental effect of polluting water or removing water from natural systems, particularly in water-stressed regions. We are committed to being a responsible custodian by measuring, monitoring, managing and reporting water use as part of standard business practice.

Due to our diverse operating regions, we are implementing appropriate decentralised initiatives to conserve water or mitigate the effects of using it in our business. Through these initiatives, we strive to minimise the risk of future water constraints and realise the commercial benefits of effective and efficient water use.

No protected areas were affected by water discharges from the group nor were any water sources significantly affected by our withdrawal of water in the past year.

Group saves water

Saving water

- Equipment southern African has installed appropriate technology in a number of operations to reach its target of a 30% improvement in water use efficiency by 2014 (2009 baseline).The division also fitted a water recycling plant at its new site in Maputo, Mozambique
- Equipment in Spain has recycling facilities at seven operations, with another two under construction
- In Automotive, Avis Rent a Car recycles up to 88% of water used, which is cleaned to 90% clarity and has significantly reduced the need for municipal water from over 220 litres to around 20 litres per car washed. The Avis water management process now saves some 75 million litres of water per annum

- Automotive's three new dealerships all have water recycling and rainwater harvesting plants and three other dealerships have permanent waterless car-wash facilities, saving around 130 litres (86%) of water per car wash

The washing of plant, equipment and vehicles constitutes the major portion of water use in the group. After passing through filtration and separation processes, effectively all water used is legally discharged back into municipal and local government systems. Consistent with identifying water consumption as a material aspect of our environmental stewardship approach, we obtain third-party assurance for billed water provided by municipal or local government sources.

Materials

> *Focus on managing and reporting material aspects*

> *Distinction between direct and indirect material usage*

> *Limited opportunity to consume recycled materials*

Materials are sourced from OEMs and other suppliers and used to support the retail and service nature of our operations. Those with a high impact on the environment are monitored.

Materials used	**2011**	2010	2009
Paper (kg)	**954 270**	906 039	1 075 867
Solvent (ℓ)	**277 268**	266 372	215 552
Lubricants (grease and oil) (ℓ)	**8 981 255**	9 146 730	7 556 528
Tyres (kg)	**2 009 720**	1 329 242	1 500 089
Batteries (kg)	**1 411 086**	859 831	977 916

From 2011, divisions report materials used by mass or volume to ensure comparability of reported data. For some materials, particularly tyres and batteries, this contributes to the increased consumption reported in kilograms as, in the previous period, 2 757 and 3 537 units, respectively, were reported in addition to the mass for these categories.

While we report overall consumption, internal measures distinguish between direct (own) and indirect (customer) consumption. This is being refined and provides important indicative patterns of consumption, depending on the material.

Given the service orientation of our equipment, automotive and handling divisions, customer consumption accounts for most of the lubricants used (some 83%).

Apart from our remanufacture and rebuild activities, opportunities for using recycled materials are limited as Barloworld predominantly represents OEMs and principals. The percentage of recycled paper used is negligible (the significant drop is due to clarifying the definition of waste paper, with prior years including paper sent by the group for recycling). For tyres, the recycled component is 5.6% of those reported by mass.

Recycled input materials used	2011	2010	2009
Paper (kg)	**587**	1 901	10 922
Tyres (kg)	**112 526**	124 030	44 762

Waste

> *No significant waste generation*
> *Focus on managing and reporting material aspects*
> *Distinction between hazardous and non-hazardous waste*
> *Certified waste disposal in place*
> *100% waste oil recycled*

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.

Waste	2011	2010	2009
Non-hazardous			
Paper (kg)	**558 919**	457 609	511 951
Tyres (kg)	**860 954**	768 490	615 420
Hazardous			
Solvents (ℓ)	**139 156**	97 433	77 131
Lubricants (ℓ)	**3 026 925**	2 698 685	3 230 623
Oil filters ((kg)	**241 507**	114 492	71 380
Batteries (kg)	**217 446**	119 610	152 791
Computers (kg)	**6 659**	4 726	810

The shift to reporting only by mass has contributed to the increase in the mass of tyres. In the previous period, 2 117 tyres were reported in units in addition to those reported by mass. This change was anticipated in the prior report and implemented to ensure consistency and clarity in the data.

Equipment southern Africa transported, without incident, 1 001 tons of hazardous waste consisting of its waste oil and water, hydrocarbons, water mixtures and emulsions. Logistics transported 9 324 tons of used pot linings without incident. Waste batteries, hazardous because of their lead content, were transported by certified waste disposal contractors to recycling facilities. Smaller quantities of hazardous waste disposed of through contractors included used fluorescent lighting tubes.

Biodiversity
Most group operations are in established urban areas and have limited impact on biodiversity. The group does have four vehicle maintenance and repair facilities operating in the Kruger National Park in South Africa and a handling branch in Little Rock, Arkansas, USA, adjacent to a protected wetland.

No waste was shipped internationally nor were there any significant spills during the year.

A critical aspect of our waste management and product lifecycle stewardship is extending product use. This includes ensuring products have a number of useful lives, partly through remanufacture and rebuild programmes.

Notices and non-compliance

There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations during the year.

Barloworld Equipment's component repair and remanufacturing facilities in southern Africa and Russia

At R240 million, the new Barloworld Reman Centre (BRC) in Boksburg, Gauteng, is Barloworld Equipment's biggest investment ever in a single project.

This 30 000m² facility will more than double Barloworld Equipment southern Africa's component repair and remanufacturing throughput for engines and drive-trains. State of the art tooling and testing equipment will make it possible to repair components for Caterpillar's giant 797 trucks as well as the new Cat electric drive trucks, top of the range 2-4MW Cat C175 generator sets, as well as growing industrial, marine and electric power opportunities.

Our component repair and remanufacturing capability is a critical part of our after sales support for customers, a key element of our integrated solutions offering, and will play a major role in achieving our 2015 vision. The BRC will open in mid-2012.

Thursday 14 July 2011 marked the official opening of Barloworld Equipment Russia's first component rebuild centre (CRC) in Novisibirsk at a cost of US$11 million.

This is the largest and most complex project ever undertaken by a Russian Cat dealer and is unique in terms of capability. The CRC will employ 38 mechanics and 14 support staff and incorporates its own training facility to ensure sustainability of skills such as artisans and operators.

It has been designed to serve the needs of some 430 mining and construction customers with a total fleet of 1 150 Cat machines, engines and gensets. Machines as big as D9 dozers and 773 trucks can be completely rebuilt here and components for all Cat machines, including the largest existing and planned mining machines, can be repaired.

Equality, empowerment and transformation

Equality

> *Addressed in code of ethics, worldwide code of conduct and related policies*

We understand that equity is central to achieving equal employment opportunities and the principle is applied fairly and justly. Equally, we value the competitive advantage inherent in a diverse workforce and are committed to an employee complement that reflects the demographics of the countries in which we operate.

Working towards gender equality is central to Barloworld's value creation. We regard gender equality as a human right and believe men and women have equal value and should be accorded equal treatment.

Central tenets of our approach to equality include:
- To identify and eliminate employment barriers
- Proactive pursuit of programmes and initiatives to achieve our equality objectives
- No unfair discrimination on the grounds of gender, race, religion, disability or sexual preference
- Complying with regulation and legislation in all countries in which we operate.

The South African divisions of Barloworld are aligned to the structure set out by the Department of Trade and Industry's (dti's) broad-based black economic empowerment (B-BBEE) scorecard. The target for all South African operations is to achieve or maintain a B-BBEE 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 legislation. Localisation and gender objectives are set for non-South African operations. Required employment equity plans and progress reports are submitted in South Africa and some southern African countries. These plans set out employment targets that address race, gender and disability. In addition, in South Africa, the dti's B-BBEE scorecard sets out thresholds to be reached for specified levels of accreditation.

Diverse board of directors	2011	2010	2009
Black directors	**7**	7	7
White directors	**8**	8	7
Male directors	**13**	13	12
Female directors	**2**	2	2
South African directors	**12**	12	11
Non-South African directors	**3**	3	3
Executive directors	**6**	6	5
Non-executive directors	**9**	9	9

The group's remuneration practices are reviewed regularly. We have implemented the Towers Watson global grading system in all operations. Wage and salary levels are benchmarked by country and category. This ensures equity and non-discrimination in remuneration practices. In South Africa, pay differentials are disclosed in terms of employment equity legislation.

Policies and processes to address any allegations or instances of discrimination are entrenched. These include transparent grievance and disciplinary procedures that allow union or industry support, the anonymous Barloworld ethics line and prevailing legal systems. Victimising complainants is prohibited in the group.

Employees by employment category and gender – group

	2011			2010			2009		
Category	**Male**	**Female**	**Total**	Male	Female	Total	Male	Female	Total
Board*	**6**		**6**	6		6	5		5
Executive	**25**	**1**	**26**	21	2	23	25	2	27
Senior management	**79**	**6**	**85**	75	6	81	68	8	76
Middle management	**1 814**	**720**	**2 534**	1 794	681	2 475	1 832	638	2 470
Skilled upper	**7 282**	**2 477**	**9 759**	6 838	2 332	9 170	6 436	2 087	8 523
Semi skilled/ apprentices/trainees	**4 699**	**1 237**	**5 936**	4 682	1 241	5 923	5 039	1 383	6 422
Labour/unskilled	**212**	**113**	**325**	360	129	489	447	143	590
Total	**14 117**	**4 554**	**18 671**	13 776	4 391	18 167	13 852	4 261	18 113

** Includes executive directors only.*

The two cases of discrimination mentioned in the 2010 report were cleared during the year at no expense. In Handling SA, two cases were raised in 2011; both were thoroughly investigated and are closed.

Barloworld is committed to increasing its female workforce in all occupational categories, including management. Special emphasis and focus areas include improving the ratio at senior management, executive and board levels.

Transformation in South Africa

> *Regulatory empowerment framework implemented*
> *All operations except for one, achieved a B-BBEE rating of Level 2*
> *Employment equity targets set and legislated reports submitted*
> *Black CEOs for two major business units, and a black deputy CEO appointed for corporate office*
> *Focus on improving management and control, employment equity, skills development and preferential procurement, particularly with black-owned and women-owned entities*
> *Barloworld Siyakhula reaches R48 million in enterprise development support*
> *Barloworld has provided R26.7 million for socio-economic development over the past four years in South Africa*

Our approach to broad-based black economic empowerment or B-BBEE focuses on achieving leadership in this critical aspect of the country's development. In the realm of transformation and empowerment, we have always planned to exceed the minimum requirements of B-BBEE legislation and to set the benchmark for our sector.

We support the purpose of transformation which is to address the systematic exclusion of most South Africans from full participation in the economy, particularly black South Africans, people with disabilities and women. Our aim is to significantly increase representation by these groups, particularly in leadership positions. We believe empowerment and transformation make commercial sense as they improve the sustainability of South Africa by broadening economic activity. Accordingly, empowerment and transformation is one of Barloworld's six strategic focus areas.

B-BBEE ratings in terms of the Department of Trade and Industry's (dti) scorecard

While great progress has been made, transformation and empowerment remain a key focus area for Barloworld. In the annual assessment by Financial Mail and Empowerdex of South Africa's top empowerment companies, Barloworld currently leads the general industrial sector. Among the top 100 listed companies, Barloworld ranks 18th – up from its previous ranking of 21. Our B-BBEE target is for all South African operations to maintain at least Level 2 or 3 by end 2012, notwithstanding the stricter targets which become effective next year.

These ratings also enhance our competitive advantage as they allow customers to count over 125% of their procurement spend with Barloworld as BEE-related procurement on their own scorecards.

Barloworld's 2008 B-BBEE transaction included all South African employees, a number of community service groups, an educational trust and strategic black partners.

The transaction involved transferring R2.4 billion worth of Barloworld shares (10%) and achieved an effective 29% empowerment of the South African operations.

The general staff trust has paid two dividends per year totalling R11.5 million since inception and beneficiaries did not pay for their shares. The Barloworld education trust awarded bursaries to 14 black students for the 2011 academic year and also received two dividends during the year, totalling R553 380.

B-BBEE ratings in terms of the Department of Trade and Industry's (dti) scorecard

SA business unit	2011	2010	2009
Equipment	2	2	3
Motor retail	3	3	3
Avis Fleet Services	2	2	4
Avis Rent a Car	2	2	2
Logistics	2	3	4
Handling	2	3	3
Corporate	2	2	4
Barloworld Siyakhula	1	1	1

The community service group partners participating in Barloworld's empowerment transaction are:

- 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
- Ikamva Labantu Empowerment Trust which provides for the needs of disadvantaged communities.

Given the nature of the group's South African ownership and B-BBEE transaction structure, the business units are all highly rated under the ownership element of the scorecard. Substantial progress has been made in the management and control element, with Barloworld Equipment South Africa, and Motor Retail Southern Africa 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 workplace 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 B-BBEE status of represented OEMs/suppliers. Scores out of 20 range from 12.86 to 19.18, reflecting roughly R13 billion spent during the year.

The number of African, Indian and Coloured (AIC) employees in South Africa in senior management, middle management, skilled upper and semi-skilled levels improved during the year. This reflects the continued focus on identifying and developing employees for promotional opportunities and attracting talent from the external market.

Barloworld Education Trust

> *Established as part of group's empowerment transaction in 2008*
> *Facilitates empowerment through education*
> *Supports company's skills pipeline*
> *14 black bursars for 2011 academic year*

The Barloworld Education Trust is one of the trusts established when Barloworld concluded its major empowerment transaction. This trust's aim is to facilitate broad-based black economic empowerment through education.

Currently bursaries have been awarded to 14 black students for the 2011 academic year, who are studying engineering, quantity surveying, information technology and logistics at South African universities and colleges.

The bursaries are annual allocations and are reviewed based on the bursar's academic results and vacation work reports. New applications are considered in addition to the existing bursary recipients.

BET bursars meet CEO

The Barloworld Education Trust bursars were invited to attend a session with the CEO, Clive Thomson, and the divisional CEOs for a bursar breakfast to meet and understand the "Barloworld Way" and the important role they play in the future of Barloworld.

Employees by ethnic background in South Africa

	2011		2010		2009	
Category	**AIC****	**White**	**AIC****	**White**	**AIC****	**White**
Board*	**1**	**4**	1	4	1	3
Executive	**4**	**13**	5	8	6	12
Senior management	**14**	**41**	11	42	9	40
Middle management	**648**	**1 006**	621	1 003	509	1 009
Skilled upper	**3 794**	**2 189**	3 654	2 235	3 379	2 347
Semi skilled/apprentices/trainees	**3 106**	**383**	3 076	383	2 980	463
Labour/unskilled	**199**	**1**	222	2	257	3
Total	**7 766**	**3 637**	7 590	3 677	7 141	3 877

* *Includes executive directors only.*
** *African, Indian, Coloured.*

Enterprise development

> *R48 million development fund focused on empowerment in South Africa*
> *Supports small- and medium-sized black-owned and empowered enterprises*
> *Focuses on value chain transformation*
> *Emphasis on linking preferential procurement to enterprise development and increasing support for black-owned and women-owned companies.*

Barloworld Siyakhula, the group's enterprise development vehicle, was launched in 2007 to promote B-BBEE through the financial and non-financial support provided to small- and medium-sized suppliers, contractors and enterprises in Barloworld's value chain.

Siyakhula invests in black-empowered and black-owned small- and medium-sized enterprises (SMEs) to create joint ventures, enabling these companies to align themselves with Barloworld's B-BBEE strategies for preferential procurement, enterprise development and corporate social investment.

Siyakhula has invested in seven companies and works closely with them to ensure their success. This includes strengthening their own B-BBEE scorecards to enhance their competitive advantage. Four enterprises have already reached Level 1 with valued-added status. One enterprise is at Level 2 and the remainder have achieved Level 3.

The fund was established with initial capital of R20 million and committed funds at present are approximately R48 million.

The enterprises currently supported 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
- 20/20 insight which aids Barloworld Siyakhula in the development of small- and medium-enterprises by providing valuable assistance in the planning and evaluation of their businesses
- Rishi Rahaman Consulting which assists Barloworld Siyakhula with risk profiling, contractual and litigation work for several of Barloworld's enterprise development beneficiaries
- Powertel Engineers, a specialised electrical contracting company, providing turnkey solutions for the power and telecommunications industries.

Some 540 jobs are provided in these businesses.

Reaching up and reaching out

Na-ame Ismail, empowerment shareholder of Western Cape Van Rental trading as Avis Van Rental Cape Town, acknowledges that the past year has been a tough one, but it hasn't stood in the way of the business chalking up some outstanding achievements, such as a 26% increase in turnover and a 15% growth of its fleet while its staff complement increased by 10%.

Business is by no means easy as many companies are still operating with tight budgets. However, the company's attainment of consistent Level 1 B-BBEE contributor and value-added enterprise status has unlocked many future business opportunities.

"Barloworld Siyakhula's assistance in helping us achieve this status has opened doors for us and, as we are now a Level 1 contributor, many more companies are prepared to deal with us."

Empowerment partner Na-ame Ismail, CEO, Johan Stigling, and Staff of Western Cape Van Rental (Pty) Ltd t/a Avis Van Rental

Barloworld empowers its value chain

Nathi Thusi, founder and managing director of Nathi Africa, reports that the company has seen considerable growth over the past year, increasing its staff count by more than 25% as well as expanding its geographical footprint.

Nathi Thusi

Through committed support, including financial assistance, Barloworld Siyakhula works to empower its supply chain and create employment opportunities. Beneficiaries include:

Machas Electrical, owned by Enoch Sithole, is structured around the provision of high-quality electrical installation, maintenance and repair work and has as its main customer Barloworld Equipment.

Enoch Sithole, Managing Director of Machas Electrical (centre), with Jeffrey Sibanda and Lassie Mokansi

Unearthing a wealth of diversity

Barloworld is a founding member of the South African Supplier Diversity Council (SASDC) dedicated to promoting sustainable supplier diversity through targeted procurement and enterprise development.

Supplier diversity is the active business process of sourcing products and services from previously under-used suppliers. For Barloworld, it helps to sustainably and progressively transform its supply chain. Supplier diversity development involves the integration of a growing pool of competitive black suppliers into our supply chains through targeted procurement and enterprise development initiatives.

Barloworld Siyakhula recently hosted a supplier development workshop with some 24 of its BEE suppliers

Barloworld, a founding member, has joined forces with like-minded private sector corporations, state-owned enterprises and universities which believe in the social and economic importance of supplier diversity.

Socio-economic development

> *Social investment of R64 million made across the group over past five years*
> *SED spend in South Africa over four years is R26.7 million*
> *Responsive to the needs of local communities*
> *Alignment with leadership philosophy*
> *Focus on creation of social compacts and shared value*

Barloworld is committed to responsible corporate citizenship, including careful custodianship of the environment and efforts to address climate change. The group approaches all these objectives from the foundation of sound business acumen.

In the course of its business, through extensive, ongoing interactions, Barloworld engages with a wide range of stakeholders to understand their interests and concerns and to construct its value propositions. We seek to provide leadership in society by encouraging our own leaders to contribute constructively to South Africa's development challenges and to act as role models, and by helping to create responsible leaders of the future.

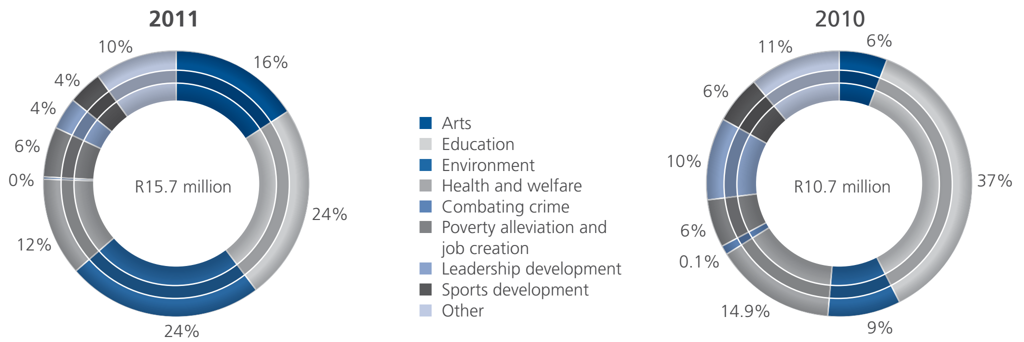
Through our social investment initiatives, the group has over many years sought strategic partnerships, synergies and innovations in public-service delivery that can be developed to scale by the public sector. Through grants, networking, referrals and insistence on sound management practices, responsible governance and accountability, Barloworld endeavours to build capacity and sustainability in its development partners, where necessary. The group has invested R64 million in related initiatives over the past five years.

The main focus of the Barloworld Trust is improving standards and facilitating access to education. In the current milieu, the trust has found value in working with schools that provide centres of excellence and reach out to underperforming schools nearby to strengthen school management and upgrade the quality of teaching and learning, thus facilitating the transition of students from disadvantaged circumstances to tertiary education.

In addressing the social and development needs of society's most vulnerable citizens, Barloworld favours a community-centred approach, supporting its NGO and empowerment partners in providing or facilitating access to essential social services and empowering vulnerable children, families at risk, aged and disabled people in their communities. Efforts continue to bolster the sustainability of these initiatives through skills development and commercially viable enterprise development.

Understanding that our natural environment sustains every form of human endeavour, the group has supported the research, advocacy and conservation work of the Endangered Wildlife Trust and the WWF SA for many years.

GROUP CSI SPEND
(%)



Barloworld helps to realise Mandela's dream of a Gauteng-based Children's Hospital

Driven by his love for children and a desire to end their suffering, former President Mandela established the Nelson Mandela Children's Fund (NMCF) in 1995.

Joint efforts are underway by the NMCF, the South African Department for Women, Children and People with Disabilities and funders such as Barloworld to champion the establishment of a hospital that focuses on child-centred healthcare.

The Nelson Mandela Children's Hospital will be a state-of-the-art specialist healthcare institution where no child will be turned away because of inability to pay – making Mr Mandela's dream a reality, as well as being the epitome of how society views the health issues of its children, including those who are vulnerable, in a serious light.

Barloworld non-executive director, Mrs Sibongile Mkhabela, is CEO of the NMCF.

SIFE (Students in Free Enterprise): heads for business, hearts for the world

SIFE (Students in Free Enterprise) utilises the energy, enthusiasm and idealism of university students to effect positive change by teaching others that business and free markets are the answer for long-term economic growth and improvement in quality of life.

Thanks to support provided by Barloworld, throughout 2012 SIFE SA will be encouraging teams from tertiary education institutions around South Africa to implement enterprise and local economic development projects in their communities. These projects will focus on empowering people in need by considering relevant economic, social and environmental issues, applied business and economic concepts and an entrepreneurial approach.

Teams from 26 higher education institutions took part in the 2011 SIFE SA National Competition, at which Matthew Govender, CEO of Barloworld Siyakhula, the group's enterprise development arm, was invited to act as an opening and semi-final round judge.

The SIFE University of KwaZulu-Natal team won the South Africa National Competition in July 2011. During the 2011 academic year, this team organised 18 educational outreach projects in their surrounding communities. They then went on to compete in the 2011 SIFE World Cup competition, and made it through to the semi-finals

Our people

- *A group strategic focus area*
- *Value creation for and by employees*
- *Equality is a central tenet of employment across Barloworld*
- *Continued commitment to training and development*
- *Tragically, two work-related fatalities*
- *Improved LTIFR of 1.31*

Barloworld understands that its employees are the foundation and drivers of its success. Accordingly, 'People' is identified as one of our strategic focus areas. Central to this approach is value creation through and for employees by attracting, developing and retaining globally competitive people to implement our strategy and meet our growth targets.

Specific activities include developing internal human resources for promotion through detailed and individual development needs analysis, leadership/management development programmes, and continued focus on enhancing technical skills.

We are committed to recruiting from communities in which we operate. As these are predominantly developed urban locations, most of our required skills base is local, as are sub-contractors.

Where required skills are not available, the focus is on expatriate assignments and a commitment to develop the local skills base. There is a small contingent of 250 international assignees who principally support operations in southern Africa. Senior divisional management is mostly locally based, with 12 currently in expatriate positions. Overall, 1.3% of employees are expatriates. We comply with legislation when recruiting locally and procedures for hiring include advertising, developing people from within the company, and ongoing involvement in the community and schools to source potential employees and learners.

Empowerment and transformation legislation and objectives in South Africa reinforce our commitment to local recruitment and development of employees. In other regions, localisation requirements also inform recruitment procedures.

Overall headcount (permanent and contractors greater than 12 months) increased after including our Russian operation and the Equipment division's expansion in Africa.

Number of employees – group

Division	2011	2010	2009
Equipment	**6 848**	6 121	6 436
Automotive and Logistics	**9 135**	9 477	9 040
Handling	**2 582**	2 471	2 534
Corporate	**106**	98	103
Total	**18 671**	18 167	18 113

Region	2011	2010	2009
RSA	**11 403**	11 267	11 018
Rest of Africa	**1 905**	1 650	1 496
UK, Europe & Russia	**3 743**	3 198	3 558
Middle East & Asia	**291**	771	769
Australia	**492**	477	439
North America	**837**	804	833
Total	**18 671**	**18 167**	**18 113**

Critical success factors for employee value creation

Six critical success factors guide the group in managing its people. These are appropriately implemented throughout the group via a range of interfaces and interventions. An Individual Perception Monitor (IPM) surveys employee opinion on the status of these success factors, and results are used to identify areas requiring attention. The IPM 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 conducted every two years and each division conducted the IPM survey in the 2011 reporting period. The scores are reported under each section below.

The critical success factors and their salient features are:

Clear purpose and direction

Focused interventions and communications ensure employees understand the group strategy and priorities, and their role in achieving our goals. This engenders a sense of common purpose and commitment that drives value-creation activities in our business units. In addition, the Barloworld Global Leaders conferences ensure collective support and commitment to our purpose and direction from senior leaders and executives, resulting in strategic alignment, common purpose and community of interest throughout the group. The 2011 conference was held in March.

Business unit IPM scores on this element range from 3.29 to 3.57 (maximum 4).

Alignment

Value creation is enhanced by aligning all associated elements in the organisation – strategy, organisational design and culture, business processes and individual roles – to achieve the common purpose. 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 on this element range from 3.19 to 3.52 (maximum 4).

Inspiring climate

Barloworld's caring, equitable and professional work environment motivates employees to contribute and be proud ambassadors of the group. An inspiring work climate assists in employee engagement.

Business unit IPM scores on this element range from 2.94 to 3.22 (maximum 4).

Handling apprentice wins award

Adam Payne, apprentice engineer from Barloworld Handling in Cardiff has won the Forklift Truck Association (FLTA) Apprentice of the Year Award at its annual awards for excellence. Barloworld partners with a select number of learning providers across the UK including the City of Bristol College to support its four-year apprentice programme.

The group strives to achieve such an environment through:

- Strong leadership that inspires confidence, loyalty and commitment which 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 line with applicable legislation. The group's remuneration practices are regularly reviewed and we are committed to removing discrimination in pay scales. In South Africa, pay differentials are disclosed in terms of employment equity legislation. Ongoing reviews ensure alignment and removal of unfair anomalies. A review of executive and senior management remuneration indicates a small variance of 5.8% and 2.6%, respectively, in favour of males. It is believed that this is linked to tenure and role and does not reflect entrenched discrimination.
- Consistency and equity are ensured through the Towers Watson (previously Watson Wyatt) global

job-grading system which has been fully implemented across the group.

- Transfer and promotion opportunities within and across departments, business units, divisions and regions offer employees the chance to pursue varied and meaningful careers in the Barloworld group. Although hiring is primarily localised, Barloworld is not a primary employer in any region.
- Collective labour relations are constructively managed on the principle of freedom of association. Employees may choose to associate with representative organisations and trade unions. There are no operations where the right to exercise freedom of association and collective bargaining is at significant risk. There were no violations of these principles during the year.
- In the 2011 financial year, 3 019 employee days were lost to industrial action at our logistics operations in South Africa, equipment (Spain) and equipment (South Africa).The South African lost days related to industry wage disputes, while the Spanish days related to committee and union consultations.
- Minimum notice periods on 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.

Employees represented by trade unions and collective bargaining agreements by region

	% unionised			% collective bargaining		
Region	**2011**	2010	2009	**2011**	2010	2009
RSA	**48**	51	46	**39**	46	47
Other Africa	**26**	8	8	**23**	10	6
Europe & Russia	**11**	14	12	**52**	68	64
Total	**34**	35	31	**37**	41	42

- Employee safety is a primary concern and conformance with safety rules and procedures is rigorously enforced. Occupational health and safety are key determinants in our business success and adherence to safety rules and procedures is closely managed. This begins with risk assessments that identify hazards associated with any particular job or task and implementing safe work or task procedures to address these hazards. Employees are trained in safe work procedures and planned task observations are conducted to evaluate compliance. Depending on the hazard or workplace conditions, engineering or work-practice controls to manage or eliminate hazards are implemented. These measures are complemented by personal protective equipment.
- Tragically, there were two work-related deaths during the year in the Equipment division – one in Isando and the other in Botswana. Both accidents were fully investigated, but the inspector's report is still outstanding on the fatality in Botswana. Relevant action has been taken to improve safety standards in both regions.

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.

Health and safety statistics

	LTIFR			Fatalities			Occupational diseases		
Division	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Equipment	**1.37**	1.80	1.40	**2**	1		**1**	2	
Automotive and Logistics	**1.20**	1.19	1.12			3			
Handling	**1.70**	2.28	1.67				**2**	2	1
Corporate									
Average total	**1.31**	1.51	1.27	**2**	1	3	**3**	4	1

- 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, which includes providing anti-retroviral medication. All employees are encouraged to take the necessary precautions to prevent infection and to regularly check their status. Currently 128 employees receive HIV/Aids assistance through medical aid, company- and state-sponsored programmes.

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	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Equipment	**3 149**	2 896	3 020	**2 211**	2 035	1 411	**70**	70	47	**4**	4	6
Automotive and Logistics	**7 674**	7 850	7 481	**5 031**	4 315	4 534	**66**	55	61	**7**	6	5
Handling*	**474**	423	414	**262**	262		**55**	62		**1**	1	
Corporate	**106**	98	103	**106**	42	103	**100**	43	100	**4**	10	6
Average total	**11 403**	11 267	11 018	**7 610**	6 654	6 048	**67**	59	55	**6**	5	5

** Handling SA employees tested with Equipment in 2009.*

- 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.

Sustainable competence and intellectual capital

We recognise that achieving our vision and sustainable value-creation objectives rests on the ability of our people. Attracting, developing and retaining talented and globally competitive employees is central to ensuring competence and intellectual capital in the group.

A shortfall in strategic employee skills is a high-ranking risk in the organisation given the ambitions reflected in its vision and strategic focus areas, particularly financial returns and growth aspirations. Business unit IPM scores on this element range from 2.74 to 3.05 (maximum 4).

Initiatives to ensure sustainable competence include:

- Training programmes cover apprenticeships, learnerships, internships, 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.
- A wide range of training and development initiatives ensure the ongoing development of employees at all levels. These include internal and external initiatives and are identified for employees through individual development plans linked to detailed job models and projected career paths.

Motor retail leads the way with e-learning

Barloworld Motor Retail trains on average 12% of the industry's apprentices. A new, online, interactive automotive training system has been introduced and provides Automotive Service Technicians with an effective way to earn Automotive Service Excellence (ASE) certification. With its state-of-the-art online learning, the system provides an e-learning platform that can be efficiently leveraged for use across the education, assessment, certification and professional training markets.

Equipment southern Africa drives AET

Adult Education and Training programme for basic literacy and numeracy is growing rapidly in Barloworld Equipment with 29 graduates in 2010/2011 who achieved certification at four different levels.

Training upfront

Motor Retail launches the "Frontline Training Project". This initiative is in the form of a learnership for all service advisors and service managers and will result in a qualification (Certificate: Automotive Sales & Support Services – NQF Level 4, National Certificate Level).

Africa's first three Caterpillar dealer instructors

Three operator trainers from Barloworld Equipment Operator Academy became the first people on the African continent to join a select group of only 188 Caterpillar Dealer Instructors (CDI's) in the world. As CDI's, the team will provide skills analysis and production assessments on customer sites and carry out training to optimise machine operation aligned with Caterpillar specifications.

From left to right: Enoch Kgwale, Sam Magabane, David Motitswe

- An intellectual capital review, which considers employees' careers, is conducted annually. As part of this process, the group CEO reviews the positions and performance of the most senior employees, 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 annually 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 our strategic framework and aspirations, global best practice and required leadership characteristics and behaviour.
  A leadership development programme was run in 2011 and, to date, 461 employees have completed this programme. The executive development programme was also held this year and, to date, 121 employees have completed the programme. The leadership programme will run again in 2012 and the executive programme in 2013.
- The Barloworld Global Leaders' conferences play a significant role in developing the sustainable competence and intellectual capital we require to achieve our vision and fulfil our value-creation objectives.
- Given the nature of the group and its growth aspirations, technical skills development remains a priority, despite difficult economic conditions. Significant learnerships and apprentice programmes were maintained to ensure the required skills to support present and future opportunities.
- At present, 1 263 learners and apprentices are employed throughout the group – over 75% are based in South Africa, supported by two extensive training facilities in Barloworld Equipment southern Africa and Automotive's Motor Retail Training academy.
- In total, the group has 4 211 artisans, technicians and technologists as well as 4 297 graduates and diplomates. We are also financially supporting 269 employees studying towards degrees or diplomas, and assisting 70 individuals in training, including work experience, through a number of internship programmes.

Overall direct training and development spend increased 48% from 2010 due to increased activity and the ongoing commitment to upskilling our employees. Higher spend on middle management reflects the investment in the executive development programme for 2011.

Average training hours by category

Category	**Average hours 2011**	Average hours 2010
Board*	**7.42**	8.00
Executive	**16.63**	27.37
Senior management	**28.39**	16.40
Middle management	**35.44**	29.09
Skilled upper	**29.86**	29.89
Semi skilled/ apprentices/trainees	**38.45**	25.85
Labour/unskilled	**31.03**	7.30
Total	**33.34**	27.79

**Includes executive directors only*

Equipment learners graduate

The first 39 NQF 2 learners graduated at Equipment's Technical Academy after completing the 12-month course and have now entered the business to build their experience under the guidance of mentors. A final summative assessment will be completed later this year to ensure they become certified maintenance mechanics.

Avis leads industry training

Avis Fleet Services employees successfully completed the learnership programme which is one of many initiatives introduced to empower and develop people. This has enabled them to embark on a certificate in fleet management as endorsed by the Southern Africa Vehicle Rental and Leasing Association.

Percentage training spend by category

Category	2011 %	2010 %
Board*	**0.02**	0.03
Executive	**0.27**	0.18
Senior management	**1.13**	0.61
Middle management	**16.98**	16.90
Skilled upper	**45.80**	51.54
Semi skilled/apprentices/trainees	**33.50**	30.43
Labour/Unskilled	**2.30**	0.31
Total spend (R million)	**119.1**	80.5

**Includes executive directors only*

Employee turnover

Year	Resignations	Transfers	Retrenchments/redundancies****	Retirements*	Dismissals	Deaths**	Other***
Total 2011	**1 703**	**26**	**227**	**245**	**475**	**62**	**795**
Total 2010	1 466	37	176	277	430	66	505
Total 2009	1 482	110	1 075	203	561	65	422

**Including 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*

In 2011, 3 378 new employees were recruited and 34 people joined the group as a result of acquisitions. These figures exclude Russia, with a headcount of 535.

During the period, 89 employees went on maternity leave and of these 73 returned to work. The majority of employees who did not return to work were 'outside South Africa'. As this is a new indicator, these figures do not yet reflect the total group. This will be addressed in the next report.

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 areas requiring support, and link into development plans and career paths.

Some 69% of employees received career development reviews during the year. Senior employees receive at least two formal performance reviews a year.

Business unit IPM scores on this element range from 2.76 to 3.12 (maximum 4).

Structured team forums

Central to achieving our vision is the ability to harness, focus and direct the collective wisdom, knowledge and experience in the group. Accordingly, regular, structured team meetings at all levels have become an established feature of our 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, ensure employee involvement and provide efficient communication structures in the group.

Business unit IPM scores on this element range from 2.83 to 3.19 (maximum 4).

Employee engagement

In addition to the six critical success factors measured in the IPM, employee engagement is also assessed.

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.

Business unit IPM scores on this element range from 2.73 to 3.29 (maximum 4).

Barloworld Finanzauto recognised for service excellence

In March 2010, Caterpillar launched a service excellence campaign to measure and reward product support excellence within its EAME (Europe, Africa and Middle East) Cat dealerships.

In May 2011, at the EAME product support meeting hosted by Caterpillar in Malaga, Spain, Barloworld Finanzauto (Spain) was the only dealer to be awarded Gold Level in the 2010 Service Excellence Programme.

From left to right: Juan Aragon Matamela, Jorge Escamilla Santiago, Francisco (Paco) Jose Martos Lopez, Isabel Vicente Granda

CEO Awards 2011
Gordon Bussicott was named the 2011 Barloworld CEO Award winner

Gordon, the SAP Implementation manager at Barloworld Equipment has lived the "Barloworld Way" with his commitment to all our stakeholders – our principal Caterpillar, his colleagues, the community and the environment. He has led the SAP project team since 2002 and has been successful in rolling out seven challenging major projects including driving his team's involvement in seven community projects each year.

The finalists
From left to right: Mike Chen, Guillermo Vega, Gordon Bussicott, Clive Thomson (CEO), Juan José Sanchez, David Rosillo, Ryan Hilligan. Inset – Natalia Shvenk.

Mike Chen, Financial Manager – Barloworld Corporate Office
Mike has added value since his appointment as financial manager. He has implemented many controls and systems to improve effectiveness within the accounts department and has played a very important role in our training programme for aspirant chartered accountants.

Barloworld Finanzauto, Spain, International mechanic team: Ángel Sáez Garcia, César Coyago Grijalva, David Rosillo Gallego, Eddy Moreno Alfonso Moreno Narciso, Guillermo Torres Acosta, Juan José Sánchez Santos: Sorin Szekely Sitea
In April 2010 Barloworld Finanzauto was contacted by South African construction company WBHO, an important Barloworld Equipment customer who needed a team of mechanics to support a Cat fleet in Sierra Leone. For the past year our team of seven has excelled on site in the Tonkolili region of Sierra Leone, ensuring achievement of all the planned objectives.

Natalia Shvenk, Mining Commercial Manager – Barloworld Equipment Russia (Vostochnaya Technica)
Since 2008, Natalia has shown commitment and tenacity in overcoming numerous challenges to meet customer demands and was part of the team that delivered a record result for VT and utilised her extensive network of contacts to dispose of excess stock during the economic crisis in 2009. Natalia has been closely involved in securing orders and successfully delivering major fleets to three of our largest customers.

Ryan Hilligan, General Manager representing the Nike team - Barloworld Automotive and Logistics
The supply chain solution provided by the Barloworld Logistics Nike Customer Service Centre (CSC) created a blueprint of excellence in the construction of a new dedicated facility, including the integration of various software systems, and managed Nike's logistical requirements for the African Confederations Cup and the Soccer World Cup. They were awarded the Nike EMEA international award for best supply chain project as well as a platinum award at the South African Logistics Awards.

Guillermo Vega, Account Manager – Barloworld Handling, USA
After two years in an aftermarket role, Guillermo moved into equipment sales and set a record in unit sales for an individual account manager in the 2010 financial year. Guillermo earned the nomination for going above and beyond the call of duty every day in the workplace and using the same tenacity to help one's community.

Value created and distributed

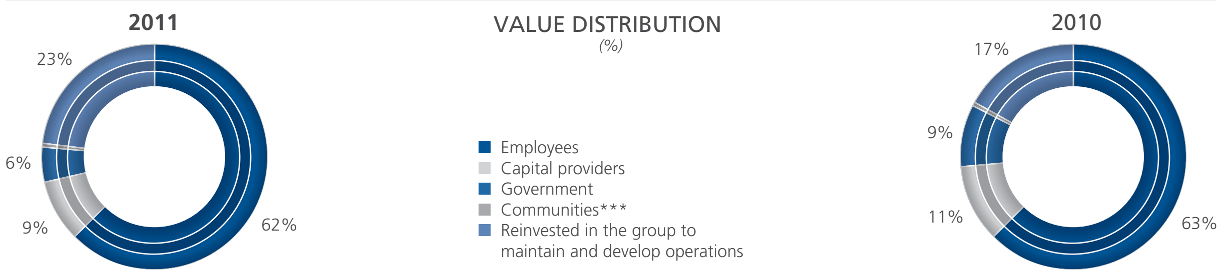
The group is committed to creating value for all its stakeholders and recognises that sustainability is based on balancing their interests. The group's direct economic value creation for its stakeholders is reflected in its statement of total value added which shows the total value created and how it was distributed. Indirect value flows from the benefits of the group's business operations, the core benefits being the consequences of employment, and support for local suppliers.

Statement of total value added

for the year ended 30 September

	2011 Rm	%	2010* Rm	%	2009* Rm	%
Revenue from continuing operations	**49 823**		40 830		45 269	
Revenue from discontinued operations			1 219		1 451	
Paid to suppliers for products and services	**39 086**		32 149		34 768	
Value added	**10 737**		9 900		11 952	
Income from investments^	**133**		104		203	
Total value created	**10 870**		10 004		12 155	
Value distribution						
Employees (note 1)	**6 786**	**62**	6 351	63	7 054	58
Capital providers:	**1 012**	**9**	1 056	11	1 580	13
Finance costs	**755**		833		1 146	
Dividends to Barloworld Limited shareholders	**223**		189		396	
Dividends to non-controlling interest in subsidiaries	**34**		34		38	
Government (note 2)	**642**	**6**	856	9	1 093	9
Communities (Corporate social investment)	**16**		11		8	
Reinvested in the group to maintain and develop operations	**2 414**	**23**	1 730	17	2 420	20
Depreciation	**1 620**		1 926		2 145	
Retained profit	**679**		(175)		428	
Deferred taxation	**115**		(21)		(153)	
	10 870	**100**	10 004	100	12 155	100
Value added ratios						
Number of employees (30 September)	**18 671**		18 167		18 918	
Revenue per employee (Rand)#	**2 704 979**		2 267 709		2 372 236	
Value created per employee (Rand)#	**590 163**		539 517		617 193	
Corporate social investment – % of profit after taxation, excluding exceptional items	**1.6**		2.1		1.0	
Notes:						
1. Employees						
Salaries, wages, overtime payments, commissions, bonuses and allowances**	**5 864**		5 459		6 055	
Employer contributions+	**922**		892		999	
	6 786		6 351		7 054	
2. Central and local government						
Current taxation	**389**		200		603	
Rates and taxes paid to local authorities	**66**		68		59	
Customs duties, import surcharges and excise taxes	**163**		566		418	
Skills development levy	**24**		22		13	
	642		856		1 093	

^ *Includes interest received, dividend income and share of associate companies and retained profit from 'joint ventures'.*
# *Based on average number of employees.*
** *Represents the gross amounts paid to employees including taxes payable by the employees.*
+ *In respect of pension funds, retirement annuities, provident funds, medical aid and insurance.*
* *Reclassification of interest paid in the leasing business from cost of sales to finance costs.*



*** *See statement of total value added for value distributed.*

Independent auditors' report – non-financial

Report of the independent auditors to the directors of Barloworld Limited on limited assurance procedures regarding selected performance indicators and GRI application level published in Barloworld's integrated annual report for year ended 30 September 2011.

Scope

You have requested that we perform limited assurance procedures on:

- selected performance indicators to be published in Barloworld's Integrated Annual Report for the year ending 30 September 2011;
- the self-declared Global Reporting Initiative G3.1 Guidelines ("GRI G3.1") A+ application level; and
- the calculation of the carbon inventory, direct and indirect energy consumption in accordance with 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 G3.1 application level and the carbon inventory, direct and indirect energy consumption calculation are not presented fairly. Limited assurance procedures included examining, on a test basis, evidence supporting these aspects.

The selected performance indicators are as follows:

- Statement of total value added (Rm);
- Group Corporate Social Investment spend (Rm);
- Employee profile, limited to: number of employees; employee breakdown by race; and male and female employee breakdown;
- Lost time injuries and fatalities, including lost time injuries frequency rate;
- Certified Quality Management Systems;
- Fuel consumption (ML);
- Electricity consumption (MWh);
- Water consumption (ML);
- Carbon emissions (CO_2e tons); and
- Energy consumption (GJ), including consumption by primary source.

Assurance process and standard

We have conducted our limited assurance engagement procedures in accordance with International Standards for Assurance applicable to 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 G3.1 application level and the carbon inventory, direct and indirect energy consumption calculation are presented fairly in accordance with the criteria set out in the Integrated 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:

- Gaining an understanding of systems through interview with management responsible for reporting systems at corporate head office and site level; and
- Reviewing the systems and procedures to capture, collate, aggregate, validate and process source data for the assured performance data included in the Report.

Responsibilities

Directors' responsibility

The directors are responsible for the preparation of the Integrated Annual Report, including the implementation and execution of systems to collect required sustainability data in accordance with the internal corporate policies and procedures, and the GRI G3.1 Guidelines.

Auditors' responsibility

Our responsibility is to express a limited assurance conclusion on the selected performance indicators, the GRI G3.1 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 G3.1 application level and 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 that the selected performance indicators listed above and the calculation of the consolidated direct and indirect energy consumption and carbon emissions inventory for the year ended 30 September 2011 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 Integrated Annual Report and related information provided on Barloworld's website, nothing has come to our attention that causes us to believe that Management's assertion that their reporting meets the requirements of the A+ application level of the GRI G3.1 Guidelines is not fairly stated.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per GM Berry
Partner

1 December 2011

National Executive: GG Gelink chief executive, AE Swiegers chief operating officer, GM Pinnock Audit, DL Kennedy Risk advisory and legal services, NB Kader Tax, L Geeringh Consulting, L Bam Corporate Finance, JK Mazzocco Human Resources, CR Beukman Finance, TJ Brown 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 2 contributor/AAA (certified by Empowerdex).

Member of Deloitte Touche Tohmatsu Limited.

Corporate governance

In this section

Non-executive directors









Directors

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

Non-executive directors

Advocate Dumisa Buhle Ntsebeza SC – *Chairman Age: 61*
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).
Business address: Fountain Chambers, Sandown Village Office Park, 86 Maude Street, Sandown
Nationality: South African

Advocate Selby Alan Masibonge Baqwa SC *Age: 60*
Qualifications: BJuris, LLB, MBA, DTech (hc), AMP (Harvard)
Profile: Selby was appointed to the Barloworld board in January 2005. He was appointed Public Protector of South Africa in 1995. He is currently an Acting Judge at the Northern Gauteng High Court, Pretoria.
Business address: The High Court Building, Corner Vermeulen and Paul Kruger Street, Office number 2.12, Pretoria 0001
Nationality: South African

Alexander Gordon Kelso Hamilton *Age: 66*
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 Plc, Northamber Plc and Fairbairn Private Bank.
Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton
Nationality: British

Sibongile Susan Mkhabela *Age: 55*
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. 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.
Business address: Nelson Mandela Children's Fund, 27 Eastwold Way, Saxonwold, 2196
Nationality: South African

Mfundiso Johnson Ntabankulu Njeke *Age: 52*
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 Resilient Property Income Fund, MTN, Sasol and the Council of the University of Johannesburg and is chairman of ArcelorMittal (SA) and MMI.
Business address: Building A, Ground Floor, Bally Oaks Office Park, 33 Ballyclare Drive, Bryanston
Nationality: South African

Sango Siviwe Ntsaluba *Age: 51*
Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax Law
Profile: Sango was appointed to the Barloworld board in July 2008. He is the executive chairman of the Amabubesi Group and a founder member of Sizwe Ntsaluba VSP, the largest black owned consulting, accounting and auditing practice in South Africa.
Business address: Building 4, Parc Nicol, 3001 William Nicol Drive, Bryanston
Nationality: South African

Thembalihle Hixonia Nyasulu *Age: 57*
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, the Tongaat-Hulett Group Limited and Unilever PLC/NV.
Business address: 410 Jan Smuts Avenue, Craighall Park, 2196
Nationality: South African

Steven Bernard Pfeiffer *Age: 64*
Qualifications: BA, MA (Oxon), JD (Yale)
Profile: Steve was appointed to the Barloworld board in August 2001. He is a partner and the elected chair of the executive committee of Fulbright & Jaworski LLP, a USA legal firm. He is a non-executive director of Iridium Communications Inc, chairman emeritus of Wesleyan University in Middletown, Connecticut, USA, a trustee of The Africa-America Institute in New York, a director of Project HOPE in Washington, DC and a trustee of the NAACP Legal Defence Fund in New York.
Business address: Fulbright & Jaworski LLP, 801 Pennsylvania Avenue, NW, Washington DC, USA 20004
Nationality: American

Gonzalo Rodriguez de Castro Garcia de los Rios *Age: 69*
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.
Business address: Maria de Molina, N1 28006, Madrid, Spain
Nationality: Spanish

Executive directors






Executive directors

Clive Bradney Thomson – *Chief executive officer Age: 45*
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.
Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton
Nationality: South African

Donald Gert Wilson – *Finance director Age: 54*
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.
Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton
Nationality: South African

Peter John Blackbeard *Age: 54*
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.
Business address: Barloworld Handling, Ground Floor, Statesman House, Stafferton Way, Maidenhead, SL6 1AD, England
Nationality: South African

Peter John Bulterman *Age: 55*
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. Peter was appointed as CEO of Barloworld Equipment Russia on 1 October 2010.
Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton
Nationality: South African

Martin Laubscher *Age: 51*
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, and chief executive officer of the Automotive and Logistics division following the integration of Logistics into Automotive on 1 May 2011.
Business address: 6 Anvil Road, Isando, 1601
Nationality: South African

Oupa Isaac Shongwe *Age: 49*
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 and chief executive officer of the Barloworld Logistics division on 1 January 2009. Isaac was appointed Human Resources, Strategy and Sustainability director on 1 July 2011.
Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton
Nationality: South African

Ethical leadership and corporate citizenship

Governance of ethics

The board provides effective leadership based on a principled foundation and the group subscribes to high ethical standards. Responsible leadership characterised by the values of responsibility, accountability, fairness and transparency has been a defining characteristic of the group since the company's establishment in 1902.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment.

In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders. The board as a whole acts as a steward of the company and each director acts with intellectual honesty and independence of mind in the best interests of the group and its stakeholders.

Management of ethics

Our commitment to building and sustaining an ethical organisational culture is entrenched in our vision, mission, strategies and operations. While the board has ultimate responsibility for the company's ethics performance, executive management is responsible for setting up a well-designed and properly implemented ethics management process.

In May 2011 the board approved an ethics and compliance programme for the group. The programme is designed to further entrench and integrate the requirements of good corporate governance throughout the group. It addresses ethics and governance, including the commitment at the top, code of conduct, systems infrastructure and due-diligence standards. The compliance standards provide the operational requirements for setting and maintaining policies, training, communication and reporting. In line with the maturity model contained in the ethics and compliance programme, the group will perform an assessment of ethical risks and opportunities and integrate these into the risk management process and, thereafter, continually assess, monitor, report and disclose the group's ethics performance.

The business of the group is governed by a worldwide code of conduct and a code of ethics, both approved by the board. The group, including the board, management, and employees, is bound by these codes:

- The worldwide code of conduct articulates Barloworld's commitment to doing business the right way, according to best practices, guided by the values of integrity, excellence, teamwork and commitment.
- The code of ethics enjoins Barloworld directors, management and employees to:
  - obey the law,
  - respect others,
  - be fair,
  - honest and
  - protect the environment.

The company maintains an ethics hotline introduced in 2002. This is an independent and confidential system for stakeholders to report unethical, dishonest or improper behaviour, including non-compliance with company policies, as well as corruption and fraud. All reported incidents are investigated by management and, where appropriate, action is taken. The service is outsourced to an independent service provider. In line with legislation, our well-communicated commitment not to victimise whistleblowers ensures transparency and promotes ethical conduct and the identity of whistleblowers is protected by the service provider.

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. Facilitated by legal and human resource practitioners, structured sessions take place with group and divisional executives to review business conduct and compliance with legislation, company ethics, codes and policies.

Corporate citizenship

The board and management recognise that Barloworld is an economic entity and also a corporate citizen and, as such, it has a social and moral standing in society with all the attendant responsibilities. The board is therefore responsible for ensuring that the group protects, enhances and invests in the wellbeing of the economy, society and natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights. Under the auspices of the board, the group is involved in a number of corporate social investment projects, which are covered on pages 90 and 91 of the integrated annual report.

Compliance with laws, rules, codes and standards

The board is responsible for ensuring that the group complies with applicable laws and considers adhering to non-binding rules, codes and standards. The board recognises that the group's operations are located in many jurisdictions which are at different levels of maturity and in which the rule of law exists in varying degrees and hybrid systems of governance are developing.

Through the Audit, Risk and Sustainability, and Social, Ethics and Transformation committees the board ensures that appropriate structures and systems, with appropriate checks and balances, are established to help it discharge its legal responsibilities and oversee legal compliance. Processes are also in place to ensure the board is appraised of significant developments in applicable laws, rules, codes and standards. Compliance risk is thus an integral part of the company's risk management process and the board delegates to management the task of implementing an effective compliance framework and processes. The board has undertaken to include compliance with laws, rules, codes and standards as a regular board agenda item.

Corporate governance

The King Report on Governance for South Africa (King III) became effective for our 2011 financial year. The board initiated a gap analysis to determine the extent to which Barloworld applied the principles and recommended practices in King III. This analysis identified the governance principles already being applied and those which the company needed to address. The analysis also identified areas of improvement or ways in which our governance practices could be enhanced.

We confirm that the group applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures.

We confirm that the group applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures. In relevant sections of this integrated annual report the group refers to areas where further improvements or enhancements in governance practices may be required or have explained where the group applies a King III recommended practice differently.

The company's 2010 annual report was ranked third in the Nkonki Financial Mail Integrated Reporting Awards held in July 2011. The awards considered the extent to which companies on the JSE Top 40 index and on the JSE Socially Responsible Investment index complied with the integrated reporting disclosure requirements of King III.

The same report was again rated 'excellent' in the Ernst & Young 2011 survey of excellence in corporate reporting in South Africa.

Regulatory compliance

Barloworld is listed on the JSE Limited and maintains secondary listings on the London Stock Exchange (LSE) and Namibia Stock Exchange. The board annually confirms that the company complies with the Listings Requirements of the JSE Limited. 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 the highest standards of financial management, accounting and reporting. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). For non-financial aspects, the company has adopted the Global Reporting Initiative's (GRI G3.1) sustainability reporting guidelines on economic, environmental and social performance.

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 issues are entrenched in the group and all related initiatives are reported to the board via the appropriate board committees.

Statutory compliance

Compliance remains a core focus of the board, which is ultimately responsible for ensuring that the group identifies and complies with applicable laws. The board has noted the following significant legislative developments during the year under review in jurisdictions in which the group operates:

- the Companies Act – effective 1 May 2011 in South Africa
- the Consumer Protection Act – effective 1 April 2011 in South Africa and
- the UK Bribery Act – effective 1 July 2011.

The board has appointed a social, ethics and transformation committee and has also identified the company's prescribed officers and disclosed their remuneration in terms of the Companies Act. The board has also placed the UK Bribery Act on its compliance agenda by adopting an ethics and compliance programme that takes cognisance of the provisions of the Act.

The ethics and compliance programme seeks to strengthen the existing compliance framework, systems, processes and procedures all of which assist the board to ensure the group's compliance with applicable laws, rules, codes and standards.

During the year under review the company did not receive any requests for access to information in terms of the Promotion of Access to Information Act.

The board is yet to adopt formal dispute resolution processes for external disputes and consider selecting appropriate individuals to represent the company in alternative dispute resolution.

Standards of directors' conduct

The board always acts consistently in its duties of care, skill and diligence as well as its fiduciary duties. These are now partly codified in the Companies Act as standards of directors' conduct.

Conflict of interest

The board recognises the importance of acting in the best interest of the company and protecting the legitimate interests and expectations of its stakeholders. The board consistently applies the provisions of the Companies Act on disclosing or avoiding conflicts of interest. Directors are required to declare their interests in general annually and specifically at each meeting of the board. Among other measures to deal with conflicts of interest, the company has a policy that addresses the acceptance of gifts which requires that gifts be officially declared and registered on the company's gift register.

Insider trading

Through appropriate procedures, the board ensures that no director, manager, prescribed officer, employee or nominees or members of their immediate family deals directly or indirectly in the securities of the company on the basis of unpublished price-sensitive information nor during the embargo period determined by the board in terms of a formal policy implemented by the company secretary. A list of people who are restricted for this purpose has been approved by the board and is revised from time to time.

Statutory powers

Section 66(1) of the Companies Act provides that the business and affairs of a company must be managed by or under the direction of its board which has the authority to exercise all the powers and perform all the functions of the company, except to the extent that the Act or the company's memorandum of incorporation provides otherwise. The general powers of the directors are set out in the company's memorandum of incorporation. The directors have further unspecified powers and authority for matters that may be exercised and dealt with by the company, which are not expressly reserved to shareholders of the company in general meeting.

Role and function of the board

The board functions in accordance with the requirements of King III and within the context of the Companies Act, the Listings Requirements of the JSE Limited and other applicable laws, rules and codes of governance. The board is responsible for, among other things, the governance of risk and information technology and has ensured that the company has an effective, independent audit committee and an effective risk-based internal audit function. On the recommendation of the audit committee, the board has considered and approved the company's integrated annual report. Based on the report of the audit committee and the written assessment of the company's internal auditor, the board is satisfied that the company's system of internal controls is effective.

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

- approving the strategic plan and annual business plan, setting objectives and reviewing 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
- appointing the chief executive and maintaining a succession plan
- appointing directors, subject to election by members in general meeting
- determining overall policies and processes to ensure the integrity of the company's management of risk and internal control.

The board charter, which is renewed annually expresses the board's philosophy on 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.

While 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. Annually, the board considers a five-year forward-looking strategic plan presented by divisional heads. The five-year forward-looking strategic plan is debated by the executive committee before being consolidated and presented to the board after reviewing each division's internal strategic plans.

Composition of the board

Considerable thought is given to board balance and composition. Collectively, the board believes the current mix of knowledge, skill and experience meets the requirements to lead the company effectively. The board has 15 directors, comprising nine non-executive directors, and six executive directors. Eight non-executive directors are independent and only one director is not independent.

Name		Year appointed	Audit	General purposes	Nomination	Remuneration	Risk and sustainability	Social,* Ethics and Transformation
Independent non-executive directors								
DB Ntsebeza (chairman)	Dumisa	1999		Chairman	Chairman	Member		Member
SAM Baqwa	Selby	2005	Member	Member	Member			Member
AGK Hamilton	Gordon	2007	Chairman	Member	Member	Member	Member	
SS Mkhabela	Sibongile	2006			Member			Chairman
MJN Njeke	Johnson	2009	Member			Member	Member	
SS Ntsaluba	Sango	2008	Member			Member	Chairman	
SB Pfeiffer	Steve	2001		Member	Member	Chairman		
G Rodriquez de Castro Garcia de los Rios	Gonzalo	2004						Member
Non-independent, non-executive directors								
TH Nyasulu	Hixonia	2007		Member				
Executive directors								
CB Thomson (chief executive)	Clive	2003		Member			Member	Member
PJ Blackbeard	John	2004					Member	Member
PJ Bulterman	Peter	2009					Member	
M Laubscher	Martin	2005					Member	
OI Shongwe	Isaac	2007					Member	Member
DG Wilson	Don	2006					Member	

** Previously the empowerment and transformation committee, the committee was reconstituted as the social, ethics and transformation committee.*

Board appointment process

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 considering the existing balance of skills and experience, and a continual 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 accepting additional commitments that may affect the time 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 limited to a single external 'for profit' board.

Independence of non-executive directors

The board comprises a majority of independent non-executive directors. The board considered the issue of independence of directors, evaluating the rationale and meaning of the requirements of independence according to King III. An assessment, considering the salient factors and unique circumstances of each director, was performed for each non-executive director. Furthermore, the independence of non-executives who have served on the board for longer than nine years was assessed. The board is satisfied that eight of the nine non-executive directors are independent.

Hixonia Nyasulu is not regarded as independent in view of her participation, either directly or indirectly, in the black ownership transaction that resulted in about 10% of the company's equity being subscribed for and issued to black partners. Despite the determination reached on Ms Nyasulu, the board believes the skills, knowledge and experience of this director remain valuable to the organisation.

Retirement of directors

In terms of the company's memorandum of incorporation, 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 will serve as a director of the company on a temporary basis until the vacancy has been filled by election.

Chairman and chief executive

No individual has unfettered powers of decision-making. Responsibility for running the board and executive responsibility for conducting the business are differentiated. Advocate Dumisa Ntsebeza SC, an independent non-executive director, is chairman of the board and Clive Thomson, an executive director, is chief executive. The roles of the chairman and chief executive are thus separate and clearly defined. The chairman is responsible for leading the board, ensuring its effectiveness and setting its agenda. The chief executive leads the executive team in running the business and co-ordinates proposals developed by the executive committee for consideration by the board.

Board meetings and attendance

Board meetings are convened by formal notice incorporating a detailed agenda and relevant written proposals and reports. Information is distributed in good time before board meetings, to enable adequate preparation for thorough discussion at these meetings. A number of decisions are taken between board meetings by written resolution in accordance with the company's memorandum of incorporation and these are tabled for noting at each subsequent board meeting.

When directors are not able to attend in person, video and teleconferencing facilities allow them to participate fully. Where directors are unable to attend a meeting in person or via video/teleconference, they are able to make submissions in advance on matters to be discussed and these submissions are recorded at the meeting.

Board attendance

During the year under review five meetings were held in South Africa and one in Namibia on 21 July 2011.

Name	11 Nov 2010	26 Jan 2011	30 Mar 2011	13 May 2011	21 Jul 2011	28 Sept 2011
DB Ntsebeza (chairman)	✓	✓	✓	✓	✓	✓
CB Thomson (chief executive officer)	✓	✓	✓	✓	✓	✓
SAM Baqwa	✓	×*	×*	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓
PJ Bulterman	✓	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	×	✓
M Laubscher	✓	✓	✓	✓	✓	✓
SS Mkhabela	✓	✓	✓	✓	✓	✓
MJN Njeke	✓	✓	✓	✓	✓	✓
SS Ntsaluba	✓	✓	✓	✓	✓	✓
TH Nyasulu	✓	✓	✓	×	✓	×
SB Pfeiffer	✓	✓	✓	✓	✓	✓
G Rodriquez de Castro Garcia de los Rios	✓	✓	✓	✓	✓	✓
OI Shongwe	✓	✓	✓	✓	✓	✓
DG Wilson	✓	✓	✓	✓	✓	✓

** Taken ill.*

Director development

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

Directors are appraised, wherever relevant, of new legislation and changing commercial risks that may affect the company. The board supports the development of directors and, where applicable, training is made available depending on each director's requirements and the quality and relevance of training available.

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

Board and board committees' performance assessment

Annually, the performance of the board as a whole and the board committees individually is appraised. The recent performance assessment indicated that the board and the board committees are functioning effectively and efficiently. No major issues were raised. In line with King III the evaluations will in future be done by an external service provider.

Individual director performance assessment

The performance evaluation of each director by his or her peers is undertaken annually. The chairman discusses the results of the performance assessment with each individual director during which he deals with issues raised by peers and provides guidance and offers assistance where necessary.

Remuneration of directors and senior executives

Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve Barloworld's business objectives. The remuneration report was prepared by the remuneration committee and has been approved by the board. The report sets out the company's remuneration philosophy, policy and practice for executive directors, non-executive directors and senior executives. Details of the remuneration policy of the company as it pertains to executive, non-executive directors and prescribed officers are set out in the remuneration report on pages 124 to 134 of the integrated annual report.

Company secretary

Mr Bethuel Ngwenya is the group company secretary, duly appointed by the board in accordance with the Companies Act. Mr Ngwenya succeeded Mr Sibani Mngomezulu who resigned as company secretary with effect from 30 January 2011 to take up another position in the group. The company secretary provides the board as a whole and directors individually with guidance on discharging their responsibilities. He is also a central source of information and advice to the board and the company on matters of ethics and good corporate governance. The company secretary ensures that, in accordance with 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. He also assists and ensures that the board, individual directors and board committees are evaluated annually.

The company secretary ensures compliance with the Listings Requirements of the JSE Limited and, where appropriate, other stock exchanges on which the company's securities are listed. He 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 that assist in discharging its responsibilities. These committees, listed below, play an important role in enhancing good corporate governance, improving internal controls and, thus, the performance of the company:

- Audit
- Social, Ethics and Transformation (previously the Empowerment and Transformation Committee)
- Risk and Sustainability
- Remuneration
- Nomination
- General Purposes
- Executive

Each board committee acts according to written terms of reference, approved by the board and reviewed annually, setting out its purpose, membership requirements, duties and reporting procedures. (Copies of the terms of reference, including the board charter, are posted on the company's website (www.barloworld.com). Board committees may take independent professional advice at the company's expense. The committees are subject to annual evaluation by the board on performance and effectiveness. Chairmen of the board committees and the lead client service partner of the external auditors are required to attend annual general meetings to answer 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.

Audit committee

The committee comprises Messrs Gordon Hamilton (chairman), Sango Ntsaluba and Johnson Njeke all of whom are independent non-executive directors. The chairman of the company is not a member of the committee. The audit committee was appointed by shareholders on 26 January 2011. In terms of both the previous and current Companies Act, the committee reports directly to shareholders. Advocate Selby Baqwa SC was nominated to the Committee with effect from 20 July 2011, subject to the approval of shareholders at the annual general meeting.

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

- considering the independence of the external auditors and making recommendations to the shareholders on the appointment or dismissal of the external auditors;
- evaluating the independence, effectiveness and performance of the external auditors and considering and confirming the external audit fees;
- 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 policies and disclosure practices and recommending to the board corrective actions to be taken as a consequence of audit findings;
- examining and reviewing the interim report, final profit statement, annual financial statements, the integrated annual report, prospectus or any other documentation to be published by the company and recommending the adoption of such statements by the board;
- reviewing compliance with applicable laws, best corporate governance practices, accounting standards and regulatory requirements;
- reviewing the effectiveness of the group risk management assessment process, adequacy of accounting records and internal control systems;
- assisting the board in its deliberations regarding the company's continuing viability as a going concern and the liquidity and solvency tests required in terms of the Companies Act;
- considering the appropriateness of the expertise and adequacy of the resources in the group's financial function as well as the expertise of senior financial management;
- reviewing and confirming the suitability and expertise of the chief financial officer of the company; and
- monitoring and supervising the functioning and performance of internal audit.

The committee reviewed the combined assurance model which is being developed to ensure that all significant risks identified are adequately addressed by management as well as internal and external assurance providers. Based on a review and evaluation of the nature and extent of the documented review of internal financial controls performed by internal audit and the reports prepared by the internal auditors, external auditors, management and other assurance providers, the committee reports annually to the board and stakeholders on the effectiveness of the company's internal financial controls.

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.

Attendance

During the year under review five scheduled meetings were held with attendance shown below.

Name	10 Nov 2010	25 Jan 2011	29 Mar 2011	12 May 2011	27 Sept 2011
AGK Hamilton (chairman)	✓	✓	✓	✓	✓
SAM Baqwa	n/a*	n/a*	n/a*	n/a*	✓
MJN Njeke	✓	✓	✓	✓	✓
SS Ntsaluba	✓	×	✓	✓	✓

** Joined on 20 July 2011.*

Annually the committee assesses the qualifications, expertise, resources and independence of the company's auditors. This assessment is based on 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 in relation to proposed non-audit services.

The report of the audit committee is on page 142 of the integrated annual report.

Social, ethics and transformation committee (previously the empowerment and transformation committee)

The empowerment and transformation committee comprised independent non-executive directors Ms Sibongile Mkhabela (chairman), Advocates Selby Baqwa SC and Dumisa Ntsebeza SC, and executive directors Messrs Isaac Shongwe and Clive Thomson.

The committee monitored the group's initiatives to promote diversity and advance the objectives of non-discrimination and supported management in embracing the principles of transformation across all facets of the group's activities. In South Africa, the committee received reports from group companies on progress against the broad-based black economic empowerment (B-BBEE) scorecard developed by the South African Department of Trade and Industry.

The committee could 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 in the group attended 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.

Attendance

During the year under review, the Committee (while constituted as the Empowerment and Transformation Committee), held two scheduled meetings with attendance shown below:

Name	25 Jan 2011	29 Mar 2011
SS Mkhabela (chairman)	✓	✓
SAM Baqwa	×*	×*
DB Ntsebeza	✓	✓
OI Shongwe	✓	✓
CB Thomson	✓	✓

** Taken ill.*

The Companies Act requires the company to appoint a social and ethics committee within 12 months from 1 May 2011. In July 2011, the board approved new terms of reference for the empowerment and transformation committee in terms of which it was restructured and reconstituted as the social, ethics and transformation committee.

The committee comprises all members of the previous empowerment and transformation committee namely, Ms Sibongile Mkhabela (chairman), Advocates Dumisa Ntsebeza SC and Selby Baqwa SC (independent non-executive directors), and Messrs Isaac Shongwe, Clive Thomson (executive directors) and two new members, Messrs Gonzalo Rodriguez de Castro Garcia de los Rios (independent non-executive director) and John Blackbeard (executive director).

The functions of the committee are prescribed by the Companies Act and cover the following broad areas:

- social and economic development
- corporate citizenship
- environment, health and public safety
- consumer relationships
- labour and employment

Additional functions cover the following broad areas:

- Empowerment and transformation
- Stakeholder relations

Attendance

After it was reconstituted the committee held its first meeting on 27 September 2011. The company will report in detail on this committee in 2012.

Name	**27 Sept 2011**
SS Mkhabela (chairman)	✓
SAM Baqwa	✓
PJ Blackbeard	✓
DB Ntsebeza	✓
Gonzalo Rodriguez de Castro Garcia de los Rios	✓
OI Shongwe	✓
CB Thomson	✓

Risk and sustainability committee

For the year ended 30 September 2011, the risk and sustainability committee comprised three independent non-executive directors Messrs Sango Ntsaluba (chairman), Gordon Hamilton and JJ Njeke, and Messrs John Blackbeard, Peter Bulterman, Martin Laubscher, Isaac Shongwe, Clive Thomson and Don Wilson, who are executive directors.

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, policies and systems are progressively implemented and functioning effectively.

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

The functions of the committee include, but are not limited to:

- setting out a formal policy and plan for the management of risks
- reviewing and assessing the integrity and effectiveness of the risk management process annually
- considering annually the consolidated risk assessment results and determining trends, common areas of concern, emerging risks, and the most significant risks for reporting to the board
- monitoring and reviewing changes in stakeholders' expectations, corporate governance codes and best-practice guidelines relating to risk issues
- receiving reports on substantive environmental and health and safety risks
- reviewing and approving the insurance renewal programme
- reviewing and approving reports on sustainability performance
- determining, and recommending to the board for approval, Barloworld's risk appetite
- compliance with laws, rules, standards and codes, and
- assisting the board with activities relating to the governance of information technology.

Attendance

During the year under review, four scheduled meetings were held with attendance shown below.

Name	09 Nov 2010	29 Mar 2011	11 May 2011	12 Aug 2011
SS Ntsaluba (chairman)	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓
PJ Bulterman	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓
M Laubscher	✓	✓	✓	✓
MJN Njeke	×	✓	✓	✓
OI Shongwe	✓	✓	✓	✓
CB Thomson	✓	✓	✓	✓
DG Wilson	✓	✓	✓	✓

Risk management process

The risk management policy and plan were approved by the board on 11 November 2010.

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

An ongoing systematic, enterprise-wide risk assessment process supports the group philosophy. This ensures risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each division, and that their individual and joint impact on the group is considered.

Divisional boards and senior managers conduct ongoing 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 considers severity and probability of occurrence and applies a rating based on the quality of control to rank risks and set priorities. Top risks, elevated to group level, are addressed through action plans with assigned responsibilities.

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 on this in their own assessment reports.

As the group develops new business and expands into new markets and territories, it faces increasingly complex and changing environments. By integrating the risk management process with the group's strategic process and direction, the risk-return trade-off is optimised. This enhances competitive advantage, growth and employment of capital. For joint ventures and associates, the company encourages adherence to the same risk management philosophy and policies.

IT governance

The board, which bears ultimate responsibility for information technology (IT) governance, has delegated responsibility for developing an IT governance framework to the risk and sustainability committee. The board has approved the IT governance charter which defines the structures, processes and responsibilities for IT governance.

The group IT steering committee is the management structure responsible for implementing the IT governance framework, including IT risk management.

The steering committee comprises divisional CEOs and the group CEO and finance director. Divisional chief information officers and the head of internal audit attend steering committee meetings by invitation. Considering the size and structures within the group, the group finance director has been allocated responsibility for managing group IT and for reporting IT governance to the risk and sustainability committee and the board. The board receives a quarterly IT report that focuses on monitoring and evaluating significant IT investments and expenditure, IT resources including human capital, innovation, IT risk management and compliance with the government framework. The audit committee is responsible for monitoring divisional and business-unit disaster-recovery readiness and adherence to group information security management policies.

The steering committee is currently investigating a system for automatic data classification as well as extending the implementation of data archiving and e-discovery solutions for various group information management systems. These improvements to data management should be addressed in the new financial year.

Remuneration committee

The committee comprises only independent non-executive directors, Messrs Steven Pfeiffer (chairman), Gordon Hamilton, JJ Njeke, Sango Ntsaluba and Advocate Dumisa Ntsebeza SC. Messrs Njeke and Ntsaluba were appointed to the committee on 21 July 2011. The chief executive may be invited to attend meetings, but may not participate in any discussion on 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 executive directors in discharging their functions and responsibilities. It also determines remuneration packages for the chief executive and executive directors.

For non-executive directors, the committee makes recommendations to the board on fees to be paid to each director for services rendered as a member of the board or a board sub-committee.

Where appropriate, the committee consults with the chief executive or other executive or non-executive directors to fulfil the duties set out in its terms of reference.

The key responsibilities and role of the committee include but are not limited to:

- Determining any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities
- Reviewing 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 to enhancing the company's performance
- Determining specific remuneration packages for the chief executive and executive directors, including basic salary, benefits in kind, annual bonuses, performance-based incentives, share-based incentives, pensions and other benefits
- Determining any grants to executive directors and other senior employees made under any executive share scheme adopted by the company in general meeting.

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

During the year under review, the committee considered the issue of prescribed officers as required by the Companies Act, and resolved that Messrs Viktor Salzmann, Dominic Sewela and Ian Stevens are prescribed officers within the meaning of the Act.

The remuneration report is set out on pages 124 to 134 of the integrated annual report.

Attendance

During the year under review, seven scheduled meetings were held with attendance shown below:

Name	10 Nov 2010	25 Jan 2011	18 Feb 2011	29 Mar 2011	12 May 2011	20 Jul 2011	27 Sept 2011
SB Pfeiffer (chairman)	✓	✓	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	×	✓
MJN Njeke	n/a*	n/a*	n/a*	n/a*	n/a*	✓*	×
SS Ntsaluba	n/a*	n/a*	n/a*	n/a*	n/a*	✓*	✓
DB Ntsebeza	✓	✓	✓	✓	✓	✓	✓

**Joined on 21 July 2011*

Nomination committee

The nomination committee comprises Advocates Dumisa Ntsebeza SC (chairman) and Selby Baqwa SC, and Messrs Gordon Hamilton, Steven Pfeiffer and Ms Sibongile Mkhabela, all independent non-executive directors.

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

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

Attendance

During the year under review, six scheduled meetings were held with attendance shown below:

Name	10 Nov 2010	25 Jan 2011	29 Mar 2011	12 May 2011	20 Jul 2011	27 Sept 2011
DB Ntsebeza (chairman)	✓	✓	✓	✓	✓	✓
SAM Baqwa	✓	×#	×#	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	×	✓
SS Mkhabela	✓	✓	✓	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓

#Taken ill

In addition the committee recommends for re-election directors who retire in terms of the company's memorandum of incorporation.

Messrs John Blackbeard, Sango Ntsaluba, Steven Pfeiffer, Gonzalo Rodriguez de Castro Garcia de los Rios and Ms Sibongile Mkhabela are required to retire by rotation. All retiring directors are eligible and available for re-election.

At its meeting in November 2011, the committee considered candidates standing for election or re-election at the forthcoming annual general meeting (see ordinary resolutions (2) to (6) in the notice of annual general meeting on pages 255 and 256 of the integrated annual report). Based on the skills, experience and contributions of each director, the board recommends to shareholders the re-election of each of these directors.

General purposes committee

The general purposes committee comprises Advocates Dumisa Ntsebeza SC (chairman) and Selby Baqwa SC and Messrs Gordon Hamilton, Steven Pfeiffer (independent non-executive directors) and Ms Hixonia Nyasulu (non-independent non-executive director) and Mr Clive Thomson, executive director. Advocate Baqwa SC and Ms Nyasulu were appointed to the committee on 21 July 2011.

Attendance

During the year under review, the committee held seven meetings and the attendance was:

Name	10 Nov 2010	25 Jan 2011	18 Feb 2011	29 Mar 2011	12 May 2011	20 Jul 2011	27 Sept 2011
DB Ntsebeza (chairman)	✓	✓	✓	✓	✓	✓	✓
SAM Baqwa	n/a*	n/a*	n/a*	n/a*	n/a*	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	×	✓
TH Nyasulu	n/a*	n/a*	n/a*	n/a*	n/a*	✓	×
SB Pfeiffer	✓	✓	✓	✓	✓	✓	✓
CB Thomson	✓	✓	✓	✓	✓	✓	✓

**Joined on 20 July 2011*

The committee's role is to consider issues of significance to the company. It advises the board on matters with local and international political, economic and social implications for the company. Progress on the strategic plan is reviewed and recommendations on any adjustments required 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 these bodies against their respective mandates is assessed. The chairman progresses matters identified for action.

Executive committee

The executive committee comprises six executive directors and an additional three executive members.

At 30 September 2011, the committee comprised Messrs:
Clive Thomson (chief executive)
John Blackbeard
Peter Bulterman
Martin Laubscher
Viktor Salzmann
Dominic Sewela
Ian Stevens
Isaac Shongwe
Don Wilson

Ms Khanya Kweyama and Mr Sibani Mngomezulu resigned from the committee with effect from 30 June 2011 and 30 January 2011 respectively.

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 group strategy and policy
- alignment of group initiatives.

The committee held 12 formal and two strategy getaway meetings during the year under review and additional sessions were held focusing on strategy and initiatives to develop intellectual capital in the group. The committee assists the chief executive officer to guide and control the overall direction of the company, monitor business performance and act as a medium of communication and co-ordination between business units, group companies and the board.

Attendance

Name	18 Oct 2010	08 Nov 2010	10 Dec 2010	20 Jan 2011	17 Feb 2011	22 Mar 2011	14 Apr 2011	10 May 2011	15 Jun 2011	18 Jul 2011	16 Aug 2011	26 Sept 2011
CB Thomson (chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PJ Bulterman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
K Kweyama	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a*	n/a*	n/a*
M Laubscher	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Mngomezulu	✓	✓	✓	✓	n/a*	n/a*	n/a*	n/a*	n/a*	n/a*	n/a*	n/a*
V Salzmann	✓	✓	✓	✓	✓	✓	×	✓	✓	✓	×	✓
DM Sewela	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×
OI Shongwe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IG Stevens	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DG Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

**Resigned*

Internal audit

Role of internal audit

The purpose, authority and responsibility of the internal audit function are defined in a board-approved charter that is consistent with the Institute of Internal Auditors' definition of internal auditing, and the principles of King III.

Internal audit's independence

The head of internal audit reports functionally to the chairman of the audit committee. He has unrestricted access to members of the audit committee and executives of the organisation. In addition, regular separate meetings took place between the head of internal audit and the chairman of the audit committee during the year under review.

Internal audit's approach and plan

The head of internal audit co-ordinates the internal audit function worldwide. A risk-based methodology has been applied for the year under review, with input from divisional management and aligned to the organisation's risk management processes. Internal audit plans were approved in November 2010. Audit findings were formally reported to divisional audit review committees, and to the audit committee in April/May and at financial year-end.

Internal audit continued to function independently and objectively throughout the group in the past year.

Internal audit has focused on the following main areas, as required by King III:

- evaluating the company's governance processes, including ethics
- objectively assessing the effectiveness of the risk management process and internal control framework
- systematically analysing and evaluating business processes and associated controls against those documented in the risk and control framework
- providing a source of information, as appropriate, on instances of fraud, corruption, unethical behaviour and irregularities

Combined assurance

Although not reliant on external auditors for any resource support, the internal audit function, in accordance with the organisation's combined assurance model, continues to liaise with the external auditors, and other assurance providers identified, to maximise efficiencies in assurance coverage on key risks.

During the year under review, internal audit used the services of independent external firms to supplement its own resources in conducting planned audit coverage. This was managed strictly by applying best-practice standards on obtaining external service providers to support or complement the internal audit activity.

Internal audit assessment

Based on the work carried out during the year under review, controls evaluated were assessed as adequate and effective to provide a reasonable level of assurance that risks are being managed and that group objectives should be met.

Insider trading

No employee, his/her nominee or members of his/her immediate family may deal directly or indirectly, at any time, in the securities of the company on the basis of unpublished price-sensitive information. 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 announcing financial and operating results for those periods. A list of people 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 Listings Requirements of the JSE Limited extend obligations on transactions in the company's securities to include those of any major subsidiary. Those officers whose trading transactions have to be disclosed to the market within 48 hours specifically include 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.

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 these shares is conducted by completing 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, chief executive or a divisional chief executive, as appropriate. The written authority is kept by the company secretary with the record of the particular transaction. If the chairman wishes to trade, permission is obtained from designated directors.

Dealings in the company's securities by directors and officers are listed and circulated at every board meeting for noting.

Relationship with shareholders

The company is a strong proponent of transparency, best-practice disclosure, consistent communication and equal and timely dissemination of information to shareholders. It encourages the active participation of shareholders at general meetings and maintains an investor relations programme which, inter alia, arranges regular meetings between corporate and divisional executives and shareholders and potential investors.

The chief executive, finance director and the investor relations officer have regular dialogue with institutional shareholders. Significant feedback from these visits is shared with the board. The chairman offers key shareholders the opportunity of meeting 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 information and materials, including an update on the group's activities, copies of all presentation materials given to institutional investors and further explanation of matters contained in the integrated annual report.

The annual general meeting is normally attended by all directors. Shareholders are encouraged to attend and to ask questions during the meeting. They also have the opportunity to meet with directors after formal proceedings have ended.

The notice of annual general meeting, detailing all proposed resolutions, is on pages 255 to 264 of this integrated annual report.

Shareholder profile

Register date: 30 September 2011
Issued share capital: 230 878 344

Public and non-public shareholdings

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	17	0.13	23 461 771	10.16
Directors, prescribed officers and associates	11	0.08	298 779	0.13
Employee and educational trusts	5	0.04	8 677 979	3.76
*Tamarix Investment Holdings (Pty) Limited**	1	0.01	14 485 013#	6.27
Public shareholders	12 685	99.87	207 416 573	89.84
Total	12 702	100.00	230 878 344	100.00

** Nine entities that directly 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 33 on page 228 for further information.

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	9 216	72.55	3 449 159	1.49
1 001 – 10 000 shares	2 869	22.59	8 557 098	3.71
10 001 – 100 000 shares	449	3.53	14 866 681	6.44
100 001 – 1 000 000 shares	129	1.02	44 866 300	19.43
1 000 001 shares and above	39	0.31	159 139 106	68.93
Total	12 702	100.00	230 878 344	100.00

Beneficial shareholders holding 4% or more

Beneficial shareholdings	Total shareholding	% of issued capital
Government Employees' Pension Fund (PIC)	33 978 441	14.72
Sanlam (Insurance)	15 811 321	6.85
Liberty Life Association of Africa	10 993 267	4.76
Total	60 783 029	26.33

Investment managers holding 4% or more

Investment management shareholdings

Investment manager	Total shareholding	% of issued capital
Sanlam Investment Management	33 291 532	14.43
PIC	21 297 059	9.23
Westwood Global Investments LLC	13 319 672	5.77
STANLIB Asset Management	12 041 665	5.22
Government Institution Pension Fund	10 780 436	4.67
Total	90 730 364	39.32

Geographical analysis of shareholders – 2011

Region	Total shareholding	% of issued capital
South Africa	**140 925 842**	**61.05**
United States of America and Canada	**49 158 863**	**21.29**
United Kingdom	**4 159 749**	**1.80**
Rest of Europe	**14 852 130**	**6.43**
Rest of the World[1]	**21 781 760**	**9.43**
Total	**230 878 344**	**100.00**

Geographical analysis of shareholders – 2010

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

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

Dear Shareholder

The board of Barloworld Limited and the remuneration committee present herewith their remuneration report setting out information applicable to the company's remuneration policy, executive remuneration – both fixed and variable – and directors' fees. The information provided in this report has been approved by the board on the recommendation of the remuneration committee.

Barloworld's executive remuneration policy continues to be driven by performance and rewarding executives for considerable value added which results in shareholder returns. For these purposes financial performance measures and executives' scorecards are linked to rewards provided to executives. Barloworld has taken a balanced approach with regard to remuneration ensuring that both the short- and long-term strategic objectives of the company are supported by remuneration paid to executives. Short-term performance is measured against operating profit, cash flow, return on equity ("ROE") and headline earnings per share ("HEPS") targets. As most of the markets where the company operates emerge from the financial crisis, Barloworld has, for the short-term incentive, reduced the weighting on cash flow and increased the weighting on return on equity. Long-term incentives are linked to share price performance and incorporate company performance conditions, to ensure alignment with shareholder interests.

With King III applying to financial years commencing after 1 March 2010, the remuneration committee performed a detailed analysis of the extent to which the Company's remuneration report complies with these principles. Following this review, the level of disclosure included in the remuneration report has been enhanced and the requirements of the Companies Act 71 of 2008 have been incorporated.

The issues covered by this remuneration report are:
- A summary of the company's remuneration policy/philosophy;
- The remuneration committee and its role;
- Key remuneration decisions taken during the 2011 financial year;
- Overview of the basis of remuneration and payments made to executive directors;
- Funding of share plans and dilution;
- Executive contracts and policies; and
- Non-executive directors compensation.

On behalf of the company, the remuneration committee hereby reconfirms the commitment to sustained long-term growth underpinned by fair and transparent remuneration policies and looks forward to further growth and successes in the next financial year.

Steve Pfeiffer
Chairman of remuneration committee
14 November 2011

Remuneration philosophy and policy

It is the stated objective of Barloworld to provide a level of remuneration which attracts, retains and motivates executives of the highest calibre. Careful consideration is also given to aligning the remuneration paid with shareholder interests and best practice.

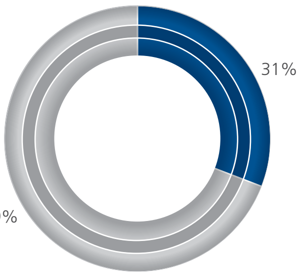
As the global economy recovers, a key strategic focus of the executive team is to take steps to drive profitable growth and enhance the level of financial returns throughout the businesses. An ambitious vision and strategic plan for 2015 have been developed to achieve this. Objectives include organic growth through market leadership, expanding our footprint into new territories, broadening the range of products we distribute and releasing capital from underperforming areas. The remuneration philosophy and metrics incorporated into both the short- and long-term incentive structures have been designed to support achievement of this plan.

Barloworld has adopted a holistic approach to its remuneration philosophy and has implemented a balanced design which consists of the following monetary and non-monetary components:
- Guaranteed package (including benefits);
- Variable pay;
- Performance management;
- Employee growth and development; and
- Work environment.

Executive remuneration is heavily weighted toward variable remuneration as is illustrated on page 125.

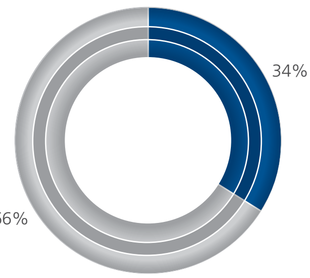
The on-target bonus entitlement for the chief executive (CEO) is slightly higher than other executives and will result in a heavier weighting towards variable pay. The mix between fixed and variable pay for the CEO and other executive directors (based on on-target bonuses entitlement and long-term incentives awards made during the year) is:

CEO



■ Fixed ■ Variable

Executive directors
(Other than CEO)



■ Fixed ■ Variable

The overall philosophy is to ensure that executive directors and the senior executive team are fairly rewarded for their individual contribution to the company's operating and financial performance in line with its corporate objectives and strategy as explained above. As a result, Barloworld is committed to paying remuneration that is competitive relative to the target labour market in each country based on industry and market benchmarks reviewed by the company on an annual basis. This contributes to ensuring that Barloworld remains an employer of choice.

During the past year, Barloworld made the following changes to its remuneration philosophy and practices in respect of executive directors:

- In line with the requirements of King III, re-testing of performance conditions for the Share Appreciation Right (SAR) Scheme was removed and replaced with linear vesting on a sliding scale to avoid an all-or-nothing vesting profile;
- To encourage share ownership amongst employees, the settlement of the Share Appreciation Right Scheme was changed from cash-settlement to equity-settlement; and
- An additional financial measure of ROE was added to the short-term incentive scheme.

There are no material changes to incentive structures envisaged for the forthcoming financial year.

There is an alignment of the divisional incentive schemes such that divisional executives and management are incentivised on similar financial targets to executive directors, with total incentives benchmarked against market comparisons for equivalent levels of management.

Remuneration committee

Role of remuneration committee

The remuneration committee operates under terms of reference approved by the board and which are subject to review every year. The terms of reference were reviewed and aligned with both King III and the Companies Act and approved by the board on 26 January 2011.

In terms of its charter, the key responsibilities and role of the remuneration committee are summarised below:

- Determining and agreeing the remuneration and overall compensation package for the CEO and other executive directors appointed to the board;
- Determining any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities;
- Reviewing the terms and conditions of the CEO 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 the company's overall policy on executive and senior management remuneration, as well as a remuneration philosophy;
- Ensuring that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high-performance staff at all levels in support of

realising corporate objectives and to safeguard stakeholder interests;
- Determining and recommending to the Board the level of non-executive director fees after receiving independent professional input;
- Reviewing and recommending to the Board the relevant criteria necessary to measure the performance of executives;
- Considering other special benefits or arrangements of a substantive financial nature; and
- Ensuring compliance with applicable laws and codes.

The remuneration committee chairman reports formally to the board on the proceedings of the remuneration committee after each meeting and, in line with King III, will attend the annual general meeting of Barloworld to respond to any questions from shareholders regarding the remuneration committee's areas of responsibility.

Members of remuneration committee

The remuneration committee comprises five independent non-executive directors and has retained PwC as its independent external remuneration advisor throughout the period under review. The remuneration committee is chaired by an independent non-executive director, which is in line with King III.

Membership of the remuneration committee is constituted as follows:
- SB Pfeiffer (Chairman) (independent non-executive) (appointed as chairman with effect from 24 January 2008);
- DB Ntsebeza (independent non-executive and Chairman of the Company);
- AGK Hamilton (independent non-executive);
- SS Ntsaluba (independent non-executive) (appointed 21 July 2011) and
- MJN Njeke (independent non-executive) (appointed 21 July 2011).

The CEO attends remuneration committee meetings by invitation. Mr B Ngwenya acts as secretary to the Remuneration Committee. External advisers are used to provide market information as and when required.

Meeting attendance

The remuneration committee had an active year and met seven times during the 2011 financial year. Attendance at meetings is set out on page 118 of the integrated annual report.

Advisers

During the 2011 financial year, the remuneration committee received advice and guidance from the following independent advisers:
- PwC – standing adviser to the remuneration committee on all executive and non-executive remuneration matters including base compensation, short-term incentives, long-term incentives, non-executive directors' fees and general corporate governance standards.
- PE Corporate Services – executive salary benchmarking and job grading.

Key remuneration decisions taken in respect of the 2011 financial year

The remuneration committee discussed the following matters and took some key decisions:
- Approval of the long-term incentive awards, inclusive of the mix of instruments to be used, and company performance conditions relating thereto;
- Changes to the long-term incentive plans and more specifically, in line with King III, the removal of re-testing of the performance conditions of the Share Appreciation Right Scheme. In addition, introducing equity-settlement to the Share Appreciation Right Scheme;
- The approval of the targets and weighting of the performance measures of the short-term incentive plan and the introduction of an additional measure to this plan;
- Approval of executive salary increases;
- Approval of the short-term incentive payments;
- Review and approval of the company's remuneration report and policy;
- Review and recommendation of non-executive director fees; and
- Review of King III principles and alignment of remuneration approach to best practice guidelines.

Overview of remuneration

Remuneration structure

Barloworld operates the Towers Watson global grading methodology and structure. This assesses an executive's remuneration against an independently determined grade which is based on a number of factors including the "size" of the job (as measured by revenue and number of employees) as well as its "complexity" (incorporating aspects such as whether it is a domestic, international or global business).

Remuneration of divisional executives and senior management below executive director level is also benchmarked to independent market information based on the Towers Watson global grading system. The CEO approves the salary increases and incentives for executives on the divisional management boards.

The total remuneration package

The table below summarises the composition of the total remuneration package for executives during the 2011 financial year, as well as proposed changes to the total remuneration package for the 2012 financial year:

Element	Fixed/ variable	Objective	Policy	Proposed changes for 2012
Base salary	Fixed	Reflects scope and nature of role, performance and experience	In most cases, benchmarked around the median of the market	None
Benefits	Fixed	Providing employees with contractually agreed basic benefits such as medical aid, retirement funding and a company car or car allowance as per human resource policy. Separate expatriate benefits apply to international assignments	The % company contribution to benefits varies by country. In South Africa, a 14% company contribution to retirement funds applies	No changes to standard employment benefits. Some refinements to the expatriate policy have been made to incorporate best practices
Short-term incentive	Variable	Rewards and motivates achievement of agreed group, divisional and individual performance objectives	The bonus percentages and three of the performance metrics (namely operating profit, cash flow, HEPS) remain unchanged from 2010, but with the addition of ROE as a measure of financial performance	No material changes to structure
Long-term incentive	Variable	Creates loyalty and ownership among employees and acts as a retention mechanism. Also aligns with shareholder interests and long-term value creation	Approximately 25% of the overall long-term incentive award comprises a retention award and the remainder of the award has performance conditions attached.	No material changes to structure

Guaranteed package/base salary

Policy

The executive directors' base salary and guaranteed package is reviewed annually. The current levels are benchmarked, in most cases, around the median of the relevant Towers Watson grade and/or group of comparator companies, which is made up of large international and local South African companies. Variations around the median may be influenced by factors such as the nature of the assignment, level of experience of the executive, changes in responsibilities, performance track record, and strategic importance of the role. Given the independent benchmarking done as well as the comparator companies used, this level is considered to be competitive in the appropriate labour market where the executive operates.

Process and benchmarking

- Annually, a benchmarking exercise of Barloworld's executive directors' guaranteed pay is conducted against Towers Watson remuneration information based on equivalent positions; and
- Barloworld uses independent consultants, namely PE Corporate Services, to conduct the exercise. The results are then discussed with PwC, the standing advisors to the Remuneration Committee.

Remuneration committee

The role of the remuneration committee is to assess the market competitiveness of the guaranteed pay against the result of the benchmarking and the role, responsibility and contribution of each executive director.

Payments

Details of the basic salary and guaranteed packages (basic salary plus benefits) paid to each of the executive directors and prescribed officers during the 2011 financial year are set out on page 233 of the integrated annual report.

King III recommends that the remuneration of the top three earners who are not directors should be disclosed. This recommendation has substantially been incorporated in the Companies Act, 2008 by the prescribed officers disclosure which has been included in note 35 to the annual financial statements. For this reason no further disclosure has been made in addition to that prescribed in the Act.

The increases applicable to the guaranteed packages which will be applicable with effect from 1 October 2011 were in the range of 2 to 3% for overseas executives and approximately 7.5% for South African executives, except where there have been changes in responsibilities. The remainder of the employees in South Africa have generally received average increases in line with this, but slightly higher increases on average have been awarded at the lower levels.

Short-term incentives

Policy

Short-term incentives (annual bonuses) are paid in cash and are based on achievement against 12-month targets aimed at increasing shareholder value.

The criteria for earning a bonus consists of two elements, namely personal objectives (incorporating non-financial measures) and, financial performance targets. In terms of the financial performance targets, there are four separate conditions to be achieved, each having a different weighting.

For executive directors, where on-target financial performance is achieved, a bonus of 60% of annual cash salary will be awarded and in the case of meeting the financial objectives at stretch level, 95% of the annual basic salary is awarded as a bonus. The maximum bonus potential, including personal objectives, is capped at 125% of basic salary, which is the same as the previous financial year.

The earning potential of the CEO differs slightly from those set out above in that he can earn 75% of his annual basic salary for meeting the financial objectives at target level and 120% of his basic salary for meeting the financial objectives at stretch level. The maximum bonus potential, including personal objectives, is capped at 150% of basic salary, which is the same as the previous financial year.

In respect of personal objectives, a bonus of up to 30% of annual basic salary can be earned where 100% of personal objectives are achieved. The threshold target is 70% achievement of personal objectives in which case 15% of annual basic salary can be earned as a bonus. The personal objectives component of the scheme is the same for the CEO and executive directors.

During the year, the structure of bonuses awarded to executive directors and the threshold, target and stretch levels of performance were reviewed. The levels set take into account the current trading conditions and challenges being faced by the company or relevant division and incorporate a meaningful level of stretch to motivate and retain senior employees. The threshold targets are set at a level which represents the minimum level of acceptable performance for the business. An additional financial measure, namely ROE was added in 2011, to ensure executives were aligned with driving improved financial returns to shareholders.

Remuneration committee

On an annual basis, the remuneration committee determines the financial measures, the weighting and vesting levels. In addition, the remuneration committee reviews the actual performance of the executives against the targets set at the beginning of the relevant year. The ultimate bonus payment is at the discretion of the remuneration committee.

Performance targets

The performance targets for the performance bonus are set annually by the remuneration committee. In respect of the 2011 financial year, the performance criteria and targets (threshold, target and stretch) as well as the weighting of the performance criteria were:

- Operating profit (35%) – group operating profit applies in the case of the CEO and financial director (FD) and divisional operating profit for the rest of the executive directors;
- ROE (15%) – group ROE applies in the case of the CEO and FD and divisional ROE for the rest of the executive directors;
- Cash flow (15%) – group cash flow applies in the case of the CEO and FD and divisional cash flow for the rest of the executive directors; and
- Group HEPS (35%) – all executive directors are incentivised on group HEPS in recognition of the collective responsibility they bear for the performance of the group as a whole and to encourage teamwork.

In respect of the 2011 financial year, the percentage of basic salary eligible to be paid as a bonus based on relative achievement against targets set in advance by the remuneration committee (threshold, target and stretch) were:

Executive directors

Performance metric	Threshold %	Target %	Stretch %
Operating profit	8.8	21	33
Cash flow	3.8	9	14.3
ROE	3.8	9	14.3
HEPS	8.8	21	33.3
Maximum bonus based on financial targets	25	60	95
Maximum bonus based on personal objectives	30	30	30
Total bonus	55	90	125

CEO

Performance metric	Threshold %	Target %	Stretch %
Operating profit	8.8	26.3	42
Cash flow	3.8	11.3	18
ROE	3.8	11.3	18
HEPS	8.8	26.3	42
Maximum bonus based on financial targets	25	75	120
Maximum bonus based on personal objectives	30	30	30
Total bonus	55	105	150

Annual bonus payments are paid in cash following finalisation of the company's audited financial results for the year in question and are not deferred.

Bonus payments

Annual bonus payments made to executive directors and prescribed officers are disclosed on pages 233 to 235 of the integrated annual report.

In this context in the year to 30 September 2011, group operating profit increased by 51%, group HEPS from continuing operations increased by 120%, group ROE increased from 3.2% to 8.6% and the group cash flow before financing activities was a net inflow of R946 million notwithstanding significant investments made to fund future growth. The group share price increased by 54% from 30 September 2010 (R46.80) to 15 November 2011 (R72.06), being 24 hours after the year-end results release and the total dividend for the year was 107% up to 155 cents. Other major milestones were the exceptional results generated from the recently concluded Russian equipment acquisition and the successful execution of the disposal process for Rent a Car Scandinavia.

With respect to group performance, stretch targets were achieved in three performance metrics, while the fourth was marginally below stretch. As a result, the executive directors, subject to performance of group metrics achieved bonus payments slightly below stretch.

In the Handling division, performance was between threshold and target in the three divisional performance metrics. In Equipment southern Africa, results exceeded stretch in all three divisional metrics, while in Equipment Iberia performance was below threshold in two metrics and between threshold and target in the third. Performance in Automotive slightly exceeded target in two metrics and achieved stretch in the third. In Logistics, performance was below threshold in two metrics while target performance was achieved in one metric. OI Shongwe was the executive responsible for Logistics for part of the year. For the balance of the year he was responsible in a group role for human resources, strategy, and sustainability and his individual scorecard was weighted accordingly.

As the stretch target for group headline earnings per share (HEPS) was exceeded, all executive directors achieved stretch on this metric.

Long-term incentives

Policy

It is essential for the group to retain skills over the longer term and to motivate and incentivise executive directors and other employees to drive sustainable value creation over multiple reporting periods. This is achieved through long-term incentive plans and annual awards using the Forfeitable Share Plan and Share Appreciation Right Scheme. In the case of the executive directors, the long-term incentives are approximately 25% retention driven and 75% performance driven.

The company operates the following long-term incentive plans:

- The Forfeitable Share Plan (FSP);
- Share Appreciation Right (SAR) Scheme; and
- The Share Option Scheme (SOS), no longer in use, but with outstanding awards.

Awards made to executive directors during the 2011 financial year, details of vesting/exercise, and a summary of holdings are disclosed on pages 237 and 239 of the integrated annual report.

Remuneration committee

On an annual basis, the remuneration committee determines the quantum of awards to be made, the performance targets and mix of instruments to be granted to eligible employees. In addition, the remuneration committee reviews the performance targets.

FSP

Shareholders adopted the FSP at the annual general meeting held in January 2010. The purpose of the FSP is to provide senior executives with the opportunity to acquire shares in Barloworld and to ensure that key skills are retained and to align the interest of participants with shareholder interests. Non-executive directors are not eligible to participate in the FSP.

Awards are structured as forfeitable share awards. This means that participants receive shares (including dividend and voting rights) on the date of award but those shares are subject to restrictions and a risk of forfeiture during a three-year vesting period. In addition, in respect of executive directors, the vesting of the majority of the forfeitable share award is subject to the satisfaction of performance targets. To the extent that the performance targets are not achieved, those shares subject to the targets will be forfeited and there will be no re-testing of the performance targets. The performance targets are measured over a three-year period.

Awards were granted under the FSP on 28 February 2011 and the vesting period will expire on 28 February 2014. The performance period commenced on 1 October 2010 and will expire on 30 September 2013.

The rules of the FSP provide that the maximum number of unvested FSP awards that may be held by any one participant is 568 601.

Performance targets

In respect of awards granted under the FSP on 28 February 2011, the following performance conditions, weighting and performance periods were applicable to the number of shares awarded. Linear vesting on a sliding scale will be applied between threshold and target performance:

Condition	Below threshold (vesting %)	Target (vesting %)	Maximum (vesting %)	Performance conditions weighting	Performance period
Continued employment condition	27	27	27		Continued employment condition applies until the vesting date
Performance conditions:					
– Total shareholder return	0	7.3	24.3	1/3	1 October 2010 to 30 September 2013
– Headline earnings per share	0	7.3	24.3	1/3	1 October 2010 to 30 September 2013
– Return on equity	0	7.3	24.3	1/3	1 October 2010 to 30 September 2013
Maximum vesting	27	49	100		

The remuneration committee considers the performance targets for Total Shareholder Return (TSR), HEPS and ROE to be stretching in the context of the company's business strategy and the market conditions.

In respect of awards to be granted during the 2012 financial year, it is envisaged that similarly structured performance targets will be set. The exact targets will be determined by the remuneration committee at the time of award.

A comparator group determined in consultation with PwC was used in the TSR condition for awards made under the FSP during 2011.

Progress to date indicates that the performance targets relating to HEPS and ROE are likely to be met on the vesting date. None of the FSP awards vested during the year.

SAR

The SAR was adopted by Barloworld in 2006, and this plan 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 Barloworld. The SARs are subject to a three, four and five-year vesting period. All SARs will lapse if not exercised within six years from date of grant. The first four awards (2006 to 2009) were cash-settled. As from 2011, awards made under the SAR will be equity-settled.

Performance targets

The exercise (strike) price for SARs granted to employees as well as the performance vesting conditions pertaining to the SARs are:

Award	**2011**	2009	2008	2007	2006
Exercise (strike) price	**R70.83**	R51.04	R61.01	R113.01	R64.18
Performance condition: HEPS growth target	**CPI plus 6% over a three-year performance period**	CPI plus 6% over a three-year performance period	CPI plus 6% over a three-year performance period	CPI plus 4% over a two-year performance period	None

In line with King III, re-testing of the performance conditions have been removed in 2011 and linear vesting on a sliding scale will be applied between threshold and target.

Progress to date indicates that the performance target for the 2007 award will not be met. The 2008 and 2009 awards are likely to vest.

SOS

The majority of the share options issued under this plan have matured and the remaining options to be exercised constitute a small portion of the current incentives in operation. The scheme is no longer in operation, no share options have been granted since 2004 and all remaining unexercised share options have vested.

416 809 share options remain outstanding under the SOS with the last share options expiring in 2013. Unexercised options are worth approximately R45 each. Unexercised options held by directors total 43 987.

Retention plans and payments

South Africa has an acute skills shortage, making it an extremely challenging task for government and business to grow the economy. Businesses are faced with the challenge of managing retention of critical skills, as loss of key talent to local and international competitors is a threat to business continuity. Barloworld believes that maintaining a stable workforce with minimal loss of key talent will aid in creating long-term shareholder value.

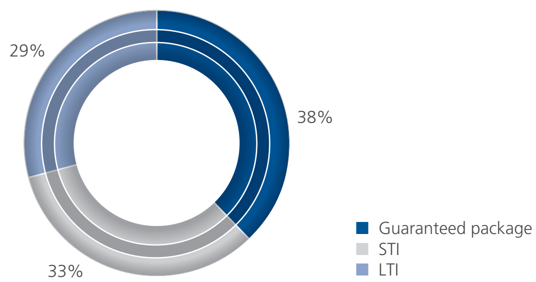
As a consequence, Barloworld uses the FSP as both an incentive tool for long-term value creation as well as for retention purposes. In the case of executive directors, approximately 25% of FSP awards is allocated for retention purposes.

Other retention plans include cash retention awards in certain jurisdictions (or special circumstances), where the award of shares is not feasible.

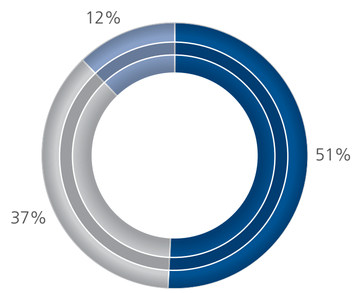
Overall reward mix

The graphs below show the mix between guaranteed packages, short-term incentives (STI) (paid during the year) and long-term incentives (LTI) (expected value of awards made during the year) for executive directors and prescribed officers.

EXECUTIVE DIRECTORS



PRESCRIBED OFFICERS



Share plan dilution

A maximum of 22 744 049 shares may be allocated under the FSP, SAR and SOS. The maximum number of unvested FSP awards which may be made to any one participant is 568 601 and the maximum number of unvested SARs granted to any one participant may not exceed 1% of the issued ordinary share capital of the company.

Executive contracts and policies

Executive directors are subject to indefinite term service contracts to normal retirement age with a notice period of six months and nine months in the case of the group CEO.

The main terms of the service contracts applicable to executive directors can be summarised as follows:

Provision	Policy
Contract term	Indefinite (or until normal retirement age in the relevant jurisdiction) subject to specified notice periods by the executive and company Expatriate contracts typically have a fixed term usually three to four years
Notice period	Nine months for the group CEO and six months for executive directors Expatriate contracts may have specific provisions
Remuneration	Salary Car benefit Retirement fund Medical aid Eligible to participate in annual short-term incentive plan (subject to rules of plan) Eligible to participate in the FSP and SAR (subject to rules of plan) Bonus
Termination of employment and change of control payments and/or automatic vesting of long-term incentives	Change of control clauses are covered by FSP and SAR rules and allow for proportionate vesting of awards. Change of control clauses in employment contracts provide for redundancy terms, based on established guidelines, in the event of termination of employment within six months of change of control
Restraint of trade	Not applicable
Other benefits	Certain executives may be employed in terms of expatriate contracts which include typical expatriate benefits in addition to the standard benefits

Non-executive directors

The appointment of non-executive directors (NEDs) is governed by a letter of appointment that sets out, among other things, the term of appointment, duties and responsibilities, fees and other payments, and termination of services.

NEDs receive a standard fee for their services on the board and board committees, instead of a base fee as well as an attendance fee per meeting as recommended by King III. The remuneration committee reviews the level of fees and makes recommendations to the board for consideration. A benchmarking exercise was conducted in November 2010 by the company's outside independent remuneration advisor, and NED fees were benchmarked against nine peer group companies in the industrials and associated sector.

In terms of Barloworld's memorandum of incorporation, fees payable to NEDs must be approved by shareholders in general meeting. The current level of fees payable to non-executive directors was approved by Barloworld's shareholders at the annual general meeting held on 26 January 2011.

Fees for NEDs during the current financial year and proposed fees for the 2012 financial year are set out in the notice to the annual general meeting on page 259 of the integrated annual report.

Annual financial statements

In this section

DG Wilson
Finance director
14 November 2011

Summary

> HEPS from continuing operations increased by **120%** to **465** cents (2010: 212 cents).

> The continued focus on cash flow resulted in a net inflow for the year of **R946 million** (2010: R2 286 million)

> The long-term debt maturity profile at 30 September 2011 was **76%** (2010: 61%).

> The company's **credit rating of A+** was re-affirmed by Fitch Ratings and the outlook **was upgraded** from Negative **to Stable.**

> Net debt of **R4 489 million** at 30 September 2011 is at **the lowest level** in the past decade.

Group financial review

Revenue for the year increased by 22% to R49.8 billion. Improved trading conditions in the mining sector resulted in a 50% increase in revenue earned in Equipment southern Africa. The consolidation of the Russian equipment business, following the acquisition of the remaining 50% effective 1 October 2010, contributed revenue of R2.5 billion.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 20% to R3 993 million while operating profit rose by 51% to R2 289 million. Operating profit of R1 435 million for the second half of 2011 was R581 million (68%) up on the profit earned in the first half. Operating profit in Equipment southern Africa increased by 69% to R1 228 million. The Russian equipment business delivered an excellent result, contributing R226 million to the group's operating profit in the first year of consolidation. The Automotive and Logistics division performed well in a competitive trading environment, holding operating profit steady at R911 million for the year. The Handling division recorded a pleasing turnaround while trading conditions in Equipment Iberia remained difficult. Redundancy and restructuring charges of R71 million were incurred this year (2010: R59 million), principally in Spain. The increase in the company's share price since September 2010 resulted in an increased charge of R33 million in respect of the provision required for cash-settled Share Appreciation Rights previously awarded to employees.

The total negative fair value adjustments on financial instruments of R65 million (2010: R89 million) mainly comprised the cost of forward points in foreign exchange contracts.

Net finance costs decreased by R32 million to R693 million due to lower short-term borrowing rates and reduced average debt.

Exceptional gains of R62 million mainly comprise the impact of writing up the existing 50% interest in the Russian business in terms of IFRS 3 Business Combinations (R64 million), profits on disposals of properties (R214 million), reduced by goodwill impairments of R211 million.

Taxation, before Secondary Tax on Companies (STC), increased by 179% to R566 million. The effective taxation rate (excluding STC, prior year taxation and taxation on exceptional items) was 34.2% (2010: 33.8%). The tax rate was adversely impacted by the decision not to increase the deferred tax asset in Spain.

Income from associates rose by R55 million to R71 million, mainly as a result of the increased contribution from the Democratic Republic of Congo equipment joint venture.

The non-controlling interest in the current year's earnings includes R15 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).

Improved trading conditions in the mining sector resulted in a 50% increase in revenue earned in Equipment southern Africa.

HEPS from continuing operations increased by 120% to 465 cents (2010: 212 cents). Group HEPS increased by 172% to 465 cents from 171 cents in 2010.

Cash flow

The continued focus on cash flow resulted in a net inflow for the year of R946 million (2010: R2 286 million). Working capital increased by a modest R27 million following a reduction of R1 069 million in 2010. Notwithstanding the substantial growth achieved in the southern African equipment business, working capital decreased by R100 million in the year due to increased payables.

The final balance of R174 million owing from the disposal of the Scandinavian car rental business last year was received in December 2010 and the remaining 50% shareholding in the Russian equipment business was acquired for R361 million (US$52 million).

Summarised statement of cash flows

	2011 Rm	2010 Rm
Operating cash flows before working capital	**4 528**	3 599
(Increase) decrease in working capital	**(27)**	1 069
Net investment in leasing assets and vehicle rental fleet	**(1 397)**	(1 056)
Cash generated from operations	**3 104**	3 612
Other net operating cash flows	**(1 189)**	(1 047)
Dividends paid (including non-controlling interest)	**(257)**	(223)
Cash retained from operating activities	**1 658**	2 342
Net cash used in investing activities	**(712)**	(56)
Net cash inflow	**946**	2 286

Financial position and debt

Total assets employed in the group increased by R5 242 million to R30 932 million. The increase was driven by the weaker rand (R1 625 million), the consolidation of equipment Russia (R1 104 million) and increased inventories and trade receivables (R3 423 million), up 33% on the back of higher activity levels.

Strong collections from customers – including contractual deposits on equipment sales in the closing days of the financial year and reduced short-term funding commitments – resulted in cash and cash equivalents increasing by R826 million to R2 754 million (2010: R1 928 million).

The weaker rand also increased shareholders' funds by R1 048 million (2010: R820 million reduction).

Total interest-bearing debt at 30 September 2011 increased to R7 243 million (2010: R6 977 million).

Net interest-bearing debt at 30 September 2011 was reduced by R560 million to R4 489 million (2010: R5 049 million).

Further progress was made in our initiative to address the group's funding maturity profile and to reduce the company's reliance on short-term funding. Long-term debt raised during the year included three corporate bonds totalling R1 234 million (BAW9 to 11). The funds raised were utilised to repay the remaining balance outstanding in respect of corporate bond BAW1 (R1 270 million) which matured in July 2011. The long-term debt maturity profile at 30 September 2011 was 76% (2010: 61%).

Debt profile

	Debt September 2011 Rm	Redemption 2012 Rm	2013 Rm	2014 Rm	2015 Onwards Rm
South Africa	**6 500**	1 141	347	922	4 090
Offshore	**743**	580	61	38	64
Total	**7 243**	1 721	408	960	4 154

In South Africa, short-term debt due for redemption in 2012 includes commercial paper (CP) totalling R800 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 borrowing facilities with domestic banks totalling R3 866 million at 30 September 2011. The offshore facilities include a syndicated loan (undrawn at September 2011) of £80 million (R1 002 million) and other unutilised bank lines totalling the equivalent of R1 569 million. We are well advanced to replace the £80 million syndicated loan with bilateral banking facilities of £100 million with maturity profiles of between four and five years.

Debt totalling R1 898 million at 30 September 2011 is subject to covenants in terms of loan agreements and no covenants were breached during the year.

The company's credit rating of A+ was re-affirmed by Fitch Ratings in February 2011 and the outlook was upgraded from Negative to Stable.

Gearing in the three segments is:

Total 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 2011	**30**	**577**	**196**	**57**	**36**
Ratio at 30 September 2010	34	482	202	64	47

The R79 million deposit in an interest-bearing account with a bank, which underpinned the security held by lenders to our Black Economic Empowerment partners, was repaid to the company in December 2010.

Accounting policies

The group adopted two amendments from the 2010 annual improvements project. IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements were adopted with effect from 1 October 2010 and did not have a significant impact on presentation, recognition or measurement for the group.

The comparative information has been amended to reflect the reclassification of interest paid in the leasing business from cost of sales to finance costs. The amendment results in more comparable information relative to the industry. Further details regarding restatements can be found in Note 34 to the consolidated annual financial statements on page 229.

Dividends

Dividends totalling 155 cents per share were declared in respect of this year's earnings (2010: 75 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 2.8 times by headline earnings from continuing operations (2010: 2.6 times).

Going forward

Net debt of R4 489 million at 30 September 2011 is at the lowest level in the past decade, placing the company in a good position to pursue growth opportunities in its territories.

Some increase in debt is expected in 2012 from higher activity levels, particularly in Equipment southern Africa and Russia. A great deal of focus has been placed on improving financial returns in the group. In the current year our key Return on Equity ratio has substantially improved from 3.2% last year to 8.6%. This is an important step towards achieving our cost of equity target.

Directors' responsibility and approval
for the year ended 30 September 2011

The directors of Barloworld Limited have pleasure in presenting the consolidated annual financial statements for the year ended 30 September 2011.

In terms of the South African Companies Act, 2008 the directors are required to prepare the consolidated annual financial statements that fairly present the state of affairs and business 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 consolidated statement of financial position;
- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of cash flows;
- consolidated statement of changes in equity
- a consolidated seven-year summary of statements 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 a summary in other currencies see www.barloworld.com;
- the statement of total value added
- 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 group at 30 September 2011 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 2012 and believe that the Barloworld group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going-concern basis and the external auditors concur.

The annual financial statements were approved by the board of directors and were signed on their behalf by:

DB Ntsebeza
Chairman

CB Thomson
Chief executive

DG Wilson
Finance director

Sandton

14 November 2011

Preparer of annual financial statements
for the year ended 30 September 2011

These annual financial statements have been prepared under the supervision of IG Stevens BCom, CA(SA).

IG Stevens
Group general manager: finance

14 November 2011

Independent auditors' report

for the year ended 30 September 2011

Report of the independent auditors to the shareholders of Barloworld Limited on the consolidated annual financial statements

We have audited the consolidated annual financial statements of Barloworld Limited, which comprise the consolidated statement of financial position as at 30 September 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 144 to 245.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these annual 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 annual 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 presentation of the financial statements.

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, these financial statements present fairly, in all material respects, the consolidated financial position of Barloworld Limited as at 30 September 2011, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

GM Berry
Partner

14 November 2011

National Executive: GG Gelink Chief executive, AE Swiegers Chief operating officer, GM Pinnock Audit, DL Kennedy Risk advisory and legal services, NB Kader Tax, L Geeringh Consulting, L Bam Corporate Finance, JK Mazzocco Human Resources, CR Beukman Finance, TJ Brown 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 2 contributor/AAA (certified by Empowerdex).

Member of Deloitte Touche Tohmatsu Limited.

Certificate by secretary

for the year ended 30 September 2011

In my capacity as the company secretary, I hereby 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 Companies Act, 2008 (or the Companies Act, 1973 where applicable). Further, I certify that such returns are true, correct and up to date.

B Ngwenya
Secretary
Sandton
14 November 2011

Audit committee report

for the year ended 30 September 2011

The audit committee has conducted its work in accordance with the written terms of reference approved by the board, information about which is recorded in the corporate governance report and is pleased to present their report in terms of the Companies Act and the JSE Listings Requirements for the financial year ended 30 September 2011.

The committee is satisfied that it has performed both the statutory requirements for an audit committee as set out in the Companies Act as well as the functions set out in the terms of reference and that it has therefore complied with its legal, regulatory or other responsibilities.

Membership

In the 2011 financial year the audit committee consisted of the following independent non-executive directors appointed by the shareholders at the annual general meeting held on 26 January 2011: Messrs AGK Hamilton (Chairman), MJN Njeke and SS Ntsaluba. Advocate SAM Baqwa SC was nominated by the board to join the committee from 20 July 2011 subject to the approval of shareholders at the next annual general meeting.

Their full profiles including their qualifications are fully set out on page 104.

The committee met five times during the 2011 financial year. Details of the meetings and attendance are fully set out in the corporate governance section of the report on page 114.

External audit

The committee

- Nominated and recommended to shareholders Deloitte & Touche as independent external auditors and the appointment of Mr G Berry as the independent designated auditor for the financial year ending 30 September 2011 in compliance with the Companies Act and the Listings Requirements of the JSE Limited;
- Nominated Deloitte & Touche as independent external auditors and the designated audit partner for Barloworld's subsidiary companies;
- Considered and confirmed the proposed external audit fees for each division and the group in consultation with group management and approved the external audit engagement letter;
- Reviewed and approved the policy for non-audit services that can be provided by external auditors and the pre-approval authorisation process for those services that the external auditors may provide; and
- Considered to its satisfaction the independence, objectivity and effectiveness of the external auditors and ensured that the scope of their additional (non-audit) services provided were not such that they could be seen to have impaired their independence.

Internal control and Internal audit

The committee

- Considered the appropriateness of the internal audit charter and recommended the approval of the charter by the board;
- Approved the one-year operational internal audit work plan as well as the capacity and resources within the internal audit function to execute its work plan and monitored adherence of internal audit to its annual plan;
- Monitored and supervised the functioning and performance of internal audit, compliance with its charter and reviewed and approved the annual risk-based audit plans, resources and budgets;
- Introduced a plan for an independent quality review of the internal audit function on at least a five-yearly basis;
- Reviewed the appropriateness of the company's combined assurance model to ensure that the significant risks identified in the high-level risk assessments are adequately addressed;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes as well as 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 and evaluated the nature and extent of the documented review of internal financial controls performed by internal audit and evaluated whether any weaknesses identified in such financial controls were considered sufficiently material to be reported to the board and the stakeholders;
- 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 operation division;

- Reviewed the group information security policy and the results of the internal self-assessments of the levels of control in place across the group;
- 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 control and sanctions; and
- 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 recovery plans.

Based on the results of the formal documented review of the group's system of internal controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by the internal audit function during the 2011 year and considering information and explanations given by management and discussions with the external auditor on the results of the audit, nothing has come to the attention of the committee that caused it to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Expertise and experience of the finance director and the finance function

The committee

- Reviewed the performance and confirmed the suitability and expertise of the group finance director, Mr DG Wilson; and
- 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.

Financial statements

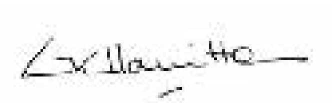
The committee

- Considered accounting treatments, significant or unusual transactions and accounting judgements;
- Considered the appropriateness of accounting policies and any changes made;
- Met separately with management, external audit and internal audit and the chairman attended the risk and sustainability committee meetings;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- 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 and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
  - The audited interim results for the six months ended 31 March 2011;
  - The audited annual results for the year ended 30 September 2011; and
- Reviewed the working capital packs prepared by management to support the board's going-concern statement at reporting dates as well as the solvency and liquidity tests required in terms of the Companies Act 71 of 2008.

Integrated annual report

The audit committee considered the integrated annual report, incorporating the annual financial statements, for the year ended 30 September 2011. The audit committee has also considered the sustainability information as disclosed in the integrated annual report and has assessed its consistency with operational and other information known to audit committee members. The committee has also considered the external assurance provider's report and is satisfied that the information is reliable and consistent with the financial results. The annual financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards.

The committee at their meeting held 9 November recommended the integrated annual report for approval to the board.



AGK Hamilton
Audit Committee Chairman

For and on behalf of the Barloworld Limited Audit Committee

14 November 2011

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 operations:

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

Financial results

The financial results for the year ended 30 September 2011 are set out in detail on pages 144 to 245 of these annual financial statements.

Audit committee report

The report of the audit committee in terms of section 94 (7) of the Companies Act 71 of 2008 for the year ended 30 September 2011 is set out in detail on pages 142 and 143.

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 189.

Dividends

Details of the dividends and distributions declared and paid are shown in note 27 to the annual financial statements on page 206. The directors considered the company both solvent and liquid subsequent to such dividend declarations.

Acquisitions and disposals

Acquisition of the remaining 50% shareholding in Vostochnaya Technica

The company had a 50% shareholding in Vostochnaya Technica (VT), the Russian Caterpillar Equipment joint venture with Wagner Equipment, and effective 1 October 2010 the company acquired the remaining 50% shareholding. VT distributes and supports Caterpillar and allied equipment across Siberia and the Russian Far East.

Disposal of properties owned by Barloworld Farms Limited

The agreement of sale and purchase between Barloworld Farms Limited and the National Department of Rural Development, with respect to properties owned by Barloworld Farms Limited and subject to land claims, was signed on 22 July 2011. The process to transfer the Farm properties is in progress.

Directors

Biographical notes of the current directors are given on pages 104 to 105. Details of directors' remuneration, forfeitable shares, share appreciation rights and options appear on pages 233 to 239.

Changes in directorate

According to the company's memorandum of incorporation, at the forthcoming annual general meeting, Ms SS Mkhabela and Messrs PJ Blackbeard, SS Ntsaluba, SB Pfeiffer and G Rodriguez de Castro Garcia de los Rios retire by rotation. All are eligible and have offered themselves for re-election.

Company Secretary and registered office

The company secretary is Mr Bethuel Ngwenya and his address and that of the registered office are:

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 the independent external auditors of Barloworld Limited and to confirm Mr Graeme Berry as the designated lead independent external auditor.

Insurance

The group has placed cover in the London and South African traditional insurance markets up to R2 billion 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 240 and 241 of the annual financial statements.

Special resolutions

The following special resolutions were passed by subsidiaries of Barloworld Limited since the date of the previous directors' report:

Financial assistance in terms of section 45 of the Companies Act 71 of 2008 (the Act)

Barloworld is a listed holding company with a large number of subsidiary companies which together comprise the Barloworld group of companies. The subsidiaries are from time to time required to provide financial assistance to companies within the group including related and inter-related companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Act.

Disposal of properties held by Barloworld Farms Limited

Barloworld Farms Limited sold the remaining properties situated in the Thaba Chweu Local Municipality, Mpumalanga Province to the National Department of Rural Development.

No other special resolutions were passed by the subsidiaries, the nature of which might be significant to members in their appreciation of the state of affairs of the group.

International Financial Reporting Standards (IFRS)

The company's financial statements were prepared in accordance with International Financial Reporting Standards.

Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going-concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of 4% of the issued share capital of the company at 30 September 2011 are detailed on pages 122 to 123 of the integrated annual report.

Events after the reporting period

No material events have occurred between the date of these financial statements and the date of approval, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.

Definitions

Refer to www.barloworld.com for a list of financial terms used in the annual financial statements of Barloworld Limited (the company) and consolidated financial statements.

Basis of preparation

1. Accounting framework

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board using the historical cost convention, except for certain financial instruments that are stated at fair value and adjustments, where applicable, in respect of hyperinflation accounting.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted per note 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 6).
- Interests in associates and joint ventures are accounted using the equity method (policy note 7).
- The cost model is applied in accounting for investment property (policy note 10).

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 or 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;
> 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.

Company financial statements

5. 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

6. 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 an investee acquired or disposed of during the period are included in the consolidated income statement from the date of obtaining control or up to the date of losing control.

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.

7. 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 14)). 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 12 with the exception of impairment testing which is done in accordance with policy note 26 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

8. Property, plant and equipment

Property, plant and equipment represent tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the estimated cost of dismantling and removing the assets.

Owner-occupied properties and investment properties in the course of construction are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees and, for qualifying assets, borrowings costs capitalised in accordance with the group's accounting policy. Depreciation commences, on the same basis as other property assets, when the assets are ready for their intended use.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives to estimated residual values, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their individual estimated useful lives.

The methods of depreciation, useful lives and residual values are reviewed annually.

The following methods and rates were used during the year to depreciate property, plant and equipment to estimated residual values:

Aircraft	Straight line	5 years
Buildings	Straight line	20 to 50 years
Plant	Straight line	5 to 35 years
Vehicles	Straight line	5 to 10 years
Equipment	Straight line	5 to 10 years
Furniture	Straight line	3 to 15 years

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease, where shorter.

The gain or loss arising on the disposal or scrapping of property, plant, and equipment is recognised in profit or loss.

Vehicle rental fleets are accounted for as part of property, plant and equipment but, due to the short-term nature of the assets, the net book value is reflected under current assets on the statement of financial position.

9. Decommissioning and rehabilitation assets

Group companies are generally required to restore 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.

10. Investment property

An investment property is either land or a building or part of a building held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both.

The cost model is applied in accounting for investment property, ie the investment property is recorded at cost less any accumulated depreciation and impairment losses.

11. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It includes patents, trademarks, capitalised development costs, supplier relationships 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.

Supplier relationships are measured initially at fair value as part of a business combination. Supplier relationships are separately identifiable intangible assets from distribution agreements with suppliers specifying sales objectives, territory presence and service levels to be provided.

Research costs are recognised in profit or loss when incurred.

Development costs are capitalised only when and if they result in an asset that can be identified, it is probable that the asset will generate future economic benefits and the development costs can be reliably measured. Otherwise they are 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.

12. 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.

13. 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.

14. 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 their 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 15) at their carrying amount. Sale proceeds from such rental assets are recognised as revenue in accordance with policy note 20.

15. 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.

16. 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 set out in policy note 26. 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 23).

17. 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.

18. 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.

19. 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.

Income statement

20. 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 27.

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.

21. 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.

22. 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.

23. 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.

24. 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

25. 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.

26. 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 are 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.

27. 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.

28. 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.

29. 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 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

Cash-settled 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.

Equity-settled share appreciation rights

Equity settled share appreciation rights have been granted to employees in terms of the Barloworld Share Appreciation Rights (SAR) scheme. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest, and adjusted for the effect of non market-based vesting conditions. Fair value is measured using a binomial pricing model.

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 (ie the BEE equity credentials) and is recognised as follows:

> in profit or loss at the grant date unless there are service conditions in which case it is recognised over the relevant period of the service conditions; and

> as part of goodwill where the BEE equity credentials are obtained as part of the net assets acquired in a business combination.

30. 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.

31. 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 fall within this definition. Significant items included are maintenance contracts, guaranteed residual values on sold equipment/vehicles as well as credit life and warranty products sold.

Maintenance contracts
Revenue on maintenance contracts is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment.

Guaranteed residual values
Guaranteed residual values are periodically given on repurchase commitments with customers. The likelihood of the repurchase commitments being exercised is assessed at the inception of the contract to determine whether significant risks and rewards have been transferred to the customer and if revenue should be recognised. If significant risks and rewards have not been transferred, revenue is not recognised and the transaction is accounted for as a pre-paid operating lease. Where the initial assessment was made that significant risks and rewards were transferred and revenue was recognised, but subsequent market conditions are considered to change the likelihood of the exercise of the buyback to become probable, the present value of the net expected future outflow is provided for, after taking into consideration any proceeds on subsequent disposal of the equipment. All repurchase commitments as well as the related asset's expected values are disclosed under contingent liabilities.

Credit life and warranty products
Premiums are recognised as revenue proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the 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.

32. 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.

33. 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.

34. Sources of estimation uncertainty

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that have been identified as giving rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Consolidated statement of financial position

at 30 September

	Notes	2011 Rm	2010 Rm	2009 Rm
Assets				
Non-current assets		**12 667**	11 626	12 582
Property, plant and equipment	2	**8 743**	7 575	7 854
Goodwill	3	**2 092**	2 078	2 319
Intangible assets	4	**421**	297	280
Investment in associates and joint ventures	5	**329**	552	731
Finance lease receivables	6	**286**	236	463
Long-term financial assets	7	**147**	133	279
Deferred taxation assets	8	**649**	755	656
Current assets		**18 252**	14 012	15 155
Vehicle rental fleet	2	**1 695**	1 679	1 692
Inventories	9	**7 323**	5 318	7 036
Trade and other receivables	10	**6 448**	5 030	4 747
Taxation		**32**	57	53
Cash and cash equivalents	11	**2 754**	1 928	1 627
Assets classified as held-for-sale	12	**13**	52	2 358
Total assets		**30 932**	25 690	30 095
Equity and liabilities				
Capital and reserves				
Share capital and premium	13	**304**	295	252
Other reserves		**3 016**	1 750	2 688
Retained income		**9 069**	8 548	8 913
Interest of shareholders of Barloworld Limited		**12 389**	10 593	11 853
Non-controlling interest		**263**	233	217
Interest of all shareholders		**12 652**	10 826	12 070
Non-current liabilities		**7 279**	5 670	6 486
Interest-bearing	14	**5 522**	4 285	5 278
Deferred taxation liabilities	8	**229**	302	249
Provisions	15	**265**	217	185
Other non-interest-bearing	16	**1 263**	866	774
Current liabilities		**10 996**	9 136	10 030
Trade and other payables	17	**8 395**	5 807	5 775
Provisions	15	**633**	476	580
Taxation		**247**	161	108
Amounts due to bankers and short-term loans	18	**1 721**	2 692	3 567
Liabilities directly associated with assets classified as held-for-sale	12	**5**	58	1 509
Total equity and liabilities		**30 932**	25 690	30 095

For additional information on the consolidated seven-year summary and consolidated summary in other currencies refer to the website www.barloworld.com

Consolidated income statement

for the year ended 30 September

	Notes	2011 Rm	2010* Rm	2009* Rm
Continuing operations				
Revenue	19	**49 823**	40 830	45 269
Operating profit before items listed below (EBITDA)		**3 993**	3 318	4 061
Depreciation		**(1 620)**	(1 736)	(1 854)
Amortisation of intangible assets		**(84)**	(64)	(61)
Operating profit	20	**2 289**	1 518	2 146
Fair value adjustments on financial instruments	21	**(65)**	(89)	(201)
Finance costs	22	**(755)**	(809)	(1 090)
Income from investments	23	**62**	84	149
Profit before exceptional items		**1 531**	704	1 004
Exceptional items	24	**62**	(176)	22
Profit before taxation		**1 593**	528	1 026
Taxation	25	**(566)**	(203)	(207)
Secondary taxation on companies	25	**(18)**	(25)	(41)
Profit after taxation		**1 009**	300	778
Income from associates and joint ventures	5	**71**	16	43
Net profit from continuing operations		**1 080**	316	821
Discontinued operations				
Loss from discontinued operations	12		(272)	(82)
Net profit		**1 080**	44	739
Attributable to:				
Non-controlling interests in subsidiaries		**63**	51	68
Owners of Barloworld Limited	28	**1 017**	(7)	671
		1 080	44	739
Earnings/(loss) per share (cents)				
– basic	26	**482.7**	(3.3)	321.8
– diluted	26	**479.1**	(3.3)	319.6
Earnings per share from continuing operations (cents)				
– basic	26	**482.7**	126.5	361.1
– diluted	26	**479.1**	126.1	358.5
Loss per share from discontinued operations (cents)				
– basic	26		(129.9)	(39.3)
– diluted	26		(129.9)	(39.0)

**Reclassification of interest paid in the leasing business from cost of sales to finance costs (refer to note 34.2).*

Consolidated statement of comprehensive income

for the year ended 30 September

	2011 Rm	2010 Rm	2009 Rm
Profit for the year	**1 080**	44	739
Other comprehensive income			
Exchange gains/(losses) on translation of foreign operations	**1 048**	(820)	(926)
Translation reserves realised on disposal of foreign joint venture and subsidiaries	**11**	(102)	
Gain/(loss) on cash flow hedges	**246**	(24)	(105)
Deferred taxation on cash flow hedges	**(62)**	8	25
Loss on revaluation of available for sale investments			(1)
Net actuarial losses on post-retirement benefit obligations	**(274)**	(176)	(232)
Actuarial losses on post-retirement benefit obligations	**(351)**	(238)	(321)
Taxation effect of net actuarial losses	**77**	62	89
Other comprehensive income for the year, net of taxation	**969**	(1 114)	(1 239)
Total comprehensive income for the year	**2 049**	(1 070)	(500)
Attributable to:			
Non-controlling interest	**63**	51	68
Barloworld Limited shareholders	**1 986**	(1 121)	(568)
	2 049	(1 070)	(500)

Consolidated statement of cash flows

for the year ended 30 September

	Notes	2011 Rm	2010* Rm	2009* Rm
Cash flows from operating activities				
Cash receipts from customers		**49 030**	41 707	45 525
Cash paid to employees and suppliers		**(44 529)**	(37 039)	(40 643)
Cash generated from operations before investment in rental assets	A	**4 501**	4 668	4 882
Net investment in fleet leasing and equipment rental assets	B	**(1 013)**	(847)	(760)
Net investment in vehicle rental fleet	B	**(384)**	(209)	(69)
Cash generated from operations		**3 104**	3 612	4 053
Finance costs		**(755)**	(833)	(1 146)
Realised fair-value adjustments on financial instruments		**(172)**	(102)	(180)
Dividends received from investments, associates and joint ventures		**67**	6	14
Interest received		**60**	82	146
Taxation paid	C	**(389)**	(200)	(603)
Cash flow from operations		**1 915**	2 565	2 284
Dividends paid (including non-controlling interest)		**(257)**	(223)	(434)
Cash retained from operating activities		**1 658**	2 342	1 850
Cash flows from investing activities				
Acquisition of subsidiaries, investments and intangibles^	D	**(271)**	(3)	219
Proceeds on disposal of subsidiaries, investments and intangibles	E	**185**	309	7
Net investment in leasing receivables		**56**	135	(139)
Acquisition of other property, plant and equipment		**(880)**	(565)	(910)
Replacement capital expenditure		**(305)**	(346)	(522)
Expansion capital expenditure		**(575)**	(219)	(388)
Proceeds on disposal of property, plant and equipment		**198**	68	180
Net cash used in investing activities		**(712)**	(56)	(643)
Net cash inflow before financing activities		**946**	2 286	1 207
Cash flows from financing activities				
Proceeds on share issue		**6**	43	12
Shares repurchased for forfeitable share plan		**(21)**		
Proceeds from long-term borrowings		**2 653**	1 920	4 379
Repayment of long-term borrowings		**(1 470)**	(2 928)	(4 328)
Decrease in short-term interest-bearing liabilities		**(1 346)**	(826)	(710)
Net cash used in financing activities		**(178)**	(1 791)	(647)
Net increase in cash and cash equivalents		**768**	495	560
Cash and cash equivalents at beginning of year		**1 928**	1 627	1 238
Cash and cash equivalents held for sale at beginning of year		**6**	145	31
Effect of foreign exchange rate movement on cash balance		**52**	(106)	(57)
Effect of cash balances classified as held-for-sale			(6)	(145)
Effect of disposal of car rental Scandinavia on cash balances			(227)	
Cash and cash equivalents at end of year		**2 754**	1 928	1 627
Cash balances not available for use due to reserving restrictions		**503**	413	360

^This movement includes the repayment of loans by joint ventures and associates.
**Reclassification of interest paid in the leasing business from cost of sales to finance costs (refer note 34.2).*

Consolidated statement of cash flows continued

for the year ended 30 September

	2011 Rm	2010 Rm	2009 Rm
Cash flows from operating activities (before dividends paid)			
Per business segment:			
Continuing operations			
– Equipment	**1 454**	2 383	1 198
– Automotive and Logistics	**458**	89	1 315
– Handling	**91**	206	(214)
– Corporate	**(88)**	(308)	(187)
Total continuing operations	**1 915**	2 370	2 112
Discontinued operations			
– Car rental – Scandinavia		195	172
Total discontinued operations		195	172
Total group	**1 915**	2 565	2 284
Cash flows from investing activities			
Per business segment:			
Continuing operations			
– Equipment	**(505)**	3	(179)
– Automotive and Logistics	**(302)**	(207)	(207)
– Handling	**(30)**	60	(77)
– Corporate	**125**	(95)	(163)
Total continuing operations	**(712)**	(239)	(626)
Discontinued operations			
– Car rental – Scandinavia		183	(17)
Total discontinued operations		183	(17)
Total group	**(712)**	(56)	(643)
Cash flows from financing activities			
Per business segment:			
Continuing operations			
– Equipment	**(629)**	(2 178)	(433)
– Automotive and Logistics	**396**	241	(1 082)
– Handling	**8**	(252)	61
– Corporate	**47**	490	847
Total continuing operations	**(178)**	(1 699)	(607)
Discontinued operations			
– Car rental – Scandinavia		(92)	(40)
Total discontinued operations		(92)	(40)
Total group	**(178)**	(1 791)	(647)

Notes to the consolidated statement of cash flows

for the year ended 30 September

		2011 Rm	2010* Rm	2009* Rm
A.	**Cash generated from operations is calculated as follows:**			
	Profit before taxation – continuing operations	**1 593**	528	1 026
	Loss before taxation – discontinued operations		(109)	(182)
	Adjustments for:			
	Depreciation	**1 620**	1 926	2 145
	Amortisation of intangible assets	**84**	67	65
	(Profit)/loss on disposal of plant and equipment and intangibles	**(6)**	2	(1)
	Profit on disposal of properties	**(213)**	(22)	(18)
	Profit on disposal of subsidiaries and investments	**(62)**	(38)	
	Dividends received from investments	**(2)**	(6)	(14)
	Interest received	**(60)**	(82)	(146)
	Finance costs	**755**	833	1 146
	Fair value adjustments on financial instruments	**65**	89	202
	Asset impairments/(reversal of impairment)	**213**	236	(4)
	IFRS 2 charge	**68**	24	6
	Non-cash movement in provisions	**495**	154	(233)
	Other non-cash-flow items	**(22)**	(3)	5
	Operating cash flows before movements in working capital	**4 528**	3 599	3 997
	Continuing operations	**4 528**	3 486	3 813
	Discontinued operations		113	184
	(Increase)/decrease in working capital	**(27)**	1 069	885
	(Increase)/decrease in inventories	**(1 359)**	1 296	525
	(Increase)/decrease in receivables	**(791)**	(343)	2 195
	Increase/(decrease) in payables	**2 123**	116	(1 835)
	Cash generated from operations before investment in rental assets	**4 501**	4 668	4 882

**Reclassification of interest paid in the leasing business from cost of sales to finance costs (refer note 34.2).*

		2011 Rm	2010 Rm	2009 Rm
B.	**Net investment in fleet leasing and rental assets:**			
	Net investment in fleet leasing and equipment rental assets	**(1 013)**	(847)	(760)
	Additions to fleet leasing and equipment rental assets	**(2 406)**	(1 791)	(2 213)
	Less: Proceeds on disposal and transfers of fleet leasing and equipment rental assets	**1 393**	944	1 453
	Net investment in car rental vehicles	**(384)**	(209)	(69)
	Additions to vehicle rental fleet during the year	**(2 169)**	(3 285)	(3 387)
	Less: Proceeds on disposal and transfers of vehicle rental fleet	**1 785**	3 076	3 318
	Net investment in fleet leasing and rental assets	**(1 397)**	(1 056)	(829)
C.	**Taxation paid is reconciled to the amounts disclosed in the income statement as follows:**			
	Amounts unpaid less overpaid at beginning of year	**(105)**	(53)	(325)
	Per the income statement (excluding deferred taxation)	**(469)**	(250)	(362)
	Adjustments in respect of subsidiaries acquired and sold including translation adjustments	**(30)**	(2)	31
	Amounts unpaid less overpaid at end of year	**215**	105	53
	Cash amounts paid	**(389)**	(200)	(603)
D.	**Acquisition of subsidiaries, investments and intangibles:**			
	Inventories acquired	**(513)**		
	Receivables acquired	**(254)**		
	Payables, taxation and deferred taxation acquired	**334**		
	Borrowings net of cash	**69**		
	Property, plant and equipment, non-current assets, goodwill and non-controlling interest	**(181)**		
	Total net assets acquired	**(545)**		
	Goodwill arising on acquisitions	**(95)**		
	Intangibles arising on acquisition i.t.o. IFRS 3 Business Combinations	**(82)**		
	Total purchase consideration	**(722)**		
	Less: Deconsolidation of joint venture	**361**		
	Net cash cost of subsidiaries acquired	**(361)**		
	Bank balances and cash in subsidiaries acquired	**213**		
	Investment and intangible assets (acquired)/repaid^	**(123)**	(3)	219
	Cash amounts (paid)/received to acquire subsidiaries, investments and intangibles	**(271)**	(3)	219

The company had a 50% shareholding in Vostochnaya Technica (VT) and effective 1 October 2010 the company acquired the remaining 50% shareholding for US$52 million (R361 million). VT distributes and supports Caterpillar and allied equipment across Siberia and the Russian Far East. Goodwill arose from the knowledge and experience of the VT employees and potential customer contracts in the territory.

^This movement includes the repayment of loans by joint ventures and associates.

		2011 Rm	2010 Rm	2009 Rm
E.	**Proceeds on disposal of subsidiaries, investments and intangibles:**			
	Inventories disposed of	**11**	18	96
	Receivables disposed of	**108**	461	52
	Payables, taxation and deferred taxation balances disposed of	**(115)**	(424)	(31)
	Borrowings net of cash	**2**	(577)	(117)
	Property, plant and equipment, non-current assets, goodwill and intangibles	**5**	1 187	4
	Net assets disposed of	**11**	665	4
	Less: Non-cash translation reserves realised on disposal of foreign subsidiaries		(102)	
	Less: Non-cash consideration on deconsolidation of subsidiary		(180)	(2)
	Total net assets disposed of	**11**	383	2
	Loss on disposal	**(7)**	(186)	
	Net cash proceeds on disposal of subsidiaries	**4**	197	2
	Bank balances and cash in subsidiaries disposed of	**(2)**		
	Proceeds on disposal of investments and intangibles	**9**	112	5
	Other loans repaid	**174**		
	Cash proceeds on disposal of subsidiaries, investments and intangibles	**185**	309	7

Net cash proceeds on disposal of subsidiaries relates to the disposal of the Logistics non-corporate trader businesses in Africa and Asia which were sold during February 2011 and the disposal of the Subaru Culemborg dealership which was sold effective 1 April 2011 at the carrying value of the net assets.

Other loans repaid of R174 million for the current year relate to a loan repaid by the car rental Scandinavian business which was sold on 31 July 2010.

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
Balance at 1 October 2008		242	3 095	3	27
Movement on foreign currency translation reserve			(926)		
Decrease in fair value of hedging instruments					(105)
Decrease in fair value of available-for-sale investments				(1)	
Deferred taxation charge to other comprehensive income					25
Net actuarial losses on post-retirement benefit obligations					
Other comprehensive income			(926)	(1)	(80)
Profit for the year					
Total comprehensive income for the year			(926)	(1)	(80)
Other reserve movements		(2)			
Dividends	27				
Shares issued in current year	13	12			
Balance at 30 September 2009		252	2 169	2	(53)
Changes in equity recognised during 2010					
Movement on foreign currency translation reserve			(820)		
Translation reserves realised on disposal of foreign subsidiaries			(102)		
Decrease in fair value of hedging instruments					(24)
Deferred taxation charge to other comprehensive income					8
Net actuarial losses on post-retirement benefit obligations					
Other comprehensive income			(922)		(16)
Profit for the year					
Total comprehensive income for the year			(922)		(16)
Other reserve movements					
Dividends	27				
Shares issued in current year	13	43			
Balance at 30 September 2010		295	1 247	2	(69)
Changes in equity recognised during 2011					
Movement on foreign currency translation reserve			**1 048**		
Translation reserves realised on disposal of foreign joint venture			**11**		
Decrease in fair value of hedging instruments					**246**
Deferred taxation charge to other comprehensive income					**(62)**
Net actuarial losses on post-retirement benefit obligations					
Other comprehensive income			**1 059**		**184**
Profit for the year					
Total comprehensive income for the year			**1 059**		**184**
Other reserve movements					
Dividends	27				
Treasury shares issued	13	**3**			
Shares issued in current year	13	**6**			
Balance at 30 September 2011		**304**	**2 306**	**2**	**115**

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
402	218	3 745	9 566	(705)	8 861	12 848	185	13 033
		(926)				(926)		(926)
		(105)				(105)		(105)
		(1)				(1)		(1)
		25				25		25
				(232)	(232)	(232)		(232)
		(1 007)		(232)	(232)	(1 239)		(1 239)
			671		671	671	68	739
		(1 007)	671	(232)	439	(568)	68	(500)
(43)	(7)	(50)	9		9	(43)	2	(41)
			(396)		(396)	(396)	(38)	(434)
						12		12
359	211	2 688	9 850	(937)	8 913	11 853	217	12 070
		(820)				(820)		(820)
		(102)				(102)		(102)
		(24)				(24)		(24)
		8				8		8
				(176)	(176)	(176)		(176)
		(938)		(176)	(176)	(1 114)		(1 114)
			(7)		(7)	(7)	51	44
		(938)	(7)	(176)	(183)	(1 121)	51	(1 070)
(14)	14		7		7	7	(1)	6
			(189)		(189)	(189)	(34)	(223)
						43		43
345	225	1 750	9 661	(1 113)	8 548	10 593	233	10 826
		1 048				**1 048**		**1 048**
		11				**11**		**11**
		246				**246**		**246**
		(62)				**(62)**		**(62)**
				(274)	**(274)**	**(274)**		**(274)**
		1 243		**(274)**	**(274)**	**969**		**969**
			1 017		**1 017**	**1 017**	**63**	**1 080**
		1 243	**1 017**	**(274)**	**743**	**1 986**	**63**	**2 049**
7	**16**	**23**	**1**		**1**	**24**	**1**	**25**
			(223)		**(223)**	**(223)**	**(34)**	**(257)**
						3		**3**
						6		**6**
352	**241**	**3 016**	**10 456**	**(1 387)**	**9 069**	**12 389**	**263**	**12 652**

	Continuing operations											
	Consolidated*			Eliminations			Equipment@			Automotive and Logistics^ Motor retail		
R million	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
1. Operating# and geographical segments**												
Revenue												
Southern Africa	35 195	28 643	30 758				12 578	8 379	11 187	14 050	12 341	11 525
Europe	9 198	7 010	9 848				6 109	3 854	5 892			
North America	1 585	1 440	1 726									
Australia and Asia	3 845	3 737	2 937							3 845	3 737	2 937
	49 823	40 830	45 269				18 687	12 233	17 079	17 895	16 078	14 462
Inter-segment revenue***				(1 381)	(943)	(1 172)	796	529	760	12	28	51
	49 823	40 830	45 269	(1 381)	(943)	(1 172)	19 483	12 762	17 839	17 907	16 106	14 513
Segment result												
Operating profit/(loss)												
Southern Africa	2 105	1 594	2 191				1 228	725	1 282	279	258	232
Europe	86	(139)	(50)				124	(69)	11			
North America	(2)	(19)	(54)									
Australia and Asia	100	82	59							100	82	59
Operating profit/(loss)	2 289	1 518	2 146				1 352	656	1 293	379	340	291
Fair value adjustments on financial instruments	(65)	(89)	(201)				(89)	(58)	(151)	3	5	2
Total segment result	2 224	1 429	1 945				1 263	598	1 142	382	345	293
By geographical region												
Southern Africa	2 050	1 513	1 991				1 145	666	1 128	282	263	234
Europe	76	(147)	(51)				118	(68)	14			
North America	(2)	(19)	(54)									
Australia and Asia	100	82	59							100	82	59
Total segment result	2 224	1 429	1 945				1 263	598	1 142	382	345	293
Income from associates and joint ventures	71	16	43				59	8	51			(6)
Segment result including associate income	2 295	1 445	1 988				1 322	606	1 193	382	345	287
Finance costs	(755)	(809)	(1 090)									
Income from investments	62	84	149									
Exceptional items	62	(176)	22									
	1 664	544	1 069									
Taxation	(584)	(228)	(248)									
Net profit	1 080	316	821									
Non-cash expenses per segment												
Depreciation	1 620	1 736	1 854				364	373	481	58	85	83
Amortisation of intangibles	84	64	61				33	18	25	5	5	4
Impairment losses/(reversals)	213	236	(4)				(2)	44	(21)	7		

* *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 acquisition made during 2008 in the Middle East and Asia have been included under Europe.*
\# *The group has adopted IFRS 8 operating segments.*
@ *The Equipment Russia acquisition made during 2011 has been included under Europe.*

Continuing operations																		Discontinued operations		
Automotive and Logistics^									Handling						Corporate			Automotive		
Car rental southern Africa			Leasing			Logistics			Trading			Leasing						Car rental – Scandinavia		
2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
3 341	3 204	3 059	**1 779**	1 545	1 552	**2 294**	2 256	2 257	**1 141**	912	1 156				**12**	6	22			
						1 106	1 422	1 830	**1 948**	1 693	2 067	**35**	41	59					1 219	1 451
									1 585	1 440	1 725			1						
3 341	3 204	3 059	**1 779**	1 545	1 552	**3 400**	3 678	4 087	**4 674**	4 045	4 948	**35**	41	60	**12**	6	22		1 219	1 451
17	3	6	**62**	54		**222**	65	81	**53**	33	54				**219**	231	220			
3 358	3 207	3 065	**1 841**	1 599	1 552	**3 622**	3 743	4 168	**4 727**	4 078	5 002	**35**	41	60	**231**	237	242		1 219	1 451
220	283	254	**285**	277	293	**49**	50	92	**76**	42	80				**(32)**	(41)	(42)			
						(22)	(40)	(15)	**(34)**	(65)	(76)	**32**	39	40	**(14)**	(4)	(10)		(89)	(135)
									(2)	(18)	(54)		(1)							
220	283	254	**285**	277	293	**27**	10	77	**40**	(41)	(50)	**32**	38	40	**(46)**	(45)	(52)		(89)	(135)
(1)	(1)	(1)		(2)	(3)	**1**	(7)	(6)	**17**	(28)	(29)				**4**	2	(13)			(1)
219	282	253	**285**	275	290	**28**	3	71	**57**	(69)	(79)	**32**	38	40	**(42)**	(43)	(65)		(89)	(136)
219	282	253	**285**	275	290	**49**	45	91	**94**	13	51				**(24)**	(31)	(56)			
						(21)	(42)	(20)	**(35)**	(64)	(76)	**32**	39	40	**(18)**	(12)	(9)		(89)	(136)
									(2)	(18)	(54)		(1)							
219	282	253	**285**	275	290	**28**	3	71	**57**	(69)	(79)	**32**	38	40	**(42)**	(43)	(65)		(89)	(136)
1	(1)		**8**	5	(5)				**3**	3	4					1	(1)			
220	281	253	**293**	280	285	**28**	3	71	**60**	(66)	(75)	**32**	38	40	**(42)**	(42)	(66)		(89)	(136)
386	452	411	**561**	512	476	**51**	59	68	**176**	221	300	**11**	16	22	**13**	18	13		190	291
5	4	3	**1**	1	1	**28**	23	18	**10**	10	8				**2**	3	2		3	4
						96	192		**115**						**(3)**		17			

	Continuing operations								
	Consolidated*			Equipment@			Automotive and Logistics^ Motor retail		
R million	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
1. Operating# and geographical segments (continued)**									
Assets									
Property, plant and equipment	**8 743**	7 575	7 854	**2 402**	1 777	2 178	**1 876**	1 647	1 671
Goodwill	**2 092**	2 078	2 319	**318**	184	207	**255**	244	244
Intangible assets	**421**	297	280	**143**	54	59	**9**	9	13
Investment in associates and joint ventures	**329**	552	731	**272**	512	680			(5)
Long-term finance lease receivables	**286**	236	463	**8**	45	102			
Long-term financial assets	**147**	133	279	**28**	14	23	**20**		
Vehicle rental fleet	**1 695**	1 679	1 692						
Inventories	**7 323**	5 318	7 036	**3 996**	2 623	4 386	**2 331**	1 939	1 711
Trade and other receivables	**6 448**	5 030	4 747	**3 979**	2 575	2 430	**559**	450	444
Assets classified as held for sale	**13**	52	2 358				**12**		8
Segment assets	**27 497**	22 950	27 759	**11 146**	7 784	10 065	**5 062**	4 289	4 086
By geographical region									
Southern Africa	**18 624**	15 798	16 671	**6 459**	4 517	5 903	**3 553**	3 115	2 979
Europe	**6 702**	5 373	9 278	**4 687**	3 267	4 162			
North America	**662**	605	703						
Australia and Asia	**1 509**	1 174	1 107				**1 509**	1 174	1 107
Total segment assets	**27 497**	22 950	27 759	**11 146**	7 784	10 065	**5 062**	4 289	4 086
Taxation	**32**	57	53						
Deferred taxation assets	**649**	755	656						
Cash and cash equivalents	**2 754**	1 928	1 627						
Consolidated total assets	**30 932**	25 690	30 095						
Liabilities									
Long-term non-interest bearing incl provisions	**1 528**	1 083	959	**144**	108	98	**113**	58	57
Trade and other payables incl provisions	**9 028**	6 283	6 355	**4 062**	2 060	1 802	**1 962**	1 624	1 401
Liabilities directly associated with assets classified as held for sale*	**5**	58	1 509				**5**		
Segment liabilities	**10 561**	7 424	8 823	**4 206**	2 168	1 900	**2 080**	1 682	1 458
By geographical region									
Southern Africa	**7 259**	5 095	4 647	**3 064**	1 527	1 200	**1 903**	1 516	1 297
Europe	**2 893**	1 957	3 818	**1 142**	641	700			
North America	**232**	206	197						
Australia and Asia	**177**	166	161				**177**	166	161
Total segment liabilities	**10 561**	7 424	8 823	**4 206**	2 168	1 900	**2 080**	1 682	1 458
Interest-bearing liabilities (excluding held for sale amounts)	**7 243**	6 977	8 845						
Deferred taxation liabilities	**229**	302	249						
Taxation	**247**	161	108						
Consolidated total liabilities	**18 280**	14 864	18 025						
Capital additions									
Southern Africa	**4 718**	4 086	4 397	**759**	326	370	**158**	68	179
Europe	**598**	1 495	2 058	**559**	245	360			
North America	**131**	52	102						
Australia and Asia	**8**	9	19				**8**	9	19
	5 455	5 642	6 576	**1 318**	571	730	**166**	77	198

* *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 acquisition made during 2008 in the Middle East and Asia have been included under Europe.*
\# *The group has adopted IFRS 8 operating segments.*
@ *The Equipment Russia acquisition made during 2011 has been included under Europe.*

	Continuing operations																		Discontinued operations		
	Automotive and Logistics^									Handling						Corporate			Automotive		
	Car rental southern Africa			Leasing			Logistics			Trading			Leasing						Car rental – Scandinavia		
	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
	336	393	348	2 382	2 171	2 039	333	280	314	785	686	838	26	26	41	603	595	425			
	787	784	784	282	282	282	409	441	645	41	143	157									
	4	11	7	6	1	1	149	120	80	93	83	84				17	19	36			
	2	1	2	12	4	2	2	2	2	19	28	28				22	5	22			
				98	97	103				19	16	19	161	78	239						
		20	41				2	4	7	50	53	64	13	15	20	34	27	124			
	1 695	1 679	1 692																		
	174	134	108	40	24	32	4	3	5	772	595	790			1	6		3			
	357	349	351	226	183	192	728	763	813	680	478	503	103	181	126	(184)	51	(112)			
							1	52							5						2 345
	3 355	3 371	3 333	3 046	2 762	2 651	1 628	1 665	1 866	2 459	2 082	2 483	303	300	432	498	697	498			2 345
	3 355	3 371	3 333	3 046	2 762	2 651	919	922	936	860	616	779				432	495	90			
							709	743	930	949	872	1 016	291	289	417	66	202	408			2 345
										650	594	688	12	11	15						
	3 355	3 371	3 333	3 046	2 762	2 651	1 628	1 665	1 866	2 459	2 082	2 483	303	300	432	498	697	498			2 345
	4	55	14	183	167	193	7	6	5	61	56	71	40	45	72	976	588	449			
	922	736	1 053	408	326	317	751	746	812	1 091	779	802	8	11	16	(176)	1	152			
								58													1 509
	926	791	1 067	591	493	510	758	810	817	1 152	835	873	48	56	88	800	589	601			1 509
	926	791	1 067	591	493	510	527	524	594	403	247	261				(155)	(3)	(282)			
							231	286	223	525	388	423	40	50	80	955	592	883			1 509
										224	200	189	8	6	8						
	926	791	1 067	591	493	510	758	810	817	1 152	835	873	48	56	88	800	589	601			1 509
	2 210	2 287	2 061	1 183	1 021	1 270	102	39	79	278	164	243				28	181	195			
							6	5	17	29	90	238	4	10	6					1 145	1 437
										131	52	102									
	2 210	2 287	2 061	1 183	1 021	1 270	108	44	96	438	306	583	4	10	6	28	181	195		1 145	1 437

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 and logistics 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 373 million (2010: R1 191 million; 2009: R1 606 million) are included as part of the Trading operations.

	Total group			Trading			Leasing			Car rental		
	2011 Rm	2010 Rm	2009 Rm	**2011 Rm**	2010 Rm	2009 Rm	**2011 Rm**	2010 Rm	2009 Rm	**2011 Rm**	2010 Rm	2009 Rm
Consolidated statement of financial position												
Assets												
Property, plant and equipment												
Cost	**15 200**	13 563	15 820	**9 393**	8 014	8 378	**3 539**	3 177	2 984	**2 268**	2 372	4 458
Accumulated depreciation	**4 761**	4 306	4 526	**3 393**	3 026	2 952	**1 131**	979	904	**237**	301	670
Net book value	**10 439**	9 257	11 294	**6 000**	4 988	5 426	**2 408**	2 198	2 080	**2 031**	2 071	3 788
Less: Items reflected under current assets as vehicle rental fleet and assets classified as held for sale	**1 696**	1 682	3 440	**1**	3					**1 695**	1 679	3 440
Property, plant and equipment – net book value	**8 743**	7 575	7 854	**5 999**	4 985	5 426	**2 408**	2 198	2 080	**336**	392	348
Goodwill	**2 092**	2 078	2 319	**1 023**	1 012	1 253	**282**	282	282	**787**	784	784
Intangible assets	**421**	297	280	**411**	285	272	**6**	1	1	**4**	11	7
Finance lease receivables	**286**	236	463	**27**	61	121	**259**	175	342			
Long-term financial assets, investment in associates and joint ventures	**476**	685	1 010	**449**	645	945	**25**	19	22	**2**	21	43
Deferred taxation assets	**649**	755	656	**615**	725	635	**34**	30	21			
Non-current assets	**12 667**	11 626	12 582	**8 524**	7 713	8 652	**3 014**	2 705	2 748	**1 129**	1 208	1 182
Current assets	**18 252**	14 012	15 155	**15 625**	11 319	12 540	**385**	410	369	**2 242**	2 283	2 246
Finance lease receivables	**270**	331	270	**69**	55	60	**201**	276	210			
Cash and cash equivalents	**2 754**	1 928	1 627	**2 723**	1 792	1 519	**16**	19	14	**15**	117	94
Other current assets	**15 228**	11 753	13 258	**12 833**	9 472	10 961	**168**	115	145	**2 227**	2 166	2 152
Assets classified as held for sale	**13**	52	2 358	**13**	52	8			6			2 344
Total assets	**30 932**	25 690	30 095	**24 162**	19 084	21 200	**3 399**	3 115	3 123	**3 371**	3 491	5 772
Equity and liabilities												
Interest of all shareholders	**12 652**	10 826	12 070	**11 486**	9 552	10 383	**382**	414	358	**784**	860	1 329
Non-current liabilities	**7 279**	5 670	6 486	**3 164**	1 607	2 351	**2 518**	2 196	2 320	**1 597**	1 867	1 815
Deferred taxation liabilities	**229**	302	249	**(22)**	53	24	**149**	142	134	**102**	107	91
Interest-bearing	**5 522**	4 285	5 278	**1 885**	738	1 647	**2 146**	1 842	1 921	**1 491**	1 705	1 710
Non-interest-bearing	**1 528**	1 083	959	**1 301**	816	680	**223**	212	265	**4**	55	14
Current liabilities	**10 996**	9 136	10 030	**9 507**	7 867	8 465	**499**	505	445	**990**	764	1 120
Amounts due to bankers and short-term loans	**1 721**	2 692	3 567	**1 614**	2 508	3 415	**58**	151	108	**49**	33	44
Other current liabilities	**9 275**	6 444	6 463	**7 893**	5 359	5 050	**441**	354	337	**941**	731	1 076
Liabilities directly associated with assets classified as held for sale												
– interest-bearing			968									968
– non-interest-bearing	**5**	58	541	**5**	58	1						540
Total equity and liabilities	**30 932**	25 690	30 095	**24 162**	19 084	21 200	**3 399**	3 115	3 123	**3 371**	3 491	5 772

1. Operating and geographical segments** (continued)

1.1 Segmentation for purpose of gearing and interest cover targets^

	Total group			Trading			Leasing			Car rental		
	2011 Rm	2010* Rm	2009* Rm	2011 Rm	2010 Rm	2009 Rm	2011 Rm	2010* Rm	2009* Rm	2011 Rm	2010 Rm	2009 Rm
Consolidated income statement												
Continuing operations												
Revenue	**49 823**	40 830	45 269	**44 668**	36 040	40 598	**1 814**	1 586	1 612	**3 341**	3 204	3 059
Operating profit before items listed below (EBITDA)	**3 993**	3 318	4 061	**2 492**	1 735	2 561	**890**	844	832	**611**	739	668
Depreciation	**(1 620)**	(1 736)	(1 854)	**(662)**	(756)	(945)	**(572)**	(528)	(498)	**(386)**	(452)	(411)
Amortisation of intangible assets	**(84)**	(64)	(61)	**(78)**	(59)	(57)	**(1)**	(1)	(1)	**(5)**	(4)	(3)
Operating profit	**2 289**	1 518	2 146	**1 752**	920	1 559	**317**	315	333	**220**	283	254
Fair value adjustments on financial instruments	**(65)**	(89)	(201)	**(64)**	(86)	(197)		(2)	(3)	**(1)**	(1)	(1)
Finance costs*	**(755)**	(809)	(1 090)	**(386)**	(447)	(696)	**(170)**	(142)	(153)	**(199)**	(220)	(241)
Income from investments	**62**	84	149	**8**	63	121	**2**	2	2	**52**	19	26
Profit before exceptional items	**1 531**	704	1 004	**1 310**	450	787	**149**	173	179	**72**	81	38
Exceptional items	**62**	(176)	22	**57**	(176)	22	**(1)**			**6**		
Profit before taxation	**1 593**	528	1 026	**1 367**	274	809	**148**	173	179	**78**	81	38
Taxation	**(584)**	(228)	(248)	**(499)**	(188)	(177)	**(53)**	(41)	(55)	**(32)**	1	(16)
Profit after taxation	**1 009**	300	778	**868**	86	632	**95**	132	124	**46**	82	22
Income from associates and joint ventures	**71**	16	43	**62**	12	48	**8**	5	(5)	**1**	(1)	
Net profit from continuing operations	**1 080**	316	821	**930**	98	680	**103**	137	119	**47**	81	22
Discontinued operations												
(Loss)/profit from discontinued operations		(272)	(82)			58					(272)	(140)
Net profit/(loss)	**1 080**	44	739	**930**	98	738	**103**	137	119	**47**	(191)	(118)
Attributable to:												
Non-controlling interest	**63**	51	68	**52**	45	56	**11**	6	12			
Barloworld Limited shareholders	**1 017**	(7)	671	**878**	53	682	**92**	131	107	**47**	(191)	(118)
	1 080	44	739	**930**	98	738	**103**	137	119	**47**	(191)	(118)
Key financial ratios by segment												
Total borrowings to total shareholders' funds (%)**												
Actual	**57**	64	81	**30**	34	49	**577**	482	567	**196**	202	205
Target#					**30 – 50**			**600 – 800**			**200 – 300**	
Interest cover (times)**												
Actual	**3.0**	1.9	1.9	**4.4**	2.0	2.1	**1.9**	2.2	2.2	**1.4**	1.4	1.2
Target		**> 3**			**> 4**			**> 1**			**>1.25**	
Net debt (%)	**35**	47	68	**7**	15	34	**573**	477	563	**195**	188	198

 # The group gearing target is dependant on the relative mix of assets between the three segments.
*** Refer to www.barloworld.com for definitions.*
^ All years have been reclassified for the treatment of car rental Scandinavia as discontinued operations.
** Reclassification of interest paid in the leasing business from cost of sales to finance costs (refer note 34.2).*

	2011 Cost Rm	2011 Accumulated depreciation and impairments Rm	2011 Net book value Rm
2. Property, plant and equipment			
Freehold land and buildings	2 909	348	2 561
Leasehold land and buildings	951	271	680
Investment property	31	11	20
Plant, equipment and furniture	2 089	1 501	588
Vehicles and aircraft	657	311	346
Capitalised leased plant and equipment, vehicles and furniture	570	138	432
Rental assets – vehicles	5 227	1 121	4 106
Rental assets – equipment	2 766	1 060	1 706
	15 200	4 761	10 439
Less: Vehicle rental fleet reflected under current assets – continuing operations			1 695
Other assets classified as held for sale			1
Disposal group assets classified as held for sale			
– Property, plant and equipment			
– Vehicle rental fleet reflected under current assets			
			8 743
Per business segment:			
Continuing operations			
– Equipment			2 402
– Automotive and Logistics			4 928
– Handling			811
– Corporate			603
Total continuing operations			8 744
Discontinued operations			
– Car rental – Scandinavia			
Total discontinued operations			
Total group			8 744
Amounts classified as held for sale			(1)
Total per statement of financial position			8 743
Investment properties:			
Six investment properties (2010: six and 2009: five) are held, of which all are income-generating (2010: six and 2009: five) and none are vacant (2010 and 2009: none).			
Income earned from investment properties			3
Direct operating expenses incurred on investment properties			1
Fair value of investment properties			84
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 (excluding finance leased assets) (note 14)			560
Historic value of land and residual value of property, plant and equipment			5 232
Insurable value of property, plant and equipment			14 286

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.

2010 Cost Rm	2010 Accumulated depreciation and impairments Rm	2010 Net book value Rm	2009 Cost Rm	2009 Accumulated depreciation and impairments Rm	2009 Net book value Rm
2 361	297	2 064	2 222	284	1 938
700	203	497	702	201	501
30	10	20	22	8	14
1 810	1 283	527	1 948	1 324	624
493	255	238	490	231	259
576	125	451	594	110	484
4 891	1 041	3 850	6 635	1 211	5 424
2 702	1 092	1 610	3 207	1 157	2 050
13 563	4 306	9 257	15 820	4 526	11 294
		1 679			1 692
		3			
					51
					1 697
		7 575			7 854
		1 777			2 178
		4 494			4 372
		712			879
		595			425
		7 578			7 854
					51
					51
		7 578			7 905
		(3)			(51)
		7 575			7 854
		3			2
		1			
		65			56
		618			749
		4 777			3 739
		16 511			14 332

Movement of property, plant and equipment	Freehold and leasehold land and buildings Rm	Investment property Rm
2. Property, plant and equipment (continued)		
2011		
Net balance at 1 October 2010	**2 561**	**20**
Subsidiaries acquired	**113**	
Subsidiaries disposed		
Other additions	**500**	
(Impairment)/reversal of impairment of assets	**(7)**	
Translation differences (net)#	**191**	
	3 358	**20**
Other disposals	**(39)**	
Depreciation	**(78)**	
Net balance at 30 September 2011	**3 241**	**20**
Less: Vehicle rental fleet assets reflected under current assets		
Other assets classified as held for sale		
Balance reflected as property, plant and equipment	**3 241**	**20**
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

#Refer to page 176.
**Refer to page 176.*

Plant equipment and furniture Rm	Vehicles and aircraft Rm	Capitalised leased assets Rm	Rental assets vehicles* Rm	Rental assets equipment* Rm	Total Rm
527	238	451	3 850	1 610	9 257
9	11			37	170
(2)	(1)				(3)
207	164	9	3 350	1 225	5 455
	2				(5)
60	10	4	61	137	463
801	424	464	7 261	3 009	15 337
(24)	(19)	(16)	(2 254)	(926)	(3 278)
(189)	(59)	(16)	(901)	(377)	(1 620)
588	346	432	4 106	1 706	10 439
			1 695		1 695
	1				1
588	345	432	2 411	1 706	8 743
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

		2011 Rm	2010 Rm	2009 Rm
2.	**Property, plant and equipment (continued)**			
	#Translation difference:			
	The translation differences are made up as follows:			
	Cost	**787**	(764)	(624)
	Accumulated depreciation	**(324)**	318	298
		463	(446)	(326)
	***Rental asset disclosures:**			
	Future minimum undiscounted lease receivables under non-cancellable operating leases (excluding Avis Fleet Services):			
	Within one year	**51**	35	41
	Two to five years	**106**	93	117
	More than five years	**40**	35	55
		197	163	213
	Future minimum undiscounted lease receivables under non-cancellable operating leases for Avis Fleet Services:			
	Within one year	**760**	630	613
	Two to five years	**741**	720	727
	More than five years		1	1
		1 501	1 351	1 341

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, Europe and Russia.

Vehicle rental assets include the following:

– Short-term motor vehicle fleet in southern Africa for rent to customers for periods varying between 1 and 30 days. In South Africa none (2010: 8.6% and 2009: 10.9%) 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 38 months (2010: 40 months, 2009: 39 months) and an average residual value of 48% (2010: 46.7% and 2009: 46%).

Refer note 1 for a segmental analysis of impairment losses and reversals.

		2011 Rm	2010 Rm	2009 Rm
3.	**Goodwill**			
	Cost			
	At 1 October	**2 377**	3 041	3 151
	Additions	**3**		
	Subsidiaries acquired	**95**		
	Subsidiaries disposed	**(59)**	(575)	(4)
	Translation differences	**133**	(89)	(106)
	At 30 September	**2 549**	2 377	3 041
	Accumulated impairment losses			
	At 1 October	**299**	722	730
	Subsidiaries disposed	**(59)**	(575)	(2)
	Impairment	**211**	152	
	Translation differences	**6**		(6)
	At 30 September	**457**	299	722
	Carrying amount			
	At 30 September	**2 092**	2 078	2 319

	2011 Rm	2010 Rm	2009 Rm
3. Goodwill (continued)			
Per business segment:			
– Equipment	**318**	184	207
– Automotive and Logistics	**1 733**	1 751	1 955
– Handling	**41**	143	157
Total per statement of financial position	**2 092**	2 078	2 319
The impairments relate to the following:			
Logistics Middle East and Asia	**62**	152	
Logistics Africa	**35**		
Handling	**114**		
	211	152	

Goodwill is allocated to groups of cash-generating units based on group business segments (refer note 1).

The group has not recognised any significant intangible assets with indefinite useful lives.

During the current year, all significant recoverable amounts were based on value in use. A discounted cash flow valuation model is applied using five year strategic plans as approved by management. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the group. The process ensures that all significant risks and sensitivities are appropriately considered and factored into strategic plans. Key assumptions are based on industry specific performance levels as well as economic indicators approved by the executive. These assumptions are generally consistent with external sources of information.

Cash flows for the terminal value beyond the explicit forecast period of five years are 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 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 nominal weighted average cost of capital (WACC), dependent upon the location of cash-generating segment operations. For September 2009 a real cost of capital was used after adjusting for size, leverage and other known risks.

The nominal WACC applied as at September 2011 and September 2010, and the after tax real cost of capital rates applied as at September 2009 are as follows:

	2011 %	2010 %	2009 %
United States	**8.3**	6.7	6.0
Spain	**8.3**	8.1	6.4
United Kingdom	**8.0**	5.7	6.7
Norway	**n/a**	n/a	6.4
Sweden	**n/a**	n/a	6.4
Denmark	**n/a**	n/a	6.4
Australia	**6.9**	7.5	5.9
South Africa	**12.5**	11.9	7.4
UAE	**8.7**	9.4	n/a

The 2011 impairment loss pertaining to Logistics Middle East and Asia (MEA), Logistics Africa and Handling was calculated by comparing the discounted cash flows of the remaining business cash-generating units to the carrying value of the net operating assets of the remaining businesses.

During 2010, it was agreed that the MEA freight forwarding business would be split between 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 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 trader business was classified as held for sale in September 2010 (refer note 12), and was sold during February 2011.

	2011		
	Capitalised software Rm	Patents, trademarks, development and supplier relationships costs Rm	Total intangible assets Rm
4. Intangible assets			
Cost			
At 1 October	568	145	713
Subsidiaries acquired	19	82	101
Other additions	92		92
Subsidiaries disposed	(3)		(3)
Other disposals	(14)	(1)	(15)
Other reclassification	(14)	(5)	(19)
Impairment		(2)	(2)
Translation differences	37	15	52
At 30 September	685	234	919
Accumulated amortisation and impairment			
At 1 October	346	70	416
Charge for the year (note 20)	50	34	84
Subsidiaries acquired	4		4
Other disposals	(13)	(1)	(14)
Other reclassification	(16)	(3)	(19)
Impairment		(1)	(1)
Translation differences	24	4	28
At 30 September	395	103	498
Carrying amount			
At 30 September	290	131	421
Per business segment:			
Continuing operations			
– Equipment			143
– Automotive and Logistics			168
– Handling			93
– Corporate			17
Total continuing operations			421
Discontinued operations			
– Car rental – Scandinavia			
Total discontinued operations			
Total group			421
Amounts classified as held for sale			
Total per statement of financial position			421

2010			2009		
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
510	145	655	403	135	538
99	4	103	127	14	141
			(3)		(3)
(7)		(7)	(7)	(1)	(8)
(2)		(2)	13	5	18
				(4)	(4)
(32)	(4)	(36)	(23)	(4)	(27)
568	145	713	510	145	655
321	54	375	293	40	333
50	17	67	53	12	65
(2)		(2)	(6)		(6)
			1	4	5
(23)	(1)	(24)	(20)	(2)	(22)
346	70	416	321	54	375
222	75	297	189	91	280
		54			59
		141			101
		83			84
		19			36
		297			280
					7
					7
		297			287
					(7)
		297			280

	2011 Rm	2010 Rm	2009 Rm	2011 Rm	2010 Rm	2009 Rm
5. Investment in associates and joint ventures*	**(Loss)/income**			**Investment**		
Associates	**(4)**	(16)	(21)	**154**	128	201
Joint ventures	**75**	32	64	**175**	424	530
	71	16	43	**329**	552	731
Per business segment:						
Continuing operations						
– Equipment	**59**	8	51	**272**	512	680
– Automotive and Logistics	**9**	4	(11)	**16**	7	1
– Handling	**3**	3	4	**19**	28	28
– Corporate		1	(1)	**22**	5	22
Total per income statement/statement of financial position	**71**	16	43	**329**	552	731
	Associates			**Joint ventures**		
Cost of investment^	**203**	203	203	**38**	230	230
Share of associates and joint ventures' reserves	**(69)**	(79)	1	**137**	194	214
Beginning of year	**(79)**	1	39	**194**	214	174
Normal and exceptional profit for the year	**(4)**	(16)	(21)	**75**	32	64
Dividends received		1		**(65)**		
Disposals and other reserve movements^	**14**	(32)	(15)	**(67)**	(46)	(30)
Impairments during the year		(33)				
Other reallocation and movements			(2)		(6)	6
Amounts classified as held for sale			(8)			
Carrying value excluding amounts owing	**134**	124	196	**175**	424	444
Loans and advances to associates and joint ventures	**20**	4	5			86
Carrying value including amounts owing	**154**	128	201	**175**	424	530
Carrying value by category						
Unlisted associates and joint ventures – shares at carrying value	**134**	124	196	**175**	424	444
	134	124	196	**175**	424	444
Valuation of shares						
Directors' valuation of unlisted associate companies and joint ventures	**134**	124	196	**175**	522	554
	134	124	196	**175**	522	554

^The Vostochnaya Technica (VT) joint venture was consolidated into the group results in 2011 following the acquisition of the 50% shareholding of the joint venture partner.

	2011 Rm	2010 Rm	2009 Rm	2011 Rm	2010 Rm	2009 Rm
5. Investment in associates and joint ventures* (continued)		**Associates**			**Joint ventures**	
Aggregate of group associate companies' and joint ventures' net assets, revenue and profit						
Property, plant and equipment and other non-current assets	**196**	193	281	**246**	267	178
Current assets	**80**	60	61	**257**	813	837
Long-term liabilities	**102**	94	141	**142**	141	141
Current liabilities	**43**	35	31	**196**	232	422
Revenue	**189**	154	213	**327**	1 314	744
Cash flow from operations	**27**	(12)	(18)	**(98)**	(274)	(114)

**Refer to note 37 and 38 for a detailed list of associate and joint venture companies.*

	2011 Rm	2010 Rm	2009 Rm
6. Finance lease receivables			
Amounts receivable under finance leases:			
Gross investment	**614**	630	850
Less: Unearned finance income	**(58)**	(63)	(117)
Present value of minimum lease payments receivable	**556**	567	733
Receivable as follows:			
Present value			
Within one year (note 10)	**270**	331	270
Non-current portion	**286**	236	463
In the second to fifth year inclusive	**285**	233	456
After five years	**1**	3	7
	556	567	733
Per business segment (non-current portion):			
– Equipment	**8**	45	102
– Automotive and Logistics	**98**	97	103
– Handling	**180**	94	258
Total group	**286**	236	463
Minimum lease payments			
Within one year	**313**	373	342
In the second to fifth year inclusive	**300**	254	500
After five years	**1**	3	8
	614	630	850
Less: Unearned finance income	**(58)**	(63)	(117)
	556	567	733
Fair value of finance lease receivables	**556**	567	733
Allowance for uncollectible finance lease receivables			
At 1 October	**2**	12	37
Allowance reversed to profit or loss	**(4)**	(9)	(19)
Translation	**2**	(1)	(6)
At 30 September		2	12
Unguaranteed residual values of assets leased under finance leases	**171**	206	242

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 2011 was 7% per annum (2010: 7%; 2009: 8%).

		2011 Rm	2010 Rm	2009 Rm
7.	**Long-term financial assets**			
	Listed investments at fair value	**8**	21	100
	Unlisted investments at fair value	**25**	25	46
	Bills and leases discounted with recourse and repurchase obligations	**13**	15	20
	Other receivables	**86**	66	66
	Other derivatives		1	19
	Other non-current loans and deposits	**13**	1	8
	Barloworld Share Purchase Scheme**	**2**	4	20
		147	133	279
	Per category:			
	Financial assets at fair value through profit or loss			
	– Designated as such at initial recognition	**8**		100
	– Held for trading items			15
	Available-for-sale financial assets	**25**	46	46
	Loans and receivables	**75**	86	59
	Derivative assets designated as effective hedging instruments	**21**	1	4
	Other assets	**18**		55
		147	133	279
	Per business segment:			
	– Equipment	**28**	14	23
	– Automotive and Logistics	**22**	24	48
	– Handling	**63**	68	84
	– Corporate	**34**	27	124
	Total per statement of financial position	**147**	133	279
	Available-for-sale investments (note 37)			
	Unlisted investments			
	Opening balance	**25**	46	47
	Investment disposals (Car rental Scandinavia business unit)		(21)	
	Impairment of investments at fair value@			(1)
	Fair value of unlisted investments	**25**	25	46
	Total fair value of available-for-sale investments	**25**	25	46
	Other listed investments			
	PPC shares^	**8**	21	100
	Valuation of shares:			
	Market value – listed investments	**8**	21	100
	Directors' valuation of unlisted investments	**25**	25	46
	Total fair value	**33**	46	146

*** **Barloworld Share Purchase Scheme***
Included are loans to executive directors for the purchase of shares amounting to R0.2 million (2010: R0.2 million; 2009: R5.2 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 7% (2010: 8%; 2009: 8% 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.*

	2011 Rm	2010 Rm	2009 Rm
8. Deferred taxation			
Movement of deferred taxation			
Balance at beginning of year			
– deferred taxation assets	**755**	656	488
– deferred taxation liabilities	**(302)**	(249)	(266)
Net asset at beginning of the year	**453**	407	222
Recognised in income statement this year	**(115)**	22	114
– Continuing operations	**(115)**	24	114
– Rate change adjustment		(2)	
Recognised in income statement this year			
– Discontinued operations		(1)	39
Arising on acquisition and disposal of subsidiaries	**4**		(10)
Translation differences	**69**	(40)	(63)
Accounted for directly in other comprehensive income	**15**	70	114
Accounted for directly in equity	**(8)**		
Reclassified as held for sale			(36)
Other movements	**2**	(5)	27
Net asset at end of the year	**420**	453	407
– deferred taxation assets	**649**	755	656
– deferred taxation liabilities	**(229)**	(302)	(249)
Analysis of deferred taxation by type of temporary difference			
Deferred taxation assets			
Capital allowances	**(68)**	(106)	(115)
Provisions and payables	**195**	188	182
Prepayments and other receivables	**57**	32	45
Effect of tax losses	**215**	450	346
Retirement benefit obligations	**249**	195	199
Other temporary differences	**1**	(4)	(1)
	649	755	656
Deferred taxation liabilities			
Capital allowances	**(495)**	(244)	(323)
Provisions and payables	**158**	42	70
Prepayments and other receivables	**10**	(31)	60
Effect of tax losses	**148**	40	45
Retirement benefit obligations		(5)	(4)
Other temporary differences	**(50)**	(104)	(97)
	(229)	(302)	(249)

The tax grouping which falls under the Spanish Tax jurisdiction has for the past three financial years incurred losses for taxation purposes, which have given rise to a deferred taxation asset within the region. Certain once-off costs have largely been the cause for the losses incurred to date. The grouping does not have sufficient temporary differences which would give rise to deferred tax liabilities but the grouping has recognised a deferred taxation asset based on actions taken within the businesses to reduce the costs bases which will allow the grouping to operate with significantly lower revenues. In addition, the grouping has secured a good proportion of their 2012 and 2013 planned revenue in relation to equipment sales through large package deals signed with Spanish customers.

		2011 Rm	2010 Rm	2009 Rm
9.	**Inventories**			
	Work in progress	**403**	295	295
	Finished goods	**3 480**	2 554	3 617
	Merchandise	**3 377**	2 421	3 054
	Consumable stores	**22**	11	21
	Other inventories	**41**	37	49
	Total inventories	**7 323**	5 318	7 036
	Per business segment:			
	– Equipment	**3 996**	2 623	4 386
	– Automotive and Logistics	**2 560**	2 100	1 907
	– Handling	**772**	595	791
	– Corporate	**6**		3
	Total group	**7 334**	5 318	7 087
	Amounts classified as held for sale	**(11)**		(51)
	Total per statement of financial position	**7 323**	5 318	7 036
	The value of inventories has been determined on the following bases:			
	First-in first-out and specific identification	**6 766**	4 957	6 680
	Weighted average	**557**	361	356
		7 323	5 318	7 036
	Inventory pledged as security for liabilities	**374**	107	109
	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	**152**	141	22
	Amount of reversals of inventory previously written down	**11**	4	7
	Amounts removed during the year from cash flow hedge reserve and included in the initial cost of inventory	**(37)**	8	(55)

		2011 Rm	2010 Rm	2009 Rm
10.	**Trade and other receivables**			
	Trade receivables	**4 953**	4 119	4 172
	Less: Allowance for doubtful receivables	**(345)**	(301)	(350)
	Finance lease receivables (note 6)	**270**	331	270
	Fair value of derivatives	**255**	31	21
	Other receivables and prepayments	**1 315**	850	634
		6 448	5 030	4 747
	Per category:			
	Financial assets at fair value through profit or loss			
	– Designated as such at initial recognition			21
	– Held for trading items	**79**		
	Loans and receivables	**5 093**	4 352	4 216
	Derivative assets designated as effective hedging instruments	**176**	31	
	Finance lease receivables	**270**	331	270
		5 618	4 714	4 507
	Per business segment:			
	Continuing operations			
	– Equipment	**3 979**	2 575	2 430
	– Automotive and Logistics	**1 871**	1 788	1 800
	– Handling	**783**	659	629
	– Corporate (including inter-group elimination)	**(184)**	51	(112)
	Total continuing operations	**6 449**	5 073	4 747
	Discontinued operations			
	– Car rental – Scandinavia			445
	Total discontinued operations			445
	Total group	**6 449**	5 073	5 192
	Amounts classified as held for sale	**(1)**	(43)	(445)
	Total per statement of financial position	**6 448**	5 030	4 747
	Allowance for doubtful receivables			
	At 1 October	**301**	350	314
	Additional allowance charged to profit or loss	**72**	68	111
	Allowance reversed to profit or loss	**(23)**	(58)	(43)
	Allowance utilised	**(25)**	(30)	(19)
	Acquisition of subsidiaries	**2**		
	Disposal of subsidiaries	**(5)**	(2)	
	Translation	**23**	(27)	(13)
	At 30 September	**345**	301	350

Receivables are reviewed for impairment on an individual basis and factors considered include the nature and credit quality of counterparties as well as disputes regarding price, delivery, quality and authorisation of work done.

		2011 Rm	2010 Rm	2009 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	**413**	271	283
	Between 31 – 60 days	**195**	192	160
	Between 60 – 90 days	**84**	94	56
	Greater than 90 days	**149**	105	101
		841	662	600
	Government			
	Less than 30 days	**23**	15	8
	Between 31 – 60 days	**9**	4	2
	Between 60 – 90 days	**6**	3	3
	Greater than 90 days	**4**	6	13
		42	28	26
	Consumers			
	Less than 30 days	**64**	44	9
	Between 31 – 60 days	**13**	21	1
	Between 60 – 90 days	**4**	5	2
	Greater than 90 days	**11**	18	1
		92	88	13
	Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities		55	84
	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	**2 375**	1 547	1 458
	Other cash and cash equivalent balances	**379**	381	169
		2 754	1 928	1 627
	Per category:			
	Loans and receivables	**2 754**	1 928	1 627
		2 754	1 928	1 627
	Per currency:			
	South African rand	**1 674**	735	926
	Foreign currencies	**1 080**	1 193	701
		2 754	1 928	1 627

	2011 Rm	2010 Rm	2009 Rm
12. Discontinued operations and assets classified as held for sale			
The 30 September 2010 and 2009 figures relate to the car rental Scandinavia business which was sold in July 2010.			
Results from discontinued operations are as follows:			
Revenue		1 219	1 451
Operating profit before items listed below (EBITDA)		104	160
Depreciation		(190)	(291)
Amortisation of intangible assets		(3)	(4)
Operating loss		(89)	(135)
Fair value adjustments on financial instruments			(1)
Finance costs		(24)	(56)
Income from investments		4	11
Loss before exceptional items		(109)	(181)
Exceptional items			(1)
Loss before taxation		(109)	(182)
Taxation		24	39
Net loss of discontinued operations before loss on disposal		(85)	(143)
Loss on disposal of discontinued operations*		(289)	
Realisation of translation reserve		102	
Release of contingency provision on prior year disposal			61
Net (loss)/profit on disposal of discontinued operations		(187)	61
Loss from discontinued operations per income statement		(272)	(82)
Included in the loss from discontinued operations are the following non-trading items:			
Loss on sale of properties and investments			(1)
The cash flows from the discontinued operations are as follows:			
Cash flows from operating activities		(6)	172
Cash flows from investing activities		183	(17)
Cash flows from financing activities		(92)	(40)

**Based on disposal prices agreed with external parties.*

		Total held for sale Rm	Other assets[1] Rm
12.	**Discontinued operations and assets classified as held for sale (continued)**		
	The major classes of assets and liabilities classified as held for sale are as follows:		
	2011		
	Property, plant and equipment	**1**	**1**
	Inventories	**11**	**11**
	Trade and other receivables	**1**	**1**
	Assets classified as held for sale	**13**	**13**
	Trade and other payables – short and long-term	**(5)**	**(5)**
	Total liabilities associated with assets classified as held for sale	**(5)**	**(5)**
	Net assets classified as held for sale	**8**	**8**

	Total held for sale Rm	African trading business[2] 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)

	Total held for sale Rm	Car rental Scandinavia[3] 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

[1]*Other assets held for sale relate to the net assets of automotive dealerships in the process of being sold.*
[2]*The Logistics African non-corporate trading businesses were sold during February 2011 in the current financial year.*
[3]*The car rental Scandinavian business was sold on 31 July 2010.*

	2011 Rm	2010 Rm	2009 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 (2010: 400 000 000) (2009: 300 000 000) Ordinary shares of 5 cents each	**20**	20	15
	21	21	16
Issued share capital			
375 000 6% Non-redeemable cumulative preference shares of R2 each (2010: 375 000) (2009: 375 000)	**1**	1	1
230 878 344 Ordinary shares of 5 cents each (2010: 230 452 448) (2009: 227 440 494)	**12**	12	11
	13	13	12
Share premium:	**291**	282	240
Balance at beginning of year	**282**	240	230
Premium on share issues	**9**	43	12
Adjustment – other		(1)	(2)
Total issued share capital and premium	**304**	295	252

	2011	2010	2009
Issued shares:			
Total number of shares in issue at beginning of year excluding BEE shares	**211 745 182**	208 733 228	208 171 343
Issued during the year:			
Share options exercised	**425 896**	1 795 004	561 885
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	**212 171 078**	211 745 182	208 733 228
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	**230 878 344**	230 452 448	227 440 494
Treasury shares	**(5 728 242)**	(5 475 274)	(4 258 532)
Net number of ordinary shares in issue at end of year	**225 150 102**	224 977 174	223 181 962
Unissued shares:			
Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme (note 1 below)	**23 087 834**	23 045 245	22 744 049
Ordinary shares	**146 033 822**	146 502 307	49 815 457
	169 121 656	169 547 552	72 559 506
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 as approved at the 2011 annual general meeting.
[3]Refer note 33 for detail about the Barloworld share incentive schemes and share-based payments disclosure.

		2011 Rm	2010 Rm	2009 Rm
14.	**Interest-bearing liabilities**			
	Total long-term borrowings (note 32.2)	**5 739**	6 066	5 970
	Less: Current portion redeemable and repayable within one year (note 18)	**(217)**	(1 781)	(692)
	Interest-bearing liabilities	**5 522**	4 285	5 278
	Per category:			
	Financial liabilities measured at amortised cost	**4 888**	3 465	4 292
		4 888	3 465	4 292

Summary of group borrowings by currency and by year of redemption or repayment

R million	Total owing 2011	Repayable during the year ending 30 September 2012	2013	2014	2015	2016 and onwards	Total owing 2010	Total owing 2009
Total SA rand	**5 459**	100	347	922	1 543	2 547	5 692	5 463
US dollar	**96**	56	15	11	10	4	37	74
UK sterling	**50**	24	15	8	2	1	152	239
Euro	**114**	23	25	19	12	35	156	190
Other	**20**	14	6				29	4
Total foreign currencies	**280**	117	61	38	24	40	374	507
Total SA rand and foreign currency liabilities	**5 739**	217	408	960	1 567	2 587	6 066	5 970

Included above are secured liabilities as follows:	Liabilities secured 2011 Rm	2010 Rm	2009 Rm	Net book value of assets encumbered 2011 Rm	2010 Rm	2009 Rm
Secured liabilities						
Secured loans						
South African rand	**97**	79	64	**126**	129	131
Liabilities under capitalised finance leases (note 29)						
South African rand	**439**	476	499	**433**	449	468
Foreign currencies	**195**	344	487	**1**	204	234
Total secured liabilities	**731**	899	1 050	**560**	782	833
Assets encumbered are made up as follows:						
Property, plant and equipment (note 2)				**560**	618	749
Finance lease receivables (note 6)					164	
Trade receivables (note 10)						84
				560	782	833

		2011 Rm	2010 Rm	2009 Rm
15.	**Provisions**			
	Non-current	**265**	217	185
	Current	**633**	476	580
		898	693	765
	Per business segment:			
	Continuing operations			
	– Equipment	**442**	298	340
	– Automotive and Logistics	**255**	244	222
	– Handling	**42**	46	56
	– Corporate	**159**	134	147
	Total group	**898**	722	765
	Amounts classified as held for sale		(29)	
	Total per statement of financial position	**898**	693	765

Movement of provisions	**Total 2011 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	**693**	44	99	41	213	92	56	148
Amounts added	**1 239**	19	552	23	511	8	1	125
Amounts used	**(1 045)**	(15)	(457)	(11)	(499)	(10)	(10)	(43)
Amounts reversed unused	**(35)**		(5)		(12)	(5)		(13)
Acquisition of subsidiaries	**11**		11					
Unwinding of discount on present valued amounts	**(9)**				(9)			
Translation adjustments	**44**	8	12	1	5	4	11	3
Balance at end of year	**898**	56	212	54	209	89	58	220
To be incurred								
Within one year	**632**	56	199	53	164	7	22	131
Between two to five years	**200**		13	1	45	16	36	89
More than five years	**66**					66		
	898	56	212	54	209	89	58	220

15. Provisions (continued)

Insurance claims

The provision arises from outstanding claims in Barloworld Insurance Limited which manages the group's insurance programme.

Warranty claims

The provisions relate principally to warranty claims on capital equipment, spare parts and service. The estimate is based on claims notified and past experience.

Credit life and warranty products

The provision relates to credit life and warranty products sold by the automotive segment. Refer note 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, healthcare inflation cost and rates of increase in compensation costs.

Restructuring

The provision includes obligations related to the closure of operations.

Other

Included in other provisions are the amounts raised in terms of the share appreciation rights scheme amounting to R60 million (refer note 33) as well as unearned premium provisions amounting to R56 million in the automotive and logistics division.

	2011 Rm	2010 Rm	2009 Rm
16. Other non-interest-bearing liabilities			
Bills and leases discounted with recourse and repurchase obligations	**13**	15	20
Fair value of derivatives	**13**	20	79
Retirement benefit obligation	**907**	515	321
Other payables	**330**	316	354
Total non-interest-bearing liabilities	**1 263**	866	774
Per category:			
Financial liabilities at fair value through profit or loss			
– Designated as such at initial recognition	**14**		21
Financial liabilities measured at amortised cost	**336**	351	364
Derivative liabilities designated as effective hedging instruments			68
	350	351	453
Per business segment:			
Continuing operations			
– Equipment	**55**	56	48
– Automotive and Logistics	**211**	193	195
– Handling	**96**	99	141
– Corporate	**901**	518	390
Total group	**1 263**	866	774

16. **Other non-interest-bearing liabilities (continued)**

Retirement benefit information

It is the policy of the group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end the group's permanent employees are usually required to be members of either a pension or provident fund, depending on their preference and local legal requirements.

Altogether 51% of employees belong to one defined benefit and nine defined contribution retirement funds in which group employment is a prerequisite for membership. Of these, the defined benefit and five defined contribution funds are located outside of South Africa and accordingly are not subject to the provisions of the Pension Funds Act of 1956. 22% 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 R472 million (2010: R428 million; 2009: R390 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:

	2011 Rm	2010 Rm	2009 Rm
Current service cost	20	17	17
Interest costs	264	243	285
Expected return on plan assets	(287)	(259)	(286)
Net (gain)/loss recognised in profit or loss (note 20)	(3)	1	16
Actual return on plan assets	6	445	369
The triennial valuation of the United Kingdom defined benefit pension scheme was completed as at 1 April 2011 and updated at September 2011. The scheme reflected a deficit, calculated in terms of IAS 19 Employee Benefits, of £70.9 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 £2.1 million (R26 million).			
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	5 654	4 859	4 824
Fair value of plan assets	4 747	4 344	4 503
Net liability per statement of financial position	907	515	321
Movement in present value of funded obligation:			
At beginning of year	4 859	4 824	5 270
Current service cost	20	17	17
Interest cost	264	243	285
Actuarial losses recognised in the statement of comprehensive income	57	427	411
Benefits paid	(232)	(216)	(231)
Employee contributions	13	12	14
Other movements	(3)		
Exchange differences	676	(448)	(942)
At the end of year	5 654	4 859	4 824

		2011 Rm	2010 Rm	2009 Rm
16.	**Other non-interest-bearing liabilities (continued)**			
	Defined benefit plans (continued)			
	Movement in fair value of plan assets:			
	At beginning of year	**4 344**	4 503	5 264
	Expected return on plan assets	**287**	259	286
	Actuarial (losses)/gains recognised in the statement of comprehensive income	**(294)**	189	90
	Contributions	**25**	20	24
	Benefits paid	**(232)**	(216)	(231)
	Employee contributions	**13**	12	14
	Exchange differences	**604**	(423)	(944)
	At the end of year	**4 747**	4 344	4 503
	Cumulative actuarial losses	**1 878**	1 527	1 289
	Plan assets consist of the following:			
	– Equity instruments (%)	**45**	51	51
	– Bonds (%)	**53**	49	47
	– Cash (%)	**2**		2

Amount included in the fair value of assets for Barloworld Limited shares and property occupied by the group is nil.

Defined benefit funds are valued by independent actuaries as follows:

	Valuation interval	Latest statutory valuation
Barloworld UK Pension Scheme	Triennial	1 April 2011

Key assumptions used:	2011	2010	2009
Discount rate (%)	**5.3**	5.1	5.6
Expected return on plan assets (%)	**6.4**	6.2	7.7
Expected rate of salary increases (%)	**3.0**	3.0	3.8
Future pension increases (%)	**3.0**	3.0	3.0

Historical disclosures:	2011	2010	2009	2008	2007
Present value of obligation	**5 654**	4 859	4 824	5 270	5 504
Fair value of plan assets	**4 747**	4 344	4 503	5 264	4 816
Net liability	**907**	515	321	6	688
Experience adjustments (%):					
Plan liabilities	**0.4**	8.8	8.5	(11.3)	2.4
Plan assets	**6.2**	4.0	2.0	(13.9)	1.9

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).

		2011 Rm	2010 Rm	2009 Rm
17.	**Trade and other payables**			
	Trade and other payables	**8 393**	5 657	5 682
	Fair value of derivatives	**2**	150	93
		8 395	5 807	5 775
	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
	Financial liabilities measured at amortised cost	**6 964**	4 837	4 744
	Derivatives designated as effective hedging instruments	**2**	131	74
		6 966	4 996	4 886
	Per business segment:			
	Continuing operations			
	– Equipment	**3 709**	1 814	1 512
	– Automotive and Logistics	**3 889**	3 337	3 434
	– Handling	**1 063**	746	764
	– Corporate (including inter-group elimination)	**(261)**	(62)	65
	Total continuing operations	**8 400**	5 835	5 775
	Discontinued operations			
	– Car rental – Scandinavia			424
	Total discontinued operations			424
	Total group	**8 400**	5 835	6 199
	Amounts classified as held for sale	**(5)**	(28)	(424)
	Total per statement of financial position	**8 395**	5 807	5 775
	Refer note 9 for details of inventory pledged as security for payables.			
18.	**Amounts due to bankers and short-term loans**			
	Bank overdrafts	**162**	108	633
	Short-term loans	**1 342**	803	2 348
	Current portion of long-term borrowings (note 14)	**217**	1 781	692
	Total group	**1 721**	2 692	3 673
	Amounts classified as held for sale			(106)
	Total per statement of financial position	**1 721**	2 692	3 567
	Per category:			
	Financial liabilities measured at amortised cost	**1 721**	2 692	3 567
		1 721	2 692	3 567
	Per currency:			
	South African rand	**1 141**	2 369	3 191
	Foreign currencies	**580**	323	376
		1 721	2 692	3 567

		2011 Rm	2010 Rm	2009 Rm
19.	**Revenue**			
	Sale of goods	**37 110**	28 555	32 583
	Rendering of services	**8 048**	7 915	8 483
	Rentals received	**3 854**	3 636	3 897
	Finance lease income	**20**	38	32
	Other	**791**	686	274
		49 823	40 830	45 269
	Per business segment:			
	Continuing operations			
	– Equipment	**18 687**	12 233	17 079
	– Automotive and Logistics	**26 415**	24 505	23 160
	– Handling	**4 709**	4 086	5 008
	– Corporate	**12**	6	22
	Total continuing operations	**49 823**	40 830	45 269
	Discontinued operations			
	– Car rental – Scandinavia		1 219	1 451
	Total discontinued operations		1 219	1 451
	Total group	**49 823**	42 049	46 720
	Value of business handled on behalf of customers but not recognised in revenue	**1 867**	1 555	2 390
20.	**Operating profit**			
	Operating profit is arrived at as follows:			
	Revenue	**49 823**	40 830	45 269
	Less: Net expenses	**47 534**	39 312	43 123
	Cost of sales	**39 633**	31 758	35 144
	Distribution costs	**1 038**	984	1 134
	Administrative costs	**4 735**	4 436	4 571
	Other operating costs	**2 393**	2 495	2 359
	Other operating income	**(265)**	(361)	(85)
	Operating profit	**2 289**	1 518	2 146
	Per business segment:			
	Continuing operations			
	– Equipment	**1 352**	656	1 293
	– Automotive and Logistics	**911**	910	915
	– Handling	**72**	(3)	(10)
	– Corporate	**(46)**	(45)	(52)
	Total continuing operations	**2 289**	1 518	2 146
	Discontinued operations			
	– Car rental – Scandinavia		(89)	(135)
	Total discontinued operations		(89)	(135)
	Total group	**2 289**	1 429	2 011

		2011 Rm	2010 Rm	2009 Rm
20.	**Operating profit (continued)**			
	Expenses include the following:			
	Depreciation	**1 620**	1 926	2 145
	Continuing operations	**1 620**	1 736	1 854
	Discontinued operations		190	291
	Amortisation of intangibles	**84**	67	65
	Continuing operations	**84**	64	61
	Discontinued operations		3	4
	Amortisation of intangible assets in terms of IFRS 3 Business Combinations (included above)	**19**	3	1
	Amounts removed from equity in respect of effective cash flow hedges	**10**	18	24
	Operating lease charges	**787**	704	833
	Operating lease charges – continuing operations	**787**	649	759
	Land and buildings	**372**	334	433
	Plant, vehicles and equipment	**415**	315	326
	Operating lease charges – discontinued operations		55	74
	Land and buildings		54	70
	Plant, vehicles and equipment		1	4
	Administration, management and technical fees paid	**131**	110	158
	Auditors' remuneration:	**58**	55	70
	Audit fees	**48**	45	58
	Fees for other services	**10**	10	12
	Tax	**5**	6	10
	Compliance	**1**	1	
	Treasury	**1**		
	Other	**3**	3	2
	Staff costs (excluding directors' emoluments)	**6 786**	6 581	7 054
	Continuing operations	**6 786**	6 296	6 667
	Discontinued operations		285	387
	Profit on disposal of other plant and equipment	**(7)**	(2)	
	Amounts recognised in respect of retirement benefit plans (note 16):			
	Defined contribution funds	**472**	428	390
	Defined benefit funds	**(3)**	1	16

		2011 Rm	2010 Rm	2009 Rm
21.	**Fair value adjustments on financial instruments**			
	Realised	**(69)**	(34)	(151)
	Unrealised	**4**	(55)	(50)
	Fair value adjustments on financial instruments	**(65)**	(89)	(201)
	Per category:			
	Financial assets/liabilities at fair value through profit or loss			
	– Designated as such at initial recognition			(1)
	– Held for trading items	**11**	(64)	(61)
	Available for sale (reclassified from other comprehensive income to profit or loss)	**1**	1	(1)
	Loans and receivables	**20**	(33)	(28)
	Held to maturity		1	
	Financial liabilities measured at amortised cost	**(97)**	6	(110)
	Total fair value adjustments on financial instruments	**(65)**	(89)	(201)
	Per business segment:			
	Continuing operations			
	– Equipment	**(89)**	(58)	(151)
	– Automotive and Logistics	**3**	(5)	(8)
	– Handling	**17**	(28)	(29)
	– Corporate	**4**	2	(13)
	Total continuing operations	**(65)**	(89)	(201)
	Discontinued operations			
	– Car rental – Scandinavia			(1)
	Total discontinued operations			(1)
	Total group	**(65)**	(89)	(202)
	Fair value adjustments on financial instruments include:			
	Ineffectiveness recognised in profit or loss arising from cash flow hedges	**4**	7	(61)

		2011 Rm	2010* Rm	2009* Rm
22.	**Finance costs**			
	Interest on financial liabilities not at fair value through profit or loss:			
	Corporate bond and other long-term borrowings	**(440)**	(320)	(484)
	Bank and other short-term borrowings	**(250)**	(418)	(558)
	Capitalised finance leases	**(65)**	(78)	(73)
		(755)	(816)	(1 115)
	Interest capitalised		7	25
	Total continuing operations	**(755)**	(809)	(1 090)
	Discontinued operations – inter-group interest paid		(3)	(9)
	Discontinued operations – external interest paid		(21)	(47)
	Total group	**(755)**	(833)	(1 146)
	Finance costs include:			
	Amounts removed from other comprehensive income in respect of effective cash flow hedges – loss		(3)	(20)
	**Reclassification of interest paid in the leasing business from cost of sales to finance costs (refer note 34.2)*			
23.	**Income from investments**			
	Dividends – listed and unlisted investments	**2**	6	14
	Interest on financial assets not at fair value through profit or loss	**60**	78	135
	Total continuing operations	**62**	84	149
	Discontinued operations		4	11
	Total group	**62**	88	160
24.	**Exceptional items**			
	Profit on disposal of properties, investments and subsidiaries	**286**	60	18
	Realisation of translation reserve on disposal of foreign joint venture	**(11)**		
	Impairment of goodwill**	**(211)**	(152)	
	Reversal/(impairment) of investments	**3**	(33)	4
	Impairment of property, plant and equipment**	**(5)**	(51)	
	Gross exceptional profit/(loss) from continuing operations	**62**	(176)	22
	Taxation charge on exceptional items	**(30)**		(5)
	Net exceptional profit/(loss) from continuing operations	**32**	(176)	17
	Gross exceptional loss from discontinued operations			(1)
	Net exceptional profit/(loss) – total group	**32**	(176)	16

***Refer notes 2, 3 and 7 for an explanation of the assumptions and circumstances underlying the impairments*

		2011 Rm	2010 Rm	2009 Rm
25.	**Taxation**			
	South African normal taxation			
	Current year	**(117)**	(120)	(123)
	Prior year	**(20)**	(7)	20
		(137)	(127)	(103)
	Foreign and withholding taxation			
	Current year	**(299)**	(100)	(219)
	Prior year	**(15)**	2	1
		(314)	(98)	(218)
	Deferred taxation			
	Current year	**(139)**	(16)	114
	Prior year	**24**	40	
	Attributable to a change in the rate of income tax		(2)	
		(115)	22	114
	Secondary taxation on companies			
	Current year	**(18)**	(25)	(41)
		(18)	(25)	(41)
	Taxation attributable to the company and its subsidiaries	**(584)**	(228)	(248)
	Per business segment:			
	Continuing operations			
	– Equipment	**(429)**	(147)	(259)
	– Automotive and Logistics	**(167)**	(117)	(131)
	– Handling	**(20)**	17	27
	– Corporate	**32**	19	115
	Total continuing operations	**(584)**	(228)	(248)
	Discontinued operations			
	– Car rental – Scandinavia		24	39
	Total discontinued operations		24	39
	Total group	**(584)**	(204)	(209)

		2011 %	2010 %	2009 %
25.	**Taxation (continued)**			
	Reconciliation of rate of taxation:			
	South Africa normal taxation rate	**28.0**	28.0	28.0
	Reduction in rate of taxation	**(3.0)**	(9.8)	(15.0)
	Exempt income	**(3.0)**	(3.4)	(5.1)
	Exceptional tax			(0.1)
	Tax losses of prior periods			(7.7)
	Prior year taxation		(6.4)	(2.1)
	Increase in rate of taxation	**11.7**	25.0	11.2
	Disallowable charges	**4.9**	5.2	4.7
	Exceptional tax	**0.8**	9.3	
	Foreign tax differential	**1.1**	3.7	2.5
	Rate change adjustment		0.3	
	Current year tax losses not utilised	**3.1**	1.8	
	Prior year taxation	**0.7**		
	Secondary taxation on companies	**1.1**	4.7	4.0
	Taxation as a percentage of profit before taxation	**36.7**	43.2	24.2
	Taxation (excluding prior year taxation, exceptional taxation and secondary taxation on companies) as a percentage of profit before taxation (excluding exceptional items)	**34.2**	33.8	22.2
		Rm	Rm	Rm
	Group tax losses and STC credits at the end of the year:			
	South African – taxation losses	**(395)**	(745)	(587)
	Foreign – taxation losses	**(842)**	(1 005)	(826)
		(1 237)	(1 750)	(1 413)
	Utilised to reduce deferred taxation liabilities or create deferred taxation assets	**1 177**	1 663	1 256
	Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	**(60)**	(87)	(157)

		2011	2010	2009
26.	**Earnings and headline earnings per share**			
26.1	**Fully converted weighted average number of shares**			
	Weighted average number of ordinary shares (net of share buyback)	**210 707 723**	209 468 701	208 517 521
	Increase in number of shares as a result of unexercised share options and unvested forfeitable shares	**1 553 473**	717 925	1 449 605
	Fully converted weighted average number of shares	**212 261 196**	210 186 626	209 967 126
	Account is taken of the number of ordinary shares in issue for the period in which they are entitled to participate in the net profit of the group.			
		Rm	Rm	Rm
	Net profit/(loss) for the year attributable to shareholders of parent company	**1 017**	(7)	671
	Net profit for the year from continuing operations	**1 017**	265	753
	Net loss for the year from discontinued operations		(272)	(82)

		2011	2010	2009	Cents	Cents	Cents
26.2	**Earnings per share**						
	BASIC						
	The weighted average number of ordinary shares	**210 707 723**	209 468 701	208 517 521			
	Earnings/(loss) per share (basic)				**482.7**	(3.3)	321.8
	Earnings per share from continuing operations (basic)				**482.7**	126.5	361.1
	Loss per share from discontinued operations (basic)					(129.9)	(39.3)
	DILUTED						
	Fully converted weighted average number of shares (note 26.1)	**212 261 196**	210 186 626	209 967 126			
	Earnings/(loss) per share (diluted)				**479.1**	(3.3)	319.6
	Earnings per share from continuing operations (diluted)				**479.1**	126.1	358.6
	Loss per share from discontinued operations (diluted)					(129.9)	(39.0)
	Percentage dilution	**0.7**	0.3	1.3			

		2011 Rm	2010 Rm	2009 Rm
26.	**Earnings and headline earnings per share (continued)**			
26.3	**Headline earnings per share**			
	BASIC			
	Profit for the year attributable to Barloworld Limited shareholders	**1 017**	(7)	671
	Adjusted for the following:			
	Gross remeasurements excluded from headline earnings	**(68)**	365	(87)
	Loss/(profit) on disposal of discontinued operations (IFRS 5)		289	(60)
	Profit on disposal of subsidiaries and investments (IAS 27)	**(73)**	(38)	
	Realisation of translation reserve on disposal of foreign joint venture and subsidiaries (IAS 21)	**11**	(102)	
	Profit on disposal of properties (IAS 16)	**(213)**	(22)	(14)
	Impairment of goodwill (IFRS 3)	**211**	152	
	(Reversal)/impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	**(3)**	33	(12)
	Impairment of plant and equipment (IAS 16)	**5**	51	
	Loss/(profit) on sale of intangible assets (IAS 38)	**1**	4	(1)
	Profit on sale of plant and equipment excluding rental assets (IAS 16)	**(7)**	(2)	
	Taxation effects of remeasurements	**30**		5
	Taxation benefit of discontinued operations (IFRS 5)			(1)
	Taxation charge on disposal of subsidiaries (IAS 27)	**4**		
	Taxation charge on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)			6
	Taxation charge on disposal of properties (IAS 16)	**28**		
	Taxation benefit on impairment of plant and equipment (IAS 16)	**(2)**		
	Net remeasurements excluded from headline earnings	**(38)**	365	(82)
	Headline earnings	**979**	358	589

		2011 Rm	2010 Rm	2009 Rm
26.	**Earnings and headline earnings per share (continued)**			
26.3	**Headline earnings per share (continued)**			
	Profit from continuing operations	**1 080**	316	821
	Non-controlling shareholders' interest in net profit from continuing operations	**(63)**	(51)	(68)
	Profit from continuing operations attributable to Barloworld Limited shareholders	**1 017**	265	753
	Adjusted for the following items in continuing operations:			
	Gross remeasurements excluded from headline earnings from continuing operations	**(68)**	178	(28)
	Profit on disposal of subsidiaries and investments (IAS 27)	**(73)**	(38)	
	Realisation of translation reserve on disposal of foreign joint venture (IAS 21)	**11**		
	Profit on disposal of properties (IAS 16)	**(213)**	(22)	(15)
	Impairment of goodwill (IFRS 3)	**211**	152	
	(Reversal)/impairment of investments in associates (IAS 28) and joint ventures (IAS 31)	**(3)**	33	(12)
	Impairment of plant and equipment (IAS 16)	**5**	51	
	Loss/(profit) on sale of intangible assets (IAS 38)	**1**	4	(1)
	Profit on sale of plant and equipment excluding rental assets (IAS 16)	**(7)**	(2)	
	Taxation effects of remeasurements	**30**		6
	Taxation charge on disposal of subsidiaries (IAS 27)	**4**		
	Taxation charge on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)			6
	Taxation charge on disposal of properties (IAS 16)	**28**		
	Taxation benefit on Impairment of plant and equipment (IAS 16)	**(2)**		
	Net remeasurements excluded from headline earnings from continuing operations	**(38)**	178	(22)
	Headline earnings from continuing operations	**979**	443	731
	Loss from discontinued operations		(272)	(82)
	Loss from discontinued operations attributable to Barloworld Limited shareholders		(272)	(82)
	Adjusted for the following items in discontinued operations:			
	Gross remeasurements excluded from headline earnings from discontinued operations		187	(59)
	Loss/(profit) on disposal of discontinued operations (IFRS 5)		289	(60)
	Realisation of translation reserve on disposal of foreign subsidiaries (IAS 21)		(102)	
	Loss on disposal of properties (IAS 16)			1
	Taxation effects of remeasurements			(1)
	Taxation benefit of discontinued operations (IFRS 5)			(1)
	Net remeasurements excluded from headline earnings from discontinued operations		187	(60)
	Headline loss from discontinued operations		(85)	(142)

	2011	2010	2009	2011 Cents	2010 Cents	2009 Cents
26. Earnings and headline earnings per share (continued)						
26.3 Headline earnings per share (continued)						
BASIC						
The weighted average number of ordinary shares	**210 707 723**	209 468 701	208 517 521			
Headline earnings per share (basic)				**464.6**	170.9	282.5
Headline earnings per share from continuing operations (basic)				**464.6**	211.5	350.6
Headline loss per share from discontinued operations (basic)					(40.6)	(68.1)
DILUTED						
Fully converted weighted average number of shares (note 26.1)	**212 261 196**	210 186 626	209 967 126			
Headline earnings per share (diluted)				**461.2**	170.3	280.5
Headline earnings per share from continuing operations (diluted)				**461.2**	210.7	348.1
Headline loss per share from discontinued operations (diluted)					(40.6)	(67.6)
Percentage dilution	**0.7**	0.4	0.7			

	2011 Rm	2010 Rm	2009 Rm
27. Dividends			
Ordinary shares			
Final dividend No 164 paid on 17 January 2011: 55 cents per share (2010: No 162 – 70 cents per share; 2009: No 160 – 150 cents per share)	**117**	147	312
Interim dividend No 165 paid on 13 June 2011: 50 cents per share (2010: No 163 – 20 cents per share; 2009: No 161 – 40 cents per share)	**106**	42	84
Paid to Barloworld Limited shareholders	**223**	189	396
Paid to non-controlling shareholders	**34**	34	38
	257	223	434

On 14 November 2011 the directors declared dividend No 166 of 105 cents per share.

An estimated dividend liability of R239 million and an estimated STC liability of R23 million have not been included in these financial statements.

In compliance with the requirements of the JSE Limited, the following dates are applicable:

Date declared	Monday, 14 November 2011
Last day to trade *cum* dividend	Friday, 6 January 2012
Shares trade *ex* dividend	Monday, 9 January 2012
Record date	Friday, 13 January 2012
Payment date	Monday, 16 January 2012

Share certificates may not be dematerialised or rematerialised between Monday, 9 January 2012 and Friday, 13 January 2012, both days inclusive.

Analysis of dividends declared in respect of current year's earnings:

Ordinary dividends per share	**2011 Cents**	2010 Cents	2009 Cents
Interim dividend	**50**	20	40
Final dividend	**105**	55	70
	155	75	110

6% cumulative non-redeemable preference shares

Preference dividends totalling R22 500 were declared on each of the following dates:

- 27 May 2011 (paid on 6 June 2011)
- 5 November 2010 (paid on 15 November 2010)
- 14 April 2010 (paid on 17 June 2010)
- 20 October 2009 (paid on 30 November 2009)
- 28 April 2009 (paid on 25 May 2009)
- 14 November 2008 (paid on 24 November 2008)

		2011 Rm	2010 Rm	2009 Rm
28.	**Barloworld shareholders' attributable interest in subsidiaries**			
	Holding company	**842**	574	4 540
	Less: Dividends received from subsidiaries	**(741)**	(492)	(4 455)
		101	82	85
	Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation, including associate companies:			
	Profits	**1 242**	1 297	1 165
	Losses	**(326)**	(1 386)	(579)
	Barloworld Limited shareholders' interest	**1 017**	(7)	671
29.	**Commitments**			
	Capital expenditure commitments to be incurred:			
	Contracted	**1 236**	1 016	920
	Approved but not yet contracted	**80**	331	503
		1 316	1 347	1 423
	Share of joint ventures' capital expenditure commitments to be incurred:			
	Contracted		8	
	Approved but not yet contracted		29	
			37	

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	2011 Total Rm	2010 Total Rm	2009 Total Rm
Operating lease commitments						
Land and buildings	523	754	329	**1 606**	1 542	1 705
Motor vehicles		147	100	**247**	213	301
Other	1	48	107	**156**	195	145
	524	949	536	**2 009**	1 950	2 151

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	**2011 Total Rm**	2010 Total Rm	2009 Total Rm
29. Commitments (continued)						
Present value of minimum lease payments						
Land and buildings	211	246	42	**499**	534	571
Motor vehicles		14	15	**29**	34	60
Rental fleets		22	24	**46**	149	232
Other		42	18	**60**	103	123
	211	324	99	**634**	820	986
Minimum lease payments						
Land and buildings	309	404	95	**808**	909	1 001
Motor vehicles		14	15	**29**	34	61
Rental fleets		22	24	**46**	150	234
Other		42	18	**60**	103	122
Total including future finance charges	309	482	152	**943**	1 196	1 418
Future finance charges				**(309)**	(376)	(432)
Present value of lease commitments (note 14)				**634**	820	986

Land and building commitments are for certain fixed rate leases in the automotive division for trading premises with an average term of 12 years including a purchase option at the end of the term.

Rental fleet commitments arise 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.

	2011 Rm	2010 Rm	2009 Rm
30. Contingent liabilities			
Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	**1 316**	1 367	1 212
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	**161**	224	294

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 falls 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.

	2011 Rm	2010 Rm	2009 Rm
Income	**1 851**	1 514	1 336
Expenses	**1 377**	1 129	1 034
Cash (outflow)/inflow	**(63)**	21	8
Gains recognised on buying reinsurance	**(4)**	(4)	(4)
Liabilities:			
At beginning of period	**491**	513	650
Amounts added	**1 322**	1 077	898
Amounts used	**(1 205)**	(963)	(951)
Amounts reversed unused	**(103)**	(75)	(66)
Fair value adjustment on discount effect	**(41)**	(41)	
Translation difference	**19**	(20)	(18)
At the end of the period	**483**	491	513
Maturity profile:			
Within one year	**273**	267	296
Two to five years	**207**	217	215
More than five years	**3**	7	2
	483	491	513
Assets:			
At the beginning of the period	**219**	213	222
Amounts added	**933**	743	586
Amounts used	**(857)**	(737)	(595)
Translation difference	**2**		
At the end of the period	**297**	219	213
Age analysis of items overdue but not impaired:			
Overdue 30 – 60 days	**2**		3
Overdue 60 – 90 days	**3**	2	
Overdue 90+ days	**4**		
	9	2	3

31. Insurance contracts (continued)

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 or 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 estimate 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 include component lives, component failure and cost of labour. The contracts consist of a variety of forms but generally include cover for regular maintenance as well as for repairs due to breakdowns and component failure which is not covered by manufacturer's warranties or other external maintenance plans. The amounts above include the estimated portion of contracts that meet the definition of an insurance contract. Revenue is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment/vehicles.

Financial risk mainly relates to credit risk, but credit quality of customers is generally considered to be good and similar to the rest of the 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 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 dependant 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.

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, 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	**2011 Rm**	2010* Rm	2009* 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	**8**		121
	– Held for trading items	7, 10	**79**		15
	Available-for-sale financial assets	7	**25**	46	46
	Loans and receivables	7, 10, 11	**7 922**	6 366	5 902
	Derivative assets designated as effective hedging instruments	7, 10	**197**	32	4
	Finance lease receivables	6, 10	**556**	567	733
	Total carrying value of financial assets		**8 787**	7 011	6 821
	Financial liabilities:				
	Financial liabilities at fair value through profit or loss				
	– Designated as such at initial recognition	16, 17	**14**	27	78
	– Held for trading items	16, 17		1	11
	Financial liabilities measured at amortised cost	14, 16, 17, 18	**13 909**	11 860	13 288
	Derivative liabilities designated as effective hedging instruments	16, 17	**2**	131	142
	Total carrying value of financial liabilities		**13 925**	12 019	13 519

**The 2009 and 2010 figures were restated to exclude finance lease payables.*

	2011 Rm	2010* Rm	2009* Rm
32. Financial instruments (continued)			
32.1.1 Summary of the carrying and fair value of financial instruments (continued)			
Carrying value of financial instruments by class:			
Financial assets:			
Trade receivables			
– Industry	**4 108**	3 419	3 379
– Government	**199**	183	136
– Consumers	**304**	214	307
Other loans and receivables and cash balances	**3 311**	2 550	2 080
Finance lease receivables	**556**	567	733
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**253**	1	
– Interest rate swaps			15
– Other derivatives	**23**	31	4
Other financial assets at fair value	**33**	46	167
Total carrying value of financial assets	**8 787**	7 011	6 821
Financial liabilities:			
Trade payables			
– Principals	**2 484**	1 410	1 553
– Other suppliers	**4 480**	3 427	3 191
Other non-interest bearing payables	**336**	866	685
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**1**	124	28
– Other derivatives	**1**	7	114
Other financial liabilities at fair value	**14**	28	89
Interest-bearing debt measured at amortised cost	**6 609**	6 157	7 859
Total carrying value of financial liabilities	**13 925**	12 019	13 519

**The 2009 and 2010 figures were restated to exclude finance lease payables.*

	2011 Rm	2010* Rm	2009* 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	**4 108**	3 419	3 379
– Government	**199**	183	136
– Consumers	**304**	214	307
Other loans and receivables and cash balances	**3 311**	2 550	2 080
Finance lease receivables	**556**	567	733
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**253**	1	
– Interest rate swaps			15
– Other derivatives	**23**	31	4
Other financial assets at fair value	**33**	46	167
Total fair value of financial assets	**8 787**	7 011	6 821
Financial liabilities:			
Trade payables			
– Principals	**2 484**	1 410	1 553
– Other suppliers	**4 480**	3 427	3 191
Other non-interest bearing payables	**336**	866	685
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**1**	124	28
– Other derivatives	**1**	7	114
Other financial liabilities at fair value	**14**	28	89
Interest-bearing debt measured at amortised cost	**6 609**	6 157	7 859
Total fair value of financial liabilities	**13 925**	12 019	13 519

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 2009 and 2010 figures were restated to exclude finance lease payables.*

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).

R million	Level 1	Level 2	Level 3	**2011 Total**
Financial assets at fair value through profit or loss				
Derivative financial assets	222			**222**
Financial assets designated at fair value through profit or loss	62			**62**
Available-for-sale financial assets				
Shares	25			**25**
Total	309			**309**
Financial liabilities at fair value through profit or loss				
Other derivative financial liabilities	1		1	**2**
Financial liabilities designated at fair value through profit or loss		14		**14**
Total	1	14	1	**16**

R million	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 both periods.

32. Financial instruments (continued)

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 (refer 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 R320 million (2010: R266 million; 2009: R43 million), of which R151 million (2010: R113 million; 2009: R31 million) will impact other comprehensive income and R169 million (2010: R153 million; 2009: R12 million) will impact profit or loss.

32. Financial instruments (continued)

32.2 Financial risk management (continued)

b. Market risk (continued)

i) Currency risk (continued)

Net foreign currency monetary assets/(liabilities)	SA rand Rm	Euro Rm	British sterling Rm	US dollar Rm	Australian dollar Rm	Other African currencies Rm	Other currencies Rm	Total Rm
	Currency of assets/(liabilities)							
Functional currency of group operation:								
SA rand	**n/a**	**151**	**27**	**1 737**	**10**	**(11)**		**1 914**
Euro		**n/a**		**14**				**14**
British sterling		**413**	**n/a**	**825**	**137**			**1 375**
US dollar	**6**	**230**	**14**	**n/a**	**10**	**36**	**29**	**325**
Other African currencies	**(77)**	**(45)**		**(318)**		**n/a**		**(440)**
Other currencies				**9**			**n/a**	**9**
As at 30 September 2011	**(71)**	**749**	**41**	**2 267**	**157**	**25**	**29**	**3 197**
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

	Fair value		
	2011 Rm	2010 Rm	2009 Rm
Hedge accounting applied in respect of foreign currency risk			
Cash flow hedges			
– fair value of asset/(liability) – foreign currency forward exchange contracts	**161**	(78)	(19)

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.

32. Financial instruments (continued)

32.2 Financial risk management (continued)

b. Market risk (continued)

i) Currency risk (continued)

Hedges of net investments in foreign operations

As at September 2011, 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 **2011 Rm**	Fair value 2010 Rm	Fair value 2009 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	**21**	(9)	(59)
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)
Total					**21**	(9)	(104)

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 (%)	**2011 Rm**	2010 Rm	2009 Rm
Liabilities in foreign currencies						
Unsecured loans	USD	2011 – 2016	3 month Libor* +1.5 – 4.5	**35**	3	4
	USD	2012	US Federal Funds + 0.75	**32**		
	MZM	2009 – 2013	BT91** +.25 – 1.25	**18**	27	16
Liabilities under capitalised finance leases	GBP	2014 – 2015	6 to 7	**50**	152	239
	EUR	2020	Euribor*** + 5.68	**114**	156	190
	USD	2010 – 2014	4.2	**29**	34	54
	BWP	2010 – 2013	15.5	**2**	2	4
Total foreign currency liabilities (note 14)				**280**	374	507

* *Libor – London inter-bank offered rate*
** *Mozambique short-term bank instrument*
*** *Euribor – European inter-bank offered rate*

32. Financial instruments (continued)

32.2 Financial risk management (continued)

ii) Interest rate risk (continued)

	Year of redemption/ repayment	Interest rate (%)	2011 Rm	2010 Rm	2009 Rm
Liabilities in South African rand					
Secured loans	2012 – 2023	9.0	**97**	79	64
Unsecured loans	2012 – 2015	7.1 – 11.78	**4 923**	5 137	4 900
Liabilities under capitalised finance leases	2012 – 2022	12.0	**439**	476	499
Total South African rand liabilities (note 14)			**5 459**	5 692	5 463
Total South African rand and foreign currency liabilities (note 14)			**5 739**	6 066	5 970
Interest rates					
Loans at fixed rates of interest			**3 892**	5 033	4 414
Loans linked to South African money market rates			**1 617**	821	1 332
Loans linked to Offshore money markets			**230**	212	224
			5 739	6 066	5 970

Hedge accounting applied in respect of interest rate risk

As at September 2011 and 2010, the group had no designated cash flow hedge interest rate swap contract:

	Currency	Amount – notional (000's)	Interest rate %	Maturity date	Fair value 2011 Rm	2010 Rm	2009 Rm
Fair value of asset/(liability) – designated cash flow hedge interest rate swap contracts	ZAR	500 000	7.96 (fixed)	2010			(4)
Total							(4)
Cash flow hedges							
– fair value of interest rate swaps							(4)

The interest rate swap contract had 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)

ii) Interest rate risk (continued)

Other interest rate derivatives

As at September 2011, the group had no interest rate swap contracts. Details are as follows:

	Currency	Amount – notional (000's)	Interest rate %	Maturity date	Fair value 2011 Rm	2010 Rm	2009 Rm
Fair value of asset/(liability) – interest rate swap contracts	ZAR	750 000	3m Jibar# + 55 bps	2011		29	33
Fair value of asset/(liability) – interest rate swap contracts	ZAR	750 000	7.83 (fixed)	2011		(12)	(1)
Total						17	32

The interest rate swap contract was acquired to hedge the interest rate risk arising from the Baw1 corporate bond and matured on 29 July 2011.

 # Jibar – Johannesburg inter-bank acceptance rate

	2011 Rm	2010 Rm	2009 Rm
Interest rate sensitivity analysis			
Impact of a 1% increase in South African interest rates			
– charge to profit or loss, and	**16**	26	39
– increase in equity			4
Impact of a 1% increase in offshore interest rates			
– charge to profit or loss, and	**4**	4	13

iii) Other price risk

The group is exposed to price risk arising out of the following:

Baw share price

The group has a liability to option holders in terms of the Share Appreciation Right Scheme (refer note 33.3)

	2011 Rm	2010 Rm	2009 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	**13**	6	3
– fair value of designated cash flow hedge – Baw share call options	**1**		

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.

32. Financial instruments (continued)

32.2 Financial risk management (continued)

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 on-going 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 0.4% to 5.0%.

	2011 Rm	2010 Rm	2009 Rm
Maximum exposure to credit risk (excluding collateral held)			
Trade receivables			
– Industry	**4 108**	3 419	3 379
– Government	**199**	183	136
– Consumers	**304**	215	307
Other loans and receivables and cash balances	**3 311**	2 822	2 396
Finance lease receivables	**556**	567	733
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	**253**	1	
– Interest rate swaps			15
– Other derivatives	**23**	31	4
Other financial assets at fair value	**33**	46	146
Other items, including financial guarantees	**1 316**	1 212	1 212
	10 103	8 496	8 328
Carrying value of financial assets, the terms of which have been renegotiated			
Trade receivables			
– Industry	**1**	7	1
– Government		1	

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 R6.5 billion (2010: R7.3 billion, 2009: R9.0 million). 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):

		Repayable during the year ending 30 September		
	Total owing 2011	2012	2013 to 2016	2016 and onwards
Interest-bearing liabilities	**8 437**	1 177	5 274	1 986
Trade payables and other non-interest bearing liabilities	**10 540**	9 021	563	956

	2011 Rm	2010 Rm	2009 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	**7**	6	6
Compensation expense arising from equity and cash-settled forfeitable share plan	**21**	9	
Compensation expense arising from equity-settled share option incentive plan			1
Compensation expense arising from equity and cash-settled share appreciation rights incentive plan	**40**	11	(2)
Share-based payment expense included in operating profit	**68**	26	5
Taxation benefit on forfeitable share plan, share appreciation rights and BEE transactions	**(17)**	(6)	(6)
Net share-based payment expense after taxation	**51**	20	(1)
Financial position effect			
Liability raised for cash-settled shares (to be incurred within 1 – 5 years)	**(60)**	(25)	(14)
Deferred taxation asset raised on share-based payment transactions	**19**	10	20
Net (reduction)/increase in shareholders' interest as a result of share-based payment transactions	**(41)**	(15)	6

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 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.

33. Share incentive schemes and share-based payments (continued)

33.2 Forfeitable share plan (continued)

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:	**28 February 2011**	17 March 2010
Non-market conditions		
Number of shares granted	**241 767**	1 014 300
Share price at grant date (R)	**72.25**	46.35
Estimated fair value per share at grant date (R)	**72.25**	46.29
Market conditions		
Number of shares granted	**47 003**	202 650
Share price at grant date (R)	**72.25**	46.35
Expected volatility (%)	**41.1**	42.9
Expected dividend yield (%)	**3.0**	3.5
Risk free rate (%)	**7.4**	8.1
Estimated fair value per share at grant date (R)	**62.20**	29.81

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 (%)	5.4
Estimated fair value per cash-settled share at grant date (R)	45.29
Estimated fair value per cash-settled share at year end (R)	61.35

33. Share incentive schemes and share-based payments (continued)

33.3 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. During 2011 the scheme rules were amended to change all future awards to be equity settled.

No shares are issued for share appreciation rights granted before 2011 and all amounts payable will be settled in cash. All share appreciation rights granted from 2011 will be settled in shares. 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.

Cash-settled share appreciation rights: Fair value estimates

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 share appreciation rights was calculated using a binomial pricing model, with inputs as set out below.

Date of grant	23 Nov 2009	29 Sept 2008	12 July 2007*	15 Nov 2006*
Number of share appreciation rights granted	3 144 650	2 987 635	3 730 345	624 929
Exercise price (R)	51.04	61.01	113.01	64.18
Share price at grant date (R)	49.90	61.01	123.88	140.00
Share price at financial position date (R)	60.37	60.37	60.37	60.37
Expected volatility (%)	42.0	42.0	26.8	28.6
Expected dividend yield (%)	4.8	4.3	4.1	2.7
Risk free rate (%)	6.5	6.1	5.6	5.4
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)	14.67	15.64	46.41	26.91
Estimated fair value per share appreciation right at year end (R)	21.11	15.98	0.52	6.30

**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)

33.3 Share appreciation rights scheme (continued)

Equity-settled share appreciation rights: Fair value estimates

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant 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	**28 February 2011**
Number of share appreciation rights granted	**2 069 990**
Exercise price (R)	**70.83**
Share price at grant date (R)	**72.25**
Expected volatility (%)	**36.6**
Expected dividend yield (%)	**3.9**
Risk free rate (%)	**8.0**
Exercise multiple (share price at exercise date/option exercise price)	**1.9**
Estimated fair value per share appreciation right at grant date (R)	**25.15**

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	26 May 2004	1 April 2003
Number of options granted	2 205 200	2 168 400
Exercise price (R)	67.80	47.50
Share price at grant date (R)	67.80	47.50
Expected volatility (%)	35.0	35.0
Expected dividend yield (%)	4.3	5.8
Risk free rate (%)	10.9	10.4
Exercise multiple (Share price at exercise date/option exercise price)	2.0	2.0
Estimated fair value per option at grant date (R)	25.37	16.59

33. Share incentive schemes and share-based payments (continued)

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).

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:

						Number of options/rights			
Date of grant	Date from which exercisable	Expiry date	Contractual life remaining (years)	Original exercise price (R)	Modified exercise price (R)	Barloworld directors	Barloworld employees#	Ceded*	Total unexercised**
25 Sept 2002	25 Sept 2005	25 Sept 2012	1.0	58.20	20.33		21 000		21 000
1 April 2003	1 April 2006	1 April 2013	1.5	47.50	14.59	43 987	328 655	23 167	395 809
Total equity-settled share options granted and unexercised						43 987	349 655	23 167	416 809
15 Nov 2006	15 Nov 2009	15 Nov 2012	1.1	140.00	64.18	270 492	310 910		581 402
12 July 2007	12 July 2010	12 July 2013	1.8	123.88	113.01	383 743	2 706 822		3 090 565
29 Sept 2008	29 Sept 2011	29 Sept 2014	3.0	61.01	n/a	617 398	2 031 605		2 649 003
23 Nov 2009	30 Nov 2012	22 Nov 2015	4.1	51.04	n/a	641 290	2 154 140		2 795 430
Total cash-settled share appreciation rights granted and unexercised						1 912 923	7 203 477		9 116 400
28 Feb 2011	27 Feb 2014	27 Feb 2017	5.4	70.83	n/a	273 500	1 731 780		2 005 280
Total equity-settled share appreciation rights granted and unexercised						273 500	1 731 780		2 005 280
17 Mar 2010	17 Mar 2013	17 Mar 2013	1.5	0.00	n/a	810 600	387 700		1 198 300
28 Feb 2011	27 Feb 2014	27 Feb 2014	2.4	0.00	n/a	193 500	91 180		284 680
Total equity-settled forfeitable shares granted and unexercised						1 004 100	478 880		1 482 980
17 Mar 2010	17 Mar 2013	17 Mar 2013	1.5	0.00	n/a		59 300		59 300
Total cash-settled forfeitable shares granted and unexercised							59 300		59 300
Total unexercised						3 234 510	9 823 092	23 167	13 080 769

The weighted average share price of options exercised during the period was R65.39 (2010: R45.19; 2009: R43.91)

* *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.*

Forfeitable shares, options and appreciation rights movement for the year	**Number of forfeitable shares**	**Number of appreciation rights**	**Number of share options**	**Weighted average exercise price (R)**
2011				
Unexercised at beginning of year	**1 276 250**	**9 730 153**	**842 705**	**62.76**
Rights granted in terms of equity-settled share appreciation rights scheme		**2 069 990**		**70.83**
Equity-settled forfeitable shares granted	**288 770**			**0.00**
Forfeitable shares forfeited	**(22 740)**			**0.00**
Appreciation rights forfeited		**(634 936)**		**71.01**
Appreciation rights exercised		**(43 527)**		**64.18**
Options exercised			**(425 896)**	**46.77**
Forfeitable shares, options and appreciation rights unexercised at year end	**1 542 280**	**11 121 680**	**416 809**	**64.15**
Options and appreciation rights exercisable at year end		**491 238**	**416 809**	**41.55**
Held by:				
Directors, employees and ex-employees of Barloworld	**1 542 280**	**11 121 680**	**393 642**	**64.24**
Financial institutions			**23 167**	**14.59**

33. Share incentive schemes and share-based payments (continued)

33.6 Total forfeitable shares, share options and appreciation rights unexercised

Forfeitable shares, options and appreciation rights movement for the year	Number of forfeitable shares	Number of appreciation rights	Number of share options	Weighted average exercise price (R)
2010				
Unexercised at beginning of 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
Options and appreciation rights exercisable at year end		444 601	842 705	31.68
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 beginning of 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
Options exercisable at year end			2 637 709	21.08
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)

33.7 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 R7 million (2010: R6 million; 2009: R6 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 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

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:

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. The group adopted the amendments to IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements with effect from 1 October 2010. These amendments did not have a significant impact on presentation, recognition or measurement for the group.

34.2 Changes to comparative information

The comparative information has been amended to reflect the reclassification of interest paid in the leasing business from cost of sales to finance costs. The amendment results in more comparable information relative to the industry.

The aggregate effect of the above changes on the annual financial statements for the years ended 30 September 2010 and 2009 is as follows:

	2010			2009		
	Previously stated Rm	Reclassi-fication Rm	Reclassi-fied Rm	Previously stated Rm	Reclassi-fication Rm	Reclassi-fied Rm
Income Statement reclassification						
Revenue	40 830		40 830	45 269		45 269
Operating profit before items listed below (EBITDA)	3 318		3 318	4 061		4 061
Depreciation	(1 736)		(1 736)	(1 854)		(1 854)
Amortisation of intangible assets	(64)		(64)	(61)		(61)
Leasing interest classified as cost of sales	(142)	142		(152)	152	
Operating profit	1 376	142	1 518	1 994	152	2 146
Fair value adjustments on financial instruments	(89)		(89)	(201)		(201)
Finance costs	(667)	(142)	(809)	(938)	(152)	(1 090)
Income from investments	84		84	149		149
Profit before exceptional items	704		704	1 004		1 004
Per business segment:						
Equipment	656		656	1 293		1 293
Automotive and Logistics	782	128	910	780	134	914
Handling	(17)	14	(3)	(27)	18	(9)
Corporate	(45)		(45)	(52)		(52)
Operating profit	1 376	142	1 518	1 994	152	2 146

34. Changes in accounting policy and disclosures (continued)

34.2 Changes to comparative information (continued)

	2010			2009		
	Previously stated Rm	Reclassi-fication Rm	Reclassi-fied Rm	Previously stated Rm	Reclassi-fication Rm	Reclassi-fied Rm
Statement of cash flows reclassification						
Cash flow from operating activities						
Cash receipts from customers	41 707		41 707	45 525		45 525
Cash paid to employees and suppliers	(37 181)	142	(37 039)	(40 795)	152	(40 643)
Cash generated from operations before investment in rental assets	4 526	142	4 668	4 730	152	4 882
Net investment in fleet leasing assets	(847)		(847)	(760)		(760)
Net investment in vehicle rental fleet	(209)		(209)	(69)		(69)
Cash generated from operations	3 470	142	3 612	3 901	152	4 053
Finance costs	(691)	(142)	(833)	(994)	(152)	(1 146)
Realised fair value adjustments on financial instruments	(102)		(102)	(180)		(180)
Dividends received from investments and associates	6		6	14		14
Interest received	82		82	146		146
Taxation paid	(200)		(200)	(603)		(603)
Cash flow from operations	2 565		2 565	2 284		2 284
Dividends paid (including non-controlling interest)	(223)		(223)	(434)		(434)
Cash retained from operating activities	2 342		2 342	1 850		1 850

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 new Companies Act introduced similar requirements for prescribed officers. The group is currently collecting the detailed requirements and evaluating its retrospective impact on presentation, recognition and measurement.

34. Changes in accounting policy and disclosures (continued)

IFRS 9 Financial Instruments (November 2009 and October 2010)

In November 2009 the IASB issued IFRS 9 Financial Instruments as the first phase in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 phase 1 introduces new requirements for classifying and measuring financial assets. Those chapters require all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Assets are subsequently measured at amortised cost or fair value. In October 2010 the IASB added to IFRS 9 the requirements related to the classification and measurement of financial liabilities. Phase 2 will deal with impairment methodology and phase 3 with hedge accounting.

The new standard is effective from 1 January 2013 for the year ending 30 September 2014. The group will assess the detail 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 as disclosed in note 34.1 and the rest are effective for the year ending 30 September 2012. The amendments effective for the year ending 30 September 2012 are expected to have no or minimal impact on presentation, recognition and measurement.

IFRS 7 Disclosures – Transfers of Financial Assets (October 2010)

Disclosures – Transfers of Financial Assets (Amendments to IFRS 7), issued in October 2010, amended the required disclosures to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The amended standard is effective for the year ending 30 September 2012. An entity need not provide the disclosures required by those amendments for an earlier period presented. The amendment is expected to have no or minimal impact on presentation.

IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (December 2010)

The amendments to IFRS 1 First-time Adoption of International Reporting Standards removed the fixed dates in the standard. The amendments will provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs. The amendments in respect of severe hyperinflation will provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. The amended standard is effective for the year ending 30 September 2012. These amendments are expected to have no or minimal impact on presentation, recognition and measurement.

IAS 12 Deferred Tax: Recovery of Underlying Assets (December 2010)

The amendments to IAS 12 Income Taxes provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment Property. Under IAS 12, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. The amended standard is effective for the year ending 30 September 2013. These amendments are expected to have no or minimal impact on presentation, recognition and measurement.

IFRS 10 Consolidated Financial Statements (May 2011)

IFRS 10 Consolidated Financial Statements, issued in May 2011, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purposes Entities. The standard requires an entity that is a parent to present consolidated financial statements, defines the principle of control and sets out the accounting requirements. The new standard is effective for the year ending 30 September 2014. An entity must apply IFRS 11, IFRS 12, IAS 27 (as amended May 2011) and IAS 28 (as amended May 2011) at the same time. The group is in the process of evaluating the detailed requirements of the new standard and the impact on presentation, recognition and measurement.

IFRS 11 Joint Arrangements (May 2011)

IFRS 11 Joint Arrangements, issued in May 2011, establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes IAS 31 Interest in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The standard classifies two types of joint arrangements, joint operations and joint ventures. The new standard is effective for the year ending 30 September 2014. An entity must apply IFRS 10, IFRS 12, IAS 27 (as amended May 2011) and IAS 28 (as amended May 2011) at the same time. The group is in the process of evaluating the detailed requirements of the new standard and the impact on presentation, recognition and measurement.

34. Changes in accounting policy and disclosures (continued)

34.3 New standards and interpretations not yet adopted (continued)

IFRS 12 Disclosure of Interest in Other Entities (May 2011)

IFRS 12 Disclosure of Interest in Other Entities, issued in May 2011, applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated entity. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interest in other entities and the effects of those interests in its financial position, financial performance and cash flows. The new standard is effective for the year ending 30 September 2014. An entity can apply some of the disclosures early without early adopting this standard or IFRS 10, IFRS 11, IAS 27 (as amended May 2011) and IAS 28 (as amended May 2011) at the same time. The group is in the process of evaluating the detailed requirements of the new standard and the impact on presentation.

IAS 27 Separate Financial Statements (May 2011)

IAS 27 Separate Financial Statements, issued in May 2011, contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. This standard is issued concurrently with IFRS 10 and together they supersede IAS 27 Consolidated and Separate Financial Statements (as amended 2008). The new standard is effective for the year ending 30 September 2014. An entity must apply IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as amended May 2011) at the same time. The group is in the process of evaluating the detailed requirements of the new standard and the impact on presentation, recognition and measurement.

IAS 28 Investments in Associates and Joint Ventures (May 2011)

IAS 28 Investment in Associates and Joint Ventures, issued in May 2011, prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard supersedes IAS 28 Investments in Associates (as amended 2003). The new standard is effective for the year ending 30 September 2014. An entity must apply IFRS 10, IFRS 11, IFRS 12 and IAS 27 (as amended May 2011) at the same time. The group is in the process of evaluating the detailed requirements of the new standard and the impact on presentation, recognition and measurement.

IFRS 13 Fair Value Measurement (May 2011)

IFRS 13 Fair Value Measurements, issued in May 2011, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The definition of fair value emphasises that fair value is a market-based measurement, not an entity-specific measurement. The new standard is effective for the year ending 30 September 2014. The standard shall be applied prospectively without the need to apply the disclosure requirements to comparative information. The group is in the process of evaluating the detailed requirements of the new standard and the impact on presentation, recognition and measurement.

IAS 19 Employee Benefits (June 2011)

IAS 19 Employee Benefits, issued in June 2011, prescribes the accounting and disclosure by employers for employee benefits. The standard deals with four categories of employee benefits such as short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits. The new standard is effective for the year ending 30 September 2014. The standard shall be applied retrospectively. The group is in the process of evaluating the detailed requirements of the new standard and the impact on presentation, recognition and measurement.

IAS 1 Presentation of Items of Other Comprehensive Income (June 2011)

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income, issued in June 2011, improved the consistency and clarity of the presentation of items of other comprehensive income. The main change is that the other comprehensive income section present line items grouped into those that will not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss when specific conditions are met. The new standard is effective for the year ending 30 September 2013. The group is in the process of evaluating the detailed requirements of the new standard and the impact on presentation.

35. Directors' and prescribed officers' remuneration and interests

Directors' remuneration

The group remuneration philosophy and basis for determining performance bonuses is set out in the Remuneration report on pages 124 to 134. Other benefits determined below include Share Purchase Trust loans, expatriate benefits, retention payments, redundancy and termination payments and any other non-pensionable allowances or fringe benefits.

The directors' and prescribed officers' remuneration for the year ended 30 September 2011 was as follows:

2011	Salary R000	Retirement and medical R000	Car benefit R000	Other benefits R000	Guaranteed package R000	Bonus R000	Total 2011 R000
Executive directors							
PJ Blackbeard	2 706	483	185	816	**4 190**	2 609	**6 799**
PJ Bulterman	3 064	514	240	37	**3 855**	3 723	**7 578**
M Laubscher	4 003	804	245	16	**5 068**	4 205	**9 273**
OI Shongwe	2 425	454	228		**3 107**	1 575	**4 682**
CB Thomson	5 723	975	266	25	**6 989**	7 977	**14 966**
DG Wilson	2 858	631	246	12	**3 747**	3 399	**7 146**
Total executive directors	20 779	3 861	1 410	906	**26 956**	23 488	**50 444**
Prescribed officers							
DM Sewela	2 347	362	272	20	**3 001**	2 852	**5 853**
V Salzmann	2 515	166	106	460	**3 247**	1 630	**4 877**
IG Stevens	1 768	308	260		**2 336**	1 672	**4 008**
Total prescribed officers	6 630	836	638	480	**8 584**	6 154	**14 738**
Grand total	27 409	4 697	2 048	1 386	**35 540**	29 642	**65 182**

	Fees R000	Fees for services to subsidiaries/ other services	Total 2011 R000
Non-executive directors			
SAM Baqwa	369		**369**
AGK Hamilton	1 052		**1 052**
SS Mkhabela	369		**369**
MJN Njeke	372		**372**
SS Ntsaluba	399		**399**
DB Ntsebeza	1 684	72	**1 756**
TH Nyasulu	239		**239**
SB Pfeiffer	863		**863**
G Rodriguez de Castro Garcia de los Rios	618	706	**1 324**
Total non-executive directors	5 965	778	**6 743**
Total directors' and prescribed officers remuneration			**71 925**

35. Directors' and prescribed officers' remuneration and interests (continued)

Directors' remuneration (continued)

2010	Salary R000	Retirement and medical R000	Car benefit R000	Other benefits R000	**Guaranteed package R000**	Bonus R000	**Total 2010 R000**
Executive directors							
PJ Blackbeard	2 773	911	189	1 493	**5 366**	330	**5 696**
PJ Bulterman (appointed 1 October 2009)	2 578	439	240	43	**3 300**	2 285	**5 585**
M Laubscher	3 392	659	237	11	**4 299**	3 104	**7 403**
OI Shongwe	2 175	360	228		**2 763**	431	**3 194**
CB Thomson	5 113	875	266	300	**6 554**	4 596	**11 150**
DG Wilson	2 635	577	246	11	**3 469**	1 987	**5 456**
	18 666	3 821	1 406	1 858	**25 751**	12 733	**38 484**

	Fees R000	Car allowances R000	Fees for services to subsidiaries/ other services R000	**Total 2010 R000**
Non-executive directors				
SAM Baqwa	324			**324**
AGK Hamilton	1 069			**1 069**
SS Mkhabela	350			**350**
MJN Njeke	288			**288**
SS Ntsaluba	368			**368**
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**
	5 543	266	1 247	**7 056**
Total directors' remuneration				**45 540**

+Includes reimbursement for relocation costs of R500 000.

35. Directors' and prescribed officers' remuneration and interests (continued)

Directors' remuneration (continued)

2009	Salary R000	Retirement and medical R000	Car benefit R000	Other benefits R000	**Guaranteed package R000**	Bonus R000	**Total 2009 R000**
Executive directors							
PJ Blackbeard	2 888	327	201	876	**4 292**	227	**4 519**
M Laubscher	3 141	604	236	17	**3 998**	3 826	**7 824**
OI Shongwe	1 928	270	228	20	**2 446**	1 285	**3 731**
CB Thomson	4 761	818	266	355	**6 200**	3 219	**9 419**
DG Wilson	2 450	518	246	23	**3 237**	1 463	**4 700**
	15 168	2 537	1 177	1 291	**20 173**	10 020	**30 193**

	Fees R000	Car allowances R000	Fees for services to subsidiaries R000	**Total 2009 R000**
Non-executive directors				
SAM Baqwa	298			**298**
AGK Hamilton	1 060			**1 060**
MJ Levett (retired 30 January 2009)	283			**283**
SS Mkhabela	316			**316**
MJN Njeke (appointed 16 September 2009)	11			**11**
SS Ntsaluba	265			**265**
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**
	5 439	266	792	**6 497**
Total directors' remuneration				**36 690**

35. Directors' and prescribed officers' remuneration and interests (continued)

Interest of directors in contracts

The group has guaranteed a loan from a financial institution amounting to R50 million (2010: R50 million; 2009: R50 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 and prescribed officers of the company in share capital

The aggregate beneficial holdings as at 30 September 2011 of the directors and prescribed officers 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							
	2011 Forfeit-able	**2011 Direct**	**2011 Indirect**	2010 Forfeitable	2010 Direct	2010 Indirect	2009 Direct	2009 Indirect
Executive directors								
PJ Blackbeard	**125 650**	**38 334**		99 650	38 334		38 334	
PJ Bulterman	**125 650**			99 650				
M Laubscher	**166 400**	**47 441**		132 900	47 441		46 101	
OI Shongwe	**104 550**	**2 100**		83 050	2 100		2 100	
CB Thomson	**356 200**	**108 804**	**103**	295 700	108 270	103	108 270	103
DG Wilson	**125 650**	**5 000**		99 650	5 000		5 000	
Total executive directors	**1 004 100**	**201 679**	**103**	810 600	201 145	103	199 805	103
Non-executive directors								
SAM Baqwa		**36 010**			36 010			
AGK Hamilton		**1 850**			1 850		1 850	
SS Mkhabela		**37 430**			37 430		1 420	
DB Ntsebeza		**41 960**			41 960		5 950	
HT Nyasulu		**650**			650		650	
SB Pfeiffer		**10 000**			10 000		10 000	
Total non-executive directors		**127 900**			127 900		19 870	
Prescribed officers								
V Salzmann	**4 280**	**100**						
IG Stevens	**15 010**	**77 661**						
Total prescribed officers	**19 290**	**77 761**						
Grand total	**1 023 390**	**407 340**	**103**	810 600	329 045	103	219 675	103

35. Directors' and prescribed officers' remuneration and interests (continued)

Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares

The interests of the executive directors and prescribed officers 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 option/rights/ forfeitable shares as at 30 September 2010	Equity settled share appreciation rights granted during the year	Number of forfeitable shares granted during the year	Number of option/ rights/ forfeitable shares as at 30 September 2011	Option*/ rights price	Date from which exercisable
Executive directors						
PJ Blackbeard	6 667			6 667	14.59	01/04/06
	65 291			65 291	64.18	14/11/09
	46 627			46 627	113.01	12/07/10
	88 978			88 978	61.01	29/09/11
	84 090			84 090	51.04	30/11/12
		37 000		37 000	70.83	27/02/14
	99 650			99 650		17/03/13
			26 000	26 000		27/02/14
PJ Bulterman	37 320			37 320	14.59	01/04/06
	55 129			55 129	113.01	12/07/10
	77 576			77 576	61.01	29/09/11
	84 090			84 090	51.04	30/11/12
		37 000		37 000	70.83	27/02/14
	99 650			99 650		17/03/13
			26 000	26 000		27/02/14
M Laubscher	74 619			74 619	64.18	14/11/09
	42 091			42 091	113.01	12/07/10
	98 431			98 431	61.01	29/09/11
	112 620			112 620	51.04	30/11/12
		47 500		47 500	70.83	27/02/14
	132 900			132 900		17/03/13
			33 500	33 500		27/02/14

35. Directors' and prescribed officers' remuneration and interests (continued)

Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares (continued)

	Number of option/ rights/ forfeitable shares as at 30 September 2010	Equity settled share appreciation rights granted during the year	Number of forfeitable shares granted during the year	Number of option/ rights/ forfeitable shares as at 30 September 2011	Option*/ rights price	Date from which exercisable
Executive directors (continued)						
OI Shongwe	37 229			37 229	113.01	12/07/10
	62 176			62 176	61.01	29/09/11
	69 920			69 920	51.04	30/11/12
		30 000		30 000	70.83	27/02/14
	83 050			83 050		17/03/13
			21 500	21 500		27/02/14
CB Thomson	65 291			65 291	64.18	14/11/09
	137 870			137 870	113.01	12/07/10
	201 259			201 259	61.01	29/09/11
	199 560			199 560	51.04	30/11/12
		85 000		85 000	70.83	27/02/14
	295 700			295 700		17/03/13
			60 500	60 500		27/02/14
DG Wilson	65 291			65 291	64.18	14/11/09
	64 797			64 797	113.01	12/07/10
	88 978			88 978	61.01	29/09/11
	91 010			91 010	51.04	30/11/12
		37 000		37 000	70.83	27/02/14
	99 650			99 650		17/03/13
			26 000	26 000		27/02/14

35. Directors' and prescribed officers' remuneration and interests (continued)

Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares (continued)

	Number of option/ rights/ forfeitable shares as at 30 September 2010	Equity settled share appreciation rights granted during the year	Number of forfeitable shares granted during the year	Number of option/ rights/ forfeitable shares as at 30 September 2011	Option*/ rights price	Date from which exercisable
Prescribed officers						
DM Sewela^	37 060			37 060	61.01	29/09/11
	43 630			43 630	51.04	30/11/12
		47 270		47 270	70.83	27/02/14
	29 050			29 050		17/03/13
			4 280	4 280		27/02/14
V Salzmann	41 931			41 931	113.01	12/07/10
	59 050			59 050	61.01	29/09/11
	43 630			43 630	51.04	30/11/12
			4 280	4 280		27/02/14
IG Stevens	46 143			46 143	113.01	12/07/10
	53 533			53 533	61.01	29/09/11
	45 020			45 020	51.04	30/11/12
	11 650			11 650		17/03/13
			3 360	3 360		27/02/14
Baw share options	43 987			43 987		
Baw share appreciation rights	2 282 920	320 770		2 603 690		
FSP shares	851 300		205 420	1 056 720		

**The original option price has been modified for the changes in share price as a result of the PPC and Coatings unbundlings.*
^DM Sewela's forfeitable shares are cash-settled.

The value at commencement date of the SAR rights awarded on 28 February 2011 was R25.15 per share.

The value at commencement date of the forfeitable shares awarded on 28 February 2011 was R70.61 per share.

		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
	Vostochnaya Technica UK[1]	O	GBP	34 500 000
	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	765 424
	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.*
** *Amounts have been reclassified from other subsidiaries.*

			Interest of holding company								
Effective percentage holdings			Shares			Indebtedness			Amounts owing to subsidiaries		
2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
%	%	%	**Rm**	Rm	Rm	**Rm**	Rm	Rm	**Rm**	Rm	Rm
100	100	100	**106**	106	106	**96**	102	70			
100	100	100									
100	100	100									
100	100	100	**30**	30	30		639	979			
100	100	100									95
100	100	100									
100											
100	100	100									
100	100	100									
100	100	100	**63**	63	63						
100	100	100	**108**	108	108	**2 591**	2 590	2 590			
100	100	100				**38**	38	64			
100	100	100	**2 152**	1 152	1	**10 309**	9 512	9 430	**1 868**	1 470	154
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	55	56	**182**	182	182	**45**	45	43
			2 680	1 680	530	**13 216**	13 063	13 315	**1 913**	1 515	292

		Securities Exchange	Number of shares 2011	2010	2009
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	**363 833**	646 459	2 945 216
	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
	First Rand Bank – preference shares		**20 000 000**	20 000 000	20 000 000

**The group's investment in these companies was 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 2011	2010	2009
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
	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	23
	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 company/joint venture	Principal products or activities	Percentage held by investors 2011	2010	2009
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
Barloworld Heftruck Verhuur BV	Hire of fork-lift trucks	**50**	50	50

#Under liquidation
**Effective 1 October 2010 Vostochnaya Technica UK became a subsidiary and is thus consolidated in the Group results*
^The following associate companies have different reporting year ends:
Barzem Enterprises (Pty) Limited 31 August 2011
Energyst B.V. 31 December 2011

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	Associates of the group	Joint ventures in which the group is a venture
2011		
Goods and services sold to		
Energyst B.V.	**1**	
Barzem Enterprise (Pty) Limited	**78**	
Bartrac Equipment		**24**
Barloworld Heftruck Verhuur B.V.		**26**
	79	**50**
Goods and services purchased from		
Daysun Express (Beijing) Limited	**1**	
Bartrac Equipment		**5**
Barloworld Heftruck Verhuur B.V.		**7**
	1	**12**
Other transactions		
Other transactions		**4**
		4
Amounts due (to)/from related parties as at end of year		
Bartrac Equipment	**(1)**	**8**
Barzem Enterprise (Pty) Limited	**(9)**	
Barloworld Heftruck Verhuur B.V.		**3**
	(10)	**11**

40. Related party transactions (continued)

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

40. Related party transactions (continued)

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 bear 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 122 and 123.

Barloworld Medical Scheme

Contributions of R104 million were made to the Barloworld Medical Scheme on behalf of employees (2010: R92 million; 2009: R84 million).

Barloworld Pension Fund

Amounts recognised in the Income Statement in respect of defined benefit plans was a net gain of R3 million (2010: R1 million net loss; 2009: R16 million net loss).

41. Events after the reporting period

No material events have occurred between the end of the reporting period and the date of the release of these financial statements.

Global reporting initiative (GRI G3.1) index

Our response to GRI G3.1 is aligned with application level A+. This is with reference to the information disclosed in the printed integrated annual report as well as the information provided on our website at www.barloworld.com.

Profile disclosure	Description	Page reference	On-line response
1. Strategy and analysis			
1.1	Statement from the most senior decision-maker of the organisation.	10 – 13, 14 – 18	✓
1.2	Description of key impacts, risks and opportunities.	4, 5, 7, 22, 23, 38, 48, 58 – 65, 67 – 69, 75 – 84, 85 – 91, 92 – 99, 215 – 220	✓
2. Organisational profile			
2.1	Name of the organisation.	Barloworld Limited, IBC	✓
2.2	Primary brands, products, and/or services.	4, 5	✓
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	4, 5, 240 – 243	✓
2.4	Location of organisation's headquarters.	144, IBC	✓
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.	4 – 7	✓
2.6	Nature of ownership and legal form.	122, 123, 144	✓
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	4 – 7	✓
2.8	Scale of the reporting organisation.	2, 3, 4, 5, 20, 36, 37, 46, 47, 92, 122, 123, 166 – 171	✓
2.9	Significant changes during the reporting period regarding size, structure or ownership.	Cover flap 229 – 232	✓
2.10	Awards received in the reporting period.	44, 48, 74, 107	✓
3. Report parameters			
3.1	Reporting period (eg, fiscal/calendar year) for information provided.	Cover flap	✓
3.2	Date of most recent previous report (if any).	Cover flap	✓
3.3	Reporting cycle (annual, biennial etc)	Cover flap	✓
3.4	Contact point for questions regarding the report or its contents.	Cover flap, IBC	✓
3.5	Process for defining report content.	Cover flap	✓
3.6	Boundary of the report (eg, countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Cover flap	✓
3.7	State any specific limitations on the scope or boundary of the report.	Cover flap	✓
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.	Cover flap, 146 – 147	✓
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.	Cover flap, 75, 76 229 – 232	✓
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	36, 83, 84, 101, 229 – 232	✓
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Cover flap, 229 – 232	✓
3.12	Table identifying the location of the Standard Disclosures in the report.	246 – 251	✓
3.13	Policy and current practice with regard to seeking external assurance for the report.	Cover flap, 102, 141	✓

✓ *Reference/further details available in Barloworld's on-line response to the GRI G3.1 guidelines available at www.barloworld.com*

Profile disclosure	Description	Page reference	On-line response
4. Governance, commitments and engagement			
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.	Cover flap, 103 – 105 109 – 111	✓
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	111	✓
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/ or non-executive members.	85, 104, 105, 109, 110	✓
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	67, 92, 99, 252 – 264	✓
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).	117, 124 – 134	✓
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	106, 108	✓
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics, including any consideration of gender and other indicators of diversity.	109, 110	✓
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.	58, 66, 75, 85, 106	✓
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.	107, 112, 114 – 116	✓
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	112	✓
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	–	✓
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Cover flap, 75, 85, 107, 108	✓
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.	68, 75	✓
4.14	List of stakeholder groups engaged by the organisation.	67 – 69	✓
4.15	Basis for identification and selection of stakeholders with whom to engage.	Cover flap, 66	✓
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	67 – 69	✓
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.	67 – 69	✓

✓ *Reference/further details available in Barloworld's on-line response to the GRI G3.1 guidelines available at www.barloworld.com*

		Page reference	On-line response
Environmental			
Management approach			✓
Performance indicator	**Description**		
EN1	Materials used by weight or volume.	82, 83	✓
EN2	Percentage of materials used that are recycled input materials.	83	✓
EN3	Direct energy consumption by primary energy source.	20, 36, 46, 54, 76, 77	✓
EN4	Indirect energy consumption by primary source.	20, 36, 46, 54, 76, 77	✓
EN5	Energy saved due to conservation and efficiency improvements.	27, 48, 49, 55, 76, 78	✓
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	27, 40, 43, 45, 53, 70, 71, 75, 78	✓
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	27, 45, 51, 55, 78	✓
EN8	Total water withdrawal by source.	81	✓
EN9	Water sources significantly affected by withdrawal of water.	81	✓
EN10	Percentage and total volume of water recycled and reused.	27, 35, 45, 81, 82	✓
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	84	✓
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	–	✓
EN13	Habitats protected or restored.	–	✓
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	–	✓
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	–	✓
EN16	Total direct and indirect greenhouse gas emissions by mass.	20, 36, 46, 54, 78 – 80	✓
EN17	Other relevant indirect greenhouse gas emissions by mass.	78	✓
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	27, 40, 43, 45, 51, 53, 55, 70 – 72, 75, 78 – 80	✓
EN19	Emissions of ozone-depleting substances by mass.	78	✓
EN20	NOx, SOx, and other significant air emissions by type and mass.	78	✓
EN21	Total water discharge by quality and destination.	81	✓
EN22	Total mass of waste by type and disposal method.	83, 84	✓
EN23	Total number and volume of significant spills.	84	✓
EN24	Mass 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.	84	✓
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 runoff.	81	✓
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	27, 40, 43, 45, 53, 70, 71, 74, 82, 84	✓
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	84	✓
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	84	✓
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	–	✓
EN30	Total environmental protection expenditures and investments by type.	–	✓

✓ *Reference/further details available in Barloworld’s on-line response to the GRI G3.1 guidelines available at www.barloworld.com*

Performance indicator	Description	Page reference	On-line response
Human rights			
Management approach			✓
Performance indicator	**Description**		
HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	–	✓
HR2	Percentage of significant suppliers and contractors and other business partners that have undergone screening on human rights and actions taken.	–	✓
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.	–	✓
HR4	Total number of incidents of discrimination and corrective actions taken.	86	✓
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	94	✓
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour.	95	✓
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	95	✓
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	–	✓
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	–	✓
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	–	✓
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	–	✓
Labour practices and decent work			
Management approach			✓
Performance indicator	**Description**		
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	20, 37, 47, 54, 85, 92	✓
LA2	Total number and rate of new employee hires, employee turnover by age group, gender, and region.	98, 99	✓
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	–	✓
LA4	Percentage of employees covered by collective bargaining agreements.	94	✓
LA5	Minimum notice periods regarding significant operational changes, including whether it is specified in collective agreements.	94	✓
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.	–	✓
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	20, 37, 47, 54, 94, 95	✓

✓ *Reference/further details available in Barloworld's on-line response to the GRI G3.1 guidelines available at www.barloworld.com*

		Page reference	On-line response
Labour practices and decent work (continued)			
Performance indicator	**Description**		
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	95	✓
LA9	Health and safety topics covered in formal agreements with trade unions.	–	✓
LA10	Average hours of training per year per employee by gender and employee category.	97, 98	✓
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assists them in managing career endings.	95	✓
LA12	Percentage of employees receiving regular performance and career development reviews.	99	✓
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	85	✓
LA14	Ratio of basic salary of men to women by employee category by significant locations of operation.	93	✓
LA15	Return to work and retention rates after parental leave, by gender.	99	✓
Society			
Management approach			✓
Performance indicator	**Description**		
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	–	✓
SO2	Percentage and total number of business units analysed for risks related to corruption.	–	✓
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	–	✓
SO4	Actions taken in response to incidents of corruption.	–	✓
SO5	Public policy positions and participation in public policy development and lobbying.	68, 75	✓
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	–	✓
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	–	✓
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	–	✓
SO9	Operations with significant potential or actual negative impacts on local communities.	–	✓
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	–	✓

✓ *Reference/further details available in Barloworld's on-line response to the GRI G3.1 guidelines available at www.barloworld.com*

		Page reference	On-line response
Product responsibility			
Management approach			✓
Performance indicator	**Description**		
PR1	Life-cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	72, 73	✓
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.	–	✓
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	–	✓
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	–	✓
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	38, 73, 74	✓
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	74	✓
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.	74	✓
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	74	✓
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	74	✓
Economic			
Management approach			✓
Performance indicator	**Description**		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	2, 3, 101	✓
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	78, 79	✓
EC3	Coverage of the organisation's defined benefit plan obligations.	63, 193, 194	✓
EC4	Significant financial assistance received from government.	–	✓
EC5	Range of ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation.	93	✓
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	87 – 89	✓
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	85, 87, 92	✓
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	90	✓
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	88, 90, 91	✓

✓ *Reference/further details available in Barloworld's on-line response to the GRI G3.1 guidelines available at www.barloworld.com*

Dear shareholder

I have pleasure in inviting you to attend the 95th annual general meeting (AGM) of Barloworld Limited, to be held in the Tokyo Meeting room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Wednesday, 25 January 2012 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;
- a form of proxy; and
- integrated annual report.

If you are unable to attend, you can, as a shareholder, 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 shareholders 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 Company Secretary: 180 Katherine Street, Sandton (PO Box 782248, Sandton 2146, South Africa); or by email bethueln@barloworld.com to be received no later than 12:30 Thursday, 19 January 2012; or
- faxed, together with the form of proxy, to our transfer secretaries in South Africa: Link Market Services South Africa (Proprietary) Limited, 13th Floor, Rennie House 19 Ameshoff Street, Braamfontein, Johannesburg 2001 (PO Box 4844, Johannesburg 2000) Fax: +27 11 834 4398 to be received no later than 12:30 Monday, 23 January 2012; or
- lodged, together with the form of proxy, at our registrars in the United Kingdom: Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, England to be received no later than 12:30 Monday, 23 January 2012; or
- handed in at the time of registering attendance at the meeting.

I look forward to welcoming you at the meeting.

Kind regards

Adv DB Ntsebeza SC
Chairman

20 December 2011

Head office

180 Katherine Street, Sandton
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

Adv DB Ntsebeza SC (chairman)
Adv SAM Baqwa SC
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*

Company secretary

B Ngwenya

Question form for annual general meeting

Name of shareholder: ....

Address: ....

Contact details: ....

Telephone number: ....

Fax number: ....

Email: ....

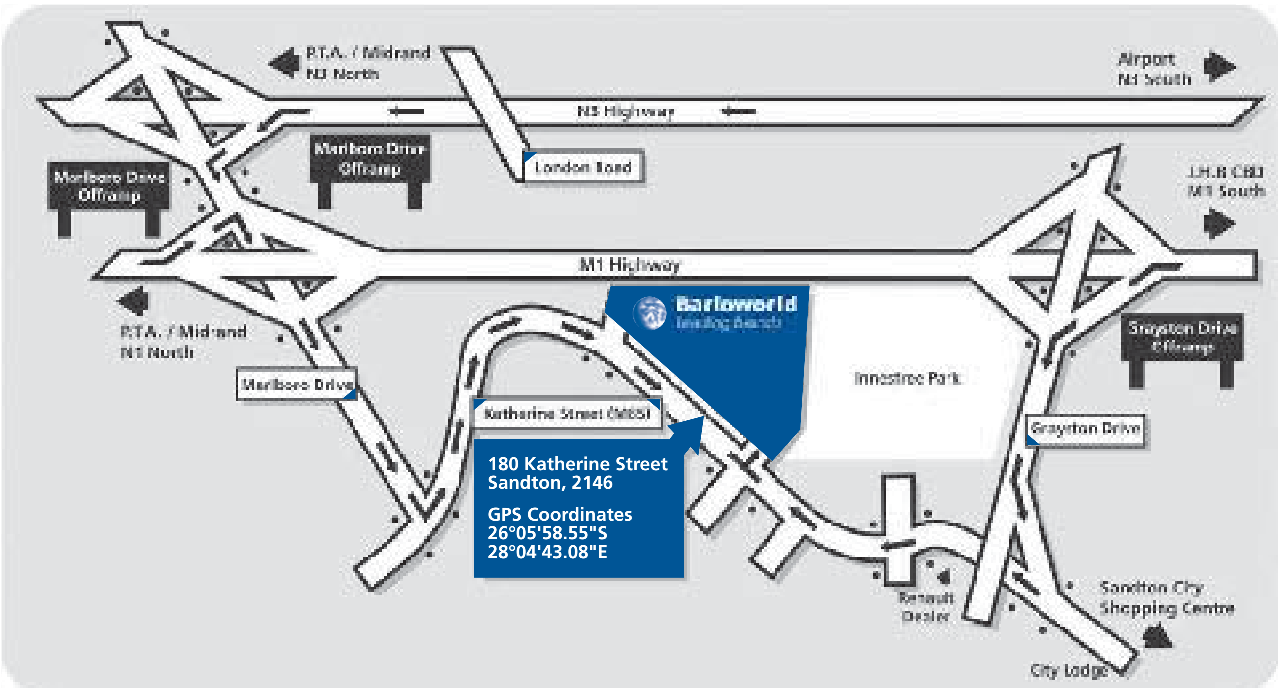
Questions: ....

at 30 September 2011

Financial year-end		30 September
Annual general meeting		25 January 2012
Reports and profit statements		**Published**
Half yearly interim report		May
Preliminary report for the year		November
Integrated annual report		December
Dividends	**Declared**	**Paid**
> 6% cumulative preference shares	May	June
	October	November
> Ordinary shares – interim	May	June
– final	November	January
Details of final dividend declared		
> Cents per share	105	
> Dividend declared		Monday, 14 November 2011
> Last day to trade cum dividend		Friday, 6 January 2012
> Shares trade ex dividend		Monday, 9 January 2012
> Record date		Friday, 13 January 2012
> Payment date		Monday, 16 January 2012

Share certificates may not be dematerialised or rematerialised between Monday, 9 January 2012, and Friday, 13 January 2012, both days inclusive.

The map below indicates the location of Barloworld Limited, Sandton, where the annual general meeting will be held:



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-fifth annual general meeting of shareholders of the company will be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Wednesday, 25 January 2012, at 12:30 for the purpose of considering the following business and if deemed fit, to pass, with or without modification, the resolutions set out below.

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the company for the purposes of determining which shareholders are entitled to attend and vote at the annual general meeting is Friday, 20 January 2012.

1. Ordinary resolutions

1.1 Acceptance of annual financial statements

Ordinary resolution 1 is proposed to receive and accept the group audited annual financial statements for the year ended 30 September 2011, including the directors' report, the report of the auditors and the report of the audit committee thereon. The financial statements, the directors' report, the report of the auditors and the report of the audit committee are set out on pages 144 to 245 of the integrated annual report.

1.1.2 Ordinary resolution 1

"Resolved that the group audited annual financial statements for the year ended 30 September 2011, including the directors' report, the report of the auditors and the report of the audit committee thereon be and are hereby received and accepted."

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

1.2 Re-election of directors

In terms of article 66 of the company's memorandum of incorporation, at every annual general meeting at least one third of the directors must retire and the directors to so retire shall be those who have been longest in office since their last election. The retiring directors shall be eligible for re-election.

Ms SS Mkhabela and Messrs PJ Blackbeard, SS Ntsaluba, SB Pfeiffer and G Rodriguez de Castro Garcia de los Rios are required to retire by rotation and they have offered themselves for re-election.

Ordinary resolutions 2 to 6 are proposed to re-elect the directors who retire as directors of the company by rotation in accordance with the company's memorandum of incorporation and who, being eligible for re-election, offer themselves for re-election.

Brief biographical information of each of the retiring directors is set out on page 104 of the integrated annual report.

The nomination committee of the company conducted an assessment of the performance of each of the retiring directors and the board of directors of the company ("the board") considered the findings of the nomination committee. Based on these findings, the board recommends to shareholders the re-election of each of the retiring directors as set out in ordinary resolutions 2 to 6.

1.2.1 Ordinary resolution 2

"Resolved that Ms SS Mkhabela, who retires in terms of article 66 of the memorandum of incorporation of the company and who is eligible and available for re-election, be and is hereby elected as a director of the company."

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

1.2.2 Ordinary resolution 3

"Resolved that Mr PJ Blackbeard, who retires in terms of article 66 of the memorandum of incorporation of the company and who is eligible and available for re-election, be and is hereby elected as a director of the company."

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

1.2.3 Ordinary resolution 4

"Resolved that Mr SS Ntsaluba, who retires in terms of article 66 of the memorandum of incorporation of the company and who is eligible and available for re-election, be and is hereby elected as a director of the company."

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

1.2.4 Ordinary resolution 5

"Resolved that Mr SB Pfeiffer, who retires in terms of article 66 of the memorandum of incorporation of the company and who is eligible and available for re-election, be and is hereby elected as a director of the company."

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

1.2.5 Ordinary resolution 6

"Resolved that Mr G Rodriguez de Castro Garcia de los Rios, who retires in terms of article 66 of the memorandum of incorporation of the company and who is eligible and available for re-election, be and is hereby elected as a director of the company."

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

1.3 Election of audit committee

Ordinary resolution 7 is proposed to elect an audit committee in terms of section 94(2) of the Companies Act, No 71 of 2008 (as amended) ("the Companies Act") and the King Report on Corporate Governance for South Africa ("King III").

Section 94 of the Companies Act requires that, at each annual general meeting, shareholders of the company must elect an audit committee comprising at least three members.

The nomination committee conducted an assessment of the performance and independence of each of the directors proposed to be members of the audit committee and the board considered and accepted the findings of the nomination committee. The board is also satisfied that the proposed members meet the requirements of section 94(4) of the Companies Act, that they are independent according to King III and that they possess the required qualifications and experience as prescribed in Regulation 42 of the Companies Act Regulations, 2011, which requires that at least one-third of the members of a company's audit committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Brief biographical notes of each member standing for election are set out on pages 104 and 105 of the integrated annual report.

1.3.1 Ordinary resolution 7

"Resolved that an audit committee comprising the independent and non-executive directors set out below be and is hereby appointed in terms of section 94(2) of the Companies Act to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and in King III and to perform such other duties and responsibilities as may from time to time be delegated to it by the board.

Mr AGK Hamilton	Chairman
Mr MJN Njeke	Member
Mr SS Ntsaluba	Member*
Advocate SAM Baqwa SC	Member

**Subject to his election as a director pursuant to ordinary resolution 4."*

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

1.4 Appointment of external auditors

Ordinary resolution 8 is proposed to approve the appointment of Deloitte & Touche as the external auditors of the company for the financial year ending 30 September 2012 and to remain in office until the conclusion of the next annual general meeting, and to authorise the directors to determine their remuneration.

Subject to the passing of the resolution, Mr G Berry will be the individual registered auditor who will undertake the audit during the financial year ending 30 September 2012.

Section 90(1) of the Companies Act requires the company to appoint an auditor each year at its annual general meeting. The audit committee conducted an assessment of the performance and the independence of the external auditors and considered whether or not the external auditors comply with the requirements of sections 90(2) and (3) of the Companies Act and section 22 of the Listings Requirements of the JSE Limited ("JSE"), and the board considered and accepted the findings. The board is satisfied that the proposed external auditors and Mr G Berry comply with the relevant provisions and are duly accredited by the JSE.

1.4.1 Ordinary resolution 8

"Resolved that Deloitte & Touche be appointed as the external auditors of the company and of the group for the financial year ending 30 September 2012 and to remain in office until the conclusion of the next annual general meeting, and that their remuneration for the financial year ended 30 September 2011 and the financial year ending 30 September 2012 be determined by the directors."

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

1.5 Placing the authorised but unissued shares under the control of the directors

The purpose of ordinary resolution 9 is to place 5% of the company's authorised but unissued shares under the control of the directors of the company and to authorise the directors of the company to allot, issue, grant options over or otherwise deal with those shares as they may think fit.

1.5.1 Ordinary resolution 9

"Resolved that, subject to the provisions of the Companies Act, the Listings Requirements of the JSE and the company's memorandum of incorporation, as a general authority valid until the date of the next annual general meeting of the company and provided that it shall not extend past 15 months from the date of this annual general meeting, 5% of the authorised but unissued ordinary shares of the company be and are hereby placed under the control of the directors to allot, issue, grant options over or otherwise deal with or dispose of to such persons at such times and on such terms and conditions and for such consideration, whether payable in cash or otherwise, as the directors may think fit; provided that:

(a) the ordinary shares must be issued only to public shareholders (as defined in the Listings Requirements of the JSE) and not to related parties (as defined in the Listings Requirements of the JSE);
(b) ordinary shares which are the subject of issues for cash:
   i. in the aggregate in any one financial year may not exceed 5% of the company's ordinary shares in issue;
   ii. will be aggregated with any securities that are compulsorily convertible into ordinary shares, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
   iii. as regards the number of ordinary shares which may be issued (the 5% number), shall be based on the number of ordinary shares in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application, (1) less any ordinary shares issued, or to be issued

in future arising from options/convertible securities issued, during the current financial year, plus (2) any ordinary shares to be issued pursuant to: (aa) a rights issue which has been announced, is irrevocable and is fully underwritten; or (bb) acquisition (which had final terms announced) may be included as though they were securities in issue at the date of application; and

(c) the maximum discount at which ordinary shares may be issued is 10% of the weighted average traded price on the JSE of the company's ordinary shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for securities."

The Listings Requirements of the JSE require that after the company has issued ordinary shares for cash which represent, on a cumulative basis within a financial year, 5% of the number of ordinary shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including: (a) the number of ordinary shares issued; (b) the average discount to the weighted average traded price of the company's ordinary shares over the 30 business days prior to the date that the issue is agreed in writing between the company and the party/ies subscribing for the ordinary shares; and (c) the effects of the issue on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required in terms of the company's memorandum of incorporation. However, one of the requirements of the Listings Requirements of the JSE applicable to general issues of shares for cash is that the general issue for cash ordinary resolution must be approved by a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution.

1.6 Non-binding advisory vote on remuneration policy

The purpose of ordinary resolution 10 is to endorse, by way of a non-binding advisory vote, the remuneration policy elements in the remuneration report on pages 124 to 134 of the integrated annual report.

The board is responsible for determining the remuneration of executive directors in accordance with the remuneration policy of the company. The remuneration committee assists the board in its responsibility for setting and administering remuneration policies in the company's long-term interests. The remuneration committee considers and recommends remuneration for all levels in the company, including the remuneration of senior executives and executive directors, and advises on the remuneration of non-executive directors. King III recommends that every year the company's remuneration policy should be tabled to shareholders for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. The remuneration committee prepared and the board considered and accepted the remuneration policy, as set out in the remuneration report on pages 124 to 134 of the integrated annual report, and shareholders are required to vote on it.

1.6.1 Ordinary resolution 10

"Resolved that the company's remuneration policy, as set out in the remuneration report on pages 124 to 134 of the integrated annual report, be and is hereby endorsed by way of a non-binding advisory vote."

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

2. Special resolutions

2.1 To approve the non-executive directors' fees

Section 66(8) (read with section 66(9)) of the Companies Act provides that, to the extent permitted in the company's memorandum of incorporation, the company may pay remuneration to its directors for their services as directors provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. Article 61 of the company's memorandum of incorporation provides that the directors shall be paid such remuneration as the company may from time to time determine in a general meeting. Article 61 further provides that any director who serves on a committee of the board or resides outside South Africa may be paid extra or additional remuneration or allowances over and above his or her remuneration as a director. The remuneration committee has considered the remuneration for non-executive directors and the board has accepted the recommendations of the remuneration committee.

2.1.1 Special resolution 1:

"Resolved that the fees payable to the non-executive directors for their services to the board and committees of the board be revised with effect from 1 January 2012 as follows:

Non-executive directors' fees	Present	Proposed*
Chairman of the board (inclusive of board committee fees)	R1 766 000	R1 783 000
Resident non-executive directors	R230 000	R245 000
Non-resident non-executive directors	£53 500	£55 000
Chairman of the audit committee (non-resident)	£26 000	£26 700
Resident members of the audit committee	R77 000	R90 000
Chairman of the remuneration committee (non-resident)	£16 700	£17 150
Chairman of the social, ethics and transformation committee (previously called empowerment and transformation committee) (resident)	R85 000	R90 000
Chairman of the risk and sustainability committee (resident)	R85 000	R100 000
Chairman of the general purposes committee (resident)	R85 000	R90 000
Chairman of the nomination committee (resident)	R85 000	R90 000
Resident members of each of the board committees	R58 000	R61 500
Non-resident members of each of the board committees	£4 000	£4 100

**Per calendar year, commencing on 1 January 2012, and subsisting until another special resolution dealing with the fees payable to non-executive directors is adopted, or this special resolution expires, whichever happens first."*

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

2.2 Loans or other financial assistance to related or inter-related companies

Section 45 of the Companies Act provides, among other things, that, except to the extent that the memorandum of incorporation of a company provides otherwise, the board may authorise the company to provide direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation) to a related or inter-related company or corporation, provided that such authorisation shall be made pursuant to a special resolution of the shareholders adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category.

2.2.1 Special resolution 2:

"Resolved that the directors of the company be and are hereby authorised, in accordance with section 45 of the Companies Act, to authorise the company to provide direct or indirect financial assistance to any company which is related or inter-related to the company."

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

2.3 General authority to acquire the company's own shares

Special resolution 3 is proposed to authorise the acquisition by the company or any subsidiary of the company of shares issued by the company.

The board's intention is for the shareholders to pass a special resolution granting the company or its subsidiaries a general authority to acquire ordinary shares issued by the company in order to enable the company and its subsidiaries, subject to the requirements of the Companies Act, the Listings Requirements of the JSE and the company's memorandum of incorporation, to acquire ordinary shares issued by the company should the board consider that it would be in the interest of the company or its subsidiaries to acquire ordinary shares issued by the company while the general authority subsists.

2.3.1 Special resolution 3:

"Resolved that the company and any subsidiary of the company be and are hereby authorised, subject to the provisions of the Companies Act, the Listings Requirements of the JSE and the company's memorandum of incorporation, to acquire ("repurchase"), as a general repurchase, up to 5% of the ordinary shares issued by the company; provided that the company and any subsidiary may only make such general repurchase subject to the following:

(a) the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);
(b) authorisation thereto being given by the company's memorandum of incorporation;
(c) the approval shall be valid only until the next annual general meeting or for 15 months from the date of the resolution, whichever period is shorter;
(d) repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
(e) at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
(f) it is the opinion of the directors of the company that following a 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;
(g) a resolution by the board that they authorised the repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group;
(h) the company or its subsidiary may not repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and
(i) the company and its subsidiaries, prior to undertaking a repurchase will obtain a working capital letter from its sponsor."

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

Disclosures in regard to other Listings Requirements of the JSE applying to special resolution 3

The Listings Requirements of the JSE prescribe certain disclosures, which are disclosed in the group audited annual financial statements and the integrated annual report as provided below:

Details of the directors

Directors' details can be found by referring to the profiles on pages 104 and 105 and the table on page 110.

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 236 of the integrated annual report.

Major shareholders

Details of major shareholders of the company are set out on page 123 of the integrated annual report.

Share capital of the company

Details of the share capital of the company are set out on page 189 of the integrated annual report.

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 14 November 2011.

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.

Certificated shareholders/dematerialised shareholders with own name registration.

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 or more than one proxy to attend, speak and, on a poll, vote in his/her stead.

Registered holders of certificated 6% non-redeemable cumulative preference shares ("preference shares") and holders of dematerialised preference shares in their own name, may attend the annual general meeting and, in relation to special resolution 3 only, speak and vote or are entitled to appoint a proxy to attend the annual general meeting and, in relation to special resolution 3 only, speak and vote in his/her stead.

Any person appointed as a proxy need not be a shareholder of the company.

Proxy forms should be forwarded to reach the company's transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg 2001 (PO Box 4844, Johannesburg 2000) or United Kingdom registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL, England, by not later than 12:30 (South African time) on Monday, 23 January 2012.

Dematerialised shareholders

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.

Voting rights

The ordinary shareholders are entitled to vote on all the resolutions set out above. On a show of hands, every ordinary shareholder who is present in person or by proxy at the annual general meeting will have one vote (irrespective of the number of ordinary shares held in the company) and, on a poll, every ordinary shareholder will have one vote for every ordinary share held or represented. The 6% non-redeemable cumulative preference shareholders ("preference shareholders") are entitled to vote only on special resolution 3. On a show of hands, every preference shareholder who is present in person or by proxy at the annual general meeting will have one vote (irrespective of the number of preference shares held in the company) and, on a poll, every preference shareholder will have forty votes for every preference share held or represented.

Identification

In terms of section 63(1) of the Companies Act, any person attending or participating in the annual general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote whether as a shareholder or as a proxy for a shareholder has been reasonably verified. Acceptable forms of identification include valid identity documents, drivers' licences and passports.

Electronic participation by shareholders

Should any shareholder (or a proxy for a shareholder) wish to participate in the annual general meeting by way of electronic participation, that shareholder should make an application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretaries, at their address above, to be received by the transfer secretaries at least five business days prior to the annual general meeting in order for the transfer secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its representative or proxy) with details as to how to access any electronic participation to be provided. The company reserves the right not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the company.

By order of the board

B Ngwenya
Group company secretary

Sandton
20 December 2011

Form of proxy

Barloworld Limited
(Incorporated in the Republic of South Africa)
Company registration number 1918/000095/06 JSE code: BAW ISIN code: ZAE000026639 ("the company")

For use by registered holders of certificated ordinary shares of R0.05 each in the company ("ordinary shares") and certificated 6% non-redeemable cumulative preference shares of R2.00 each in the company ("preference shares") and holders of dematerialised ordinary shares in their own name and dematerialised preference shares in their own name at the annual general meeting to be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Wednesday, 25 January 2012 at 12:30 (South African time).

Holders of 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 shareholders must not return this form of proxy to the transfer secretaries.

I/We

(Please insert full names in print)

of

(Please insert address)

being holder(s) of ordinary shares or

being holder(s) of preference shares,

(Delete whichever is not applicable)

hereby appoint:

of or failing him/her,

hereby appoint:

of or failing him/her,

hereby appoint the chairman of the annual general meeting,

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the annual general 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 annual general meeting and to vote for or against such resolutions or to abstain from voting in respect of the ordinary shares or the preference shares registered in my/our name, in accordance with the following instructions (see note 9).

Part A – To be completed by ordinary shareholders
**Insert an "X" or the number of ordinary shares (see note 9)*

Resolutions	*In favour of	*Against	*Abstain
Ordinary resolution 1 – Acceptance of annual financial statements			
Ordinary resolution 2 – Election of SS Mkhabela as a director			
Ordinary resolution 3 – Election of PJ Blackbeard as a director			
Ordinary resolution 4 – Election of SS Ntsaluba as a director			
Ordinary resolution 5 – Election of SB Pfeiffer as a director			
Ordinary resolution 6 – Election of G Rodriguez de Castro Garcia de los Rios as a director			
Ordinary resolution 7 – Election of Audit Committee			
Ordinary resolution 8 – Appointment of external auditors			
Ordinary resolution 9 – Placing 5% of the authorised but unissued shares under the control of the directors			
Ordinary resolution 10 – Non-binding advisory vote on remuneration policy			
Special resolution 1 – Approval of non-executive directors' fees			
Special resolution 2 – Approval of loans or other financial assistance to related or inter-related companies			
Special resolution 3 – General authority to acquire the company's 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).*

Part B – To be completed by 6% non-redeemable cumulative preference shareholders ("preference shareholders")
**Insert an "X" or the number of preference shares (see note 9)*

Resolution	*In favour of	*Against	*Abstain
Special resolution 3 – General authority to acquire the company's 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 preference shares than you own in the company, insert the number of preference shares held in respect of which you desire to vote (see note 9).*

Signed at on 2012

Signature/s

(Authority of signatory to be attached if applicable – see note 11)

Assisted by me

(where applicable – see note 12)

Each ordinary shareholder is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, speak and vote in place of that ordinary shareholder at the meeting.

Each preference shareholder is entitled to appoint a proxy (who need not be a shareholder of the company) to attend and, in relation to special resolution 3 only, speak and vote in place of that preference shareholder at the meeting.

The ordinary shareholders are entitled to vote on all the resolutions set out in the notice of annual general meeting. On a show of hands, every ordinary shareholder who is present in person or by proxy at the annual general meeting will have one vote (irrespective of the number of ordinary shares held in the company) and, on a poll, every ordinary shareholder will have one vote for every ordinary share held or represented.

The preference shareholders are only entitled to vote on special resolution 3 set out in the notice of annual general meeting. On a show of hands, every preference shareholder who is present in person or by proxy at the annual general meeting will have one vote (irrespective of the number of preference shares held in the company) and, on a poll, every preference shareholder will have forty votes for every preference share held or represented.

Please read the notes on the reverse side of this form of proxy.

Instructions on signing and lodging of the annual general meeting form of proxy.

1. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alterations must be signed, not initialled.

2. The chairman of the annual general meeting 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, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 (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 12:30 (South African time) on Monday, 23 January 2012.

3. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his/her proxy in the blank space/s provided for that purpose.

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 securities register 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 shareholder 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 shareholder'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 and/or 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.

Summary in terms of section 58(8)(b)(i) of the Companies Act, 2008, as amended.

Section 58(8)(b)(i) provides that if a company supplies a form of instrument for appointing a proxy, the form of proxy supplied by the company for the purpose of appointing a proxy must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act, 2008, as amended, which summary is set out below:

- A shareholder of a company may, at any time, appoint any individual, including an individual who is not a shareholder of that company, as a proxy, among other things, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
- A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
- A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person.
- A proxy appointment must be in writing, dated and signed by the shareholder; and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.
- A shareholder may revoke a proxy appointment in writing.
- A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.
- A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.

Corporate information

Barloworld Limited
(Registration number 1918/000095/06)
JSE codes: BAW and BAWP
ISIN codes: ZAE000026639 and ZAE000026647

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),
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg 2001,
(PO Box 4844, Johannesburg)
Tel +27 11 630 0000

Registrars – United Kingdom
Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, 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
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For background information visit www.barloworld.com

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BASTION GRAPHICS

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