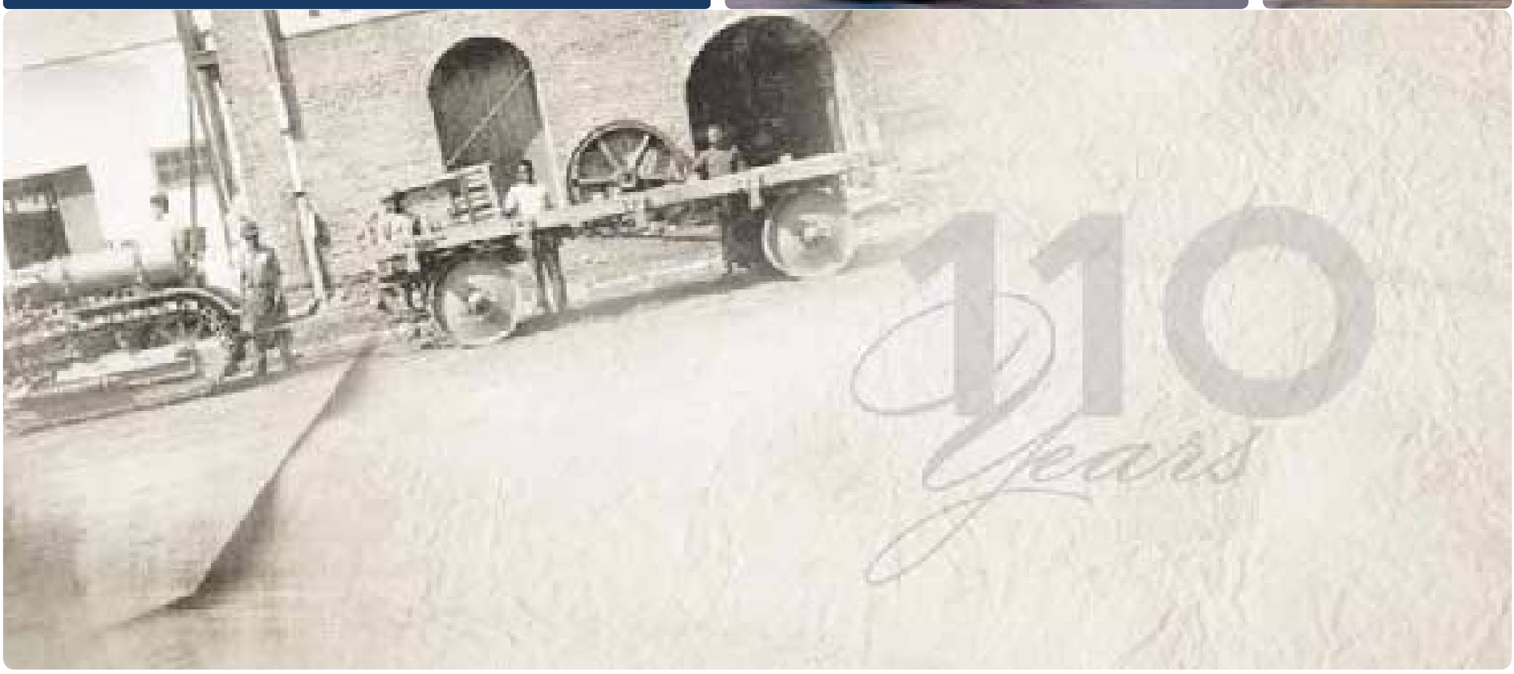
110 Years

Barloworld
Leading brands

Integrated Report 2012

Our values live on ...



Foreword by Clive Thomson

Thank you for your interest in Barloworld. Our report is different this year and is evolving in accordance with international and local reporting guidelines and regulatory requirements.

By aligning with the King Report on Corporate Governance for South Africa (King III), the Code for Responsible Investing in South Africa (CRISA), the Companies Act and the Johannesburg Stock Exchange's Socially Responsible Investment Index (JSE SRI) we believe we are enhancing our reporting and underscoring the integrated nature of a sustainable organisation. Our intention is to reflect commitment to long-term value creation for all stakeholders, and our accountability for the economic, environmental, social and governance aspects of Barloworld, wherever we operate.

This report is a concise presentation of our business; it is part of our broad suite of reporting initiatives to stakeholders and is complemented by other annually produced reports, which are available at www.barloworld.com.

I trust that you will find this report and our story interesting and informative. Should you have any queries or suggestions on how we can improve our reporting, please email us at invest@barloworld.com.

Clive Thomson
Chief executive

19 November 2012

Feedback

We would appreciate your feedback to ensure we report on issues that matter to our stakeholders. To do so please visit **www.barloworld.com** to download the feedback form or email us at **invest@barloworld.com**

Supplementary documents:

Accompanying this report is the Annual General Meeting (AGM) document and the AGM document CD (containing consolidated annual financial statements)

These documents are also available online along with:

- A full **remuneration report**
- A full **corporate governance report**
- A set of responses to the **GRI sustainability reporting guideline G3.1**

Contents

Global Reporting Initiative (GRI G3.1) index and Barloworld responses

Our response to GRI G3.1 is aligned with Application level A+.

This is with reference to the information disclosed in this Integrated Report as well as the information provided on our website.

Navigation aid

Web links to **www.barloworld.com**

GRI Global Reporting Initiative (GRI G3.1) links to **http://www.barloworld-reports.co.za/annual-reports/ar-2012/gri-index/index.php**

Materiality

A wide range of influences and initiatives determines the identification, prioritisation and validation of what Barloworld considers to be material issues. Report content and associated messages are guided by processes to ensure that material issues are communicated effectively. Internal issues are identified by considering meeting agendas and minutes, policies, our values, ethics and codes of conduct, strategies, targets, risk management processes and employee surveys. External issues are identified by considering stakeholders' interests, leading reporting initiative frameworks as well as peer reporting, media requirements, regulation and stakeholder expectations. Currently validation is essentially an internally orientated process, with authorisation by various board sub-committees and ultimate sign-off of the integrated report by the audit committee and Barloworld board. While our materiality framework is evolving, we believe it is sufficiently robust to instil confidence in the report's content, particularly when read in conjunction with the remainder of our reporting available on-line.

Disclosure

Barloworld aims to achieve the highest standards of disclosure with the provision of 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 information in this report has been prepared according to IFRS and independently assured by Deloitte who has also assured material non-financial indicators and the group's GRI application level.

Report scope and boundary

The annual report covers the activities of the Barloworld group, including all subsidiaries for the financial year ended 30 September 2012, and follows the report published in December 2011.

In addition to International Financial Reporting Standards (IFRS), and the King Report on Corporate Governance for South Africa (King III), Barloworld uses the Global Reporting Initiative's Sustainability Reporting Guidelines (GRI 3.1) and the Greenhouse Gas (GHG) Protocol (corporate standard) as frameworks for reporting, in conjunction with the discussion paper released by the Integrated Reporting Committee (IRC) of South Africa, as well as the international perspective in this regard. Where relevant, the outcomes of stakeholder engagement processes are used as reference points.

The consolidated data incorporates the company and all entities controlled by Barloworld as a single economic entity. Associates and joint ventures are equity accounted. Boundaries for non-financial data collection are consistent with our financial reporting, thus aligning financial, environmental and social reporting. 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 are 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.

This integrated 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 underscores the interdependence of Barloworld's stakeholders.

3.1 to 3.13 GRI

Significant changes from our 2011 report

A significant change since the 2011 report is the inclusion of the acquired distribution and support businesses of Bucyrus Africa and Eqstra Mining Services in southern Africa, effective from 2 July 2012. Although the UK Handling operations were disposed of on 28 September 2012, these operations are included in the reporting period to reflect the group's activities over the past year comprehensively. The US Handling operations were disposed of on 27 April 2012. These US operations are not considered material from a group perspective, therefore information has not been restated.

Barloworld "Our values live on … "

Barloworld is a focused multinational industrial corporation with annual revenues exceeding R58 billion. An aligned strategic approach directs our operations in delivering integrated customer solutions, meeting exacting performance standards and creating 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, logistics management and supply chain optimisation

  Handling – forklift truck distribution, agricultural equipment and cost-effective wheel loaders

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

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 competencies, 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.

How we conduct ourselves

- Our behaviour is based on the values of ***integrity, excellence, teamwork and commitment.*** In everything we do we are guided by our Worldwide Code of Conduct and our Code of Ethics that requires us to ***obey the law***, ***respect others***, ***be fair and honest*** and ***protect the environment***.

Salient features

Revenue
58.6 billion rand

Operating profit
2 988 million rand

HEPS
680 cents

Net debt to equity
56.7 percent

Return on net operating assets
18.8 percent

Total dividend
230 cents

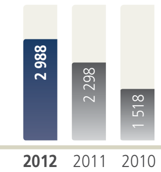
Financial highlights

	2012 Rand	2011 Rand	2012 US$	2011 US$
Revenue (million)	**58 554**	49 823	**7 300**	7 210
EBITDA (million)	**4 905**	3 993	**612**	578
Operating profit (million)	**2 988**	2 289	**373**	332
Net cash (outflow) / inflow before financing activities (million)	**(2 917)**	946	**(364)**	137
Net debt (million)	**7 464**	4 489	**905**	558
HEPS (cents)	**680**	465	**85**	67
Ordinary dividends per share declared in respect of current year's earnings (cents)	**230**	155	**29**	22
Total assets (million)	**35 810**	30 932	**4 339**	3 849
Net asset value per share (cents)	**6 062**	5 839	**735**	726

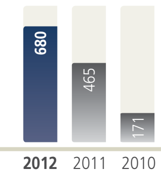
Financial and non-financial indicators

Economic

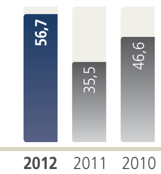
Revenue *(Rm)*
Up 18% to R58 554 million



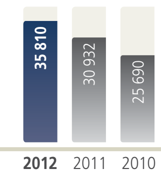
Operating profit *(Rm)*
Up 31% to R2 988 million



Headline earnings per share (HEPS) *(cents)*
Up 46% to 680 cents

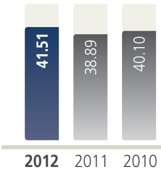


Net debt to equity *(%)*
Net debt to equity within target range at 56.7%



Total assets *(Rm)*
Up R4 878 million to R35 810 million

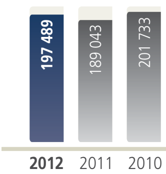
Environmental



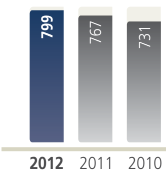
Petrol and diesel consumption *(ML)*
Up 7% to 41.51 ML

Electricity consumption *(MWh)*
Down 1% to 86 178 MWh

Energy consumption *(GJ)*
Up 6% to 1 921 347 GJ

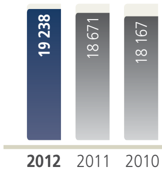


GHG emissions *(CO_2e tons) (scope 1 and 2)*
Up 4% to 197 489 CO_2e tons

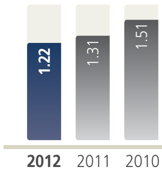


Water consumption *(ML)*
Up 4% to 799 ML

Social

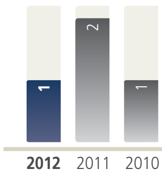


Number of employees
Increased 3% to 19 238

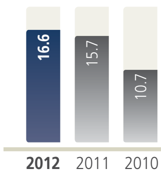


Lost-time injury frequency rate# (LTIFR)
Down 7% to 1.22

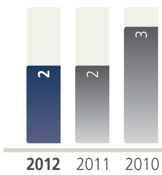
#LTIFR = lost-time injuries x 200 000 divided by total hours worked



Number of fatalities
One fatality during the year



Corporate social investment *(Rm)*
Up 6% to R16.6 million



B-BBEE rating*
Retained B-BBEE rating of level 2

**Barloworld South Africa*

Business overview

Barloworld Equipment

Barloworld Equipment has partnered with Caterpillar for 85 years and is currently the Cat dealer in 11 southern African countries and in Iberia (Spain and Portugal) and Russia (Eastern and Western Siberia, Yakutia and the Russian Far East). Following the acquisition of the Bucyrus equipment distribution and support business in southern Africa from Caterpillar Global Mining, Barloworld Equipment now represents the broadest opencast and underground mining equipment product line. The Equipment division also represents MAK and Perkins engines and Metso mobile crushing and screening equipment for mining and construction.

More information see pages 42 – 51.
www.barloworld-equipment.com

Barloworld Automotive | Barloworld Logistics

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. Automotive and Logistics has representation in southern Africa, Australia, Middle East, Europe and China.

More information see pages 52 – 57.
www.barloworldautomotive.com
www.barloworld-logistics.com

Barloworld Handling

Barloworld Handling is the dealer for Hyster lift trucks and warehouse/handling equipment in southern Africa, Belgium and The Netherlands. Barloworld Handling also represents Massey Ferguson and Challenger (AGCO) and CLAAS agricultural products in southern Africa and Russia, as well as SEM, one of China's leading wheel loader brands in southern Africa and Russia.

More information see pages 58 – 60.
www.barloworldhandling.com

Value proposition

- 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 skills and facilities designed to provide customers with the lowest owning and operating cost over the life of the machine

Key brands and products

- **Caterpillar:** earthmoving equipment, surface and underground mining equipment and drills, 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
- **Metso:** mobile crushing and screening plants for construction and mining
- **Sitech:** Trimble Global Positioning Satellite products

Value proposition

- 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

Key brands and products

- Short-term vehicle rental under the Avis brand
- Franchised motor vehicle retailing, representing leading brands, including: Audi, BMW, Ford, General Motors, Mazda, 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

Value proposition

- Barloworld Handling leverages the strength of both the Barloworld and Hyster brands by providing customised materials handling and warehousing solutions in the manufacturing and distribution industries
- The Agriculture business offers solutions for all farmers, from cost effective 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

Key brands and products

- **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

Leadership perspective

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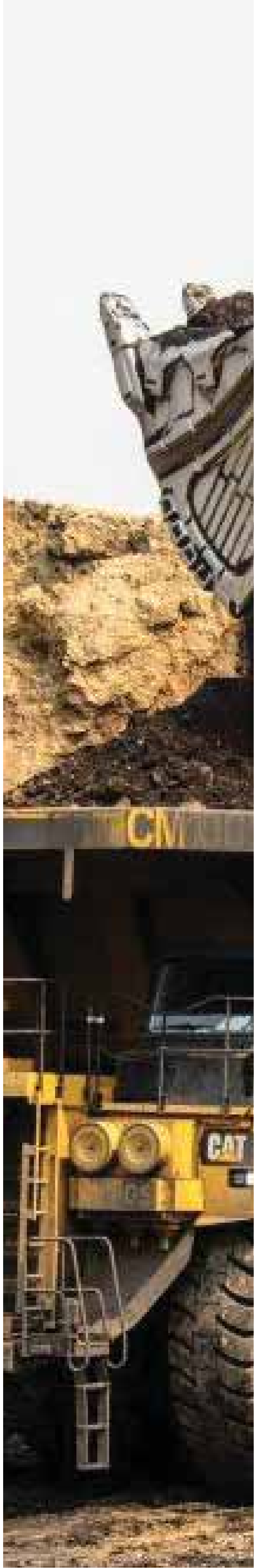


Chairman's letter

For full biography
see page 64

Dumisa Ntsebeza, Chairman

I am proud to report that the company is in good shape. We have delivered a very pleasing set of financial results and have executed a number of significant strategic initiatives over the past year. We have done these things in difficult and turbulent times.

Key highlights

- Group celebrates 110 years
  – 85 years as a Caterpillar dealer
- Bucyrus acquisition now provides us with most complete mining equipment product range in the industry.
- After year end, reached agreement to acquire Bucyrus distribution and support business in Russia.
- Long-term growth prospects in Africa
- Strengthened board diversity through new appointments

Dear Stakeholder

It is a pleasure to share my review with you for the sixth time, although I do so with mixed sentiments.

From a Barloworld perspective, I am proud to report that we celebrated our 110 year anniversary as well as 85 years as a Caterpillar dealer this year and the company is in good shape. We have delivered a very pleasing set of financial results and have executed a number of significant strategic initiatives over the past year. We have done these things in difficult and turbulent times. It is these times that worry me.

Who would have foreseen an occupation of Wall Street or the dire situation in the Eurozone with the kind of upheavals experienced in Greece? Or Spain with a 50% youth unemployment rate and overall unemployment of 25%? While the threat of a second recession of the proportion that the world experienced post 2008 has diminished, it is comforting to note that the South African banking system seems to have been one of few that was beyond reproach and remained relatively stable through this period. This kind of stability, coupled with a degree of predictability, appeals to investors.

Recently, one of the biggest concerns for investors in South African markets has been the uncertainty around nationalisation of the mines. However, it is important to note that government has consistently stressed that nationalisation is not its policy. This uncompromising stance should be reassuring for foreign direct investment.

Unfortunately, the recent wave of unprotected industrial action in South Africa is cause for concern, most certainly for investors in the mining sector.

I am concerned that recent labour-related violence is evidence that the bargaining structures that governed behaviour, guided conduct and ensured stability are no longer appropriate. The problems, seated in growing inequality, greed and narrow interest groupings, require a review and revitalisation of our norms and standards. I believe this can be achieved only through a social compact, involving all stakeholders. Above all, it needs to be inclusive and stretch beyond the interests of only government, labour and capital. We need to have an inspiring framework that also addresses the interests of the unemployed, disenfranchised and disillusioned.

I am participating in the issues surrounding the Commission of Inquiry into the Marikana situation. Once again, as we did through the Truth and Reconciliation Commission on which I served, we have to find ways to reconcile South African society.

In keeping with one of our strategic focus areas, profitable growth, Barloworld made a number of significant acquisitions over the year. The largest of these was the Bucyrus distribution and support businesses of Bucyrus Africa and Eqstra Mining Services in southern Africa for R1 381 million. After year-end, agreement was reached in respect of the acquisition of the Bucyrus Russia distribution business for R436 million. These transactions will provide us with the most extensive surface and underground mining product range in the industry. While the current difficulties in the mining industry may negatively affect the benefits we obtain from these acquisitions in the short term, the longer-term strategic rationale remains intact.

Barloworld, with operations in 27 countries, is constantly looking at developing new markets, and one of my aims, after five years as chairman, is to encourage the growth of the group's businesses.

I am convinced that this company, situated in Johannesburg, the springboard into Africa, one of the growth areas for the next decade or so, should increasingly be part of the pioneers on the continent.

One of our successful undertakings in Africa over the past year was an agreement reached by our Equipment division to convert the 50:50 joint venture in the Katanga Province of the DRC into a 50-year joint venture. Our share of the after-tax profits of this business was R138 million in 2012.

Another milestone in Africa was the finalisation of agreements with Caterpillar subsidiaries Progress Rail Services and Electro-Motive Diesel (EMD) to form the EMD Africa joint venture, creating locomotive and rail services opportunities across southern Africa.

The past year represented the best year for mining that Barloworld Equipment southern Africa has ever had with deliveries of large mining units up by 19%.

Our South African operations continue to be the major source of revenue (64% of total) for the region, followed by those in Angola, Botswana, Mozambique and Zambia.

Chairman's letter continued

The construction equipment segment showed growth in South Africa, but more so in Angola, where government spending on infrastructure needs has accelerated. In many African countries, where we are providing power, this has been identified as one of our growth areas.

Our Automotive and Logistics division is performing well with a number of organic and acquisitive growth opportunities available on the African continent.

Through our activities in the agricultural sector, we can contribute to making Africa the bread basket of the world, unleashing potential, not only in the countries of the Southern African Development Community (SADC), but also in sub-Sahara, and other parts of Africa. We also have substantial opportunities in Russia.

At Barloworld we realise that our success is driven by our people and that we require skills to execute our strategic plans.

We have therefore always regarded training as one of the cornerstones of the company's success, and I am pleased to note that our training spend increased by 31% this year.

Although we are convinced of the necessity to work on the demographics in the company, we take care not to sacrifice skills, competence and experience, especially in the very tricky area of employment equity. Even before a social, ethics and transformation committee became a statutory requirement of the Companies Act 2008, we had implemented an empowerment and transformation committee, having realised that we had to change the way things were done.

I believe that our broad-based black economic empowerment initiative that was implemented in 2008 has proved to be a model of real broad-based economic empowerment, with other companies having followed suit.

While we have been working, and are still working, towards achieving goals set by our five-year vision, 2015[3], we are thinking well beyond that, towards the kind of businesses we see Barloworld operating in by 2020.

I believe we need to expand our stakeholder engagement approach and reconsider our value propositions for all our stakeholders. Part of this includes interacting with the public sector, particularly in South Africa, to ensure delivery of projects to the benefit of all parties.

Over the past year we have continued to build a diverse board. Mr J Njeke and Advocate SAM Baqwa resigned from the board on 29 February 2012 and 10 May 2012 respectively and I would like to thank them for their valuable contribution. The diversity of the board was enhanced by the appointment of Ms Babalwa Ngonyama and Ms Neo Dongwana as non-executive directors with effect from 1 May 2012. In addition, Ms Ngonyama was appointed to the audit committee with effect from 1 May 2012 subject to approval by shareholders at the next annual general meeting.

In line with best governance practice, in addition to self-evaluation as well as evaluation by peers, the board and sub-committees were independently evaluated and their recommendations for improvement will be considered by the board.

It is a privilege to be associated with the Barloworld team under the exceptional leadership of group chief executive Clive Thomson, and to have the guidance, support and commitment of enlightened board and committee members. We can look forward to the future with confidence.

Dumisa Ntsebeza
Chairman

Rail joint venture presents exciting growth opportunities

The joint venture agreement concluded between Barloworld and Electro-Motive Diesel (EMD) to provide solutions in the southern African rail industry holds great potential for the Power business in this region. EMD has a history spanning 90 years and is owned by Progress Rail Services, a subsidiary of Caterpillar. The joint venture with Barloworld, to be known as Electro-Motive Diesel Africa, will provide rail and transit customers with industry-leading locomotive products and services. The venture is particularly exciting because of the winning combination of EMD, a global market leader in locomotive technology, and Barloworld, a South African company with world-class customer support and logistics across southern Africa. Together we will form a formidable team.

Electro-Motive Diesel Africa will operate under the banner of the Barloworld Global Power business led by chief executive Viktor Salzmann and is well positioned to support opportunities like Transnet's ambitious rail freight growth strategy in South Africa.

Q&A with the chief executive

For full biography
see page 65

Clive Thomson, Chief executive

The group delivered a very pleasing result for 2012 with operating profits up 31% and HEPS increasing by 46%. Our equipment businesses in southern Africa and Russia achieved record mining deliveries and Automotive and Logistics delivered strong results in all trading segments.

Key highlights

- Revenue up 18% to R58.6 billion
- Operating profit up 31% to R2 988 million
- Profit before exceptional items up 38% to R2 119 million
- HEPS up 46% to 680 cents (2011: 465 cents)
- Return on net operating assets 18.8% (2011: 17.1%)
- Total dividend of 230 cents per share up 48%
- Acquired Bucyrus mining distribution and support businesses in southern Africa for R1 381 million
- Disposed of Handling US and UK businesses for approximately R1 091 million

Q The global and local economic environment seems more uncertain. How has the group performed against this backdrop?

The world economy remains subject to a number of economic and geopolitical headwinds which are creating uncertainty for business. Europe appears to be re-entering recession and slowing economic growth in China has impacted commodity prices and levels of mining investment.

In South Africa, economic growth is being impacted by the aftermath of the Marikana tragedy including escalating labour disputes, credit downgrades and faltering foreign and domestic investment.

Against this backdrop the group has delivered a very strong result for the 2012 financial year.

Operating profit of R2 988 million is 31% up, net profit is up 51% and headline earnings per share of 680 cents is 46% above last year. The total dividend for the year of 230 cents is 48% up on the prior year.

Q The Equipment southern Africa division is your largest profit contributor. How did they perform in the current year?

Operating profits were up 25% as the commodity cycle reached a highpoint during the current year, driven by demand from China. Equipment demand from mining and contract mining customers grew strongly and we won the majority share of contract awards.

Revenue for the year of R16.3 billion is 30% ahead of last year which in turn was 50% up on the 2010 level. Deliveries of large mining units increased by 19%, ensuring that 2012 represents the best year for mining ever achieved in southern Africa.

The construction business continued to show growth in South Africa but more so in Angola where government spending on infrastructure has accelerated.

Activity in the Bartrac joint venture operation in the Katanga province of the DRC was extremely strong in the year. Our share of the after tax income of R138 million from this associate company was 120% up on 2011.

Q The Eurozone is in the midst of a severe debt crisis. How has this impacted on the Iberian equipment business?

Both the Spanish and the Portuguese economies are now back in recession and forecast to remain there until 2014.

The wide ranging austerity measures implemented by the Spanish government to reduce the fiscal deficit impacted many facets of our traditional business.

Revenue for the year was 8% above the prior year mainly on the back of low margin export sales to large customers in Spain and Portugal for contract work outside of Iberia. The Power business also acted somewhat as a buffer against weakness in the construction sector.

Further restructuring was necessary as the underlying Spanish market declined by 35% in the current year off an already low base. The total restructuring cost of €8.6 million in Spain and €1.1 million in Portugal significantly contributed to the current year operating loss of €13.4 million.

Notwithstanding the fact that the external business environment is expected to remain challenging, the actions taken by management to lower the cost base have positioned the business for an improved operating performance in 2013.

Q You acquired 100% of the Russian equipment business in 2010. Has this delivered to expectation?

This business continues to deliver ahead of our forecasts. An excellent result was achieved in 2012 with operating profit for the year of $43 million increasing by 31% on the back of a 28% increase in revenue to $471 million.

This was supported by good growth in machine sales to the mining segment which represents 45% of the total revenue mix. The major demand for machines came from gold, coal, nickel and diamond mining.

The Power businesses demonstrated strong growth with installations in a number of diverse electric power and cogeneration applications.

The after sales business again contributed more than 25% of total revenue which supported an improved operating margin of 9.1%.

Q&A with the chief executive continued

Q Automotive and Logistics has been integrated into a single division. How has the combined division performed?

The overall division produced a record operating profit of R1 152 million which was 26% up on the prior year. This profit growth was particularly pleasing in that revenue increased by only 12% to R29.5 billion. Some of the dynamics that influenced this strong result in each of the key business segments are:

Car Rental

Rental days grew by 11% assisted by improved demand in all market segments. The all-important rate per day increased by 3% despite strong competitive pressures and a further improved fleet utilisation to 76% remains well ahead of the industry average.

Motor Retail

In South Africa, new vehicle sales for the calendar year to September 2012 were approximately 10% above the previous year, supported by low prevailing interest rates and benign new vehicle inflation. Revenue grew by 8%, while operating profit increased by 26% to R352 million and operating margin improved to 2.3%.

Australian new vehicle sales for the calendar year to September increased by 9%. In local currency, revenue increased by 13%, while operating profit improved by 9%, driven by strong performances in our Mercedes-Benz and Volkswagen dealerships.

Avis Fleet Services

Revenue for the year increased by 29% generating an operating profit of R349 million which was 23% up on the previous year. Total external fleet under management grew by 17%.

During the year fleet services took over the interim management of the City of Johannesburg contract with the main contract likely to be finalised and implemented early in the new financial year.

Logistics

The recovery in the logistics business continued during the current year. Revenue was in line with the prior year with a pleasing improvement in operating profit.

The supply chain management operations increased margins from improved volumes and was supported by higher gain shares earned. Dedicated transport services increased total kilometres travelled by 16% while achieving efficiency and maintenance cost savings. The freight management and services business continued to face difficult trading conditions.

Overall the division is well set for another solid performance in 2013.

Q The Handling business has been significantly restructured. How did it perform in this context and is it well positioned for the future?

The divisional result was impacted by the sale of the US handling business in April 2012 and the sale of the UK handling business at the end of September, which together brought in R1.1 billion in cash proceeds.

Revenue from the division of £379 million was £44 million below the prior year but showed good growth in Belgium and Agriculture.

Operating profit of £3.0 million was well down on the prior year figure of £6.3 million but was impacted by losses in the US and UK handling operations linked to the disposal and by start-up losses in the Agriculture businesses in Russia as well as adverse currency impacts in South Africa.

Post the disposals the Handling division is primarily focused on southern Africa and Russia and is appropriately structured to achieve acceptable returns in the future.

Q Your 2015[3] strategy targets ambitious growth over the five years to 2015. What steps are you taking today to ensure that your plans are achieved?

We had a busy year pursuing various strategic initiatives which position the business for future growth and continue the process of redeploying capital into higher return opportunities.

We acquired the Bucyrus distribution and support businesses of Bucyrus Africa and Eqstra Mining Services in southern Africa for $164 million (R1 381 million), which provides us with the most extensive surface and underground mining product range in the industry.

In November we signed an agreement to acquire the Bucyrus distribution and support business based in Novokuznetsk, Russia, for $50 million (R436 million) and expect the transaction to close on 3 December 2012.

We have reached agreement with our partners to extend the original 10 year 50:50 joint venture in Katanga Province, Democratic Republic of the Congo by a further 50 years and are in the process of finalising legal arrangements.

We entered into agreements with Caterpillar subsidiaries Progress Rail Services and Electro-Motive Diesel (EMD) to form the

EMD Africa joint venture to capture locomotive and rail services opportunities across southern Africa.

Following the Caterpillar acquisition of gas engine manufacturer MWM, we were awarded MWM distribution rights in our southern African and Russian dealership territories. This will enable us to capture the growing gas engine opportunities in our power business.

A number of niche acquisitions were made in our Automotive division during the year including Avis Coach Charter and a fuel management company. Together with the Maponya family we opened the Soweto Toyota and Soweto Volkswagen dealerships in Gauteng. We also acquired the remaining 50% of Phakisaworld servicing the National Department of Transport contract in South Africa and secured the entry of Avis Fleet Services into Ghana.

By integrating our Logistics business into the Automotive division we were able to leverage synergies and improve the financial performance of our logistics business. The acquisition of a specialised chemical transporter, formation of a joint venture with Manline, and the purchase of the 25% minority in Logistics Africa, position this business to continue on its aggressive growth path.

In our Handling division, we successfully concluded the disposal of our US business to Briggs and Lift One for US$60 million (R465 million) and also disposed of our Handling UK business to Briggs realising £47 million (R626 million) in gross proceeds. In line with an agreed expansion roadmap with our principal AGCO we have established agriculture businesses in Siberia, Western Russia and Mozambique.

Q Barloworld is 110 years old this year. What are the key elements of the group's sustainability?

Barloworld was founded in Durban, South Africa in 1902 and has seen significant growth over more than a century to become one of South Africa's leading industrial companies with operations in 27 countries around the world.

There are a number of key success factors that have ensured our sustainability. These include:

- The integrated nature of our approach to creating value for all stakeholders: employees, suppliers (our principals), shareholders, customers and the communities within which we operate. This goes right back to the early days of Punch Barlow and underpins the thinking and management philosophy of Barloworld
- An ability to evolve and change. We are not afraid to make bold decisions and have significantly restructured the group a number of times to remain relevant to changing circumstances and an evolving external business environment
- Our people. It is the teamwork, pioneering spirit and winning attitude of our people that provides us with the confidence to enter and succeed in challenging but high growth territories like Siberia, the Russian Far East and the Democratic Republic of Congo
- Building and nurturing long-term relationships. We've been in partnership with Caterpillar for 85 years. These kinds of relationships are built on trust, loyalty, hard work and strategic alignment and we have a similar approach to doing business with our customers
- Commitment to excellent corporate governance, ethical leadership and values. This is an enduring feature of Barloworld and its people. Our business has evolved over time but our values live on.

110 years

The 110 years wall mural hangs proudly in the Barloworld corporate office reception.

Barloworld celebrated its 110th year anniversary on 29 June 2012. Employees from all business units at corporate office joined in the celebrations. This wall mural is an acknowledgement of our people and their commitment to Barloworld.

Q&A with the chief executive continued

Q Your strategic focus areas are aimed at delivering value to all Barloworld's stakeholders. How have you progressed over the past year?

As always, our success is driven by our people and we continued to focus on strengthening our leadership, attracting and retaining talented people, and training and development. Our training spend of R157 million is up 31% against last year, and we have 1793 apprentices and learnerships in the group.

We also performed well in empowerment and transformation in South Africa and the group's B-BBEE Level 2 rating was retained. In addition we were ranked first in the industrial sector for the third consecutive year in The Financial Mail's Top Empowerment Companies survey.

We improved our energy and emissions intensities by 10% and 11% respectively against last year and are on track to meeting our aspirational non-renewable energy and greenhouse gas emissions efficiency improvement targets. Focus on water stewardship has resulted in increased recycling activities and more efficient consumption patterns.

I am also pleased that our lost-time injury frequency rate at 1.22 is down 7% on last year. Tragically, there was one work-related fatality in the group as a result of a vehicle accident. We remain determined to ensure a safe and healthy work environment for all our employees.

Our corporate social investment spend of R17 million focused on supporting educational and other development outcomes. We also continue with our successful enterprise development programme nurturing and supporting emerging businesses.

Stakeholder engagement underpins our value creation activities and commitment in this regard is evidenced by executive director responsibility at board level.

Q Is there a broader role Barloworld should play in society?

I think recent economic and social events around the globe have highlighted the need for business leaders and companies to become proactively engaged in contributing to solutions to addressing socio-economic issues. These include skills development, job creation, community upliftment, enterprise and supplier development, health and safety and income inequality.

In South Africa many of these issues have been tragically highlighted by the events of Marikana and its aftermath. There are immediate short-term issues which need to be addressed but also longer-term structural changes required to promote economic growth, create jobs and alleviate poverty. In this respect the National Development Plan (NDP) sets out an excellent vision and framework for addressing the socio-economic challenges in the country and will require a commitment by business, labour and government to focus on and achieve the targeted outcomes.

We should also not lose sight of the fact that by performing its traditional role in a sustainable and responsible manner, business serves an important function by driving economic growth, creating employment and paying salaries, paying taxes to government and developing skills for the benefit of greater society.

Q How do you see the outlook for Barloworld?

Economic growth in China has moderated during the course of the past year with a concomitant impact on the demand for, and prices of, commodities. While economic growth now appears to have stabilised, we have seen a slowing of our mining order intake particularly from contract miners since March 2012. This is reflected in a reduced firm order book in Equipment southern Africa which at September stands at R3.9 billion (excluding Bucyrus) compared to R5.2 billion at September last year. If one includes the orders for the legacy Bucyrus product range our total order book now stands at R5.3 billion.

The impact of the current wave of strike actions in the South African mining industry is likely to adversely impact new investment. This is expected to be partly mitigated by ongoing projects elsewhere in southern Africa.

Overall we expect reduced mining deliveries into 2013 although there are some signs of a modest improvement in construction activity and aftermarket revenues should hold up well.

In Iberia, while certain of the announced package deal orders have been cancelled following suspension of government subsidies to Spanish miners, a number of machines will still be delivered in the upcoming year. The Iberian order book is currently dominated by Power systems projects particularly in the Marine segment.

The restructuring executed over the last few years in Spain has significantly reduced our cost base and will contribute to an expected improvement in the year ahead.

The outlook for Russia is dominated by mining. The firm order book at September of $77 million is up on September 2011 levels. This, together with a number of major mining projects currently under discussion and the Bucyrus order book to be acquired when the transaction closes, should ensure another solid performance next year.

The growth outlook for vehicle sales in South Africa in 2013 has been tempered by the recent reduction in economic growth estimates together with a weakening of the currency which will impact vehicle pricing. The local consumer faces increased inflationary pressure and we are consequently forecasting single digit vehicle growth next year.
Our Avis car rental business will continue to face competitive market conditions and our fleet services business is currently evaluating a number of opportunities which should ensure sustained growth and profitability.

We expect the positive momentum in the logistics business to continue and the business is well positioned for growth.

In our Handling division the outlook for agriculture remains mixed. However, the impact of the drought experienced in South Africa and Russia is likely to increase prices for commodities which should stimulate demand for agricultural equipment.

There is more uncertainty in the global and local economy for the year ahead which has led to some deferment in mining capital expenditure plans. This will impact equipment demand and deliveries but overall we expect the group to continue to make solid progress across most of our businesses.

Clive Thomson
Chief executive

Why should one invest in Barloworld?

I think we are an attractive investment for a number of reasons:

1. We have a **clear vision** and are leaders in our chosen market segments
2. Our three divisions support our **strategic focus** and identified growth segments
3. We represent **leading principals** and provide integrated solutions that assist our customers in achieving their objectives
4. We are well positioned, through our principals, geographies and recent strategic acquisitions, to benefit from our **identified growth segments** of mining, infrastructure development, power, flexible automotive solutions, logistics management and supply chain optimisation, and agriculture
5. We have a **wide business and geographic footprint**. By operating in 27 countries we diversify regional and currency risk, and the diverse nature of the industries in which we operate, enhances our resilience through business cycles
6. We have a **strong financial position** and maintained a Fitch credit rating of A+
7. We have an **experienced management team** with a proven record of making the correct decisions, executing strategy and operating successfully in a wide range of commercial environments
8. We are a **responsible corporate** with good governance structures, values and ethics and are committed to leadership in empowerment and transformation, and sustainable development.

The industries that we are involved in have significant long-term growth opportunities, as do the geographies, particularly the emerging markets, where we operate.

Responsible reporting, engaging with our stakeholders, creating value and being a responsible corporate with strong values are some of the elements that instil trust among those who invest in us.

Finance director's report

Revenue for the year increased by 18% to R58.6 billion. Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 23% to R4 905 million.

Donald Wilson, Finance director

Revenue for the year increased by 18% to R58.6 billion. Improved trading conditions particularly in the mining sector resulted in 30% and 49% increases in revenue earned in Equipment southern Africa and Russia, respectively.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 23% to R4 905 million with operating profit rising by 31% to R2 988 million. Operating profit in Equipment southern Africa increased by 25% to R1 535 million. This result is notable in that it exceeds the record operating profits reported in 2008, immediately preceding the global financial crisis. The Russian equipment business delivered an excellent result, contributing R344 million (US$43 million), up by 52% on last year, to the group's operating profit. Equipment Iberia incurred a loss as demand continued to decline in Spain and Portugal as the respective governments grappled with their debt and infrastructure spending remained constrained. The Automotive and Logistics division performed well in a competitive trading environment, increasing revenue by 12% and operating profit by 26% to a record R1 152 million for the year. The Handling division recorded reduced profits in difficult trading conditions in certain regions compounded by the disruption and costs incurred with the sale of the US and UK handling businesses in April and September, respectively. Redundancy and restructuring charges of R102 million were incurred this year (2011: R73 million), principally in Spain. The increase in the company's share price since September 2011 resulted in an increased charge of R25 million in respect of the provision required for cash-settled Share Appreciation Rights previously awarded to employees (2011: R33 million). A change in the statutory measure of inflation for the UK pensioner increases reduced the company's pension fund liability in the period giving rise to a once-off benefit to operating profit of R74 million (£6.1 million).

The total negative fair value adjustments on financial instruments of R93 million (2011: R65 million) mainly comprised the cost of forward points in foreign exchange contracts in Equipment southern Africa.

Finance costs increased by R72 million to R827 million mainly owing to higher average debt. Additional interest charges of R23 million were incurred on the debt to fund the acquisition of the Bucyrus businesses for the last three months of the year.

Exceptional gains of R190 million mainly comprise net gains arising from the disposals of the handling businesses in the US and UK (R500 million) including realised foreign currency translation gains of R593 million, profits on disposals of properties (R9 million), reduced by impairments of goodwill in Equipment Iberia (R213 million) and Logistics Middle East (R142 million).

Taxation, before secondary tax on companies (STC), increased by 39% to R789 million. The charge includes the impairment of the deferred tax asset in Handling USA (R61 million) and the partial impairment of the deferred tax asset in Spain (R41 million). The effective taxation rate (excluding STC, prior year taxation and taxation on exceptional items) was 32.7% (2011: 34.2%). The effective rate is lower than last year mainly owing to increased profits earned in lower taxed jurisdictions. Unrelieved tax losses in Spain increased the effective tax rate by 3.0% (2011: 3.0%).

Income from associates almost doubled to R141 million (2011: R71 million) owing to a substantially increased contribution from the Bartrac equipment joint venture in the DRC.

The non-controlling interest in the current year's earnings includes R27 million representing the dividends paid to the holders of 14 485 013 ordinary shares in terms of the B-BBEE transaction concluded in 2008. These shares are not included in issued shares for purposes of calculating headline earnings per share (HEPS).

HEPS increased by 46% to 680 cents (2011: 465 cents).

CASH FLOW

Working capital increased by R3.1 billion to support the growth in revenue, particularly in Equipment southern Africa and Russia. This resulted in a net outflow of funds this year of R2.9 billion (2011: R0.9 billion inflow).

A total of R1.4 billion (US$164 million) was outlayed to acquire the Bucyrus businesses in southern Africa. The disposals of the handling businesses in the US and UK realised gross proceeds of R465 million and R626 million, respectively.

SUMMARISED CASH FLOW STATEMENT

R million	**2012**	2011
Operating cash flows before working capital	**5 199**	4 528
(Increase)/decrease in working capital	**(3 128)**	(27)
Net investment in leasing assets and vehicle rental fleet	**(2 114)**	(1 397)
Cash (utilised)/generated from operations	**(43)**	3 104
Other net operating cash flows	**(1 311)**	(1 189)
Dividends paid (including minority shareholders)	**(443)**	(257)
Cash (used in)/retained from operating activities	**(1 797)**	1 658
Cash applied to investing activities	**(1 120)**	(712)
Net cash (outflow) inflow	**(2 917)**	946

FINANCIAL POSITION AND DEBT

Total assets employed in the group increased by R4 878 million to R35 810 million. The increase was driven by the acquisition of the Bucyrus businesses (R1 381 million) and increased inventories and trade receivables (R3 319 million), which were up by 26%. The disposals of the handling businesses reduced assets by R1 424 million.

Total interest bearing debt at 30 September 2012 increased to R10 088 million (2011: R7 243 million). Cash and cash equivalents amounted to R2 624 million (2011: R2 754 million). Net interest bearing debt at 30 September 2012 of R7 464 million (2011: R4 489 million) was R592 million lower than at March 2012 despite the acquisition of Bucyrus.

The group's funding maturity profile is well-balanced with only 6% of long-term debt maturing next year and a further 28% in 2014. Long-term debt raised during the year included three corporate bonds totalling R1 759 million (BAW12 to 14). The funds raised were utilised to pay for the South African tranche of the Bucyrus transactions and to fund growth in working capital. The long-term debt maturity profile at 30 September 2012 was 70% (2011: 76%).

Finance director's report continued

DEBT MATURITY PROFILE

R million	Borrowings September 2012	Redemption 2013	2014	2015	2016 onwards
South Africa	**8 958**	2 138	1 933	1 862	3 025
Offshore	**1 130**	902	175	17	36
Total	**10 088**	3 040	2 108	1 879	3 061

In South Africa, short-term debt due for redemption in 2012 includes commercial paper (CP) totalling R900 million. The CP market has remained liquid during the current year with spreads narrowing and we expect to maintain our participation in this market. The company has unutilised debt facilities with domestic banks totalling R3 297 million at 30 September 2012. The offshore facilities include five bilateral loans totalling £100 million (R1 332 million) which were undrawn at 30 September 2012. Other offshore unutilised bank lines amounted to the equivalent of R1 794 million.

Debt totalling R1 907 million at 30 September 2012 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 2012.

Gearing in the three segments are as follows:

Debt to equity (%)	Trading	Leasing	Car rental	Group total debt	Group net debt
Target range	30 – 50	600 – 800	200 – 300		
Ratio at 30 September 2012	50	472	217	77	57
Ratio at 30 September 2011	30	577	196	57	36

ACCOUNTING POLICIES

The group adopted various new or amended standards with effect from 1 October 2011 which did not have a significant impact on presentation, recognition or measurement for the group.

Further details regarding changes in accounting policy and disclosures can be found in note 34 to the consolidated annual financial statements on page 11.

DIVIDENDS

Dividends totalling 230 cents per share were declared in respect of this year's earnings (2011: 155 cents). Dividends are payable on 18 100 902 of the shares issued in respect of the B-BBEE transaction. The dividends declared this year are covered 2.8 times by headline earnings (2011: 2.8 times).

GOING FORWARD

The group achieved a return on net operating assets (excluding goodwill) of 18.8% in the current year. This was up on the 17.1% achieved last year. The group continues to focus on improving the return and the disposal of underperforming assets this year, together with an expected improvement in the Equipment Iberia performance, should contribute to a further increase next year.

DG Wilson
Finance director

Human resources, strategy and sustainability director's report

Value creation through and for employees by attracting and retaining globally competitive people remains one of the group's most vital attributes.

Isaac Shongwe, Human resources, strategy and sustainability director

ENTRENCHING AN INTEGRATED APPROACH TO SUSTAINABLE VALUE CREATION

By consolidating responsibility for strategy, sustainable development, human resources, empowerment and transformation, and stakeholder engagement, we have institutionalised a platform for integrated thinking, management and reporting. This underscores the integrated nature of effective strategy, and the central role of people in achieving our vision 2015[3]. My responsibilities and our approach cover:

STRATEGY

An aligned strategic planning process throughout the group ensures common focus, efficient implementation and effective review. Identified strategic focus areas, growth industries and geographies underpin our strategy. An accelerated innovation and evolution of Barloworld's business model is to meet our customers' needs and the focus on group-wide, cross-divisional product and service solutions for our customer base.

SUSTAINABLE DEVELOPMENT

Our approach blends environmental stewardship, commercial reality and responsible corporate citizenship. Appreciating the global concern for climate change, aspirational targets for non-renewable energy and greenhouse gas (scope 1 and 2) emissions efficiency improvements are in place, as are water conservation initiatives, supported by group policies. We offer customer solutions that assist them in achieving their sustainability objectives and we are committed to a leading reputation in this regard. Leading behaviour and reputation will enhance our capability to attract and retain required leadership, skills and resources.

HUMAN RESOURCES

The ability to execute our strategic plans and deliver our 2015[3] vision rests with our 19 238 people. Value creation through and for employees by attracting and retaining globally competitive people remains one of the group's most vital attributes. Over the past year, emphasis was placed on improving our methodology and employee value proposition. This included a focus on leadership, skills development and talent management. We are well placed to roll out a revitalised approach at our Global Leaders Conference scheduled for 2013. During the year we worked hard on providing an inspiring work climate with health and safety in the workplace being paramount.

EMPOWERMENT AND TRANSFORMATION

We strive towards the demographics of our businesses representing the communities in which they operate, believing this will ensure the achievement of our sustainable value creation objectives. In South Africa we are guided by the Department of Trade and Industry (dti) codes of good practice and although we have set targets for all our business units to achieve level 2 or 3, our primary focus is on creating a diverse, empathetic and supportive culture in all our operations. Elsewhere in the group, focus is on gender equality and other minorities with the purpose of realising our overarching goals of a diverse and representative employee profile.

STAKEHOLDER ENGAGEMENT

By actively engaging with our stakeholders we are able to identify their respective value propositions which inform our strategy, activities and reporting. It is an iterative

Human resources, strategy and sustainability director's report
continued

process that underpins our sustainable value creation capability. A group policy which focuses on the inclusion and strategic management of stakeholders, ensures compliance with King III and assigns accountability, is being implemented across the group. Analysis of stakeholder engagement informs our stakeholder map which outlines processes, issues and actions. These are prioritised, reported and progressed though the execution of our strategic plans.

ROLE IN COMMUNITIES

Barloworld Siyakhula focuses on developing previously disadvantaged businesses and empowering our supply chain where feasible. Currently committed funds are R56 million and some 540 jobs are supported.

Our Corporate Social Investment initiatives aim to uplift disadvantaged communities in which we operate. Overall spend during the year was R17 million of which 87% was in South Africa. Specific focus on education ensures that we optimise the benefits of our investments for beneficiaries. Support for the planned Nelson Mandela Children's Hospital in Johannesburg was identified as the project for the group's 110-year anniversary.

Recent global events, civil and labour unrest have highlighted the need for all stakeholders to reflect on their aspirations, and for corporates to review their purpose and practices. Our 2015^3 vision commits us to playing a constructive role in communities where we operate and to sustainable value creation that rests on social justice, respect for human rights and a balanced approach to addressing the interests of all our stakeholders. Short-term objectives should not be achieved to the detriment of future generations nor should some prosper at the expense of many.

Our strategies and governance structures underpin our resilience, our values and practices will reflect our legitimacy, and through our people we will execute plans to deliver identified value propositions for all our stakeholders.

While operational accountability for these aspects is entrenched in our businesses, I will continue to have oversight, guide and co-ordinate these aspects to ensure achievement of our 2015^3 vision.

OI Shongwe
Human resources, strategy and sustainability director

Africa Leadership Initiative – from success to significance

Africa desperately needs responsible leaders and, to help address this need, Barloworld executive director Isaac Shongwe launched the Africa Leadership Initiative (ALI) in partnership with the Aspen Institute a decade ago. It brings a generation of successful young leaders in business, civil society and government together:

- To identify and address their personal strengths and weaknesses as leaders
- To understand the challenges they face as participants in a rapidly globalising society
- To share and refine their respective visions of the society they would like to live in
- To lead by example in building this society.

The programme includes four week-long seminars held over two years, on leadership philosophy, designed to inspire ALI fellows to move from success to significance and to create a continent-wide community of like-minded fellows who are driven beyond their own personal success to achieve global significance.

Barloworld has been involved as a participant and funder since inception and continues to champion the work of both ALI and its fellows, each of whom is challenged to develop and implement a community project, a number of which have evolved into highly successful initiatives.

Statement of total value added

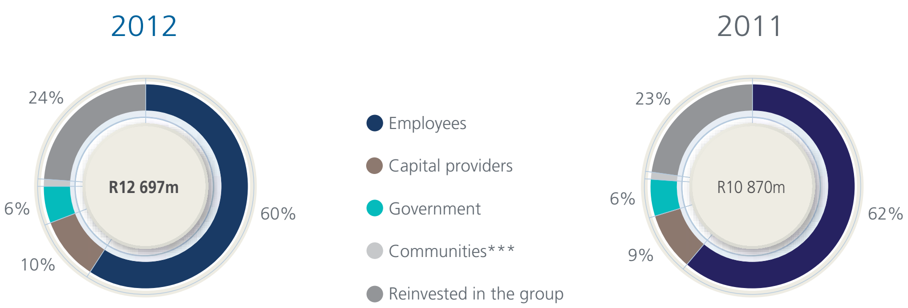
for the year ended 30 September

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

	2012		2011		2010	
	Rm	**%**	Rm	%	Rm	%
Revenue from continuing operations	**58 554**		49 823		40 830	
Revenue from discontinued operations					1 219	
Paid to suppliers for products and services	**46 049**		39 086		32 149	
Value added	**12 505**		10 737		9 900	
Income from investments*	**192**		133		104	
Total value created	**12 697**		10 870		10 004	
VALUE DISTRIBUTION						
● Employees (note 1)	**7 661**	**60**	6 786	62	6 351	63
● Capital providers	**1 270**	**10**	1 012	9	1 056	11
Finance costs	**827**		755		833	
Dividends to Barloworld Limited shareholders	**393**		223		189	
Dividends to non-controlling interest in subsidiaries	**50**		34		34	
● Government (note 2)	**778**	**6**	642	6	856	9
● Communities (corporate social investment)	**17**		16		11	
● Reinvested in the group to maintain and develop operations	**2 971**	**24**	2 414	23	1 730	17
Depreciation	**1 805**		1 620		1 926	
Retained profit	**939**		679		(175)	
Deferred taxation	**227**		115		(21)	
	12 697	**100**	10 870	100	10 004	100
VALUE ADDED RATIOS						
Number of employees (30 September)	**19 238**		18 671		18 167	
Revenue per employee (Rand)†	**3 089 187**		2 704 979		2 267 709	
Value created per employee (Rand)†	**669 883**		590 163		539 517	
Corporate social investment – % of profit after taxation, excluding exceptional items	**1.1**		1.6		2.1	
NOTES						
1. EMPLOYEES						
Salaries, wages, overtime payments, commissions, bonuses and allowances°	**6 724**		5 864		5 459	
Employer contributions#	**937**		922		892	
	7 661		6 786		6 351	
2. CENTRAL AND LOCAL GOVERNMENT						
Current taxation	**596**		389		200	
Rates and taxes paid to local authorities	**70**		66		68	
Customs duties, import surcharges and excise taxes	**76**		163		566	
Skills development levy	**36**		24		22	
	778		642		856	

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

Statement of total value added

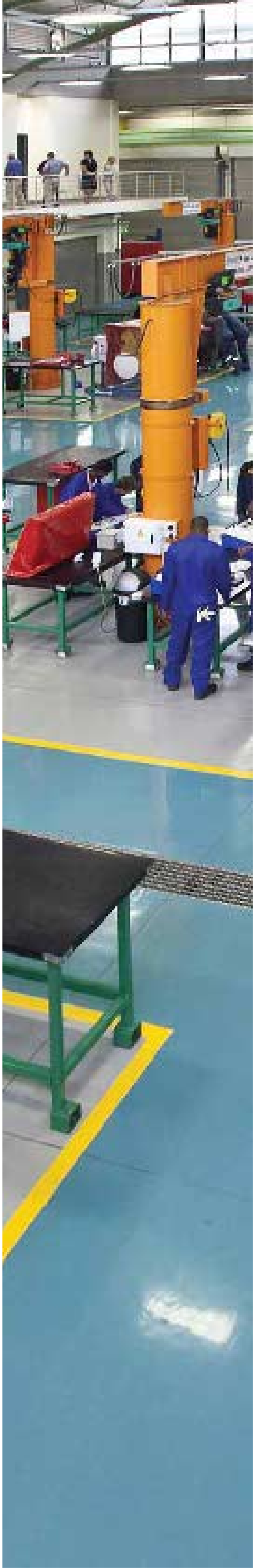


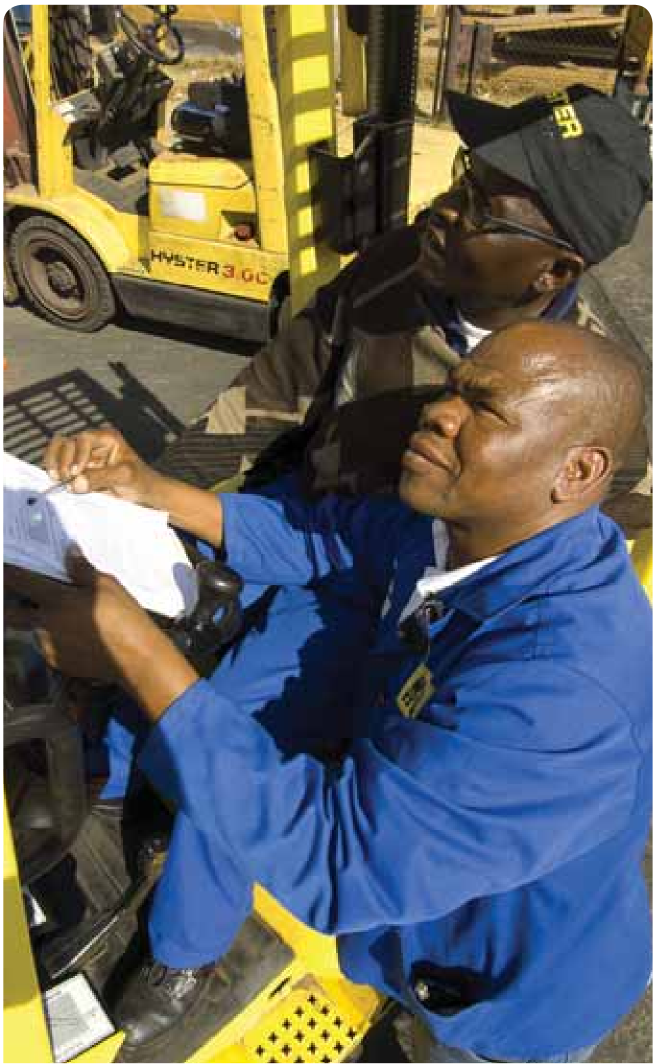
**** See statement of total value added for value distributed.*

EC1 to EC9 GRI

An integrated strategic approach

Contents





Strategic framework

Barloworld follows a systematic, structured and integrated strategic planning process throughout the group, culminating in the group strategy. This is reviewed and endorsed by the board annually, although relevance and progress are reviewed at operational level throughout the year.

STRATEGIC FRAMEWORK		TOP IMPERATIVES
SFA	Strategic intent	Top imperatives and key performance indicators for 2015[3]
Integrated Customer Solutions	Drive market leadership through competitive differentiation by accelerating the evolution of our business model from pure distribution to the provision of flexible, value-adding, integrated customer solutions	• Market leadership in targeted segments through delivering integrated customer solutions
People	Value creation through and for employees by attracting, developing and retaining globally competitive people necessary to implement our integrated customer solutions strategy and meet our growth targets	• Drive employee engagement: Individual Perception Monitor (IPM) overall score above 75% for all businesses • People development and succession aligned with strategic growth priorities • Leadership retention • Provide a safe and healthy work environment
Empower-ment and trans-formation	Enhanced competitiveness, credibility, legitimacy and reputation in the eyes of all stakeholders by leading in broad based empowerment and transformation	• dti broad-based black economic empowerment (B-BBEE) Level 2 or 3 for each South African business unit • Leadership position • Drive gender equality, localisation, disabled employment and diversity across the group
Sustainable development	Develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings though energy efficiency and other sustainable business practices, and enhance Barloworld's reputation by leading in sustainable development	• Aspirational target of 12% non-renewable energy and greenhouse gas (scope 1 and 2) emissions efficiency improvements by end 2014 (2009 baseline) • Cumulative cost savings through sustainability initiatives • Pursue emerging commercial opportunities
Financial returns	Achieve top-quartile financial returns as measured against peer groups in each of our chosen business segments	• 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) • Achieve return on equity target (15%) by 2015 • Achieve return on net operating assets target (20%) by 2015 • Internal targets and hurdle rates set for all businesses • Release capital from underperforming assets
Profitable growth	Achieve targeted compound growth in total shareholder return in the five years to September 2015	• Top-quartile growth in total shareholder returns over five years to 2015 • Increase group operating profit by executing turnaround and growth strategies • Execute identified growth projects for each division

Strategic focus areas (SFA)

Six strategic focus areas are consistent throughout all operations and align group activity, inform risks and provide a framework to identify opportunities. Top imperatives are determined for each strategic focus area to facilitate prioritisation and resource allocation. This approach is replicated in all divisions and functions, resulting in a structured, co-ordinated and integrated long-term value creation strategy for all stakeholders.

PROGRESS REVIEW

Progress 2012	On track
• Market leadership position retained across most businesses • Acquisition of the distribution and support businesses of Bucyrus Africa and Eqstra Mining Services in southern Africa provides expanded product range to customer base in surface and underground mining • Awarded MWM distribution rights for gas engines in southern Africa and Russia • Joint venture signed with Electro-Motive Diesel (EMD)/Progress Rail to provide locomotive and rail services to customers in southern Africa • Niche acquisitions in Automotive and Logistics expand customer solutions	
• IPM overall scores range between 77% and 80% in all divisions assessed • Training spend up by 31% on 2011 • Talent management discussions and planning completed • Lost-time injury frequency rate (LTIFR) improved by 7%	
• Ranked as top empowered company in general industrial sector for third consecutive year • All South African operations achieved a level 2 or level 3 B-BBEE rating • Group B-BBEE level 2 rating retained	
• Off 2009 baseline: – Energy efficiency improved by 19% – Emissions efficiency improved by 23% • Related savings in operations • A number of 'green' commercial opportunities being pursued	
• Group return on equity improved from 8.6% to 11.3% • Group return on net operating assets improved from 17.1% to 18.8% • Disposal of under-performing US and UK Handling business released approximately R1 091 million which has been allocated to identified higher returning opportunities in terms of our growth strategy • Positive turnaround in Logistics operations • Successful execution of restructuring initiatives in Spain to right-size business to prevailing economic conditions and activity levels	
• Share price up 54% off September 2010 baseline • Operating profit up 31% in current year • Acquisition of the distribution and support businesses of Bucyrus Africa and Eqstra Mining Services in southern Africa provides platform for future growth • Agreement signed to acquire Bucyrus distribution and support business in Russia will facilitate growth in underground mining • Global Power systems growth strategy continues to gain momentum • Established Agriculture businesses in Siberia, western Russia and Mozambique to tap agricultural growth potential • Niche acquisitions and growth projects implemented in Automotive and Logistics	

Strategic framework continued

Strategic profile

Our strategic profile incorporates being a recognised market leader in the provision of integrated solutions in distribution, rental, fleet management, product support, logistics management and supply chain optimisation.

Our vision

To deliver significant incremental value for our stakeholders through 2015

Strategic growth segments

The following long-term growth industries are central to our strategy and we are well placed to realise opportunities in these segments. Similar business models and core competencies, common customers, realisable synergies and the diversified nature of industries and countries, underpin our strategic rationale.

Mining

Emerging markets urbanisation and industrialisation driving demand for commodities

- Southern Africa
- Russia

Infrastructure

Infrastructure backlogs and rapid urbanisation in developing economies

- Southern Africa
- Russia

Power

Growth in energy demand, global requirements in marine transport, petroleum and rail segments

- Southern Africa
- Iberia
- Russia

Automotive

Increasing need for flexible motor vehicle usage solutions for private and corporate segments and inbound tourism

- Southern Africa
- Australia

Logistics

Growing trend to outsource supply chain management activities

- Southern Africa
- Middle East
- Europe
- China
- United States

Agriculture

Importance of food security, growing demand for bio-fuels

- Southern Africa
- Russia

Implementing our strategy

To implement strategy, realise opportunities and address stakeholder issues and group risks, each division has developed a consistent strategic framework which describes top imperatives for each strategic focus area aligned to the group priorities.

Implementation of the group's strategic plan is monitored at board level. Divisional executive teams are accountable for fulfilling their strategic plans, meeting objectives and achieving key performance indicators.

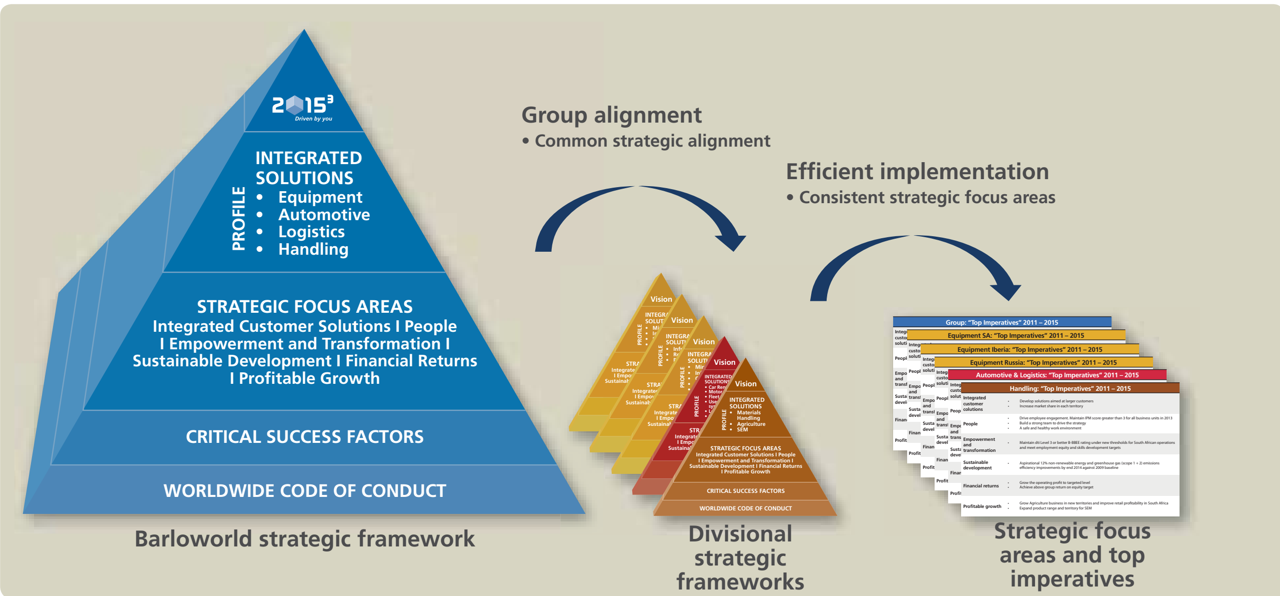
A structured performance management system ensures attention to top imperatives and value drivers, and enables employees to benefit appropriately from value created. This ensures commitment and progress.

The group's 10 pillars of sustainability guide current activities and act as a filter to assess future opportunities. Each pillar represents an aspect of our integrated approach and defines our standard, aspiration and commitment.

Barloworld's 10 pillars of sustainability

In addition, all components of our strategic approach are housed within a corporate governance framework and underpinned by the Barloworld code of ethics and Worldwide Code of Conduct.

Aligned and efficient strategy implementation



Stakeholder engagement

To support the process of continued improvement and maximise opportunities, a network of stakeholder engagement champions was established in 2012 with the objective of creating value through the embedding of strategic engagement activities within and outside the organisation, contributing to learning and innovation, the identification of new business, wider value creation opportunities and enhanced performance.

Barloworld's value creation philosophy is underpinned by the concept of shared values, mutual benefit and the group's interdependency with key stakeholders.

Group stakeholder map: see 4.14

Strategic stakeholder management is aimed at establishing open, mutually beneficial relationships which are at the heart of Barloworld's business strategy and its communications.

Group stakeholder policy

Stakeholders are engaged in a variety of ways on a range of material issues across a wide range of interactions.

At group level stakeholder policies, practices and reporting procedures are established to achieve clear accountability to interested and affected parties, and compliance with relevant laws governing stakeholder relationships and the standards and codes of practice to which Barloworld subscribes. Processes are assessed through self-assurance and, when necessary or appropriate, independent assurance.

Barloworld works with a number of multi-sectoral initiatives, such as the United Nations Global Compact, the Global Reporting Initiative, the Carbon Disclosure Project and the National Business Initiative (NBI), to name a few. These provide guidance on international best practice for accountability and responsible corporate behaviour, principles which have become encoded in group policies and procedures.

Engaging principals: Caterpillar engages stakeholders in South Africa

On 4 May 2012, at Barloworld Corporate Office, Johannesburg, Mr Doug Oberhelman, chairman and CEO of Caterpillar, engaged with a number of our stakeholders, including customers and investors, addressing aspects of the Caterpillar strategy, providing a global economic context, and sharing their growth strategy for emerging markets, product and technology positioning as well as the impact and integration of their recent acquisitions.

4.14 to 4.17

Stakeholder engagement

The condensed table below reflects selected material issues and our integrated approach to managing them.

SHAREHOLDERS AND PROVIDERS OF CAPITAL

Key issue	Management response
• Attractive financial returns through business cycles	• Addressing underperforming operations and implementing turnaround strategies • Reallocation of resources to higher-returning businesses • Financial targets and hurdles set for all operations • Close monitoring and review of financial performance • Financial performance incorporated into performance and remuneration metrics.
• Executive remuneration and incentive schemes	• Disclosed in full remuneration report tabled at AGM • Remuneration committee chaired by independent non-executive director • PricewaterhouseCoopers and PE Corporate Services retained as independent remuneration advisors.

CUSTOMERS

Key issue	Management response
• Unique solutions and relationships to achieve objectives • Competitive offerings • Easily accessible channels to market	• Close relationships and delivery of unique integrated customer solutions • Alignment with leading principals • Internal focus on effective and cost-efficient structures and customer solutions delivery • Established web-based channels to market in all divisions.

EMPLOYEES AND THEIR REPRESENTATIVES

Key issue	Management response
• Strategy, company performance and results • Individual conditions of employment, recognition and reward • Security of employment • Health and safety issues • Career path and development • Non-discrimination and support	• Continual review of employee value proposition to ensure employee attraction and retention • Conducive/flexible work environment • Leading human resources management • Competitive and equitable remuneration • Performance management and career path initiatives • Identified as group strategic focus area with set performance targets and objectives.

PRINCIPALS AND SUPPLIERS

Key issue	Management response
• Leading representation of products and services • Identified market shares • Engagement in product development • Customer satisfaction • Market information	• Leading distribution and after-market offerings • Investment into world class facilities • Focused skills training and development initiatives • Regular interaction and contact with principals • Regular customer satisfaction surveys and feedback • Mutual sharing of market and customer intelligence.

Full report on stakeholder issues raised and addressed in 2012: see 4.17

Stakeholder engagement continued

PUBLIC SECTOR	
Key issue	**Management response**
• Support of social transformation and economic development objectives	• Identified as group strategic focus area with set performance targets and objectives.
• Climate change mitigation and support for low carbon future	• Aspirational energy and emission efficiency improvement targets set • Environmentally responsible customer solutions offered • Support for appropriate public initiatives.

CIVIL SOCIETY AND LOCAL COMMUNITIES	
Key issue	**Management response**
• Responsive corporate citizenship	• Responsible business leadership • Engagement with civil society on legitimate interests and concerns • Addressing needs of local communities through corporate social investment, socio-economic and enterprise development programmes.

EMPOWERMENT PARTNERS	
Key issue	**Management response**
• Mutually beneficial relationship and value creation • Operational performance and share price	• Communicate timeously and effectively on material issues • Open two-way communication • Share relevant information • Act to address concerns where possible.

MEDIA	
Key issue	**Management response**
• Relevant, credible, comparable information and reporting	• Media informed through statutory disclosures, integrated reporting, advertising, ad hoc announcements, editorial comment and publications, formal and informal meetings and briefings

Barloworld recognised in South African Carbon Performance Leadership Index

Barloworld received a Platinum certificate of recognition for inclusion as one of six JSE 'Top Performer' companies to be included in the Carbon Disclosure Project's (CDP) Carbon Performance Leadership Index (CPLI) for 2012. The Carbon Disclosure Project works with investors globally to advance investment opportunities and reduce risks posed by climate change.

Risk management

Identifying risks and opportunities through a robust and systematic process is central to our strategic planning process. A comprehensive risk management policy is in effect throughout the group and is complemented by the Barloworld Limited Risk Management Philosophy.

In line with international best practice, risks are assessed on their probability, severity and quality of the existing control environment. These measures result in residual risk scores that indicate the importance of the risk and facilitate assessing progress made in addressing identified risks. Through the risk and sustainability committee, the board determines the levels of risk tolerance for the group and also ensures that risk assessments are performed on a continual basis by formally reviewing the divisional and group risk registers twice a year.

Barloworld has identified risks associated with climate change and related financial implications. These, together with the group's responses to the identified risks, are disclosed in its responses to Investor CDP 2012 and Water CDP 2012.

2012 Barloworld Investor CDP and Water CDP

The table reflects the group's top risks together with management's response to manage them.

BARLOWORLD GROUP TOP RISKS 2012 (in alphabetical order)

Key risks	Management response
Acquisition underperformance The risk to 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 executive team of each business unit is 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.

1.2 GRI

Risk management continued

BARLOWORLD GROUP TOP RISKS 2012 (in alphabetical order)	
Key risks	Management response
Climate change and environmental stewardship Barloworld considers a number of environmental related risks to its operations. These include climate change and related physical risks due to changing weather patterns; regulatory risks associated with greenhouse gas emissions; financial risks resulting from carbon taxes; operational risks due to constraints in energy supply and the availability of natural resources, such as water. The group identifies the predominant use of fossil-fuel based energy in its supply chain, operations, products and solutions as a risk to itself and its value chain.	**Environmental/operational/strategic/financial/ regulatory risk** Minimise exposure through in-depth risk assessments and strategic responses. Ensure organisational resilience through aligned and integrated management activities and policies. These include: • Implementation of non-renewable energy and greenhouse gas (scope 1 and scope 2) emissions efficiency improvement targets and focus on water stewardship. • Association with leading principals, provision of products and solutions with reduced environmental footprint and which assist customers achieve their sustainable development objectives. • Geographic and industry diversification.
Competitor actions Competitor actions will erode our competitive position and have a significant impact on the value we create for shareholders.	**Competitor risk** • Continually reduce costs by focusing on operational efficiencies and staff training. • Continually improve service and the provision of innovative solutions to customers. • Develop key customer plans which contain all the information and strategies to satisfy the customer.
Currency volatility Movement of currencies against one another, mainly the movement of other currencies against the rand which creates risks relative to the translation of non-rand profits, the marking-to-market of financial instruments taken out to hedge currency exposures and the cost of imports into South Africa.	**Financial risk** • The responsibility for monitoring and managing these risks is that of line management. A group treasury policy is in place which clearly sets out the philosophy of hedging and 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 schemes' funding position. Market volatility remains a risk, with 50% of the schemes' assets invested in growth assets (largely equities), which includes a small (10%) diversification into absolute return funds. A deterioration in the funding level would require additional company contributions over and above the schemes' current normal contribution rates. The year-end valuation resulted in the deficit decreasing marginally to approximately £69 million, largely due to the assets performing ahead of expectations, but this was offset by a further reduction in real bond yields as compared to the September 2011 year-end.	**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 a formal triennial valuation with six-monthly updates. • Funding shortfalls are planned to be made up within sensible time frames via market-anticipated increased interest rates, positive returns on investments and additional contributions from the company agreed as part of a 10-year recovery plan to bring the fund back to full funding on an accounting basis. • 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 minimal active membership following the disposal of Handling UK. All new employees in the UK are automatically enrolled in the UK's defined contribution scheme.

BARLOWORLD GROUP TOP RISKS 2012 (in alphabetical order)	
Key risks	**Management response**
Dependence on principals and suppliers Some of the businesses in the group are dependent on a small number of principals and/or suppliers. Our success is therefore linked to their ongoing financial stability, the competitiveness and quality of their products and services and the availability of equipment to meet customers' needs. In order to ensure sustainable value creation, we depend on suppliers of infrastructure in the countries in which we operate. Most of our businesses are dependent, inter alia, on reliable power and water supply and appropriate transport networks.	**Strategic risk** • Add value by giving constant feedback to our principals on market movements and product competitiveness. • Continually improve/build our relationships with our principals and major suppliers and attempt to ensure that we are 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.
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 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 We are exposed to certain large customers and/or industries and well-established distribution and support 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.
Occupational health and safety risks Barloworld's key asset is its employees. The occupational health and safety risk is the likelihood of a person being harmed or suffering adverse health effects if exposed to a hazard in the workplace.	**Employee/operational/strategic risk** • Minimise exposure through in-depth risk assessments, coupled with the application of preventive and corrective risk management activities and policies. • Training in accident prevention, accident response, emergency preparedness and the use of protective clothing and equipment, all with the aim of ensuring a safe workplace.

Risk management continued

BARLOWORLD GROUP TOP RISKS 2012 (in alphabetical order)	
Key risks	Management response
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.
Slowing of global economies The effect of the 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, has lowered commodity prices and impacted 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.
Strategic employee skills Barloworld's key asset is the intellectual capacity and skills of its employees. This necessitates ongoing management of the challenges regarding recruitment, succession planning, skills retention and development.	**Employee risk** • Barloworld has a comprehensive employee approach and related set of initiatives to align employees with the strategy of the organisation. • These identify and align all employee elements of a value-creating organisation to ensure sustainable intellectual capacity and value-creation competence. • Through performance management systems, employees' purpose, role, function and accountabilities are defined, and, using competency-based assessments, employees are regularly reviewed to ensure the appropriate skill sets are available to enable performance at optimum levels. • 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.

Responsible supply chain

Barloworld is committed to participate in its supply chains in a responsible manner. Relationships throughout our supply chains are based on mutual respect, trust, support and benefit, guided by our governance and ethical frameworks. We hold our suppliers and principals to the same high ethical standards enshrined in our business for the past 110 years.

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. In addition to original equipment manufacturers (OEMs), Barloworld sources goods and services from a range of other service providers. This is particularly important in South Africa where integrating previously disadvantaged groups into the economy is a key socio-economic driver. Through our South African-orientated enterprise development initiatives and preferential procurement programme, we support and empower small to medium-sized suppliers, contractors and enterprises in our supply chain.

Responsible principals

Barloworld represents leading international OEMs and brands such as Caterpillar, Hyster, Avis, Audi, BMW, Ford, General Motors, Mazda, Mercedes-Benz, Toyota, Volkswagen and Massey Ferguson. 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.

Products and services

Barloworld's leading and environmentally sound solutions help customers achieve their sustainable development objectives.

Caterpillar's Aspirational 2020 Goals for products, services and solutions. Source: Caterpillar Inc.

PR1 to PR9

Responsible supply chain continued

The group's Equipment, Automotive and Handling businesses provide equipment, plant and vehicles in the form of new or used units or through long- or short-term rental arrangements. In the Equipment and Handling divisions this is augmented by a significant component rebuild programme. This business model ensures efficiencies and synergies throughout the life-cycle of equipment, plant and vehicles and an extended useful life for these products.

Our Logistics business offers a wide range of supply chain optimisation products, including ways of minimising carbon footprint, and energy efficient transport solutions.

Customer health and safety

Customer health and safety is a critical aspect of all Barloworld's products, services and customer solutions. The products of our principals, all of them leading global brands, are backed by warranties and guarantees.

Appropriate handover procedures for all products ensure customer knowledge, including health and safety operating procedures and service requirements. Operators are trained where required. The OEM-recommended inspection, maintenance and safety system upgrades and training programmes for all new vehicles, plant and equipment are explained and promoted to ensure customer health and safety. Vehicles, plant and equipment are sold with maintenance programmes that ensure regular inspection and service. In many instances vehicles, plant and equipment have self-diagnostic technology and capabilities. In some cases telemetry devices transmit real-time diagnostic information to monitor the performance of equipment.

Customer satisfaction

Our high level of customer engagement, resulting in satisfied customers, has allowed us to build loyalty, grow our customer base and remain in business for over 110 years.

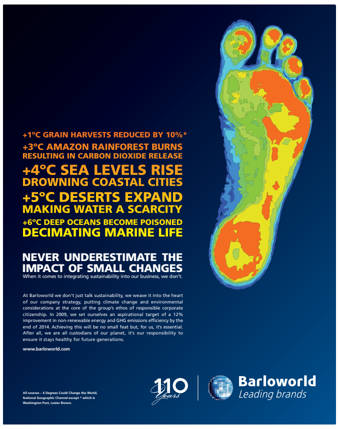
All divisions have targets for customer satisfaction. In 2012 our operations not only met their respective targets but, in many instances also exceeded them.

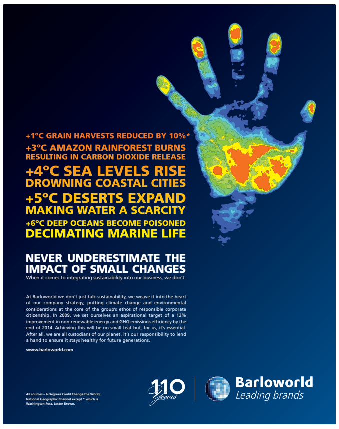
Quality and customer satisfaction are elements of the ISO 9001 quality management system which has been implemented in a number of operations across the group.

Marketing and advertising

Barloworld's marketing and advertising conform to applicable laws and standards. Where principals are represented, their standards and corporate identities are complied with and any local adaptations require prior consent.

In 2012, Barloworld Limited introduced social media to its communications suite. Follow us on Twitter @BarloworldLtd.





Committed to sustainability: Sustainable motoring with BMW

Club Motors Randburg, Club Motors Fountains and Auto Atlantic are proud to announce that BMW is sector leader in the Dow Jones Sustainability Index and the world's most sustainable automotive company for the eighth consecutive year. BMW is the only vehicle manufacturer to feature in the index every year for the past 14 years and was the first company in the automotive industry to appoint an environmental officer. We are committed to social responsibility and environmental protection, ensuring that every journey in your BMW is a sustainable one.

Information technology

Information technology (IT) is regarded as a key enabler to achieving business objectives. Technology is woven into most business activity and presents opportunities for improvements in productivity and evolving approaches to the creation of value. A clear balance is struck between the use of technology for new opportunities and the management of risk to ensure there is no significant disruption to ongoing business operations.

IT is fully integrated into the strategic planning process within the company, ensuring the consideration of new business opportunities, and strategic, tactical and operational alignment in the achievement of business objectives.

Chief information officers in each division represent IT at divisional board level and the group finance director is responsible at a group level. IT steering committees at a group, divisional and business unit level enable alignment with business direction and synergies across IT in the group. The IT function is represented at quarterly risk and sustainability committee meetings, a sub-committee of the board.

The group IT steering committee ensures that IT is applied to the best advantage of the company through:

- Strategic alignment
- Innovation and major trends in technology
- Value delivery
- Performance management
- Governance of IT
- Risk management
- Resource management
- Information security.

Barloworld recognises that IT is pivotal to the group's future growth and value creation ability.

See also IT governance section in full corporate governance report

Delivering integrated customer solutions

Contents

Divisional reviews

Divisional reviews

Equipment

Peter Bulterman, Chief executive: southern Africa and Russia
Viktor Salzmann, Chief executive: Iberia
Dominic Sewela, Chief operating officer: southern Africa

Economic

	Revenue Year ended 30 September		Operating profit/(loss) Year ended 30 September		Net operating assets 30 September	
	2012 Rm	2011 Rm	**2012 Rm**	2011 Rm	**2012 Rm**	2011 Rm
Southern Africa	**16 326**	12 578	**1 535**	1 228	**6 587**	3 395
Europe	**4 180**	3 574	**(139)**	(102)	**2 177**	2 288
Russia	**3 767**	2 535	**344**	226	**1 836**	939
	24 273	18 687	**1 740**	1 352	**10 600**	6 622
Share of associate income			**146**	59		

Net operating assets exclude goodwill of R115 million (2011: R318 million).

Environmental

	Petrol and diesel (ML) Year ended 30 September		Electricity (MWh) Year ended 30 September		Energy (GJ) Year ended 30 September		Emissions (CO_2e tons) (scope 1 and 2) Year ended 30 September		Water (ML) Year ended 30 September	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Southern Africa	**6.85**	6.27	**17 647**	17 723	**322 750**	300 993	**36 340**	34 854	**266**	228
Europe	**1.74**	2.22	**7 206**	7 150	**89 976**	106 664	**8 275**	9 517	**7**	9
Russia	**0.96**	0.55	**2 132**	932	**41 176**	21 413	**3 505**	1 731	**17**	13
	9.55	9.04	**26 985**	25 805	**453 902**	429 070	**48 120**	46 102	**290**	250

Social

	Employee headcount Year ended 30 September		LTIFR Year ended 30 September		Fatalities Year ended 30 September		B-BBEE rating* Year ended 30 September	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Southern Africa	**5 541**	4 560	**0.63**	0.69	**1**	2	**2**	2
Europe	**1 493**	1 753	**2.35**	4.06	**–**	–	**–**	–
Russia	**667**	535	**0.97**	0.87	**–**	–	**–**	–
	7 701	6 848	**0.94**	1.37	**1**	2	**–**	–

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

Southern Africa

Overview

Barloworld Equipment southern Africa achieved record revenue and operating profit figures due to unprecedented big mining machine deliveries and after-sales support across southern Africa. Revenue increased by 30% from R12.6 billion in 2011 to R16.3 billion and operating profit is up from R1.2 billion to R1.5 billion.

This was primarily the result of the division's ability to provide the mining sector with equipment solutions, supported by skilled people, through the commodities boom of the past two years. A current softening of the commodity cycle is expected to impact the 2013 results and steps are being taken to mitigate this. However, the longer-term mining outlook remains strong and we are committed to maintaining strong returns over our five-year plan period.

An increase in operating expenses was necessary to generate the significant growth in 2012, with the major focus on skills development and investment in facilities and IT systems. Nevertheless, continued cost efficiencies resulted in a healthy operating margin of 9.4%.

Higher cash utilisation of just over R1 billion resulted from the increased working capital needed to support stronger activity levels, particularly machine sales.

Revenue from machine sales, after-sales support and rental improved in all territories, with South Africa, Zambia, Botswana and Angola showing the most significant growth. South Africa continues to contribute some 64% of revenue in Equipment southern Africa.

Our teams in Zambia and Mozambique continued to forge excellent relationships with key copper and coal mining customers respectively, with outstanding results. Angola showed a pleasing turnaround with increased construction activity following the settling of government debt with contractors and the restart of road construction projects.

The Metso business had another record year, consolidating gains in construction while also moving strongly into mining. Metso mobile mining equipment is marketed with Cat fleets as part of an integrated solution to reduce 'cost per ton' for customers.

The southern African Power business saw a 33% increase in activity and significantly improved profitability.

A joint venture to serve the rail sector was formed between Barloworld and Electro-Motive Diesel (EMD), a subsidiary of Caterpillar-owned Progress Rail Services Corporation. Known as Electro-Motive Diesel Africa (EMD Africa), this new venture aligns with the group's strategy to grow the power business and it is well positioned to capitalise on essential rail infrastructure development in southern Africa.

Several important milestones were reached during the year. Doug Oberhelman, chairman and CEO of Caterpillar Inc., made his first official visit to South Africa to open the R250 million Barloworld Reman Centre for Cat engine and drive train rebuilds in Johannesburg. We also celebrated the 85th anniversary of our partnership with Caterpillar.

Oberhelman's confidence in the partnership between Caterpillar and Barloworld was reflected in his statement to customers, investors and the media that Barloworld is one of their most closely aligned dealers.

Following Caterpillar's acquisition of Bucyrus International in 2011, Barloworld acquired the Bucyrus equipment distribution and support business in southern Africa for $164 million (approximately R1.4 billion) from Caterpillar Global Mining. The agreement includes the acquisition of Eqstra Mining Services (EMS) in South Africa and Botswana, which held the dealership rights for some Bucyrus products.

Approval for the transaction was granted by the South African competition authorities on 27 June 2012 and we commenced sales and support of the legacy Bucyrus range of opencast and underground mining machines in all our southern African territories on 2 July.

The Bucyrus product line enhances our leading position in the mining sector by significantly expanding our equipment range to mining customers. We now represent the broadest mining product line from a single source in the market.

As part of this transaction, 463 employees of Bucyrus and EMS joined Barloworld Equipment.

Divisional reviews continued

Equipment continued

EQUIPMENT SOUTHERN AFRICA

Revenue up
30%

Operating profit up
25%

Operating margin
9.4%

The common thread running through our successes is our Great People Management philosophy that aims to ensure maximum employee engagement. Therefore skills development for our existing employees across all territories as well as the new teams remains our major strategic priority while we work to achieve our vision for 2015: *To be the market leader by providing customers with the lowest total owning and operating cost over the life of the machine.*

Significant investments in new facilities reflect anticipated growth in our five-year plan and beyond. The new Barloworld Reman Centre (BRC) forms part of an extensive upgrading plan for the Boksburg campus, including new facilities for the Power division, which is experiencing rapid growth in headcount.

Mining

This year we have built solidly on our rapid recovery from the 2009 downturn, with more than 350 core mining machines delivered compared to almost 300 in 2011. This key revenue driver also contributed to significant growth in after-sales revenues, generated by the growing population of Cat mining machines across southern Africa.

Despite extended lead times on some off-highway trucks due to unprecedented demand early in the financial year, Barloworld Equipment remains the overall market leader in large earthmoving machines for the mining sector.

Special attention was given to improve the effectiveness of our Equipment Management Partnership (EMP) programme developed to provide value-adding solutions for selected customers, a key driver of after-sales business in the mining sector. This included specialised training for all site managers and the development of standard key performance indicators (KPIs) on EMP sites.

Due to the strategic importance of the mining business and to capitalise fully on the opportunities provided by the Bucyrus acquisition, we divided our mining business into legacy Cat and legacy Bucyrus business units. The latter is known as Expanded Mining Product Range (EMPR) and is headed by Gerhard Vorster, executive director of Mining, assisted by a team selected from the Equipment business together with former Bucyrus and Eqstra Mining Services senior management.

As a result of the addition of legacy Bucyrus mining drills to the Barloworld Equipment product offering, negotiations have been completed to exit the Atlas Copco drill business.

Construction

Growth of some 20% in our construction business was driven by mine infrastructure spending in Zambia and Mozambique, central government spending in Angola and provincial government spending in South Africa.

Rental and used equipment

Our focus on long-term rental contracts continued to attract strong contract mining and construction demand. Rental demand from the mining sector increased towards the end of the period as finance houses started tightening credit facilities due to deteriorating trading conditions. Regular turnover in the rental fleet contributed to the success of Cat Certified Used sales.

Power

Power southern Africa experienced a pleasing turnaround. Engine and parts sales increased by 46% and 36% respectively. All areas of the business experienced growth, most notably Electric Power and Marine, Oil & Gas.

Our close alignment with the Barloworld Global Power business is evident from the fact that most of the work done by the Barloworld Marine Quality Centre in Spain in the past year was for South Africa and Angola.

People/skills development

Demand for technical expertise continued to increase. R61 million was spent on technical and non-technical training for employees from all southern African territories. The amount spent on training employees in our southern African territories outside South Africa increased by 140% from 2011, with the biggest increases in Mozambique, Namibia and Zambia.

Transformation (South Africa)

We strive towards achieving a business that reflects South African demographics and will focus on retaining our Level 2 status on the scorecard of the Department of Trade and Industry (dti), despite the significantly lower level attained by the recently acquired Bucyrus business. We are also committed to adhering to the revised codes for broad-based black economic empowerment (B-BBEE).

Our executive leadership is becoming increasingly diverse. Specialised skills development in middle management will help create a succession plan for previously disadvantaged individuals to advance into senior and executive positions. Our intern programme supports employment equity and cultivates talent for permanent positions in the company.

Safety

Safety is firmly entrenched as a core value and our zero harm philosophy is helping to build a positive safety culture. More than 300 employees attended safety awareness and hazard identification risk assessment training courses in 2012.

Our lost-time injury frequency rate (LTIFR) decreased from 0.69 to 0.63. A substance abuse policy and testing protocol that focus on motor vehicle safety contributed to a reduction in accidents.

The loss of a colleague in a motor vehicle accident during the year was most tragic and it is hoped that our on-going focus on motor vehicle safety will continue to reduce the number and severity of work related motor accidents.

The environment

Fuel, electricity and water usage increased by a low 1%, 5% and 10% respectively since 2009, despite significantly increased business activity resulting in revenue growth in this period.

When measured per R1 million turnover, consumption was reduced significantly since 2009: 31% in fuel, 28% in electricity and 25% in water consumption. Improvements in energy consumption are reflected in the improved energy intensity, which improved to 19.8 from 28.9 in 2009.

Ethics and compliance

Equipment southern Africa continued the rollout of its Group Ethics and Compliance Programme during the 2012 financial year with a full maturity model risk assessment in all territories except Angola and South Africa, which will follow in 2013. Specific action plans to address gaps and ensure continuous improvement are being implemented.

Outlook

A softening in the commodity cycle, led by the slowdown in Chinese domestic growth, continued European stagnation and slower than anticipated economic recovery in the US, started to impact our mining operations in mid-2012. The last three months of the financial year saw several mining houses announce plans to defer or curtail project investment.

The changing sentiment is reflected in our order book which increased marginally from R5.2 billion at the end of the 2011 financial year to R5.3 billion, including R1.5 billion representing the EMPR (legacy Bucyrus) business, at 2012 year-end.

We expect a more challenging year in 2013 and are closely monitoring activity to manage working capital levels through this difficult period.

Our activities will continue to be aligned with our top imperatives and we will actively mitigate the identified risks associated with the execution of our strategy.

Barloworld Equipment has weathered recessionary conditions in the past due to the benefits of our commodity and geographic diversity. Other African countries are not affected by the same labour issues that are distressing the South African mining sector at present, and some commodities, like coal as a primary global energy source, are still in high demand.

Our people are extraordinarily resilient and our strategy of moving people from under-performing areas to growth areas within the business has borne fruit in the past and will do so again.

The sentiment at MINExpo 2012, the world's largest mining trade show, in September was cautiously optimistic. Caterpillar and other mining equipment manufacturers remain confident on the long-term outlook. Future growth is expected to be driven by renewed Chinese demand, global population growth and energy needs, as well as lower grade ore deposits.

Construction is expected to remain flat in the coming year. We do not foresee any significant infrastructure project spending in the next 12 months in South Africa, but we anticipate an improvement in the heavy construction market in 2014.

The Power business expects a more difficult year on the electric power generation side, mainly due to the mining sector slowdown, while the industrial business, pumps, Perkins engines and lighting masts should be stable. Key growth drivers for Power remain positive and the steps taken to improve customer focus and management within this business will help us to take full advantage of the opportunities and improve profitability significantly over the five-year plan.

Divisional reviews continued

Equipment continued

EQUIPMENT SOUTHERN AFRICA TOP IMPERATIVES	
SFA	Top imperatives for 2015[3]
Integrated customer solutions	• Successful integration and stabilisation of EMPR business • Participate in Caterpillar's Global Alliance strategy and implementation • Significantly improve customer satisfaction levels with key mining customers
People	• Continued focus on health and safety and achieve LTIFR targets • Recruit, develop and retain leadership and technical skills in line with 2013 to 2016 plan
Empowerment and transformation	• Achieve annual localisation and B-BBEE targets
Sustainable development	• Achieve targeted efficiency improvements in water, electricity and fuel consumption, as well as in greenhouse gas (scope 1 and 2) emissions, against the 2009 baseline
Financial returns	• Achieve targeted return on equity, return on net operating assets and other financial measures • Implement effective cash flow discipline through working capital management in line with supplier terms and lead times
Profitable growth	• Stabilise and grow machine population of large mining trucks, articulated dumps trucks, large excavators and extended mining product range (including underground) • Stabilise and grow parts market

Caterpillar 3516 unit with a 2 500 kVA, supplied and commissioned by Barloworld Power at a coal colliery

Iberia

Overview

Barloworld Equipment Iberia continued to operate as the Caterpillar dealer for the Iberian Peninsula, with the main dealership business centred in Spain (Finanzauto) and Portugal (STET). In addition to the Cat brand, we represent the complementary Trimble and Metso product lines, while growing internationally the Used Machine business with our virtual company **MyTractor.com**.

In line with our vision of being recognised by customers as the market leader in providing integrated solutions for Caterpillar products, rental and product support, we maintained consistently good market share in all segments by delivering high levels of customer satisfaction and service excellence in after-sales activities.

www.finanzauto.es

Iberia continued to trade amidst rising economic and political turmoil in the Eurozone leading to further reductions in the new machines market. The delivery of large mining equipment packages in Spain were hampered following the Spanish government's decision to cut subsidies to the mining sector resulting in the cancellation of a portion of mining equipment orders.

Despite these conditions, we achieved our first year-on-year revenue growth in five years. Revenue increased by 8% in Euro terms through successful implementation of our market penetration and improved customer support strategies. However, a continued decline in activity in our markets, coupled with costs relating to the reduction in headcount, resulted in an operating loss of R139 million.

The power systems division carved out niches of market activity, leading to key contracts in the critical power and marine segments. We partnered with Caterpillar to develop and deliver innovative products and services that will grow into good product support business.

The focus on key customers led to new construction equipment sales into South America, as well as sales of new and used equipment packages to customers operating in African territories in conjunction with the Barloworld operations in those regions.

We remain a leader in product support, with Finanzauto and STET respectively retaining their gold and silver level status in service excellence awarded by Caterpillar.

Equipment Iberia's drive to sustainability included reaffirmation through external audits of the ISO quality standards in both Spain and Portugal, while Finanzauto extended its ISO 14001 environmental certification to additional branches within the network.

Further investments were made to ensure the health and safety of our employees and to reduce our impact on the environment. Declines in our natural resource utilisation and greenhouse gas emissions were bigger than the declines in activity experienced across the region.

Outlook

The short-term outlook for the region remains pessimistic in light of the ongoing economic and political issues facing the Eurozone. Market analysts and our customers forecast further contraction of the local markets for 2013. We thus expect another difficult trading year, however our operating performance should improve as a result of the reduction in our cost base.

Based on this, several key imperatives will be pursued to defend market share and keep the Equipment Iberia business sustainable.

Market analysis, customer feedback, stringent credit control and implementation of newly developed credit policies, together with continued focus on cash generation, will help to mitigate the effects of the poor economic climate.

We will continue to seek market penetration in non-traditional segments, expand our connected work-site and e-business platforms and package full integrated solutions to grow sales and after-market revenue and drive 2015 market share targets.

Human resources programmes will be implemented to avoid the loss of key staff and ensure that staff morale remains high. Female representation at all management levels will be targeted.

Sustainability will be driven through maintenance of ISO certifications and stringent capital expenditure reviews.

Divisional reviews continued

Equipment continued

EQUIPMENT IBERIA TOP IMPERATIVES	
SFA	Top imperatives for 2015[3]
Integrated customer solutions	• Achieve continued growth in equipment sales and equipment management solutions to reach 2015 market share target levels
People	• Provide a safe and healthy work environment as well as continually measuring employee engagement and implementing targeted improvement programmes to address defined gaps
Empowerment and transformation	• Increase female representation at all management levels using the current year levels as a base
Sustainable development	• Achieve the Barloworld group aspirational non-renewable energy and greenhouse gas (scope 1 and 2) emissions efficiency improvement targets
Financial returns	• Return to profitability in the coming financial year before growing returns to the planned 2015 levels
Profitable growth	• Continue to grow Power Systems business and access the marine segment to create alternative revenue streams for the region

Barloworld Russia provides support to a forestry customer in Bratsk in Irkutsk Oblast, south-eastern Siberia. The temperature was -37ºC when the Cat machine was started that morning

Russia

Overview

The Russian Equipment business produced record results yet again, increasing operating profit from $33 million last year to $43 million. Since Barloworld's acquisition of the remaining 50% shareholding in Vostochnaya Technica (VT) two years ago, revenue has more than doubled to $471 million in 2012.

The strong results were brought about by outstanding performance in the mining and power segments, supported by robust after-sales activity, together with growth in construction, forestry and rental. Overall market share gains were achieved.

The operating margin of 9.1% is a healthy return for a young and growing dealership. Net cash outflow of $71 million was driven by an increase in working capital fuelled by rapid growth as well as investment in facilities in the territory.

Skilled and committed people are the key to our vision: *To be a recognised market leader in our targeted industry segments by offering profitable integrated customer solutions.*

A significant employee growth plan will ensure appropriate customer support. An uncompromising approach to safety by management, aided by safety awareness campaigns and structured reporting, was identified as essential to employee health and well-being during this growth phase and into the future.

Ethics and compliance

Although the Russian business environment is still maturing in terms of corporate governance and transparency, Vostochnaya Technica has adopted global compliance standards. Equipment Russia has deployed the Barloworld Ethics and Compliance programme, including rollout of the Barloworld Worldwide Code of Conduct, training on ethics and the UK Bribery Act, and introduction of Barloworld Due Diligence Guidelines. A legal and compliance officer serving as our ethics champion has been appointed and ethics awareness targets have been added to all executive and senior management balanced scorecards.

www.vost-tech.ru

Mining

Strong mining demand resulted in substantial truck and dozer deliveries, together with support equipment. Some degree of slowdown in the coal industry, in the latter part of the year, led to lower than expected results in the Kuzbass region. However, the strong gold price led to continued demand for fleet expansion and replacement.

Significant machine packages were delivered to Norilsk Nickel, the world's largest miner of nickel and palladium; SDS, one of Russia's major coal mining companies; and new greenfield gold mining customer Alexandrovskiy Rudnik in Eastern Siberia. In the oil and gas segment, we won a major tender from Transneft, Russia's sole oil pipeline operator.

Negotiations were concluded after year end to acquire the Bucyrus business in our Russian territories.

The new opportunity has significant potential, with almost 90% of Russian coal reserves located in our dealership territory. We are extremely well positioned to expand since the only Bucyrus service facility in Russia is located in our coal-rich Kuzbass dealership territory.

Plans have been made to restructure our mining business into surface and underground divisions during the coming year to ensure the continued success of our Cat business while building the Bucyrus business.

Construction

Construction sales were in line with the previous year, linked mainly to government investment in specific regional projects. The Metso crushing and screening business showed some growth.

Rental and used equipment

We invested more than $15 million to expand our rental fleet. Turnover in this fleet will enable us to satisfy downstream demand for used equipment, a potentially lucrative market.

Power

Power sales delivered solid growth of over 65% in 2012. Highlights included the successful delivery and installation of 18 x G3520 generator sets for projects that included greenhouses, residential developments and hospitals.

Divisional reviews continued

Equipment continued

We added 33 units to our new Power rental fleet, and VT was the first dealer to utilise the new Cat packaging facility in St Petersburg for a bulk order. Our rental fleet for petroleum customers came on line in the second half of the year.

We successfully rebranded the power division to VT Energo, added another 30 people to the Energo team and continued our segmentation process in alignment with Caterpillar.

The business strives to minimise the environmental impact of its operations, processes, products and services on the environment by controlling and monitoring consumption of resources and all sources of energy and input materials. Significant effort is made to recycle products, water and waste produced by our operations.

Outlook

Equipment Russia begins the 2013 financial year with a firm order book of US$77 million. Additional prospects valued at US$80 million have a high probability of success.

A more moderate increase in revenue is expected in 2013, with the mining segment remaining the biggest driver of sustainable growth due to the commodity-rich territory. Lower commodity prices will impact mining revenue, but strong growth is expected in the power as well as the parts and service business. The business will also benefit from incremental Bucyrus revenues in the year ahead.

We will continue with substantial investments in people and facilities. Improving our branch infrastructure throughout the territory remains key to protecting our market share. We will be opening our Irkutsk facility and are planning significant progress on the Magadan, Neryungry, Kuzbass and Norilsk facilities in the coming year. Smaller branches will be opened to provide support and mine-site solutions in Abakan and Chita.

Improved parts forecasting and condition monitoring programmes will be introduced across the company.

Our future growth and success depends on skills, with middle and junior management receiving particular attention in the short term to develop a sound succession plan.

We will also maintain our localisation targets, with expatriate positions not to exceed 5% of headcount. In order to ensure access to a consistent supply of high-quality technical skills, we will expand our successful partnership model with educational institutions in Novosibirsk to other centres.

Strong growth is expected to continue in the longer term. Factors directly influencing our future success are commodity price stability and the health of the Russian economy, which is directly linked to the oil price, as well as Caterpillar's commitment to developing its distribution and manufacturing capabilities in the country.

EQUIPMENT RUSSIA

Revenue up

49%

Operating profit up

52%

Operating margin

9.1%

EQUIPMENT RUSSIA TOP IMPERATIVES

SFA	Top imperatives for 2015[3]
Integrated customer solutions	• Establish a supply chain and pricing strategy for off-highway trucks and track type tractors to improve market penetration
People	• Promote and drive safety awareness • Develop partnerships with educational institutions in all regions to attract skilled employees
Empowerment and transformation	• Achieve localisation targets
Sustainable development	• Improve and expand facilities across the territory • Implement non-renewable energy and greenhouse gas (scope 1 and 2) emissions efficiency improvement initiatives
Financial returns	• Achieve operating profit targets • Achieve return on equity and return on net asset targets
Profitable growth	• Improve market penetration • Improve parts customer base • Successful Bucyrus transition and integration

Opening of the Barloworld Reman Centre, celebrating the past and the future

Officially opening the BRC were Clive Thomson, Chief executive of Barloworld Limited; Dumisa Ntsebeza, chairman of Barloworld Limited; Doug Oberhelman, chairman and CEO of Caterpillar; and Peter Bulterman, Chief executive of Barloworld Equipment southern Africa

In May 2012, Barloworld Equipment officially opened the Barloworld Reman Centre (BRC) in Boksburg. This R250 million development more than doubles our existing capacity for Cat engine and drive train rebuilds. It is expected to support growth in customer demand as well as new Cat components and technologies for at least 10 years.

At the same event we thanked some of our top customers for the support and loyalty which have helped us to celebrate 85 years in partnership with Caterpillar. Guest of honour Doug Oberhelman, chairman and CEO of Caterpillar, attributed our long history together to close strategic alignment.

African CAT dealers unite to pursue Chinese business

At the opening of the AUE joint venture in Beijing were (from left): Michelle Olsen – corporate accountant at Barloworld UK; Xu Wang, general manager of AUE; Sam Liu, customer relationship representative, AUE; Shane Fitzpatrick, executive director: Mining Southern Africa, Barloworld Equipment, and chairman of AUE; Yang Yuan, customer relationship representative, AUE; Charice Huang, office assistant, AUE; and Barry Fang, business development manager, Barloworld Equipment.

The offices of Africa United Equipment (Beijing) Co. (AUE) were opened for business in 2012.

Initiated by Barloworld Equipment, AUE is an equal joint venture between eight African CAT dealers formed to represent their combined interests in China.

The African CAT dealers involved can now speak with one voice to their Chinese customers, who are mainly large state-owned enterprise (SOE) contractors with construction projects in African countries. Through this development, Barloworld Equipment now has a permanent specialised team in China to engage with Chinese contractors in our territories.

Divisional reviews

Automotive and Logistics

Martin Laubscher, Chief executive

Economic

	Revenue Year ended 30 September		**Operating profit/(loss)** Year ended 30 September		**Net operating assets** 30 September	
	2012 Rm	2011 Rm	**2012 Rm**	2011 Rm	**2012 Rm**	2011 Rm
Car rental southern Africa	**3 555**	3 341	**251**	220	**1 966**	1 642
Motor retail	**20 256**	17 895	**479**	379	**3 096**	2 727
Southern Africa	**15 209**	14 050	**352**	279	**1 669**	1 471
Australia	**5 047**	3 845	**127**	100	**1 427**	1 256
Fleet services southern Africa	**2 294**	1 779	**349**	285	**2 587**	2 173
Logistics	**3 385**	3 400	**73**	27	**354**	461
Southern Africa	**2 535**	2 294	**92**	49	**224**	316
Europe, Middle East and Asia	**850**	1 106	**(19)**	(22)	**130**	145
	29 490	26 415	**1 152**	911	**8 003**	7 003
Share of associate (loss)/income			**(7)**	9		

Net operating assets exclude goodwill of R1 622 million (2011: R1 733 million)

Environmental

	Petrol and diesel (ML) Year ended 30 September		**Electricity (MWh)** Year ended 30 September		**Energy (GJ)** Year ended 30 September		**Emissions (CO_2e tons) (scope 1 and 2)** Year ended 30 September		**Water (ML)** Year ended 30 September	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Car rental southern Africa	**3.38**	3.06	**7 593**	5 672	**143 054**	125 816	**16 047**	13 283	**143**	109
Motor retail	**6.41**	6.62	**35 835**	35 688	**358 572**	365 316	**52 858**	53 274	**272**	289
Southern Africa	**5.21**	5.53	**31 945**	31 870	**301 637**	312 796	**46 184**	46 963	**257**	275
Australia	**1.20**	1.09	**3 890**	3 818	**56 935**	52 520	**6 674**	6 311	**15**	14
Fleet services southern Africa	**0.69**	0.59	**1 549**	1 507	**29 512**	25 795	**3 199**	2 940	**5**	5
Logistics	**17.35**	14.35	**7 927**	9 665	**748 983**	628 738	**61 372**	53 599	**58**	67
Southern Africa	**17.03**	13.48	**5 470**	6 578	**728 659**	595 943	**58 658**	49 619	**50**	56
Europe, Middle East and Asia	**0.32**	0.87	**2 457**	3 087	**20 324**	32 795	**2 714**	3 980	**8**	11
	27.83	24.62	**52 904**	52 532	**1 280 121**	1 145 665	**133 476**	123 096	**478**	470

Social

	Employee headcount Year ended 30 September		LTIFR Year ended 30 September		Fatalities Year ended 30 September		B-BBEE rating* Year ended 30 September	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Car rental southern Africa	**1 920**	1 737	**0.63**	0.60	**–**	–	**2**	2
Motor retail	**5 185**	5 019	**2.08**	1.93	**–**	–	**–**	–
Southern Africa	**4 657**	4 527	**1.96**	1.95	**–**	–	**3**	3
Australia	**528**	492	**3.37**	1.06	**–**	–	**–**	–
Fleet services southern Africa	**509**	463	**0.86**	–	**–**	–	**3**	2
Logistics	**2 078**	1 916	**0.68**	0.59	**–**	–	**–**	–
Southern Africa	**1 654**	1 441	**0.68**	0.76	**–**	–	**2**	2
Europe, Middle East and Asia	**424**	475	**0.68**	0.51	**–**	–	**–**	–
	9 692	9 135	**1.30**	1.20	**–**	–	**–**	–

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

Overview

The Automotive and Logistics division's vision, set out below, provides clear purpose and direction to the organisation:
To be a recognised leading provider of integrated motor vehicle usage and logistics solutions by exceeding our stakeholders' expectations at every interface.

This resilient integrated approach allowed the division to improve its performance in a difficult and competitive trading environment for both the automotive and logistics businesses. The automotive markets in which the division operates further improved their new vehicle sales volumes during our financial year. In South Africa new vehicle sales improved by 10%, while the used vehicle market remained stable in light of little new vehicle price inflation. In Australia, the new vehicle market improved by 9%. Statistics of the South African Vehicle Rental and Leasing Association (SAVRALA) showed the car rental market grew by 8.5%.

In the South African logistics industry, certain industry sectors are still trading below expectation while others are benefiting from an upturn in volume and demand. Recent strike action across the logistics market and other sectors negatively impacted volumes during the last quarter. Internationally, freight volumes improved but the industry remains cautious in view of volatile economic markets and uncertainty surrounding the sovereign debt crisis.

Revenue was R29.5 billion and a record operating profit of R1 152 million, resulted in an operating margin of 3.9%. Employees grew to 9 692 permanent employees in 16 countries.

Sales of new and used vehicles totalled 88 467 units, against the previous year's 85 092 units. This supported the results of the motor retail business units which has continued to focus on the "Fewer, Bigger, Better" dealership approach.

The strong growth in profitability was assisted by focusing on margin enhancement, cost containment and customer satisfaction across all 44 dealerships in South Africa and Botswana. Motor Retail Australia delivered a good result despite tightly controlled capital and limited dealership growth.

Car rental days in southern Africa improved to 5.7 million from 5.1 million in the previous year. This growth was achieved with well-controlled fleet utilisation of 76% over a peak fleet of some 22 100 vehicles. The average fleet increased by 9.1% while rate per day improved by 3% in a difficult trading environment.

At the year-end, 227 019 vehicles were under long-term finance and other management contracts compared to 195 788 vehicles in the previous year, as Avis Fleet Services operations continued to grow. The business delivered another record performance with profitability growing 23% as a result of targeted fleet

www.barloworldautomotive.com

www.barloworld-logistics.com

Divisional reviews continued

Automotive and Logistics continued

growth and a focus on margin enhancement across all product lines, despite the low interest rate environment, which negatively impacts overall interest margins.

Logistics improved activity levels in southern Africa and stabilised the international businesses. The significant turnaround in this business is directly attributable to management changes in various geographies as well as a solid performance from the African business. The renewal of existing contracts and bedding down of recently awarded contracts supported the overall result and the business is now well positioned for growth.

Stakeholder value creation

Creation of value for all stakeholders remains central to our activities. This approach was supported further through a revised stakeholder engagement model, the Barloworld Worldwide Code of Conduct and the ethics and compliance programme. 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 share 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 them 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 funding. 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.*

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. Settling the Dreamworks fuel management business, which grew its fleet under management by 325% over the year, and the acquisition of a majority stake in the Avis Coach Charter licensee, further enhanced this offering.

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

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

Revenue up
12%

Operating profit up
26%

Operating margin
3.9%

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 in the strategic and operational decision-making processes ensures improved verification scores with all business units achieving Level 3 or better ratings which are evidenced in the supporting tables in this report.

Sustainable development is integrated into our strategy and 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 as a leader in sustainable development.

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 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. In partnership with the Maponya family we opened Soweto Toyota and Soweto Volkswagen, which provide world-class facilities to serve our customers in Soweto. The dealerships employ more than 85% of their staff from Soweto. Avis Fleet Services acquired the remaining shares in Phakisaworld Fleet Solutions which manages the outsourced fleet of the South African National Department of Transport, and commenced operations in Ghana during the year in partnership with the Ghanaian Avis Rent a Car licensee. The City of Johannesburg municipal fleet requirements were served by Avis Fleet Services on an emergency outsource basis during the last few months of the financial year while the final tender process is being implemented. Barloworld Logistics acquired a specialised chemical transporter to provide an entry into this niche market segment and entered into a joint venture with Manline, which provides further growth opportunities.

These strategic themes are cascaded into all business units and contribute to the overall success of the division. Comprehensive structures to review risks and to adopt measures to address these exist throughout the division and its business units. These risks are comprehensively covered and addressed in the division's strategic initiatives.

Looking forward to 2015[3] and beyond

The uncertainty in world markets remains an issue over the period and the division will continue to prudently manage all aspects of the business. We will maintain emphasis on our six strategic focus areas as outlined in the summary of the division's top imperatives.

Capital will be allocated to organically growing Avis Fleet Services where return on equity remains in the range of 25% to 35%, and fast tracking the growth of the logistics business as outlined below.

The South African logistics business is now well positioned for growth, supported by a refocused business development team, which will deliver organic growth in time. Targeted acquisitive growth opportunities, which meet the strict criteria set out below, have been identified and will be implemented to capitalise on the logistics platform. These criteria include:

- Correct niche in terms of industry, product, service and customer base
- Centred on southern Africa
- Target management to fit the Barloworld culture, remain driven and aligned to grow the business
- Target acquisitions to meet clearly defined hurdle rates that are value enhancing
- A clear proposition from Barloworld Logistics which will create value for the target firms' stakeholders.

These targeted opportunities include growing the effectiveness of the Manline joint venture,

Divisional reviews continued

Automotive and Logistics continued

growing an abnormal transport business supported by the growth in Barloworld Equipment, entering the waste management and environmental solutions market and growing the supply chain management business focused on cross-border commodity flows.

Other items material to the future success of the division include repositioning the car rental business to capitalise on the changing market conditions in its core markets and addressing the Australian motor retail operations in the overall divisional strategy.

We remain conscious of the risks associated with the business and these are proactively assessed and managed throughout the division.

Conclusion

2013 is expected to yield modest growth in all business units. Optimising the inherent synergies and benefits of our South African integrated motor vehicle usage solutions offering remains central to our strategy. Various opportunities, outlined above, 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 coordination of common functions, improving asset turn and reducing working capital.

Our Australian motor retail operations remain a well-run, focused business unit, and are expected to sustain high levels of profitability. Avis Fleet Services is expected to continue to benefit from current contracts and pursue attractive growth opportunities in various markets. Barloworld Logistics will continue to build on the successful turnaround achieved in 2012.

Black economic empowerment in South Africa

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

- NMI-DSM incorporates the Mercedes-Benz operations in the greater Durban and Pietermaritzburg metropolitan areas in KwaZulu-Natal
- BarloworldMaponya owns Soweto Toyota and Soweto Volkswagen
- Vuswa Fleet Services manages the South African National Parks (SANPARKS) fleet nationally and certain OEM maintenance plans
- Sizwe car rental

Martin Laubscher (Chief executive of Barloworld Automotive and Logistics) and Dr Richard Maponya (Maponya Group) celebrated true partnership at the historic opening of Soweto Toyota and Soweto Volkswagen dealerships

AUTOMOTIVE AND LOGISTICS TOP IMPERATIVES

SFA	Top imperatives for 2015[3]
Integrated customer solutions	• Value-creating solutions for customers – Product bundling – Integrating products and services
People	• Drive employee engagement and collective wisdom. Sustain a greater than 3 rating in the individual perception monitor (IPM) for all business units • Appropriate skills/resources to meet targeted growth opportunities • Safe and healthy work environment
Empowerment and transformation	• Retain B-BBEE dti Level 3 or better for SA operations • Focus on employment equity, skills development and procurement targets
Sustainable development	• Aspirational 12% non-renewable energy and greenhouse gas (scope 1 and 2) emissions efficiency improvements by end 2014 over 2009 baseline
Financial returns	• To meet and exceed the divisional return on equity hurdle rate by 2015 • To improve operating return on equity (excluding goodwill) to targeted levels by 2017
Profitable growth	• Sustained earnings before interest, tax, depreciation and amortisation (EBITDA) growth to fund asset replacement from existing cash flows • Achieve targeted operating profit over a five-year term • Pursue growth opportunities

Leading the way on carbon neutral status

In 2009, Avis Rent a Car became the first car rental company in South Africa to be certified CarbonNeutral® for their energy and internal fuel usage by The CarbonNeutral Company, independent experts which operate in line with The CarbonNeutral Protocol.

Avis' carbon neutral status was renewed and expanded to CarbonNeutral® company certification in 2011 for the next two years – a clear indication of its commitment to make a positive impact on the environment. This means that each ton of CO_2 that Avis emits from its business activities is counter-balanced with a ton of CO_2 saved through validated emission reduction projects elsewhere in the world that have met international standards.

Projects supported are the Tieling Coal Mine Methane Capture project in China, and a local project called 'Basa Magogo' (a Zulu phrase meaning "Light it up Grandmother!"). The project teaches local residents to burn coal differently and has been validated and verified with the United Nations Framework Convention on Climate Change CDM Gold Standard.

Divisional reviews

Handling

John Blackbeard, Chief executive

Economic

	Revenue Year ended 30 September		Operating profit/(loss) Year ended 30 September		Net operating assets/(liabilities) 30 September	
	2012 Rm	2011 Rm	**2012 Rm**	2011 Rm	**2012 Rm**	2011 Rm
Southern Africa	**1 484**	1 141	**61**	76	**581**	457
Europe and Russia	**2 277**	1 983	**(9)**	(2)	**167**	634
North America	**1 013**	1 585	**(14)**	(2)	**(15)**	430
	4 774	4 709	**38**	72	**733**	1 521
Share of associate income			**2**	3		

Net operating assets exclude goodwill of R22 million (2011: R41 million)

Environmental

	Petrol and diesel (ML) Year ended 30 September		Electricity (MWh) Year ended 30 September		Energy (GJ) Year ended 30 September		Emissions (CO_2e tons) (scope 1 and 2) Year ended 30 September		Water (ML) Year ended 30 September	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Southern Africa	**1.14**	1.12	**873**	847	**47 906**	46 400	**4 198**	4 062	**7**	5
Europe and Russia	**1.80**	1.70	**2 916**	3 115	**89 920**	87 898	**7 221**	7 116	**15**	22
North America	**1.18**	2.40	**2 024**	4 632	**47 408**	96 542	**3 953**	8 263	**7**	18
	4.12	5.22	**5 813**	8 594	**185 234**	230 840	**15 372**	19 441	**29**	45

Social

	Employee headcount Year ended 30 September		LTIFR Year ended 30 September		Fatalities Year ended 30 September		B-BBEE rating* Year ended 30 September	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Southern Africa	**504**	489	**0.72**	1.08	**–**	–	**3**	2
Europe and Russia	**1 215**	1 256	**2.87**	2.48	**–**	–	**–**	–
North America	**7**	837	**1.25**	0.78	**–**	–	**–**	–
	1 726	2 582	**2.02**	1.70	**–**	–	**–**	–

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

Overview

The market for new forklift trucks was flat in all our territories apart from The Netherlands where it shrank. UK, Belgium and The Netherlands in particular have slowed largely as a result of the Eurozone debt crisis.

Revenue grew in all businesses apart from the UK and The Netherlands which were down on last year. Orders on hand at the end of September were 9% up on last year, with Handling in SA more than 60% ahead. While our used business was robust, margins elsewhere came under pressure. Short-term rental utilisation was moderated but this is for larger fleets in some countries.

Net assets totalled £59.4 million at year end. The Handling business in the US was sold at the end of April, liberating some $60 million of cash, and the sale of the Handling business in the UK for approximately £47 million was effective from end September.

Good progress was made on sustainability with reduced water consumption and greenhouse gas emissions per unit of turnover. Training and development of our people progressed further.

Roll out of the ethics and compliance programme continued in the year. Training on competition matters and the UK Bribery Act were launched as the first modules of our eLearning system. The Barloworld Code of Conduct was disseminated in several different languages. Gap-based risk assessments are being conducted to ensure that we target areas of greatest need first. One example of this is the Maturity Matrix Model.

United Kingdom

Revenue was fairly flat over most activities, consistent with low growth in gross domestic product (GDP). Only used equipment showed significant improvement, with volumes increasing by 12% year-on-year due to strengthened wholesale channels.

Trading profit was similar to 2011, supported by strong margins on wholesale used equipment. Cost reduction measures helped to reduce expenses from the previous year.

The UK Handling business was sold to Briggs Equipment, effective from 28 September 2012.

Southern Africa

South Africa

Handling

We achieved our targeted market share increase to 13%, assisted by a late run of strong orders. An increase in large tenders won and big truck sales contributed to a revenue improvement of 18% on 2011. Operating profit was flat, mainly due to the implementation of SAP software. The overall margin, although improved, was diluted due to higher overheads which should normalise now that SAP has been implemented.

The ongoing European economic crisis is expected to have a negative impact on the South African lift truck market in the year ahead. Business confidence is muted, with the only real growth coming from the retail segment.

The pending introduction of the cost effective Utilev forklift brand should increase our foothold in this sector.

Agriculture

The South African Agriculture business had another strong year, with revenue up by a pleasing 49%, driven by industry growth and a market share increase from 10% to 18% in the important high-technology tractor segment.

Unfortunately currency movements had a significant impact in this financial year, resulting in substantial negative fair value adjustments. Net assets increased by R184 million, mainly due to slower movement of stock during the drought in parts of southern Africa. R12 million was invested in the new Middelburg facility.

Due to lower than expected crops in the US and Russia, international grain prices should remain strong and drive cash flow for farmers to buy mechanisation equipment. We will focus on appointing more dealers in 2013.

SEM

We introduced new product to the SEM range and this will enable further growth in 2013. The SEM motor grader is expected to be released by March 2013, providing additional opportunities.

The SEM business will also extend its footprint into Angola and Zambia in the coming year.

Transformation

Handling SA dropped from Level 2 to Level 3 on the B-BBEE scorecard, mainly due to new thresholds stipulated for employment equity and procurement.

Mozambique

In Barloworld Agriculture's second full year of trading, revenue increased to US$3.9 million. A further increase is expected in 2013 following the addition of the Hyster and SEM brands.

Margins have improved substantially through increases in our client base. An upward trend in sales resulted in profits being realised in the last three months of the year despite stock delivery delays. Net assets increased to US$2.7 million.

We will continue to drive increased unit sales at better margins, together with after-sales opportunities, in 2013. Particular focus will be placed on growth of the Hyster and SEM brands. We are planning to open new depots in key cities, and the planned introduction of the Utilev forklift brand will increase market share.

Divisional reviews continued

Handling continued

Angola

We faced many challenges in Angola, nevertheless revenue increased by 220% off a low base from 2011 to 2012 and profit improved significantly. Net assets grew in line with sales.

In 2013 we will introduce the Utilev forklift truck to increase bottom-end market share. The SEM and agricultural product ranges will also be launched in Angola in the coming year.

Europe and Russia

Belgium

The order book declined from its high level in 2011 but remains strong in a difficult economic environment. The lift truck market shrank marginally and our market share dropped slightly to 7.5%. Revenue increased by 31%, driven by significant new equipment sales, and expenses were contained to achieve a pleasing increase in operating profit.

A new service centre will open in Antwerp early in the new financial year, creating the prospect of regaining our former position as the leading service provider to the Antwerp port.

The Netherlands

The lift truck market contracted 9%. New equipment revenue decreased accordingly and the order book at year-end was 9% lower than 2011. Used equipment sales remained at the 2011 level while service and parts sales decreased by 3%.

The Netherlands Handling business plans to grow market share and increase operating profit in 2013 through focus on big trucks, the e-segment and integrated customer solutions.

Russia

Agro Machinery expanded into nine more territories in Siberia and Western Russia and now operates in 12 regions. The business improved revenue to US$9 million from US$5.8 million in 2011.

Agro Machinery is now geographically the second largest AGCO dealer in the Commonwealth of Independent States (CIS) – countries that were part of the Soviet Union – and the fourth largest SEM dealer in unit sales. The territory spans 1.5 million km², including 33 million hectares of arable land. The company has been established as a dependable and reliable supplier of agricultural equipment in Russia.

An operating loss of US$1.6 million was incurred due to the extensive expansion programme, unfortunately coinciding with a severe drought in Siberia which resulted in the agricultural equipment market shrinking by more than 50%.

Net assets are significantly higher than 2011 as stock had to be ordered 12 months before the season to ensure availability.

Agro Machinery will concentrate on establishing its Russian infrastructure in 2013, including the appointment of agents in regions where we do not have branches. The creation of a profitable after-sales business is part of the strategy.

Divisional outlook

Marginal growth is expected in the handling business in 2013 due to the slowdown in commodities and the ongoing debt crisis in the Eurozone.

New product additions such as the SEM motor graders and Utilev cost effective lift trucks will diversify our solutions offering and are expected to produce positive results.

HANDLING TOP IMPERATIVES

SFA	Top imperatives for 2015[3]
Integrated customer solutions	• Develop solutions aimed at larger customers • Increase market share in each territory
People	• Drive employee engagement. Maintain IPM score greater than 3 for all business units in 2013 • Build a strong team to drive the strategy • Ensure a safe and healthy work environment
Empowerment and transformation	• Maintain dti Level 3 or better B-BBEE rating under new thresholds for South African operations and meet employment equity and skills development targets
Sustainable development	• Aspirational 12% non-renewable energy and greenhouse gas (scope 1 and 2) emissions efficiency improvements by end 2014 against 2009 baseline
Financial returns	• Grow the operating profit to targeted level • Achieve above group return on equity target
Profitable growth	• Grow Agriculture business in new territories and improve retail profitability in South Africa • Expand product range and territory for SEM

Divisional reviews

Corporate

Donald Wilson, Finance director

Economic

	Revenue Year ended 30 September		Operating profit/(loss) Year ended 30 September		Net operating assets/(liabilities) 30 September	
	2012 Rm	2011 Rm	**2012 Rm**	2011 Rm	**2012 Rm**	2011 Rm
Southern Africa	**17**	12	**(10)**	(32)	**739**	587
Europe			**68**	(14)	**(1 154)**	(889)
	17	12	**58**	(46)	**(415)**	(302)

Environmental

	Petrol and diesel (ML) Year ended 30 September		Electricity (MWh) Year ended 30 September		Energy (GJ) Year ended 30 September		Emissions (CO_2e tons) (scope 1 and 2) Year ended 30 September		Water (ML) Year ended 30 September	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Southern Africa	**0.01**	0.01	**476**	365	**2 090**	1 669	**521**	404	**2**	2

Social

	Employee headcount Year ended 30 September		LTIFR Year ended 30 September		Fatalities Year ended 30 September		B-BBEE rating* Year ended 30 September	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Southern Africa	**119**	106	**–**	–	**–**	–	**2**	2

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

Corporate office overview

Corporate primarily comprises the operations of the headquarters and treasury 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 Europe, a change in the statutory measure for inflation on UK pension increases reduced the company's pension fund liability giving rise to a benefit to operating profit of R74 million (£6.1 million).

Consistent with group commitments and aspirational targets, corporate office strives to reduce its environmental footprint. The main initiatives in this regard include waste recycling and electricity saving measures such as retro-fitting of energy-saving lighting, motion sensors and the fitting of timer switches to air-conditioning units and water pumps. The increased electricity consumption for 2012 is being investigated. It is against the generally declining trend and what was expected in light of the initiatives that have been implemented.

Creating value responsibly

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Board of directors

Non-executive directors

1. Advocate Dumisa Buhle Ntsebeza SC

Chairman

Age: 62

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 receive this recognition. He served as a commissioner on the Truth and Reconciliation Commission and has been appointed 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

2. Neo Phakama Dongwana

Age: 40

Qualifications: BCom (Hons), CA(SA)

Profile: Neo was appointed to the Barloworld board in May 2012. Neo was the first black female to be placed in the Top 10 of the Part II Qualifying Examination for Chartered Accountants in 1998. She was the first female partner in the Cape Town office of Deloitte & Touche and the second black female partner in the South African practice. She is a non-executive chairman of Pretoria Portland Ntsika Fund Proprietary Limited and a non-executive director of Anglovaal Industries Limited and MPact Limited.

Business address: PO Box 688, Northlands, 2116

Nationality: South African

3. Alexander Gordon Kelso Hamilton

Age: 67

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, Nedbank Private Wealth and Petra Diamonds Limited.

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196

Nationality: British

4. Sibongile Susan Mkhabela

Age: 56

Qualifications: BA Social Work (Hons), Dip Business Management, MAP

Profile: Bongi was appointed to the Barloworld board in January 2006. She is a director of Stanlib. She is the chief executive officer of the Nelson Mandela Children's Fund. She previously served as director for programmes and projects at the office of then deputy president Thabo Mbeki.

Business address: Nelson Mandela Children's Fund, 27 Eastwold Way, Saxonwold, 2196

Nationality: South African

5. Babalwa Ngonyama

Age: 38

Qualifications: BCom (Accounting), MBA, HDip (Banking Law), CA(SA)

Profile: Babalwa was appointed to the Barloworld board in May 2012. She is the chief executive officer of Sinayowetu Trading Enterprise, a non-executive director and member of the audit committee of Implats Limited and non-executive director and chairman of the audit committee of Evraz Highveld Steel Limited. Babalwa was formerly chief financial officer of Safika Holdings, group chief internal auditor of Nedbank Limited and a former audit partner in Deloitte's Financial Institutions Services Team division. Babalwa was the founding chairman of African Women Chartered Accountants.

Business address: PO Box 76468, Wendywood, 2144

Nationality: South African

6. Sango Siviwe Ntsaluba

Age: 52

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 Amabubesi Group and a founder member of Sizwe Ntsaluba Gobodo, 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

7. Thembalihle Hixonia Nyasulu

Age: 58

Qualifications: BA (Hons) Psychology, BA Social Work

Profile: Hixonia was appointed to the Barloworld board in January 2007. She is the chairman of Ayavuna Women's Investments Proprietary Limited, non-executive chairman of Sasol Limited and a director of Unilever Plc/NV.

Business address: 410 Jan Smuts Avenue, Craighall Park, 2196

Nationality: South African

8. Steven Bernard Pfeiffer

Age: 65

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

9. Gonzalo Rodriguez de Castro Garcia de los Rios

Age: 70

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 of the Madrid Stock Exchange and chairman of Euroquote in Brussels.

Business address: Maria de Molina, N1 28006, Madrid, Spain

Nationality: Spanish

Executive directors

1. Clive Bradney Thomson

Chief executive

Age: 46

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 of the Equipment division and then as chief executive 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, 2196

Nationality: South African

2. Donald Gert Wilson

Finance director

Age: 55

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, 2196

Nationality: South African

3. Peter John Blackbeard

Chief executive: Barloworld Handling

Age: 55

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 of the scientific division prior to disposal of that business and in 2007 he was appointed chief executive of Barloworld Handling (formerly Barloworld Industrial Distribution). John was previously chief operating officer of PPC.

Business address: Barloworld Handling, Unit A5 Westacott Business Centre, Maidenhead Office Park, Westacott Way, Maidenhead

Nationality: South African

4. Peter John Bulterman

Chief executive: Barloworld Equipment southern Africa and Russia

Age: 56

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 of Equipment Southern Africa in July 2007 and chairman of Barloworld Equipment UK. Prior to his appointment as CEO in July 2007, Peter served as chief operations officer for Equipment southern Africa and Russia.

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196

Nationality: South African

5. Martin Laubscher

Chief executive: Barloworld Automotive and Logistics

Age: 52

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 of the Automotive division in 2003, and chief executive 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

6. Oupa Isaac Shongwe

Human resources, strategy and sustainability director

Age: 50

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 for Barloworld Logistics Africa in January 2007 and chief executive 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, 2196

Nationality: South African

Corporate governance summary report

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.

HR1 to HR11 and
4.1 to 4.17

Full corporate
governance report

Ethical leadership

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 business of the group is governed by a Worldwide Code of Conduct and a code of ethics, both approved by the board. 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, to respect others, to be fair, honest and to protect the environment.

Corporate citizenship

The board and management recognise that Barloworld is an economic entity and also a corporate citizen. 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 well-being 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.

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.

Corporate governance

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.

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.

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.

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 in accordance with the requirements of the Companies Act. 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.

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 a 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.

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. Seven non-executive directors are independent and two directors are not independent.

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.

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, is performed

Corporate governance summary report continued

annually for each non-executive director. Furthermore, the independence of non-executives who have served on the board for longer than nine years is assessed annually.

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 at the next annual general meeting.

Chairman and chief executive

No individual has unfettered powers of decision-making. Responsibility for running the board and executive responsibility for conducting the business are differentiated. 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 coordinates proposals approved 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. The board and all the board committees meet as scheduled and, where necessary, special meetings are held to deal with specific aspects.

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. A formal continuing professional development policy for directors has been approved by the board.

Board performance assessment

Annually, the performance of the board as a whole and the board committees individually is appraised. In line with the requirements of King III, the assessment of the performance of the board for the year under review was conducted independently by an external service provider. 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. A significant portion is linked to the achievement of strategic, operational and financial objectives.

Company secretary

The company secretary is appointed by the board in terms of the Companies Act and in accordance with the JSE Listings Requirements. The company secretary is not a director of the company. The board of directors annually considers and satisfies itself that the company secretary is properly qualified and experienced to carry out the duties and responsibilities of company secretary and that there is an arm's-length relationship between itself and the company secretary. The company secretary provides the board as a whole and directors individually with guidance on discharging their responsibilities. He/she 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/she also assists and ensures that the board, individual directors and board committees are evaluated annually.

Board committees

The board has seven committees. These committees play an important role in enhancing good corporate governance, improving internal controls and, thus, the performance of the company. The committees are: audit; social, ethics and transformation; risk and sustainability; remuneration; nomination; general purposes and the executive committee. Each board committee acts according to written terms of reference, approved by the board and reviewed annually, setting out its purpose, membership requirements, and duties and reporting procedures.

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. 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, to maximise efficiencies in assurance coverage on key risks.

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. A register of directors and officers is available for inspection at the company's registered office in Sandton, South Africa.

Relationship with stakeholders

The company is a strong proponent of transparency, best-practice disclosure, consistent communication and equal and timely dissemination of information to stakeholders. It encourages the active participation of relevant stakeholders at general meetings and maintains an investor relations programme which, inter alia, arranges regular meetings between corporate and divisional executives, shareholders, potential investors and other relevant stakeholders.

Remuneration summary report

This report summarises the company's remuneration policy for non-executive directors, executive directors and prescribed officers. The information provided in this report has been approved by the board on the recommendation of the remuneration committee.

Full remuneration report

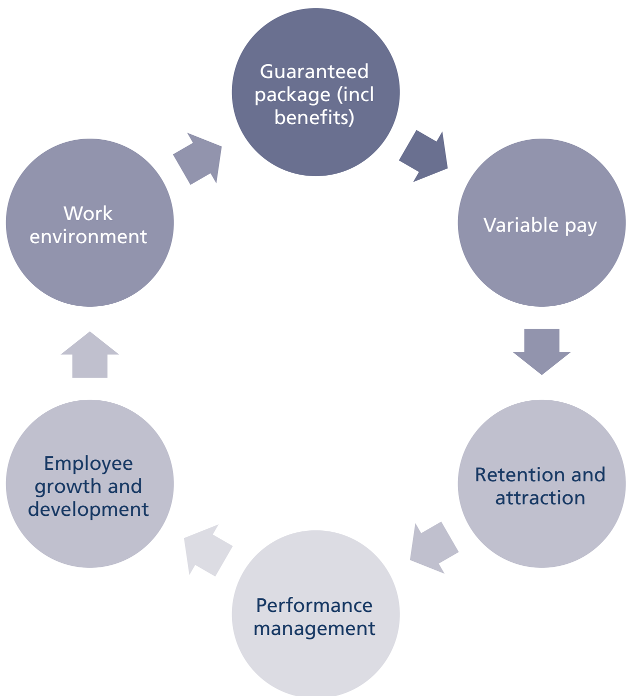
In driving the vision and strategic plan for 2015, in this past financial year a number of important strategic transactions were successfully executed. These included the acquisition of the Bucyrus distribution and support businesses in southern Africa and, post year-end, Bucyrus Russia which provides the Equipment division with an expanded surface and underground product range to service its mining customer base in the region. Importantly, the Handling businesses in the US and UK were sold in separate transactions, generating a significant cash inflow for the group and facilitating redeployment of capital into higher returning opportunities.

Operationally the group continued to build on the positive momentum of the 2011 financial year, with operating profits up 31%, headline earnings per share increasing by 46% and net profit up 51% leading to a 2.7 percentage point increase in the group's return on shareholders' equity. This was achieved notwithstanding difficult economic conditions prevailing in Europe which adversely impacted our businesses operating in that region.

The company continues to focus on responsible remuneration that is driven by sound governance principles. In the past year we met with some of our largest shareholders to discuss remuneration practices in the group and, taking into account their views, made some changes to the weightings of performance conditions as well as specific financial targets for the purpose of the 2012 long-term incentive (LTI) awards. As a consequence of shareholder feedback, we also increased the weighting on the financial return metrics in the short-term incentive scheme (STI).

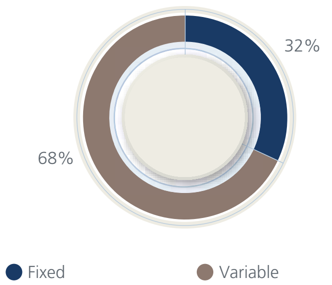
Remuneration philosophy and policy

Barloworld aims to provide a level of remuneration which attracts, retains and motivates executives of the highest calibre. Careful consideration is also given to internal equity within the group and to align the remuneration paid with shareholder interests and best practice. Barloworld has adopted a holistic approach to its remuneration philosophy for senior executives and general staff and has implemented a balanced design which consists of the following monetary and non-monetary components:

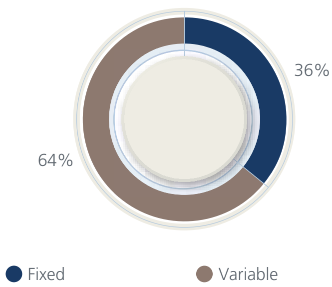


Executive remuneration is heavily weighted toward variable remuneration as is illustrated below. The on-target bonus entitlement for the chief executive is slightly higher than other executives and will result in a heavier weighting towards variable pay. The mix between fixed and variable pay for the chief executive, executive directors and prescribed officers (based on on-target bonuses entitlement and the average indicative expected value, on grant date, of long-term incentives awards made during the year) is:

Chief executive



Executive directors and prescribed officers (other than the chief executive)



After consultation with some of the major shareholders, Barloworld made the following changes in the past year to its remuneration philosophy and practices in respect of senior employees and executive directors:

- Financial metrics used for the STI remained the same as in the prior year, however, the weighting towards operating profit was decreased from 35% to 30% and the weighting given towards return on equity was increased from 15% to 20%; and
- The performance conditions used for the Forfeitable Share Plan were reviewed. Following this review, the return on equity performance condition previously used was replaced with return on net operating assets. Furthermore, the weighting given to each of the performance conditions (i.e. Total Shareholder Return, headline earnings per share (HEPS) and return on net operating assets were also amended with an increased weighting being given to return on net operating assets in order to encourage greater focus on improving returns on capital over time. The weightings for the 2012 award were TSR (15%), HEPS (25%) and return on net operating assets (60%).

Divisional incentive plans are aligned 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.

Role of remuneration committee

The remuneration committee operates under terms of reference approved by the board and which are subject to review every year and is also in line with King III and the Companies Act.

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.

The remuneration committee comprised at least four independent non-executive directors throughout the period under review. In line with King III, the remuneration committee is chaired by an independent non-executive director.

The chief executive attends remuneration committee meetings by invitation. The company secretary, Mr B Ngwenya, acts as secretary to the remuneration committee. External advisors are used to provide market information as and when required.

During the 2012 financial year, the remuneration committee received advice and guidance from the following independent advisers:

- PricewaterhouseCoopers (PwC) – standing advisor 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; and
- PE Corporate Services – executive salary benchmarking and job grading.

Remuneration summary report continued

Key remuneration decisions taken in respect of the 2012 financial year

The remuneration committee discussed the following matters and took some key decisions:

- The approval of the targets and weighting of the performance measures of the short-term incentive plan;
- Approval of the long-term incentive awards, inclusive of the mix of instruments to be used and company performance conditions relating thereto;
- 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 directors' fees;
- Review of King III principles and alignment of remuneration approach to best practice guidelines;
- Review of the retention awards made to specific employees as part of the Bucyrus transaction; and
- Reviewed the grading of directors for increased responsibility levels.

Remuneration structure

Barloworld utilises 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 chief executive 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 executive directors and prescribed officers during the 2012 financial year, as well as proposed changes to the total remuneration package for the 2013 financial year:

Element	Fixed/ variable	Objective	Policy	Proposed changes for 2013
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 the human resource policy	The percentage company contribution to benefits varies by country. In South Africa, a 14% company contribution to retirement funds applies	None
Short-term incentive	Variable	Rewards and motivates achievement of agreed group, divisional and individual performance objectives	The bonus percentages and the performance metrics remain unchanged from 2011, however, a reduced weighting was applied to operating profit and an increased weighting to improvement in return on equity	No material changes to structure envisaged
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 envisaged

Guaranteed package

The executive directors' base salary and guaranteed package are 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. A benchmarking of Barloworld's executive directors' guaranteed pay is conducted against Towers Watson remuneration information based on equivalent positions on an annual basis; and Barloworld uses independent consultants, namely PE Corporate Services, to conduct the exercise. The results are also discussed with PwC, the standing advisers to the 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. Details of the basic salary and guaranteed packages (basic salary plus benefits) paid to each of the executive directors and prescribed officers during the 2012 financial year are set out on page 62 of the AGM document. This information is also available on our website.

Short-term incentives

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 consist of two elements, namely personal objectives (incorporating non-financial measures) and financial performance targets. Threshold, target and stretch performance targets are set by the remuneration committee annually in advance. The remuneration committee determines the financial measures, the weighting and vesting levels on an annual basis. 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.

In respect of the 2012 financial year, the percentage of basic salary eligible to be paid as a bonus based on relative achievement against targets (threshold, target and stretch) was:

Chief executive

Performance metric	Threshold %	Target %	Stretch %
Operating profit	7.5	22.5	36
Cash flow	3.8	11.3	18
Return on equity	5	15	24
HEPS	8.8	26.3	42
Bonus based on financial targets	25	75	120
Bonus based on personal scorecard objectives	15	22.5	30
Total potential bonus	40	97.5	150

Executive directors and prescribed officers

Performance metric	Threshold %	Target %	Stretch %
Operating profit	7.5	18	28.5
Cash flow	3.8	9	14.3
Return on equity	5	12	19
HEPS	8.8	21	33.3
Bonus based on financial targets	25	60	95
Bonus based on personal scorecard objectives	15	22.5	30
Total potential bonus	40	82.5	125

Remuneration summary report continued

Group targets apply in the case of the chief executive, the financial director, the executive director: Human resources, strategy and sustainability and the group general manager: finance. Divisional targets apply for the rest of the executive directors and prescribed officers, with the exception of HEPS which is measured for all on a group basis in recognition of the collective responsibility they bear for the performance of the group as a whole. The targets 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. In line with the group's objectives, the weighting towards operating profit has been decreased and the weighting towards return on equity has been increased.

In respect of personal scorecard objectives these would typically include aspects such as safety performance, market share targets, people development and training, sustainable development KPIs, empowerment and transformation objectives, customer loyalty and growth, relationships with principals, aftermarket growth targets, acquisitions, disposals and special projects.

The following targets are set for achievement against personal scorecard objectives and the linkage to bonus payout:

Personal objectives	Scorecard percentage achieved	Bonus as a percentage of salary
Threshold	70%	15%
Target	85%	22.5%
Stretch	100%	30%

Therefore, a bonus of up to 30% of annual basic salary can be earned where 100% of personal scorecard 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, with zero payable below 70% achievement. The personal objectives component of the scheme is the same for the chief executive and executive directors.

Annual bonus payments made to executive directors and prescribed officers are disclosed on page 62 of the AGM document and online.

Long-term incentives

The company operates the following long-term incentive plans:

- The Forfeitable Share Plan (FSP);
- Share Appreciation Right (SAR) Scheme; and
- Share Option Scheme (SOS), no longer in use, but with outstanding awards.

It is essential for the group to retain skills over the longer term and to motivate and incentivise executive directors and other senior employees to drive sustainable value creation over multiple reporting periods and to be shareholders of the company. This is achieved through long-term incentive plans and annual awards using the FSP and SAR Scheme. In the case of the executive directors and prescribed officers, the FSP is 25% retention driven and 75% performance driven and the SAR Scheme is 100% performance driven.

Awards made to executive directors and prescribed officers during the 2012 financial year, details of vesting/exercise and a summary of holdings are disclosed on pages 93 to 95 of the consolidated annual financial statements on the AGM document CD and online.

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.

Forfeitable share plan (FSP)

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 are allocated for retention purposes. 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. Following consultation with certain large shareholders, various changes were made to the FSP's performance targets in 2012. Return on equity previously used was replaced by return on net operating assets and the weightings used for performance targets were amended to place greater emphasis on improving return on capital as is illustrated in the table below. In respect of awards granted under the FSP on 30 March 2012, 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 %)	Threshold (vesting %)	Target (vesting %)	Weighting of performance conditions (%)	Performance period
Continued employment	25	25	25		Applies until vesting date
Performance conditions:					1 October 2011 to 30 September 2014
• TSR	0	3.4	11.3	15	
• HEPS	0	5.6	18.8	25	
• Return on net operating assets	0	13.5	45	60	
Maximum vesting	25	47.5	100	100	

The following Targets were set for the respective performance conditions and below Threshold there is zero vesting:

Condition	Threshold	Target
TSR	Median of peer group	Upper quartile of peer group
HEPS	0% real growth	50% real growth
Return on net operating assets	13%	18%

The remuneration committee considers the Target performance levels for TSR, HEPS and return on net operating assets to be stretching in the context of the company's business strategy and the market conditions.

Share appreciation rights (SAR)

The SAR 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. From 2007, the entire SAR award was subject to a performance target. Awards were granted under the SAR on 30 March 2012 and the vesting will occur in equal tranches of 1/3rd on 29 March 2015, 29 March 2016 and 29 March 2017. The performance period commenced on 1 October 2011 and will expire on 30 September 2014. All SARs must be exercised by 29 March 2018.

Details of the award are disclosed on page 82 of the consolidated annual financial statements on the AGM document CD and online.

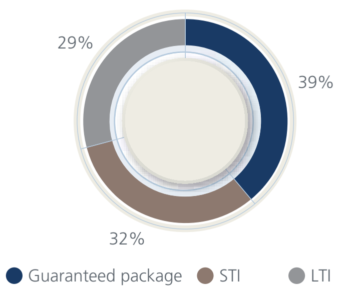
Share option scheme (SOS)

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.

Overall reward mix

The graph below shows the mix between guaranteed packages, STI (paid during the year) and LTIs (estimated expected value on award date, of awards made during the year) for executive directors and prescribed officers.

Overall mix



Remuneration summary report continued

This is deemed to provide an appropriate balance between fair guaranteed pay for the responsibilities assumed in the role, a variable short-term incentive based on targets achieved in the current financial year and a long-term incentive which aligns with shareholder value creation over a period of time.

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 nine months in the case of the group chief executive and six months in the case of the other executive directors. 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
Notice period	Nine months for the group chief executive and six months for executive directors
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 and 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 25 January 2012.

SB Pfeiffer
Chairman

19 November 2012

Fees for NEDs during the current financial year and proposed fees for the 2013 financial year are set out in the notice to the annual general meeting on page 5 of the AGM document.

Social, ethics and transformation committee report

The social, ethics and transformation committee (committee) was established by the board of directors on 4 May 2011 in terms of section 72 (4) of the Companies Act and operates in terms of written terms of reference approved by the board and reviewed by it annually.

The committee is made up of non-executive directors Ms SS Mkhabela (chairman), Advocate DB Ntsebeza SC, Mr Gonzalo Rodriguez de Castro Garcia de los Rios and executive directors Messrs CB Thomson, OI Shongwe and PJ Blackbeard.

The committee met three times during the year under review to discharge its duties and responsibilities.

During its meetings the committee considered and was satisfied with progress made relative to the company's activities with regard to matters relating to social and economic development, promotion of equality, prevention of unfair discrimination, and reduction of corruption, contribution to development of the communities, sponsorships, donations and charitable giving, the environment, health and public safety, including the impact of the company's activities and its products or services. The committee also considered and was satisfied with progress made regarding consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws, labour and employment, as well as the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions and the company's employment relationships, and its contribution toward the educational development of its employees.

The committee also considered and was satisfied with progress made regarding the extent to which the group adhered to and implemented the company's desire to ensure that diversity is promoted throughout its operations and non-discrimination is advanced through the elimination of any unfair discriminatory conditions, whether purposeful or inadvertent. The committee was happy with the progress made on broad-based black economic empowerment and transformation initiatives pursued by the company.

The committee also reviewed and assessed progress made on the company's affirmative action measures adopted to advance the objectives of empowerment and transformation which include taking positive steps to recruit, hire and promote qualifying persons from previously disadvantaged groups and the transfer of equity, development of skills, preferential procurement, and corporate social investment and support of emerging businesses.

Where necessary the committee advised the board on how to better align the implementation of the company's empowerment and transformation strategy within the broader social and integrated sustainability framework of the group, and the committee identified, where possible, and advised the responsible management structures to remove any perceived internal and external impediments to achieving effective empowerment and transformation within the group. The committee was also cognisant of the need to support the group's initiatives to achieve meaningful change in the composition of the general workforce and management structures and in the skilled occupations of existing and new businesses, the protection of the rights of women and minorities, and the promotion of diversity within the group.

The committee also received and considered reports on progress made regarding the company's engagement with all relevant stakeholders and efforts to ensure that the company's reputation is protected and enhanced.

The committee had free access to any director or prescribed officers or employees of the company and, where appropriate, these were called in to provide any information or explanation necessary for the performance of the committee's functions.

In the performance of its duties and responsibilities the committee recognised the fact that some of its statutory functions overlapped or co-extended with the functions or mandates or terms of reference of existing committees of the board.

To the extent necessary and without derogating from its duties and responsibilities, the committee worked closely with and relied upon the work of other committees of the board where one or more of its statutory functions overlapped or co-extended with or fell within the domain of the specific function or functions or mandate or terms of reference of another board committee.

The committee had the right to request the chairman of such other committee or any suitably qualified member of such other committee to attend the meetings or part of the meetings of the committee in order to address the committee and answer any questions of the committee on any aspect of a statutory function or functions of the committee that the other committee performs.

SS Mkhabela
Chairman

19 November 2012

Creating value:

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Barloworld
Leading brands
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CAT
CAT

Our people

Employees are the foundation and drivers of our success; accordingly, people are 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. Specific activities include inspiring and growing our people through detailed individual development analysis and plans, career management/development programmes and recognising and rewarding performance excellence.

We are committed to recruiting from communities in which we operate. Where the required skills are not available, the focus is on expatriate assignments and a commitment to develop the local skills base. Overall, 1.9% of employees are expatriates.

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 influence recruitment procedures.

Overall headcount (permanent and contractors longer than 12 months) increased from 18 671 to 19 238 in 2012 due to growth and acquisitions which was countered by the sale of US Handling operations.

Number of employees – group

Division	2012	2011	2010
Equipment	**7 701**	6 848	6 121
Automotive and Logistics	**9 692**	9 135	9 477
Handling	**1 726**	2 582	2 471
Corporate	**119**	106	98
Total	**19 238**	18 671	18 167

Region	2012	2011	2010
South Africa	**12 570**	11 403	11 267
Rest of Africa	**2 334**	1 905	1 650
UK, Europe and Russia	**3 548**	3 743	3 198
Middle East and Asia	**244**	291	771
Australia	**528**	492	477
North America	**14**	837	804
Total	**19 238**	18 671	18 167

LA1 to LA15

Critical success factors for employee value creation

Six critical success factors guide the group in managing its people. An individual perception monitor (IPM) surveys employee opinion and results are used to identify areas that require attention. The IPM has a four-point scale and the group target is to achieve at least three. Scores of above three are considered excellent. The IPM survey is conducted every two years. Each division, except Handling, conducted the IPM survey in 2012. The scores are reported under the respective sections.

Clear purpose and direction

Business unit score from 3.41 to 3.51.

The company vision and strategy is clearly understood by all employees. The relation between individual/team efforts and business goals is clear. Employees are encouraged to find innovative ways to improve performance.

Alignment

Business unit score from 3.28 to 3.48.

Value creation is enhanced by aligning strategy, organisational design and culture, business processes and individual roles to achieve a common purpose. Balanced scorecards, job models and organisational competencies ensure all employees understand their role in the organisation's value-creation activities and that they are equipped with the required skills. This is underpinned by all appropriate reward and incentive schemes.

Inspiring climate

Business unit score from 3.05 to 3.21.

Barloworld strives to create a culture of innovation, ethical leadership and business practice through communication, involvement, influence and empowerment of our people.

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 will to win
- Behaviours that consistently demonstrate our values, ethics, corporate governance and our code of conduct
- Business policies that are clear and accessible to all employees and practices that are equitable and consistently applied
- Ensuring the safety and well-being of employees
- Embracing and valuing diversity.

HIV/Aids statistics in South Africa

Division	Employees 2012	Employees 2011	Employees 2010	Employees who know their status* 2012	Employees who know their status* 2011	Employees who know their status* 2010	% who know their status* 2012	% who know their status* 2011	% who know their status* 2010	% of those tested who are HIV positive* 2012	% of those tested who are HIV positive* 2011	% of those tested who are HIV positive* 2010
Equipment	**3 720**	3 149	2 896	**2 365**	2 211	2 035	**64**	70	70	**4**	4	4
Automotive and Logistics	**8 241**	7 674	7 850	**4 918**	5 031	4 315	**60**	66	55	**5**	7	6
Handling	**490**	474	423	**262**	262	262	**53**	55	62	**1**	1	1
Corporate	**119**	106	98	**100**	106	42	**84**	100	43	**4**	4	10
Total	**12 570**	11 403	11 267	**7 645**	7 610	6 654	**61**	67	59	**5**	6	5

**Cumulative over three years.*

Sustainable competence and intellectual capital

Business unit score from 2.89 to 3.08.

A shortfall in strategic employee skills is an important risk for the organisation given its ambitions, particularly financial return targets and growth aspirations.

Initiatives to ensure sustainable competence include:

- Training programmes that cover apprenticeships, learnerships, internships, management and leadership development programmes, technical skills and sales skills. 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 that 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
- An intellectual capital review of employees' careers is conducted annually. As part of this process, the group chief executive 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
- The group has 3 914 artisans, technicians and technologists as well as 5 239 employees with degrees or diplomas. We support 248 employees studying towards degrees or diplomas financially, and assist 132 individuals in training, including work experience, through a number of internship programmes. Our learnership and apprentice programmes have increased to 1 793 (42%).

Overall direct training and development spend increased by 31% to R157 million.

Average training hours per level

Occupational level	2012	2011	2010
Board*	**3.17**	7.42	8.00
Executive	**8.19**	16.63	27.37
Senior management	**8.93**	28.39	16.40
Middle management	**27.29**	35.44	29.09
Skilled upper	**28.18**	29.86	29.89
Semi-skilled/apprentices/trainees	**53.14**	38.45	25.85
Labour/unskilled	**16.04**	31.03	7.30
Total	**35.40**	33.34	27.79

** Includes executive directors only*

Percentage (%) training spend by level

Occupational level	2012	2011	2010
Board*	**0.01**	0.02	0.03
Executive	**0.09**	0.27	0.18
Senior management	**0.22**	1.13	0.61
Middle management	**10.96**	16.98	16.90
Skilled upper	**48.13**	45.80	51.54
Semi-skilled/apprentices/trainees	**39.60**	33.50	30.43
Labour/unskilled	**0.99**	2.30	0.31
Total spend	**R156 589 474**	R119 140 406	R80 518 591

** Includes executive directors only*

Our people continued

Employee turnover

	Resignations	Retrenchments/ redundancies****	Retirements*	Dismissals	Deaths**	Other***
Total 2012	**1 716**	**244**	**260**	**405**	**57**	**1 714**
Total 2011	1 703	227	245	475	62	795
Total 2010	1 466	176	277	430	66	505

** 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*

Performance management

Business unit score from 2.92 to 3.10.

The group's value-creation activities are underpinned by performance management processes, based on scorecards. This facilitates regular communication on performance, identifies areas requiring support, helps establish development plans and assists in career paths.

Remuneration and employee benefits are attractive, well-structured and competitive. 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 removal of anomalies.

Structured team forums

Business unit score from 3.01 to 3.13.

Regular, structured team meetings provide an opportunity to share information, motivate employees and enhance commitment, promote and encourage problem solving, build cohesive teams, recognise performance, ensure employee involvement and provide efficient communication structures in the group.

Employee engagement

Business unit score from 3.12 to 3.29.

Employee engagement is the measure we use to determine the success and the extent to which employees are committed to the company and measures the success of the group's employee value creation approach.

CEO Award 2012 finalists

The task of choosing a CEO Award winner certainly gets more difficult every year. Seven finalists, comprising teams and individuals, have competed for the group's top accolade, CEO Award winner 2012.

This event is certainly a highlight of the year which showcases just a few of the incredible people who add significant value to our business. The 110th anniversary theme of "Our values live on" is palpable in every nomination. Teamwork, integrity and commitment shine through, evidence that our nominees are not just exceptional in their jobs but also uphold the core pillars of our organisation.

The overall winner was Anton Gulichev, who is the executive director responsible for Eastern Siberia, Yakutia and the Russian Far East.

The seven finalists

L to R: Dushan Padayachee (Corporate Office), Mark Allen (Logistics TMS Team), Dennis van der Merwe (Handling & Agriculture), Clive Thomson, Praveshree Mahabeer (Avis Fleet Services DMS Team), Butch Martens (Equipment southern Africa), overall winner Anton Gulichev (Equipment Russia – Vostochnaya Technica), Sergio Touris Noriega (Equipment Iberia).

Empowerment and transformation

Equality

Barloworld believes that employment equity is not only a moral and human rights imperative; but also a pre-condition for the achievement of sustainable development, economic growth and equality.

- Barloworld has taken proactive steps to develop an inclusive and diverse workforce, free from discrimination and reasonably representative of the demographics of the countries in which we operate.
- We endeavour to facilitate the transition to a democratic society that is united in its diversity and guided by the principles of equality, fairness, equity, social progress, justice, human dignity and freedom. Central tenets of our approach to substantive equality include:
  - Identifying and eliminating employment barriers
  - Proactively pursuing programmes and initiatives to achieve our equality objectives
  - No discrimination on the grounds of gender, race, religion, disability or sexual preference
  - Complying with regulation and legislation in all countries in which we operate.
- Empowerment and transformation is one of our six strategic focus areas. The target for all South African operations was to achieve or maintain a B-BBEE Level 2 or 3. Barloworld put in place a three-year action plan to address the challenges and elements of the B-BBEE scorecard with specific reference to employment equity.
- 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

Breakdown	2012	2011	2010
Black directors	**7**	7	7
White directors	**8**	8	8
Male directors	**11**	13	13
Female directors	**4**	2	2
South African directors	**12**	12	12
Non-South African directors	**3**	3	3
Executive directors	**6**	6	6
Non-executive directors	**9**	9	9

- Our remuneration practices are reviewed annually. We implemented the Towers Watson global grading system in all operations. Wage and salary levels are benchmarked by country and category. In South Africa pay differentials are reviewed against all occupational levels, job classifications and gender as per the employment equity legislation.
- Policies and processes to address any allegations or instances of discrimination are reviewed regularly by employment equity forums.

Employees by employment level and gender – group

	2012			2011			2010		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Board*	**6**	**0**	**6**	6	0	6	6	0	6
Executive	**25**	**1**	**26**	25	1	26	21	2	23
Senior management	**78**	**8**	**86**	79	6	85	75	6	81
Middle management	**1 828**	**739**	**2 567**	1 814	720	2 534	1 794	681	2 475
Skilled upper	**7 708**	**2 680**	**10 388**	7 282	2 477	9 759	6 838	2 332	9 170
Semi-skilled/apprentices/ trainees	**4 727**	**1 162**	**5 889**	4 699	1 237	5 936	4 682	1 241	5 923
Labour/unskilled	**178**	**98**	**276**	212	113	325	360	129	489
Total	**14 550**	**4 688**	**19 238**	14 117	4 554	18 671	13 776	4 391	18 167

** Includes executive directors only*

Empowerment and transformation continued

Barloworld is committed to increasing its female workforce. Special emphasis and focus areas include improving the ratio at senior management, executive and board level.

Transformation in South Africa

Empowerment and transformation affect every aspect of our business. The South African divisions of Barloworld are aligned to the structure set out by the dti in its broad B-BBEE scorecard.

Progress over the year included:

- All operations achieved a B-BBEE rating of Level 3 except for Barloworld Equipment, Barloworld Logistics, Avis Rent a Car and Barloworld Corporate that maintained a Level 2 rating. These ratings enhance our competitive advantage, because our customers can count over 110% of their procurement spend with Barloworld as B-BBEE related procurement on their own scorecards
- Employment equity target reviewed, set and legislated reports submitted to Department of Labour
- Black CEOs for two business units, and a black deputy CEO appointed for corporate office
- Barloworld Siyakhula reached approximately R56 million in enterprise development support
- Barloworld has provided R33 million for socio-economic development over the past five years in South Africa

We strive to be leaders in this area and our attitude and strategy to empowerment and transformation goes beyond merely meeting compliance targets. We plan to exceed the minimum requirements of B-BBEE legislation and aim to set the benchmark for our industry sector.

We believe that empowerment and transformation make commercial sense and benefits South African society.

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

Barloworld has been the leader of the general industrial sector in the annual assessment by *Financial Mail* of South Africa's top empowerment companies for the past three years. Among the top 100 listed companies, Barloworld ranks 12th, up from its previous ranking of 18.

Our 2008 B-BBEE transaction included all South African employees, a number of community service groups, an educational trust and strategic black partners. Barloworld's strategic black partners continue to make a significant contribution to the company, particularly those directly involved in the automotive, equipment, logistics and group function area.

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

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.

The general staff trust paid two dividends per year totalling R16.6 million since inception. Beneficiaries did not pay for their shares. The Barloworld education trust awarded bursaries to 16 black students for the 2012 academic year and also received two dividends during the year, totalling R913 000.

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

SA business unit	2012	2011	2010
Equipment	**2**	2	2
Avis Rent a Car	**2**	2	2
Motor retail	**3**	3	3
Avis Fleet Services	**3**	2	2
Logistics	**2**	2	3
Handling	**3**	2	3
Corporate	**2**	2	2
Barloworld Siyakhula	**1**	1	1

In line with the group's stated empowerment and transformation objective for 2012, all of Barloworld's South African businesses have achieved at least a Level 3 rating.

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 original equipment manufacturers (OEMs) or suppliers. Scores out of 20 range from 12.59 to 19.30, reflecting roughly R16.5 billion spent during the year.

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

Employees by ethnic background in South Africa

	2012		2011		2010	
	AIC**	**White**	AIC**	White	AIC**	White
Board*	**1**	**4**	1	4	1	4
Executive	**4**	**14**	4	13	5	8
Senior management	**16**	**41**	14	41	11	42
Middle management	**692**	**1 073**	648	1 006	621	1 003
Skilled upper	**4 161**	**2 386**	3 794	2 189	3 654	2 235
Semi-skilled/apprentices/trainees	**3 568**	**446**	3 106	383	3 076	383
Labour/unskilled	**163**	**1**	199	1	222	2
Total	**8 605**	**3 965**	7 766	3 637	7 590	3 677

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

In Barloworld Equipment training ensures customer and employee safety

Barloworld Equipment was the first earthmoving equipment company to receive accreditation from the Construction Education and Training Authority (CETA) for its operator training, allowing its learners to achieve a nationally recognised qualification.

The training, incorporating practical and theoretical components, ensures all operators employed by the Barloworld Equipment Cat Rental Store are certified. The academy also offers the training to customer employees throughout our dealership territories and to individuals looking for a career path.

The training ensures customer and employee safety, improves operating efficiency of the equipment and prolongs equipment life-span through correct operation.

Identified material aspects

Barloworld is committed to taking a leading role in environmental stewardship and minimising our environmental footprint.

Barloworld signs energy efficiency pledge in South Africa

Clive Thomson (second from right) with the Minister of Energy (fourth from right) and other signatories receiving their signed pledges. By signing the pledge, Barloworld committed to:

- Developing a map/plan for improved energy efficiency in our operations, supported by the implementation of an appropriate energy management system
- Developing internal energy efficiency targets that are appropriate to our operations and activities and which respond proactively to, and are aligned with, appropriate government policies and strategies
- Reporting appropriately on efforts to promote energy efficiency and progress made towards set energy efficiency improvement targets in our operations within the parameters of national legislation
- Working with stakeholders on energy efficiency related issues to build capacity and develop the required skills to implement energy efficiency programmes and drive the required behavioural changes.

Policies and guidelines that inform our approach

- Environmental policy
- Climate change policy
- Water use and management policy
- Good practice guidelines on environmental management for non-ISO 14001 certified operations
- Sustainable development approach (environmental aspects).

EN1 to EN30

We recognise that some of our activities have certain adverse environmental impacts and mitigation measures are integrated into our operational management systems and customer offerings. We largely represent original equipment manufacturers (OEMs) and recognise the environmental impact from the manufacture and use of our vehicles, plant or equipment. As a responsible corporate citizen, we engage our suppliers and customers and strive to achieve the highest environmental standards.

Internal focus on material environmental issues includes:

- Non-renewable energy consumption
- Greenhouse gas emissions
- Water stewardship
- Recycling (includes rebuild and remanufacture activities)
- Disposal of hazardous waste.

Indicators, data-collection systems and affected changes from prior year

Data collection is designed to enhance the management and reporting of material environmental aspects using entrenched structures and systems. 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 sub-committee of the Barloworld board.

The sale of Handling US operations on 27 April 2012 contributed in some instances to the reduced levels of reported data for the period. However, reported data include the acquired distribution and support businesses of Bucyrus Africa and Eqstra mining services in southern Africa, effective 2 July 2012. These do not affect intensity levels reflecting efficiency improvements for energy and emissions.

The data collection system is aligned to our financial reporting systems and material aspects are assured by both internal and external auditors.

Targets

Barloworld was an early signatory to South Africa's Energy Efficiency Accord (EEA) with the South African Department of Minerals and Energy, and subsequently a signatory of the South African National Business Initiative's (NBI) Energy Efficiency Leadership Network's (EELN) Energy Efficiency Pledge. The company also participates in Business Unity South Africa's climate change forum and has representation on the NBI's EELN Advisory Committee.

In 2009, we set the aspirational target of a 12% efficiency improvement in non-renewable energy consumption and greenhouse gas (scope 1 and 2) emissions by the end of the 2014 financial year. Targets are reviewed regularly, thereby balancing environmental sensitivities with commercial realities, legislation and national goals.

Energy

Consumption of 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 this consumption.

Performance review

Combined petrol and diesel consumption was only 7% up on 2011 against significantly increased activity levels, driven by a focus on energy saving initiatives. Electricity consumption was down 1% in absolute terms which underscores the effectiveness of our initiatives.

By incorporating energy efficiency goals into our strategic framework and by implementing reporting and performance review processes, we ensured commitment and have made good progress towards meeting our targets. The limited overall year-on-year consumption increase, combined with increased business activity, improved efficiency (measured by intensity) by 10% year-on-year and 19% off the 2009 baseline.

Greenhouse gas emissions

We are concerned about climate change and appreciate the causal link between greenhouse gas emissions and global warming.

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, with related savings.

Energy consumption (GJ) by division	**2012**	2011	2010
Equipment	**453 902**	429 070	413 097
Automotive and Logistics	**1 280 121**	1 145 665	1 220 966
Handling	**185 234**	230 840	234 696
Corporate	**2 090**	1 669	2 997
Barloworld group	**1 921 347**	1 807 244	1 871 756

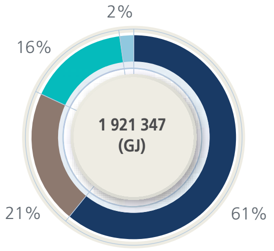
Energy intensity (GJ per R1 million revenue) by division	**2012**	2011	2010
Equipment	**18.7**	23.0	33.8
Automotive and Logistics	**43.4**	43.4	49.8
Handling	**38.8**	49.0	57.4
Barloworld group	**32.8**	36.3	45.8

EN3 and EN4

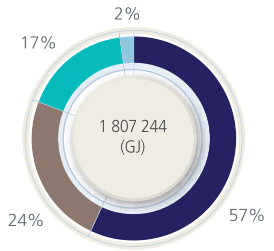
Identified material aspects continued

Energy consumption (GJ) by source

2012



2011



- Diesel
- Petrol
- Electricity
- Other

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

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, and 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 of reducing greenhouse gas emissions.

For our submission to the 2012 Carbon Disclosure Project, we assessed the operational and financial implications of climate change risks. Conversely, there are opportunities for competitive products and solutions with reduced carbon footprints.

2012 Barloworld Investor CDP

Performance review

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

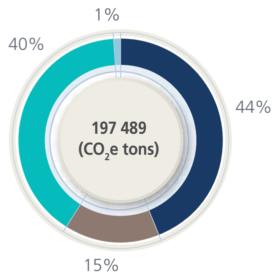
Emission factors used this year are consistent with those from the previous year.

Table of emission factors

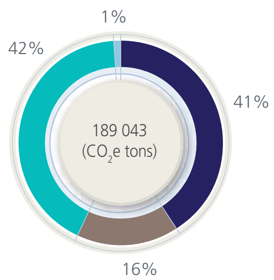
Consistent with our increase in energy consumption, group emissions are 4% up on 2011 levels and 1% down from the 2009 baseline. Against increased activity levels, these changes underscore the effectiveness of the group's relevant initiatives and the effect of our aspirational efficiency improvement targets.

Emissions (CO_2e tons) by source

2012



2011



- Diesel
- Petrol
- Electricity
- Other

Emissions scope 1 and 2 (CO_2e tons)	2012			2011			2010		
	Scope 1	**Scope 2**	**Total**	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
Equipment	**26 318**	**21 802**	**48 120**	24 722	21 380	46 102	23 503	22 409	45 912
Automotive and Logistics	**80 247**	**53 229**	**133 476**	70 339	52 757	123 096	70 142	63 431	133 573
Handling	**11 742**	**3 630**	**15 372**	14 218	5 223	19 441	15 176	6 239	21 415
Corporate	**28**	**493**	**521**	26	378	404	43	790	833
Barloworld group	**118 335**	**79 154**	**197 489**	109 305	79 738	189 043	108 864	92 869	201 733

Emissions intensity (CO_2e tons per R1 million revenue) by division	2012	2011	2010
Equipment	**2.0**	2.5	3.8
Automotive and Logistics	**4.5**	4.7	5.5
Handling	**3.2**	4.1	5.2
Barloworld group	**3.4**	3.8	4.9

EN16 to EN20

Aligned with our energy efficiency improvements, the 2012 emissions intensity improved by 11% year-on-year and 23% off the 2009 baseline, indicating that this year we exceeded our aspirational target to improve emissions efficiency, as measured by intensity. 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.

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. We are continuing to refine this aspect of our reporting.

Car rental operations in South Africa produced some 90 333 tons (2011: 86 661 tons) of scope 3 CO_2e, an increase of 4% from 2011. This represents a 6% improvement in emissions intensity per rental day.

Water

Although a limited consumer of water, Barloworld recognises the scarcity of the resource.

Water stewardship and recycling initiatives have resulted in only a 4% increase in water usage from 2011 against significantly increased activity levels reflected by a 18% increase in year-on-year group revenue.

For our submission to the CDP Water 2012, we assessed the financial and operational implications of water-related risks and opportunities.

2012 Barloworld Water CDP

Most water is sourced from municipal and local government supply systems, and used to wash plant, equipment and vehicles. After passing through filtration and separation processes, effectively all water used is legally discharged back into municipal and local government systems.

Overall, 15% (2011: 10.6%) of water was recycled in the group, with our Automotive division recycling 24.9% (2011: 16.9%) and Equipment operations in Iberia recycling 20% (2011: 15.6%) of their reported consumption.

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

Water consumption (ML) by division	**2012**	2011	2010
Equipment	**290**	250	256
Automotive and Logistics	**478**	470	430
Handling	**29**	45	43
Corporate	**2**	2	2
Barloworld group	**799**	767	731

Identified material aspects continued

Waste

The group does not generate significant volumes of waste. Both hazardous and non-hazardous waste are monitored by type, volume, disposal method and destination. The majority of waste is disposed of through certified contractors and no waste was shipped internationally.

Waste by category	2012	2011	2010
Non-hazardous			
Paper (kg)	**630 466**	558 919	457 609
Tyres (kg)	**726 841**	860 954	768 490
Hazardous			
Solvents (L)	**156 445**	139 156	97 433
Lubricants (grease and oil) (L)	**3 073 891**	3 026 925	2 698 685
Oil filters (kg)	**226 950**	241 507	114 492
Batteries (kg)	**100 596**	217 446	119 610
Computer/laptops (kg)	**3 978**	6 659	4 726

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

Recycling, remanufacture and rebuilding

Waste oil is recycled through certified contractors. Given the nature of our business, apart from our remanufacture and rebuild activities, opportunities to use recycled materials are limited. Recycled tyres constituted some 7% of the group's tyre usage for the year.

Through rebuilding and remanufacturing machines and components we make the most significant contribution in this regard and to life-cycle responsibility for our products. In Caterpillar operations, these processes require some 50% to 60% less energy by reusing between 85% and 95% by weight of materials from the original product. Some 70% of Caterpillar components are rebuilt.

The Hyster remanufacturing process recovers some 50% of original components while rebuilt engines are 50% and 67% more efficient in terms of energy and labour respectively. Approximately 90% of a scrapped lift-truck can be reclaimed.

For more information on Spills, see Barloworld's response to EN23

Spills

There were two spills which we consider significant. One was 4 129 litres of diesel leaked underground and the other, a 7 500 litre spillage of oil and sludge. These have been addressed and in both instances our internal response mechanisms, business continuity plans and processes functioned as intended.

Notices and non-compliance

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

AVIS water recycling initiatives

Avis car wash machines recycle up to 85% of the water used, which is cleaned to 90% clarity and has reduced the need for municipal water significantly, from approximately 160 litres to some 20 litres per car washed.

More recently, water flow regulators were installed on all the taps at Avis' Head Office in Isando and this will result in additional savings. These initiatives have contributed to water savings of some 100 million litres over the period.

Barloworld Siyakhula

For the past five years, Barloworld Siyakhula has been motivated by the vision of growing sustainable enterprises through investment and partnership for the benefit of the fledgling entrepreneurs within the South African economy.

Transforming vision into value

Launched in 2007, its focus remains the transformation of the group's value chain, creating opportunities for small and medium enterprises, supplier development and broad-based black economic empowerment (B-BBEE).

Barloworld Siyakhula was established to transform and create new business opportunities while providing a channel for the emancipation of black business. It has assisted 19 businesses to strengthen their B-BBEE scorecards and enhance their competitive advantage. Four enterprises have reached a Level 1 BEE status. One enterprise is at Level 2 and the remainder have achieved Level 3.

Some of these businesses which employ approximately 540 people are:

- Avis Van Rental Pretoria
- Avis Van Rental Western Cape
- MOE and company owner driver
- Nathi Africa, a materials handling business in South African ports
- Machas Electrical, providers of electrical installation and maintenance services
- 20/20 Insight, a consulting company in enterprise development
- Rishi Rahaman Consulting, a legal practice
- Powertel Engineers, a specialised electrical contracting company that concentrates on providing turnkey solutions for the power and telecommunications industries
- Lettam Building and Civils, a construction company
- Omega Boerdery Deelnemings Trust, a farming community initiative.

Barloworld Siyakhula is a founding member of the South African Supplier Diversity Council, a body which promotes sustainable supplier development through targeted procurement and enterprise development.

Barloworld Siyakhula facilitates Cat transaction

Lettam Building and Civils, a Kempton Park based building and civil engineering company, contacted Barloworld when it acquired a Caterpillar motor grader. The dealership put managing member Lijeng Mokoatle in touch with Siyakhula.

"Siyakhula arranged finance at favourable rates and we receive special terms on plant hire, reducing our costs and making us more competitive in the marketplace," says Mokoatle.

"Thanks to Siyakhula's expertise, our company is now well structured and we receive expert advice whenever we need it."

Enterprise development

- R56 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.

SO1 to SO10

Siyakhula, which means "We are growing" in Zulu and Xhosa, promotes both empowerment and employment by extending financial support and management guidance to small- and medium-sized enterprises within the Barloworld value chain.

Doing business at a higher level, thanks to Barloworld Siyakhula

Siyakhula's efforts contributed to the formation of 20/20 Insight, owned by Karabo Mashugane who spent several years as a currency derivatives trader with leading banking houses before opening his own consultancy.

His introduction to Barloworld Siyakhula came through the South African International Business Linkages Programme, which assists organisations like Barloworld to identify competent black-owned service providers. Mashugane's association with Barloworld led to assignments with other major organisations, providing 20/20 Insight with an enviable client base.

"Working with Siyakhula has been a great experience. It helped us to do business at an increasingly higher level," comments Mashugane.

Corporate social investment

Corporate social investment (CSI), or socio-economic development (SED), as it is termed in the context of South Africa's broad-based black economic empowerment codes, is considered to be just one aspect of the broader concept of corporate social responsibility.

SO1 to SO10

Group CSI policy and approach

The group strives to be responsive to the interests and concerns of its local communities and to exercise responsible stewardship of the environments in which it operates. This approach is underpinned by a value-based management (VBM) philosophy which commits the group to creating sustainable value for all of its stakeholders, including playing a meaningful role in society through active corporate citizenship. Development partnerships are established and investments made in interventions which address the foremost problems in society through a central programme operated through the Barloworld Trust on behalf of the group. Donations are made at various divisional and business unit levels, often linked to their communities, industry, products or workplaces. The group allocates a minimum of 1% of its net profits after tax to CSI.

A central CSI programme, focused on South Africa and implemented through the Barloworld Trust, represents group operations across diverse industries and geographic locations and attempts to address the foremost problems in society. A Group CSI Forum of CSI/SED practitioners will be established in 2013 to enhance and support this work.

Group spend on CSI in 2012 was R17 million (2011: R16 million), R14 million (2011: R12 million) of which was in South Africa. Of these amounts, R6 million (2011: R6 million) was invested through the central programme, which is currently focused on improving the quality of teaching and learning in the formal education sector in South Africa. Over the past five years, the group has contributed R65 million to CSI/SED. Of this amount R33 million was verified as socio-economic development (SED) spend in support of broad-based black economic empowerment in South Africa.

One of Barloworld's approaches to CSI over many years has been to assist regional centres of educational excellence, usually independent schools with good infrastructure and proven capacity, in reaching out to underperforming schools in their vicinities. These school networking and support systems show positive results. However, the gains for society as a whole are too few.

The time is ripe for a bold, large-scale intervention with broad-based commitment and support which has the potential to begin to turn the education system in South Africa around, improve the country's competitiveness and impact the inequalities in South African society.

Group CSI spend *(%)*

A great LEAP forward, for the love of learning

Barloworld supports LEAP Maths & Science schools across the country which provide high-quality education to disadvantaged young people from grades 9 to 12.

The LEAP approach involves teacher training, leadership programmes and a learning centre to tutor learners from community schools as well as extensive community support and social development programmes.

One of the beneficiaries is Sello Masile. At age 14, Sello was a truant at a public school in Alexandra in Johannesburg. In 2010, he applied to the LEAP school in Linbro Park, east of Alexandra, which turned his life around: "There is a huge gap between this school and the schools in the township where both teachers and learners play truant. Here I got a chance to change my attitude towards learning and life in general," he says. Last year (in grade 11) he obtained distinctions in maths, science, Sesotho, English and life orientation. His goal is to become a civil engineer.

Financial performance

Contents

Condensed consolidated income statement

for the year ended 30 September

	Notes	Audited 2012 Rm	2011 Rm	% change
Revenue		**58 554**	49 823	18
Operating profit before items listed below (EBITDA)		**4 905**	3 993	
Depreciation		**(1 806)**	(1 620)	
Amortisation of intangible assets		**(111)**	(84)	
Operating profit		**2 988**	2 289	31
Fair value adjustments on financial instruments		**(93)**	(65)	
Finance costs		**(827)**	(755)	
Income from investments		**51**	62	
Profit before exceptional items		**2 119**	1 531	38
Exceptional items	3	**190**	62	
Profit before taxation		**2 309**	1 593	
Taxation		**(789)**	(566)	
Secondary taxation on companies		**(26)**	(18)	
Profit after taxation		**1 494**	1 009	
Income from associates and joint ventures		**141**	71	
Net profit		**1 635**	1 080	
Net profit attributable to:				
Owners of Barloworld Limited		**1 559**	1 017	
Non-controlling interest in subsidiaries		**76**	63	
		1 635	1 080	
Earnings per share (cents)				
– basic		**739.9**	482.7	
– diluted		**734.5**	479.1	

Consolidated financial statements

Condensed consolidated statement of comprehensive income

for the year ended 30 September

	Audited 2012 Rm	2011 Rm
Profit for the year	**1 635**	1 080
Items that may be reclassified subsequently to profit or loss:	**(452)**	1 243
Exchange gains on translation of foreign operations	**276**	1 048
Translation reserves realised on disposal of foreign joint venture and subsidiaries	**(593)**	11
(Loss)/gain on cash flow hedges	**(178)**	246
Deferred taxation on cash flow hedges	**43**	(62)
Items that will not be reclassified to profit or loss:	**(133)**	(274)
Actuarial losses on post-retirement benefit obligations	**(149)**	(351)
Taxation effect	**16**	77
Other comprehensive income for the year	**(585)**	969
Total comprehensive income for the year	**1 050**	2 049
Total comprehensive income attributable to:		
Owners of Barloworld Limited	**974**	1 986
Non-controlling interest in subsidiaries	**76**	63
	1 050	2 049

Condensed consolidated statement of financial position

for the year ended 30 September

	Notes	Audited 2012 Rm	2011 Rm
ASSETS			
Non-current assets		**13 470**	12 667
Property, plant and equipment		**9 473**	8 743
Goodwill		**1 759**	2 092
Intangible assets		**1 049**	421
Investment in associates and joint ventures		**430**	329
Finance lease receivables		**125**	286
Long-term financial assets		**97**	147
Deferred taxation assets		**537**	649
Current assets		**22 340**	18 252
Vehicle rental fleet		**1 908**	1 695
Inventories		**10 855**	7 323
Trade and other receivables		**6 916**	6 448
Taxation		**37**	32
Cash and cash equivalents		**2 624**	2 754
Assets classified as held for sale	4		13
Total assets		**35 810**	30 932
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium		**309**	304
Other reserves		**2 433**	3 016
Retained income		**10 127**	9 069
Interest of shareholders of Barloworld Limited		**12 869**	12 389
Non-controlling interest		**298**	263
Interest of all shareholders		**13 167**	12 652
Non-current liabilities		**8 964**	7 279
Interest-bearing		**7 048**	5 522
Deferred taxation liabilities		**371**	229
Provisions		**254**	265
Other non-interest-bearing		**1 291**	1 263
Current liabilities		**13 679**	10 996
Trade and other payables		**9 548**	8 395
Provisions		**839**	633
Taxation		**252**	247
Amounts due to bankers and short-term loans		**3 040**	1 721
Liabilities directly associated with assets classified as held for sale	4		5
Total equity and liabilities		**35 810**	30 932

Condensed consolidated statement of changes in equity

for the year ended 30 September

	Share capital and premium Rm	Other reserves Rm	Retained income Rm	Attributable to Barloworld Limited shareholders Rm	Non-controlling interest Rm	Interest of all shareholders Rm
Balance at 1 October 2010	295	1 750	8 548	10 593	233	10 826
Total comprehensive income for the year		1 243	743	1 986	63	2 049
Transactions with owners, recorded directly in equity						
Other reserve movements		23	1	24	1	25
Dividends			(223)	(223)	(34)	(257)
Treasury shares issued	3			3		3
Shares issued in current year	6			6		6
Balance at 30 September 2011	304	3 016	9 069	12 389	263	12 652
Total comprehensive income for the year		**(452)**	**1 426**	**974**	**76**	**1 050**
Transactions with owners, recorded directly in equity						
Other reserve movements		**(131)**	**25**	**(106)**	**9**	**(97)**
Dividends			**(393)**	**(393)**	**(50)**	**(443)**
Treasury shares issued	**3**			**3**		**3**
Shares issued in current year	**2**			**2**		**2**
Balance at 30 September 2012	**309**	**2 433**	**10 127**	**12 869**	**298**	**13 167**

Condensed consolidated statement of cash flows

for the year ended 30 September

	Audited 2012 Rm	2011 Rm
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	**5 199**	4 528
Increase in working capital	**(3 128)**	(27)
Cash generated from operations before investment in rental assets	**2 071**	4 501
Net investment in fleet leasing assets	**(1 481)**	(1 013)
Net investment in vehicle rental fleet	**(633)**	(384)
Cash (utilised in)/generated from operations	**(43)**	3 104
Finance costs	**(827)**	(755)
Realised fair value adjustments on financial instruments	**(19)**	(172)
Dividends received from investments, associates and joint ventures	**82**	67
Interest received	**49**	60
Taxation paid	**(596)**	(389)
Cash (outflow)/inflow from operations	**(1 354)**	1 915
Dividends paid (including non-controlling interest)	**(443)**	(257)
Cash (applied to)/retained from operating activities	**(1 797)**	1 658
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, investments and intangibles	**(1 589)**	(271)
Proceeds on disposal of subsidiaries, investments and intangibles	**931**	185
Net investment in leasing receivables	**98**	56
Acquisition of other property, plant and equipment	**(824)**	(880)
Replacement capital expenditure	**(334)**	(305)
Expansion capital expenditure	**(490)**	(575)
Proceeds on disposal of property, plant and equipment	**264**	198
Net cash used in investing activities	**(1 120)**	(712)
Net cash (outflow)/inflow before financing activities	**(2 917)**	946
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on share issue	**2**	6
Shares repurchased for forfeitable share plan	**(24)**	(21)
Non-controlling equity loans	**9**	
Proceeds from long-term borrowings	**3 842**	2 653
Repayment of long-term borrowings	**(2 474)**	(1 470)
Increase/(decrease) in short-term interest-bearing liabilities	**1 360**	(1 346)
Net cash from/(used in) financing activities	**2 715**	(178)
Net (decrease)/increase in cash and cash equivalents	**(202)**	768
Cash and cash equivalents at beginning of year	**2 754**	1 928
Cash and cash equivalents held for sale at beginning of year		6
Effect of foreign exchange rate movement on cash balances	**72**	52
Cash and cash equivalents at end of year	**2 624**	2 754
Cash balances not available for use due to reserving restrictions	**182**	503

Notes to the condensed consolidated financial statements

for the year ended 30 September

1. BASIS OF PREPARATION

The condensed financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board and the information as required by IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 30 September 2011, except for the new or amended Standards and new Interpretations adopted as detailed in note 8.

		Audited 2012 Rm	2011 Rm
2.	**RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS**		
	Net profit attributable to Barloworld shareholders	**1 559**	1 017
	Adjusted for the following:		
	Profit on disposal of subsidiaries and investments (IAS 27)	**(571)**	(73)
	Realisation of translation reserve on disposal of foreign joint venture		11
	Profit on disposal of properties (IAS 16)	**(9)**	(213)
	Impairment of goodwill (IFRS 3)	**363**	211
	Reversal of impairment of investments in associates (IAS 28) and joint ventures (IAS 31)		(3)
	Impairment of plant and equipment (IAS 16) and intangibles (IAS 38)	**31**	5
	Profit on sale of intangible assets (IAS 38)		1
	Profit on sale of plant and equipment excluding rental assets (IAS 16)	**2**	(7)
	Taxation effects of remeasurements	**59**	30
	Non-controlling interests in remeasurements	**(2)**	
	Headline earnings	**1 432**	979
	Weighted average number of ordinary shares in issue during the year (000)		
	– basic	**210 693**	210 708
	– diluted	**212 244**	212 261
	Headline earnings per share (cents)		
	– basic	**679.7**	464.6
	– diluted	**674.7**	461.2
3.	**EXCEPTIONAL ITEMS**		
	Profit on disposal of properties, investments and subsidiaries	**586**	286
	Realisation of translation reserve on disposal of foreign joint venture		(11)
	Impairment of goodwill	**(363)**	(211)
	(Impairment)/reversal of investments in associates and joint ventures	**(2)**	3
	Impairment of plant and equipment	**(31)**	(5)
	Gross exceptional profit	**190**	62
	Taxation charge on exceptional items	**(59)**	(30)
	Net exceptional profit before non-controlling interest	**131**	32
	Non-controlling interest on exceptional items	**2**	
	Net exceptional profit	**133**	32
4.	**DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE**		
	Assets classified as held for sale consist of the following:		
	– Automotive dealerships sold		13
			13
	Liabilities directly associated with assets classified as held for sale consist of the following:		
	– Automotive dealerships sold		5
			5

Notes to the condensed consolidated financial statements
continued
for the year ended 30 September

		Audited 2012 Rm	2011 Rm
5.	**DIVIDENDS**		
	Ordinary shares		
	Final dividend No 166 paid on 16 January 2012: 105 cents per share (2011: No 164 – 55 cents per share)	**223**	117
	Interim dividend No 167 paid on 18 June 2012: 80 cents per share (2011: No 165 – 50 cents per share)	**170**	106
		393	223
	Paid to non-controlling interest	**50**	34
		443	257
	Dividends per share (cents)	**230**	155
	– interim (declared May)	**80**	50
	– final (declared November)	**150**	105
6.	**CONTINGENT LIABILITIES**		
	Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	**1 440**	1 316
	Litigation, current or pending, is not considered likely to have a material adverse effect on the group.		
	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.		
	Buyback and repurchase commitments not reflected on the statement of financial position	**131**	161

The related assets are estimated to have a value at least equal to the repurchase commitment.

There are no material contingent liabilities in joint venture companies.

Subsequent to year-end a customer notified the company of an equipment failure which will become the subject of a warranty claim on the company. The cause of the failure and the cost of rectification has not yet been determined. The company has insurance cover and reciprocal warranty agreements with suppliers and contractors and as a result does not expect a material loss.

		Audited 2012 Rm	2011 Rm
7.	**COMMITMENTS**		
	Capital expenditure commitments to be incurred:		
	Contracted	**1 355**	1 236
	Approved but not yet contracted	**201**	80
		1 556	1 316
	Operating lease commitments	**1 810**	2 009
	Finance lease commitments	**546**	634

Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.

8. ACCOUNTING POLICIES

The group adopted the following new and amended Standards and new Interpretations during the current year:

- IAS 24 Related party disclosure (Revised)
- IFRS 7 Disclosures – Transfers of financial assets
- IFRS 1 Severe hyperinflation and removal of fixed dates for first-time adopters
- IAS 12 Deferred tax: Recovery of underlying assets
- Annual improvements project 2010
- IAS 1 Presentation of Items of Other Comprehensive Income
- IFRIC 20 Stripping costs in the production phase of a surface mine
- Circular 3/2012 Headline Earnings

9. RELATED PARTY TRANSACTIONS

There has been no significant change in related party relationships since the previous year.

On 25 September 2012 Barloworld Logistics (Pty) Limited (a wholly owned subsidiary of Barloworld Limited) acquired the minority shareholding of 25% in Barloworld Logistics Africa (Pty) Limited from Old Priory Investments (Pty) Limited. Mr Isaac Shongwe, a director of Barloworld Limited, is a shareholder of Old Priory Investments (Pty) Limited and therefore the transaction is a small related party transaction as defined in terms of the JSE Listings Requirements. The purchase price of this shareholding is considered to be at fair value. The cash consideration of R125 million for the shares and R50 million loan funding was outstanding at 30 September 2012.

Other than in the normal course of business, there have been no other significant transactions during the year with associate companies, joint ventures and other related parties.

10. EVENTS AFTER THE REPORTING PERIOD

On 9 November 2012 certain Barloworld subsidiaries concluded an agreement with Caterpillar Global Mining LLC to acquire assets and assume liabilities in respect of the Bucyrus distribution and support business in our Caterpillar dealership territories in Russia. The transaction is expected to close in December 2012. The purchase consideration is US$50 million (R436 million) subject to adjustments for working capital at closing date.

11. AUDIT OPINION

The auditors, Deloitte & Touche have issued their opinion on the group's financial statements for the year ended 30 September 2012. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised provisional financial statements have been derived from the group financial statements and are consistent in all material respects, with the group financial statements. A copy of their audit report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors.

The auditor's report does not necessarily cover all of the information contained in this announcement/financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company.

In addition, Deloitte & Touche, has issued a limited assurance report on the non-financial salient features included on page 104. Their report was issued in accordance with International Standards 3000 for Assurance Engagements other than audits or reviews of historical financial information. They have issued an unmodified limited assurance report.

12. PREPARER OF FINANCIAL STATEMENTS

These condensed consolidated financial statements have been prepared under the supervision of IG Stevens BCom CA(SA).

Operating segments

	Revenue Year ended 30 September		Operating profit/(loss) Year ended 30 September		Fair value adjustments on financial instruments Year ended 30 September		Operating profit/(loss) including fair value adjustments Year ended 30 September		Net operating assets/(liabilities) 30 September	
	2012 Rm	2011 Rm	**2012 Rm**	2011 Rm	**2012 Rm**	2011 Rm	**2012 Rm**	2011 Rm	**2012 Rm**	2011 Rm
Equipment	**24 273**	18 687	**1 740**	1 352	**(62)**	(89)	**1 678**	1 263	**10 600**	6 622
Automotive and Logistics	**29 490**	26 415	**1 152**	911	**12**	3	**1 164**	914	**8 003**	7 003
Handling	**4 774**	4 709	**38**	72	**(44)**	17	**(6)**	89	**733**	1 521
Corporate	**17**	12	**58**	(46)	**1**	4	**59**	(42)	**(415)**	(302)
Total group	**58 554**	49 823	**2 988**	2 289	**(93)**	(65)	**2 895**	2 224	**18 921**	14 844

Net operating assets/(liabilities) exclude goodwill of R1 759 million (2011: R2 092 million).

Salient features

for the year ended 30 September

	Audited	
	2012	2011
FINANCIAL		
Headline earnings per share (cents)	**680**	465
Dividend per share (cents)	**230**	155
Operating margin (%)	**5.1**	4.6
Net asset turn (times)	**2.7**	2.7
EBITDA/interest paid (times)	**5.9**	5.3
Net debt/equity (%)	**56.7**	35.5
Return on net operating assets (%)	**18.8**	17.1
Net asset value per share including investments at fair value (cents)	**6 062**	5 839
Number of ordinary shares in issue, including BEE shares (000)	**231 012**	230 878
NON-FINANCIAL#		
Energy consumption (GJ)	**1 921 347**	1 807 244
Greenhouse gas emissions (CO_2e tons)	**197 489**	189 043
Water consumption (ML)	**799**	767
Number of employees	**19 238**	18 671
LTIFR*	**1.22**	1.31
Fatalities	**1**	2
Corporate social investment (R million)	**17**	16
dti^ B-BBEE rating (level)+	**2**	2

 # Limited assurance (note 11).
** Lost-time injuries x 200 000 divided by total hours worked.*
^ Department of Trade and Industry (South Africa).
+ Audited and verified by Empowerdex.

	Closing rate		Average rate	
	2012 Rand	2011 Rand	**2012 Rand**	2011 Rand
Exchange rates				
United States dollar	**8.25**	8.04	**8.02**	6.91
Euro	**10.62**	10.79	**10.45**	9.67
British sterling	**13.32**	12.52	**12.69**	11.12

Statement by board of directors

STATEMENT OF THE BOARD OF DIRECTORS OF BARLOWORLD LIMITED

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

Signed by

Dumisa Ntsebeza
Chairman

Clive Thomson
Chief executive

Don Wilson
Finance director

5 December 2012

Who have been duly authorised by the board

Directors: Non-executive: DB Ntsebeza (Chairman), NP Dongwana, AGK Hamilton*, SS Mkhabela, B Ngonyama, SS Ntsaluba, TH Nyasulu, SB Pfeiffer#, G Rodriguez de Castro Garcia de los Rios†.
Executive: CB Thomson (Chief executive), DG Wilson (Group finance director), PJ Blackbeard, PJ Bulterman, M Laubscher, OI Shongwe.

**British #American †Spanish*

Company secretary: B Ngwenya

Certificate by secretary

for the year ended 30 September 2012

In my capacity as the company secretary, I hereby certify that Barloworld Limited has lodged with the Registrar of Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act, 2008. Further, I certify that such returns are true, correct and up to date.

B Ngwenya
Secretary

Sandton
19 November 2012

Independent auditors' report

TO THE SHAREHOLDERS OF BARLOWORLD LIMITED

The accompanying condensed financial statements, which comprise the condensed consolidated statement of financial position as at 30 September 2012, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Barloworld Limited for the year ended 30 September 2012. We expressed an unmodified audit opinion on those financial statements in our report dated19 November 2012. Those financial statements, and the condensed consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

We expressed an unmodified financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the condensed consolidated financial statements, therefore, is not a substitute for reading the audited financial statements of Barloworld Limited.

DIRECTORS' RESPONSIBILITY FOR THE CONDENSED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the condensed consolidated financial statements in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the AC 500 standards as issued by the Accounting Practices Board, the information as required by IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the condensed consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

OPINION

In our opinion, the condensed consolidated financial statements derived from the audited financial statements of Barloworld Limited for the year ended 30 September 2012 are consistent, in all material respects, with those financial statements, in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the AC 500 standards as issued by the Accounting Practices Board, the information as required by IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa.

This report only applies to the consolidated financial statements derived from the audited financial statements of Barloworld Limited for the year ended 30 September 2012 and does not cover any other information presented in the same booklet as the condensed consolidated financial statements.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per: **GM Berry**
Partner

19 November 2012

National executive: LL Bam Chief executive AE Swiegers Chief operating officer GM Pinnock Audit DL Kennedy Risk advisory NB Kader Tax L Geeringh Consulting, clients and industries JK Mazzocco Talent and transformation CR Beukman Finance M Jordan Strategy S Gwala Special projects 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 in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

Non-financial assurance

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 REPORT FOR YEAR ENDED 30 SEPTEMBER 2012.

SCOPE OF WORKS

You have requested that we perform limited assurance procedures on:

- selected performance indicators to be published in Barloworld's Integrated Report for the year ending 30 September 2012;
- 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:

- Value created
  Statement of total value added (R millions)
- Community support
  Group corporate social investment spend (R millions)
- People
  Employee profile, limited to: number of employees, employee breakdown by race (in RSA); and male and female employee breakdown
- Safety
  Lost-time injuries and work-related fatalities, including lost-time injury frequency rate (LTIFR)
- Energy
  Fuel consumption (ML)
  Electricity consumption (MWh)
  Energy consumption (GJ), including by primary energy source consumption
- Environmental
  Carbon emissions (CO_2e tons), including by primary energy source consumption
  Water consumption (ML)

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 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 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 2012 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 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 Auditors

Per: **GM Berry**
Partner

19 November 2012

National executive: LL Bam Chief executive AE Swiegers Chief operating officer GM Pinnock Audit DL Kennedy Risk advisory NB Kader Tax L Geeringh Consulting, clients and industries JK Mazzocco Talent and transformation CR Beukman Finance M Jordan Strategy S Gwala Special projects 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 in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

Corporate information

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(Registration number 1918/000095/06)
JSE codes: BAW and BAWP
ISIN codes: ZAE000026639 and ZAE000026647

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For background information visit **www.barloworld.com**

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Photograph captions

Leadership perspective (pages 6 & 7)

Main picture: The world's largest shovel, the Cat 6090 (nominal bucket payload of 90 ton), loads the world's largest mechanical drive truck (nominal payload of 363 ton), the CAT 797 at Moatize coal mine in Tete, Mozambique. The 797 is the first on the African continent

1. *A miner operates a Cat CM235 mid-seam continuous miner, shearing a 1.6m coal seam. A continuous miner is the pivotal production machine in room and pillar mining and can handle seam heights from 0.9m to 4.5m*
2. *Cat model C32 engines (32L displacement) used in an increasing number of ultra-fast crew transfer or anti-piracy patrol vessels built in South Africa with output between 1450bHp and 1600bHp fast craft ratings, in use off the East and West coasts of Africa*
3. *Disembarking the CAT 797 truck*

Integrated strategic approach (pages 24 & 25)

Main picture: Hands-on practical training is catered for at the Barloworld Equipment technical training centre in Isando. This 5 STAR Caterpillar Certified Technical Academy has courses accredited by MERSETA (Manufacturing, Engineering & Related Services Sector Education and Training Authority)

1. *Driving empowerment through training and development. Barloworld Equipment currently has approximately 40 qualified female artisans in employment and a further 60 female learners in training*
2. *Barloworld Motor Retail developed a Coaching programme in 2012 for all technical coaches/mentors of all our apprentices. This was designed to assist current technicians, workshop foremen and Service managers in guiding young learners and apprentices to ultimately become technicians*
3. *Product training is conducted on an ongoing basis at our Hyster South Africa facility in Boksburg*

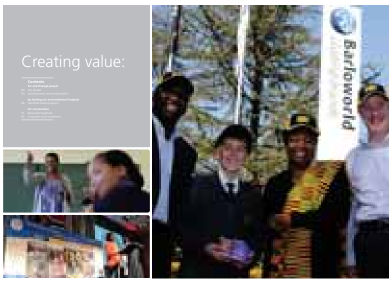
Integrated customer solutions (pages 40 & 41)

Main picture: Patrick Mashila (holding certificate) the longest serving Barloworld employee receiving his award in recognition of 45 years' service to the Barloworld Corporate Office

1. *Barloworld CEO Award winner 2012, Anton Gulichev. Anton is the executive director at Barloworld Equipment Russia, responsible for Eastern Siberia, Yakutia and the Russian Far East*
2. *The Barloworld Equipment Russia team working in extreme weather conditions sometimes reaching minus 50 degrees Celsius*
3. *Driven by a committed team, Barloworld Logistics has significantly improved its performance this year. Johannes Nalisa is a dedicated Barloworld Logistics driver*

Creating value responsibly (pages 62 & 63)

1. *Avis Rent a Car continue to contribute to their sustainability drive and in a recent collaboration with Food & Trees for Africa (FTFA), planted a hectare of bamboo plants at Blue Disa, a community-based organisation on the outskirts of Lawley Township, 25km south west of Johannesburg*
2. *Avis Budget Group, Inc. named Avis South Africa as the Avis Licensee of the Year for Europe, Middle East and Africa (EMEA) in recognition of its ongoing commitment to providing customers with worldclass products and services and for responsible corporate citizenship*
3. *For the ninth consecutive year, Avis Rent a Car has won the 2012 Sunday Times Top Brands Award for the best car rental company in South Africa*
4. *The Avis facility at OR Tambo International airport Johannesburg*



Creating value (pages 78 & 79)

Main picture: Sam Hodgson, a 12 year old who donated his piggy bank to the Nelson Mandela Children's hospital. As part of its 110 year celebration, Barloworld made a significant donation to the fund

1. *Committed to ongoing education in South Africa, Barloworld supports TEACH South Africa, a non-governmental organisation which recruits, trains and supports talented university graduates who commit to teaching in some of South Africa's most disadvantaged schools*
2. *The President's Award for Youth Empowerment's Presidential Dinner in Sandton in May 2012. This youth leadership development award programme has impacted the lives of over 10 000 young people nationally*

Financial performance (pages 94 & 95)

Main picture: The new Barloworld Reman Centre in Boksburg, one of the largest CAT dealer rebuild facilities in the world

1. *Barloworld Handling Belgium's service engineers have welcomed the addition of 100% electric powered service vans to its fleet*
2. *In line with Automotive's commitment to sustainable development, Club Motors Fountains, one of their BMW dealerships operates many features that support its environmental, water stewardship and energy efficiency improvement objectives*
3. *Together with Food & Trees for Africa's Trees for Homes programme, Barloworld Corporate Office is planting 1 250 indigenous and fruit trees in townships in South Africa*

Barloworld
Leading brands

For background information visit **www.barloworld.com**